

Annual Report and Accounts 2011/12

The child first and always

Cover: eight-year-old Maya has end-stage kidney failure and is awaiting a kidney transplant. She is currently undergoing dialysis treatment at home through a pilot programme, and has made great improvements in her health and general wellbeing. She is now able to enjoy more quality time at home with her mum.

Chairman's statement

Our mission is to support Great Ormond Street Hospital in the provision of world-class care for its young patients and their families and to pioneer new treatments and cures for childhood illnesses.

In February 2012, the hospital celebrated its 160th birthday. Throughout its long history, the hospital has always relied on philanthropic support, even after the founding of the NHS in 1948. Today, the charity provides vital support that would just not be affordable under the NHS so that the hospital can continue to provide the very best care to children. The support from the charity is concentrated in four main areas – redevelopment, research, medical equipment and accommodation and welfare. In practice, this means that the NHS funds the day-to-day running of the hospital with the funding from the charity, enabling clinical and research staff to continue the pioneering work for which the hospital is renowned throughout the world.

Redevelopment

It's been a landmark year for the hospital's major redevelopment programme with the completion of the Morgan Stanley Clinical Building. This is the first building of two within the Mittal Children's Medical Centre which will transform the inpatient facilities in the hospital. The second building is the redevelopment of the current cardiac wing which is planned to open in 2016.

These redevelopment projects are critical to the future of the hospital, providing increased capacity to enable the hospital to treat up to 20 per cent more children. As medical breakthroughs advance and clinicians are able to help more children, it is essential that we can provide the resources the hospital needs to deliver care to the children who need it. This is particularly the case for Great Ormond Street Hospital which provides specialist care for children who often have complex, life-threatening or life-limiting conditions.

As well as enabling the hospital to treat more children, the redevelopment programme is also updating the overall facilities. Some of you may have visited the hospital and seen the wards in the oldest part of the hospital. These facilities badly need replacing, having been built at a time when hospital services were very different, with far less medical equipment and an acceptance that parents would not stay with their child when they were in hospital. Put simply, there isn't enough space in these wards to meet the demands of 21st-century healthcare.

The opening of the Morgan Stanley Clinical Building is a major step forward to upgrading the hospital's inpatient wards, but we still have some way to go to ensure that all children who need to be admitted to Great Ormond Street Hospital receive care in facilities that offer them the appropriate privacy, comfort and space.

This second phase of the hospital's redevelopment focuses on the provision of better and expanded inpatient care. The charity is also planning to support the hospital in its aspirations for additional research facilities and also improved day care facilities for patients. Both these projects make up the third phase of the hospital redevelopment and are an important part of the charity's planning for the future.

Medical research

Great Ormond Street Hospital Children's Charity is the largest dedicated funder of paediatric research in the country. Our research commitments span a wide range of conditions to match the range of clinical and research specialisms in the hospital and the UCL Institute of Child Health (ICH).

The charity has always looked to support medical research, particularly where that research can be translated quickly into improved care for patients at the hospital. As the hospital sees so many children with rare or complex conditions, the hospital and the Institute are often the only place where adequate clinical trials can take place.

As well as research that the charity funds independently, we are keen to partner with other medical research charities that wish to invest in more paediatric research. By working together, we can often initiate important new research projects more quickly, which of course is in the best interests of patients. To this end, we have also made some of our funding available nationally, to make sure we are seeking the very best opportunities to support advances in new treatments, and are now funding research projects in Manchester, Leeds and Oxford.

Specialist equipment

Every year, the charity supports the hospital by funding the purchase of replacement or additional medical equipment. This enables 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.

Accommodation and welfare

There are few greater challenges for a parent than when their child is ill. For parents whose children are referred to Great Ormond Street Hospital, there can be the additional concern of being far from home and away from extended family and friends. The charity tries to support families through their most difficult times by providing accommodation

Chairman's statement continued

for them close to the hospital and by providing other support services such as the chaplaincy. Providing welfare and support for families and staff is so important as it allows everyone to concentrate on what matters most – caring for the patients.

Achievements in 2011/12

At the end of December 2011, the Morgan Stanley Clinical Building was 'handed over' by the contractors to the hospital so that they could start to commission the services that would transfer to the new building. The Special Trustees of the charity were delighted that the building was completed on time and within budget, and we would like to thank everyone involved for their hard work and commitment to the project.

