

Ronald McDonald Children's Charities Limited

Trustees' Report and Financial Statements

31 December 2003

Registered Charity No. 802047



Registered No. 2252337

Trustees

C Aronson (resigned 11 December 2003)
H C Bowring
J E L Lebus
M Wellwood
S Fradd
P Evans
J Atherton

Secretary

J Hilton-Johnson

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank PLC
54 Lombard Street
PO Box 544
London EC3V 9EV

Registered Office

11-59 High Road
East Finchley
London N2 8AW

Trustees' report

The Trustees present their report and financial statements for the year ended 31 December 2003.

Ronald McDonald Children's Charities Limited is a UK registered company, number 2252337. The company is also a registered charity, number 802047. Its registered address is 11-59 High Road, East Finchley, London N2 8AW.

Charitable objects and principal activity

The objective of the charity is to promote and assist, by means of the making of grants and the giving of financial assistance, to any companies, trusts, associations, or societies which are established for charitable purposes and whose main objects are wholly or primarily concerned with children. The company is also responsible for the management and running costs of two Ronald McDonald Houses in the United Kingdom.

Review of the year

2003 has been a year of significant achievement for the charity. Grants of £497,115 (2002 – £590,220) were awarded to other registered charities, hospitals and schools for equipment which benefits children in the areas of healthcare, education and social welfare, with particular emphasis on children with special needs.

This has been an exciting and challenging year and the charity looks forward to delivering real benefits to children and their families through the provision of Ronald McDonald Houses and Family Rooms in the future.

The charity has a programme to open ten Ronald McDonald Houses and Family rooms in 2004. This is in addition to the six houses and eighteen family rooms that are already open at hospitals and children's hospices throughout the UK.

A Ronald McDonald House (RMH) provides accommodation for the families of children with serious or long term illnesses requiring extended hospital care. In addition to providing bedrooms and communal living areas, the Houses provide valuable support for the families and enable them to rest in private or enjoy the company of other families.

There are many hospitals and children's hospices that may not have the requirement for a RMH or may not have the land or a building suitable for conversion. In these cases, the charity can offer Ronald McDonald Family Rooms, built within the hospital or hospice itself often above or adjacent to the children's facility.

Review of financial position

During the year, the charity received donations totalling £2,426,252 (2002 – £2,719,478). The decrease is mainly due to a lower collection box income and efforts will be made in 2004 to reverse this trend. The donation from McDonald's Restaurants Limited of £394,055 (2002 – £411,168) more than covers the charity's administrative expenditure.

Grants paid during the year were £1,440,161 (2002 – £2,039,419). The decrease is due to the delay in the development of the Seventh Ronald McDonald House.

The charity has an unrestricted charitable fund of £4,878,613 (2002 – £4,156,963) which the Trustees believe is sufficient and appropriate for future activities.

Trustees' report

Internal controls

The trustees acknowledge that they are responsible for the group's system of internal control and for reviewing its effectiveness. This includes a review of the major risks to which the charity is exposed. The system of internal control is designed to mitigate rather than eliminate the risk of failure to achieve the charity's strategic objectives, and can only provide reasonable not absolute assurance against material misstatement or loss.

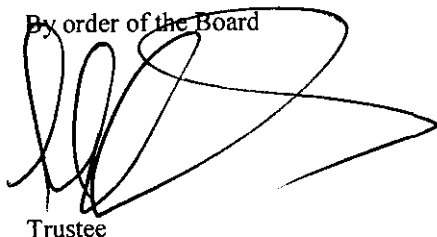
Trustees

The liability of the members is limited. Every member of the charity undertakes to contribute a maximum amount of £1 to the company's assets if it should be wound up while they are a member or within one year after they cease to be a member.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Trustee

Statement of trustees' responsibilities in respect of the financial statements

The Charities' financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting by Charities' issued in 2000, and with applicable accounting standards in the United Kingdom.

