

Annual Report and Accounts 2015/16

The child first and always



Chairman's statement 2015/16

Our mission is to enhance Great Ormond Street Hospital's ability to transform the health and wellbeing of children and young people, giving them the best chance to fulfil their potential.

Great Ormond Street Hospital (GOSH or the hospital) provides specialist treatment for children from all over the UK and from across the world. It is one of the leading paediatric research hospitals globally and the biggest specialist paediatric hospital in the UK. Most of the children treated at GOSH are seriously ill and have nowhere else to go to get the specialist care that they need. For this reason, it is vital that GOSH is able to maintain and improve the care and services that it offers to patients and their families. Charitable funding helps the hospital deliver the best possible services and facilities at the right time and to the patients and families who need it most.

Our support for GOSH is focused on four key areas:

- Support for pioneering research to seek new treatments and cures.
- Investment in new equipment and related capital projects so the hospital can harness the latest technologies.
- Patient, family and staff support projects to help improve the experience of patients and their families, enable clinical innovation and provide important support for the hospital's dedicated staff.
- The redevelopment programme, replacing and expanding outdated clinical facilities and accommodation, enabling the hospital to treat more children in modern environments.

Our achievements this past year

I am delighted to report that, in my first year as Chairman and for the sixth year in a row, we were able to raise a record amount of income to support the hospital. During 2015/16, our income grew by 15.7 per cent to £94 million. We also maintained our cost to income ratio at 27 per cent (see page 7), meaning that most of the funds raised are able to go towards our charitable activities for the hospital, including redevelopment and research.

Charitable activities

Thanks to the generosity and ongoing help of our supporters, the charity was able to make further progress and achievements across each of our areas of focus. These are discussed in more detail in our Trustees' annual report, but I want to highlight some of them here.

During the year, we completed the development of a new charity research strategy and committed more than £13 million in the year to new research projects. The research carried out by the hospital and its academic partner, the UCL Institute of Child Health (ICH), is essential to discovering the treatments and cures of the future. Current areas of focus are muscle-wasting diseases, cancer, heart conditions, hormone and cell function disorders, immune system disorders and birth defects.

The charity granted £5 million towards medical equipment and related capital schemes, including theatre equipment, prenatal diagnosis technology and brain-mapping equipment to support intricate brain surgery. A further £6 million was invested in a wide range of parent and staff welfare projects, and shortly after the year end, we secured two new buildings to increase our parent accommodation to allow families – many of whom have to travel long distances – to stay close to their loved ones. This additional accommodation comes at a time of expansion at the hospital, and with it, greater need.

The new Premier Inn Clinical Building, the second part of the Mittal Children's Medical Centre, will open next year, enabling the hospital to treat even more children. This year, we spent £25 million on the project and marked the highest point of its construction with a topping out ceremony.

So many of the children that GOSH sees have rare diseases. This year, work on the Zayed Centre for Research into Rare Disease in Children (Zayed Centre for Research) continued, with £4.1 million spent on the design, planning, site clearance and demolition work that were completed in preparation for the construction of the new building.

Fundraising

2015/16 was the first year in our new five-year strategy, 2020 Vision, an ambitious strategy to raise more than £500 million by 2020. We are determined to rise to this challenge of channelling even more support to the hospital, and achieving our income target in 2015/16 is a very promising start.

Six-year-old Emily
on Badger Ward



Chairman's statement (continued)

We owe our increasing financial and fundraising success to the incredible support that we receive from donors and the tireless commitment of our fundraisers, volunteers and staff. We are extremely grateful for the help we are given by every individual, family, trust and company. Fundraising initiatives range from children baking, families running together, and fashion and comedy events, to corporate charity days and generous individuals donating or leaving legacy gifts in their Wills.

With such diverse support from so many people, it is very difficult to choose a selection of fundraising highlights to demonstrate the generosity and dedication of our supporters. However, there are a few I would like to mention.

For the first time, we secured a high-profile national newspaper partnership. The Give to GOSH appeal, in partnership with the *Evening Standard*, *Independent* and *i* newspapers, and *London Live*, ran for 12 weeks from the end of November 2015 until 14 February 2016, raising a staggering £3.5 million. It brought together an incredible network of people to make it all happen, with 232 volunteers doing mass bucket collections across London, 56 companies and high-net worth givers donating, and support from national personalities including our patron The Queen, Johnny Depp, David Beckham, Adele and Sir Paul McCartney. It also enabled us to articulate the fundraising need of the hospital through hundreds of stories in print and across digital channels, including film.

This year also saw the third series of the BBC BAFTA-nominated documentary *Great Ormond Street*, which gave us another opportunity to profile the extraordinary work of the hospital and the stories of our incredible patients. It was viewed by 5.1 million people, an increase on the previous series, and led to more than 100 articles in national media. This series and other TV highlights across the year – such as prime-time Boxing Day story *Peter and Wendy* – also gave us an opportunity to develop innovative digital content, to engage potential supporters and encourage more visits to our websites and social media channels.

Our Community Fundraising team delivered another hugely successful Royal Bank of Canada Race for the Kids in June 2015, the sixth such event. We saw 6,100 participants who, for the first time, raised more than £1 million. Also for the first time, we went solo for our very own charity London Santa Dash, tripling participants and doubling income on the previous year. This was also the inaugural year for the BT Tower Climb, where 300 participants ran up the BT Tower to raise more than £100,000.

Other large fundraising events successfully launched during 2015/16 include Shop Wear Care, a luxury fashion event where 30 world-renowned designers contributed to help raise more than £100,000, and Love GOSH x, a Valentine's ball that raised more than £170,000 for a bedroom in the new cardiac ward.

We are pleased to report that we continued to see a rise in the number of people who make regular gifts to the charity, with 164,000 people regularly giving as of March 2016. It was also an exceptional year for people leaving us gifts in their Wills, with an incredible £18 million left to help meet hospital needs.

Other big successes for the year included our Valentine's appeal, which raised more than £500,000 for a new specialist microscope. Also, the Tick Tock Club membership is increasing, and we have now raised £7.6 million against our £10 million target for the new surgery centre.

Every year, we receive incredibly generous support, both financially and through donations of time and expertise, from our corporate partners. Whitbread has had another record-breaking year. It has launched sales of our mascot Bernard Bear across all Premier Inn sites and ran two highly successful National Charity Weeks, raising £2.1 million. This brings their partnership total up to £6.1 million. The topping out of the Premier Inn Clinical Building also took place in September, bringing the Mittal Children's Medical Centre one step closer to completion.

Morgan Stanley had a most successful year of fundraising, with more than £800,000 raised for GOSH. The organisation

Chairman's statement (continued)

was also involved with extensive volunteering at the hospital, including a mentoring programme that saw senior volunteers from Morgan Stanley engage with 25 heads of clinical services from GOSH.

As the breadth and extent of this work testifies, we are in an extremely privileged position to have the support of so many generous benefactors and volunteers who give us their time and expertise. They help in a variety of ways, including stewarding and volunteering at our regular events, becoming members of event committees and helping to expand our network of supporters. It is a privilege to work with these people and I would like to thank every single one of them for all they do.

The work of the charity would not be possible without the hard work and dedication of our staff. As we close another highly successful year, I would like to thank them for their passion and drive to help make us the best that we can be, and in turn provide the hospital with the equipment, buildings and research funding to become the best children's hospital in the world.

During the year, two new members joined the Board of Trustees – Mark Sartori and Steven Sharp – both bringing an exceptional depth of relevant experience to the charity. The charity's former Chairman Alan Hodson, Susan Burns, Hugo Llewelyn and Chris Spratling stepped down from the Board of Trustees and I would like to thank them for their exceptional contributions and commitment to the GOSH cause.

Very sadly, one of our Trustees, Frances Murphy, passed away in May 2016. Frances provided great expertise and support on a wide range of issues and projects, including some of our large redevelopment and fundraising projects. We are very grateful for her time, friendship and contribution.

Public concern and regulatory scrutiny of public fundraising

Over the past year, there has been increased public concern over methods used by charities to raise funds from the public.

We appreciate the concerns raised, and for our part, we have been actively working with the relevant regulators and committees to make improvements across the sector while reviewing and further strengthening our practices. We are very mindful that we are only able to provide the support the hospital needs thanks to the trust and generosity of our supporters and that we cannot take this trust for granted. We continue to aim to not only comply with all regulations but to achieve higher and sector-leading standards of behaviour and, when we do not meet this goal, to take rapid and appropriate action to correct any failings.

Looking ahead to 2016/17

The year ahead promises to be as exciting as the last one. We enter the second year of our five-year strategic plan with even more ambitious fundraising targets as we aim to meet the substantial and critical needs of the hospital and our patients and their families.

The hospital's redevelopment programme will continue, with the Premier Inn Clinical Building due for completion in autumn 2017. The building – along with the Morgan Stanley Clinical Building, which opened in 2012 – will complete the Mittal Children's Medical Centre. This will deliver the hospital's vision of providing vital additional beds and leading-edge facilities for acute inpatients, with space for a parent or carer to stay comfortably by the child's bedside.

Construction of the Zayed Centre for Research will continue, with the excavation of the basement floor due to complete and above-ground construction due to start before March 2017. In April this year, the charity purchased two properties that will be developed into parent accommodation during the year. We are also aiming to commence the build of further additional parent accommodation, to meet the increasing need for this vital service.

But we are not stopping there. Discussions will continue with the hospital around Phase 4, the next phase of the redevelopment of the hospital site, and the roadmap for its next 15 years of redevelopment.

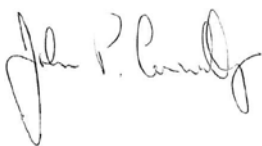
Six-year-old Michael
on Giraffe Ward

We will put greater emphasis on research-focused fundraising campaigns, linked to our new research strategy, so that we can better support groundbreaking treatments and therapies. 2016/17 will see our first donor communication and fundraising campaign specifically focused on the new research strategy.

We will also look to continue the success of many of our key fundraising events from over the past 12 months. Shop Wear Care will return for its second year, with all the designers from 2015/16 having confirmed that they would like to support us again. Royal Bank of Canada Race for The Kids moved to the Queen Elizabeth Olympic Park in May 2016, allowing for a record-breaking number of participants and increased income for the hospital. We will also continue to look for sponsorship and runners in events such as the Royal Parks Foundation Half Marathon.

The lives of the thousands of children and families that come to GOSH are difficult and complicated. We hope that through harnessing the support of our many donors, supporters, volunteers and staff, we can continue to make their lives easier and less painful.

We would like to thank everyone who has given their support to GOSH, whether it be their time, money or skills in order to help the hospital assist all its patients in fulfilling their potential. With your ongoing support, we will be able to continue to help the hospital transform the lives of many thousands of children from all over the UK and across the world.



John Connolly
Chair of Trustees
Great Ormond Street Hospital Children's Charity





One-year-old Cecilia
on Elephant Ward

Trustees' annual report

Strategic Report

The Trustees, who also served as company directors during the year, present their report and financial statements for the year to 31 March 2016 for the charity (charity registration number 1160024, company registration number 09338724) and group (comprising the charity, Great Ormond Street Hospital Children's Charity (1852), charity number 235825, Great Ormond Street International Promotions Ltd, company number 02265303, and The Friends of the Children of Great Ormond Street, company number 02093843).

Strategic report

Objectives and activities

The charity's objects are to further such charitable purposes relating to:

- a) the hospital services (including research) of GOSH or
- b) any other part of the health service associated with GOSH as the Trustees think fit, provided that such support is not of a kind that would ordinarily be given by the statutory authorities.

To further these purposes, the charity makes grants to fund the following activities:

- Research into, and development of, breakthrough treatments.
- Purchase of medical equipment and delivery of related capital schemes.
- Patient, family and staff support projects.
- Redevelopment and refurbishing of the hospital.

In addition, the charity provides buildings for use by the hospital, including accommodation for parents and staff.

Achievements and performance

Review of 2015/16

The charity's main objectives for the financial year to 31 March 2016 and the performance of the charity in meeting these objectives are set out opposite.

| Objective | Performance |
|--|--|
| Charitable activities | |
| Commence construction of the Zayed Centre for Research. | Achieved and ongoing: Demolition works were completed in December 2015 on schedule. However, the construction programme is running slightly behind due to delays selecting the main contractor. |
| Increase accommodation for GOSH families. | Ongoing: Two properties were purchased shortly after the year end and discussions are underway to secure further premises. |
| Following completion of the research strategy, expand the annual programme of research funding to £8.5 million. | Achieved: Trustees approved the new research strategy in September 2015. The target was exceeded, with £13.4 million in new commitments to research projects made in the year. |
| Make available up to £5 million for infrastructure expenditure to fund projects, such as new imaging facilities. | Achieved and ongoing: Trustees approved £2.4 million for infrastructure projects, including initial funding towards the remodelling of the mortuary, which will include state-of-the-art imaging facilities to enable non-invasive post-mortems. |
| Assist the hospital with the first phase of the IT strategy. | Ongoing: We are working with the hospital to finalise plans and needs for the IT strategy, including advanced data warehousing to enhance medical research. |
| Fundraising | |
| Raise £90 million of income towards a £500 million five-year target. | Achieved: £93.8 million of income achieved. |
| A cost to income ratio below 30 per cent. | Achieved: 27 per cent* cost to income ratio. |
| Grow our supporter base including increasing the pool of regular givers to 162,230. | Achieved: 164,418 regular givers by the year end. |
| Sustain a high and positive public profile. | Achieved: 10th place in the Charity Brand Index. Excellent local and national press coverage during the <i>Evening Standard</i> and <i>Independent</i> newspapers' Christmas appeal. |
| Governance | |
| Develop and implement a new customer relationship management system (CRM). | Ongoing: Development work for the new CRM has progressed through the year. However, implementation has been delayed to the 2017/18 financial year. This project is critical to ensure that the charity has the capability to provide a high standard of support to our donors and supporters and we fully comply with regulations and legislation. |
| Embed the charity's new legal structure and progress the 'Peter Pan Bill'. | Achieved: The new structure has been in operation since 1 April 2015. The NHS (Charitable Trusts) Act 2015–16, which transferred the Peter Pan rights to the new legal entity, received Royal Assent on 23 March 2016. |
| Ensure our staff are engaged, enabled and effective and that retention rates are improved. | Achieved: Staff turnover rates have been reduced by 6 per cent and the five-year target has been met within the first year of the strategic plan. Results from the staff survey evidenced significant increases in staff engagement and enablement in comparison to the last survey 18 months previously. |

*In our cost to income ratio we aim to compare the cost of raising funds with the related funds raised. We have to make a few adjustments to achieve this. We take expenditure on raising funds (note 3.1: £24.3 million) excluding investment management costs (note 3.1: £0.2 million) and divide this by total income (note 2: £93.8 million) excluding income from investments (note 2.3: £2.6 million) and unrestricted property income (note 2.4: £1.6 million) ie £89.6 million. The resulting ratio equals 26.9 per cent.



Five-month-old Alfie on the Cardiac Intensive Care Unit

Trustees' annual report

Charitable activities

Charitable expenditure

As detailed in the Chairman's statement, the charity provides funding in four key areas:

- research
- medical equipment and related capital schemes
- patient, family and staff support projects
- redevelopment

In addition, the charity provides accommodation for patients, parents and staff.

