



Ronald McDonald
House Charities™
United Kingdom

Keeping families close™



Ronald McDonald House Charities (UK)

Annual report and financial
statements

31 December 2020

Registered Company No: 2252337

Registered Charity No. 802047

Scottish Registered Charity No. SC040717

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When the best medical care isn't close to home, a Ronald McDonald House keeps families together

Specialised children's services, such as chemotherapy, transplants, trauma and specialist neonatal care, aren't provided in every local hospital because they have to be delivered by specialist teams of doctors and nurses.



Longest family stay
was 1,242 nights



2,418 families
supported in 2020



The longest distance
from a family's home to
hospital was 6,000 miles



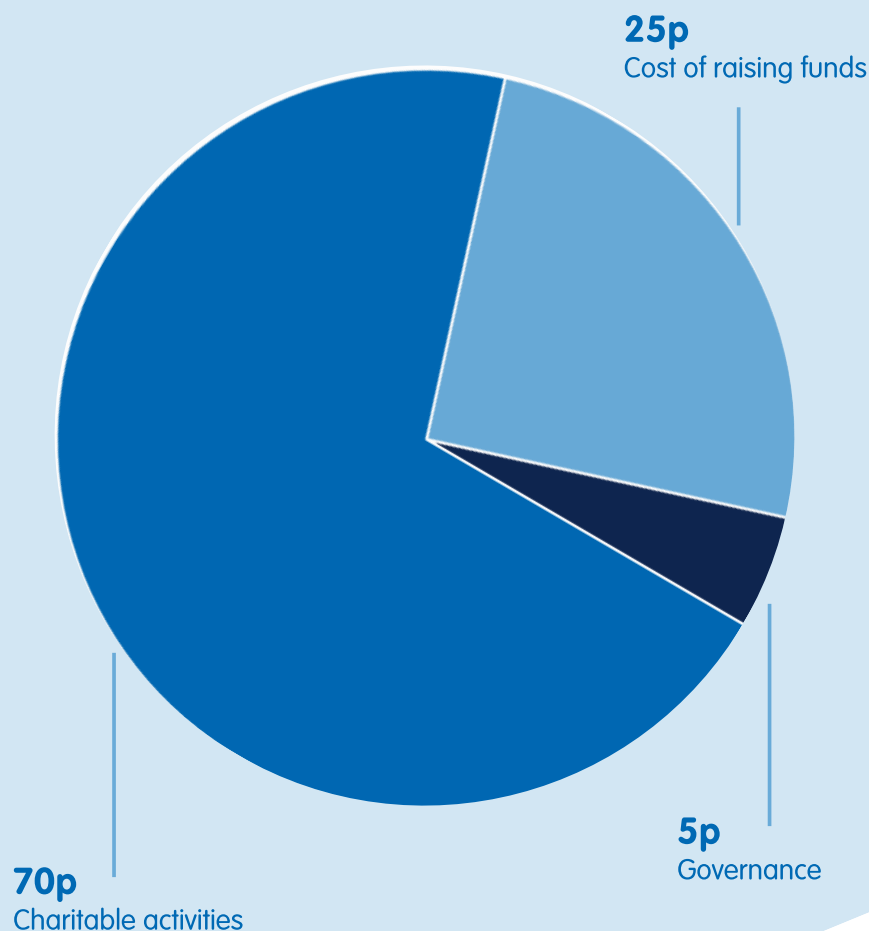
Average length of
family stay was 16
nights



The average distance
from a family's home to
hospital is 73 miles

Ronald McDonald House Charities (UK) runs 12 Ronald McDonald Houses at partnered NHS hospitals, providing free 'home away from home' accommodation and support for families.

How we spend a £1 donation:



"The Ronald McDonald House means our family can stay together. The House has given us somewhere to stay, a warm bed and people to talk to about our worries and concerns. If we've needed a shoulder to cry on the staff are always there for us and are very friendly and caring."

- Michelle, mum

Chairman's Report

Dear Supporters,

Like the whole of society, I find myself in an extraordinary situation of writing to describe another extremely challenging year for Ronald McDonald House Charities (UK) in 2020 due to Covid-19. However, it would be remiss of me not to start by thanking our many and varied supporters who have stood by us and supported us through this unprecedented year.

In a typical year, Ronald McDonald House Charities (UK) helps close to 6,000 families with sick children in hospital, every year, by providing them with free accommodation and support, when they're far from home.

The start of the first national lockdown last March raised many challenges for the way we run our Houses, but we're proud of all our staff for continuing to provide this essential service to families in need.

Even amidst a global pandemic, childhood illnesses and accidents did not cease. Having a child in hospital is distressing at the best of times, but with the extra risks and anxiety caused by Covid-19, our support across these last twelve months has been crucial.

Even when we had to close some of our smaller Houses to reassess how we could operate them safely for families, we were able to offer additional support to one of our NHS partners for a number of months. We provided accommodation for their clinic staff to help the hospital cope with the demands of the pandemic.

