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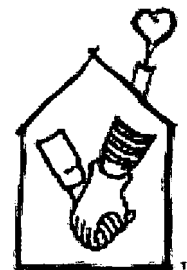
#167

COMPANIES HOUSE

Ronald McDonald House Charities (UK)

Annual report and financial statements

31 December 2022



**Ronald McDonald
House Charities**
United Kingdom

Registered Company No: 2252337
Registered Charity No. 802047
Scottish Registered Charity No. SC040717

What makes a
house a home?



Name: *Paula*

Age: *5*

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Strategic

Report



Chairman's Report



Dear Supporters,

As set out in this report, 2022 was a very busy year for Ronald McDonald House Charities (UK), and the Board of Trustees is immensely proud of what we have achieved in partnership with NHS hospitals and our supporters across the country.

As the pandemic restrictions eased, all our Houses returned to operating at full capacity for the first time since March 2020. This allowed us to provide free 'home away from home' accommodation to 6,654 families with a child in hospital. We could also ramp up our 'Day Pass' scheme, to give even more families access to the much-needed facilities in our Houses.

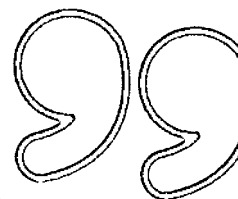
We reinstated our in-house events that enable families to enjoy key celebrations throughout the year. Our corporate partners such as McDonald's, Royal Bank of Canada, Coca-Cola, and Martin Brower made these events even more memorable.

We were privileged to be able to extend support to families from Ukraine by providing Day Passes, Reception and Assessment services, as well as accommodation.

Over the course of 2022, we were delighted to merge with two independent charities to expand the number of rooms we could offer families by 25% (to 531 rooms in total).

In April, the Ronald McDonald House at Alder Hey Children's Hospital in Liverpool, with 84 bedrooms, joined the Ronald McDonald House Charities UK family. This House is the largest of its kind in Europe and has the capacity to accommodate over 900 families annually.

In November, we merged with the independent Ronald McDonald House Bristol, welcoming them to the Charity as our 14th House. The Bristol House supports the Bristol Royal Hospital for Children with 21 en-suite bedrooms.



These mergers have allowed us to extend our reach across the UK, providing support to an additional **105 families** each night.



Chairman's Report



There was also sad news and plenty of challenges over the course of the year.

In September, Ronald McDonald House Charities Global co-founder, Dr. Audrey Evans, died aged 97. Dr Evans was a visionary in oncology and provided the inspiration and energy behind the first Ronald McDonald House in Philadelphia in 1974. We were proud to have had the opportunity to work with Dr Evans and celebrated her life with a wealth of charity-wide tributes.

We saw financial challenges throughout the year, with gala dinners in Oxford and London cancelled, due to remaining Covid-19 restrictions. The war in Ukraine, along with the economic downturn, put further pressure on other income streams.

We are hugely grateful to our supporters for their unwavering commitment to our cause, which enabled us to weather these difficult times and continue our important work. As ever, we are focused on making every pound donated to the Charity work hard for the families who need us and on making a positive impact in the communities we serve.

We are immensely proud to have benefited from record levels of donations totalling £14.3 million, an increase of 22% from 2021.

Income from the McDonald's family in 2022 saw a significant increase on previous years. On behalf of the families we support, I would like to extend my thanks to McDonald's, its Franchisees, and their customers, who, to this day, continue to provide a bedrock of support to the Charity, through donations, inclusion in the MyMcDonald's Rewards Scheme, fundraising, event support, and much more.

In November, we bid a fond farewell to Jon Haward, who retired as CEO of our Charity after 15 years of devoted service. In the same month, we welcomed our new Chief Executive, Ella Joseph, who joined us from a national mental health charity that she co-founded in 2014.

Overall, 2022 was a year of recovery in terms of returning to operational and financial normality. On behalf of the Charity, I would like to express my deepest gratitude to each and every one of our supporters, who made this possible.

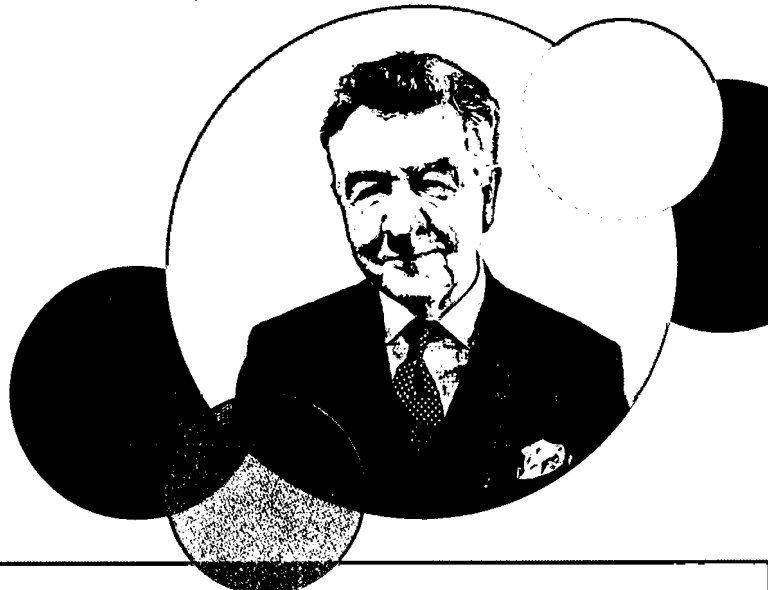
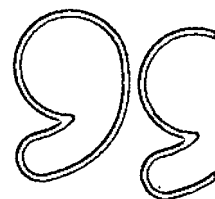
Thank you,

Jeff Fergus

Signature:

Date:

Wednesday 25 October 2023



We look forward to building on this momentum and achieving even greater things in the year ahead.



Name: ...
Age: 8

What makes a
house a home?

Name: CAFE
Age: 3

Who
home

What makes a
house a home?

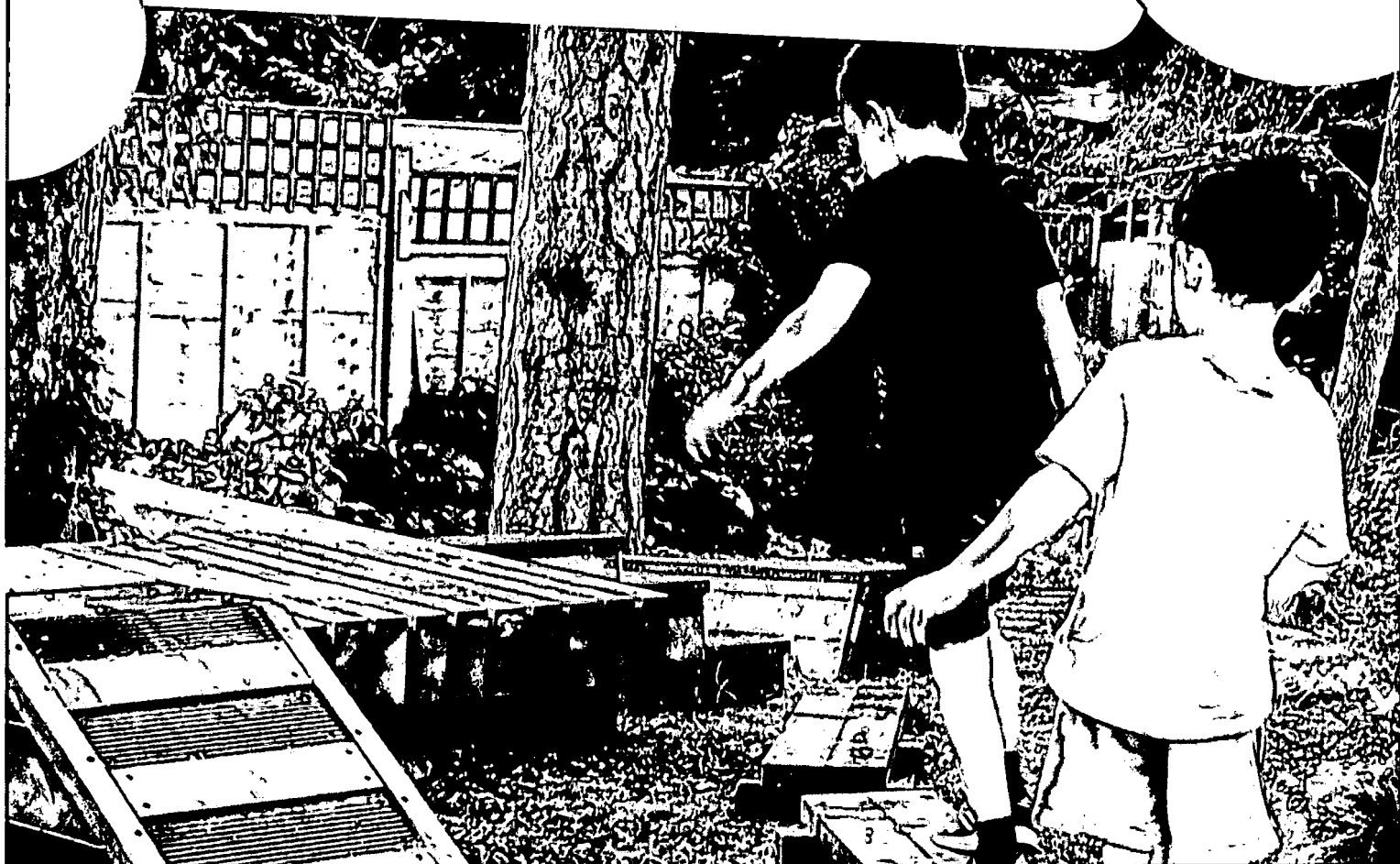
Name: ANT
Age: 5

Name: Hannah
Age: 9

What makes
house a home

What makes
house a home

Our Services



Our Core Services:

Overnight Accommodation

Providing free, high-quality accommodation via our Ronald McDonald Houses, to families who have children in hospital far from home.

Day Pass Scheme

Allowing non-resident families to use the facilities in our Ronald McDonald Houses during the day.

Children's Medical Pass Scheme

Enabling hospitalised children to get respite away from the ward, in our safe and comfortable Ronald McDonald Houses.

Our Services

(continued)



Support Beyond Our Core Services:

During 2022 we developed services for families to enhance the experience they would have staying at one of our Houses

Healthy Lifestyle

Improving the physical and mental wellbeing of families with seriously ill children and young people in hospital, during and beyond their initial stay.

Examples:

Grab & Go (national), MyHappyMind (national), Parental Teaching Sessions led by Wirral University Teaching Hospital (Arrowe Park), Involve North West Financial Support, Hope Hospice End of Life Support, Cardiac Support Group, Neobabies Support Group, Birth Trauma Counselling (Brighton), Reflexology Massage Sessions (Brighton), Wishing Well Music Therapy (Brighton).

Community Engagement

Facilitating support networks for families via signposting and enabling friendships, so that families are engaged and supported during and beyond their stay. Supports sustainability of Houses through local awareness and engagement, ultimately leading to greater funding opportunities at both local and national levels.

Examples:

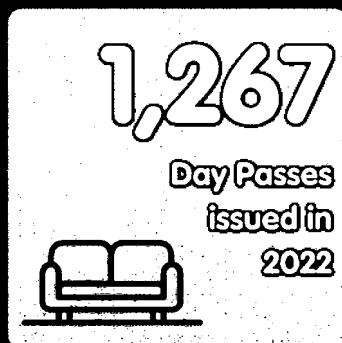
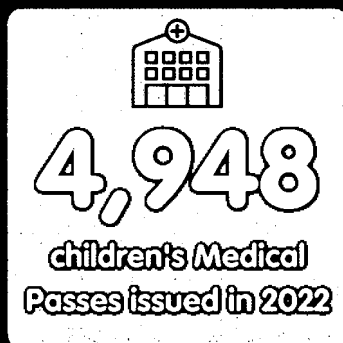
Teenage Cancer Trust (wig fitting for child cancer patients), drop-in sessions: Bliss Neonates Professional Advice, support and signposting for families with premature babies, Patient Experience Committee, St George's Students Union.