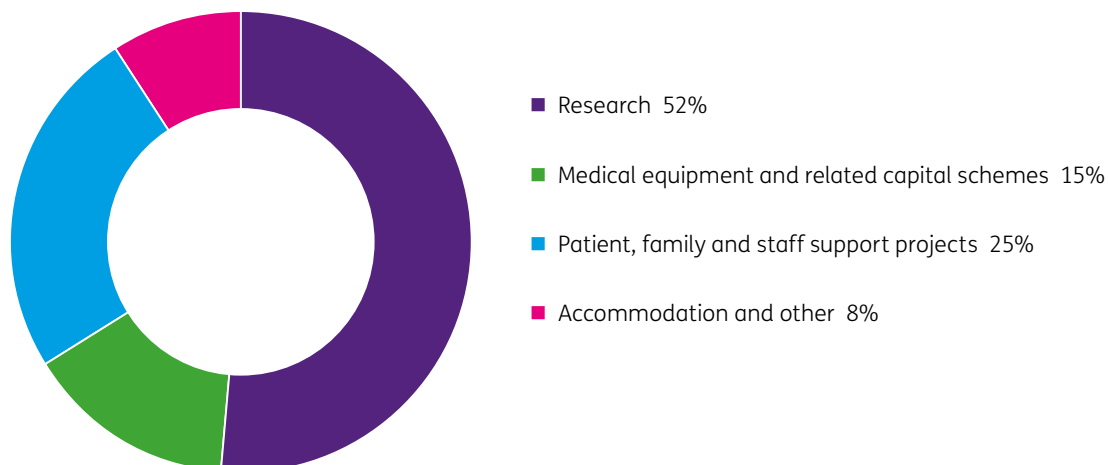
Expenditure on the various charitable activities (both funded through the hospital and provided directly by the charity) during 2015/16 was as follows:

| Charitable activities expenditure | Grants awarded 2015/16 £ million | Other costs* 2015/16 £ million | Total 2015/16 £ million | Total 2014/15 £ million |
|---|--|--------------------------------------|-------------------------------|-------------------------------|
| Research | 13.4 | 0.6 | 14.0 | 6.5 |
| Medical equipment and related capital schemes | 4.9 | (0.8) | 4.1 | 3.7 |
| Patient, family and staff support projects | 5.6 | 1.0 | 6.6 | 6.5 |
| Redevelopment | – | 0.1 | 0.1 | (0.4) |
| Accommodation and other | – | 2.3 | 2.3 | 2.0 |
| Total | 23.9 | 3.2 | 27.1 | 18.3 |

*Other costs include the return of grants previously awarded that were not fully used and the allocation of costs incurred by the charity to support and facilitate these charitable activities.

In addition, £4.1 million (2014/15: £3.0 million) was spent on the charity's own building developments and was capitalised (see below and note 9).

Charitable activities expenditure 2015/16



Trustees' annual report

Charitable activities

Funding is provided for the first three areas of activity (research, medical equipment, and patient, family and staff support) on an annual basis. However, commitments are only made to redevelopment projects when they are ready to proceed. Therefore, the funding relating to the redevelopment commitment may extend over a number of years. Consequently, there can be significant variations in redevelopment expenditure from one year to the next. In 2013/14, the charity made an £83.4 million commitment to grant funds to allow the hospital to proceed with the Premier Inn Clinical Building. However, in 2014/15 and 2015/16, no such project commitments were made, and the focus of our redevelopment work was to ensure good progress with the existing projects underway. In addition, in 2015/16, the charity spent a further £4.1 million on its own development project, the Zayed Centre for Research. Accounting rules require this expenditure to be capitalised and, therefore, not reflected in charitable expenditure (see note 9 to the financial statements).

There was a large increase in research grants awarded in 2015/16 reflecting the charity's new research strategy.

Detailed over the next few pages are the significant activities undertaken in 2015/16 within each of the key areas funded.

Objective 1 – Research

In 2015/16, the Board of Trustees approved and launched our new research strategy, which aims to invest at least £42.5 million over five years into paediatric research, making the charity the largest dedicated funder of paediatric research in the UK. Funding will be focused on six areas of research:

- difficult-to-treat cancers
- disorders of the immune system
- diseases affecting the nervous system
- inherited diseases affecting metabolism
- birth defects and rare inherited disorders of development
- cardiovascular diseases

In 2015/16, we committed £13.4 million towards research projects at GOSH, its academic research partner the ICH, and other research centres across the UK.

We partnered with Action Medical Research and committed £1.0 million through our national call for applications, which is open to researchers from across the UK. Thirteen new research projects were funded, including projects based in Manchester and Glasgow Universities. They include projects developing new treatments for children with cancer, pioneering gene therapy for children with weak immune systems, and improving care for children with neurofibromatosis.

In 2015/16, the ICH also drew down on its fourth year of PhD scholarship funding, which is part of a £1.0 million five-year programme to support a group of charity-funded PhD students. The funding supports young scientists starting their career in child health research.

We also supported six projects totalling £0.5 million via the Clinical Research Starter Grant funding stream, which aims to provide pump-prime funding that will help investigators gather proof-of-concept data needed to move the research into the next stage. In 2015/16, researchers included:

- Professor Lyn Chitty, who is conducting a research project to help patients and their families understand the risks and benefits of genetic testing.
- Professor Khalid Hussain, who is using stem cells to better understand congenital hyperinsulinaemic hypoglycaemia.
- Professor Paul Gissen, who is developing gene therapy for children with a rare metabolic disease.



Living with hyperinsulinism

Ellie was born with hyperinsulinism hypoglycaemia, which causes her body to produce too much insulin and have low glucose levels. She is treated at GOSH under the care of Professor Khalid Hussain.

When Ellie was born, her parents noticed something was wrong. “She wasn’t feeding well. She was cold and quite lethargic – we had no idea what the problem was,” explains her dad Trevor.

Tests at their local hospital revealed Ellie’s blood sugar levels were dangerously low. Her condition deteriorated rapidly. She stopped breathing and, after being ventilated, she was rushed to the nearest regional hospital.

Doctors suspected hyperinsulinism, and she was flown to GOSH by air ambulance to begin her treatment under the Hyperinsulinism team.

After more tests to confirm Ellie’s diagnosis, the GOSH team told Trevor and his wife that their daughter had diffuse hyperinsulinism, a rare form of the condition with an incidence of only one in 35,000, one which was especially hard to treat.

It meant that Ellie’s whole pancreas – the organ involved in producing insulin to regulate the body’s blood sugar levels – was diseased. Her pancreas was pumping out insulin continuously, resulting in dangerously low blood sugar levels. Normally, the pancreas is able to carefully regulate the production of insulin, releasing it only when blood sugar levels are high, resulting in stable blood sugar levels.

Doctors made the decision to remove her whole pancreas. “The surgeon explained beforehand that Ellie was only the 12th person in the world to have this procedure. It was carried out by keyhole surgery, which was great from a cosmetic point of view, and they managed to remove 98 per cent of her pancreas,” Trevor added.

“Eventually, Ellie was ready to start eating real food. Clare, the specialist nurse, advised us to let Ellie set the pace, and one day she tried a small piece of parsnip. To us it seemed incredible. It was such a delight to see her doing something as simple as eating. Her blood sugars were pretty stable and everything seemed to be going in the right direction. The advice and learning we have received from the team at GOSH has been second to none. We feel we have a lot to be thankful for.”

Trustees' annual report

Charitable activities

Objective 2 – Medical equipment and related capital schemes

For GOSH to remain a world-class hospital, the charity aims to make sure that the children can benefit from the latest developments in biomedical science and that doctors have access to the best equipment. This includes the purchase of replacement or additional medical equipment that allows the clinical and research teams to take advantage of advances in medical science and technology to deliver better care to children, and to replace old equipment that is no longer fit for purpose.

In 2015/16, the charity granted £4.9 million towards medical equipment and related capital schemes, including:

- Urgently needed theatre equipment so that surgeons can continue to provide world-class care.
- 100 IV parenteral nutritional pumps, which deliver nutrients straight into the bloodstream of patients who have problems with their gut.
- Technology to help prenatal diagnosis of genetic conditions such as Down's syndrome.
- A microscope to help neurosurgeons perform delicate and life-saving brain surgery.
- A machine that maps a child's brain to help doctors plan delicate brain surgery.
- Two pieces of equipment that help doctors diagnose children with serious blood conditions like leukaemia (see Harry's story below).

Meet Harry

Vital equipment that helps doctors to diagnose children with leukaemia has played an important role in diagnosing children like Harry so that they can begin treatment as quickly as possible.

Harry enrolled on a landmark clinical trial at GOSH when his acute lymphoblastic leukaemia returned for the second time. Now, thanks to pioneering research, he has a bright future ahead.





Trustees' annual report

Charitable activities

Objective 3 – Patient, family and staff support projects

Providing the best care for children is not just about clinical outcomes, it is also about overall patient experience. The environment can have a profound effect on our mood and overall wellbeing. In hospitals, this is even more apparent, as children and their families have to deal with intense stress in unfamiliar surroundings. The charity funds patient, family and staff projects that support patients, parents and staff at GOSH. This support takes place across three main areas:

- patient and family experience
- clinical excellence and innovation
- staff development, recognition and wellbeing

In 2015/16, we invested £5.6 million in the above areas, including play services, the chaplaincy and GO Create!, the hospital arts programme.

We also funded new projects including:

- An international benchmarking project to ensure the best outcomes for children with cleft lip and palate and craniofacial conditions.
- A scheme to improve the outpatient experience for young patients and their families.
- A plan to improve the hospital experience for teenage patients.

In addition, we spent £2.2 million on parent and staff accommodation to enable parents with children in intensive care to stay near to the hospital, and assist the hospital to attract staff to work in central London.

Shared outcomes, brighter futures

The International Consortium for Health Outcomes Measurements (ICHOM) is an international academic think-tank based in the United States. Its ambitious aim is to transform healthcare on a global scale – measuring and reporting outcomes directly from patients in order to reduce the levels of variation in medical standards. This means that clinicians can meaningfully benchmark information and continuously improve how patients are cared for in an international context.

The first step in the process is to take a defined condition and ask an international team of experts and patients to determine what should be collected to best represent the outcomes of treatment. Following that, the data set will be collected from both developed and developing countries across the world.

At GOSH, Mr Loshan Kangesu, Consultant Plastic Surgeon, led the charge to determine the standard data set for cleft lip and palate treatments – one of 50 Standard Sets that ICHOM hopes to have published by 2017. Mr Kangesu joined colleagues and patients from 23 institutions across 17 different countries, taking part in monthly telephone conferences, follow-up questionnaires and votes on contentious issues. After nine months of international collaboration, the Standard Set for cleft lip and palate was formed, including sample patient questionnaires and a timeframe by which the information should be gathered over the course of a patient's treatment.

“The point is that it has to work around the world,” said Mr Kangesu. “If you compare results and outcomes around the world in a completely transparent way, you will see differences.”

Now that the Standard Set for cleft lip and palate has been determined, Mr Kangesu and his international network of colleagues hope to have data from at least 100 patient interviews by summer 2016. Mr Kangesu explains that, following analysis at McMaster University in Canada, what happens next is relatively simple: total transparency.

“I really believe that by sharing data and by being transparent, you will have a narrower distribution of healthcare.

“Great Ormond Street Hospital Children’s Charity puts us in an unusual position – we have that little bit of potential to do something more. Hospitals around the world are struggling to just break even and complete the day job, but there are a few institutions around the world where you can do more to advance healthcare. We are one of them. ICHOM is a fantastic thing that will affect everyone. I’d like to expand it to other medical specialties – we just need to spend time with our colleagues and show them the benefits.”



Trustees' annual report

Charitable activities

Objective 4 – Redevelopment

In order to maintain and advance the hospital's position as one of the world's leading centres for paediatric care and research, there is a need to upgrade the hospital's oldest buildings. Throughout 2015/16, it continued its ambitious redevelopment programme, building brick by brick towards a brighter future.

The Premier Inn Clinical Building – the final part of the Mittal Children's Medical Centre

During 2015/16, levels five and six of the old Cardiac Wing were dismantled, taking it down to the fourth floor, and three floors of new wards were added, preparing for the completion of the Premier Inn Clinical Building by 2017.

On 22 September 2015, the hospital marked a crucial milestone – the topping out ceremony for the Premier Inn Clinical Building to mark the moment when the last concrete pour was completed. The topping out event was celebrated with a traditional Scandinavian 'flying of the fir' in which a fir tree was flown over the building by a tower crane, as well as a final laying of cement, in a rooftop ceremony.

Once it opens, the new building will be truly state-of-the-art, housing a new surgery centre, a high-specification respiratory ward, a high-dependency area where the most unwell children can be carefully helped back to health, and well-equipped wards that provide improved privacy and dignity for patients and their families.



A nurse's perspective

Polly Livermore is Clinical Nurse Manager of Penguin Ward, where patients with dermatology and rheumatology conditions are currently treated. Here she describes the facilities now and looks forward to the opening of their new ward in the completed Mittal Children's Medical Centre.

"The challenges we face are all to do with the ward environment. All of the negative feedback we get is to do with the lack of space, and we only have one toilet and shower for the whole of the ward. The nurse's station is right outside some of the patient rooms, so if the phone rings in the night it wakes them. The temperature of the rooms is not regulated, which is very hard for families, and there's no storage on the wards. There's one tiny kitchen for staff, patients and families and for when the dinner trolley comes up. These facilities don't match the standard of care that we offer.

"We're really looking forward to having more space and more appropriate rooms when we move into the new ward. At the moment, our playroom is very small, so nobody uses it. We're looking forward to having a playroom fit for purpose, so both young children and teenagers can enjoy it. Also, a kitchen that parents can access properly – they're basic things. We're also looking forward to having properly defined rooms that are en suite, so that infections can be properly contained."



Aerial view showing the demolition of the old site, making way for the new Zayed Centre for Research

The Zayed Centre for Research into Rare Disease in Children

We have also begun the development of the Zayed Centre for Research, which is planned to open in 2018.

In January 2015, we received planning permission, and during 2015/16, the construction team began digging the ‘basement box’, creating the strong foundation that the new building will eventually sit on.

When complete, the new facility will house more than 400 research and clinical staff working in leading-edge laboratories and scientific workspace. The development will also include much-needed clinical space for outpatients with rare diseases to benefit from pioneering treatments.

By bringing all these facilities together under one roof, the centre will provide a fertile collaborative environment for doctors and scientists to work to improve understanding and treatment of children with rare diseases. As such, the Zayed Centre for Research will completely embody the GOSH philosophy – embracing research to deliver world-class care.

Trustees' annual report

Charitable activities

Volunteering

Volunteering at the hospital

Recognising the vital role and value that volunteers bring to GOSH, the charity continued its support for the Volunteer Services team, which recruits and supports volunteers within the hospital. In 2015/16, there were more than 1,000 volunteers within the hospital, a significant increase from the 850 volunteers in the previous year and well above our target of 950 volunteers. Together, these volunteers contribute approximately 4,100 hours per week, helping to cover reception, providing relief for parents so they can take some time away from their child, supporting the Play team and acting as guides to help families navigate the hospital site. The number and variety of volunteer roles has increased from 53 to 72, with some new and exciting tasks to engage volunteers and support more staff and departments. These additional roles – alongside improved communication and support for volunteers – have had a positive impact on the retention of volunteers during the year. GOSH estimates that the contribution of volunteers to the hospital is more than £2 million in terms of donated time and expertise.

Volunteering for the charity

Volunteers are also critical to the charity's fundraising activities. We are grateful to the nearly 1,800 volunteers who give up their time to help and to companies who support employee volunteering. Without the thousands of volunteers who help us each year we simply could not raise the funds so urgently needed by the hospital.

Our team of charity ambassadors volunteer, as part of our Community Fundraising team, to give their time to represent the charity at local events, carry out their own fundraising, and support the thousands of other people in the community who organise fundraising events or collections for us.

Challenge events such as the London Marathon and RBC Race for the Kids rely on hundreds of volunteers taking



Volunteers and Pets as Therapy dog Maisy with seven-year-old Lola

part and cheering on participants, either as individuals or from corporate partners. Our staff also volunteer to support our events, and during the year, over 50 per cent of the charity's staff gave up their own time to help at either fundraising or patient support events.

Volunteers on fundraising leadership boards, including the Tick Tock Club and the Christmas Carol Service, support us. These leadership boards are central to our objective to redevelop the hospital. We also receive vital support from the Corporate Partnership Board, which helps raise money for a wide range of projects across the hospital.

For more information about volunteer opportunities at the charity and how you can get involved, please email supporter.care@gosh.org or call 020 3841 3841.

Trustees' annual report

Fundraising

Fundraising

Principal fundraising activities

The charity benefits from a very broad and diverse supporter base who donate to the charity through a variety of fundraising channels:

- Regular donations – in 2015/16, the charity was supported by more than 164,000 regular givers, making donations usually on a monthly basis.
- Individual donations – in 2015/16, the charity received individual donations from those responding to a specific charity appeal or attending an event, entering a raffle, buying merchandise or making a donation for a specific project.
- Community fundraising – often where a parent, relative or friend of a patient fundraises through community-based activities or a challenge event. In 2015/16, supporters registered 3,500 events in support of the charity and many more participated in professionally organised events, such as the London Marathon, to raise funds for the charity.
- Corporate fundraising – where organisations choose to directly give donations to our charity, deliver cause-related marketing programmes and/or engage with their employees to help raise funds for the charity.
- Legacies – where supporters make provision to donate to the charity in their Wills. In 2015/16, we received legacy gifts from 541 supporters.