By introducing a wide range of health and safety measures to keep our families and staff safe,

I'm delighted to say that we were then able to continue supporting the thousands of families who needed us.

As is the case for so many charities, this pandemic has caused a dramatic fall in our income. We had to cancel most of our fundraising activity last year, including our National Gala Dinner and regional dinners, as well as our flagship golf event - the Leisure Classic in Portugal. One of our most crucial forms of income is from the generosity of McDonald's customers donating through collection boxes and kiosks in restaurants; this income, inevitably ceased when restaurants had to close. And the consequence was that our income for the year was down by over three million pounds.



Our Ronald McDonald Houses offer more than just a place to stay. They provide family activities, peer support, resources for siblings, laundry facilities and many other services.

Chairman's Report

We're grateful to all of you, for continuing to support the Charity in new ways; many of you participated in our virtual events that we introduced last year, such as the House-to-House Challenge or virtual gala dinners in Birmingham and Manchester.

Despite the challenges of last year, we were still able to open our new House in Oxford last summer. This new 62 bedroom House next to John Radcliffe Hospital replaced our much smaller, 17 bedroom House that was having to turn families away, simply because we could not meet the increasing demand for the accommodation we provide.

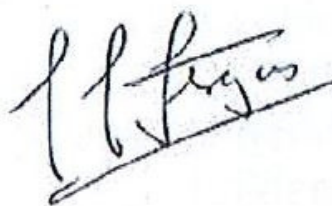
Fortunately, with the vaccination programme now in place, we hope that 2021 will be a better year for us all.

The new 25-bedroom House at the large new children's hospital built in Edinburgh is the latest addition to our ability to support families all over the UK. This House opened in April 2021, and the project has received huge support right across Scotland, and it will enable us to provide accommodation for many Scottish families with a child in that hospital.

We hope to be able to reinstate our normal fundraising programme later in the year, and hope that our supporters will continue to rally round and help us generate the income we need to help our families.

It's the continued donations you give to Ronald McDonald House Charities (UK) that has enabled us to weather this crisis and keep helping families in these extraordinary times.

Thank you.



Jeff Fergus



Harlowe's story

In August 2019, I went into pre-term labour at just 23 weeks and gave birth to my little daughter, Harlowe. Her twin sister, Ava, was sadly born sleeping.

Harlowe was immediately admitted to the Trevor Mann Baby Unit at the Royal Sussex County Hospital, and would receive treatment there for the next three months.

For the first four days, my partner Daniel and I stayed in the hospital's bereavement room, so we could have some time to grieve for Ava. On the fourth day, the nurses on the neonatal ward informed us that they had secured a room for us at the Ronald McDonald House Brighton.

The House had a huge impact on us, and on Harlowe's recovery. Being just minutes from the ward meant I was able to establish a routine with her; I read to her, we listened to music together and just generally established a bond by being close by.

Having a baby in the neonatal unit is very hard – you have to try to bond with your child through an incubator, and you can't do most of the 'normal' mum things. However, staying in the House meant I was able to work on that and be with Harlowe anytime I wanted, every single day. I never missed a ward round and never missed a bedtime story during the three months we were there.

While staying at the House, I met some wonderful, inspirational women and men. One evening, me and two other mums sat in the communal kitchen, laughing and chatting about random stuff until 2am. It was just what we all needed under the circumstances. It was things like this that made me feel less lonely – it was comforting to know that there were other parents around who understood what we were going through.



I would not have been able to cope with our situation without the Ronald McDonald House. The memories we made there will stay with me forever, and the staff have become like our family. The House saved us, and I truly believe that if we hadn't stayed in the House, it would have been a very different story.

- mum, Nicole



2020 Outcomes

Like many other Charities the Covid-19 pandemic had significant effect on our ability to support families. In 2020 we cared for 2,418 families, a decrease on the 5,757 families we supported in the previous year.

This was due to the Charity reducing its occupancy levels to ensure a safe environment for both our staff and families, and to ensure we were able to meet hospital and government advice to establish safe operations.

In two locations, Edinburgh and Tooting, we were able to work with our NHS partners to allow them to use our facilities to house doctors and support staff at the height of the crisis.

In 2020 Ronald McDonald Houses provided support at:



(*Our twelfth House at the new Royal Children's Hospital at Edinburgh was delayed due to the late opening of the new hospital. However we were still able to use our finished House to support NHS Lothian staff through the height of the crisis.)

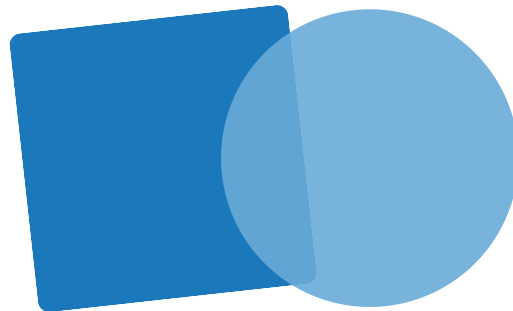
(There are also three additional Ronald McDonald Houses that operate in the UK at Alder Hey in Liverpool, The Royal Hospital in Bristol and the Queen Elizabeth Hospital in Glasgow. These Houses were initiated before RMHC UK came into existence and they remain local independent charities in their own right.)