2022 Outcomes

In 2022 we wanted to return all of our Houses to full capacity and service offering, following two years of Covid-19 restrictions.

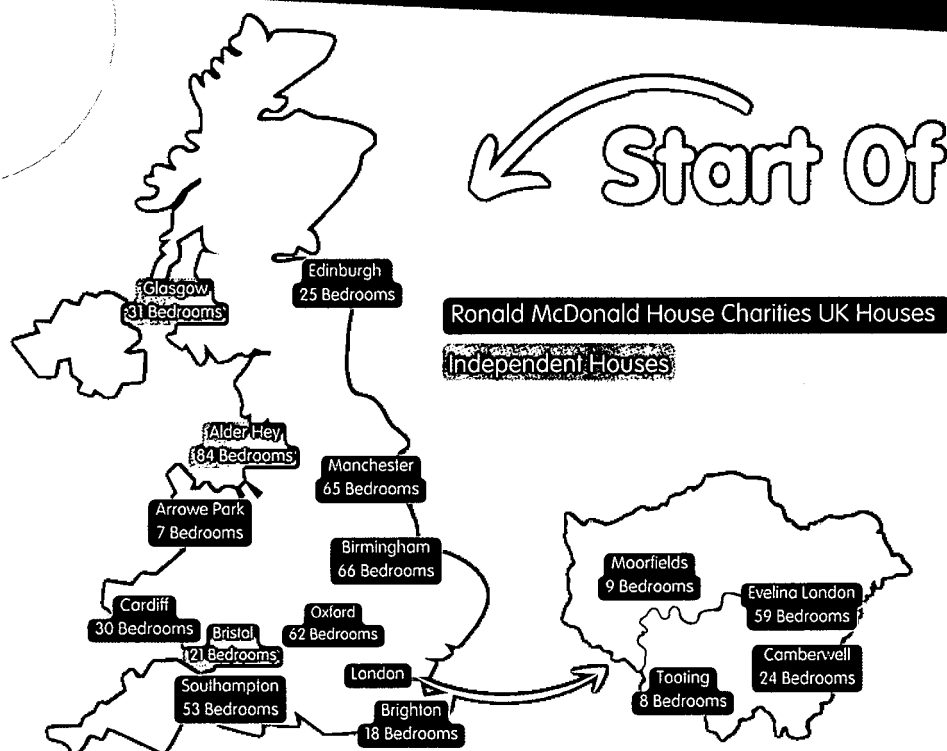
Due to the impact of the pandemic, we extended our 2020-2022 Impact Strategy, which set out three main ambitions to Help more Families, Prepare for the Future, and Generate Support.

This is what we were able to achieve last year thanks to our supporters:



2022 Outcomes

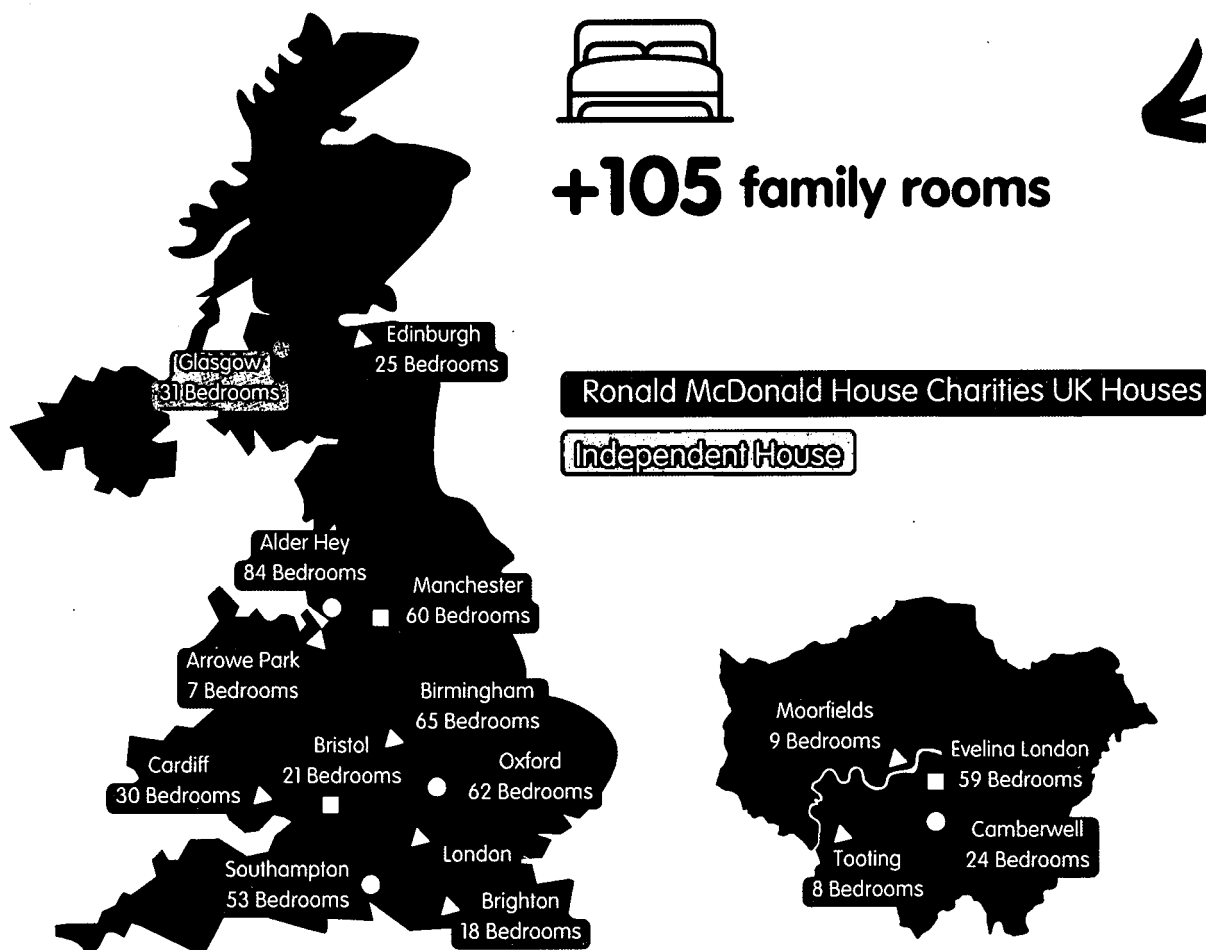
Start Of 2022



End of 2022



+105 family rooms





What makes a
house a home?



Ronald McDonald
House Charities
United Kingdom

Helping children in need



Name: Bonnie-Louise

Photographer: Jamie Vajdulla

Help More Families

In 2022 we engaged a research agency to gather an evidence-based understanding of service-user needs and expectations so that we can understand how we might improve our service and better serve families.

The majority of respondents (62%) have children under the age of three, with 45% having children aged between four and 11.

Over half of the survey respondents had stayed in a House after the start of the Covid pandemic in the UK (post-March 2020) (64%), while 42% had stayed before, giving a fairly balanced view of experiences:



Three quarters (74%) of families felt "very supported" during their stay

The "ability of staff to help" was almost always rated lower than their "willingness to help". This may suggest our staff require access to more resources to meet the day-to-day needs of service users

Through the Discovery Research project and other sources of data and feedback, there is a very strong narrative on how our Houses help facilitate peer support and the positive role it plays in our families' medical journeys

An overwhelming majority of respondents are "extremely likely" to recommend staying at a Ronald McDonald House to a family facing similar challenges, a trend observed across all Houses

The safety and cleanliness of all communal spaces were consistently rated as "very good"

The vast majority of respondents (74% or above) rated; Initial Greeting, Friendliness, availability, willingness to help, ability to help and professionalism of our staff as excellent.

Help More Families

“

We were so appreciative to have a room with all those facilities, and not to be paying out a fortune for the hotel we'd originally booked – it worked out at around £4,500 for the hotel stay.

”

- Mum, Liana



Ronald McDonald is our haven in a never-ending rollercoaster ride. Our source of normality in a relentless and harsh hospital life.

- Kat, Phoenix's mum

“

Our home is 82 miles from the Evelina London, so it would have been impossible to visit daily. We could have seen her maybe once or twice a week at the most.

”

- Mum, Vicky

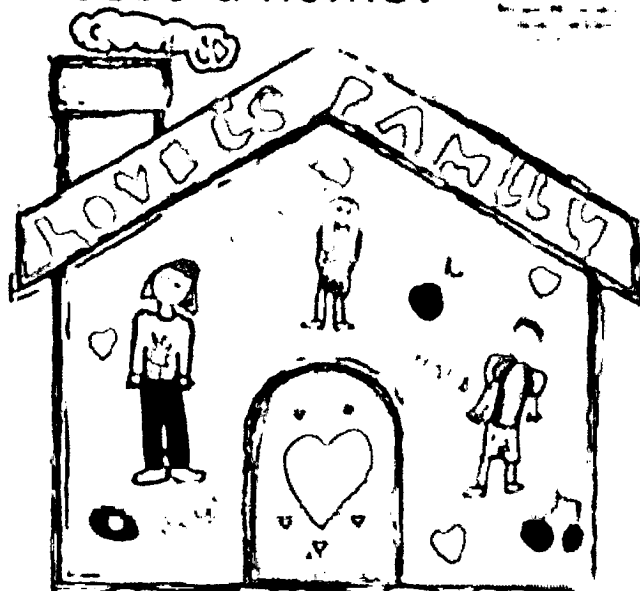
“

I couldn't contemplate the possibility of going home and leaving Lilly an hour's drive away. I don't know how I would've coped. Staying in the House meant I could run across the road and be at Lilly's bedside within moments.