The building houses three important new clinical centres (heart and lung, neurosciences and kidney), clinical investigation units, four new operating theatres and a new visitor and staff restaurant and café that serve the whole hospital. From March 2012, clinical teams and patients started to move into the new wards and, while it always takes time to get used to new facilities, we are delighted that the initial response has been so positive.

The construction of this building was only possible thanks to thousands of gifts to the charity, including those from Aditya and Megha Mittal, Morgan Stanley, The Barclay Foundation, The Walt Disney Company Ltd, The Wolfson Foundation, JN and Phyllis Somers, and the British Kidney Patient Association. Thank you to all of you and to the many more who contributed to this wonderful new facility of which we can all be very proud.

During the year, we also announced our intention to construct a new Centre for Children's Rare Disease Research at 20 Guilford Street, very close to the hospital

and the ICH. This is an important initiative for the hospital and UCL, as advances in medical science and technology mean that we can now start to give hope to children suffering from one of the many individually rare conditions for which there might previously have been little prospect of diagnosis, let alone cure.

Over the last 12 months, we were able to commit £12 million to fund a wide range of medical research projects at the hospital and the Institute. This has enabled us to begin work on exciting new areas, including generating rejection-free organ transplants using patients' own stem cells, and developing our world-leading gene and cellular therapy programme to cure an ever-growing number of life-limiting conditions. We also committed over £1 million to help children with neurological conditions at centres across the UK, following our first national funding competition.

During the year, the charity committed £10 million for the purchase of new medical equipment and other capital schemes. High tech medical imaging equipment, including a £3.4 million 3T MRI, ultrasound machines, and facial x-ray equipment, will enable patients to be diagnosed faster and more accurately, and will guide the expert care of the clinicians.

Fundraising highlights

It gives me great pleasure to say that in the last year, the charity income reached £66 million, 3.8 per cent ahead of the previous year's record performance. This is a terrific achievement and was the result of strong performances across all of our fundraising teams. As a result of this, we remain well placed to continue to support the hospital in its plans for the future, including the major redevelopment programme outlined above.

During the year, we were able to further increase the number of people who make regular gifts to the charity, so thank you to all of you who made a commitment to support us in the last year. I similarly want to acknowledge those individuals who have supported the charity in this way over many years. Your support has enabled us to plan for the future with greater certainty of income and meant that we have been more confident in our decisions to make these very important grants to the hospital.

So many people give us their time to help raise money for the charity and I'm always enormously impressed by those people who organise events or undertake challenges for us. More people than ever took part in our annual family running event in Battersea Park, the RBC Race for the Kids. Many people post details of their events on our Facebook page, Twitter feed or YouTube channel. I would urge anyone needing inspiration to take a look at what others have achieved. By way of example, I'd like to thank all of you who ran the Virgin London Marathon for us in a Pink Lady® apple costume, or those of you who accompanied members of the hospital's Gastroenterology team in their Kilimanjaro climb.

We also continued to benefit from *Peter Pan* performances at theatres up and down the country and in the US, including pantomime productions from Qdos and First Family Entertainment, musical adaptations such as Cathy Rigby's American musical and the Stiles & Drew and IT&M's versions, as well as receiving royalties from theatres choosing to put on their own productions of *Peter Pan*.

We had fabulous support from many corporate partners including Marks and Spencer, who made a generous donation to support gastroenterology research, which

was celebrated by featuring the charity logo on all their kids' meals packaging. The White Company have also launched a campaign which sees products being sold online, in store and through their catalogues in aid of the charity. The Walt Disney Company Ltd continues to raise money for us and provides very welcome treats for the patients in the hospital, including visits from the cast of *The Lion King* and a mini premiere screening of *The Muppets* film at the hospital. Plans were agreed with our partner Eurasian Natural Resources Corporation PLC which will see Kazakh doctors visit the hospital through a unique scholarship programme aimed at sharing and advancing paediatric medical knowledge.

Last year, we were delighted to host the inaugural Barclays ATP World Tour Finals Gala which was attended by the top eight singles and doubles tennis players in the world. As with our annual F1™ Party, these events allow us to raise money and provide a wonderful evening for so many supporters. Thank you to all of you who attended.

