



Glasgow Children's Hospital Charity

Continuing the care of
Yorkhill Children's Charity

Glasgow Children's Hospital Charity
(formerly Yorkhill Children's Charity)

Consolidated Report and Financial Statements
Year ended 31 March 2016

Company number: SC222439
Charity number: SC007856

Glasgow Children's Hospital Charity
Consolidated Report and Financial Statements 2016

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Chairman's Report

Since I wrote my report last year, the brand new Royal Hospital for Children, Glasgow, sited within the Queen Elizabeth University Hospital campus, opened its doors to patients for the first time. As I write this year's report, celebrations have abounded for the hospital's first birthday. It is fitting that we also celebrate the charity's year because despite the huge challenges we faced, it was extremely successful.

Following the official opening of the new children's hospital in July 2015, it was evident that the 'Yorkhill' name would not be incorporated in any official way at the new campus; whilst disappointing for the Charity it was a reality that had to be addressed. The loss of the 'Yorkhill' name immediately threatened the public perception of the link between the Charity and the new hospital, impacting on our reputation, recognition, the brand and ultimately financial support of the charity. In response to a real lack of clarity around the name, the Charity undertook an initial scoping exercise to measure response rates and active pledges, to gauge the link between perception and financial investment with the Charity. It became evident immediately that the 'Yorkhill' name was certainly not a pseudonym for The Royal Hospital for Children, Glasgow and it signified the beginning of our loss of brand identity, and a subsequent decline in revenue most notably from our grass roots community support, that continued throughout the 2015/16 financial year.

The Charity engaged with our appointed PR agency to undertake a robust process to create a new brand name and strapline that would engage donors and make clear that we are the Charity which supports babies, children and young people who are receiving treatment at Royal Hospital for Children, Glasgow and the many related services within the Women & Children's Directorate of NHS Greater Glasgow & Clyde (NHSGGC).

Glasgow Children's Hospital Charity was the chosen option, with a strapline of '**Continuing the care of Yorkhill Children's Charity.**'

I am pleased to report that the renaming process has been very successful, with overall acceptance and understanding from our supporters and the general public. While it clearly had an impact on our overall Organisational Strategy we anticipate that the organisation will be back on track with its key objectives and their associated time parameters by 2017/18.

Our income total for 2015/16 was **£4,550,567** which is a remarkable achievement given the turbulent period we were operating in. I am delighted to report that our charitable expenditure totalled **£3,361,657** – a significant contribution to obstetric, neonatal and paediatric care within NHSGGC. This has ensured that we can continue to fund

- **Enhanced medical equipment** - helping hospital staff deliver the best possible care
- **Family Support services** - providing reassurance and practical support during difficult times
- **Hospital Programmes** - which bring excitement to children with the help of our volunteers and our innovative play and events programme
- **Paediatric Research** – leading the way to better treatment and care for children today and for generations to come

Chairman's Report (cont'd)

I would like to thank everyone who has made this possible. To our Board of Directors and sub-committee members for their unstinting support; to the staff of Glasgow Children's Hospital Charity who always go the extra mile; to our exceptional volunteers who are involved in every aspect of our work and who we could not do without; to our supporters and fundraisers whose loyalty, dedication and incredible efforts allow us to provide so much for Scotland's children.

We look forward to next year with great optimism and excitement. We will continue to work in partnership with NHSGGC to sustain and expand on our service delivery within the hospital. We will strive to increase our charitable expenditure to keep the Royal Hospital for Children, Glasgow at the forefront of medicine, and we will ensure that Glasgow Children's Hospital Charity plays an important role in all it achieves.

P Watson

Peter Watson
Chairman

Dated: 23 August 2016

Directors' Report

The Directors have pleasure in presenting their Annual Report together with the audited group Financial Statements for the year ended 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Articles of Association and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

References to the Royal Hospital for Children (RHC) in the Consolidated Report and Financial Statements relate to all neonatal, paediatric and obstetric departments within the Women & Children's Directorate of NHS Greater Glasgow & Clyde.

Objectives and activities

Vision, mission and values

Our vision - all children and young people who are treated at the Royal Hospital for Children, Glasgow have the best care and experience possible.

Our mission - we will be the most successful and effective children's healthcare charity in Scotland. We will provide world class medical equipment and research, innovative play programmes and enhanced family resources.

Our values:

- Compassionate - we care about sick children and young people
- Ambitious - we aim to be the best in everything we do embracing innovation at all times
- Collaborative - we are committed to working in partnership with our key stakeholders
- Respect - an ethos of respect underpins all that we do

Charitable objectives

The objects of the company are to provide and support excellence in paediatric, obstetric and neonatal healthcare with particular reference but not restricted to innovative medical equipment, play activities, child and family support, paediatric research, professional development and other projects enhancing the treatment, care and wellbeing of babies, children, young people and their families in the Royal Hospital for Children, Glasgow as well as other hospital and community based services both nationally and internationally.

The charity also seeks to alleviate poverty in families whose children are treated at the above facilities and are experiencing financial hardship exacerbated by the health issues of their children.

Directors' Report (cont'd)

Objectives and activities (cont'd)

Activities

The Charity is a grant-making organisation which generates the fundraising income, primarily voluntary donations from various sources including individuals, companies, community groups and trusts, needed to achieve our charitable objectives through the making of grant awards.

Grant making policy

The Charity invites applications for funding of medical equipment, research, structured play programmes and distraction therapies, patient and family support services, facility enhancements and other projects from the Royal Hospital for Children, Glasgow. The applications are reviewed against certain criteria and objectives agreed by the Professional Scientific Advisory Committee which makes recommendations to the Charity's Board. Decisions regarding award of grants are taken at each quarterly Board Meeting. Projects may be approved between meetings where the nature of the project requires a quicker decision and these are ratified at the subsequent Board meeting.

Authority has been delegated to the Chief Executive for approval of awards of an emergency nature up to £5,000 between quarterly Board meetings and these are reviewed and ratified by the Board at the subsequent meeting.

Volunteers

The Charity's volunteers make an invaluable contribution to the organisation both by augmenting our fundraising abilities and also by forming part of service delivery work to directly further our charitable objectives. In total the Charity has 202 active volunteers (2015: 280). The reduction in numbers arose from the closure of the Tea Bar following the closure of the Royal Hospital for Sick Children at Yorkhill.

The Charity works in partnership with NHS Greater Glasgow & Clyde to deliver the volunteer programme at the Royal Hospital for Children, Glasgow and has 114 hospital-based Charity volunteers who are there to help children and their families. On arrival at the hospital, patients and parents are met by Welcome Guide Volunteers to help direct them to the right place or answer any questions about the hospital. Play Maker volunteers help on the wards and in clinics. From arts and crafts, playing games, reading stories and playing, the Play Makers help to distract the young patients from what can often feel like a scary hospital environment by relaxing and having fun. Charity Volunteers also work with children in the charity funded Teddy Hospital and MediCinema and are the face of the Fundraising Hub at the hospital.

In addition to hospital volunteers, the Charity has 88 active fundraising and administration volunteers who provide the Charity with assistance at external talks and events, bucket collections, the collection can service and office administration.

Directors' Report (cont'd)

Achievements and performance

Objective	Result
Achieve income budget of £4,600,848	Not met – income total of £4,550,567 - under budget by £50,281 (1%)
Achieve cost of generating income from donations & legacies ratio of 28.4%	Not met – ratio of 29.9% ¹ - although overall income largely on budget, income from donations & legacies adversely impacted by new hospital opening and change of name
Achieve charitable expenditure of £3,258,392	Exceeded – expenditure of £3,361,657
Develop new service / programme delivery options within the Royal Hospital for Children, Glasgow	Met – new agreements to deliver Bereavement Services and Family Needs Assessment & Support Service
Continuing the legacy of care from the old hospital through to the new, communicating to key stakeholders that while our home changed, the mission remained the same.	Ongoing

Financial Review

2015/16 was a challenging year for the Charity with changes to both the physical and fundraising environments. In June 2015, the Royal Hospital for Sick Children, known to many as 'Yorkhill' closed and the new Royal Hospital for Children, Glasgow, on the site of the Queen Elizabeth University Hospital campus, opened. It soon became clear that the Charity no longer had a clear connection to the hospital we support. In addition, Yorkhill Hospital re-opened as an ambulatory care hospital for adults, causing further confusion amongst the general public as to what 'Yorkhill' stood for and what the Charity's purpose was.