The majority of our staff are directly involved in fundraising activities, working closely with our supporters to help them raise funds and keep them updated on developments within the hospital and ICH.

Fundraising controls and regulation

As a fundraising charity, we are solely dependent on the generosity of our donors to be able to raise funds for GOSH. Therefore, we are acutely aware of just how critical it is to maintain the trust of our donors and aim to always adhere to the highest standards in all that we do. The charity has a Moral and Ethical Fundraising Policy, which ensures that donations are received only from those individuals and organisations whose objectives are not incompatible

with those of the charity or with whom association would damage the standing of the charity. Over the previous three years, we made significant investments in governance and control functions, including the appointment of a Head of Information Governance, an internal Head of Legal and Compliance and a Training and Quality Control Officer. Following the increased public, media and government focus on public fundraising by charities, we have reviewed all of our fundraising against the relevant codes of practice. We also supported the set-up of the new Fundraising Regulator.

The Board of Trustees receives detailed briefings on the fundraising activities of the charity at each Board meeting and, during the year, receives detailed presentations from each fundraising team on its activities. As part of our policy to continually strengthen our monitoring and controls over key activities, during the past year, the charity has conducted in-depth reviews of its fundraising practices. Trustees have also been directly involved in the review of activities carried out by the charity and of third parties on behalf of the charity. These reviews have included visits to third-party premises to interview management and staff and to monitor operations, as well as directly observing agency staff receiving training and performing fundraising on behalf of the charity.

After carrying out our recent detailed reviews of our fundraising activities, we found much that reassured us. However, there were areas where we could further improve our practices and we have taken swift action to do so. These actions include:

- Strengthening our commitment to make it clearer to our supporters the standards we set ourselves in use of donations, supporter communication and care for personal information and data. We published our new 'Supporter Commitment' shortly after the year end (which can be seen on our website at gosh.org/about-us/our-fundraising/our-supporter-commitment). It is also printed in full on the back cover of this report. The key elements of our commitment are:
 - We will ask for support with respect.
 - We will let you know the difference your donation is making.
 - We will communicate with you based on your wishes.

Gillian, age 14



Trustees' annual report

Fundraising

- We will not pass on your data.
- We take complaints seriously.
- Improving how we register supporters' preferences for how we communicate with them and ensuring we do not burden them with unwanted emails, mail, telephone calls or SMS.
- Implementing additional checks and audits of our activities to give greater assurance that what we do in practice meets our standards and aspirations.
- Improving our privacy statement.

We have also signed up to, and monitor our performance against, the FRSB Fundraising Promise and require the agencies and third parties we use to comply with all relevant legislation, regulatory requirements and good practice in relation to fundraising. This includes full compliance with the Code of Fundraising Practice set by the Institute of Fundraising. We have dedicated staff that monitor compliance, with an extensive monitoring programme. We will continue to increase our resources and investment in governance and controls.

We know that it matters to supporters that we operate at maximum efficiency and have set ourselves the target of ensuring that costs of fundraising are limited to a maximum of 30 per cent of total income. That means that 70p or more in every £1 should be available for charitable activities. On average, this year, we achieved 73p.

Use of agencies and third parties

We use agencies and third parties to help us with certain elements of our fundraising including:

- door-to-door fundraising
- telephone fundraising
- private site fundraising
- processing of regular donations

In all cases where we use agencies and third parties, we work hard to ensure that staff at these organisations are well-briefed on the objectives of the charity, the high standards we expect them to meet and our Supporter Commitment. We provide training to staff at these organisations, with regular updates and additional training. We carry out regular

spot checks on the quality of work carried out on our behalf. This monitoring includes listening in to phone calls for quality control purposes, accompanying door-to-door fundraisers, holding regular senior-level review meetings with agency management teams, and 'secret shopper' activity. As noted above, members of our Trustees, as well as management of the charity, have engaged in these monitoring activities and attended training sessions with agency staff.

People in vulnerable circumstances

The charity started developing its policy on working with people in vulnerable circumstances in December 2014, before the sad death of Olive Cooke in May 2015. The Institute of Fundraising subsequently referred to our policy as an example of best practice in developing its sector-wide guidance. We require all of our staff, agencies and other third parties to comply with our policy for working with people in vulnerable circumstances. The policy includes guidance on how to identify a potentially vulnerable person and actions to take to considerably disengage from the fundraising process.

Complaints

We take every complaint we receive seriously and make sure that each one gets prompt attention and is appropriately investigated. In addition, all complaints are reported to the Finance and Audit Committee of the Board of Trustees so that it can monitor the level and nature of complaints, and review the actions taken to address them and minimise further reoccurrences. In the 2015/16 financial year, the charity (or agents acting on its behalf) received 392 complaints, which represents 0.0002 per cent of contacts with donors and prospective donors. Of these, 45 complaints were upheld and 5 were a breach of the Code of Fundraising Practice set by the Institute of Fundraising.

Commitment

We will continue to closely monitor all of our fundraising activities to ensure they remain at the highest standards and reflect the wishes and preferences of all our generous supporters. We welcome any feedback or comments you may have and would ask that you forward them to the email or postal address on the last page of this report.

Trustees' annual report

Financial review

Financial review

Income

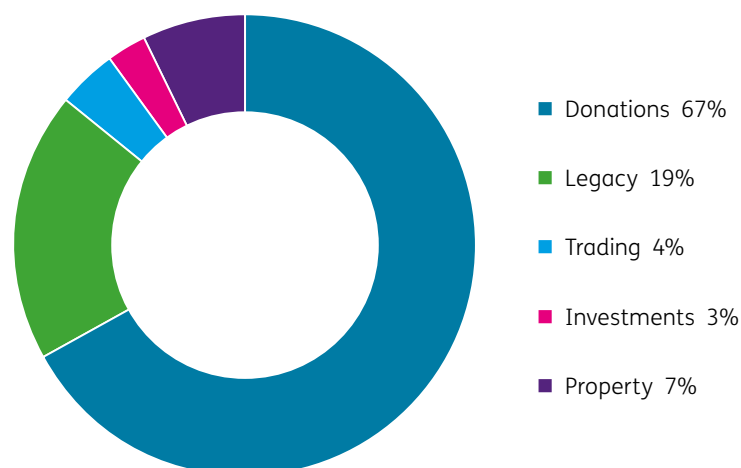
In the year to 31 March 2016, total income grew by 15.7 per cent to £93.8 million (2014/15: £81.1 million), principally driven by an increase in donations, which grew to £62.6 million (2014/15: £48.7 million). This increase was driven by record levels of income across a number of our fundraising streams, including major gift fundraising and regular givers, with significant contributions also generated by community fundraising and corporate donors. We also continued to benefit from the generosity of legacy donors who so kindly remembered us in their Wills.

Total income by the principal funding sources of the charity with comparisons to the previous year and the targets for 2015/16 are shown below:

| Fundraising activities | 2015/16 target £ million | 2015/16 actual £ million | 2014/15 actual £ million |
|------------------------|-----------------------------|-----------------------------|-----------------------------|
| Donations | 64.4 | 62.6 | 48.7 |
| Legacies | 13.0 | 17.8 | 22.1 |
| Trading | 3.2 | 4.0 | 5.8 |
| Other* | 0.2 | 0.1 | 0.6 |
| | 80.8 | 84.5 | 77.2 |
| Investments | 2.3 | 2.6 | 2.3 |
| Property income | 6.8 | 6.7 | 1.6 |
| Total | 89.9 | 93.8 | 81.1 |

* Other includes grants, auctions, tickets and sponsorship.

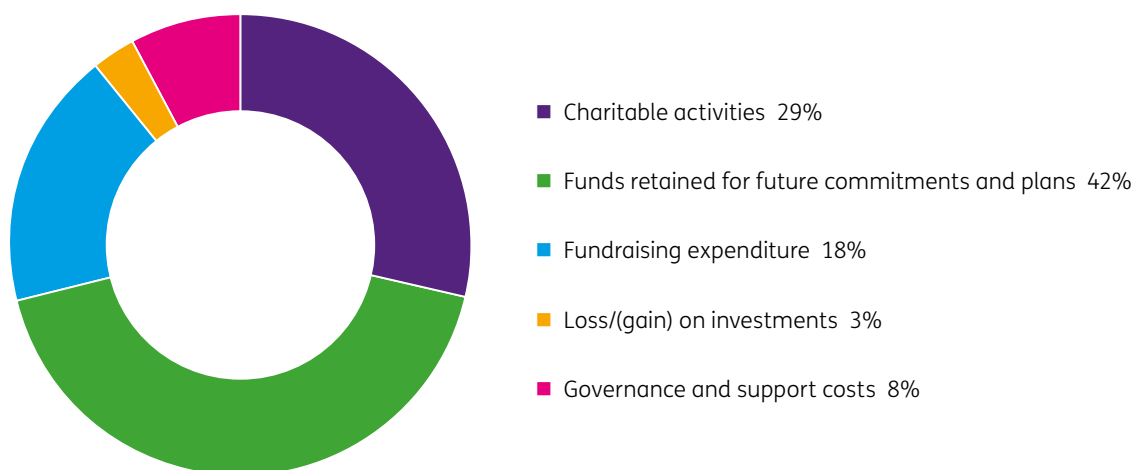
Funding sources 2015/16



Use of funds generated

The chart below shows how the charity used the 2015/16 record income. Of the £93.8 million, £27.1 million was spent on charitable activities as set out on page 9. A further £39.6 million was retained in our reserves to support ongoing projects (for example, research projects and the Zayed Centre for Research) and future planned charitable activity (including the hospital's IT strategy and Phase 4 of the redevelopment programme). A total of £24.3 million (£16.9 million of fundraising costs and £7.4 million of governance and support costs) was required to raise our fundraising income, invest for future growth and ensure that appropriate controls and governance were maintained and strengthened. Ongoing focus is given to ensuring that the charity maximises the cost effectiveness of its activities, obtains value for money and provides the highest level of supporter care and compliance.

| Use of funds | 2015/16 £ million | 2014/15 £ million |
|---|----------------------|----------------------|
| Charitable activities | 27.1 | 18.4 |
| Funds retained for future commitments and plans | 39.6 | 44.5 |
| Fundraising expenditure | 16.9 | 14.4 |
| Loss/(gain) on investments | 2.8 | (2.2) |
| Governance and support costs | 7.4 | 6.0 |
| Total | 93.8 | 81.1 |



Trustees' annual report

Financial review

Fundraising, governance and support expenditure

The total costs of raising funds increased to £24.3 million (2014/15: £20.4 million).

| Expenditure on raising funds | 2015/16 £ million | 2014/15 £ million |
|------------------------------|----------------------|----------------------|
| Fundraising | 16.9 | 14.4 |
| Governance and support | 7.4 | 6.0 |
| Total | 24.3 | 20.4 |

The increase in expenditure on raising funds principally reflected the higher levels of fundraising activity, which in turn contributed to the increase of £13.9 million in donations. The increase in governance and support costs represent planned increases primarily in operations, brand marketing, and IT to support the increased fundraising activity and strengthen the charity's governance capability.

Eight-year-old Kaylin
on Squirrel Ward



Tangible fixed assets

Tangible fixed assets of £138.2 million (2014/15: £133.9 million) mainly consist of properties that are used for operational purposes by the hospital to further the charity's objectives. The portfolio contains properties used for clinical, residential and administrative purposes. The residential properties are let out to hospital staff or offered, free of charge, to parents of children undergoing treatment at the hospital. In addition, tangible fixed assets include the site on Guilford Street that is being developed into the Zayed Centre for Research, the construction costs of which are included in assets under construction. The charity did not acquire or dispose of any property during 2015/16.

A full valuation of the property portfolio was carried out at 31 March 2014, the results of which are reflected in the balance sheet value of tangible fixed assets, and an impairment review was carried out in 2015/16, following which no changes to valuations were deemed necessary. The two clinical properties in the portfolio, Octav Botnar Wing and the Frontage Building, are valued on a depreciated replacement cost with deferment basis. The deferment basis takes into account the 30-year charitable leases that the charity entered into with the hospital in October 2009. This has the effect of expensing the charitable grant on assignment of the lease.

Investment policy and performance

The investment policy of the charity is risk averse, with the Trustees' first priority being to preserve capital in order to meet existing commitments on capital programmes and other grants made. The portfolio is broadly split between investments required to meet existing commitments (therefore held as short-term investments) and longer-term investments for future potential grant awards and development programmes yet to be committed. The Trustees consider this appropriate given the long-term nature and size of the charity's commitments and intentions but review this split on a periodic basis.

The charity uses the services of a number of investment managers, dependent on the investment type. The charity's investment managers follow strict guidelines in line with

the charity's moral and ethical policy. The moral and ethical policy specifies that the charity does not invest in tobacco, arms manufacturing stocks, or any stock in which either tobacco or arms manufacture are the main or material element. The Investment Committee, a sub-committee of the Board of Trustees, monitors the performance of the charity's investment managers closely, but they were disappointed with this year's performance, which showed a loss of 4.7 per cent on the long-term portfolio against a benchmark loss of 1.1 per cent. A 1.0 per cent return on the short-term portfolio equalled that of the composite benchmark.

The value of the long-term portfolio at 31 March 2016 was £41.1 million. The long-term portfolio is spread across a number of funds managed by Blackrock, Ruffer and Investec. The short-term portfolio of £180.1 million is held across a number of direct deposits with UK banks, investments with Royal London Cash Management and a short-term fixed income portfolio managed by HSBC. Although included within the charity's short-term portfolio for investment purposes, the fixed income portfolio of £40.9 million is included as fixed asset investments in the balance sheet, given its average duration of circa two-and-a-half years (see note 10 to the financial statements).

The Investment Committee continues to review the charity's investment policy and strategy and, in compliance with the policy, explore ways of improving investment returns that minimise the risk of capital loss to the charity. However, during 2015/16, volatility in equity markets, combined with the continuing low-interest environment, had a significant impact on returns. Net income, gains and losses earned from the charity's investments totalled a loss of £0.2 million (2014/15: gain of £4.5 million), split between income of £2.6 million (2014/15: £2.3 million), and realised and unrealised losses of £2.8 million (2014/15: gain of £2.2 million), which are recognised in net income in the statement of financial activities.

Trustees' annual report

Financial review

Funds

The charity's total available funds (held to finance the charity's activities and commitments) increased by £39.6 million to £293 million at 31 March 2016 (2014/15: £253 million). These funds are required to finance the charity's substantial existing commitments and anticipated future activities, including the Zayed Centre for Research, parent accommodation projects and future research. After allowing for these existing and future plans, free charity reserves amount to £20.3 million, which the Trustees consider is prudent for when considering the scale of operations of the charity and its contingent liabilities.

| Funds | 2015/16 £ million | 2016/17 £ million |
|-------------------------------|----------------------|----------------------|
| Total funds | 293.0 | 253.4 |
| Of which: | | |
| Restricted funds | 2.2 | 0.4 |
| Endowment funds | 0.7 | 0.7 |
| Unrestricted funds: | | |
| Designated fixed asset fund | 132.6 | 134.7 |
| Designated redevelopment fund | 100.9 | 69.2 |
| Designated research fund | 36.3 | - |
| | | |
| Free reserves | 20.3 | 48.4 |

Restricted funds

These are a number of different funds subject to specific restrictions imposed by donors, which fall within the wider objectives of the charity. There is currently £2.2 million (2014/15: £0.4 million) in restricted funds. This includes both some positive funds and a deficit of £5.6 million in the redevelopment fund, arising as a result of the £84 million commitment having been made to the Premier Inn Clinical Building project in 2013/14 for which fundraising is ongoing. The current shortfall in funding for this project can be more than covered by the unrestricted designated funds (see page 27). The Trustees expect to receive further restricted funding for the building prior to its completion, allowing for designated funds to be released to support other key funding priorities. Also included in restricted funds are £3.7 million held in special purpose funds, restricted for specific areas of work, some of which are detailed in note 19 to the financial statements.

Endowment funds

The charity holds five endowment funds totalling £0.7 million, which have been granted in order to generate funds to support specific charitable purposes.