The charity continues to benefit from the outstanding support of major donors, trusts and foundations. Over the last year, with the help of this growing community, we have been able to achieve some notable milestones, some of which have been crucial in helping the hospital maintain and conclude the construction of the Morgan Stanley Clinical Building. These include successfully completing our fundraising for our Theatres for Theatres campaign, continuing work on the second phase of the Tick Tock Club, and putting the final pieces in place for the Louis Dundas Centre for Children's Palliative Care. In addition to this, individual gifts have enabled us to fund a national research call for children's cancer, establish Europe's first Birth Defects Research Centre, and create a dedicated Skin Research Centre for Children at the ICH.

These are just a few examples of how our network of benefactors and external leaders are enabling the hospital and the Institute to make a tangible and lasting difference to the lives of the children in our care and beyond, and we are hugely grateful to this community for the incredible generosity it continues to show.

Legacies also remain a very important source of income to the charity and enable us in particular to support new research projects which will benefit children for generations to come.

Looking forward

Following the official opening of the new Morgan Stanley Clinical Building in June 2012, we will be working with the hospital on the plans for the second phase of the Mittal Children's Medical Centre. Redeveloping the hospital on its existing footprint is a very complex task and, next year, the charity hopes to support the hospital as it relocates many of the clinical teams from the existing building into new accommodation so that work can begin on dismantling the current facilities.

Once complete, the redeveloped cardiac wing will complete the Mittal Children's Medical Centre and provide the hospital with the increased bed numbers it needs, as well as better facilities for surgical, respiratory and many other patients. We still have £45 million to raise to complete this second phase of the redevelopment and will be working very hard to raise the outstanding amount in order to remain on schedule to enable the hospital to complete the work in 2016.

Next year, we will also be finalising the content and fundraising plans for the new Centre for Children's Rare Disease Research. As I mentioned earlier, this is a real opportunity for the charity to help the hospital and the Institute to make a step

change in the way they are able to diagnose and treat children with rare conditions. There are more than 6,000 rare conditions currently diagnosed, including hard-to-treat children's cancers, as well as well-known conditions such as cystic fibrosis. When taken together, these conditions affect a great many children, one of the reasons this project is so important to us.

As well as supporting infrastructure for research, we will continue to look to fund paediatric research that takes place at the hospital and the Institute, as well as other projects nationally which may benefit patients at the hospital.

Thank you to all of you who have donated to the charity this year and to all of you who have given your time. Without your support, we would not be able to help the hospital in its pioneering and vital work.

Finally, I'd like to take this opportunity to thank our Chief Executive, Jane Collins, who left the charity at the end of July. Jane has been instrumental in helping the charity grow its income to be able to meet the increased demands of the hospital, particularly the redevelopment programme. She will be missed, but leaves with our gratitude and best wishes for her new role. Tim Johnson, the charity's Executive Director, who has been working alongside Jane, will become the Chief Executive of the charity.

Thank you.



Alan Hodson
Chair of Special Trustees
Great Ormond Street Hospital
Children's Charity



George is 18 months old and is a long-stay patient on Rainforest Ward as doctors are trying to find out why he can't eat or drink anything. He is a very happy little boy who does a very good impression of Rex the dinosaur from *Toy Story*.



Trustees' annual report

Administrative details

The administrative details of the charity are stated on page 39.

Structure and governance

Governing document

The charity is governed by a Charity Commission Scheme dated 18 August 1998. The Trustees are incorporated by a Certificate of Incorporation issued by the Charity Commission in April 2007 under Part VII of the Charities Act 1993 under the name "The Trustees of Great Ormond Street Hospital Children's Charity".

Trustees appointment

The volunteer Board of Special Trustees consists of a Chairman and six Special Trustees, chosen for their skills and experience. The Trustees are appointed by the Appointments Commission, acting on behalf of the Secretary of State for Health, as Special Trustees for Great Ormond Street Hospital Children's Charity under Section 95 of the NHS Act 1977. Trustees are appointed for a minimum period of two years, which may be extended up to a maximum of 10 years.

Up to a further five Associate Trustees are appointed as volunteers to work with the Special Trustees to increase the expertise available. A tailored induction programme is provided for Trustees on appointment.