2020 Outcomes (continued)

Covid-19 response

In mid-March 2020 the Charity responded to the Covid-19 pandemic by introducing the temporary measure of suspending intakes of new families. This was to reduce the risk of contracting the virus and to strengthen the care for the families already in our Houses. It also gave us time to fully understand the evolving and future needs of each of our partner hospital trusts. In April 2020 we made the difficult decision to close our four smaller Houses, and reduced our occupancy in our remaining Houses to 50%. We worked hard to put robust procedures and health and safety measures in place so that we were able to reopen all our smaller Houses in late summer. We operated at reduced occupancy throughout the remainder of the year.

Ronald McDonald House Charities (UK) has given due consideration to the effects of the Covid-19 pandemic, which continued to impact fundraising during the financial year. The Government's social distancing measures have had a significant impact on Ronald McDonald House Charities' major fundraising income streams as well as impacting operations within our houses. McDonald's restaurants in the UK were closed once more for in-store customer dining between January 2021 and May 2021.



Public donations received through the restaurants via collection boxes or through the kiosks fell during the periods of closure, as did the sales contributions from McDonald's Franchisees and McDonald's Restaurants Limited. As restaurants have re-opened, these income streams have re-ignited slowly but at lower levels than prior to the pandemic. Corporate and community income streams have also continued to recover at an encouraging rate.

The Charity continues to make use of the government furlough scheme and has received over £70k income from this scheme to date in 2021.

The Trustees have identified opportunities to defer non-critical expenditure in Q1 2021 and beyond to ease cash flow should this be required. Planned reinvestment projects for Houses have been re-programmed to start later in 2021. A system upgrade project, delayed due to the pandemic, has begun in 2021 with a prolonged timescale to ease pressures on cash flow. The Trustees will continue to monitor and implement changes throughout 2021 as necessary.

2020 Outcomes (continued)

Covid-19 response (continued)

We cannot currently estimate the overall operational and financial impact of Covid-19 due to inherent uncertainties regarding the duration of the pandemic and the breadth and depth of its impact. However, we continue to assess the impact on the Charity's operations, financial performance, and cash flows in line with processes, controls and governance that are in place.

Furlough/Government Job Retention Scheme

In the spring the Charity made the decision to take advantage of the Government Job Retention scheme to protect the medium and long term financial future of the Charity. At its peak there were over ninety members of staff on full-time furlough. We were very proud that we have not had to make any subsequent redundancies. Despite all these challenges we are delighted we still supported 2,418 families in 2020.



"We were given the tough choice to decide which parent was going to stay on the ward. Craig moved back home until he was allowed back on the ward, and Sophie [another mum in the House] became my go-to person. Ronald McDonald House Manchester has meant we have had a place to share our thoughts and feelings."

- mum, Vicki



2020 Outcomes (continued)

Increasing our reach

Expanding our service in Oxford

One of our biggest achievements in 2020 was opening a new 62 bedroom Ronald McDonald House in Oxford, supporting families with children at the John Radcliffe Hospital. The House is just a few minutes' walk from the children's wards and cost us more than £14 million to build. It replaced an existing 17 bedroom House we had within the hospital, which wasn't big enough to accommodate all the families who needed us.



In the first 12 months of opening, our new House was able to accommodate over 400 families. We look forward to celebrating the first year of our House in the summer of 2021 with a birthday celebration attended by our supportive community and stakeholders. This achievement would not have been possible without Oxford Hospital Charities, who held an appeal and raised £2.5 million from; McDonald's Franchisees and their customers, corporate donors, grant givers and many significant individual donations.

**"The staff were absolutely amazing. They were there through my toughest and darkest days."
- mum, Laura**



Building in Scotland's capital city

Work continued throughout 2020 on preparing to open a brand new 25 bedroom Ronald McDonald House in Edinburgh in partnership with NHS Lothian. The new House accommodates families of children being treated at the new Royal Hospital for Children and Young People, and opened in March 2021. Footballing legend Sir Kenny Dalglish helped us unveil a plaque thanking McDonald's, its Franchisees and customers for donating £3.9 million.

A special campaign 'Bags of Thanks' thanked McDonald's customers for all the 5 pence's they had been paying for a McDonald's takeaway paper bag – since 2014 the net proceeds have been donated to our Charity and we used 100% towards the build, fit out and first year running costs.