Unrestricted funds

These are funds that are expendable at the discretion of the Trustees to further the charity's objectives. The charity's unrestricted funds at 31 March 2016 were £290.1 million and included £269.8 million of designated funds. Each year, the Trustees decide whether to designate unrestricted funds raised to the redevelopment of the hospital or to other specific projects to be spent in future years. This helps to provide financial stability for vital areas of work within the hospital. The Trustees have considered the plans in the five-year strategy and designated certain funds accordingly. After designations, there were £20.3 million (2014/15: £48.4 million) of freely available funds (see 'Reserves' page 27).

Designated funds

The Trustees had designated funds as follows:

- Fixed assets of £132.6 million.
- A redevelopment fund of £100.9 million.
- A £36.3 million research fund to cover the uncommitted element of the current five year research strategy.

Redevelopment

At 31 March 2016, the Trustees set aside £100.9 million to cover any shortfall arising on the restricted redevelopment fund (including the Premier Inn Clinical Building and the Zayed Centre for Research) and the costs of conversion of the recently acquired parent accommodation buildings and development of a new parent accommodation building.

Fixed assets (tangible and intangible)

The charity owns fixed assets, the majority of which are operational properties used by the hospital. As these properties serve a charitable purpose and are not held as investments, they cannot easily be converted into funds for day-to-day use. Therefore, the Trustees have decided that reserves relating to fixed assets should be placed in a designated fund, which, by definition, will increase or decrease to reflect the net book value of these assets. If a decision is taken to dispose of any properties, the attributable value is transferred from the fixed asset fund to the general fund.

Research

The charity has developed a £42.5 million, five-year research strategy. Commitments of £6.2 million were made in the year on research projects set out in the strategy, leaving £36.3 million of projects for the remaining four years of the plan. Details of the movement on total funds are disclosed in note 19 to the financial statements.

Free reserves

The Trustees review the level of free reserves required on an annual basis in line with the guidance issued by the Charity Commission. They recognise the need to ensure that the reserves held enable financial stability, are adequate to meet working capital requirements and can safeguard the charity's current commitments against fluctuations in income levels.

Specifically, the Trustees wish to ensure that sufficient free reserves are available to guarantee that operations can continue over the short-term and commitments can be met.

The balance of free reserves as at 31 March 2016 was £20.3 million. The Trustees have reviewed the minimum level of reserves required to either meet the operating liabilities of the charity should it suffer a major downturn in its income, or to effect a managed cessation of activities and to provide adequate cover for contingent liabilities. They have assessed this to be £20 million. Therefore, the Trustees believe this current level of free reserves to be appropriate. The Trustees regularly assess the risks facing the charity and review reserve levels accordingly.

Risk management

The Trustees are legally required to minimise significant risks to the charity. During 2015/16, potential risks were formally identified and regularly reviewed by the management and Trustees so that necessary steps could be taken to minimise or eliminate them. The key risks for the charity in 2015/16 were:

- Fundraising environment: Compliance with developing fundraising regulations and public expectations, including the EU data processing legislation and potential impact on future income.
- Reputation: Ensuring that activities undertaken do not jeopardise the reputation of either the charity or the hospital.
- Project governance: Meeting cost budgets and timelines for major projects including the Zayed Centre for Research and CRM.

The risks identified above remain the key risks to be monitored in 2016/17 in addition to the consequences of the referendum held on 23 June 2016 regarding the United Kingdom's departure from the EU. It is not yet possible to assess the potential impact of this referendum result, but the charity will monitor developments.

All activities undertaken by the charity are monitored closely by the Executive Directors of the charity and the risk register is reviewed and updated by the Executive Directors on at least a quarterly basis. The Finance and Audit Committee

Trustees' annual report

Financial review

reviews the risk register at each of its meetings and the Board of Trustees undertakes a review of the risk register at least annually. Both the Finance and Audit Committee and full Board undertake 'deep dive' reviews of key areas of risk and the Board undertakes close monitoring of fundraising activity and compliance through the Finance and Audit Committee. The Board also uses the services of third party internal auditors who have an annual programme of reviews and report to each meeting of the Finance and Audit Committee.

Going concern

The Trustees have reviewed the financial position of the charity, including its forecast cash flows, liquidity position and existing and potential funding commitments for the next five years. The charity's fundraising streams are well diversified and, therefore, a significant drop in any one channel would not materially affect the ability to meet existing financial commitments. The Trustees will only commit funds to charitable activities and other capital projects when they are confident that these obligations can be met. Consequently, the Trustees believe that there are adequate resources to continue in operation for the foreseeable future and that it is appropriate to continue to adopt the going concern basis of accounting in preparing this annual report and financial statements.

Plans for the future periods

The vision for the next four years (as for the first year of the strategy) is to be the charity of choice for supporters, staff and partners who care about transforming young people's lives. 2016/17 is the second year of this ambitious five-year strategy for the charity, and we aim to raise a further £97.6 million towards a £500 million five-year target despite the very challenging fundraising environment, with more scrutiny of charities, increased regulation and, consequently, higher fundraising costs.

To ensure the funds raised go to the highest impact projects, the charity is working with the hospital to review and reconfirm its funding priorities going forward, including discussions on Phase 4 of the hospital's redevelopment programme. The implications this has for the various funding sources is central to this.

At the year end, the charity held £221 million in its long term and short term investment portfolios and £12 million in cash giving a total of £233 million in available resources. In excess of £215 million of these available resources will be utilised by current plans, including existing grant commitments (£84 million, of which £50 million relates to the completion of the Premier Inn Clinical Building), the Zayed Centre for Research (£78 million), parent accommodation (£18 million), research (£36 million) in addition to ongoing medical equipment and patient, family and staff support projects leaving circa £18 million plus new funds raised to contribute to possible future projects, including phase 4.

Specific activities for 2016/17 will include the following:

- We will continue to progress construction of the Premier Inn Clinical Building – to complete the Mittal Children's Medical Centre – and the Zayed Centre for Research. These projects are budgeted to need over £60 million of cash payments in the year.
- Purchasing new parent accommodation, plus conversion to parent accommodation of buildings acquired in April 2016 with an anticipated cost of circa £17 million.
- We will allocate the next phase of grants under our new research strategy and plan to commit £12 million in this current year to new projects in our six focus areas of research.
- We will confirm proposals to support the hospital to implement world-leading capabilities to use technology to record, analyse and use patient data, which will improve diagnosis, care and the development of personalised medicine.
- In respect of patient, family and staff support projects, we will spend more than £5 million to maintain and develop new projects that provide vital support to patients and families and help attract and retain the very best hospital staff.
- In medical equipment and related capital schemes, we are planning to make available at least £7 million to help the hospital secure the latest advances in technology and equipment and related facilities to support them.
- We will continue to monitor, evaluate and invest in our controls and governance procedures to ensure that we warrant and maintain the trust of our donors, supporters and regulators.

A new people strategy will be developed during the year. It will focus on us becoming the charity employer of choice, ensuring we are attracting, developing, retaining and motivating our staff and volunteers.

We have also seen continued progress across a number of underpinning governance and operational systems and processes in the past few years, and we will continue to look at how we can make further improvements. In particular, within the charity's own administration systems, the new CRM will continue to be developed throughout 2016/17 to replace our existing system and significantly improve the charity's efficiency and ability to provide support to our donors and comply with regulatory requirements. Implementation is planned for the 2017/18 financial year.



One-year-old Freya
on Badger Ward

Trustees' annual report

Structure, governance and management

Structure, governance and management

The Trustees confirm that the financial statements comply with the Companies Act 2006, Charities Act 2011, the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2015) ("SORP"), applicable accounting standards and the provisions of the Memorandum and Articles of Association for both the charity and its subsidiaries.

Legal structure and governing document

For many years, Great Ormond Street Hospital Children's Charity (charity number 235825) operated as an unincorporated charitable trust. However, the Special Trustees of Great Ormond Street Hospital Children's Charity took the opportunity offered by what is now Part 12 of the Charities Act 2011 to incorporate the body of Trustees of that charity under the name 'The Trustees of Great Ormond Street Hospital Children's Charity'. This incorporated body held all the assets and contracts of the charitable trust and shares in its wholly owned subsidiary Great Ormond Street International Promotions Ltd (GOSIPL).

A new charity was incorporated on 3 December 2014, Great Ormond Street Hospital Children's Charity (charity number 1160024), which is a Company Limited by Guarantee (company number 09338724), and, with effect from 1 April 2015, this new entity was appointed as the sole corporate Special Trustee of the original charity by the Department of Health. Immediately thereafter, the Charity Commission made an order under section 263 of the Charities Act 2011, which had the effect of vesting almost all of the property, rights and obligations of the incorporated body of Trustees in the new charity ('the charity').

The legal ownership having vested, most of the assets of the original charity were released from the existing trust so that the charity owns them absolutely. The only assets that were excluded are the statutory rights to royalties for Peter Pan in the UK, related contracts regarding Peter Pan and one property. The original charity had to remain until Parliament had amended the legislation that afforded the charity the right to royalties for Peter Pan. Now the Act has been amended, the rights will transfer to the new charity in

2016/17. We will transfer the remaining assets of the original charity in due course and then dissolve it.

In the meantime, the Charity Commission has made a linking direction such that, for accounting purposes, both charity numbers 1160024 (the charity) and 235825 (the original charity) are treated as one charity and merger accounting provisions have been applied.

This change in legal structure had the effect of improving our governance arrangements but has not changed our charitable objects or day-to-day operations.

Trustees' appointment

The volunteer Board of Trustees currently consists of a Chairman and six Trustees (there having been seven throughout 2015/16), chosen for their relevant and individual skills and experience. Trustees are appointed for a fixed term not exceeding four years. On retirement, they can be reappointed, but no Trustee may remain on the Board for more than nine years. Up to six further Associate Trustees are appointed as volunteers to work with the Trustees on the Board committees to increase the expertise available.

A tailored induction programme is provided for Trustees on appointment. The Trustees set annual objectives for the Board and Chief Executive that are reviewed during the year and formally at the year end. Trustees, applying their own expertise, share information on relevant changes in legislation and best practice when required.

Responsibilities

The Board of Trustees meets at least seven times per year and is responsible for providing governance for, and leadership to, the charity. It agrees strategic plans for fundraising and other operations, and approves the allocation of charitable expenditure.

A sub-group of the Trustees meets as the Finance and Audit Committee, which:

- Agrees both external and internal audit plans and reports.
- Monitors compliance with all governance and accounting policies.



- Monitors and reviews the integrity of the charity's financial statements and financial reporting (recommending the annual financial statements to the Board of Trustees for approval).
- Reviews risk management systems and fundraising activities, including third-party organisations, key HR policies and the annual pay award proposals.

The charity has three other regular sub-committees – the Investment Committee (which is overseen by the Finance and Audit Committee), the Property and Development Committee and the Grants Committee. All committees report to the full Board and each one meets at least three times per year.

The Trustees appoint a Chief Executive, who is responsible for ensuring that their policies and strategies are followed and for ensuring the operational management of the charity. Trustees meet with the Executive Directors outside of Board Meetings to review and discuss ongoing critical and strategic issues.

In addition to reviewing its own performance on a regular basis, the Board of Trustees formally reviewed the performance of the various sub-committees and the Chairman. At the year end, an external review of the effectiveness of the Board, sub-committees and Chairman was being conducted. The Board and sub-committees now have specific plans to address the conclusions of the review.

Related parties and subsidiary companies

Much of the research undertaken is in partnership with the ICH (see note 5 to the financial statements).

Great Ormond Street Hospital Children's Charity (1852) is the original charity which has remained to receive Peter Pan royalties and hold certain other assets.

GOSIPL is a wholly owned subsidiary of the charity. It is responsible for all commercial activities of the group, namely licensing, sales promotions and mail order. All surplus funds earned are donated, under Gift Aid, to the charity. GOSIPL has its own Board of Directors, responsible for all governance issues. Financial details for GOSIPL are stated in note 1.3 of the group financial statements. Audited financial statements for GOSIPL are filed with the Registrar of Companies.

In October 2012, the Friends of the Children of Great Ormond Street ('the Friends') charity merged with Great Ormond Street Hospital Children's Charity. The Trustees of the charity have assumed responsibility to use the funds of the Friends, and any subsequent donations received, for the benefit of the hospital in accordance with the former Friends' Trustees' wishes (see note 1.4 of the financial statements).

Transactions with other related parties are disclosed in note 24 of the financial statements.

Three-year-old James
on Lion Ward



Trustees' annual report

Structure, governance and management

Remuneration

The charity's aim is to be a top employer in the charity sector, in order to deliver the best results possible for our beneficiaries: to attract and retain great people who want to work here, knowing that we have fair and transparent reward systems and where exceptional performance is rewarded and recognised. We ensure that our salaries remain competitive in the labour market by conducting pay reviews, paying individuals in line with normal industry practice and standards, and benchmarking salaries. We recognise individual performance and reward employees for this through the annual performance review.

Annual remuneration awards are guided by detailed benchmarking exercises within the not-for-profit sector, with reference to CPI/RPI and reward trends, and following consideration of the overall financial performance of the charity. All charity staff salaries, including that of senior management, are reviewed through the same process.

The Finance and Audit Committee considers the remuneration policy and awards on an annual basis and makes recommendations to the Trustees.

Public benefit

The Trustees confirm that they have paid due regard to the Charity Commission's general guidance on public benefit.

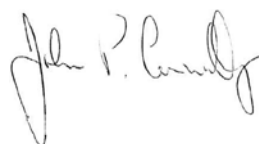
The charity exists to benefit the patients and families of GOSH. Our grants are structured to ensure that the money raised is used to best effect to support the hospital's work and is in line with donors' wishes and the charity's mission and objectives.

The charity does not provide facilities directly to the public but provides them to the hospital and, in so doing, to the patients of the hospital. For example, thanks to our supporters, the charity is able to provide accommodation in Weston House on Great Ormond Street for patients and parents to use when visiting the hospital for treatments or tests that require an overnight stay, but do not require that stay to be on an acute hospital ward.

Grants made to the hospital provide a benefit to any patient requiring the services of the hospital, and these services are available to all who are entitled to NHS treatment based on need.

Reference and administrative details

The administrative details of the charity are stated on page 72.



John Connolly

Chair of Trustees

Great Ormond Street Hospital Children's Charity

Trustees' annual report

Statement of trustees' responsibilities

Statement of trustees' responsibilities

The Trustees (who are also directors of Great Ormond Street Hospital Children's Charity for the purposes of company law) are responsible for preparing the Trustees' annual report (including the strategic report) and the financial statements, in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have prepared the financial statements in accordance with FRS 102 – the Financial Reporting Standard – applicable in the UK and Republic of Ireland (UK 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 the affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgments 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.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, and to disclose with reasonable accuracy at any time the financial position of the charitable company and the group, and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) So far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware.
- (b) The Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.