Responsibilities

The Board of Special Trustees is responsible for providing governance and leadership for 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 Audit and Remuneration Committee. It agrees both external and internal audit plans and reports, monitors compliance with policies, and reviews risk-management systems. The charity has three other regular sub-committees – the Investment Committee, the Property and Development Committee and the Grants Committee. All committees report to the full Board. There are at least seven full Board meetings per year.

The Trustees appoint a Chief Executive, who is responsible for ensuring that their policies and strategies are followed. Until July 2012, the hospital's Chief Executive was also the Chief Executive of the charity. With responsibility delegated from the Chief Executive, up to July 2012, the Executive Director was responsible for leading the charity, and for developing, agreeing and delivering its strategic direction and operational management. Following the resignation of Jane Collins in July 2012, the Trustees have made the decision to revise the charity's structure with regard to the Chief Executive's role. As a result, the previous role of Executive Director has been revised to become that of Chief Executive of the charity.

The Board of Special Trustees formally reviews its performance on a regular basis, together with that of the various sub-committees, Chief Executive and individual Trustees, including the Chairman.

Related parties

The charity's mission is to raise funds to support Great Ormond Street Hospital as a world-class centre of excellence in paediatric treatment, training and research, the latter being largely carried out in partnership with the UCL Institute of Child Health.

Great Ormond Street International Promotions Ltd (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 paid under Gift Aid to the charity. The company has its own Board of Directors, responsible for all governance issues. Financial details for GOSIPL are stated in note 2 to the accounts on page 23. Audited accounts are filed with the Registrar of Companies.

Risk management

The Special Trustees are legally required to minimise any risks to the charity. They are required to ensure that activities undertaken do not jeopardise the reputation of either the charity or the hospital. All potential risks are formally identified and regularly reviewed so that the necessary steps can be taken to minimise or eliminate them.

Volunteering

Volunteers continue to play a vital role across the organisation and the pool of volunteers within the hospital continues to grow, whether it be individuals helping cover reception, relief for parents so they can take some time away from their child, or supporting the play team as they look to keep children entertained.

Volunteers are very important fundraisers for the charity and we are grateful to those individuals who give up their time to help and companies who support employee volunteering. We have increased the use of volunteers within the charity office, both in the support and fundraising teams, and this enables us to make cost savings on major projects and, in some cases, volunteers have become permanent staff members.

Challenge events such as the Virgin London Marathon and RBC Race for the Kids continue to be supported by many hundreds of volunteers cheering on participants, either individuals or from corporate partners. We continue to rely on thousands of people in the community who organise fundraising events or collections for us. We recently recruited 25 charity ambassadors as part of phase 1 of a regional volunteering programme. The ambassadors are providing an invaluable outreach for the charity by holding their own fundraising events, engaging with local fundraisers and acting as a catalyst for support in their community. We are now moving forward with phase 2 of the programme and will be recruiting 25 further ambassadors during 2012/13.

We are supported by volunteers on leadership boards and these include the Corporate Partnership Board; which helps raise money for a wide range of projects across the hospital. In addition, The Tick Tock Club, Theatres for Theatres, Christmas Carol Service, Raising the Stakes, Bringing Research to Life and Raising the Roof boards continue to help us raise important funds towards the hospital's redevelopment programme.

The expertise and experience of these boards help us shape the fundraising strategy and they work with us to achieve our fundraising targets.

Public benefit statement

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

Our charity's objective is to support any NHS charitable purpose relating to Great Ormond Street Hospital, including research. The Trustees ensure that this purpose is carried out for the public benefit by working to the following aim:

To raise more than £50 million per year to keep Great Ormond Street Hospital at the forefront of international paediatric medicine by:

- contributing to the rebuilding and refurbishment of the hospital
- funding the most up-to-date equipment
- supporting research into, and development of, breakthrough treatments
- providing accommodation and other support services for patients and their families.

Our charitable organisation is set up to benefit the patients and families of Great Ormond Street Hospital. 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 objective.

The charity does not provide facilities directly to the public but provides them to the hospital and, in so doing, for 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 which require an overnight stay, but do not require that stay to be on an acute hospital ward.