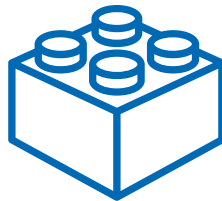


2020 Outcomes (continued)

More than a bed for the night

Ronald McDonald House Charities (UK) prides its self on being more than just a bed for the night. We would normally operate a full programme of support services to help lessen the stresses of having a sick child in hospital, such as chaplaincy support, hospital clinics, hairdressers, beauty services, masseuses and more. The pandemic meant that we had to restrict many of our communal facilities and halt our in house activities, such as cinema evenings, arts and crafts sessions for the children and outdoor barbeques, to ensure that we followed both government and each hospital partner's guidelines.

In early 2020 we were able to offer use of our Day and Medical pass programmes to 1,478 families.



Volunteers

Our incredible volunteers bring our Houses to life, through providing regular shift support, running activities for the families that we look after, gardening, cleaning and even preparing warm nutritious food to welcome our families home at the end of a long day on the ward. We sadly had to halt our volunteer programme in March in response to the pandemic. However, our volunteers managed to donate 1,712 hours of their time in the first quarter.

Our volunteers have been sorely missed, and we were delighted when we were able to start welcoming them back in 2021.

"Volunteering at Ronald McDonald House Manchester has truly changed my life for the better. I often refer to myself as 'just' a volunteer, but the members of staff have made me feel just as important as any one of them."

- Becky, volunteer



Income raised in 2020

In addition to the impact on our service, Covid-19 had a significant impact on our ability to generate income in 2020. As the UK shut down, overnight we lost the opportunity to fundraise from many of our warmest supporters. McDonald's restaurants were closed for around 14 weeks, resulting in a loss of approximately £125,000 a week from customer donations, we weren't able to fundraise within the community and our flagship gala dinner and golf events were postponed. We had to act quickly and show innovation and versatility to turn around projected losses of income.

We couldn't be prouder of our team, and more thankful to our supporters who engaged with us last year, minimising lost income of over £3 million. We paired innovation and agility from our Income Generation team, with tough decisions to suspend or slow down key projects. This, alongside a careful approach to core House expenditure, meant we were able to drive down costs.

McDonald's Income

Covid-19 significantly impacted the amount of donations we received from McDonald's customers – the biggest income stream we have as a result of our relationship with McDonald's. Restaurant closures and the wide-ranging lockdown measures across the UK, limited customer access to collection boxes and kiosks.

Despite challenges we are thankful to the McDonald's network of employees, Franchisees and suppliers, who continued to fundraise, donate and raise awareness of our Charity.

Grant Income

Grant income was one of the areas where saw strong performance in 2020, as a result of the many Covid-19 response and recovery funds that became available throughout the year. Ronald McDonald House Charities (UK) is grateful to all our grant donors including the Coronavirus Community Support Fund - DCMS funds distributed by the National Lottery Community Fund, Barclays 100x100 UK Covid-19 Community Relief Fund, Children In Need, Ronald McDonald House Charities (Global), HM Government of Gibraltar as well as local council funding business relief grants and donations from trusts to our Ronald McDonald House Oxford – Make a House a Home Appeal.

Corporate Partners

As businesses struggled due to the impact of Covid-19, we saw many new 'charity of the year' opportunities withdrawn or suspended for a year. The majority of the support we received came from companies already known to us. We are thankful to our corporate partners who went above and beyond to remain a key supporter of the Charity, despite having their own challenges to overcome.

We were delighted that ING in the UK agreed to extend their charity of the year partnership to the end of 2022, making this a three year, rather than a two year partnership and for their Gifts in Kind to support our families.

Income raised in 2020 (continued)

The Bank of Montreal offered their support in 2020 along with other businesses who have offered financial support, pro bono support and services as well as Gifts in Kind. We are grateful for support from Norton Rose Fulbright for their support with legal agreements, LSE Enactus for their support with analysis and to Burberry for their support with our strategic development of Legacies.

Royal Bank of Canada's (RBC) support continued throughout the year and we benefited from their annual *Trade for the Kids* fundraiser becoming a virtual *Trade for the Kids @Home* event in June. Staff at RBC continued to fundraise for us throughout 2020 and we have even benefited from prize money from two staff winning the RBC Global Citizen Award. In addition to all the financial support, RBC have kept our families fed in our Ronald McDonald House Evelina London with their fortnightly Tuesday night takeaways.

Events

We dipped our toe in the virtual event world when the Covid-19 pandemic first took hold with our community fundraising initiative Zero 2 Hero. This was followed by our House 2 House Challenge that was primarily devised to replace the RMHC Bike Ride that we normally run every two years. Both events achieved fantastic engagement from supporters and the House 2 House Challenge will now be a permanent fixture on our annual events calendar.

In November we made the bold decision to convert two of our regional fundraising dinners into virtual events. The return on both events surpassed all expectations – the virtual events raised £365,000 with minimal spend of £33,000.



Individual Giving

We had a strong end to the year thanks to our Christmas Bedside Appeal. The appeal launched in November 2020 across our social media channels, website and email marketing. We raised £44,000 from individual giving over the Christmas period, but we also ensured the campaign extended across all income streams so that we had a seamless and integrated experience for all donors at Christmas. In total, we raised £129,485.