The Charity witnessed a drop in support after the new hospital opened, both in terms of income from local community supporters and in active pledges for future fundraising. Approximately one third of the Charity's income is generated from community initiatives and in this area, income in 2015/16 dropped by 16% compared to the prior financial year.

These factors resulted in the Directors making the decision that a name change was essential in order for the Charity to continue to provide the highest level of support for young patients and their families. An in-depth consultation process was undertaken with a variety of key stakeholders, including families, long term fundraisers, volunteers, NHS staff and the Charity's own staff and Board members.

¹ Cost of generating income from donations & legacies ratio excludes Gifts in Kind from both income & costs as these distort the ratio.

Directors' Report (cont'd)

Financial Review (cont'd)

The result was that in February 2016, the name of the Charity was changed from Yorkhill Children's Charity to Glasgow Children's Hospital Charity.

The Charity implemented a comprehensive renaming strategy to communicate to supporters that while the name may have changed, the Charity's mission remains the same. A key part of this plan was the Charity's first ever TV advertising campaign with STV West in March 2016.

The launch of the new name was combined with the launch of a major fundraising appeal to raise £150,000 for a state-of-the-art surgical microscope which will help thousands of children at the Royal Hospital for Children, Glasgow. The microscope can be used for a range of procedures including facial reconstruction, cleft surgery, tumour removal and lower limb reconstruction. The level of detail provided by the microscope, which will be the first of its kind in a children's hospital in Scotland, will give surgeons the ability to make more informed decisions, reducing the psychological distress children often suffer as a result of multiple operations.

The Charity income of £4,550,567 for the 2015/16 financial year is lower than the prior year by £709,761 (13.5%), which was expected in that the prior year had included an exceptionally high level of non-recurring income from Trusts & Foundations related to the completion of various enhancement projects in the new children's hospital. This expectation was built into the 2015/16 budget of £4,600,848. Income in 2015/16 from community initiatives also decreased as the impact of the loss of the name 'Yorkhill' from the hospital was felt. That the Charity was able to come so close to achieving that budget is a testament to the incredible generosity and support from our donors.

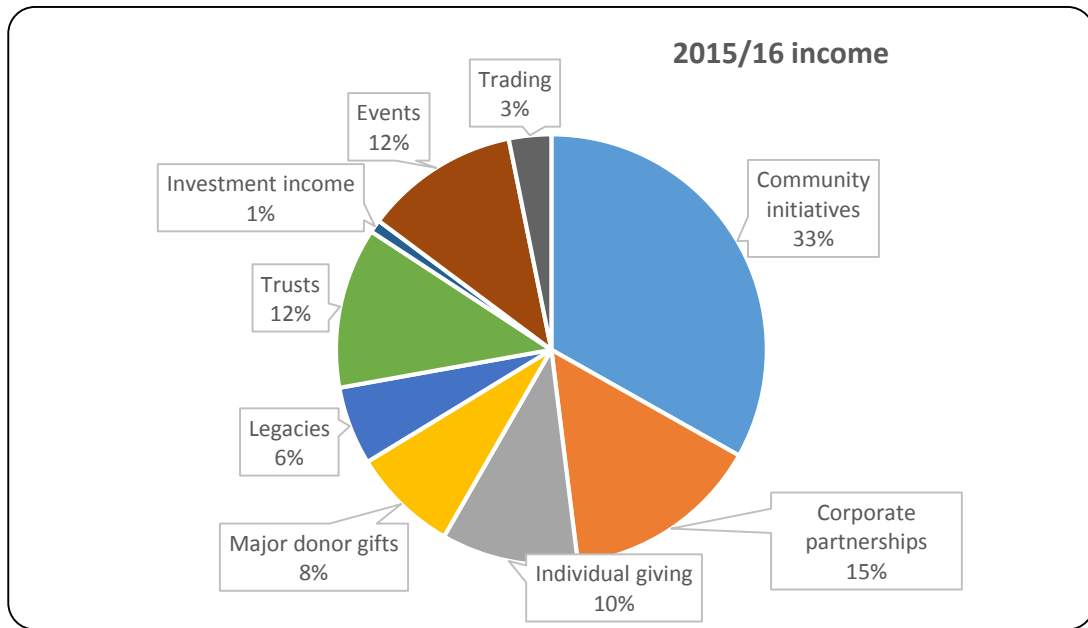
The Christmas 2015 'Little Hearts Appeal' successfully raised £150,000 for a state of the art 4D cardiac scanner, the first of its kind in the UK. Heart conditions affect nearly 1 in every 100 babies born in Scotland and the Royal Hospital for Children, Glasgow is the national provider of paediatric cardiology services. This equipment will help the medical staff diagnose and treat heart conditions in thousands of children each year.

The Charity is most grateful to the STV Children's Appeal who have pledged £104,624 (£35,000 received within 2015/16 financial year) to enable the launch of the Family Needs Assessment & Support Service, a pioneering initiative to provide immediate financial, practical and emotional relief to families who struggle to cope with the financial pressures of caring for their ill children.

Directors' Report (cont'd)

Financial Review (cont'd)

The 2015/16 income split by source:



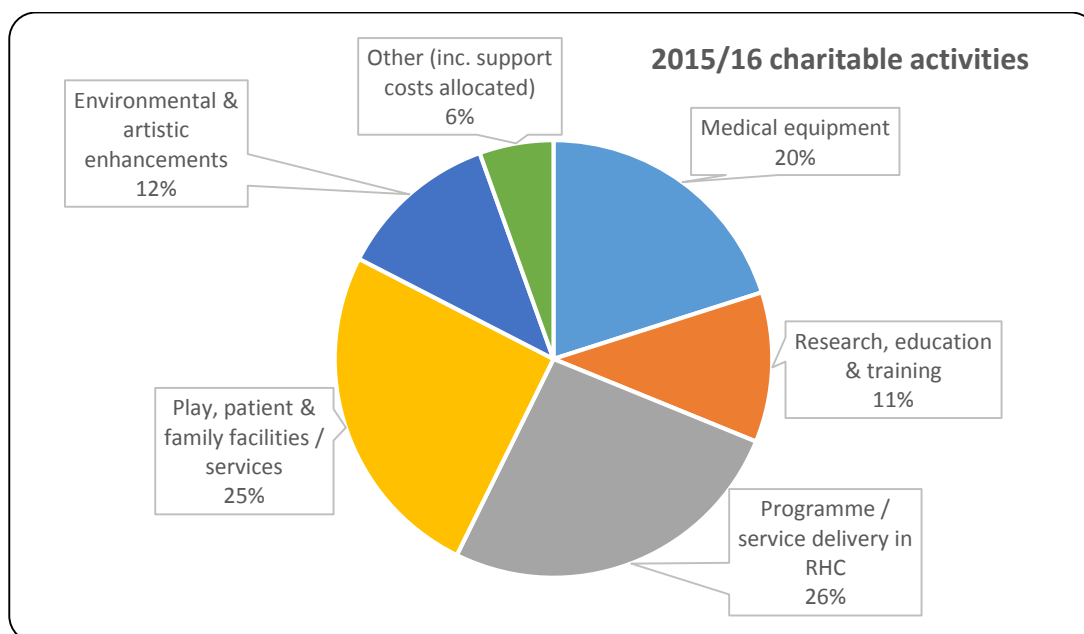
The Charity is extremely grateful to the Arnold Clark Group for the significant donation of £350,000 to fund the Imaging & Diagnostics waiting area. This project, in conjunction with the Glasgow Science Centre, transformed this waiting area with its innovative and interactive distraction modules.

The Charity's ongoing collaboration with the Kiltwalk raised £132,705 in the year which completed the funding of the project to enhance the Accident & Emergency waiting area. Like the Imaging & Diagnostics waiting area, this waiting area now alleviates the anxiety and discomfort often experienced by children and families waiting for treatment.

Directors' Report (cont'd)

Financial Review (cont'd)

The Charity was able in the year to support the Royal Hospital for Children, Glasgow with grant awards totalling £3,361,657 split by area of activity as follows (items and projects greater than £25,000 are detailed in Note 8 of the financial statements):



In line with the Charity's three year strategy, the most significant growth in charitable activity is in the area of programme and service delivery. After consultation with key NHS stakeholders, new projects have been launched to provide the Family Needs Assessment & Support Service and Bereavement Services in addition to our now established structured play programme, internal hospital events for children and provision of hospital volunteers.