Grants made to the hospital do not focus on the income of patients' parents but provide a benefit to any patient requiring the services of the hospital, which are available to all entitled to NHS treatment based on need.

Trustees' annual report continued

Charity objectives for 2011/12

The charity's objectives fall into three categories: fundraising, investment and governance.
This section of the report reviews the performance of the charity in meeting the objectives set.

Objective	Whether met
Fundraising	
Target net income of £33.3 million and a cost income percentage of no more than 31.5 per cent	Met: £46.3 million net income 24.6 per cent cost/income ratio
Secure new pledges totalling £5.5 million	Met: £5.5 million achieved
Deliver £6.25 million net income from direct marketing while meeting milestone of 112,500 regular givers	Met: £7.6 million net income achieved 116,000 regular givers
Raise at least £2.5 million in gifts and pledges for research under the new Bringing Research to Life initiative – with a focus on the Birth Defects Research Centre	Met: £2.8 million secured in gifts and pledges in 2011/12
Investment	
Define the portfolio into committed funds which will be run on a cash matching basis and uncommitted funds which will be run on a balanced portfolio basis	Met: Portfolio now defined on this basis
Governance	
Review the charity's risk management framework and ensure that it is fit for purpose	Met: Audit and Remuneration Committee aided by internal audit has formally reviewed and approved

Financial review

Overall income grew by 3.8 per cent to £66.3 million, driven by an increase in our voluntary income which grew by 6.8 per cent to £57 million. This has enabled the charity to deliver £50.9 million of net funds available for charitable activities in comparison to £48.8 million in 2010/11. The charity spent £19 million on charitable activities in year (2010/11: £39 million). This reported spend figure is after a write-back of £10 million in the year on the grant of £110 million originally awarded to fund Phase 2A of the hospital redevelopment, as explained further below.

Income earned from the charity's investments totalled £3.4 million, a decrease of 9.2 per cent from the previous year, in an extremely difficult investment environment. The charity has a number of key capital projects it wishes to fund in the future and the

investment committee continues to explore ways of improving investment returns which minimise the risk of capital loss to the charity.

Investments are split between short-term and longer-term portfolios. The charity utilises the services of a number of investment managers depending on the investment type. In particular, in the year, the charity made investments of £10 million in absolute return funds managed by Newton Investment Management and Ruffer and purchased gold and gold stocks totalling £5 million. The rest of the portfolio is managed by HSBC, Royal London Cash Management and BlackRock, and consists of a portfolio of UK and international equities, bonds, gilts, cash and cash deposits.

The charity's funds have grown by £43.2 million in the year to a balance of £234.3 million at year end. The charity's unrestricted

reserves include £176.3 million designated funds split between fixed assets of £113.8 million and redevelopment fund of £62.5 million, leaving £18.4 million of freely available reserves. This level of reserves is felt to be appropriate in order to meet the operating liabilities of the charity should it suffer a major downturn in its income.

Tangible fixed assets mainly consist of a number of properties which are used for operational purposes by the hospital in the furtherance of the charity's objects. The portfolio contains properties used for clinical, office and residential purposes. During the year, a revaluation of the portfolio was undertaken, the results of which are disclosed in note 11. The charity did not acquire or dispose of any property during 2011/12. The charity continues to work with the hospital to develop plans for the redevelopment of the site at 20 Guilford Street which was purchased in 2010/11.

The principal funding sources of the charity are shown below, with comparison to the previous year:

Income sources 2011/12

	2011/12 £ million	2010/11 £ million
Donations	45.5	42.6
Legacies	11.5	10.8
Trading	2.4	2.6
Other*	2.0	2.6
Fundraising income	61.4	58.6
Investments	3.4	3.7
Property	1.5	1.6
Total	66.3	63.9

*Other includes grants, auctions, tickets and sponsorship

Expenditure for the year totalled £35.1 million (2011/12: £54.7 million), with £18.9 million being spent on charitable activities as follows:

Charitable expenditure 2011/12

	2011/12 £ million	2010/11 £ million
Redevelopment	(9.6)	3.8
Research	12.3	18.2
Medical equipment and capital schemes	10.2	11.2
Patient and staff welfare	4.9	3.9
Accommodation and other	1.1	1.9
Total	18.9	39.0

Charitable expenditure (including direct and related support costs)

Patient welfare

£3.988 million (2010/11: £2.012 million)

The charity funds numerous activities for the hospital which support or promote patient welfare. Examples are the hospital's volunteering service, most of the operational costs of providing accommodation for parents and provision of the chaplaincy service. During 2011/12, the charity committed to support a number of transformational projects within the hospital, which are expected to bring long-term benefits to various processes that will impact upon the patients.