Financial Review

The Charity was encouraged that the revenue achieved for the year enabled us to maintain our existing commitments to family accommodation across the UK. However, this was far below our initial budgeted income for the year. As a result, key investment and improvement programmes were placed on hold, with focus being on the core operation of the Charity during the Covid-19 pandemic.

The main source of income for Ronald McDonald House Charities (UK) in 2020 was voluntary (income given freely, not in return for goods and services), at 81% of all income, totalling £9.4 million. We are grateful to the many Covid-19 Recovery Funds that we have been able to access, minimising the projected loss of income for the Charity.

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 £4.2 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 £1 million towards the work of the Charity, as well as office facilities and other in-kind support.

We were fortunate to receive an unexpected legacy gift of £441,000, which resulted in a 133% increase in individual giving income as shown in our accounts. Legacy giving remains a fledgling area for the charity, and as such we are predicting more modest growth from 2019 levels in 2021.

We were encouraged to see a 38% growth in Corporate income in 2020, and it must be noted that this has been donated from our committed and loyal corporate partners, some of whom are mentioned in the opening sections of the report.

Expenditure

Charitable activity costs account for 65% of all expenditure. The Trustees have reviewed expenditure and are satisfied that it 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.



Financial Review (continued)

Designated funds and tangible fixed assets

Ronald McDonald House Charities (UK) 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 of £52 million. 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 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.

The Designated Fund includes any monies committed to future capital builds. Its current balance of £230,000 will go towards the final contractual commitments due in 2021 for the relocation of the Oxford House, as well as the general fund explained below.

Additional future commitments for the Edinburgh House of £3.3 million are to be paid out during 2021.

General fund and 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 appropriate in this financial climate. Despite an ever increasing demand from the NHS for our services, the Trustees felt it prudent during the pandemic to halt any public commitments to new projects, until the current uncertainties become clearer. The balance of free reserves as at 31 December 2020 was therefore £7.8 million, but it is anticipated that these will be used and exceeded in 2021/2.

Structure, governance and management

Ronald McDonald House Charities (UK) was established in 1989 to provide accommodation for families of children being treated in hospital. 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 when their children are seriously ill 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.

Structure, governance and management (continued)

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.

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 day-to-day management of Ronald McDonald House Charities (UK) is delegated to the Chief Executive with a staff team (in 2020) of 43 including Operations, Development, Fundraising, Marketing and Communications and Administration, split between three offices in London, Salford and Sutton Coldfield and within Ronald McDonald Houses. The eleven Ronald McDonald Houses run directly by the Charity employ a further 120 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 of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely.

The pay of staff is reviewed annually and linked to individual performance throughout the period. In view of the nature of the Charity, the staff pay is benchmarked against pay levels in other charities of a similar size whilst using pay grade ranges for all roles. During 2020 a remuneration committee was set up to provide 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 14 Ronald McDonald Houses operating in the UK at the end of 2020, three were established as independent charities. The Charity continues to work in partnership with these Houses but they do not form a part of this annual report.

Thank you



We are hugely grateful to all our amazing supporters and fundraisers, who helped us raise £11,582,330 in 2020. All our supporters and volunteers have helped keep families together when their child is sick in hospital – thank you.

Director's Report

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.

Going concern

The Charity has prepared cashflow forecasts for the period through to August 2022 which reflect the expected impact of the pandemic 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 the best estimate but income is decreased to the point at which cash tips to a negative cash position before the end of the going concern assessment period (positive cash position until June 2022 decreasing to negative cash position in July 2022). A negative cash position is only achieved if income falls to 39% 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 August 2022, 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.

Additional information on the impact of Covid-19 is discussed in the strategic report for the year on page 9.

Registered office

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Trustees (Directors)

J Fergus (Chairman)
Dr S Fradd
M Morgan
S Kirk
Dr A Ohrling
H Trickey
J Clark (resigned 27 April 2021)
R Mounsey
A Macrow (resigned 8 December 2020)
S Hunsdale
S Edwards
K Walker (resigned 1 June 2021)

Director's Report (continued)

Key management personnel

Chief Executive	J Haward
Company Secretary	A Ward (resigned 24 September 2020)
Company Secretary	I Dart (appointed 24 September 2020)
Director of Strategic Partnerships	A Ward
Director of Income Generation	T Morton
Director of UK Operations	S Winfield

Auditor

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

Information regarding the future developments and financial risk management policies are disclosed in the Strategic Report.

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).

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.

Director's Report (continued)

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.

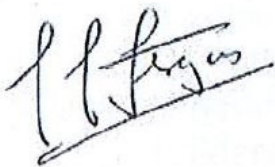
Statement as to disclosure of information to auditors

So far as the directors 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 of 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.

On behalf of the Trustees



Jeff Fergus
Chairman

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 2020 which comprise the Statement of financial activities, Statement of total recognised gains and losses, Balance sheet, the statement of cash flows and related notes 1 to 19 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 2020 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; and
- 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.