”

- Mum, Amy

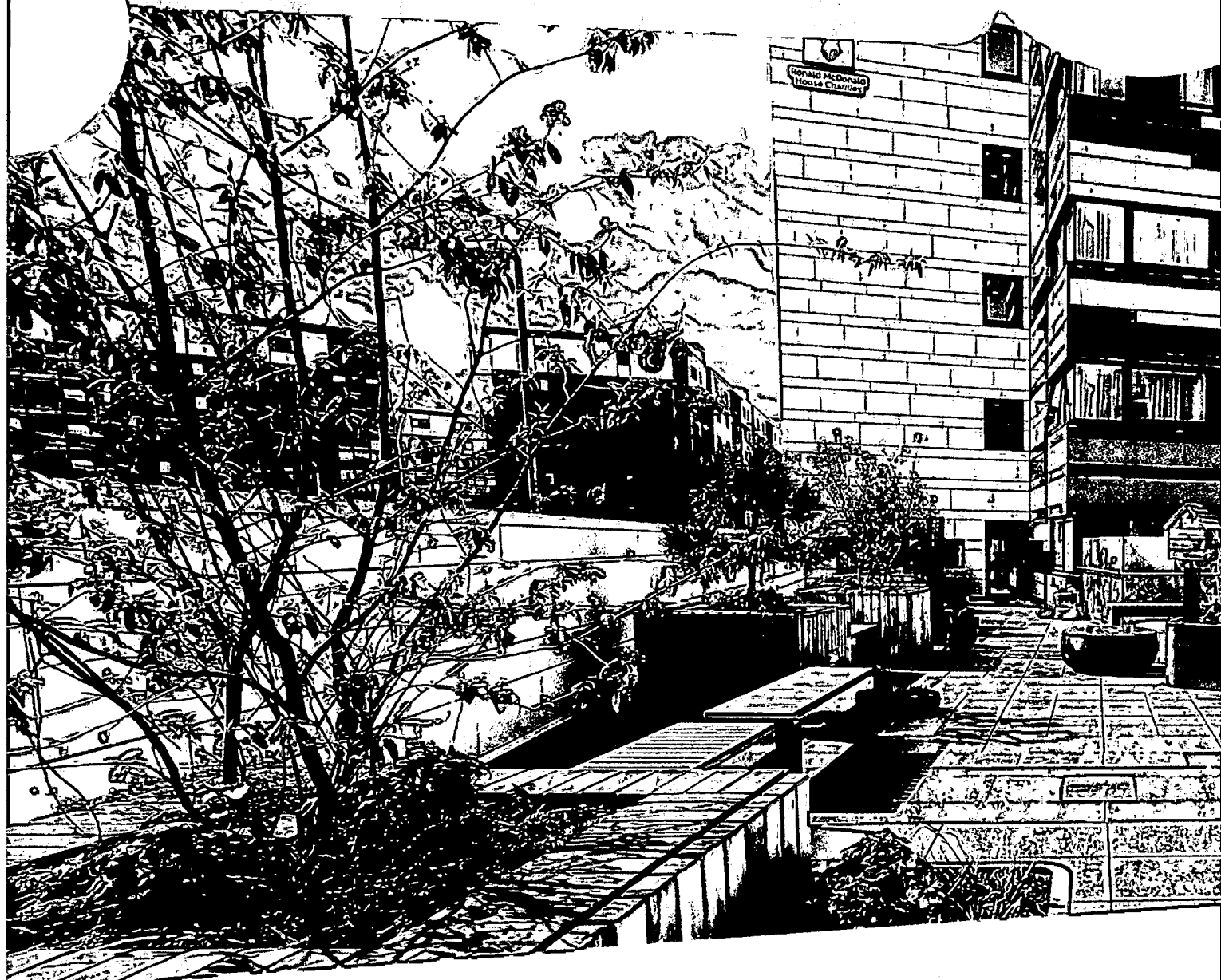
What makes a
house a home?



Name: Emily

Age: 7

Help More Families (continued)



In May, our Manchester House marked its 10th anniversary, hosting a party with VIPs, supporters, staff, and families to celebrate 10 years of supporting more than 6,500 families since opening in 2012.

It was also a chance for guests to get a first glimpse of the rooftop Garden of Reflection – just one of the legacies of the late Steve Burne – a passionate supporter and incredible fundraiser who tragically died in October 2018.

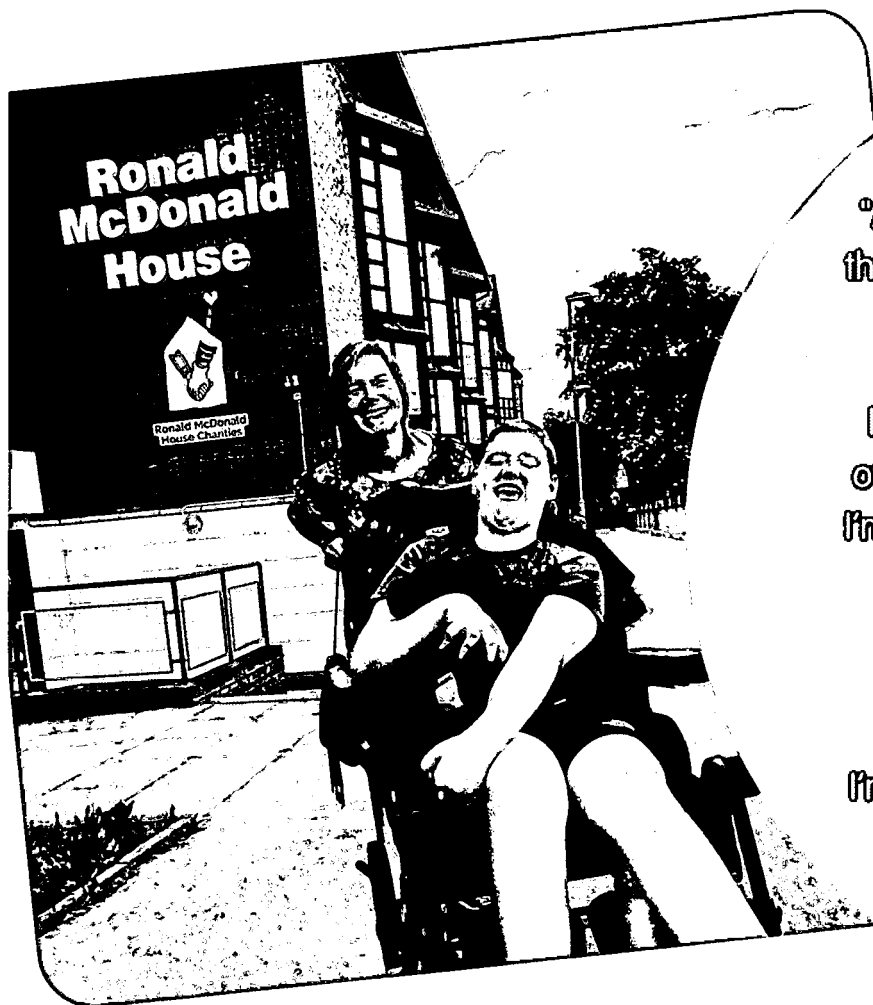
Help More Families (continued)

One way we could help more families in 2022 was to expand the number of Houses in the Ronald McDonald House Charities (UK) family, which we were able to do in the first half of the year by merging with Ronald McDonald House Alder Hey, that had been previously run independently.

Since then, our top priority has been supporting the team at Ronald McDonald House Alder Hey with recruitment, and helping to implement new processes and procedures that enhance family services.

The Estates and Development team coordinated a re-paint of the ground floor, making the reception areas more welcoming along with a brightening up of the outdoor spaces.

As the Alder Hey House turns 30 in 2023, discussions around a full refurbishment, which will take place over the next few years, are underway. In September 2023 we shared the refurb plans externally, which will increase overall support and boost income for the reinvestment.



"As we approach the end of our stay at the hospital and at the Ronald McDonald House, it's mixed emotions.

I never thought we'd get to this point. I owe so many people so much. I feel like I'm leaving my second family but I'm also excited and can't wait to spend the summer with both my boys at home together.

I'm so grateful to everyone who's helped us to get here and can't thank them enough."



Prepare for the Future

A significant focus within our strategic objectives was to plan for the future and ensure that, as a charity, we are future-proofing our Houses, infrastructure, and internal resources.

We wanted to develop a robust re-investment strategy for all our Houses and assets, alongside an appropriate, proactive and reactive, maintenance programme.



Our Houses in Arrowse Park and Brighton have undergone extensive refurbishment programmes covering painting, new carpets, and bathroom flooring.

A fresh new feel through new tables and chairs for the family kitchen has provided a softer, more family-friendly environment. These works meant we were able to reopen the Abbey Road site at the Brighton House, supporting an additional eight families each night.

Brighton bedroom before



Brighton bedroom after



Arrowse Park bedroom before



Arrowse Park bedroom after



Prepare for the Future

(continued)

Our rooms at Ronald McDonald House Moorfields, located within Moorfields Eye Hospital, now have voice-controlled Smart Technology that has multiple applications, to benefit our families.

This tech is extremely useful for the visually impaired, families are now able to activate lighting and TVs, simply by asking Alexa! Our new lamps with USB ports and smart bulbs enable lighting to be controlled in many ways such as dimming and colour variations. This simple, nonintrusive solution has provided a better experience for our families, and we continue to receive amazing feedback.



In Manchester, the urgent work to replace the bedroom heating and cooling system was completed in December 2022.

This was a reinvestment of £200k. All bedrooms now have working heating systems without the need for temporary heaters.

The essential piece of reinvestment means that we can continue to offer comfortable accommodation for many summers and winters to come!

Prepare for the Future

(continued)

A key focus for the year was around retention and recruitment:

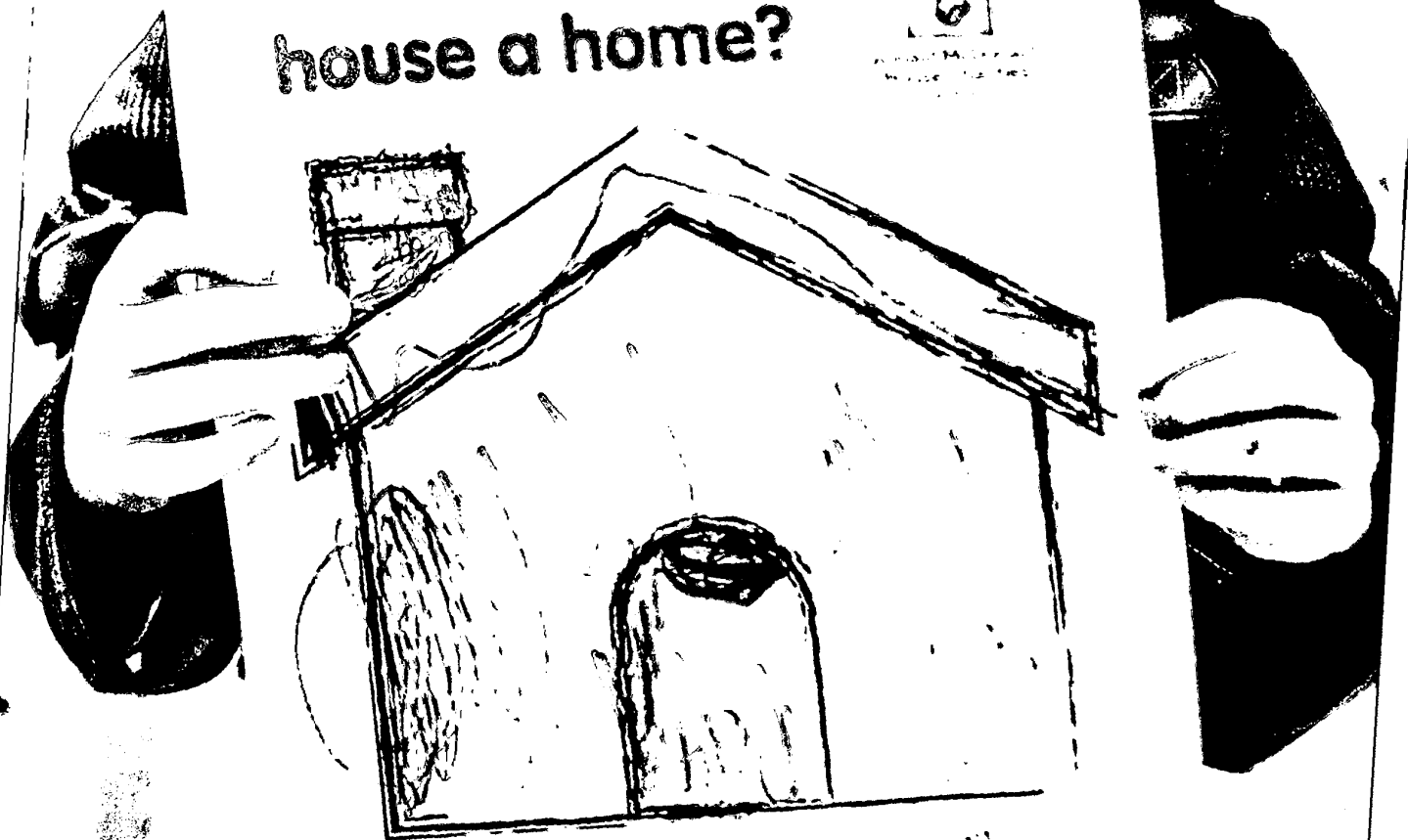
- To attract and recruit talented individuals through a strong employer brand and competitive remuneration package
- Retain talent in the Charity by delivering on our employee value proposition that places a high value on the importance of employee development, recognition, and transparency

In September the first of two ex gratia payments were made to employees, approved by the trustees to help support our people through the economic crisis, in addition to their annual performance related rewards.