Staff welfare

£0.975 million (2010/11: £1.904 million)

The charity provides grants for a wide range of educational and wellbeing programmes for hospital staff such as counselling and physiotherapy facilities, as well as sports and social activities and crèche facilities.

Research

£12.343 million (2010/11: £18.236 million)

The charity has provided funding to support the salaries of key senior academic clinicians, as well as underpinning vital clinical research programmes across the hospital to advance treatments and improve the lives of the hospital's patients. Funding has also been provided for various roles within the Louis Dundas Centre for Children's Palliative Care, as well as innovative new research into areas such as inflammatory bowel disease and the genetics of childhood deafness.

Medical equipment and capital schemes

£10.254 million (2010/11: £11.213 million)

The charity provides grants for a wide range of medical equipment that the hospital has assessed as its priorities. In particular, the charity granted £3.4 million for a new 3T MRI, and £2.1 million to re-equip Ocean Theatre, which specialises in neurosurgery, cardiac surgery, ear, nose and throat, urology and specialist neonatal and paediatric surgery.

Redevelopment

£-9.629 million (2010/11: £3.824 million)

The charity has provided the majority of the funding for Phase 2A of the redevelopment of the hospital's main site, with further payments being made against the grant awarded in the year. This phase forms the Morgan Stanley Clinical Building, the first part of the Mittal Children's Medical Centre, which was opened in June 2012. As at 31 March, a detailed review of the progress of Phase 2A in comparison to the original funding of £110 million was undertaken. As a result, an amount of £10 million was written-back, in addition to a previous retraction of £5.5 million. This reduction in funding has been possible due to the successful management to date of this project, with a final review planned to take place during the coming financial year.

Property expenditure

£1.059 million (2010/11: £1.842 million)

The charity owns a number of properties which are used for operational purposes by the hospital. The properties host an array of activities, including clinical and administration, staff and parent accommodation. There were no major refurbishments undertaken in the year, hence the reduction in expenditure.

Summary of total funds

Overall fund balances increased by £43.2 million in 2011/12 (see balance sheet total on page 17).

Going concern

The Trustees have reviewed the financial position of the charity, 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 charity's ability to meet its existing financial commitments. The Trustees will only commit funds to charitable activities and other capital projects when they are certain that these obligations can be met. As a consequence, the Trustees believe that the charity has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts.

Funds and 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 unrestricted reserves are available to ensure that operations can continue over the short term, particularly in the current uncertain economic climate. The aim is to allow adequate time for a revised strategy to be put in place should the need arise.

The balance of free reserves as at 31 March 2012 was £18.4 million. Having regard to current discussions on the funding of future phases of the hospital's redevelopment plans and other capital projects, the Trustees believe this level of reserves to be appropriate in order to maintain future commitments of the charity. The Trustees regularly assess the risks facing the charity and review reserve levels annually.

The charity has various funds available to finance its activities:

Restricted funds

These are funds subject to specific restrictions imposed by donors which fall within the wider objectives of the charity. The charity holds £38.9 million as restricted funds, of which £30.1 million relates to the redevelopment. Also included in this total is £4.8 million held in special purpose funds, restricted for specific areas of work, some of which are detailed in note 19 on page 35.

Unrestricted funds

These are funds which are expendable at the discretion of the Trustees in furtherance of the charity's objectives. Free reserves are that part of the unrestricted fund which are not held as fixed assets or designated for other purposes.

Designated funds

Redevelopment and other charitable commitments

Each year, the Trustees decide whether to designate 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 charity does not enter into contracts for the funding of the redevelopment unless it has sufficient funds available.

Fixed assets (tangible and intangible)

The charity owns fixed assets, the majority of which are operational property used by the hospital. These properties are clinical and hospital administrative buildings or residential properties. The residential properties are either let out to hospital staff or offered, free of charge, to parents of children undergoing treatment at 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 not included in the fixed asset fund.