During the year, the Charity undertook an extensive programme of enhancements for the hospital playrooms committing £243,820 to make these spaces as child friendly as possible with colourful wall graphics, toys & computer games and comfortable, practical furniture and storage.

The Charity committed £158,350 in the year to fund the development of an innovative new digital portal for parents, carers and health professionals caring for children with long term complex health issues. This web-based service will provide a user-friendly single point of immediate access to advice, strategies, and self-help support from all disciplines working within NHS Greater Glasgow & Clyde's Specialist Children's Services. The content will be comprehensive, bringing together resources from across various paediatric specialisms including dietetics, child and adolescent mental health, occupational therapy, physiotherapy and speech & language therapy in one location.

Directors' Report (cont'd)

Financial Review (cont'd)

Investment policy

The Board of Directors has considered the most appropriate policy for investing funds and has found that short to medium term investment of funds should be held in a mixture of current and term bank accounts to optimise interest earned. The Directors are satisfied with the level of interest income achieved.

Risk management

The Directors and Senior Management Team examine the major strategic, business and operational risks which the Charity faces on a regular basis and adopt a risk management strategy which comprises:

- an annual Board-level review of the risks which the Charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan;
- the implementation of procedures designed to minimise any potential impact on the Charity should any of those risks materialise, and
- monthly reviews of these risks and procedures by the Senior Management Team complemented by a quarterly update to the Finance & Legal Committee.

The Directors consider that the principal risk facing the Charity at the current time is the potential impact on income, particularly unrestricted income, from the loss of the 'Yorkhill' brand and the requirement to build support for the new 'Glasgow Children's Hospital Charity' brand both in Glasgow and throughout Scotland. This risk is being mitigated by robust multi-faceted Fundraising and Marketing & Communications plans which are seeing the fundraising team actively engage locally with community supporters at a grassroots level and regionally with our first TV advertising campaign in March 2016.

Reserves

At the end of the financial year the Group's reserves were as follows:

Unrestricted Funds:

Designated general reserve	600,000
General funds	431,327
	<hr/>
	1,031,327
Restricted Funds	2,017,914
	<hr/>
Total Funds	3,049,241
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Directors' Report (cont'd)

Reserves (cont'd)

Reserves policy

The Directors examine the requirement to retain reserves within the Charity on an annual basis to ensure there are sufficient free unrestricted reserves to safeguard the financial stability of the Charity against unforeseen fluctuations in income levels. The Directors are confident that the sum of £600,000 set aside as a designated reserve is sufficient to allow the Charity to continue to operate and meet commitments over a period of six months. The Directors believe this is the prudent and appropriate sum to set aside and review this level as required in conjunction with their regular assessment of the risks facing the Charity.

Going concern

The financial statements have been prepared on a going concern basis as the Board consider that the Charity has sufficient reserves and detailed management accounts are prepared and scrutinised on a regular basis.

Plans for future periods

The opening of the new children's hospital in June 2015 and the name change in February 2016 mean that the Charity is in a unique position in its history and undoubtedly faces a challenging 2016/17. The budget has been prepared on a cautious but realistic and achievable basis. It takes into account the external landscape and the impact experienced in 2015/16 from the hospital relocation and naming issue. In addition, it is important to take into account the external landscape of the third sector this year, and the ongoing discussions and impending changes around regulation and mailing preferences which impact on the operating and fundraising culture.

The Charity's strategic objectives remain largely unchanged and we continue to strive to:

- Grow awareness of the Charity throughout Scotland and increase our fundraising income year on year to allow us to continue to increase our charitable activities, and
- Work in partnership with NHS Greater Glasgow & Clyde in delivering shared objectives and developing and enhancing our current level of service delivery within the Royal Hospital for Children, Glasgow.

The 2016/17 income, and amount available for charitable expenditure, will however reduce to £4,013,053 and £2,652,438 respectively as we take the time to rebuild our brand loyalty and position in the market. The Charity must realign the name and brand of the charity with the Royal Hospital for Children, Glasgow at a grassroots level, whilst also continuing to diversify our income streams.

Reference and administrative details

Charity number	SC007856
Company number	SC222439
Registered office	2 nd Floor, PSP House, 50 High Craighall Road, Glasgow G4 9UD

Directors' Report (cont'd)

Key management personnel

The key management personnel are those individuals in charge of directing and controlling, running and operating the Charity on a day to day basis and comprise the Board of Directors, who are the Charity's Trustees for the purpose of charity law, and the Chief Executive.

Directors and Trustees

Professor Peter Watson (Chairman)
Mr Robert Tomlinson (Vice-Chairman)
Mr Stuart Anderson (Secretary)
Mr Jonathan Bryden (Treasurer)
Professor Syed Faisal Ahmed
Mr Graham Bell
Mr Frame Broadfoot (resigned 23 August 2016)
Professor Susan Hart (resigned 31 May 2016)
Mr Francis McGuire (resigned 5 August 2016)
Dr Alison Rennie
Mr Robert Vaughan

Chief Executive

Shona Cardle

Auditors

Hardie Caldwell
Citypoint 2
25 Tyndrum Street
Glasgow G4 0JY

Bankers

Bank of Scotland
174 Byres Road
Glasgow G12 8SW

Solicitors

Turcan Connell
Sutherland House
149 Saint Vincent Street
Glasgow G2 5NW

Directors' Report (cont'd)

Structure, governance and management

Governing Document

The Charity is a charitable company limited by guarantee, incorporated and registered as a charity on 22 August 2001. The company is established and governed under its Articles of Association (revised 2016) which established the objects and powers of the charitable company.

Organisational Structure

The Board of Directors is responsible for providing strategic guidance and leadership. The Board meets quarterly with regular communication occurring between the Chair, the Vice Chair and the Chief Executive on matters requiring decisions between board meetings.

The Board appoints the Chief Executive who is responsible for ensuring that their policies and strategies are followed and for ensuring the operational management of the charity. A formal staff structure exists below the Chief Executive covering the main activities of fundraising, operations and finance. There is an established procedure of delegation from the Board to the Chief Executive for the approval of commitments and payments within the parameters of an annually approved operating budget.

There are four sub-committees, each chaired by a Director, which meet as required and make recommendations to the Board. These are:

Professional Scientific Advisory Committee

This Committee meets quarterly to discuss the applications received for charitable expenditure, to assesses and prioritise them and make recommendations to the Board.

Financial and Legal Committee

This Committee meets quarterly to review the annual operating budget, quarterly reforecasts, comprehensive monthly management accounts, risk register and all financial and legal arrangements of the Charity and to report on these to the Board and make recommendations on actions required. This Committee also liaises with the external auditors.

Remuneration Committee

This Committee meets annually to review proposed staff salaries in conjunction with the annual operating budget, to assess their suitability in line with industry bench-marking and individual objectives and to make recommendations to the Board.

Board Appointments Committee

This Committee meets quarterly and its remit includes a full review of the policies and procedures in place for all aspects of Board recruitment, selection and induction in addition to making recommendations to the Board on potential skills gaps and specific appointments.

Directors' Report (cont'd)

Organisational Structure (cont'd)

Appointment of Directors

There is a formal appointment process, led by the Board Appointment Committee. A skills assessment is carried out on a regular basis to identify gaps and succession plans reviewed. Written applications for membership are considered by the Committee who meet the applicants and make recommendations to the Board. Following a comprehensive induction process the admitted member automatically constitutes a Director of the company. At each Annual General Meeting, any Director appointed during the year and one third of remaining Directors, on a rotation basis, will retire. All retired Directors can offer themselves for re-appointment.

The following Directors will retire at the following AGM and will be eligible to offer themselves for re-election at this time:

Professor Syed Faisal Ahmed
Dr Alison Rennie

Directors represent independent professional individuals and medical and other staff at the Royal Hospital for Children, Glasgow. The maximum number of Directors is 16 and the Chair may not be an employee of NHS Greater Glasgow & Clyde. Directors are appointed to the offices of Chair, Vice-Chair, Secretary and Treasurer.

Director Induction and Training

Guidance notes and formal training are provided on trustee duties and responsibilities. A full induction process is conducted on recruitment including an information pack and meetings with key personnel. In addition, informal briefings are provided by Directors at quarterly board meetings and sub-committees by members of the legal and accountancy professions. Opportunities also exist for touring the facilities at the hospital. The Board hold 'away days' periodically to review the strategic direction of the organisation and receive refresher training as required.