What makes a
house a home?



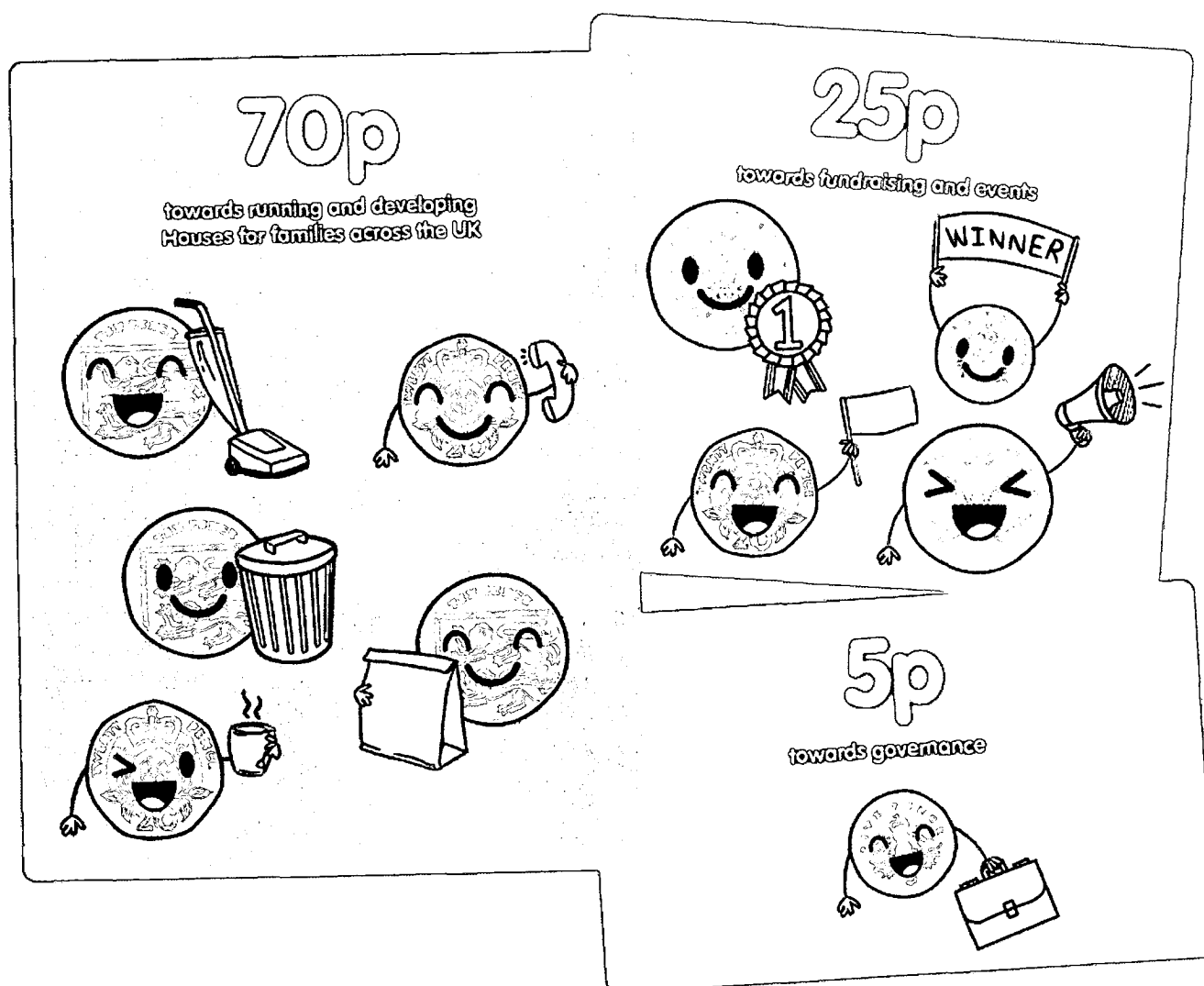
Name: Charlie

Photographer: Jamie Vajdulla

Generate Support

Our main focus heading into 2022 was to generate support for our Charity and start to rebuild income levels to pre-pandemic levels. Despite a small number of set backs at the start of the year, as a result of remaining Covid-19 restrictions, we had a strong response from our supporters across every income stream.

The break down of how we spend each £1 donated:



Generate Support (continued)

McDonald's Support

We were delighted, proud and extremely grateful to have received over £9.4m from the McDonald's family in 2022, through customer donations and the unwavering generosity of McDonald's Franchisees, employees, and suppliers.

Following the launch of customer donations on self-order Kiosks and the My McDonald's App in previous years, McDonald's continued its support for the Charity by including Ronald McDonald House Charities UK as a Charity Partner with the launch of My McDonald's Rewards in the summer.

The scheme allowed customers to donate their reward points to charity, with around £10,000 of income donated to our Charity via this mechanic by the end of the year. To support the launch, McDonald's generously donated £30,000 to the Charity in August.

The Charity was also included as the sole beneficiary of McDonald's 'Trick or Eat' app campaign in October, which generated over £47,000 in income across Halloween week.

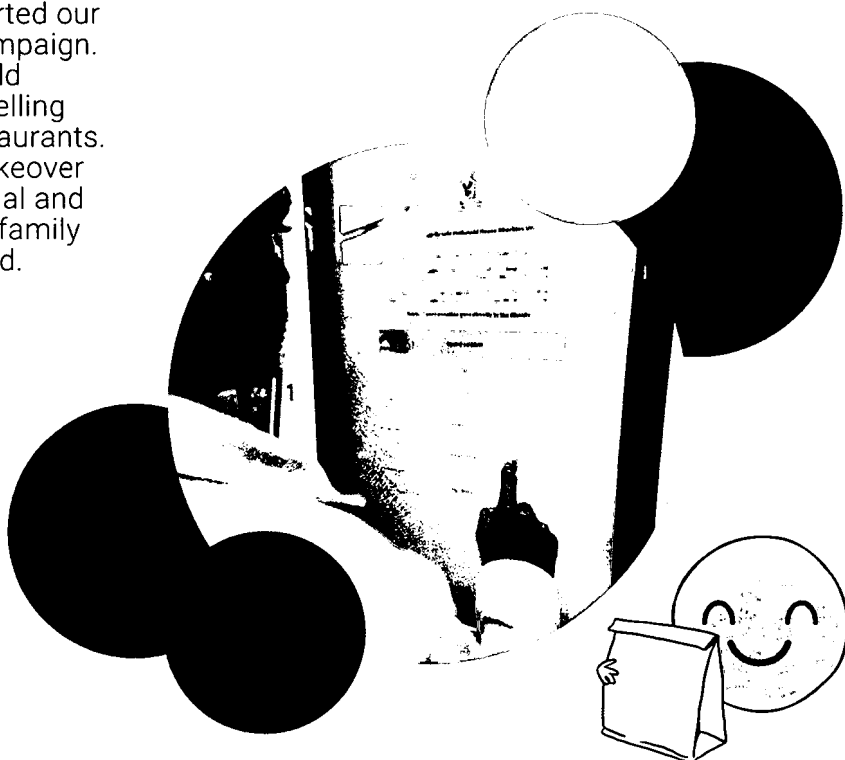
Also in October, McDonald's supported our hugely successful 'Tiny Terrors' campaign. Over £420,000 was raised for Ronald McDonald House Charities UK by selling Halloween-themed soft toys in restaurants. This campaign included a digital takeover in all restaurants, and strong national and regional PR campaigns featuring a family favourite influencer, Louise Pentland.

We remain grateful to all of the McDonald's family - the Company, Franchisees, Restaurant Teams and Suppliers - involved for their continued support, giving customers more opportunities to engage and more choice in how they donate to us. As well as the generous direct support we continue to receive.

In 2022, direct support included making donations, sponsoring and attending our events, organising and participating in fundraising activities, volunteering at our Houses, and much more.

All Franchisee and company restaurants in Wales, and some in Scotland, continued to donate proceeds from the bag tax levy, which remains a very generous gift which we continue to appreciate massively.

We remain proud and grateful to be McDonald's Charity of Choice and look forward to continued success from our partnership in 2023 and beyond.



Generate Support (continued)

Corporate Support

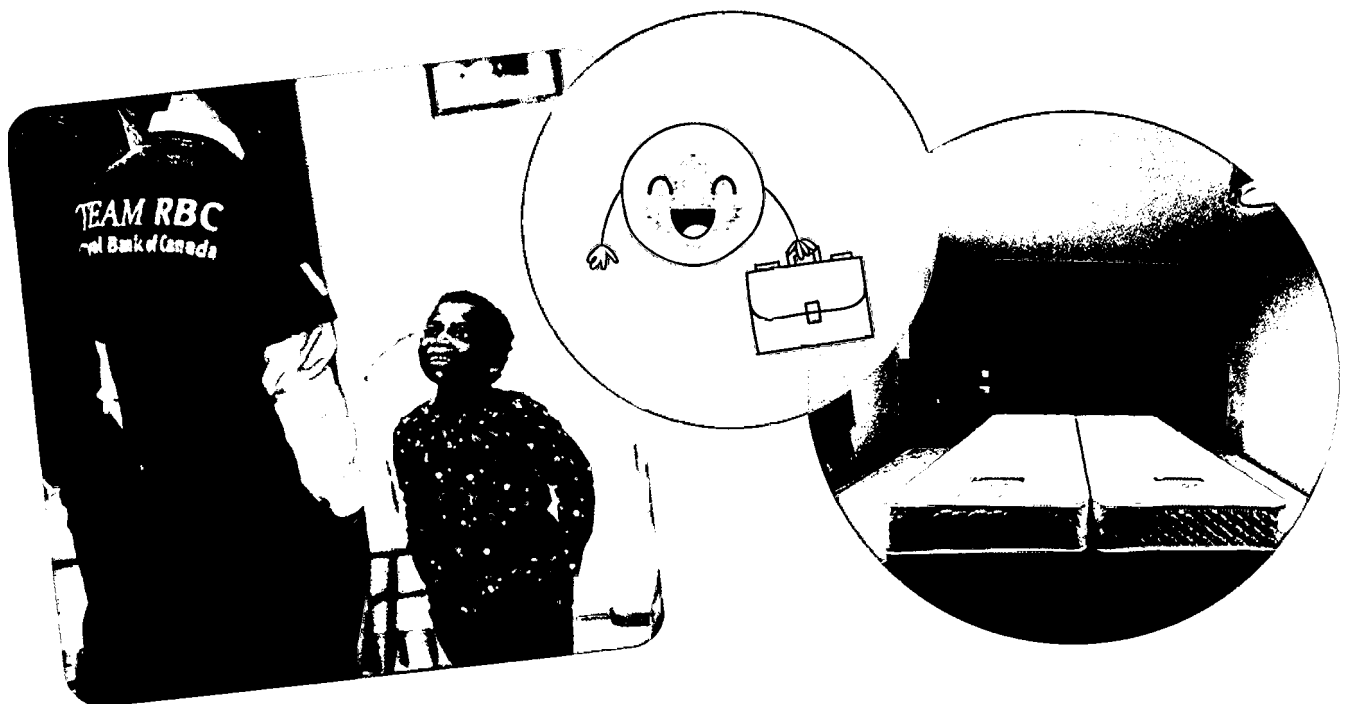
We have continued to take a strategic approach to partnership working with companies, maximising income raised, as well as gift in kind donations and pro bono support. In addition to raising £766,861, we secured over £70,000 in budget-relieving donations, and items worth £130,000 were received to support families and our Houses.