Endowment funds

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

Details of the movement on total funds are disclosed in note 19 on page 35.

Investment policy

The policy 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 and longer-term investments for awards which are yet to be committed. The Trustees consider this appropriate given the long-term nature and size of the charity's commitments. The charity's investment managers follow strict guidelines in line with the charity's moral and ethical policy. The performance of the charity's investment managers is closely monitored, and the charity issues regular guidance on short and longer-term cash flow needs.





Tariq is six years old and lives in Kuwait. He is being treated for childhood leukaemia on Bumblebee Ward. Tariq likes to read interesting books, paint and watch a lot of TV.

Statement of Trustees' responsibility

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources of the charity 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 Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity, and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Great Ormond Street Hospital Children's Charity for the year ended 31 March 2012 which comprise the Group Statement of Financial Activities (SOFA), the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

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

We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charity'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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2012, and of the group's incoming resources and application of resources, 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Deloitte LLP
Chartered Accountants
and Statutory Auditor
London
26 September 2012

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

Consolidated statement of financial activities

For the year ended 31 March 2012

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	3.1	28,174	28,855	–	57,029	53,380
Activities for generating funds	3.2	1,485	2,745	–	4,230	4,863
Investment income	3.3	3,338	35	7	3,380	3,722
Total incoming resources from generated funds		32,997	31,635	7	64,639	61,965
Incoming resources from charitable activities	3.4	1,483	213	–	1,696	1,958
Total incoming resources		34,480	31,848	7	66,335	63,923
Resources expended						
Cost of generating funds						
Cost of generating voluntary income		14,404	–	–	14,404	13,862
Fundraising trading: cost of goods sold and other costs		738	–	–	738	1,023
Investment management costs		213	–	–	213	247
Total cost of generating funds	5.1	15,355	–	–	15,355	15,132
Charitable activities						
Patient welfare		3,424	557	7	3,988	2,012
Staff welfare		607	368	–	975	1,904
Research		7,973	4,370	–	12,343	18,236
Medical equipment and capital schemes		9,907	347	–	10,254	11,213
Redevelopment		20	(9,649)	–	(9,629)	3,824
Property expenditure		1,059	–	–	1,059	1,842
Total charitable activities	5.2	22,990	(4,007)	7	18,990	39,031
Governance costs	5.3	786	–	–	786	580
Total resources expended		39,131	(4,007)	7	35,131	54,743
Net (outgoing)/incoming resources before transfers		(4,651)	35,855	–	31,204	9,180
Gross transfers between funds	19	44,111	(44,111)	–	–	–
Total net incoming/(outgoing) resources before other recognised gains and losses		39,460	(8,256)	–	31,204	9,180
Gains/(losses) on revaluation and disposal of own fixed assets		11,825	–	–	11,825	(3,642)
Gains on revaluation and disposal of investment assets		162	–	–	162	108
Net movement in funds		51,447	(8,256)	–	43,191	5,646
Fund balances brought forward at 1 April 2011		143,262	47,184	664	191,110	185,464
Fund balances carried forward at 31 March 2012		194,709	38,928	664	234,301	191,110

Notes 1 to 24 form part of these accounts.

All income relates to continuing activities.

Consolidated balance sheet

As at 31 March 2012

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Fixed assets						
Intangible assets	10	116	–	–	116	195
Tangible assets	11	113,716	–	–	113,716	101,982
Investments	12	57,212	37,452	664	95,328	85,608
Total fixed assets		171,044	37,452	664	209,160	187,785
Current assets						
Stocks		29	–	–	29	49
Investments	13	43,290	30,643	–	73,933	74,619
Debtors	14.2	2,305	977	–	3,282	2,713
Cash at bank and in hand		903	–	–	903	1,270
Total current assets		46,527	31,620	–	78,147	78,651
Creditors: amounts falling due within one year	15.2	17,759	23,518	–	41,277	68,944
Net current assets		28,768	8,102	–	36,870	9,707
Total assets less current liabilities		199,812	45,554	664	246,030	197,492
Creditors: amounts falling due after more than one year	16	5,103	6,626	–	11,729	6,382
Total net assets		194,709	38,928	664	234,301	191,110
Funds of the charity						
Capital funds						
Endowment funds	19.1	–	–	664	664	664
Income funds						
Restricted	19.2	–	38,928	–	38,928	47,184
Unrestricted	19.3	194,709	–	–	194,709	143,262
Total funds		194,709	38,928	664	234,301	191,110

Notes 1 to 24 form part of these accounts.