Remuneration policy for key management personnel

Staff salaries for all staff are set annually by the Remuneration Committee utilising regular benchmarking activity undertaken throughout the year looking at similar roles in similar organisations within the sector, published salary guides and taking account of both recruitment trends in the sector and staff turnover within the organisation.

Directors' Report (cont'd)

Organisational Structure (cont'd)

Subsidiary Trading Company

The Charity operates a retail shop under a separate company, Glasgow Children's Hospital Trading Limited, which annually gifts an appropriate proportion of its net profits to the Charity with the remainder being re-invested in the company.

Following the move in June 2015 of the children's hospital to the new Queen Elizabeth University Hospital campus, the size of trading operations carried out by the Charity reduced in that there is no volunteer-run Tea Bar in this new location.

Responsibilities of the Directors

The Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors 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 charitable company and the group and of the surplus or deficit of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 charitable company will continue in operation.

The Directors are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (cont'd)

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the 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 group's auditors are aware of that information.

Auditors

A resolution will be proposed at the Annual General Meeting that Hardie Caldwell be re-appointed as the Charity's auditors.

On behalf of the Board

S Anderson

Stuart Anderson
Director and Secretary

Dated: 23 August 2016

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF GLASGOW CHILDREN'S HOSPITAL CHARITY FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Glasgow Children's Hospital Charity group and parent company for the year ended 31 March 2016, which comprise the Consolidated and Parent Company Statement of Financial Activities (incorporating Income & Expenditure Account), the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Cash Flows and the related notes numbered 1 to 26.

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 Financial reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 directors and 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 charitable company and the company's directors and 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 explained more fully in the Responsibilities of the Directors statement, set out on page 14, the Directors (who are also the Trustees of the charitable company for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and Chairman's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based in, or materially inconsistent with, the knowledge

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF GLASGOW CHILDREN'S HOSPITAL CHARITY FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)

Scope of the audit of the financial statements (cont'd)

acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2016 and of the group's and charitable company's 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, including Financial reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

M Hopper

Marion Hopper

Senior Statutory Auditor

For and on behalf of

Hardie Caldwell LLP

Statutory Auditors

Glasgow

Dated: 25 August 2016

Hardie Caldwell LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For the year ended 31 March 2016

	Note	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Income from:					
Donations and legacies	2	1,818,498	2,013,869	3,832,367	4,478,193
Other trading activities	3	241,039	431,787	672,826	721,390
Investment income	4	29,438	15,936	45,374	60,745
Total income		2,088,975	2,461,592	4,550,567	5,260,328
Expenditure on:					
Raising funds:					
Donations and legacies	6	1,029,401	149,347	1,178,748	901,081
Other trading activities	6	191,389	104,137	295,526	328,350
Charitable activities	6,7,8	1,589,834	1,771,823	3,361,657	4,685,992
Total expenditure		2,810,624	2,025,307	4,835,931	5,915,423
Net movement in funds before unrealised (losses) / gains on investments					
Unrealised (losses) / gains on investments	14	(721,649)	436,285	(285,364)	(655,095)
		(1,814)	-	(1,814)	1,186
Net (expenditure) / income	21	(723,463)	436,285	(287,178)	(653,909)
Transfers between funds	21,22,23	788,839	(788,839)	-	-
Net movement in funds for the year		65,376	(352,554)	(287,178)	(653,909)
Reconciliation of funds:					
Total funds brought forward	21,22,23	965,951	2,370,468	3,336,419	3,990,328
Net movement in funds for the year		65,376	(352,554)	(287,178)	(653,909)
Total funds carried forward	21,22,23	1,031,327	2,017,914	3,049,241	3,336,419

All of the above results are derived from continuing operations. All gains and losses recognised in the year and previous year are included in the above.

The attached notes form part of these financial statements.

Charity Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For the year ended 31 March 2016

	Note	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Income from:					
Donations and legacies	2	1,818,498	2,013,869	3,832,367	4,478,193
Other trading activities	3	138,254	431,787	570,041	585,657
Investment income	4	29,429	15,936	45,365	60,733
Total income		1,986,181	2,461,592	4,447,773	5,124,583
Expenditure on:					
Raising funds:					
Donations and legacies	6	1,029,401	149,347	1,178,748	899,781
Other trading activities	6	88,595	104,137	192,732	193,905
Charitable activities	6,7,8	1,589,834	1,771,823	3,361,657	4,685,992
Total expenditure		2,707,830	2,025,307	4,733,137	5,779,678
Net movement in funds before unrealised (losses) / gains on investments					
Unrealised (losses) / gains on investments	14	(721,649)	436,285	(285,364)	(655,095)
		(1,814)	-	(1,814)	1,186
Net (expenditure) / income	21	(723,463)	436,285	(287,178)	(653,909)
Transfers between funds	21,22,23	788,839	(788,839)	-	-
Net movement in funds for the year		65,376	(352,554)	(287,178)	(653,909)
Reconciliation of funds:					
Total funds brought forward	21,22,23	930,701	2,370,468	3,301,169	3,955,078
Net movement in funds for the year		65,376	(352,554)	(287,178)	(653,909)
Total funds carried forward	21,22,23	996,077	2,017,914	3,013,991	3,301,169

All of the above results are derived from continuing operations. All gains and losses recognised in the year and previous year are included in the above.

The attached notes form part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2016

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Fixed assets					
Tangible Fixed assets	13	132,647	-	132,647	41,439
Investments	14	28,460	-	28,460	30,274
Current Assets					
Stock		5,147	-	5,147	3,492
Debtors	15	104,288	-	104,288	143,143
Investments	16	13,238	-	13,238	-
Cash at bank and in hand	17	2,563,555	2,809,301	5,372,856	7,590,953
		<u>2,686,228</u>	<u>2,809,301</u>	<u>5,495,529</u>	<u>7,737,588</u>
Creditors: amounts falling due within one year	18	<u>(1,592,053)</u>	<u>(791,387)</u>	<u>(2,383,440)</u>	<u>(4,190,749)</u>
Net Current Assets		1,094,175	2,017,914	3,112,089	3,546,839
Creditors: amounts falling due after more than one year	19	<u>(223,955)</u>	-	<u>(223,955)</u>	<u>(282,133)</u>
Net Assets		<u>1,031,327</u>	<u>2,017,914</u>	<u>3,049,241</u>	<u>3,336,419</u>
Accumulated Funds					
Unrestricted Funds:					
Designated general reserve				600,000	600,000
Designated project reserve				-	90,000
Designated leasehold improvements reserve				-	113,060
General funds				431,327	162,891
				<u>1,031,327</u>	<u>965,951</u>
Restricted Funds	21,22 21,23			2,017,914	2,370,468
	21,24			<u>3,049,241</u>	<u>3,336,419</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were authorised for issue by the Board of Directors and signed on its behalf by:

P Watson

Peter Watson (Chairman)
Dated: 23 August 2016

J Bryden

Jonathan Bryden (Treasurer)
Dated: 23 August 2016

The attached notes form part of these financial statements.

Charity Balance Sheet

As at 31 March 2016

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Fixed assets					
Tangible Fixed assets	13	129,737	-	129,737	41,439
Investments	14	28,560	-	28,560	30,374
Current Assets					
Debtors	15	146,219	-	146,219	201,904
Investments	16	13,238	-	13,238	-
Cash at bank and in hand	17	2,487,273	2,809,301	5,296,574	7,489,466
		<u>2,646,730</u>	<u>2,809,301</u>	<u>5,456,031</u>	<u>7,691,370</u>
Creditors: amounts falling due within one year	18	(1,584,995)	(791,387)	(2,376,382)	(4,179,881)
Net Current Assets		1,061,735	2,017,914	3,079,649	3,511,489
Creditors: amounts falling due after more than one year	19	(223,955)	-	(223,955)	(282,133)
		<u>996,077</u>	<u>2,017,914</u>	<u>3,013,991</u>	<u>3,301,169</u>
Net Assets		<u>996,077</u>	<u>2,017,914</u>	<u>3,013,991</u>	<u>3,301,169</u>
Accumulated Funds					
Unrestricted Funds:					
Designated general reserve				600,000	600,000
Designated project reserve				-	90,000
Designated leasehold improvements reserve				-	113,060
General funds				396,077	127,641
	21,22			<u>996,077</u>	<u>930,701</u>
Restricted Funds	21,23			2,017,914	2,370,468
	21			<u>3,013,991</u>	<u>3,301,169</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were authorised for issue by the Board of Directors and signed on its behalf by:

P Watson

Peter Watson (Chairman)

Dated: 23 August 2016

J Bryden

Jonathan Bryden (Treasurer)

Dated: 23 August 2016

The attached notes form part of these financial statements.