Independent auditor's report (continued)

Conclusions relating to going concern (continued)

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 31st August 2022 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

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.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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

Independent auditor's report (continued)

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 included within the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 20, 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

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.

Independent auditor's report (continued)

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 FRS 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).
- We understood how Ronald McDonald House Charities (UK) is complying with those frameworks through 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, 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.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. 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.
 - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

Independent auditor's report (continued)

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://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. Our audit work has been undertaken so that we might state to the charitable company's members 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 company and the company's members 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
27 August 2021

Statement of financial activities

for the year ended 31 December 2020

		Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	Notes				
Income:					
Donations and legacies	2	7,647	1,716	9,363	10,601
Other trading activities	3	612	0	612	2,177
Interest	4	26	0	26	93
Other income		580	1,000	1,580	0
Total income		8,865	2,716	11,581	12,871
Expenditure:					
Costs of raising funds	5	(2,858)	0	(2,858)	(3,747)
Expenditure on charitable activities	5	(5,709)	(1,119)	(6,828)	(5,637)
Total expenditure		(8,567)	(1,119)	(9,686)	(9,384)
Net income and net movement in funds for the year		298	1,597	1,895	3,487
Reconciliation of funds:					
Net transfer of funds		1,715	(1,715)	0	0
Total funds brought forward		57,962	4,161	62,123	58,636
Total funds carried forward	17	59,975	4,043	64,018	62,123

All income and expenditure derive from continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2020

There are no recognised gains or losses other than the net incoming resources of £1,894,522 the year ended 31 December 2020 (2019 - £3,487,189)

Balance sheet

at 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	14	51,987	52,065
Current assets			
Debtors	15	1,316	1,930
Cash at bank and in hand	19	12,448	11,450
Total current assets		13,764	13,380
Liabilities			
Creditors: amounts falling due within one year	16	(1,732)	(3,322)
Total Net Assets		64,018	62,123
The funds of the charity:			
Unrestricted funds	17	59,975	57,962
Restricted funds	17	4,043	4,161
		64,018	62,123

The financial statements were approved by the trustees and authorised for issue on 25 August 2021

On behalf of the Trustees



Jeff Fergus
Chairman

Statement of cash flows

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<i>Cash flows from operating activities</i>			
Net cash provided by operating activities	18	<u>3,472</u>	<u>5,382</u>
<i>Cash flows from investing activities</i>			
Interest		29	101
Purchase of property, plant and equipment		(2,503)	(10,489)
Net cash used in investing activities		<u>(2,474)</u>	<u>(10,388)</u>
Change in cash and cash equivalents in the reporting period		998	(5,006)
Cash and cash equivalents at the beginning of the reporting period		11,450	16,456
<i>Cash and cash equivalents at the end of the reporting period</i>	19	<u>12,448</u>	<u>11,450</u>

Notes to the financial statements

at 31 December 2020

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and 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).

The Company's financial statements have been prepared in compliance with FRS 102 for the year ended 31 December 2020.

Income

Income is received by way of donation, special grants, events and interest on deposits. Income is 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 statement of financial activities when received.

Government grants

Other income includes government grants received under the Covid-19 job retention scheme which are recognised in the period to which the underlying furloughed staff costs relate to.

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 Charity.

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Tangible fixed assets (continued)

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.

Governance costs

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

Funds

Unrestricted Funds

The Charity holds the majority of its donation income within its unrestricted funds. These 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 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

This 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 on the face of the Statement of Financial Activities.

Details of the nature and purpose of each fund are set out in note 17.

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.

Notes to the financial statements (continued)

at 31 December 2020

2. Income from donations and legacies

	2020 £'000	2019 £'000
McDonald's Restaurants contributions	1,049	1,659
McDonald's collection boxes	1,578	2,489
McDonald's cashless donations	2,575	1,347
McDonald's campaign	0	410
McDonald's restaurant fundraising	343	775
Welsh carrier bag income	283	355
Scottish carrier bag income	578	807
General donations	680	292
Gift aid	124	141
Operational income	100	248
Grant income	648	243
Corporate income	692	632
Community income	507	709
Appeal income	206	494
Total income from donations	9,363	10,601

The income from donations was £9,362,552 (2019: £10,600,698) of which £7,646,935 was unrestricted (2019 £8,702,655) and £1,715,617 restricted (2019: £1,898,043).