We have worked to provide mutually beneficial corporate partnerships. We have strengthened our relationship with partners to assist with their employee engagement and diversified ways in which they can support us. Corporate volunteering has helped to strengthen the financial support we receive from businesses as well as providing invaluable support to our House teams.

We saw an increase in the level of pro bono support from companies compared to previous years. These donations of time and skills provided immense value and impact, assisting us with areas including legal advice and marketing and communication.

Our partnership with Sealy was kicked off with a donation of bespoke beds and mattresses to our Camberwell House, who received these first deliveries as part of their refurbishment. Families now benefit from high-quality hotel standard beds.

Our partnership with RBC is a great example of this approach and continues to strengthen and grow. Our CEO Ella Joseph joined the celebrations at their London head office in December to recognise their support in reaching £1.1 million raised or donated.



Generate Support

(continued)

Trust and Grants

It was another wonderful year of support from Trusts and Foundations as grants enhanced many aspects of the Charity's care for families of seriously sick children in hospital.

Significant donations towards service delivery were made by various grant-makers, including RMHC Global, Guy's and St Thomas' Charity, The Steel Charitable Trust, and The Eric Wright Charitable Trust.

We also welcomed funding from Children in Need in support of the medical pass programme, as well as grants from corporate foundations, such as B&Q Foundation and AbbVie, for the renovations at Ronald McDonald House Brighton.

The Steve Burne Trust's remarkable support continued with funding that transformed an outside space into a beautiful garden of reflection at Ronald McDonald House Manchester.

Events

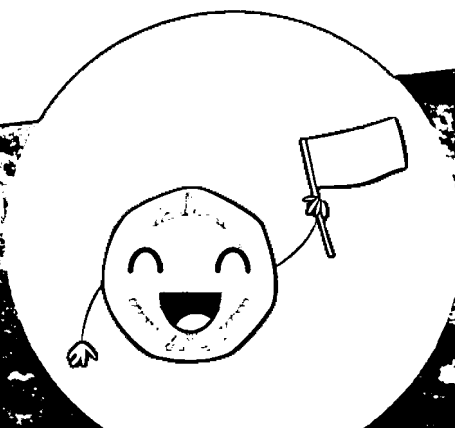
We were able to resume some normality within our Challenge Events calendar, which included the return of our bespoke UK Bike Ride (Beds-to-Beds).

Our Beds-to-Beds challenge saw 15 cyclists take on a three-day cycle from Bedford Hospital to Ronald McDonald House Alder Hey, covering more than 200 miles, and raising an incredible £96,000 for two charities, with £80,000 for Ronald McDonald House Charities UK.

We also raised more than £56,000, at The TCS London Marathon with 22 supporters taking on the famous 26.2-mile challenge around the capital. Our team was boosted this year with thanks to places inherited from the Alder Hey Family House Trust.

Whilst our Challenge Events programme was largely back to a pre-Covid-19 level, for our Special Events programme 2022 was a year of significant frustration. We had to make the difficult decision to once again cancel or postpone several events including the London and Oxford Galas. Additionally, we sadly had to cancel our annual London Carol event due to last-minute railway strikes.

We were able to put on a successful Summer of Golf event series, which raised £204,961 from 123 teams. Q4 was exceptionally busy and successful with three key activities generating the bulk of donations. The Leisure Classic, Birmingham and Manchester Galas along with the Edinburgh Carol concert were all hugely successful and brought a welcome end to the year. Collectively they saw over 1,000 supporters and raised over £1 million.



Generate Support (continued)

Community

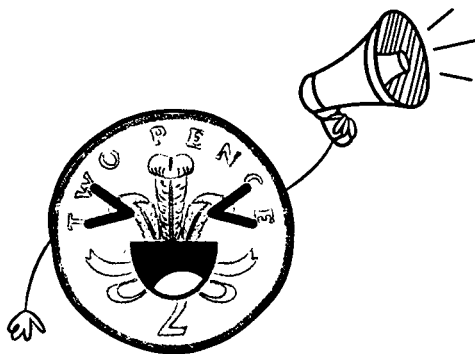
2022 was a year in which our supporters went above and beyond, pushing themselves to overcome high-adrenaline challenges, whilst raising significant funds.

Inspirational individuals once again took to the skies to take part in our annual Skydive weekend. On a warm June weekend over 114 jumpers took part and raised over £80k across seven UK sites. One mum from Oxford raised our highest total of £3,104 as a gesture to thank the House where she recently stayed.

We invited our supporters to brave the elements by taking part in one of our Fire and Ice Walks. The daring events involved either walking over hot coals or broken glass and our incredible supporters raised over £15k. Our Manchester House even combined their Fire Walk with a Halloween party for families to enjoy.

Our relationship with law firm Hugh James went from strength to strength in 2022. Offices in London, Cardiff and Manchester supported the Charity with a variety of volunteering and fundraising initiatives including sponsoring a room at our Cardiff House, as well as organising a summer party for families at our Manchester House. Hugh James has also continued to support families facing difficult times with their Emergency Fund.

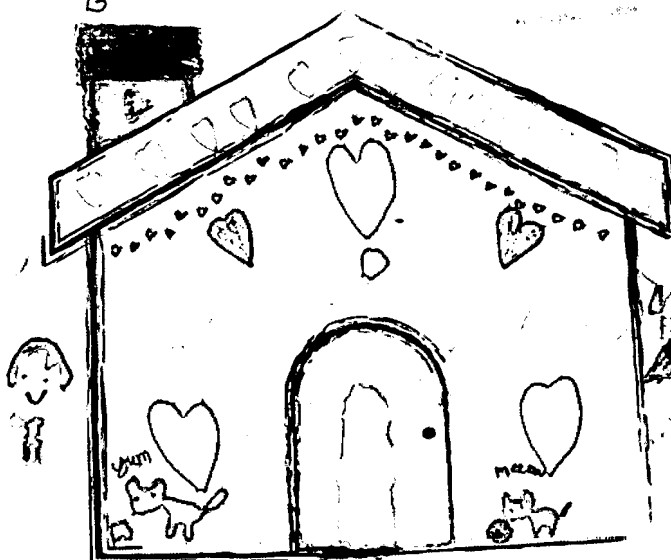
We were delighted to secure the support of over 200 Co-Op stores in the London area raising money for us in 2022. Each store set individual targets and organised store fundraisers for communities to get involved. Stores have now raised over £5,000 and counting. In recognition of this support, a room has been sponsored in their name at our Evelina London House for the next year.



What makes a
house a home?



Ronald McDonald
House Charities
United Kingdom



Name: F S A b e L

Age: 7

Ronald McDonald House Charities (UK) is an independent charity registered in England and Wales (802047) and in Scotland (SC040211)

Principal Risks and Uncertainties

The Charity monitors and manages what it considers to be the principal risks and uncertainties facing the organisation. One of the key risks continues to be maintaining levels of income, and this was tested over the financial year as the Charity enters a recovery strategy post-Covid.

We continue to develop a strategy to broaden our income streams. The Trustees monitor the reliance of certain income streams to support this strategy, as well as focusing efforts and resources on activities that protect and develop our existing partners, diversifying to bring in new sources of income, and providing new ways to engage with us.

The Charity continues to work on strengthening brand and reputation, with further potential to grow our supporter base. We will put our families and supporters at the heart of everything we do to ensure we build sustainable income sources.

Ronald McDonald House Charities (UK) is signed up to the Fundraising Regulator's Code of Fundraising Practice. We are committed to legal, open, honest and respectful fundraising and do not cause undue pressure or intrusion on donors. We maintain robust fundraising policies, which promote the adoption and improvement of responsible fundraising practices within the UK. We are pleased that once again, in 2022 we received no complaints which were referred to the Fundraising Regulator.

Sound financial controls and financial management are an essential defence for charities against fraud and financial crime and, during the year, we strengthened our policies and controls to ensure we continue to protect our funds and assets from misuse.

The implementation of our new financial system has further enhanced our financial controls and internal financial management. The Charity has a responsibility when dealing with personal information and our GDPR principles ensure we do not risk the trust placed in the Charity, protecting our supporters from possible misuse, whether it be accidental or deliberate. The consequences can include reputational damage, complaints or claims and severe financial penalties, because of increased complexity, compliance is a key risk.

Work began in 2022 to implement a new database system holding the personal information of our supporters and beneficiaries which went live in April 2023. Moving forward, this will provide an opportunity to review our existing data strategies and ensure even greater degrees of data integrity through the enhanced systems in the future.

Financial Review

The Charity was encouraged that a surplus was again achieved for the year, enabling us to maintain our existing commitments to family accommodation across the UK. Key investment and improvement programmes were once again commissioned. During Covid-19 these programmes were put on hold to focus on the core operation.

The main source of income for Ronald McDonald House Charities (UK) in 2022 was voluntary (income given freely, not in return for goods and services). The largest source of voluntary income continued to be donations from the general public via collection boxes and Kiosk donations located primarily in McDonald's restaurants all over the UK. Their contribution amounted to nearly £5.5 million.

Considering the growth in cashless transactions, the Charity is pleased to note that the combination of giving mechanisms remains a significant amount of money being donated to the cause. McDonald's and its franchisees very kindly agreed to pay all the card transaction fees associated with the kiosk donations, which meant 100% of the donations were received by the Charity. The Charity was once again indebted to McDonald's Restaurants Limited and its franchisees who donated just over £3.7 million towards the work of the Charity, as well as office facilities and other in-kind support.

Expenditure

The costs of charitable activities have increased by £1.3m compared to 2021, of which £0.5m is related to the operation of two additional Houses in Alder Hey and Bristol. Over this time, the cost of fundraising activities has increased by £1.8m. Trustees have reviewed expenditure and are satisfied that is reasonable and supports the Charity's stated objectives.

Reserves policy

The Trustees currently maintain all funds on cash deposit to ensure liquidity to meet the Charity's obligations and ongoing commitments. This policy of low risk is reviewed on a regular basis.

Designated fund & tangible fixed assets

The Charity has a portfolio of fixed assets – residential properties offered free of charge to families with seriously ill children at hospital – currently with a net book value of £56 million (2021 £54m). These properties are restricted to serving the charitable purpose for which the Charity exists, and cannot easily be converted into general funds for day-to-day use. The assets are being depreciated over 25 to 40 years to reflect the fact that ownership of the Houses will ultimately revert to the respective hospitals, as part of our contractual agreements with them. During the year, the Charity merged with the Alder Hey Family House Trust and is committed to the refurbishment of the House. The Trustees have therefore designated £9 million to this project.

General fund & free reserves

The Trustees assess the risks facing the Charity on a quarterly basis and consequently review the level of free reserves required annually in line with Charity Commission guidance. Trustees recognise that reserves held must safeguard the Charity against unexpected loss of income, to enable the Charity to meet its financial obligations in relation to its charitable objectives. Historically, the Trustees agreed that minimum free reserves of four months' running costs are prudent in this financial climate. The balance of free reserves as at 31 December 2022 was £3.6 million (2021 £10.6m). The reduction in reserves is driven by the designation of funds to the Alder Hey House.