Company law requires the trustees, as directors of the company, to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis as it is considered appropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Ronald McDonald Children's Charities Limited

We have audited the Charities' financial statements for the year ended 31 December 2003 which comprise the Statement of Financial Activities, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Trustees' Responsibilities, the Charities' Trustees (who are also the directors of Ronald McDonald Children's Charities Limited for the purposes of company law) are responsible for the preparation of the financial statements in accordance with applicable United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charities' circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report (continued)
to the members of Ronald McDonald Children's Charities Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Charity as at 31 December 2003 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

26 October 2004

Statement of financial activities

for the year ended 31 December 2003

		2003	Restated 2002
	Notes	£	£
Incoming resources			
Donations and gifts	3	2,426,252	2,719,478
Investment income	4	136,516	122,557
BT commissions		3,698	11,629
		<u>2,566,466</u>	<u>2,853,664</u>
Resources expended			
Direct charitable expenditure:			
Grants payable	5	1,440,161	2,039,419
Other direct expenditure on charitable objectives		100,076	110,719
Other expenditure:			
Administration		153,171	167,205
Bank charges		10,815	16,509
Legal fees		3,056	7,956
Ronald McDonald House costs (Brighton)		23,973	32,948
Ronald McDonald House costs (Camberwell)		41,644	40,187
Depreciation and loss on disposal		71,920	65,617
		<u>1,844,816</u>	<u>2,480,560</u>
Net incoming resources		721,650	373,104
Fund balance brought forward		4,156,963	3,783,859
Fund balance carried forward		<u>4,878,613</u>	<u>4,156,963</u>

The 2002 statement of financial activities has been re-categorised to reflect timing of cash receipts on a consistent basis with 2003.

Statement of total recognised gains and losses

for the year ended 31 December 2003

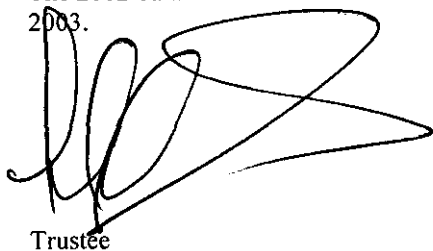
There are no recognised gains or losses other than the net incoming resources for the year ended 31 December 2003 or the year ended 31 December 2002.

Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	10	631,156	696,687
Current assets			
Stock	11	5,428	6,150
Debtors	12	313,450	567,893
Cash at bank and in hand		4,938,935	4,056,790
		5,257,813	4,630,833
Creditors: amounts falling due within one year	13	1,010,356	1,170,557
		4,247,457	3,460,276
Net assets		4,878,613	4,156,963
Funds:			
Unrestricted charitable fund	15	4,878,613	4,156,963

The 2002 balance sheet has been re-categorised to reflect timing of cash receipts on a consistent basis with 2003.



Trustee

26 October 2004

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom and the revised Statement of Recommended Practice (the 'SORP') for the accounting and reporting of charities.

Donations

Cash donations are included in the income and expenditure account when received.

Grants

Grants are accounted for on an accruals basis.

Income

Income is received by way of donation, special grants and interest on deposits.

Tangible fixed assets

Leasehold improvements and fixtures and fittings are stated at cost less depreciation. The assets relate to Ronald McDonald Houses that are managed and run by the company.

Depreciation

Depreciation is provided on all fixed assets. The depreciation rates used are calculated to write off the cost of each asset by equal annual instalments over its expected useful life as follows:

Leasehold improvement	–	unexpired portion of the lease
Fixtures and fittings	–	five years

Stocks

Stocks are stated at the lower of average cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to completion and disposal.

Funds

Funds consist of unrestricted amounts. The charity may use unrestricted amounts at its discretion.

2. Statement of cash flows

A statement of cash flow has not been prepared as the company has relied upon the small company exemption, as outlined in FRS 1.