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

3. Income earned from other activities

	2020 £'000	2019 £'000
National gala dinner	202	577
Regional gala dinner	284	704
Regional golf tournaments	0	128
Regional events	31	29
Overseas golf tournament	0	465
Overseas / UK challenge	49	0
Overseas apartment	0	12
Challenge events	27	182
Other	19	80
Total income earned from other activities	612	2,177

Notes to the financial statements (continued)

at 31 December 2020

4. Interest income

	2020 £'000	2019 £'000
Interest receivable	26	93

5. Analysis of expenditure

2020:	Activities undertaken directly £'000	Depreciation £'000	Support costs £'000	Total £'000
<i>Raising funds</i>				
Donations	334	0	977	1,311
Other trading activities	132	0	1,415	1,547
	466	0	2,392	2,858
<i>Charitable activities</i>				
RMH Arrowe Park	103	38	0	141
RMH Birmingham	430	210	0	640
RMH Brighton	183	32	0	215
RMH Camberwell	264	85	0	349
RMH Cardiff	287	174	0	461
RMH Edinburgh	71	28	0	99
RMH Evelina	507	362	0	869
RMH Manchester	514	209	0	723
RMH Moorfields	45	1	0	46
RMH Oxford	156	139	0	295
RMH Oxford Expansion	181	396	0	577
RMH Southampton	416	191	0	607
RMH Tooting	173	17	0	190
Operations Team	451	12	0	463
Facilities Management of Houses	1,153	0	0	1,153
Total expenditure on charitable activities	4,934	1,894	0	6,828
TOTAL	5,400	1,894	2,392	9,686

Notes to the financial statements (continued)

at 31 December 2020

5. Analysis of expenditure (continued)

2019:	Activities undertaken directly £'000	Depreciation £'000	Support costs £'000	Total £'000
<i>Raising funds</i>				
Donations	546	0	695	1,241
Other trading activities	943	0	1,563	2,506
	1,489	0	2,258	3,747
<i>Charitable activities</i>				
RMH Arrowe Park	102	42	0	144
RMH Birmingham	521	237	0	758
RMH Brighton	222	27	0	249
RMH Camberwell	308	85	0	393
RMH Cardiff	346	180	0	526
RMH Evelina	534	363	0	897
RMH Edinburgh	100	25	0	125
RMH Manchester	530	209	0	739
RMH Moorfields	45	2	0	47
RMH Oxford	150	107	0	257
RMH Oxford Expansion	5	0	0	5
RMH Southampton	532	191	0	723
RMH Tooting	220	9	0	229
Operations Team	533	12	0	545
Total expenditure on charitable activities	4,148	1,489	0	5,637
TOTAL	5,637	1,489	2,258	9,384

Expenditure on charitable activities was £5,400,463 (2019: £5,636,688)

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

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

	House Operations	
	2020 £'000	2019 £'000
Costs	(6,828)	(5,637)
Net costs relating to charitable activities	(6,828)	(5,637)
<i>Income from charitable activities</i>		
Operational income	100	248
Net costs funded from other income	(6,728)	(5,389)

Notes to the financial statements (continued)

at 31 December 2020

7. 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 identified 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.

	General support (See note 5) £'000	Governance function £'000	Total £'000	Basis of apportionment
2020				
Salaries, wages and related costs	969	416	1,385	70:30 split
Administration	0	28	28	Governance
Bank and legal fees	0	2	2	Governance
Total expenditure on charitable activities	969	446	1,415	

	General support (See note 5) £'000	Governance function £'000	Total £'000	Basis of apportionment
2019				
Salaries, wages and related costs	978	419	1,397	70:30 split
Administration	0	154	154	Governance
Bank and legal fees	0	12	12	Governance
Total expenditure on charitable activities	978	585	1,563	

8. Auditors remuneration

	2020 £'000	2019 £'000
Auditor's remuneration	50	30

In 2020 and 2019, the audit fee was borne by McDonald's Restaurants Limited, with the exception of £3k each year payable by RMHC.

Notes to the financial statements (continued)

at 31 December 2020

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

	2020	2019
	£'000	£'000
Salaries and wages	4,369	3,918
Social security costs	446	389
Pension costs	346	275
	<u>5,161</u>	<u>4,582</u>

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

	2020	2019
	No.	No.
£0 to £59,999	158	157
£60,000 to £69,999	2	2
£70,000 to £79,999	1	0
£80,000 to £89,999	1	3
£90,000 to £99,999	1	0
£100,000 to £109,999	2	0
£120,000 to £129,999	0	0
£150,000 to £159,999	0	0
£160,000 to £169,999	0	1
£190,000 to £200,000	1	0
	<u>166</u>	<u>163</u>

The charity Trustees were not paid nor received any other benefit from employment with the Charity in the year (2019: £nil). They were reimbursed expenses during the year of £nil (2019: £nil). No charity Trustee received payment for professional or other services supplied to the Charity (2019: £nil).

The key management personnel of the charity comprise of the Chief Executive and the Senior Leadership Team . The key management personnel has grown in the year to include the whole Senior Leadership Team. The total employee benefits of the key management personnel of the Charity were £583,593 (2019: £252,430).

Notes to the financial statements (continued)

at 31 December 2020

10. Staff numbers

The average monthly head count was 166 full time staff (2019: 163) and was made up as follows (includes part time):

	2020 No.	2019 No.
Support staff	16	16
Fundraising staff	29	27
Operational staff	121	120
	<u>166</u>	<u>163</u>

11. Related party transactions

During the year, the Charity entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 December 2020, are as listed below.