Structure, Governance and management

Ronald McDonald House Charities (UK) was established in 1989 to provide accommodation and other assistance for children being treated in hospital and their families; also, to raise funds for children's charities generally.

Historically this was achieved through the funding and building of Ronald McDonald Houses and Family Rooms in, or close to, hospitals and children's hospices. However, since 2007, the Charity has focused exclusively on the charitable objective of providing and operating Ronald McDonald Houses to support families who have a sick child in hospital.

The Charity is governed by a memorandum and articles of association, which were last amended materially in 2010 to reflect both the Charity's right to borrow money where appropriate, and the registration of Ronald McDonald House Charities (UK) in Scotland as per OSCR requirements. Governance and strategic leadership is provided to the Charity by the Board of Trustees, headed by an elected Chair.

Potential Trustees are chosen for their skills and experience and, following interview and due process, are elected to the Board of Trustees by formal vote. They serve for an initial period of three years after which they may offer themselves for re-election.

Trustees are inducted through an orientation programme involving visits to the Houses, training around the Charity's objectives and strategic goals, and communication of their legal responsibilities to the Charity.

The full Board of Trustees meets quarterly. In addition, Trustees can serve on subcommittees according to their particular area of expertise and experience. These groups report to the full Board for ratification and approval of any suggested activities.

The Trustees and senior staff also meet to discuss specific and particular issues as needed. Expenditure must be approved by the Trustees through set budgets, and this and other financial matters are monitored by the Finance and Governance subcommittee.

Structure, Governance and management (continued)

The liability of Trustees is limited. Every member of the company 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.

Responsibility for the day-to-day management of Ronald McDonald House Charities (UK) is delegated to the Chief Executive with a staff team of 52 including Operations, Development, Fundraising, Marketing and Communications and Administration, split between two offices in London and Sutton Coldfield and within Ronald McDonald Houses.

The 14 Ronald McDonald Houses run directly by the Charity employ a further 149 staff to carry out the Charity's objectives of providing accommodation to families with seriously ill children in hospital.

The Trustees, the Company Secretary, Chief Executive and Senior Leadership Team are considered to comprise the key management personnel in charge of directing and controlling, running, and operating the Charity on a day-to-day basis. All Trustees give their time freely. The pay of staff is reviewed annually and linked to individual performance throughout the period.

Staff pay is benchmarked against pay levels in other charities of a similar size whilst using pay grade ranges for all roles. A remuneration committee provides support and report into the board.

Ronald McDonald House Charities (UK) is a licensed chapter of a global network of charities. It works towards similar charitable aims and objectives but operates completely independently of this network.

Of the 15 Ronald McDonald Houses operating in the UK at the end of 2022, one continues to be established as an independent charity and does not form part of this Annual Report.

During the year the Charity merged with Alder Hey Family House Trust on 27 April 2022, and Ronald McDonald House Bristol on 23 November 2022. These Houses form part of this annual report from the date of merger.

Thank You



103 Colmore Row
AbbVie
Alder Hey Children's Hospital
Alliance Group NZ
American Women's Club of London
Arla
Aubrey Allen Limited
Avison Young (Scotland)
Ayla Loch & Family
B&Q Foundation
BAM Construction
BBC Children in Need
Best Heating
Biosite
Birmingham Children's Hospital Charity
Birmingham District Nursing Charitable Trust
Brighton & Hove Buses
Brighton Fundraising Committee
Cargills
Carla & Rob Cogan
Caroline Gee
Caroline Westerman & John McDermott
Coca-Cola UK&I
Coca-Cola
Cornerstone
Cornerstone
Crane Worldwide Logistics
Cranwick Gourmet Kitchen
Dandara
Emily Coles
Eric Wright Charitable Trust
Espersen A/S
Essity
Family and friends of Azariyah Rauf
Family and friends of Dottie Curwen
Family and friends of Kai Carding
Family and friends of Maisie Pickering
Farol Ltd
February Foundation
Friends and family of Scarlett's Wish
G J W Turner Trust
Gen One Ltd
Good.Loop Limited
Grays Engineering
Greenenergy International Ltd
Griffith Foods
Guy's and St Thomas' Charity
Harry Humphreys
Havi GS & The Marketing Store
Helpful Hirings
HMP Hindley
Hospital Saturday Fund Charity
ING Bank

Insider Media Awards
Leah Edwards
Lemongrass Consulting
Lets Sanify
Limitless Digital Group
Manchester University NHS Foundation Trust
Martin-Brower UK Ltd
Mattel
Maximus Foundation UK
McCormick (UK) Ltd
McVey Family
Medtronic Limited
Mizkan Euro Ltd
Mudano
Nonsensical Agency
Norton Rose Fulbright LLP
Npower & EON
Oxford Round Table
Oxford University Hospitals NHS Foundation Trust
Pavillion pre-school
Preston Forster
Ramcrete Pumping Services Ltd
Ramsay & Jackson
Revenue Management Solutions Ltd
Ridge
RMHC Global
Rob McGill and West & West
Royal Bank of Canada
Sabah Ramzan
Scrap A Car Comparison
Sealy Beds
Simon Gibson charitable Trust
Smith Anderson & Co, UK
Sports Argus Charity Darts Squad
Steel Charitable Trust
Sterling Ventures
Stitchd
Sun Valley Foods Ltd trading as Cargill Protein
Europe (formerly Cargill Meats Europe)
Team 1C
The Bank of Montreal
The Costelloe Family
The Original Fit Factory
Tindall Riley & Co Limited
Tritax Symmetry Management Ltd
TrustQuay
Tysers
Utilita Energy
Veolia
West Lothian Football Academy
William Blair

Financial Statements



Report of the Trustees

Report of the Trustees

Ronald McDonald House Charities (UK) is an independent charity registered in England and Wales (802047) and in Scotland (SC040717), and is a company limited by guarantee (2252337), registered in England.

The Trustees of Ronald McDonald House Charities (UK) (who are also the Directors for the purposes of Companies Act 2006) are pleased to present this, their report and accounts for the period ended 31 December 2022, and incorporating the Strategic Report and the Director's Report required under the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013. The accounts have been prepared in accordance with the Statement of Recommended Practice – Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, applicable Accounting Standards in the United Kingdom, requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland).

Going concern

The Charity has prepared cashflow forecasts for the period through to 31 October 2024 which reflect the expected impact of the macro-economic environment on income and expenditure. The assessment of the Charity's ability to continue as a going concern has included performing a reverse stress test on those forecasts.

The reverse stress test assumes the same level of expenses as management's best estimate ("the base case") but income is decreased to the point at which all cash is utilised before the end of the going concern assessment period (positive cash position until September 2024 decreasing to negative cash position in October 2024).

A negative cash position is only achieved if income falls to 34% of the best estimate cash flow forecasts through the going concern period which the Trustees consider to be an implausible scenario.

Having reviewed this information the trustees have a reasonable expectation that the Charity has adequate resources and cash reserves to continue in operational existence for the going concern period to 31 October 2024, even if income was to fall substantially below the level it reached in 2020.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Charity will be able to continue to fulfil its charitable purpose, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

The Objectives of the Charity

To provide accommodation and other assistance for children being treated in hospital and their families during periods of treatment.

Public Benefit Statement

The Charity Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity commission in exercising their duties.

Report of the Trustees

(continued)

Trustees (Directors)

J Fergus (Chairman)
Dr S Fradd (appointed 27 February 2023)
M Morgan
S Kirk
Dr A Ohrling
H Trickey
R Mounsey
S Hunsdale
S Edwards
K Boyce (resigned 27 July 2023)
A Wainwright (appointed 28 April 2022)
G Pearson (appointed 27 October 2022)
A Moys (appointed 27 October 2022)
A Ward appointed (27 July 2023)

Key Management Personnel

Chief Executive	J Haward (retired 18 November 2022)
Chief Executive	E Joseph (appointed 1 November 2022)
Company Secretary	I Dart (resigned 13 September 2023)
Company Secretary	S Winfield (appointed 13 September 2023)
Director of Strategic Partnerships	A Ward (retired 28 April 2023)
Director of Income Generation	T Morton
Director of People and UK Operations	S Winfield
Director of Estates and Development	R Francis

Registered Office

11-59 High Road
East Finchley
London N2 8AW
United Kingdom
03000 111 113
www.rmhc.org.uk

Auditor

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

Statement of Trustees' responsibilities

The Charity's financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Report of the Trustees

(continued)

Statement of Trustees' responsibilities (continued)

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement as to disclosure of information to auditors

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

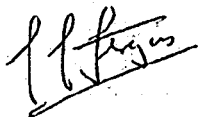
Auditors

In accordance with S485 of the Companies Act 2006, the auditor, Ernst & Young LLP. Is deemed to be reappointed.

The Report of the Trustees, which incorporates the requirements of the Directors' Report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Strategic Report were approved by the Board, in their capacity as Trustees and company directors, and signed on its behalf on Wednesday 25 October 2023 by:

Jeff Fergus, Chairman

Signature:



Date: Wednesday 25 October 2023

Independent Auditors Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RONALD MCDONALD HOUSE CHARITIES (UK)

Opinion

We have audited the financial statements of Ronald McDonald House Charities (UK) for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period at least twelve months to 31 October 2024 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Independent Auditors Report (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Directors' report and the Strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic report and the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or the Directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditors Report (continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 35, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are RS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland", the UK Companies Act 2006, the Charities and Trustee Investment (Scotland) Act, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, relevant Health and Safety regulations, Modern Slavery Act, Bribery Act, Proceeds of Crime Act 2002, Money Laundering Regulations 2003 and General Data Protection Regulation (GDPR).

Independent Auditors Report (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how Ronald McDonald House Charities (UK) is complying with those frameworks by enquiry with management and those charged with governance, by identifying the company's policies and procedures regarding compliance with laws and regulations, and through the review of minutes of meetings held by those charged with governance for any instances of non-compliance.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by making enquiries of those charged with governance and by obtaining an understanding of the entity's policies and procedures in relation to fraud risks. As part of our assessment, we obtained and inspected the entity's risk register. We considered there to be a risk of management override including through the recording of manual journals posted to revenue prior to the year end. In response to the risks identified, we designed appropriate audit procedures to address the risks. Our procedures involved:
 - Enquiry of members of senior management, and when appropriate those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
 - Reading minutes of meetings of those charged with governance.
 - Obtaining and reading correspondence from legal and regulatory bodies where applicable; and
 - Incorporation of data analytics to test revenue and to assist in our targeted review of journals. Our procedures involved testing journal entries identified by specific risk criteria, including manual journals to record revenue close to the period end.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Becky Turner (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP,
Statutory Auditor
1 More London Place
London, SE1 2AF

Signature:

Ernst & Young LLP

Date: 25th October 2023

Statement of Financial Activities

Ronald McDonald House Charities (UK) Statement of Financial Activities For the year ended 31 December 2022

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Income:					
Donations and legacies	2	11,196	1,273	12,469	10,363
Other trading activities	3	1,626	-	1,626	1,284
Investments	4	156	-	156	19
Total income		12,978	1,273	14,251	11,666
Expenditure:					
Costs of raising funds	5	(4,606)	-	(4,606)	(2,764)
Expenditure on charitable activities	6	(7,234)	(954)	(8,188)	(6,881)
Total Expenditure		(11,840)	(954)	(12,795)	(9,645)
Net income / (expenditure) and net movement in funds for the year		1,138	319	1,457	2,021
Other recognised gains / (losses)					
Other income	7	3,027	941	3,968	-
Reconciliation of funds:					
Total funds brought forward		64,683	1,356	66,039	64,018
Total funds carried forward	19	68,848	2,616	71,464	66,039

Notes 1 to 22 form an integral part of these financial statements.