Statements of Cash Flows

For the year ended 31 March 2016

	Note	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Cash (used in)/ provided by operating activities		(2,133,570)	583,197	(2,111,847)	567,253
<u>Cash flows from investing activities:</u>					
Dividends and interest	4	45,374	60,745	45,364	60,733
Purchase of fixed assets	13	(129,901)	(29,437)	(126,409)	(29,437)
Cash (used in) / provided by investing activities		(84,527)	31,308	(81,045)	31,296
(Decrease) / increase in cash in the year		(2,218,097)	614,505	(2,192,892)	598,549
Cash at the beginning of year	17	7,590,953	6,976,448	7,489,466	6,890,917
(Decrease) / increase in cash in the year		(2,218,097)	614,505	(2,192,892)	598,549
Cash at the end of the year	17	5,372,856	7,590,953	5,296,574	7,489,466
<u>Reconciliation to Statement of Financial Activities</u>					
Net (expenditure) / income for the year as per the Statement of Financial Activities		(287,178)	(653,909)	(287,178)	(653,909)
<u>Adjustments for:</u>					
Depreciation	13	38,693	19,368	38,111	19,368
Losses / (gains) on investments	14	1,814	(1,186)	1,814	(1,186)
Dividends and interest	4	(45,374)	(60,745)	(45,364)	(60,733)
Gift of current asset investment	16	(13,238)	-	(13,238)	-
(Increase) / decrease in stock		(1,655)	(2,229)	-	-
Decrease / (increase) in debtors		38,855	215,815	55,685	199,184
(Decrease) / increase in creditors		(1,865,487)	1,066,083	(1,861,677)	1,064,529
Cash (used in)/ provided by operating activities		(2,133,570)	583,197	(2,111,847)	567,253

Notes to the Consolidated Financial Statements

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 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) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The Charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Charity's activities.

Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

The financial statements have been prepared on a going concern basis as the Board consider that the Charity has sufficient reserves and detailed management accounts are prepared and scrutinised on a regular basis.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparative items was required. It was concluded that no adjustment on transition was required, see Note 26. The transition date was 1 April 2014.

(b) Group financial statements

These financial statements consolidate the results of the Charity and its wholly owned trading subsidiary Glasgow Children's Hospital Trading Limited (formerly Yorkhill Fund Trading Limited) on a line by line basis incorporating income and expenditure under income from and expenditure on other trading activities respectively.

With the preparation of consolidated financial statements by the Charity there is no requirement to disclose related party transactions with the wholly-owned subsidiary undertaking, Glasgow Children's Hospital Trading Limited.

(c) Parent company status

The Charity is a company limited by guarantee. The members of the company are the Directors named on Page 10. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Notes to the Consolidated Financial Statements

1. Accounting Policies (cont'd)

(d) Charitable status

The Charity is registered with the Office of the Scottish Charity Regulator and HM Revenue & Customs as a Scottish Charity for tax purposes and has no liability to corporation tax.

(e) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income is allocated to the appropriate fund.

(f) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received.

Trading turnover is attributable to one principal activity, the retailing of goods.

(g) Realised and unrealised gains and losses

Realised gains/losses are calculated as the difference between the investments carrying value and its disposal proceeds.

Unrealised gains/losses are calculated as the difference between the market value of investments at the end of the year compared with the start of the year, and cost of additions in the year, as relevant.

(h) Resources expended

All expenditure is accounted for on an accruals basis once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Notes to the Consolidated Financial Statements

Accounting Policies (cont'd)

(h) Resources expended (cont'd)

Expenditure is classified as follows:

- Expenditure on raising donations and legacies are those costs incurred in attracting these income streams.
- Expenditure on other trading activities are those costs incurred in the trading activities of the Charity's subsidiary company and fundraising events organised by the Charity.
- Charitable expenditure comprises both direct costs of grant payments awarded and an allocation of support costs associated with that activity.

Support costs have been allocated between expenditure categories based on the use of resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. staff time. Included within support costs are costs associated with the governance arrangements of the Charity, including the external audit and staff time attributable to strategic matters.

(j) Gifts in Kind

Where gifts in kind are donated for the purposes of auction or other sale at events organised by the Charity, the proceeds from the auction are included in the activities for generating funds figures in the Statement of Financial Activities.

Where goods or services are donated directly to the Charity, these are included in the Statement of Financial Activities if the value is known with any certainty.

(k) Investments and investment income

Investments in these financial statements are shown at market value.

Unrealised gains / losses on revaluation and gains / losses realised on disposal are taken to the Statement of Financial Activities.

Investment income represents dividends received from listed investments, and interest receivable in the year gross of tax.

Current asset investments are shares which have been gifted to the Charity which are intended to be sold in the near future, and are included in the financial statements at the market value on the date the gift was received.

(l) Tangible fixed assets and depreciation

Fixed assets are capitalised where the cost of any item exceeds £1,000.

Notes to the Consolidated Financial Statements

1. Accounting Policies (cont'd)

(l) Tangible fixed assets and depreciation (cont'd)

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Fixtures and fittings	over 3 years
Leasehold improvements	term of the lease

(m) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

(n) Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

(o) Cash at bank and in hand

Cash at bank and in hand includes cash, bank and term deposits. Term deposits are held in short to medium term accounts to optimise interest earned and not held for investment purposes.

(p) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

(q) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(r) Reserves policy

The Directors examine the requirement to retain reserves within the Charity on a regular basis to ensure there are sufficient free unrestricted reserves to safeguard the financial stability of the Charity against unforeseen fluctuations in income levels. The Directors are confident that the sum of £600,000 set aside as a designated reserve is sufficient to allow the Charity to continue to operate and meet commitments over a period of six months. The Directors believe this is the prudent and appropriate sum to set aside and review this level as required in conjunction with their regular assessment of the risks facing the Charity.

Notes to the Consolidated Financial Statements

(s) Commitments

Full commitments to charitable donations out of existing funds are provided for in the financial statements.

2. Consolidated income from donations and legacies – Group and Charity

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Donations from Individuals	1,116,792	1,222,709	2,339,501	2,305,053
Donations from corporate partners	338,127	337,783	675,910	645,590
Donations from Trusts & Foundations	100,634	448,598	549,232	1,066,910
Legacies	262,945	4,779	267,724	460,640
Total income from donations and legacies	1,818,498	2,013,869	3,832,367	4,478,193

3. Income from other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Group				
Trading	144,542	-	144,542	194,019
Charity challenges	90,614	31,717	122,331	168,920
Charity events	5,703	378,853	384,556	331,127
Course registration fees	180	21,217	21,397	27,324
Total income from other trading activities	241,039	431,787	672,826	721,390

Incoming resources from trading activities are stated net of Value Added Tax and represent the value of sales made in the course of Glasgow Children's Hospital Trading Limited's (formerly Yorkhill Fund Trading Limited) principal activity, which is retailing of goods.

Notes to the Consolidated Financial Statements

3. Income from other trading activities (cont'd)

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Charity				
Gift aided payment from Glasgow Children's Hospital Trading Limited	41,757	-	41,757	58,286
Charity challenges	90,614	31,717	122,331	168,920
In house events	5,703	378,853	384,556	331,127
Course registration fees	180	21,217	21,397	27,324
	<u>138,254</u>	<u>431,787</u>	<u>570,041</u>	<u>585,657</u>
Total income from other trading activities	<u>138,254</u>	<u>431,787</u>	<u>570,041</u>	<u>585,657</u>

4. Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Group				
Interest received from bank deposits	28,530	15,936	44,466	59,968
Dividend income	908	-	908	777
	<u>29,438</u>	<u>15,936</u>	<u>45,374</u>	<u>60,745</u>
Total investment income	<u>29,438</u>	<u>15,936</u>	<u>45,374</u>	<u>60,745</u>
Charity				
Interest received from bank deposits	28,521	15,936	44,457	59,956
Dividend income	908	-	908	777
	<u>29,429</u>	<u>15,936</u>	<u>45,365</u>	<u>60,733</u>
Total investment income	<u>29,429</u>	<u>15,936</u>	<u>45,365</u>	<u>60,733</u>

5. Gifts in kind

The Charity is grateful for the generous support in the year to the following donors who have made significant donations of goods or services as Gifts in Kind:

- Arnold Clark Group who donated a brand new Renault Clio valued at £12,000 for the Grand Prize Draw;
- PSP Publishing who donated several goods valued at £9,700 in support of various events throughout the year;
- STV who donated £17,858 of TV advertising, and
- Weber Shandwick who donated £9,000 of PR Services.