- During the year the charity received charitable donations from McDonald's Restaurants Limited, £101,910 (2019 – £286,491). Additionally, McDonald's Restaurants Limited made donations of £175,804 (2019 – £268,940) in respect of the Welsh and Scottish carrier bag levies.
- Additionally, McDonald's Restaurants Limited incurs 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 incurred £5,247,766 (2019 – £4,936,034) of costs which were recharged to the charity. At the balance sheet date, the amount due to McDonald's Restaurants Limited was £1,058,455 (2019 – £1,889,225).

12. 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.

13. Limited by guarantee

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

Notes to the financial statements (continued)

at 31 December 2020

14. Tangible fixed assets

	<i>Buildings</i> £'000	<i>Fixtures and fittings</i> £'000	<i>Office equipment</i> £'000	<i>Total</i> £'000
Cost:				
At 1 January 2020	58,673	2,148	88	60,909
Additions	1,449	480	69	1,998
Disposals	(312)	(45)	0	(357)
At 31 December 2020	<u>59,810</u>	<u>2,583</u>	<u>157</u>	<u>62,550</u>
Depreciation:				
At 1 January 2020	7,762	1,012	70	8,844
Provided in the year	1,662	204	29	1,895
Disposals	(131)	(45)	0	(176)
At 31 December 2020	<u>9,293</u>	<u>1,171</u>	<u>99</u>	<u>10,563</u>
Net book value:				
At 31 December 2020	<u>50,517</u>	<u>1,412</u>	<u>58</u>	<u>51,987</u>
At 1 January 2020	<u>50,911</u>	<u>1,136</u>	<u>18</u>	<u>52,065</u>

Net book value of buildings consists of:

	2020 £'000	2019 £'000
Long leasehold	50,008	50,267
Short leasehold	509	644
	<u>50,517</u>	<u>50,911</u>

15. Debtors

	2020 £'000	2019 £'000
Other debtors and prepayments	1,314	1,929
Accrued interest income	2	1
	<u>1,316</u>	<u>1,930</u>

16. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Accruals	539	1,036
Other creditors	1,060	2,143
Deferred income	134	143
	<u>1,733</u>	<u>3,322</u>

Notes to the financial statements (continued)

at 31 December 2020

17. Fund balance

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

<i>Total funds</i>	<i>Fixed assets</i> £'000	<i>Unrestricted funds</i> £'000	<i>Restricted funds</i> £'000	<i>Total</i> £'000
At 1 January 2020	52,065	5,897	4,161	62,123
Incoming resources	1,998	8,865	2,716	13,579
Resources expended	0	(6,774)	(2,834)	(9,608)
Disposals	(181)	0	0	(181)
Depreciation	(1,895)	0	0	(1,895)
At 31 December 2020	<u>51,987</u>	<u>7,988</u>	<u>4,043</u>	<u>64,018</u>

During these unprecedented times, the designated funds have been reduced to a minimum to allow the general funds to build. It is the Charity's policy to ensure that 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. During 2020 income levels did fall unexpectedly, therefore the Trustees have felt it prudent to postpone future projects in 2020 which has meant a larger than average balance, £7,750,000, is held in undesignated funds.

Further delays to the opening of the Ronald McDonald House at The Royal Hospital for Children and Young People, Edinburgh allowed for the restricted Scottish carrier bag levy to continue to grow to a balance of £3,785,000 at year end which is included within restricted funds. This will pay for the contractual commitments for the project and ongoing Scottish carrier bag levy that is received will be restricted to expenditure of the operating costs of the new Ronald McDonald House Edinburgh. Equally the Welsh carrier bag levy is restricted to expenditure of the operating costs of the Ronald McDonald House Cardiff. At year end the total fund balance related to the Welsh carrier bag levy was £4,800 which was also included within restricted funds.

In 2020 the Charity received the final instalment from Oxford University Hospital NHS Foundation Trust of £1,000,000. This was spent during the year on the Oxford relocation programme. During 2020, the Charity raised a further £206,000 from the Oxford Appeal. Included in the opening balance was £494,000 that had been raised in 2019 to fund the fit out of the new relocated House. The funds were spent during the year as the Ronald McDonald House Oxford opened in April 2020. The final committed contractual costs of £230,000 are due in 2021, for which a designated fund has been set aside with this balance at year end.

Notes to the financial statements (continued)

at 31 December 2020

18. Reconciliation of net income to net cash flow from operating activities

	2020 £'000	2019 £'000
Net income for the reporting period	1,895	3,487
Depreciation charges	1,895	1,489
Disposal of fixed assets	181	0
Interest	(26)	(93)
(Increase) / Decrease in debtors	614	(914)
Increase / (Decrease) in creditors	(1,087)	1,413
Net cash provided by operating activities	3,472	5,382

19. Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash in hand	12,448	11,450
Total cash and cash equivalents	12,448	11,450



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