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Balance Sheet

Ronald McDonald House Charities (UK) Balance Sheet At 31 December 2022

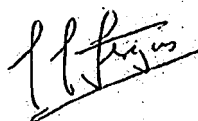
	Note	2022 £'000	2021 £'000
Fixed Assets			
Intangible assets	15	506	294
Tangible assets	16	55,741	53,743
Investments	20	743	-
Total Fixed Assets		<u>56,990</u>	<u>54,037</u>
Current Assets			
Debtors	17	1,533	1,566
Cash at bank and in hand	21	14,634	11,423
Total Current Assets		<u>16,167</u>	<u>12,989</u>
Liabilities			
Creditors: Amounts falling due after more than one year	18	(1,693)	(987)
Total Net Assets or Liabilities		<u><u>71,464</u></u>	<u><u>66,039</u></u>
The funds of the charity:			
Unrestricted funds	19	68,848	64,683
Restricted funds	19	2,616	1,356
		<u><u>71,464</u></u>	<u><u>66,039</u></u>

The Financial statements were approved by the Trustees and authorised for issue on Wednesday 25 October 2023.

On behalf of the Trustees

Jeff Fergus
Chairman

Signature:



Statement of Cash Flows

Ronald McDonald House Charities (UK) Statement of Cash Flows For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	21	<u>4,277</u>	<u>2,874</u>
Cash flows from investing activities:			
Interest		156	19
Cash inflow from business combinations		168	-
Purchase of property, plant and equipment		(1,072)	(3,599)
Purchase of software		<u>(318)</u>	<u>(319)</u>
Net cash (used in)/provided by investing activities		<u>(1,066)</u>	<u>(3,899)</u>
 Change in cash and cash equivalents in the reporting period		 3,211	 (1,025)
Cash and cash equivalents at the beginning of the reporting period		11,423	12,448
Cash and cash equivalents at the end of the reporting period	22	<u><u>14,634</u></u>	<u><u>11,423</u></u>

Notes to Financial Statements

1. Accounting policies

Basis of preparation

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Preparation of the accounts on a going concern basis

The Charity is in a net current asset position at the balance sheet date. Given the Charity's continued strong performance, the Trustees consider it reasonable that the company will continue in operational existence until at least the end of the going concern assessment period on 31 October 2024. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Income

Income is received by way of donation, special grants and interest on deposits. Income resources are included in the statement of financial activities when the Charity is entitled to the income and it can be quantified with reasonable certainty.

Taxation

As a charity, the company is exempt from tax on income and gains. As such, no tax charges have arisen.

Donations

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

Donated services and facilities

Donated professional services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of the economic benefit from the user by the charity of the item is probable and that the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time received within the Ronald McDonald Houses is not recognised. More information about their contribution is referred to in the Trustees Annual Report.

Notes to Financial Statements (continued)

1. Accounting policies (continued)

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 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	- the lower of unexpired portion of the lease or 40 years
Fixtures and fittings	- ten years
Office equipment	- three years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets

Intangible fixed assets are held on the balance sheet at cost less accumulated amortisation and impairment losses.

Computer software, including development costs, is capitalised as an intangible asset and amortised on a straight-line basis over the expected useful life of three years. The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Stocks and shares are included in the balance sheet at market value. Listed investments are included in the Balance Sheet at fair value, which is their market closing price on the current or previous trading day.

Governance costs

Included within governance costs are salaries payable to administration staff, general office expenses, auditors' remuneration and bank and legal charges.

Resources expended

Where costs cannot be directly attributed to particular headings, they have been allocated by proportion to activities based on the staff time spent carrying out the function. Fundraising costs are those incurred in seeking voluntary donations; support costs are those costs incurred directly in support of the Charity's aims and include project management of new and existing projects; management and administration costs are those incurred in connection with administration of the Charity and compliance with legal and statutory requirements.

Business combinations

Business combinations are accounted for using the purchase method in accordance with Section 19 Business Combinations and Goodwill and Section 34 Specialised Activities. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

Notes to Financial Statements (continued)

1. Accounting policies (continued)

Business Combinations (continued)

The Charity determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Charity acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Business combinations at nil or nominal considerations which are in substance a gift are accounted in accordance with Section 19 Business Combinations and Goodwill except that:

- any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in income and expenditure. This gain represents the gift of the value of one entity to another and recognised as income.
- any excess of the fair value of the liabilities assumed over the fair value of the assets received is recognised as a loss in income and expenditure. This loss represents the net obligations assumed, for which the receiving entity has not received a financial reward and recognised as an expense.

Funds

Unrestricted Funds

The Charity holds the majority of its donation income within its unrestricted funds. There are split between designated and general funds. Designated funds are monies in reserve that the Charity has identified against specific board approved projects that are on site or subject to contract.

It is the Charity's policy to ensure that the funds sufficient to cover at least four months of operating costs (excluding depreciation) remain undesignated to provide appropriate resources to cover the Charity's day to day running costs in the event of a sudden unexpected change in the Charity's income levels.

Restricted Funds

The is restricted income held to further a specific purpose of the Charity as stipulated by the donor and is accounted for accordingly and presented separately in the face of the Statement of Financial Activities.

Details of the nature and purpose of each fund are set out in note 18.

Notes to Financial Statements (continued)

1. Accounting policies (continued)

Going Concern

The Charity has prepared cashflow forecasts for the period through to 31 October 2024 which reflect the expected impact of the macro-economic environment on income and expenditure. The assessment of the Charity's ability to continue as a going concern has included performing a reverse stress test on those forecasts.

The reverse stress test assumes the same level of expenses as management's best estimate ("the base case") but income is decreased to the point at which all cash is utilised before the end of the going concern assessment period (positive cash position until September 2024 decreasing to negative cash position in October 2024).

A negative cash position is only achieved if income falls to 34% of the best estimate cash flow forecasts through the going concern period which the Trustees consider to be an implausible scenario.

Having reviewed this information the trustees have a reasonable expectation that the Charity has adequate resources and cash reserves to continue in operational existence for the going concern period to 31 October 2024, even if income was to fall substantially below the level it reached in 2020.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Charity will be able to continue to fulfil its charitable purpose, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

Notes to Financial Statements (continued)

2. Income from donations and legacies

	2022	2021
Donations	£'000	£'000
McDonald's Restaurants contributions	2,235	2,047
McDonald's collection boxes	1,758	1,686
McDonald's Cashless donations	3,709	2,256
McDonald's campaign	427	250
McDonald's restaurant fundraising	598	401
Welsh carrier bag income	435	516
Scottish carrier bag income	318	469
General donations	608	537
Gift Aid	98	172
Operational income	101	59
Grant income	520	440
Corporate income	766	708
Community income	896	822
Total income from donations	12,469	10,363

The income from donations was £12,469 (2021: £10,363) of which £11,196 was unrestricted (2021: £8,938) and £1,273 restricted (2021: £1,425).

The Charity benefits from the involvement and enthusiastic support of its volunteers, details of which are given in the Trustee Report. In accordance with FRS 102 and the Charities SORP (FRS102), the economic contribution of general volunteers is not recognised in the accounts.

Notes to Financial Statements (continued)

3. Income earned from other activities

	2022	2021
	£'000	£'000
National gala dinner	41	383
Regional gala dinners	544	571
Regional golf tournaments	151	163
Regional events	54	18
Overseas golf tournament	524	-
Overseas apartment	13	-
Challenge events	284	134
Other	15	15
Total income earned from other activities	1,626	1,284

4. Investment income

	2022	2021
	£'000	£'000
Interest receivable	156	19

Interest receivable relates to interest earned on fixed asset investments (£14,187) and interest earned on short term deposit accounts (£141,469).

Notes to Financial Statements (continued)

5. Analysis of expenditure on charitable activities

	Activities undertaken directly £'000	Depreciation £'000	Support costs £'000	Total £'000
2022				
<i>Raising funds</i>				
Donations	657	-	1,503	2,160
Other trading activities	456	-	1,990	2,446
	1,113	-	3,493	4,606
<i>Charitable activities</i>				
Alder Hey	329	100	-	429
Arrowe Park	138	38	-	176
Birmingham	405	218	-	623
Brighton	209	33	-	242
Bristol	58	-	-	58
Camberwell	320	86	-	406
Cardiff	301	179	-	480
Edinburgh	256	108	-	364
Evelina London	524	367	-	891
Manchester	431	212	-	643
Moorfields	62	2	-	64
Oxford	365	434	-	799
Southampton	399	199	-	598
Tooting	231	19	-	250
Family Experience	157	-	-	157
Operations Team	437	4	-	441
Facilities management of Houses	1,458	109	-	1,567
Total expenditure on charitable activities	6,080	2,108	-	8,188
TOTAL	7,193	2,108	3,493	12,794

Notes to Financial Statements (continued)

5. Analysis of expenditure on charitable activities (continued)

	Activities undertaken directly	Depreciation	Support costs	Total
	£'000	£'000	£'000	£'000
2021				
<i>Raising funds</i>				
Donations	118	-	830	948
Other trading activities	280	-	1,536	1,816
	398	-	2,366	2,764
<i>Charitable activities</i>				
Arrowe Park	95	37	-	132
Birmingham	331	207	-	538
Brighton	156	31	-	187
Camberwell	283	85	-	368
Cardiff	255	170	-	425
Edinburgh	179	75	-	254
Evelina London	401	359	-	760
Manchester	393	209	-	602
Moorfields	45	1	-	46
Oxford	298	424	-	722
Oxford Expansion	-	-	-	-
Southampton	375	190	-	565
Tooting	197	18	-	215
Operations Team	438	-	-	438
Facilities management of Houses	1,592	37	-	1,629
Total expenditure on charitable activities	5,038	1,843	-	6,881
TOTAL	5,436	1,843	2,366	9,645

Expenditure on charitable activities undertaken directly was £6,158 (2021 £5,038)

Notes to Financial Statements (continued)

6. Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the Charity's main activity of providing accommodation, and the sources of income directly to support this activity.

	House operations	
	2022	2021
	£'000	£'000
Costs	(8,188)	(6,881)
Net costs relating to charitable activities	(8,188)	(6,881)
<i>Income from charitable activities</i>		
Operational income	101	59
Net costs funded from other income	(8,087)	(6,822)

7. Business combinations

Alder Hey Family House Trust Limited

On 26 April 2022, Alder Hey Family House Trust Limited transferred certain assets and liabilities to the Charity for a consideration of £1. Alder Hey Family House Trust Limited's principal activity was providing free accommodation and assistance for the parents and families of children undergoing treatment at Alder Hey Children's Hospital. Alder Hey Family House Trust Limited was dissolved on 7 February 2023.

The fair values of the identifiable assets and liabilities of the Alder Hey Family House Trust Limited as at the date of acquisition were:

in £'000 Fair value recognised on acquisition

	Unrestricted Funds	Restricted Funds	Total
Assets			
Tangible assets	2,818	-	2,818
Investments	-	773	773
Stock	1	-	1
Debtors	91	-	91
Cash at bank	-	92	92
Liabilities			
Creditors	95	-	95
Net assets	2,815	865	3,680
Gain recognised in income	2,815	865	3,680
Purchase consideration	-	-	-

Notes to Financial Statements (continued)

7. Business combinations (continued)

Alder Hey Family House Trust Limited (continued)

(1) Tangible assets acquired consists of leasehold improvements and fixtures, fittings and equipment amounting to £2,569 thousand and £249 thousand, respectively. Since the leasehold improvements held for its service potential to beneficiaries, the depreciated replacement cost was used as proxy for the fair value measurement. Acquisition expenses of £117 thousand were incurred in respect of this acquisition and expensed to the statement of financial activities.