Laura, age eight

Independent auditors' report to the Trustees of Great Ormond Street Hospital Children's Charity

Report on the financial statements

Our opinion

In our opinion, Great Ormond Street Hospital Children's Charity's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cash flows 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and charity balance sheets as at 31 March 2016;
- the consolidated statement of financial activities (incorporating an Income and Expenditure Account) for the year then ended;
- the consolidated information on cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

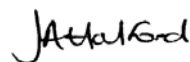
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

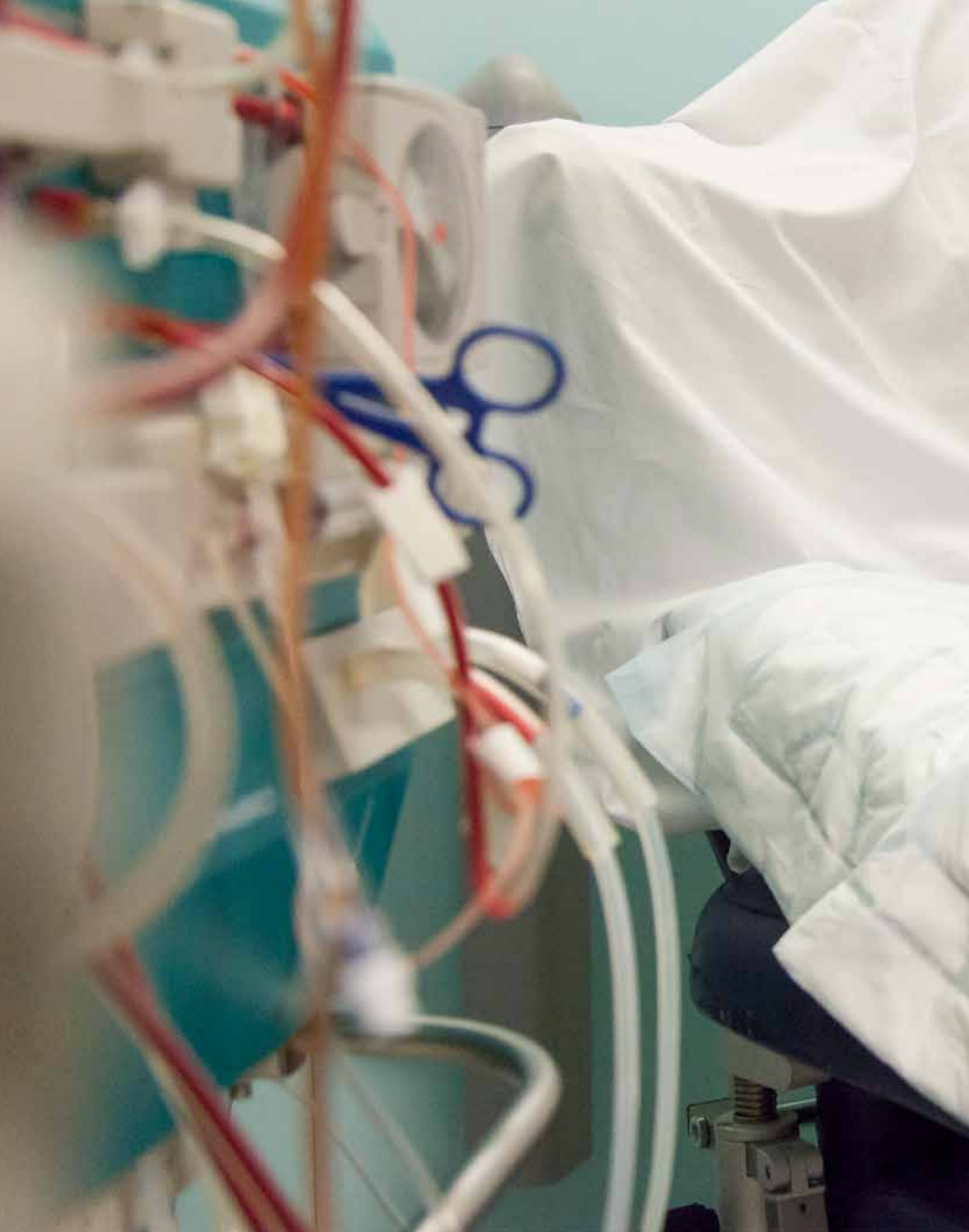
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



Jill Halford (Senior Statutory Auditor)
for and on behalf of **PricewaterhouseCoopers LLP**
Chartered Accountants and Statutory Auditors
London
21 July 2016

- (a) The maintenance and integrity of the Great Ormond Street Hospital Children's Charity website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.





Eight-year-old Abdal
on Eagle Ward

Great Ormond Street Hospital Children's Charity
Consolidated statement of financial activities for the period ended 31 March 2016
(Incorporating an Income and Expenditure Account)

| | | Unrestricted funds | Restricted and endowment funds | Total at 31 March 2016 | Unrestricted funds | Restricted and endowment funds | Total at 31 March 2015 |
|--|----------------|--------------------|--------------------------------|------------------------|--------------------|--------------------------------|------------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| | Note | | | | Restated | Restated | Restated |
| Income and endowments from: | | | | | | | |
| Donations and legacies | 2.1 | 44,831 | 35,582 | 80,413 | 38,677 | 32,068 | 70,745 |
| Other trading activities | 2.2 | 2,289 | 1,732 | 4,021 | 2,164 | 3,602 | 5,766 |
| Investments | 2.3 | 2,605 | 33 | 2,638 | 2,254 | 62 | 2,316 |
| Charitable activities | 2.4 | 1,596 | 5,109 | 6,705 | 1,593 | 637 | 2,230 |
| Total | | 51,321 | 42,456 | 93,777 | 44,688 | 36,369 | 81,057 |
| Expenditure on: | | | | | | | |
| Raising funds | 3.1 | 24,301 | - | 24,301 | 20,429 | - | 20,429 |
| Charitable activities | 3.2 | 4,603 | 22,479 | 27,082 | 4,151 | 14,194 | 18,345 |
| Total | | 28,904 | 22,479 | 51,383 | 24,580 | 14,194 | 38,774 |
| Net income before (losses)/gains on investments | | | | | | | |
| | | 22,417 | 19,977 | 42,394 | 20,108 | 22,175 | 42,283 |
| Net (losses)/gains on investments | | (2,797) | - | (2,797) | 2,238 | - | 2,238 |
| Net income | | 19,620 | 19,977 | 39,597 | 22,346 | 22,175 | 44,521 |
| Transfers between funds | 19.1/19.2/19.3 | 18,131 | (18,131) | - | 3,914 | (3,914) | - |
| Net movement in funds | | 37,751 | 1,846 | 39,597 | 26,260 | 18,261 | 44,521 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward 1 April | | 252,365 | 1,048 | 253,413 | 226,105 | (17,213) | 208,892 |
| Total funds carried forward 31 March | | 290,116 | 2,894 | 293,010 | 252,365 | 1,048 | 253,413 |

Notes 1 to 25 form part of these financial statements.
All income relates to continuing activities.

Great Ormond Street Hospital Children's Charity

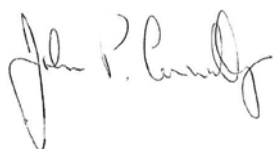
Balance sheets

As at 31 March 2016

| | | Consolidated | | Charity | |
|---|-----------|-----------------------------------|---|-----------------------------------|--|
| | | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated For reference |
| Note | | | | | |
| Fixed assets | | | | | |
| Intangible assets | 8 | 1,476 | 805 | 1,476 | 805 |
| Tangible assets | 9 | 138,223 | 133,922 | 138,223 | 133,922 |
| Investments | 10 | 82,006 | 83,499 | 82,006 | 83,499 |
| Total fixed assets | | 221,705 | 218,226 | 221,705 | 218,226 |
| Current assets | | | | | |
| Inventories | 11 | 56 | 57 | - | - |
| Investments | 12 | 140,471 | 134,127 | 140,471 | 134,127 |
| Debtors | 13 | 6,997 | 9,371 | 6,816 | 9,360 |
| Cash | | 11,610 | 871 | 11,570 | 808 |
| Total current assets | | 159,134 | 144,426 | 158,857 | 144,295 |
| Creditors: amounts falling due within one year | 14 | 61,307 | 52,862 | 61,054 | 52,756 |
| Net current assets | | 97,827 | 91,564 | 97,803 | 91,539 |
| Total assets less current liabilities | | 319,532 | 309,790 | 319,508 | 309,765 |
| Creditors: amounts falling due after more than one year | 15 | 26,522 | 56,377 | 26,522 | 56,377 |
| Total net assets | | 293,010 | 253,413 | 292,986 | 253,388 |
| The funds of the charity | | | | | |
| Restricted and endowment funds | 19.1/19.2 | 2,894 | 1,048 | 2,894 | 1,048 |
| Unrestricted income funds: | | | | | |
| General | 19.3 | 20,329 | 48,418 | 20,305 | 48,393 |
| Designated | 19.3 | 269,787 | 203,947 | 269,787 | 203,947 |
| Total charity funds | | 293,010 | 253,413 | 292,986 | 253,388 |

For reference: the comparatives in the charity balance sheet relate to the old unincorporated charitable trust, as opposed to the new incorporated company limited by guarantee. This is to ensure clarity and continuity for the users of the financial statements. More details on this change in structure are included in note 1.1.

The financial statements on pages 1 to 72 were approved by the Board of Trustees on 21 July 2016 and signed on its behalf by



John Connolly
Chair

Great Ormond Street Hospital Children's Charity
Consolidated information on cashflow
For the period ended 31 March 2016

| | | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|---|-------------|--|-----------------------------------|
| | Note | | |
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | 20.1 | 21,889 | 14,673 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 2,638 | 2,316 |
| Purchase of property, plant and equipment | 9 | (5,261) | (1,965) |
| Purchase of intangible fixed assets | 8 | (879) | (566) |
| Proceeds from sale of investments | 10 | 8,711 | 40,689 |
| Realised (loss)/gain on investments | | (609) | 1,187 |
| Foreign exchange (loss)/gain | | (3) | 8 |
| Movement in cash held as investments | 10 | 624 | (141) |
| Purchase of investments | 10 | (9,107) | (41,590) |
| Interest on investments | 10 | (920) | (1,274) |
| Net cash used in investing activities | | (4,806) | (1,336) |
| Change in cash and cash equivalents in the reporting period | | 17,083 | 13,337 |
| Cash and cash equivalents at the beginning of the reporting period | 20.2 | 134,998 | 121,661 |
| Cash and cash equivalents at the end of the reporting period | | 152,081 | 134,998 |

| | | Total 2016 £000 | Total 2015 £000 |
|---|-------------|----------------------------|--------------------|
| | Note | | |
| Analysis of cash and cash equivalents: | | | |
| Cash in hand | | 11,610 | 871 |
| Notice deposits – current asset investments | 12 | 140,471 | 134,127 |
| Cash and cash equivalents at the end of the reporting period | 20.2 | 152,081 | 134,998 |

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1. Subsidiaries and accounting policies

1.1 Change in legal structure

For many years, Great Ormond Street Hospital Children's Charity (charity number 235825) (now known as Great Ormond Street Hospital Children's Charity (1852)) operated as an unincorporated charitable trust. However, the Special Trustees of Great Ormond Street Hospital Children's Charity took the opportunity offered by what is now Part 12 of the Charities Act 2011 to incorporate the body of Trustees of that charity under the name 'The Trustees of Great Ormond Street Hospital Children's Charity'. This incorporated body held all the assets and contracts of the charitable trust and shares in its wholly owned subsidiary Great Ormond Street International Promotions Ltd.

A new charity was incorporated on 3 December 2014, Great Ormond Street Hospital Children's Charity (charity number 1160024), which is a Company Limited by Guarantee (company number 09338724), and, with effect from 1 April 2015, this new entity was appointed as the sole corporate Special Trustee of the original charity by the Department of Health. Immediately thereafter, the Charity Commission made an order under section 263 of the Charities Act 2011, which had the effect of vesting almost all of the property, rights and obligations of the incorporated body of Trustees in the new charity (the charity).

The legal ownership having been vested, most of the assets of the original charity were released from the existing trust so that the charity owns them absolutely. The only assets that were

excluded are the statutory rights to royalties for Peter Pan in the UK, related contracts regarding Peter Pan, certain legacies and one property. The original charity had to remain until Parliament had amended the legislation that afforded the charity the right to royalties for Peter Pan. Now the Act has been amended, the rights have transferred across to the new charity. The remaining assets of the original charity will be transferred in due course and the charity dissolved.

In the meantime, the Charity Commission has made a linking direction such that for accounting purposes, both charity number 1160024 ('the charity') and 235825 ('the original charity') are treated as one charity and merger accounting provisions have been applied.

This change in legal structure had the effect of improving our governance arrangements but has not changed our charitable objects or day-to-day operations.

The comparatives included in the charity section of the balance sheet relate to Great Ormond Street Hospital Children's Charity (1852), whereas the figures for 2015/16 and at 31 March 2016 relate to the structure under the new incorporated charity. The comparatives have been included in this way for clarity and comparability within the accounts.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.2 Great Ormond Street Hospital Children's Charity (1852) (charity number 235825)

Income and expenditure relate to legacies left specifically to the charity number 235825, Peter Pan donations and sundry costs and income and expenditure in relation to a leasehold property. All funds brought forward from 31 March 2015 were transferred to Great Ormond Street Hospital Children's Charity (charity number 1160024) on 1 April 2015, excluding the value of the leasehold property.

| | Total 2016 £000 | Total 2015 £000 |
|---|--------------------|--------------------|
| Income and endowments from: | | |
| Donations and legacies | 17,204 | 70,739 |
| Other trading activities | - | 5,058 |
| Investment income | - | 2,316 |
| Charitable activities | 11 | 2,230 |
| Total | 17,215 | 80,343 |
| Expenditure on: | | |
| Raising funds | 2 | 13,761 |
| Charitable activities | 11 | 24,299 |
| Total | 13 | 38,060 |
| Net gains on investments | - | 2,238 |
| Net income and net movement in funds | 17,202 | 44,521 |
| Total funds brought forward 1 April 2015 | 600 | 208,866 |
| Transfer to Great Ormond Street Hospital Children's Charity | 17,208 | - |
| Fund balance carried forward at 31 March 2016 | 594 | 253,387 |

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.2 Great Ormond Street Hospital Children's Charity (1852) (charity number 235825) (continued)

| Balance sheet as at 31 March 2016 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|---|--|--|
| Fixed assets | | |
| Intangible assets | - | 805 |
| Property, plant and equipment | 594 | 133,923 |
| Investments | - | 83,455 |
| Total fixed assets | 594 | 218,183 |
| Current assets | | |
| Investments | - | 134,127 |
| Debtors | 789 | 9,358 |
| Cash | - | 852 |
| Total current assets | 789 | 144,337 |
| Creditors: amounts falling due within one year | 789 | 52,756 |
| Net current assets | - | 91,581 |
| Total assets less current liabilities | - | 309,764 |
| Creditors: amounts falling due after more than one year | - | 56,377 |
| Total net assets | 594 | 253,387 |
| The funds of the charity | 594 | 253,387 |

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.3 Great Ormond Street International Promotions Limited

The charity has a wholly owned trading subsidiary, Great Ormond Street International Promotions Limited (GOSIPL), with paid-up share capital of £2. GOSIPL is incorporated in the UK. The principal activities of the company are commercial activities, namely licensing, sales, promotions and online orders. A summary of its trading results and net assets is shown below. These results are included in the group consolidation. Audited financial statements are filed with the Registrar of Companies.

| Profit and loss account for the year ended 31 March 2016 | Total 2016 | Total 2015 |
|---|-------------------|-------------|
| | £000 | £000 |
| Turnover | 1,785 | 1,730 |
| Cost of sales | (579) | (580) |
| Gross profit | 1,206 | 1,150 |
| Administrative expenses | (378) | (318) |
| Operating profit | 828 | 832 |
| Interest receivable and similar income | 1 | 1 |
| Profit on ordinary activities before taxation | 829 | 833 |
| Taxation | - | - |
| Profit for the financial year | 829 | 833 |
| Distribution | 829 | 833 |
| Net movement in funds | - | - |

| Balance sheet as at 31 March 2016 | Total at 31 | Total at 31 |
|--|--------------------|-------------|
| | March 2016 | March 2015 |
| | £000 | £000 |
| Inventories | 56 | 57 |
| Debtors | 514 | 758 |
| Cash | 34 | 36 |
| Current liabilities | (579) | (826) |
| Net assets | 25 | 25 |
| Profit and loss account | 25 | 25 |
| Share capital and reserves | 25 | 25 |

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.4 The Friends of the Children of Great Ormond Street

The charity is the sole member of The Friends of the Children of Great Ormond Street ('the Friends') company. The principal activity for the Friends is to provide grants to key areas of the hospital such as family support and children's play services.

| | Total 2016 £000 | Total 2015 £000 |
|--|--------------------|--------------------|
| Income and endowments from: | | |
| Donations and legacies | 519 | 786 |
| Income from investments | - | - |
| Total | 519 | 786 |
| Expenditure on: | | |
| Expenditure on charitable activities | 519 | 786 |
| Total | 519 | 786 |
| Net income/(expenditure) | - | - |
| Fund balance carried forward at 31 March 2016 | - | - |

| Balance sheet as at 31 March 2016 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|--|--|--|
| Debtors | 5 | 33 |
| Bank and cash in hand | 6 | 26 |
| Current liabilities | (11) | (59) |
| Net assets | - | - |
| Reserves | - | - |

The Directors of the Friends intend to dissolve the company during the 2016/17 financial year at which time all of the net assets will be transferred to Great Ormond Street Hospital Children's Charity and the merger will be registered at Companies House.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.5 Accounting policies

The following accounting policies have been applied consistently for all years in dealing with items that are considered material in relation to the financial statements of the charity and its subsidiaries.