3. Donations and gifts

	2003	<i>Restated</i> 2002
	£	£
Recycled cartons	10,895	14,877
McDonald's Restaurants Limited	394,055	411,168
McDonald's Restaurants Franchisees	82,924	91,259
General donations	90,447	110,920
World Children's Day	468,233	555,083
Other specific fund raising activities (see note 6)	1,379,698	1,536,171
	<u>2,426,252</u>	<u>2,719,478</u>

Notes to the financial statements

at 31 December 2003

4. Investment income

	2003	2002
	£	£
Interest receivable	136,516	122,557

5. Grants payable

Grants are made to charitable and medical organisations and are approved by the trustees.

Grants of £10,000 and more are listed below:

	2003	2002
	£	£
Alderman Kay School PTFA	–	10,000
Friends of Highbury	–	10,000
	–	20,000
Grants less than £10,000:	497,115	570,220
	497,115	590,220
Ronald McDonald Houses	–	1,130,000
Ronald McDonald Family Rooms expenditure	943,046	319,199
	1,440,161	2,039,419

6. Other specific fund raising activities

Year ended 31 December 2003:

	Gross income £	Direct expenditure £	Net income £
Golf Tournament 2003	130,692	(71,711)	58,981
Collection Boxes	1,249,006	(28,365)	1,220,641
	1,379,698	(100,076)	1,279,622

Year ended 31 December 2002:

	£	£	£
Golf Tournament 2003	115,586	(59,815)	55,771
Collection Boxes	1,420,585	(50,904)	1,369,681
	1,536,171	(110,719)	1,425,452

Notes to the financial statements

at 31 December 2003

7. Trustees' remuneration

The trustees did not receive any remuneration during the year in respect of their services to the company and the charity.

8. Staff costs

The company employs no staff, but had two full time and four part time workers during the year, none of whom earned more than £40,000 per annum. Their salaries, social security costs and pension costs, are paid by McDonald's Restaurants Limited. The company reimbursed McDonald's Restaurants Limited £140,609 for these costs (2002 – £105,255), of which £27,188 relate to staff costs for the running of Camberwell House during the year (2002 – £25,971).

Three trustees received reimbursements totalling £862 for travel expenses during the year.

In addition, two full time and three part time workers are members of the McDonald's UK Retirement Benefit Scheme operated by McDonald's Restaurants Limited. This is a defined benefit pension scheme to which the Company made £12,171 (2002 – £8,516) contributions. Further details regarding the scheme can be obtained from McDonald's Restaurants Limited financial statements. These financial statements can be obtained from 11-59 High Road, East Finchley, London N2 8AW.

9. Auditors' remuneration

	2003 £	2002 £
Auditors' remuneration	5,250	5,250

10. Tangible fixed assets

	Leasehold improvement £	Fixtures and fittings £	Total £
Cost:			
At 1 January 2003	763,098	128,549	891,647
Additions	–	6,389	6,389
Disposals	–	–	–
At 31 December 2003	763,098	134,938	898,036
Depreciation:			
At 1 January 2003	119,488	75,472	194,960
Charge for the year	44,952	26,968	71,920
At 31 December 2003	164,440	102,440	266,880
Net book value:			
At 31 December 2003	598,658	32,498	631,156
At 1 January 2003	643,610	53,077	696,687

Depreciation charge for the year includes the loss on disposal in compliance with the SORP (2000).

Notes to the financial statements

at 31 December 2003

11. Stocks

	2003 £	2002 £
Consumables	5,428	6,150

The replacement cost of stocks is not materially different from their book value.

12. Debtors

	2003 £	<i>Restated</i> 2002 £
Contributions from McDonald's Restaurants and franchisees	44,135	50,409
Other debtors and prepayments	269,315	517,484
	<u>313,450</u>	<u>567,893</u>

13. Creditors: amounts falling due within one year

	2003 £	2002 £
Grant creditor	236,249	36,850
Big Smile creditor	135,000	210,000
Accruals	639,107	923,707
	<u>1,010,356</u>	<u>1,170,557</u>

14. Committed expenditure

	2003 £	2002 £
Grants	7,740,500	3,807,903

These are grants that have been approved by the Board but are awaiting the beneficiary to meet the conditional terms set.

15. Fund balance

The company is limited by guarantee. Accordingly, no share capital account is presented.