Notes to the Consolidated Financial Statements

6. Allocation of expenditure

	Basis	Donations & legacies £	Other trading activities £	Charitable Activities £	2016 Total £	2015 Total £
Group						
Grants payable	1			3,165,070	3,165,070	4,558,281
Staff cost – prog. delivery	2			69,389	69,389	20,864
Staff costs (excl prog. delivery)	2	584,970	52,436	101,156	738,562	602,005
Community initiatives	1	113,179			113,179	83,425
Corporate partners	1	32,709			32,709	14,267
Events	1		151,062		151,062	146,371
Trading	1		90,628		90,628	122,446
Individual Giving	1	59,609			59,609	25,248
Legacies & Trusts	1	6,767			6,767	8,754
Marketing & Communications	1	135,531			135,531	97,140
Transaction charges	1	58,487			58,487	59,947
Staff related costs	1	16,680		2,506	19,186	21,570
Office related costs	1	134,572		23,536	158,108	129,874
Volunteer costs	1	2,955			2,955	8,655
Developing Strategy	1				-	8,354
Rename costs	1	17,500			17,500	-
Audit & other professional fees	1	15,789	1,400		17,189	8,222
		1,178,748	295,526	3,361,657	4,835,931	5,915,423
Charity						
Grants payable	1			3,165,070	3,165,070	4,558,281
Staff cost – prog. delivery				69,389	69,389	20,864
Staff costs (excl prog. delivery)	2	584,970	41,670	101,156	727,796	588,706
Community initiatives	1	113,179			113,179	83,425
Corporate partners	1	32,709			32,709	14,267
Events	1		151,062		151,062	146,371
Individual Giving	1	59,609			59,609	25,248
Legacies & Trusts	1	6,767			6,767	8,754
Marketing & Communications	1	135,531			135,531	97,140
Transaction charges	1	58,487			58,487	59,947
Staff related costs	1	16,680		2,506	19,186	21,570
Office related costs	1	134,572		23,536	158,108	129,874
Volunteer costs	1	2,955			2,955	8,655
Developing Strategy	1				-	8,354
Rename costs	1	17,500			17,500	-
Audit & other professional fees	1	15,789			15,789	8,222
		1,178,748	192,732	3,361,657	4,733,137	5,779,678

Expenditure is allocated as follows: 1. Direct attribution 2. Time allocation

Notes to the Consolidated Financial Statements

6. Allocation of expenditure (cont'd)

Included within support costs, which have been allocated between expenditure categories, are costs associated with the governance arrangements of the Charity, including the external audit and staff time attributable to strategic matters:

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Staff costs	33,527	32,837	33,527	32,837
Audit fees	7,460	6,940	6,060	5,640
Strategy development	-	8,354	-	8,354
Trustee meetings	264	410	264	410
Office related costs	-	1,268	-	1,268
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governance costs	41,251	49,809	39,851	48,509
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Charitable activities – Group and Charity

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Medical Equipment	198,370	476,483	674,853	1,226,110
Research, education & training	153,903	218,943	372,846	478,425
Play & distraction therapies, patient & family facilities & service developments	441,146	408,622	849,768	627,051
Programme & service delivery in RHC	645,830	232,277	878,107	318,379
New hospital environmental & artistic enhancements	22,218	379,707	401,925	1,897,139
Other Projects	1,169	48,618	49,787	24,720
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,462,636	1,764,650	3,227,286	4,571,824
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grants to affiliated bodies	-	7,173	7,173	7,321
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total grants awarded (Note 8)	1,462,636	1,771,823	3,234,459	4,579,145
Support costs allocated	127,198	-	127,198	106,847
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Charitable expenditure	1,589,834	1,771,823	3,361,657	4,685,992
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Consolidated Financial Statements

8. Grants awarded in the period – Group and Charity

(a) Unrestricted funds

The Charity invites applications for funding of medical equipment, research, structured play programmes and distraction therapies, patient and family support services, facility enhancements and other projects from RHC.

In addition the Charity operates four separate Service Level Agreements (SLAs) / Programme Delivery Agreements (PDAs) with NHS Greater Glasgow & Clyde for the provision of the structured play programme (including internal children's events), volunteer services, bereavement services and the Family Needs Assessment & Support Service.

A breakdown of individual grants larger than £25,000 is shown in Note 8(d).

(b) Restricted funds

Charitable expenditure in respect of funds donated to specific departments of RHC for which the accounts are administered by Glasgow Children's Hospital Charity. A breakdown of individual grants larger than £25,000 is shown in Note 8(d) and a breakdown by Fund is given in Note 23.

(c) Restricted funds – Grants to affiliated bodies

Grants in respect of funds donated to specific departments of RHC for which the accounts are administered by NHS Greater Glasgow & Clyde.

(d) Items of charitable expenditure over £25,000 in value:

	From unrestricted funds £	From restricted funds £	Total £
<u>Medical equipment</u>			
Transcutaneous bilirubinometers	-	55,000	55,000
NICU Giraffe Incubator system	-	40,591	40,591
Mini C Arm	2,074	37,926	40,000
Monitoring equipment for oncology ward	-	110,204	110,204
4D cardiac scanner	-	150,000	150,000
Antepartum foetal monitors	49,754	5,608	55,362
Microsurgical microscope	102,452	47,548	150,000
Medical equipment < £25,000	44,090	29,606	73,696
<u>Research, education & training</u>			
Clinical research fellowships	-	73,356	73,356
PhD studentships	55,639	4,361	60,000
Project support grants	79,898	62,065	141,963
Training courses & conferences < £25,000	18,366	79,161	97,527

Notes to the Consolidated Financial Statements

8. Grants awarded in the period – Group & Charity (cont'd)

(d) Items of charitable expenditure over £25,000 in value:

	From unrestricted funds £	From restricted funds £	Total £
<u>Play & distraction therapies, patient & family facilities & service developments</u>			
Development of digital portal for families of Specialist Children's Services	158,350	-	158,350
Medicinema annual running costs	-	28,171	28,171
PICU beds & mattresses	-	52,152	52,152
Expressive Arts provision	33,500	5,000	38,500
One to One & group art therapy	54,384	15,471	69,855
Sensory room	36,050	-	36,050
Kindred family advocacy service	55,000	-	55,000
Clowndoctors service	41,817	10,000	51,817
Advanced Nurse Practitioners	-	176,217	176,217
Items < £25,000	62,045	121,611	183,656
<u>Programme / Service delivery within RHC:</u>			
Structured play service	295,549	102,699	398,248
Internal hospital events	67,462	25,468	92,930
Hospital volunteer programme	8,721	25,083	33,804
Bereavement services	158,549	5,826	164,375
Family Needs Assessment & Support Service	115,549	73,201	188,750
<u>Environmental & artistic enhancements within RHC:</u>			
Schiehallion Ward enhancements	-	144,574	144,574
Ward playroom enhancements	-	131,908	131,908
Imaging & Diagnostics environmental enhancements	-	45,000	45,000
Caledonia Ward enhancements	-	32,168	32,168
Items < £25,000	22,218	26,057	48,275
Other Projects	1,169	48,618	49,787
Grants to affiliated bodies	-	7,173	7,173
Total grants awards (Note 7)	<u>1,462,636</u>	<u>1,771,823</u>	<u>3,234,459</u>

Notes to the Consolidated Financial Statements

9. Net (expenditure) / income for the year

Is stated after charging:

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Audit fees	7,460	6,940	6,060	5,640
Tax advisory service fees	2,880	-	2,880	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. Analysis of staff and key management personnel costs

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Salaries	702,577	567,585	693,425	556,391
Employer's NI	64,836	52,657	63,759	51,112
Pension costs	40,538	27,295	40,001	26,735
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total staff costs	<u>807,951</u>	<u>647,537</u>	<u>797,185</u>	<u>634,238</u>

All employees are employed by Glasgow Children's Hospital Charity with an allocation of costs made to the wholly owned trading subsidiary, Glasgow Children's Hospital Trading Limited on the basis of time spent on trading activities.