1.5.1 Changes in accounting policies

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies that reconcile net income for the financial year ended 31 March 2015 and the total funds as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

| Reconciliation of funds: | Unrestricted £000 | Restricted £000 | Total £000 |
|---|----------------------|--------------------|----------------|
| Total funds carried forward at 31 March 2015 under UK GAAP | 252,991 | 1,023 | 254,014 |
| (a) Accrual for the recognition of income at 1 April 2014 | 239 | - | 239 |
| (a) Movement in the accrual for the recognition of income | 50 | 25 | 75 |
| (b) Depreciation on buildings in the year | (811) | - | (811) |
| (c) Accrual for annual leave owing at the year end | (104) | - | (104) |
| Total restated funds carried forward 31 March 2015 under SORP 2015 (FRS 102) | 252,365 | 1,048 | 253,413 |

- (a) Under previous UK GAAP, income was recognised when there was entitlement, income could be reliably measured and the receipt of the income was virtually certain. Under FRS 102, this has changed to entitlement, income could be reliably measured and the receipt of the income is probable. As a result, this has led to the recognition of an additional £239,000 of legacy income at the date of transition and £75,000 additional income in the year ended 31 March 2015.
- (b) Under previous UK GAAP the company had a policy of not depreciating buildings. However, under FRS 102, the accounting policy has been altered to depreciate these buildings over the estimated course of their useful lives. This has resulted in depreciation of £811,00 being charged in the year ended 31 March 2015, representing depreciation from the revaluation date of 31 March 2014 to 31 March 2015.
- (c) FRS 102 requires short-term employee benefits to be charged to the Statement of Financial Activities (SOFA) as the employee service is received. This has resulted in the charity recognising a liability for holiday pay accruals of £104,000 in the year ended 31 March 2015. No figures were available for the date of transition and, as a result, the movement under FRS 102 has been captured in the year ended 31 March 2015 only.
- (d) Other adjustments:
- (i) The charity's cash flow statement reflects the new presentation requirements of FRS 102, which are different to that prepared under UK GAAP. In addition, the cash flow statement reconciles cash and cash equivalents, whereas under previous UK GAAP, the cash flow statement reconciled to cash only.
- (ii) Under previous UK GAAP operating lease incentives, including rent-free periods, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives be spread over the lease period. The charity has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP. The difference between the two treatments is not material. Accordingly, the FRS 102 accounting policy has been applied to new operating leases entered into since 1 April 2014. This has had no effect on reserves at either the date of transition or the movement in funds for the year ended 31 March 2015.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.5.2 Company information

Great Ormond Street Hospital Children's Charity (charity number 1160024) and its subsidiaries operate with the objective of raising money to further such charitable purposes as:

- (a) The hospital services (including research) of Great Ormond Street Hospital, or
- (b) Any other part of the health service associated with Great Ormond Street Hospital as the Trustees think fit, provided that such support is not of a kind that would ordinarily be given by the statutory authorities.

The charity is a company limited by guarantee and is incorporated in England. The address of its registered office is 40 Bernard Street, London WC1N 1LE.

1.5.3 Basis of preparation

These consolidated and separate financial statements have been prepared on a going concern basis as a public benefit charity, under the historic cost convention, as modified for the revaluation of certain investments and properties measured at fair value, and in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, published in 2015, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities Act 2011 and the Companies Act 2006.

No separate Statement of Financial Activities (SOFA) has been presented for the charity alone, as permitted by section 408 of the Companies Act.

Total incoming resources for the charity before consolidation were £93,038,000 (2014/15: £80,343,000) with total resources expended of £53,440,000 (2014/15: £35,822,000). Net income for the year was £39,599,000 (2014/15: £44,521,000).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and charity accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.5.6.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the charity's Trustees.

The charity has taken advantage of the following exemptions:

- i) From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the charity's cash flows.
- ii) From the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

1.5.4 Going concern

The charity meets its day-to-day working capital requirements through its bank facilities. The charity's forecasts and projections, taking account of possible changes in performance, show that the charity should be able to operate within the level of its current facilities. The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

As described above and in the Trustees' annual report, following consideration of the change in legal structure, which took place on 1 April 2015 (see page 30), and the Trustees' assessment of going concern (see page 28), the Trustees continue to adopt the going concern basis in preparing the financial statements.

1.5.5 Basis of consolidation

The consolidated financial statements of the charity incorporate the financial statements of the Company Limited by Guarantee and its fully owned subsidiary undertakings, Great Ormond Street Hospital Children's Charity (1852) (charity number 235825), Great Ormond Street International Promotions Limited (GOSIPL) and The Friends of Great Ormond Street (The Friends). Intercompany transactions and balances between charity companies are eliminated. Consistent accounting policies have been adopted across the charity.

1.5.6 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

1.5.6 Critical accounting judgements and estimation uncertainty (continued)

Key accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of intangible assets and goodwill (note 8)

The charity considers whether intangible assets are impaired annually. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the software. This requires estimation of the future economic benefits from the software and also selection of appropriate discount rates in order to calculate the net present value of those economic benefits.

(ii) Provisions (note 21)

Provisions are made for future obligations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iii) Recognition of legacy income

Legacy income is recognised when three criteria are met: entitlement is established, receipt of the income is probable, and it can be reliably measured.

- Entitlement is established when we receive notification of an interest in an estate.
- Income receipt is probable when the statement of the estate's assets and liabilities is received.
- Measurement criteria is considered met once the final estate accounts are received.

Only when these criteria have been met is income from legacies recognised in the financial statements.

(iv) Impairment of property (note 9)

The charity undertakes an impairment review of property in the years where there is no professional valuation carried out. Where an indication of impairment is identified, an estimation

of the recoverable value of the property is required. This requires estimation of the future economic benefits from the property and also selection of appropriate discount rates in order to calculate the net present value of those economic benefits.

1.5.7 Income and endowments

Income from non-exchange transactions are donations of money, goods, facilities or services that are given freely to the charity by a donor. All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, the amount can be quantified with reasonable accuracy, and the receipt of the income is probable. The following specific policies apply to categories of income:

a) Donations and legacies

(i) Donation in kind, except donated goods

In all cases, the amount at which donations in kind are recognised is either fair value or the cost to the donor or the amount actually realised.

- Assets given for distribution by the charity are included in the SOFA only when distributed.
- Assets given for use by the charity are included in the SOFA as incoming resources when receivable.
- Gifts made in kind but on trust for conversion into cash and subsequent application by the charity are included in the accounting period in which the gift is sold.
- During the year, there were 1,791 general volunteers.

(ii) Legacies

Legacies are accounted for as incoming resources when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. This is in line with the requirements under FRS 102 and SORP 2015.

(iii) Income from fundraising activities

General donations and Gift Aid are recognised on receipt and accrued for respectively. Ticket, auction and sponsorship income from fundraising events are disclosed under other trading activities and recognised when receivable.

b) Other trading activities

Income from the charity's trading subsidiary is disclosed under other trading activities. This income is recognised on sale of

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goods when dispatched, on royalty and licence income for contractual periods ending in the financial year, for challenge events in line with when these take place, and for commercial sponsorship when recognised.

c) Grants and other time-related income

Where grants are related to performance and specific deliverables, these are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors.

d) Investment income

Investment income is recognised when receivable and allocated to restricted funds, where applicable, based on the average balance of investments held through the year.

1.6 Other expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds', 'expenditure on charitable activities' and 'other expenditure'. The expenditure on raising funds comprises the costs incurred in generating donations and legacy income, including apportioned support costs. Expenditure on charitable activities comprises the costs incurred on delivering charitable activities, including apportioned support costs.

Full provision is made within the financial statements for grant expenditure at the point when an unconditional commitment is made, and the liability can be quantified with reasonable certainty.

Support costs, which include the central functions of Finance, Technology, Human Resources, Administration, Business Support, Governance, Supporter Services, Brand Marketing and Communications are allocated across the categories of expenditure of raising funds, expenditure on charitable activities and other expenditure. The basis of the cost allocation is set out in note 4.

1.7 Funds structure

Incoming resources and resources expended are allocated to particular funds according to their purpose.

a) Permanent endowment funds

Funds where the capital is held to generate income for charitable purposes and cannot be spent are accounted for as permanent endowment funds.

b) Restricted funds

Restricted funds include income that is subject to specific restrictions imposed by donors.

c) Unrestricted funds

The unrestricted fund includes income received without restriction, including the retained profits of the trading subsidiary. Unrestricted funds are available for use at the discretion of the Trustees to further the general objectives of the charity. The Trustees may earmark unrestricted funds for a particular purpose without restricting or committing the funds legally. Such amounts are known as designated funds.

Transfers between funds may arise where there is an authorised release of restricted or endowed funds, or when charges are made from unrestricted to other funds. Details of the transfers made in the year are included in note 19.

1.8 Intangible fixed assets

a) Capitalisation

Intangible assets (software) that are capable of being used for more than one year, and have a cost equal to or greater than £5,000, are capitalised. Software is included in the financial statements at purchase cost or at total cost of development if designed and built internally.

b) Valuation

Software is valued at cost less accumulated amortisation and accumulated impairment losses.

c) Amortisation

Software is amortised, using the straight-line method, to allocate the depreciable amount of the assets to their residual value over the specific period of the purchased licence, if applicable, or alternatively over three years to reflect its relatively short life cycle and constant advances in information technology. Amortisation is allocated to Support Costs in the SOFA. The assets are reviewed for impairment annually if the above factors indicate the carrying amount may be impaired.

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1.9 Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling, and restoration costs.

All assets falling into the following categories are capitalised:

- i) Tangible assets that are capable of being used for more than one year and have a cost equal to or greater than £5,000. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.
- ii) Groups of tangible fixed assets that are interdependent or would normally be provided or replaced as a group, with a total value in excess of £5,000 and an individual value of £250 or more (except for computer equipment where only assets with a value of £1,000 or more are capitalised).
- iii) Assets under construction comprise expenditure on the purchase and creation or enhancement of fixed assets not brought into use at the Balance Sheet date. Transfers are made from the asset under construction to the relevant category of fixed asset in the year the asset is brought in use.
- a) Land and buildings
Land and buildings are stated at either open market value for their existing use or at depreciated replacement cost. Depreciated replacement cost is deferred where appropriate to recognise the presence of leases on the property (see note 9). Valuations are carried out professionally at five-yearly intervals, with an impairment review undertaken in all other years. A full revaluation was carried out at 31 March 2014 by Cluttons LLP.
- b) Fixtures, fittings, vehicles and equipment
Fixtures, fittings, vehicles and equipment are valued at depreciated historical cost.
- c) Assets under construction
Assets under construction are stated at cost. These assets are not depreciated until they are available for use.
- d) Depreciation
Depreciation is charged on each main class of tangible asset, from the date of use, as follows: land is not depreciated,

buildings, fixtures and fittings, office equipment, vehicles and IT equipment are depreciated over the assessed remaining life of the asset.

Each asset is depreciated over its expected useful life.

| | |
|-----------------------|--------------|
| Buildings | 50–100 years |
| Fixtures and fittings | 15 years |
| Office equipment | 10 years |
| Vehicles | 10 years |
| IT equipment | three years |

- e) Donated assets
Donated assets are capitalised at their valuation on a full replacement cost basis on receipt and are depreciated as described above.
- f) Subsequent additions
Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the charity and the cost can be measured reliably.
Repairs, maintenance and minor inspection costs are expensed as incurred.
- g) Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the SOFA.

1.10 Financial instruments

The charity has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

Financial assets

Fixed and current asset investments consist of long-term and short-term portfolios that are recognised as:

- i) Quoted stocks and shares are included in the balance sheet at market value.
- ii) Cash investments are held at cost plus accrued interest.
- iii) Assets for resale are held at fair value less costs of sale within current asset investments.

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iv) Investments in subsidiary undertakings are stated at cost.

All gains and losses are taken to the SOFA as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and the market value at the start of the year (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year end and market value at the start of the year (or date of purchase if later).

1.11 Inventories

Stocks consist of purchased goods for resale, which are valued at the lower of cost and the estimated selling price, less costs to complete and sell.

Provision is made for any obsolete or slow-moving items.

1.12 Employee benefits

The charity provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plan. Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Most employees are members of a defined contribution pension scheme. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid, the charity has no further payment obligations. Contributions are chargeable to the SOFA in the period to which they relate. The assets of the plan are held separately from the charity in independently administered funds.

The charity also participates in the NHS Pension Scheme, with two current employees and a number of former employees being covered by the provisions of that scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website atnhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable the charity to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Government Financial Reporting Manual (FRM) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary at the end of the reporting period. This uses an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2016 is based on the valuation data as at 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FRM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The scheme regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the scheme actuary and employee and employer representatives as deemed appropriate.

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1.12 Employee benefits (continued)

c) Scheme provisions

The NHS Pension Scheme provides defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the scheme or the specific conditions that must be met before these benefits can be obtained.

The scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th for the 1995 section and on the best of the last three years' pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the scheme regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008, members can choose to give up some of their annual pension for an additional tax-free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as 'pension commutation'.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the 12 months ending 30 September in the previous calendar year. From 2011/12, the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice the final year's pensionable pay for death in service, and five times their annual pension for death after retirement, is payable.

For early retirements (other than those due to ill health) the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Pension Scheme and contribute to money purchase Additional Voluntary Contributions (AVCs) run by the scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

1.13 Taxation

Great Ormond Street Hospital Children's Charity as a registered charity is exempt from income tax under part 10 of the Income Tax Act 2007 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes. No corporation tax charge has arisen in Great Ormond Street International Promotions Ltd, due to its policy of gifting all taxable profits to Great Ormond Street Hospital Children's Charity each year.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.14 Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the SOFA, to reduce the lease expense, on a straight-line basis over the period of the lease.

1.15 Related party transactions

On consolidation transactions, with related parties of a similar nature, are aggregated unless, in the opinion of the Trustees, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

1.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.17 Provisions and contingencies

(i) Provisions

Provisions are recognised when the charity has a present legal or constructive obligation as a result of past events. It is probable that an outflow of recourse will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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1.17 Provisions and contingencies (continued)

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an

outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the charity's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2. Income and endowments

| | Unrestricted funds £000 | Restricted funds £000 | Endowment funds £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
|---|-------------------------------|-----------------------------|----------------------------|-----------------------------------|---|
| Income and endowments from: | | | | | |
| 2.1 Donations and legacies | | | | | |
| Direct gifts from individuals and trusts | 18,821 | 23,285 | - | 42,106 | 31,067 |
| Legacies | 15,369 | 2,459 | - | 17,828 | 22,059 |
| Community fundraising | 7,193 | 3,185 | - | 10,378 | 10,153 |
| Partnerships, campaigns, events and other income | 3,448 | 6,653 | - | 10,101 | 7,466 |
| Total | 44,831 | 35,582 | - | 80,413 | 70,745 |
| 2.2 Other trading activities | | | | | |
| Auctions, tickets, sponsorship and other income | 907 | 1,389 | - | 2,296 | 4,035 |
| Fundraising trading | 1,382 | 343 | - | 1,725 | 1,731 |
| Total | 2,289 | 1,732 | - | 4,021 | 5,766 |
| 2.3 Investments | | | | | |
| Income from investments and fixed income portfolio | 927 | 30 | - | 957 | 1,283 |
| Income and receivables from short-term cash investments | 1,678 | - | 3 | 1,681 | 1,033 |
| Total | 2,605 | 30 | 3 | 2,638 | 2,316 |
| 2.4 Charitable activities | | | | | |
| Grants | - | 109 | - | 109 | 637 |
| Property | 1,596 | 5,000 | - | 6,596 | 1,593 |
| Total | 1,596 | 5,109 | - | 6,705 | 2,230 |
| Total income and endowments | 51,321 | 42,453 | 3 | 93,777 | 81,057 |

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3. Expenditure on:

3.1 Raising funds:

| | Direct costs £000 | Support costs £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
|--|-------------------------|--------------------------|-----------------------------------|---|
| Direct gifts from individuals and trusts | 10,408 | 3,245 | 13,653 | 11,250 |
| Legacies | 483 | 159 | 642 | 690 |
| Community fundraising | 2,086 | 2,065 | 4,151 | 3,599 |
| Partnerships, campaigns, events and other income | 2,989 | 1,908 | 4,897 | 4,037 |
| Trading | 728 | - | 728 | 700 |
| Investment management costs | 230 | - | 230 | 153 |
| Total | 16,924 | 7,377 | 24,301 | 20,429 |

3.2 Charitable activities:

| | Direct costs £000 | Support costs £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
|---------------------------------------|-------------------------|--------------------------|-----------------------------------|---|
| Welfare and clinical development | 6,009 | 629 | 6,638 | 6,472 |
| Research | 12,629 | 1,322 | 13,951 | 6,489 |
| Medical equipment and capital schemes | 3,747 | 392 | 4,139 | 3,683 |
| Redevelopment | 103 | 11 | 114 | (434) |
| Accommodation and other | 2,028 | 212 | 2,240 | 2,135 |
| Total | 24,516 | 2,566 | 27,082 | 18,345 |
| Total expenditure | 41,440 | 9,943 | 51,383 | 38,774 |

3.3 Expenditure includes charges for:

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|---|-----------------------------------|-----------------------------------|
| Lease rentals | 783 | 469 |
| Fees payable to the charity's auditors for the audit of the group annual financial statements | 47 | 39 |
| Depreciation (note 9) | 960 | 950 |
| Amortisation (note 8) | 208 | 61 |

Lease rentals includes the hire of photocopiers, franking machine, IT leases and rental costs for the use of 40 Bernard Street premises. Fees payable to the charity's auditors for the audit of the charity's consolidated financial statements of £47,000 (2014/15: £39,000) includes £12,480 (2014/15: £10,000) for the audit of the subsidiary undertakings.