The expenditure relating to the Alder Hey House for the year had the Charity been acquired on 1 January was £438,555. Income from donations and other activities is not split by individual House and therefore cannot be specifically attributed to the Alder Hey House for the year to 31 December 2022.

Ronald McDonald House Bristol

On 23 November 2022, Ronald McDonald House Bristol transferred certain assets and liabilities to the Charity for a consideration of £1. Ronald McDonald House Bristol's principal activity was providing free accommodation and assistance for the parents and families of children undergoing treatment.

The fair values of the identifiable assets and liabilities of the Ronald McDonald House Bristol as at the date of acquisition were:

in £'000 Fair value recognised on acquisition

	Unrestricted Funds	Restricted Funds	Total
Assets			
Tangible assets	215	-	215
Cash at bank	-	76	76
Liabilities			
Creditors	3	-	3
Net asset	212	76	288
Gain recognised in income	212	76	288
Purchase consideration	-	-	-

Notes to Financial Statements (continued)

7. Business combinations (continued)

Ronald McDonald House Bristol (continued)

(1) Tangible assets acquired consists of leasehold improvements and fixtures, fittings and equipment amounting to £216 thousand. Since the leasehold improvements held for its service potential to beneficiaries, the depreciated replacement cost was used as proxy for the fair value measurement.

Acquisition expenses of £58 thousand were incurred in respect of this acquisition and expensed to the statement of financial activities.

The expenditure relating to Ronald McDonald House Bristol for the year had the Charity been acquired on 1 January was £345,531. Income from donations and other activities is not split by individual House and therefore cannot be specifically attributed to Ronald McDonald House Bristol for the year to 31 December 2022.

8. Analysis of governance and support costs

The Trustees initially identify the costs of its support functions. It then identifies those costs which relate to the governance function. Having identifies its governance costs, the remaining support costs together with the governance costs are apportioned across the charity. Refer to the table below for the basis of apportionment and the analysis of support and governance costs.

2022	General support (see note 5) £'000	Governance function £'000	Total £'000	Basis of apportionment
Salaries, wages and related costs	1,082	464	1,546	70:30 split
Administration	-	360	360	Governance
Bank and legal fees	-	84	84	Governance
Total expenditure on charitable activities	1,082	908	1,990	

2021	General support (see note 5) £'000	Governance function £'000	Total £'000	Basis of apportionment
Salaries, wages and related costs	956	410	1,366	70:30 split
Administration	-	102	102	Governance
Bank and legal fees	-	68	68	Governance
Total expenditure on charitable activities	956	580	1,536	

Notes to Financial Statements (continued)

9. Auditors' remuneration

	2022 £'000	2021 £'000
Auditors' remuneration	<u>69</u>	<u>50</u>

In 2022 and 2021, the audit fee has been borne by McDonald's Restaurants Limited.

10. Analysis of staff costs, trustee remuneration and expenses, and the cost of key personnel

	2022 £'000	2021 £'000
Salaries and wages	5,430	4,429
Social security costs	613	440
Pension costs	<u>474</u>	<u>368</u>
	<u>6,517</u>	<u>5,237</u>

The number of staff whose emoluments fell within each of the following bands was:

	2022 No.	2021 No.
£0 to £59,999	189	171
£60,000 to £69,999	2	2
£70,000 to £79,999	2	2
£80,000 to £89,999	3	2
£90,000 to £99,999	2	-
£100,000 to £109,999	-	-
£130,000 to £139,999	2	-
£170,000 to £179,999	-	1
£260,000 to £270,000	<u>1</u>	<u>-</u>
	<u>201</u>	<u>178</u>

Notes to Financial Statements (continued)

10. Analysis of staff costs, trustee remuneration and expenses, and the cost of key personnel (continued)

The Charity's Trustees were not paid nor received any other benefit from employment with the Charity in the year (2021: £nil). They reimbursed expenses during the year of £394 (2021: £nil). No charity Trustee received payment for professional or other services supplied to the Charity (2021: £nil).

The key management personnel of the Charity comprise of the Chief Executive and the Senior Leadership Team. For a short period of time, two Chief Executives were in post to allow for a handover. The total employee benefits of the key management personnel of the Charity were £812,816 (2021: £549,058).

During the year the Charity made ex gratia payments to two employees totalling £1,000 to help support employees through the economic crisis

11. Staff numbers

The year end head count was 201 staff (2021: 178) and was made up as follows:

	2022	2021
	No.	No.
Support staff	20	19
Fundraising staff	32	29
Operational staff	149	130
	<u>201</u>	<u>178</u>

12. Related party transactions

During the year, the company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 December 2022, are as listed below.

McDonald's Restaurants Limited is defined as related party of the Charity; it is the Charity's main fundraising partner and the Charity and McDonald's Restaurants Limited share key management. McDonald's Restaurants Limited lease office space to the Charity on an ex gratia basis.

Notes to Financial Statements (continued)

12. Related party transactions (continued)

The Charity received charitable donations from McDonald's Restaurants Limited of £279,606 (2021: £251,338). Additionally, McDonald's Restaurants Limited made donations of £459,553 (2021: £392,683) in respect of the Welsh and Scottish carrier bag levies.

McDonald's Restaurants incur costs on behalf of the Charity which are then recharged at cost to Ronald McDonald House Charities (UK). During the year McDonald's Restaurants Limited invoiced £6,532,441 (2021: £5,238,075) in recharges for costs incurred. At the balance sheet date the amount due to Ronald McDonald House Charities (UK) was £513,988 (2021: £31,722).

Forsters LLP is a related party of the Charity by virtue of a Trustee of the company also being a partner of Forsters LLP. The Charity engaged Forsters LLP for the merger of Ronald McDonald House Bristol and Ronald McDonald House Charities (UK). Legal costs incurred during the year were £2,400 and at the balance sheet date the amount of £42,597 was due.

13. Corporation Taxation

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

14. Limitation by Guarantee

The Charity is limited by guarantee and as a consequence does not have share capital. The Directors of the charity comprise of Independent Trustees, and Trustee representatives of McDonald's Restaurants Limited and its franchisees. The liability of every member is limited to £1 each.

Notes to Financial Statements (continued)

15. Intangible Fixed Assets

	Software £'000	Total £'000
Cost:		
At 1 January 2022	319	319
Additions	318	318
At 31 December 2022	<u>637</u>	<u>637</u>
Depreciation:		
At 1 January 2022	25	25
Provided in the year	106	106
At 31 December 2022	<u>131</u>	<u>131</u>
Net book value:		
At 31 December 2022	<u>506</u>	<u>506</u>
At 1 January 2022	<u>294</u>	<u>294</u>

The software intangible fixed asset includes the new customer engagement system implemented during the year. The asset is recorded at cost £318,000 and has remaining amortisation of less than 3 years.

16. Tangible Fixed Assets

	Leasehold improvement £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost:				
At 1 January 2022	63,230	2,744	175	66,149
Acquisitions (Note 7)	2,650	379	4	3,033
Additions	709	201	163	1,073
At 31 December 2022	<u>66,589</u>	<u>3,324</u>	<u>342</u>	<u>70,255</u>
Depreciation:				
At 1 January 2022	10,862	1,392	152	12,406
Provided in the year	1,763	304	41	2,108
At 31 December 2022	<u>12,625</u>	<u>1,696</u>	<u>193</u>	<u>14,514</u>
Net book value:				
At 31 December 2022	<u>53,964</u>	<u>1,628</u>	<u>149</u>	<u>55,741</u>
At 1 January 2022	<u>52,368</u>	<u>1,352</u>	<u>23</u>	<u>53,743</u>

Notes to Financial Statements (continued)

16. Tangible Fixed Assets (continued)

Net book value of land and buildings consist of:

	2022 £'000	2021 £'000
Long leasehold	53,308	51,877
Short leasehold	656	491
	<u>53,964</u>	<u>52,368</u>

17. Debtors

	2022 £'000	2021 £'000
Other debtors and prepayments	1,165	1,564
Accrued income	368	2
	<u>1,533</u>	<u>1,566</u>

18. Creditors

	2022 £'000	2021 £'000
Accruals	693	673
Other creditors	883	209
Deferred income	117	105
	<u>1,693</u>	<u>987</u>

The deferred income balance relates to sponsorship income received for events that will take place in 2023. Out of the 2021 deferred income balance £91,744 was released in 2022 and £12,781 is included in the year end balance relating to events that will take place in 2023

Notes to Financial Statements (continued)

19. Analysis of Charitable Funds

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

	Fixed assets	Unrestricted funds	Restricted funds	Total
	£'000	£'000	£'000	£'000
Funds				
At 1 January 2022	54,037	10,645	1,356	66,039
Incoming resources	-	12,978	1,273	14,251
Resources expended	-	(9,626)	(954)	(10,581)
Fixed asset investments	30	(30)	-	-
Assets acquired through business combinations	3,747	(719)	941	3,969
Additions	1,390	(1,390)	-	-
Amortisation	(106)	-	-	(106)
Depreciation	(2,108)	-	-	(2,108)
At 31 December 2022	56,990	11,858	2,616	71,464

It is the Charity's policy to ensure that funds are sufficient to cover at least four months of operating costs (excluding depreciation) £3,609 remain undesignated to provide appropriate resources to cover the charity's day to day running costs in the event of a sudden unexpected change in the Charity's income levels. The Trustees have felt it prudent to ensure a balance of £12,610 of which £9 million is designated to the refurbishment of the Alder Hey House.

The ongoing Scottish carrier bag levy that is received will be restricted to expenditure of the operating of Ronald McDonald House Edinburgh and Welsh carrier bag levy is also restricted to the expenditure which were £255,768 (2021: £178,000). Equally the Welsh carrier bag levy is restricted to expenditure of the operating costs of the Ronald McDonald House Cardiff which were £301,192 (2021: £254 000)

	Fixed assets	Unrestricted funds	Restricted funds	Total
	£'000	£'000	£'000	£'000
Funds				
At 1 January 2021	51,987	7,988	4,043	64,018
Incoming resources	-	10,241	1,425	11,666
Resources expended	-	(6,913)	(863)	(7,777)
Additions	3,918	(670)	(3,248)	-
Amortisation	(25)	-	-	(25)
Depreciation	(1,843)	-	-	(1,843)
At 31 December 2021	54,037	10,645	1,356	66,039

Notes to Financial Statements (continued)

20. Fixed asset investments

	Listed investments	Total
	£'000	£'000
Cost or valuation		
At 1 January 2022	-	-
Additions	773	773
Valuation changes	(30)	(30)
At 31 December 2022	<u>743</u>	<u>743</u>
Carrying amount		
At 1 January 2022	-	-
At 31 December 2022	<u><u>743</u></u>	<u><u>743</u></u>

Fixed asset investments are included at revalued amounts being the market value of the shares at the period end as at 31 December. These investments were acquired as part of the acquisition of Alder Hey House. The historical cost of the shares at 31 December 2022 is £619,813.

21. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2022	2021
	£'000	£'000
Net income / (expenditure) for the reporting period	1,457	2,021
Depreciation charges	2,108	1,843
Amortisation charges	106	25
Loss / (Gain) on investments	30	-
Interest on investments	(156)	(19)
Decrease / (Increase) in debtors	126	(250)
Increase / (Decrease) in creditors	606	(746)
Net cash provided by / (Used in) operating activities	<u><u>4,277</u></u>	<u><u>2,874</u></u>

22. Analysis of cash and cash equivalents

	2022	2021
	£'000	£'000
Cash in hand	14,634	11,423
Total cash and cash equivalents	<u><u>14,634</u></u>	<u><u>11,423</u></u>