The key management personnel are those individuals in charge of directing and controlling, running and operating the Charity on a day to day basis and comprise the Board of Directors, who are the Charity's Trustees, and the Chief Executive.

The Trustees received no remuneration in the period, nor re-imbursement of expenses (2015: £Nil). The total employee benefits (inclusive of pension costs) of the Chief Executive were £73,500 (2015: £70,875).

The average number of employees in the year was 28 (2015: 22).

The number of employees whose emoluments (excluding pension costs) fell within the following bands, was:

£60,001 - £70,000	1	1
	=	=

Contributions are made to money purchase pension schemes on behalf of all employees. All schemes are administered by funds independent from the charitable company. On the basis of the immateriality of the total charge it is not considered necessary to disclose any further information on the pension scheme arrangements in force.

Notes to the Consolidated Financial Statements

11. Related Party Transactions

The Trustees, in aggregate, donated the sum of £3,261 (2015: £3,045) in monetary donations in addition to the considerable amounts of time and expertise freely given to the Charity in attendance at Board and Committee meetings and in the provision of leadership, strategic guidance and professional advice throughout the period.

During the year, Towry Limited provided financial services in relation to the Glasgow Children's Hospital Charity group personal pension plan with Royal London. Mr Frame Broadfoot, Director is a Financial Planner & Wealth Manager with Towry Limited. During the year, Royal London paid commission to Towry Limited totalling £1,100 (2015: £900).

12. Prior Year Statement of Financial Activities

	Group Unrestricted funds £	Group Restricted funds £	Group 2015 Total £	Charity Unrestricted funds £	Charity Restricted funds £	Charity 2015 Total £
Income from:						
Donations and legacies	1,698,355	2,779,838	4,478,193	1,698,355	2,779,838	4,478,193
Other trading activities	342,751	378,639	721,390	207,018	378,639	585,657
Investment income	38,512	22,233	60,745	38,500	22,233	60,733
Total income	2,079,618	3,180,710	5,260,328	1,943,873	3,180,710	5,124,583
Expenditure on:						
Raising funds:						
Donations and legacies	832,108	68,973	901,081	830,808	68,973	899,781
Other trading activities	222,277	106,073	328,350	87,832	106,073	193,905
Charitable activities	1,397,532	3,288,460	4,685,992	1,397,532	3,288,460	4,685,992
Total expenditure	2,451,917	3,463,506	5,915,423	2,316,172	3,463,506	5,779,678
Unrealised (losses) / gains on investments	1,186	-	1,186	1,186	-	1,186
Net (expenditure) / income	(371,113)	(282,796)	(653,909)	(371,113)	(282,796)	(653,909)
Transfers between funds	(22,118)	22,118	-	(22,118)	22,118	-
Net movement in funds	(393,231)	(260,678)	(653,909)	(393,231)	(260,678)	(653,909)
Reconciliation of funds:						
Total funds brought forward	1,359,182	2,631,146	3,990,328	1,323,932	2,631,146	3,955,078
Net movement in funds	(393,231)	(260,678)	(653,909)	(393,231)	(260,678)	(653,909)
Total funds carried forward	965,951	2,370,468	3,336,419	930,701	2,370,468	3,301,169

Notes to the Consolidated Financial Statements

13. Tangible fixed assets – Group and Charity

	Group Fixtures & Fittings £	Group Computer Equipment £	Group Total £	Charity Fixtures & Fittings £	Charity Computer Equipment £	Charity Total £
Cost:						
At beginning of the year	29,316	49,219	78,535	29,316	49,219	78,535
Additions	129,901	-	129,901	126,409	-	126,409
At end of the year	159,217	49,219	208,436	155,725	49,219	204,944
Depreciation:						
At beginning of the year	5,137	31,959	37,096	5,137	31,959	37,096
Charge for the period	22,287	16,406	38,693	21,705	16,406	38,111
At end of the year	27,424	48,365	75,789	26,842	48,365	75,207
Net book value:						
At beginning of the year	24,179	17,260	41,439	24,179	17,260	41,439
At end of the year	131,793	854	132,647	128,883	854	129,737

14. Fixed asset investments

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
100 ordinary shares in Glasgow Children's Hospital Trading Limited, a trading subsidiary	-	-	100	100
Shares in UK stock exchange companies	28,460	30,274	28,460	30,274
Total fixed asset investments	28,460	30,274	28,560	30,374

Glasgow Children's Hospital Trading Limited's profit for the year ended 31 March 2016 was £Nil (2015: £Nil) after transferring £41,757 (2015 : £58,286) to Glasgow Children's Hospital Charity. The Charity holds the entire issued share capital of the company whose principal activity is retailing. At 31 March 2016, its capital and reserves totalled £35,350 (2015: £35,350).

Notes to the Consolidated Financial Statements

14. Fixed asset investments (cont'd)

Shares held in UK Stock Exchange Companies – Group & Charity

	2016 £	2015 £
Market value at beginning of the year	30,274	29,088
(Loss) / gain on revaluation	(1,814)	1,186
Market Value at the end of the year	28,460	30,274
Cost at end of the year	19,351	19,351

These shareholdings arose from a legacy received in 2010 and may be sold at some future date.

15. Debtors

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Amount due from Glasgow Children's Hospital Trading Limited	-	-	41,931	58,761
Prepayments	19,351	16,714	19,351	16,714
Accrued Income	84,937	126,429	84,937	126,429
Total debtors	104,288	143,143	146,219	201,904

Three legacies have been accrued into income in 2016 totalling £66,000 (2015: two legacies of £109,700).

16. Current asset investments

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Shares in UK stock exchange companies	13,238	-	13,238	-

The Charity received a gift of shares during the year which are intended to be sold in the near future.

Notes to the Consolidated Financial Statements

17. Cash at bank and in hand

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Unrestricted funds	2,563,555	2,667,011	2,487,273	2,565,524
Restricted funds	2,809,301	4,923,942	2,809,301	4,923,942
Total cash at bank and in hand	5,372,856	7,590,953	5,296,574	7,489,466

18. Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Grants payable	2,076,292	3,620,983	2,076,292	3,620,983
Other creditors & accruals	287,729	567,414	282,598	558,868
Other taxation and social security	19,419	2,352	17,492	30
Total creditors falling due within one year	2,383,440	4,190,749	2,376,382	4,179,881

19. Creditors: amounts falling due after more than one year

Grants payable	223,955	282,133	223,955	282,133
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20. Commitments – Group and Charity

At 31 March 2016, the Charity had total future commitments under non-cancellable operating leases as follows:

	Property		Equipment	
	2016 £	2015 £	2016 £	2015 £
Within one year	38,900	38,900	1,059	1,059
Within two to five years	-	38,900	2,121	3,181
Total	38,900	77,800	3,180	4,240

Notes to the Consolidated Financial Statements

21. Funds

	Unrestricted £	Restricted £	Total £
Fund balances brought forward - Charity	930,701	2,370,468	3,301,169
Net movement in funds for period	(723,463)	436,285	(287,178)
Transfers between funds	788,839	(788,839)	-
	<hr/>	<hr/>	<hr/>
Fund balances carried forward - Charity	996,077	2,017,914	3,013,991
Glasgow Children's Hospital Trading Limited net profit for the period	35,250	-	35,250
	<hr/>	<hr/>	<hr/>
Fund balances carried forward - Group	1,031,327	2,017,914	3,049,241
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

These funds are retained in order to provide funds for:

Unrestricted purposes

To meet the financial objectives of the Charity, which are detailed in the Directors' Report. These reserves are broken down further in Note 22.

Restricted purposes

Donations for specific funds and projects as detailed in Note 23.

Transfers between funds represent:

- where subsequent instructions are received from a donor restricting income that was originally recorded in a prior period with no restrictions,
- where two or more restricted funds have a common purpose, transfers may be made to support a project which matches their specific restriction, or the funds may be merged, or
- where restricted donations are received for projects initially underwritten from unrestricted funds in a prior period.