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Notes to the financial statements

4. Support costs

| | Staff costs £000 | IT and comms £000 | Other £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
|---|------------------------|-------------------------|---------------|-----------------------------------|---|
| Cost of expenditure on raising funds | 3,844 | 873 | 2,660 | 7,377 | 5,968 |
| Welfare and clinical development | 328 | 74 | 227 | 629 | 805 |
| Research | 689 | 157 | 476 | 1,322 | 807 |
| Medical equipment and related capital schemes | 204 | 46 | 142 | 392 | 458 |
| Redevelopment | 6 | 1 | 4 | 11 | (54) |
| Patient, family and staff accommodation and other | 111 | 25 | 76 | 212 | 266 |
| Total | 5,182 | 1,176 | 3,585 | 9,943 | 8,250 |

Support costs include the costs of the following departments and activities: Governance, Finance, Technology, Human Resources, Administration, Office Running Costs, Business Support, Brand Marketing, Communications and Supporter Services. These are allocated pro-rata to the charitable activities.

5. Grant-funded activities

| | Aggregate amount awarded | |
|-------------------------------------|-----------------------------------|-----------------------------------|
| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
| Name of recipient: | | |
| Birkbeck University of London | 100 | 200 |
| The Brain Tumour Charity | 278 | 294 |
| GOSH | 13,441 | 9,531 |
| ICH | 9,338 | 4,587 |
| Imperial College London | 100 | - |
| Institute of Cardiovascular Science | - | 73 |
| King's College London | 133 | - |
| Multiple Providers | - | 4 |
| University of Newcastle-Upon-Tyne | 107 | - |
| University College London | 76 | - |
| UCL Institute of Women's Health | 296 | - |
| University of Manchester | - | 359 |
| University of Nottingham | 49 | - |
| Total (note 17) | 23,918 | 15,048 |

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6. Details of staff costs

| | Total at 31 March 2016 no. of staff | Total at 31 March 2015 no. of staff Restated |
|---|--|---|
| The average number of employees is split as follows: | | |
| Support | 24 | 23 |
| Fundraising | 154 | 143 |
| Charitable expenditure | 34 | 30 |
| Governance | 8 | 9 |
| Total | 220 | 205 |

6.1 Analysis of staff costs

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
|--------------------------------------|--|---|
| Salaries and wages | 7,883 | 7,380 |
| Social security costs | 846 | 783 |
| Pension costs | 657 | 692 |
| Other employee benefits | 48 | 40 |
| Total emoluments of employees | 9,434 | 8,895 |

Pension costs are split as follows:

| | | |
|-----------------------------|------------|-----|
| Defined contribution scheme | 640 | 673 |
| Final salary scheme | 17 | 19 |
| Total pension costs | 657 | 692 |

Outstanding contributions as at the period end were:

| | | |
|--|-----------|----|
| Defined contribution scheme | 74 | 71 |
| Final salary scheme | 1 | 1 |
| Total outstanding contributions | 75 | 72 |

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6. Details of staff costs (continued)

6.2 Senior employees

The following number of senior employees received emoluments falling within the following ranges:

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|-------------------|--|--|
| £60,000–£69,999 | 4 | 4 |
| £70,000–£79,999 | 6 | 5 |
| £80,000–£89,999 | 2 | 2 |
| £90,000–£99,999 | - | 1 |
| £100,000–£109,999 | - | 1 |
| £110,000–£119,999 | 3 | 2 |
| £140,000–£149,999 | 1 | 1 |

The Executive Directors are the key management personnel of the charity. Key management personnel emoluments, comprising wages and salaries, social security costs, pension contributions and other benefits:

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|---|--|--|
| Wages and salaries | 662 | 672 |
| Social security costs | 85 | 86 |
| Pension costs | 57 | 54 |
| Other employee benefits | 1 | 2 |
| Total emoluments of key management personnel | 805 | 814 |

7. Trustee remuneration

None of the Trustees received any remuneration from the charity or its subsidiaries during the current or previous financial period. No Trustees were reimbursed for expenses incurred whilst carrying out their responsibilities for the charity during the period (2014/15: none).

A Trustee indemnity insurance policy is held with Dual Corporate Risks Ltd, providing indemnity of £10 million. The cost of the policy in 2015/16 was £5,055 (2014/15: £7,000).

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8. Intangible assets

Charity and consolidated

| | IT software £000 |
|--|---------------------|
| Cost | |
| Balance as at 1 April 2015 (restated) | 1,274 |
| Additions | 879 |
| Balance at 31 March 2016 | 2,153 |
| Accumulated amortisation | |
| Balance as at 1 April 2015 (restated) | 469 |
| Charge for the year | 208 |
| Balance at 31 March 2016 | 677 |
| Net book value at 31 March 2016 | 1,476 |
| Net book value at 31 March 2015 | 805 |

Amortisation of intangible assets is allocated across support costs in the SOFA.

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9. Tangible assets

Charity and consolidated

| | Freehold/leasehold land and buildings £000 | Fixtures and fittings £000 | Office equipment £000 | Vehicles £000 | IT equipment £000 | Asset under construction £000 | Total £000 |
|---|--|----------------------------------|-----------------------------|------------------|-------------------------|-------------------------------------|----------------|
| Cost and valuation | | | | | | | |
| Balance at 1 April 2015 | 131,105 | 1,131 | 140 | 13 | 583 | 2,964 | 135,936 |
| Additions | 26 | 747 | - | - | 384 | 4,104 | 5,261 |
| Balance at 31 March 2016 | 131,131 | 1,878 | 140 | 13 | 967 | 7,068 | 141,197 |
| Accumulated depreciation | | | | | | | |
| Balance at 1 April 2015 (restated) | 811 | 503 | 120 | 11 | 569 | - | 2,014 |
| Charge for the year | 811 | 104 | 14 | 2 | 29 | - | 960 |
| Balance at 31 March 2016 | 1,622 | 607 | 134 | 13 | 598 | - | 2,974 |
| Net book value 31 March 2016 | 129,509 | 1,271 | 6 | - | 369 | 7,068 | 138,223 |
| Net book value 31 March 2015 (restated) | 130,294 | 628 | 20 | 2 | 14 | 2,964 | 133,922 |
| Historic cost less depreciation at 31 March 2016 | 79,799 | 1,271 | 6 | - | 369 | 7,068 | 88,513 |

The charity undertakes a full independent professional valuation of all properties every five years, with impairment reviews undertaken as necessary in accordance with the Statement of Recommended Practice 2005. A full valuation was performed at 31 March 2014 by Cluttons LLP, chartered surveyors, acting as independent valuers. As a result of this valuation, the value of properties held by the charity was increased by £18.5 million. As there was no indication during the year to 31 March 2016 that the recoverable amount of a property was below its net book value, no impairments were necessary. The net book value of properties includes two buildings valued at £26.2 million used by the hospital as clinical facilities. The most commonly used method for the valuation of specialised assets such as these is depreciated replacement cost. This is because transactions involving the sale of these types of assets are relatively infrequent and, therefore, estimating a market value is not considered feasible due to their specialist nature. Depreciated replacement cost is deemed to be an acceptable alternative to market value and is a methodology that is recognised by the International Valuation Standards Council. These two buildings are subject to leases between the charity and the hospital for unexpired terms of 20.5 years at peppercorn rentals and, therefore, the value of these properties under the depreciated replacement cost method is reduced by the fact that peppercorn leases are in place. However, this value would not be realisable on the open market in the event of disposal due to the specialist nature of the assets.

All residential properties are valued at existing use value and office properties are valued at market value.

Asset under construction relates to work on the Zayed Centre for Research.

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10. Investments

10.1 Analysis of fixed asset investments

| | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| | £000 | £000 |
| Charity and consolidated | | |
| Fixed asset investments: | | |
| Market value at 1 April 2015 | 83,499 | 80,140 |
| Disposals at carrying value | (8,711) | (40,689) |
| Acquisitions at cost | 9,107 | 41,590 |
| Interest | 920 | 1,274 |
| Movement on cash held as part of long-term portfolio | (624) | 141 |
| Net (loss)/gain on revaluation | (2,185) | 1,043 |
| Market value at 31 March 2016 | 82,006 | 83,499 |
| Historic cost at 31 March 2016 | 82,431 | 82,484 |

10.2 Analysis of market value at 2016

| | Held in the UK | Held outside the UK | Total at 31 March 2016 | Total at 31 March 2015 |
|---|-------------------|------------------------|---------------------------|---------------------------|
| | £000 | £000 | £000 | £000 |
| Investments in a fixed income portfolio – directly held | 30,150 | 10,701 | 40,851 | 40,291 |
| Investments in equity funds | 11,477 | 16,433 | 27,910 | 23,928 |
| Investments listed on Stock Exchange | 13,245 | - | 13,245 | 19,280 |
| Total fixed asset investments at market value | 54,872 | 27,134 | 82,006 | 83,499 |

Investments representing more than five per cent by value of the portfolio comprises:

| | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| | % | % |
| UK Gilt 2.00% 22/01/2016 | - | 6.9 |
| UK Gilt 4.00% 07/09/2016 | 1.4 | 8.4 |
| European Investment Bank 3.25% 07/12/2016 | 5.9 | 5.9 |
| UK Gilt 1.75% 22/01/2017 | 6.7 | 6.7 |
| UK Gilt 4.9% 22/07/2019 | 4.9 | - |
| UK Gilt 2.00% 22/07/2020 | 12.8 | - |

For investment management purposes, the fixed income investments are included in the short-term portfolio. All other investments are included in the long-term portfolio.

Investment powers

The Charity Commission Scheme dated 18 August 1998 gives the charity unrestricted investment powers.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

10. Investments (continued)

10.3 Investment in Great Ormond Street International Promotions Limited (GOSIPL)

31 March 2016 31 March 2015

Restated

| Total | £2 | £2 |
|-------|----|----|
|-------|----|----|

The net result for GOSIPL in 2015/16 is a surplus of £828,751 (2014/15: £832,732) with a distribution to the charity of £828,751 (2014/15: £832,732).

10.4 The Friends of the Children of Great Ormond Street

There is a £nil (2014/2015: £nil) investment in The Friends of the Children of Great Ormond Street company.

11. Inventories

| | Consolidated | | Charity | |
|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
| Goods for resale | 56 | 57 | - | - |
| Inventories | 56 | 57 | - | - |

12. Current asset investments

| | Consolidated | | Charity | |
|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
| Short-term deposits | 139,221 | 132,577 | 139,221 | 132,577 |
| Assets for resale | 1,250 | 1,550 | 1,250 | 1,550 |
| Investments | 140,471 | 134,127 | 140,471 | 134,127 |

All current asset investments are held in the UK.

Assets for resale comprises of a house in Wandsworth, London donated to the charity in 2015, which is currently being prepared for sale.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

13. Debtors

| | Consolidated | | Charity | |
|--|-----------------------------------|---|-----------------------------------|---|
| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
| Trade debtors | 2,437 | 6,033 | 2,251 | 5,962 |
| Amounts owed by group undertakings | - | - | 115 | 588 |
| Other debtors | 805 | 444 | 1,025 | 634 |
| Prepayments | 1,393 | 1,116 | 1,144 | 799 |
| Accrued income | 2,362 | 1,778 | 2,281 | 1,377 |
| Debtors falling due within one year | 6,997 | 9,371 | 6,816 | 9,360 |

14. Creditors: amounts falling due within one year

| | Consolidated | | Charity | |
|--|-----------------------------------|---|-----------------------------------|---|
| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
| Trade creditors | 1,433 | 1,392 | 1,396 | 1,365 |
| Taxation and social security | 201 | 115 | 115 | 124 |
| Grants awarded (note 17) | 57,210 | 49,577 | 57,211 | 49,578 |
| Other creditors | 172 | 155 | 169 | 155 |
| Accruals | 1,357 | 821 | 1,327 | 773 |
| Deferred income (note 16) | 934 | 802 | 836 | 761 |
| Creditors falling due within one year | 61,307 | 52,862 | 61,054 | 52,756 |

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

15. Creditors: amounts falling due after one year

| | Consolidated | | Charity | |
|---|--|---|--|---|
| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
| Grants awarded (note 17) | 26,386 | 56,328 | 26,386 | 56,328 |
| Rent-free provision | 136 | 49 | 136 | 49 |
| Creditors falling due after one year | 26,522 | 56,377 | 26,522 | 56,377 |

16. Deferred income

| | Total at 31 March 2015 £000 Restated | Deferred £000 | Released £000 | Total at 31 March 2016 £000 |
|------------------------|---|------------------|------------------|--|
| Charity | 761 | 836 | (762) | 835 |
| Trading subsidiary | 41 | 99 | (41) | 99 |
| Deferred income | 802 | 935 | (803) | 934 |

Income is deferred for future events where it is potentially refundable.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

17. Grants awarded

Charity and consolidated

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|--|--|--|
| Oustanding liabilities brought forward at 1 April 2015 | 105,905 | 132,038 |
| Awarded during the period | | |
| Medical equipment and capital schemes | 4,858 | 3,750 |
| Research | 13,404 | 5,840 |
| GOSH welfare and other | 5,656 | 5,458 |
| Awarded during the period | 23,918 | 15,048 |
| Paid during the period | | |
| Redevelopment | (25,281) | (19,040) |
| Medical equipment and capital schemes | (4,007) | (8,062) |
| Research | (9,241) | (6,862) |
| GOSH welfare and other | (4,933) | (4,941) |
| Paid during the period | (43,462) | (38,905) |
| Adjustments in the period | | |
| Redevelopment | - | (504) |
| Medical equipment and capital schemes | (1,232) | (540) |
| Research | (1,059) | (408) |
| GOSH welfare and other | (474) | (824) |
| Adjustments in the period | (2,765) | (2,276) |
| Outstanding liabilities at 31 March 2016 | 83,596 | 105,905 |
| Amounts falling due within one year | 57,210 | 49,577 |
| Amounts falling due after more than one year | 26,386 | 56,328 |
| Outstanding liabilities at 31 March 2016 | 83,596 | 105,905 |

Total grants awarded does not include expenditure on charity properties, expenditure from special purpose funds or costs incurred by the charity to support and facilitate charitable activities.

Liabilities for grants awarded represent the unpaid balance on grants awarded by the charity as at the balance sheet date. They relate to current activities funded by the charity to which it is firmly committed.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

18. Analysis of group net assets between funds

| | Unrestricted General £000 | Designated £000 | Restricted funds £000 | Endowment funds £000 | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|---|---------------------------------|--------------------|-----------------------------|----------------------------|--|-----------------------------------|
| Fund balances at 31 March 2015 are represented by: | | | | | | |
| Tangible and intangible fixed assets | - | 132,631 | 7,068 | - | 139,699 | 134,727 |
| Investments | 20,465 | 60,877 | - | 664 | 82,006 | 83,499 |
| Current assets and liabilities | - | 76,279 | 21,548 | - | 97,827 | 91,564 |
| Long-term liabilities | (136) | - | (26,386) | - | (26,522) | (56,377) |
| Total net assets | 20,329 | 269,787 | 2,230 | 664 | 293,010 | 253,413 |

Restricted funds include long-term liabilities of £26.4 million and short-term liabilities of £57.2 million, relating to grants awarded to GOSH and the ICH.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

19. Consolidated funds

19.1 Endowment funds

| | Total at 1 April 2015 £000 | SORP adjustment £000 | Total at 1 April 2015 (Restated) £000 | Incoming resources £000 | Resources expended £000 | Transfers between funds £000 | Gains and losses £000 | Total at 31 March 2016 £000 |
|------------------------------|-------------------------------------|----------------------------|--|-------------------------------|-------------------------------|---------------------------------------|--------------------------------|--------------------------------------|
| Tippetts and Crux | 222 | - | 222 | 1 | - | (1) | - | 222 |
| Lewisohn | 11 | - | 11 | - | - | - | - | 11 |
| Barnes | 7 | - | 7 | - | - | - | - | 7 |
| Mary Shepard Bequest | 407 | - | 407 | 2 | - | (2) | - | 407 |
| John Lund Wells Bequest | 17 | - | 17 | - | - | - | - | 17 |
| Total endowment funds | 664 | - | 664 | 3 | - | (3) | - | 664 |

19.2 Restricted funds

| | | | | | | | | |
|---|--------------|-----------|--------------|---------------|-----------------|-----------------|----------|--------------|
| Redevelopment | (12,207) | - | (12,207) | 31,587 | (93) | (24,931) | - | (5,644) |
| Louis Dundas Centre | 1,342 | - | 1,342 | 1,200 | (2,220) | - | - | 322 |
| Physiotherapy Unit | 1 | - | 1 | 28 | 996 | - | - | 1,025 |
| Translational Oncology research | 2,103 | - | 2,103 | 31 | (278) | - | - | 1,856 |
| Regenerative Medicine | (760) | - | (760) | - | - | - | - | (760) |
| The Richard Wright Fund | 2,197 | - | 2,197 | - | - | - | - | 2,197 |
| The Friends Fund | 1,107 | - | 1,107 | 519 | - | (938) | - | 688 |
| Craniofacial Fund | 133 | - | 133 | 32 | (25) | - | - | 140 |
| Clinical Cardiac Chair | 300 | - | 300 | 1 | (58) | - | - | 243 |
| Family Studies | 278 | - | 278 | 1 | (2) | - | - | 277 |
| Olivia Hodson Cancer Fund | 229 | - | 229 | 53 | (155) | (25) | - | 102 |
| Other special purpose funds | 3,095 | - | 3,095 | 859 | (1,050) | (10) | - | 2,894 |
| Other restricted purpose funds | 2,541 | 25 | 2,566 | 8,142 | (19,594) | 7,776 | - | (1,110) |
| Total restricted funds | 359 | 25 | 384 | 42,453 | (22,479) | (18,128) | - | 2,230 |
| Total restricted and endowment funds | 1,023 | 25 | 1,048 | 42,456 | (22,479) | (18,131) | - | 2,894 |

19.3 Unrestricted funds

| | | | | | | | | |
|---------------------------------|----------------|--------------|----------------|---------------|-----------------|---------------|----------------|----------------|
| General funds | 48,233 | 185 | 48,418 | 51,321 | (28,904) | (47,709) | (2,797) | 20,329 |
| Designated funds: | | | | | | | | |
| Redevelopment fund | 69,220 | - | 69,220 | - | - | 31,684 | - | 100,904 |
| Research fund | - | - | - | - | - | 36,252 | - | 36,252 |
| Fixed assets fund | 135,538 | (811) | 134,727 | - | - | (2,096) | - | 132,631 |
| Total unrestricted funds | 252,991 | (626) | 252,365 | 51,321 | (28,904) | 18,131 | (2,797) | 290,116 |
| Total funds | 254,014 | (601) | 253,413 | 93,777 | (51,383) | - | (2,797) | 293,010 |

Total restricted funds show a net surplus of £2.2 million at 31 March 2016. There is a net deficit of £5.6 million in the redevelopment funds. The redevelopment projects continue to be actively fundraised for. Trustees have designated funds of £137.2 million from unrestricted funds to cover any deficit on the current redevelopment and research plans.

The fixed assets fund represents the value of unrestricted funds invested in fixed assets that are not, by nature of fixed assets, readily available for use for other purposes. The fixed assets fund is equal to the net book value of the fixed assets at 31 March 2016, except for fixed asset expenditure that is financed from restricted funds. This is shown within the restricted funds balances and amounts to £7.1 million at 31 March 2016.

At the period end, a transfer of £17.2 million was made from restricted to unrestricted funds, representing the amount of unrestricted funds previously used to underwrite the costs of Phase 2B, and a transfer of £7.1 million was made from restricted to unrestricted funds to represent the costs incurred to date on the Zayed Centre for Research.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

19. Consolidated funds (continued)

Endowment funds

| Name of fund | Description of the nature and purpose of each fund |
|-------------------------|--|
| Tippetts and Crux | Capital in perpetuity bequests to be used for research and general purposes. |
| Lewisohn | Capital in perpetuity bequests to be used for an annual staff award. |
| Barnes | Capital in perpetuity bequest for general purposes. |
| Mary Shepard Bequest | Capital in perpetuity bequest for general purposes. |
| John Lund Wells Bequest | Capital in perpetuity bequest for general purposes. |

Restricted funds

| Name of fund | Description of the nature and purpose of each fund |
|---------------------------------|---|
| Redevelopment | To provide finance for major building and capital development. |
| Louis Dundas Centre | To advance research and clinical practice in palliative care and pain management. |
| Physiotherapy Unit | To fund the creation of a new physiotherapy unit at GOSH. |
| Translational Oncology research | To conduct research into childhood cancer. |
| Regenerative Medicine | To conduct research into engineering rejection-free organs with intestinal failure. |
| The Richard Wright Fund | To fund research into infant and childhood leukaemia. |
| The Friends Fund | To provide funds for family support and children's play services. |
| Craniofacial Fund | To research and purchase equipment for craniofacial disorders. |
| Clinical Cardiac Chair | To provide support costs for the post of Clinical Cardiac Chair. |
| Family Studies | To provide support to the Psychological Medicine department. |
| Olivia Hodson Cancer Fund | To support projects and roles related to childhood cancer. |
| Other special purpose funds | Funds delegated by the Trustees to various departments within GOSH and the ICH. |
| Other restricted purpose funds | To finance specific items of equipment, services or projects. |

Unrestricted and designated funds

The redevelopment fund is designated to provide support for major building and capital development.

The fixed assets fund is designated to facilitate the replacement or refurbishment of assets belonging to the charity. The value of this fund does not include properties identified for sale or assets in the course of construction.

The research fund is designated to provide support for the aims of the research strategy.

Transfers between funds represent:

- Where subsequent instructions are received from a donor restricting income that was originally received with no restrictions.
- Where two restricted funds have a common purpose, transfers may be made to support an individual project which matches their restriction.
- General funds may be designated for a particular purpose should the Trustees decide this to be appropriate.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

20. Notes to the consolidated cash flow statement

20.1 Reconciliation of cash flows from operating activities to net incoming resources

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 Restated |
|---|--|---|
| Net incoming resources before other recognised gains and losses | 42,394 | 42,283 |
| Depreciation and amortisation charges | 1,168 | 1,023 |
| Investment income | (2,638) | (2,316) |
| Decrease/(increase) in stocks | 1 | (9) |
| Decrease in debtors | 2,374 | 144 |
| Decrease in creditors | (21,410) | (26,452) |
| Cash inflow from operating activities | 21,889 | 14,673 |

20.2 Analysis of net funds

| | Balance 31 March 2015 £000 | Cash flows £000 | Balance 31 March 2016 £000 |
|---------------------------|----------------------------------|-----------------------|---|
| Cash at bank and in hand | 871 | 10,739 | 11,610 |
| Current asset investments | 134,127 | 6,344 | 140,471 |
| Total | 134,998 | 17,083 | 152,081 |

21. Commitments, liabilities and provisions

The Trustees do not have any commitments, liabilities or provisions requiring disclosure other than those included in the financial statements (2014/15: £ nil).

22. Legacies

The charity has been notified of 175 legacies which have not been included within the financial statements, as no notification of impending distribution has been received (2014/15: 232). Of these, 15 per cent are pecuniary legacies which have an average value of £883 (2014/15: 26 per cent £7,262) and the remaining 85 per cent are residuary, life interest, income trust and specific legacies that have an average value of £63,207 (2014/15: 74 per cent £63,086). The charity does not have any indication of when it is due to receive these monies and there is no certainty of receipt. Included within the above figures are 33 legacies (2014/15: 34) that are subject to a life interest, as well as 5 specific legacies (2014/15: 3) that are not subject to a life interest.

Great Ormond Street Hospital Children's Charity

Notes to the financial statements

23. Annual commitments under non-cancellable operating leases

| | Total at 31 March 2016 £000 | Total at 31 March 2015 £000 |
|---------------------------------------|--|--|
| Operating leases which expire: | | |
| Within one year | 41 | 10 |
| Between one and five years | 45 | 23 |
| After five years | 750 | 581 |
| Total | 836 | 614 |

The leases relate to 40 Bernard Street premises, line rentals and IT and other equipment.

24. Related party transactions

During the period the following related party transactions took place:

John Connolly, the Chairman of the board of Trustees, is also the Chairman of the group board of G4S PLC. During the period G4S provided cash banking and security services to the charity. Transactions valued at £16,657 (2014/15: £16,608) were undertaken between the charity and G4S Cash Solutions (UK) Limited, a subsidiary of G4S PLC. Of this amount £3,700 (2014/15: £ nil) was owed by the charity to G4S at the period end.

Kellie Gread is a valuations partner within the transaction services department of PricewaterhouseCoopers, who are the charity's auditors. Her husband Amit Aggarwal was appointed the charity's Director of Corporate Partnerships on 6 July 2015. Kellie Gread has no relationship with the charity or its audit. Pricewaterhouse Coopers, including The PWC Foundation, has given donations to the charity of £6,700 (2014/15: £5,400). The audit fee for the financial period was £47,400, all of which was outstanding at the period end.

During the period donations of £79,352 (2014/15: £142,806) were received from related parties.

25. Non-adjusting event

On 23 June 2016, an advisory referendum was held regarding the UK's continued membership of the European Union ('EU'). The outcome was for the UK to leave the EU. Legislation will be required to enact this departure and it is likely that this will follow a protracted period of negotiations of up to two years in duration. It is not possible to estimate what financial impact this will have on the charity and its subsidiaries.

Great Ormond Street Hospital Children's Charity

Reference and administrative details

Great Ormond Street Hospital Children's Charity

Registered charity number 1160024

Great Ormond Street Hospital Children's Charity (1852)

Registered charity number 235825

Great Ormond Street International Promotions Ltd

Company limited by share capital. Registered number 2265303

The Friends of Great Ormond Street

Company House number 2093843

Principal and registered office

40 Bernard Street, London WC1N 1LE

T: 02038413841 www.gosh.org

Description of charity's objective

Any charitable purpose relating to Great Ormond Street Hospital for Children NHS Foundation Trust, including research

Board of Trustees

John Connolly (Chairman)

Alan Hodson (retired 30 September 2015)

Christopher Spratling (retired 25 June 2015)

Susan Burns (retired 30 September 2015)

Diana Dunstan OBE

Hugo Llewelyn (retired 30 September 2015)

Margaret Ewing (appointed 1 April 2015)

Frances Murphy (deceased 25 May 2016)

David Claydon (appointed 1 April 2015)

Mark Sartori (appointed 1 November 2015)

Steven Sharp (appointed 1 November 2015)

Kaela Fenn-Smith (appointed 1 April 2015)

Associate Trustees

Simon Stormer

Edward Wozniak (retired 31 March 2015)

Ruary Neill

Humphrey van der Klugt

Chris Morris (appointed 27 April 2015)

Executive Directors

Tim Johnson (Chief Executive)

Richard Bowyer (Director of Marketing and Public Fundraising)

Ian Chivers (Director of Finance and Operations)

Neal Donnelly (Director of Major Gift and Special Event Fundraising)

Emma Lothead (Director of HR and Organisational Development, resigned 15 April 2016)

Cymbeline Moore (Director of Communications)

Amit Aggarwal (Director of Corporate Partnerships, appointed 6 July 2015)

Heather Morgan (Director of People and Planning, appointed 4 April 2016)

Charity Patrons

Vernon Kay and Tess Daly

Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

1 Embankment Place, London WC2N 6RH

Bankers

Royal Bank of Scotland plc

9th Floor, 280 Bishopsgate, London EC2M 4RB

Solicitors

Macfarlanes

20 Cursitor Street, London EC4A 1LT

Bircham Dyson Bell

50 Broadway, London SW1H 0BL

TLT

20 Gresham Street, London EC2V 7JE

Withers

16 Old Bailey, London EC4M 7EG

Hunton & Williams

30 St. Mary Axe, London EC3A 8EP

Wilsons

Alexandra House, St Johns Street, Salisbury SP1 2SB

Investment managers

HSBC Asset Management (Europe) Ltd

London SW1A 1EJ

Royal London Cash Management Ltd

55 Gracechurch Street, London EC3V 0UF

BlackRock

Murray House, One Royal Mint Court, London EC3N 4HH

Ruffer LLP

80 Victoria Street, London SW1E 5JL

Investec Wealth & Investment Ltd

2 Gresham Street, London EC2V 7QN

Independent investment consultants

Stanhope Consulting

35 Portman Square, London W1H 6LR

Our supporter commitment

Great Ormond Street Hospital (GOSH) relies on your help to raise much-needed funds, allowing it to continue in its work to provide world-class care to children and support to their families.

What we do matters to you; but how we do it matters as well. We know we need to ask for your support in the right way. So, our charity makes this commitment to all our supporters.

We will ask for support with respect

We will be polite and courteous in all communication. We won't pressurise you and we will take no for an answer. We never want to sign up a supporter who is confused about who we are or what we do or can't afford to make a donation. We work to the Institute of Fundraising's guidance on people in vulnerable circumstances.

From time to time we may write to you to tell you about our work. We won't deluge you with calls and at the start of every fundraising call we make, we will check that you want to talk to us.

We will let you know the difference your donation is making

To many of you, understanding how we spend your money and the impact it is having is an important part of the donation process. So we will make it easy for you to find out how much money is spent on the hospital and how much is spent fundraising. This information is available in our annual report.

We may write to you or email you from time to time with news of how your support is making a difference to the hospital.

We will communicate with you based on your wishes

When you first make a gift to us, we ask you how and if you would like to receive further communication from the charity. If at any point you wish to stop receiving communication from us, please write, phone, email, or click on the link we provide in our emails. We will always take action so do get in contact with us.

We also regularly survey supporters to check how we're doing (including whether we're sending you the right amount of information).

We will not pass on your data

If you support our charity, your personal information will be kept securely and only used by us for fundraising purposes. We will not pass your details on to other charities and businesses for marketing purposes as outlined in our Privacy Policy. We do work with some organisations, but they will only use your data to support your fundraising for us.

We take complaints seriously

We get very few complaints, but every one we receive we take seriously. We will get in contact with you quickly to establish the facts. We will investigate and, if our fundraiser has behaved inappropriately, take action. We will keep you informed throughout the process. And we will report on the number of complaints in our annual report. (Our target is to resolve all complaints within 20 working days.)

This is a commitment we make to you in addition to the FRSB's Fundraising Promise, which we embrace.

If you have any thoughts or questions about this commitment please email us.

Thank you for your support.

**Great Ormond Street
Hospital Children's Charity**

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Designed and produced by Great Ormond Street Hospital Children's Charity
Marketing and Communications.

Thank you to everyone who gave permission for their picture to be used in this report,
as well as the many members of the charity staff who helped during its production.

This *Annual Report and Accounts 2015/16* is available to view at www.gosh.org