Notes to the Consolidated Financial Statements

22. Unrestricted funds – Group and Charity

	Fund balances brought forward £	Income £	Expenditure £	Transfers £	(Losses) / Gains £	Fund balances carried forward £
Designated General reserve	600,000	-	-	-	-	600,000
Designated new children's hospital reserve	90,000	-	-	(90,000)	-	-
Designated leasehold improvements reserve	113,060	-	(113,060)	-	-	-
General reserves	127,641	1,944,423	(2,553,012)	878,839	(1,814)	396,077
Unrestricted funds - Charity	930,701	1,944,423	(2,666,072)	788,839	(1,814)	996,077
Trading company reserves	35,250	144,552	(144,552)	-	-	35,250
Unrestricted funds - Group	965,951	2,088,975	(2,810,624)	788,839	(1,814)	1,031,327

Designated general reserve

As detailed in Note 1(n), the general designated reserve exists to allow the current activities of the Charity to continue for the short term in the event of unforeseen significant fluctuations in income levels.

Designated new children's hospital reserve

The designated new children's hospital reserve was created to cover specific known projects at the new children's hospital to allow the Charity to underwrite its financial commitments in advance of receiving fundraising income. Fundraising has been successfully carried out in 2015/16 and this reserve is no longer required.

Designated leasehold improvements reserve

The designated reserve for leasehold improvements was created in 2014/15 in anticipation of the work to be commissioned by the Charity in fitting out our Fundraising Hub at the new children's hospital prior to its opening in June 2015. This work has now been completed and the reserve no longer required.

Notes to the Consolidated Financial Statements

23. Restricted funds – Group and Charity

	Fund balances brought forward £	Income £	Expenditure £	Transfer between Restricted Funds £	Transfer (to) / from Unrestricted funds £	Fund balances carried forward £
(a) Restricted Funds held for specific areas/projects	2,350,666	1,529,618	(1,796,343)	(22,000)	(157,814)	1,904,127
(b) Restricted Funds held by NHS Greater Glasgow & Clyde	693	6,602	(7,245)	-	-	50
(c) Restricted Funds held for specific projects within the new children's hospital	19,109	925,372	(221,719)	22,000	(631,025)	113,737
Total	2,370,468	2,461,592	(2,025,307)	-	(788,839)	2,017,914

(a) Restricted Funds held by the Charity for specific areas or projects

Provide funds for specific departments or projects within RHC, as specified by the donor on receipt of the donation, for which the Charity has accounts set up. Authority for expenditure from many of these funds has been delegated by the Trustees to the designated Fundholders and they take a long-term strategic view of expenditure from these funds. Additional analysis is provided below.

Notes to the Consolidated Financial Statements

23. Consolidated and Charity restricted funds (cont'd)

(a) Restricted Funds held by the Charity for specific areas or projects (cont'd)

There were 123 separate restricted funds open during the financial period relating to specific units, specialities, projects and tribute funds, the larger ones being detailed below:

	Fund balances brought forward £	Income £	Expenditure £	Transfer between Restricted Funds £	Transfer (to) / from Unrestricted funds £	Fund balances carried forward £
Cardiology Fund	33,965	55,404	(28,048)	(27,016)	-	34,305
Cardiology Ward Fund (1E)	30,693	14,365	-	24,803	-	69,861
Cardiology Investigation Unit	37,308	398	-	-	-	37,706
4D Cardiac Scanner Appeal	-	246,655	(218,190)	(18,834)	(9,631)	-
Children with Diabetes Fund	77,056	3,736	(3,342)	-	-	77,450
Emergency Medicine / PICU	10,560	2,453	(13,013)	-	-	-
Fetal Medicine Fund	44,408	9,579	(2,629)	-	-	51,358
Financial Inclusion Service	-	111,295	(38,795)	-	(72,500)	-
Intensive Care Unit (ICU) Fund	233,387	15,920	(54,969)	-	-	194,338
IBD Fund	94,724	66,807	(54,241)	-	-	107,290
MediCinema Fund	1,624	78,080	(56,015)	-	-	23,689
Microsurgical Microscope Appeal	-	60,267	(60,267)	-	-	-
Mini C Arm Appeal	-	67,679	(67,679)	-	-	-
Neonatal Fund	46,450	27,830	(36,276)	-	-	38,004
NICU Fund	243,402	24,491	(72,494)	-	-	195,399
Neurosciences Unit Fund	33,743	2,377	(20,130)	-	-	15,990
Neurosciences Research Fund	1,555	75,364	(33,173)	-	-	43,746
Play in Hospital programme	3,750	43,711	(44,125)	151	-	3,487
Renal Unit Fund	65,901	6,107	(2,367)	-	-	69,641
Respiratory Fund	31,348	437	(484)	-	-	31,301
Schiehallion Unit Fund	735,776	105,439	(532,379)	59	-	308,895
STV Appeal	26,575	35,000	(55,658)	-	-	5,917
Vein of Galen Fund	97,440	2,625	(331)	-	-	99,734
Wilson Family Bequest - Capital	159,550	-	-	-	-	159,550
Wilson Family Bequest-Interest	6,811	1,069	-	-	-	7,880
Other funds (under £25,000)	334,640	472,530	(401,738)	(1,163)	(75,683)	328,586
Total	2,350,666	1,529,618	(1,796,343)	(22,000)	(157,814)	1,904,127

(b) Restricted Funds held by NHS Greater Glasgow & Clyde

Provide funds for specific departments within RHC, as specified by the donor on receipt of the donation, the accounts for which are held by NHS Greater Glasgow & Clyde Endowments.

Notes to the Consolidated Financial Statements

23. Consolidated and Charity restricted funds (cont'd)

(c) New children's hospital

Provide funds for specific areas and projects within the new 256 bed children's hospital opened June 2015 on the Queen Elizabeth University Hospital campus in Glasgow, to enhance and improve the facilities and services available. These projects were largely completed during the 2015/16 financial year, with four funds having positive balances which will be carried forward to further enhance the relevant areas in future years.

	Fund balances brought forward £	Income £	Expenditure £	Transfer between Restricted Funds £	Transfer (to) / from Unrestricted funds £	Fund balances carried forward £
General	-	58,763	(46,868)	122,658	(134,553)	-
Outpatient Atrium project	(90,000)	90,000	-	-	-	-
Pull Down Beds	-	20,012	(9,329)	(10,683)	-	-
Sky ceilings	-	-	(81)	-	81	-
PICU, Family Support & Volunteer Areas	-	128,500	(4,320)	(80,371)	(43,809)	-
Accident & Emergency Waiting Area	-	120,593	(304)	-	(120,289)	-
Imaging / Diagnostics Waiting Areas	-	350,000	-	(90,426)	(259,574)	-
Roof garden	-	2,682	(69)	(2,613)	-	-
Play rooms	49,868	399	(110,000)	111,421	-	51,688
Child Protection Unit	-	631	(72)	-	(559)	-
Caledonia Ward	59,241	-	(32,280)	-	-	26,961
Adolescent zone	-	88	-	(88)	-	-
Wee Stars project	-	41,212	(1,019)	-	(40,193)	-
Sanctuary	-	90,867	(12,881)	(62,500)	-	15,486
Medical Illustrations waiting area	-	231	(1,546)	1,315	-	-
MRI equipment	-	21,394	(2,950)	33,287	(32,129)	19,602
Total	19,109	925,372	(221,719)	22,000	(631,025)	113,737

In the case of projects detailed above for which costs had been committed in prior years in advance of fundraising income, the Directors had transferred sufficient funds from unrestricted funds to cover these costs. In 2016 £631,025 was able to be recovered to unrestricted funds in relation those projects.

Notes to the Consolidated Financial Statements

24. Analysis of consolidated net assets between funds

	Fixed assets	Current assets less creditors	31 March 2016 Total £
	£	£	£
Restricted funds	-	2,017,914	2,017,914
Unrestricted funds	161,107	870,220	1,031,327
Total	161,107	2,888,134	3,049,241

25. Indemnity Insurance

Indemnity insurance in respect of the Directors and Officers of the Charity is in place.

26. Reconciliation with previous Generally Accepted Accounting Practice (GAAP)

	Group £	Charity £
<u>Statement of financial activities for the year ended 31 March 2015</u>		
Net movement in funds under former UK GAAP	(653,909)	(653,909)
Net movement in funds under FRS 102	(653,909)	(653,909)
<u>Balance sheet as at 31 March 2015</u>		
Funds under former UK GAAP	3,336,419	3,301,169
Funds under FRS 102	3,336,419	3,301,169
<u>Balance sheet as at 1 April 2015</u>		
Funds under former UK GAAP	3,390,328	3,955,078
Funds under FRS 102	3,390,328	3,955,078