Approved by the Board of Trustees on 26 September 2012 and signed on its behalf by



Alan Hodson
Chair

Charity balance sheet

As at 31 March 2012

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Fixed assets						
Intangible assets	10	116	–	–	116	195
Tangible assets	11	113,716	–	–	113,716	101,982
Investments	12	57,212	37,452	664	95,328	85,608
Total fixed assets		171,044	37,452	664	209,160	187,785
Current assets						
Investments	13	43,290	30,643	–	73,933	74,619
Debtors	14.1	2,393	977	–	3,370	2,936
Cash at bank and in hand		561	–	–	561	952
Total current assets		46,244	31,620	–	77,864	78,507
Creditors: amounts falling due within one year	15.1	17,501	23,518	–	41,019	68,825
Net current assets		28,743	8,102	–	36,845	9,682
Total assets less current liabilities		199,787	45,554	664	246,005	197,467
Creditors: amounts falling due after more than one year	16	5,103	6,626	–	11,729	6,382
Total net assets		194,684	38,928	664	234,276	191,085
Funds of the charity						
Capital funds						
Endowment funds	19.1	–	–	664	664	664
Income funds						
Restricted	19.2	–	38,928	–	38,928	47,184
Unrestricted	19.3	194,684	–	–	194,684	143,237
Total funds		194,684	38,928	664	234,276	191,085

Notes 1 to 24 form part of these accounts.

Approved by the Board of Trustees on 26 September 2012 and signed on its behalf by



Alan Hodson
Chair

Consolidated cash flow statement

For the year ended 31 March 2012

	Notes	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Cash inflow from operating activities	20.1	5,297	(15,951)
Returns on investments and servicing of finance			
Interest received		1,324	1,395
Investments in fixed income portfolio and equities		2,056	2,327
Net cash inflow from returns on investments and servicing of finance		3,380	3,722
Capital expenditure			
Payments to acquire fixed assets		(172)	(19,286)
Receipts from sale of fixed assets		–	5,056
Payments to acquire investments		(17,058)	(17,325)
Proceeds from sale of investments		7,500	25,000
Transfers to current asset investments		–	30,832
		(9,730)	24,277
Net cash (outflow)/inflow before management of liquid resources		(1,053)	12,048
Management of liquid resources			
Decrease/(increase) in short-term deposits		686	(11,226)
Net cash inflow/(outflow) from management of liquid resources	20.2	686	(11,226)
(Decrease)/increase in cash	20.2	(367)	822

Notes to the accounts

1. Accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared under the historic cost convention, as modified for the revaluation of certain investments and properties, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, published in 2005, and the Charities Act. No separate Statement of Financial Activities (SOFA) has been presented for the charity alone, as permitted by paragraph 397 of the SORP.

The Trustees have a reasonable expectation that they have adequate resources to continue activities for the foreseeable future, as stated within their annual report (see page 10). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.2 Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertaking, which has a co-terminus year end. Consolidation has been carried out on a line-by-line basis.

1.3 Incoming resources

All incoming resources are included in the SOFA when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

a) Gifts in kind

- i Assets given for distribution by the charity are included in the SOFA only when distributed.
- ii Assets given for use by the charity are included in the SOFA as incoming resources when receivable.
- iii 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.

In all cases, the amount at which gifts in kind are recognised is either a reasonable estimate of their value to the charity or the amount actually realised.

b) Legacies

Legacies are accounted for as incoming resources once the receipt of the legacy becomes reasonably certain. This occurs once the final estate accounts have been approved by all parties. This approval provides confirmation that payment of the legacy will be made or property transferred, and confirms that all conditions attached to the legacy have been fulfilled. Legacies are included as incoming resources if the approval happened before 31 March. Legacies are disclosed under voluntary income in the SOFA (see note 3.1 on page 24).

c) Income from fundraising activities

General donations and Gift Aid are disclosed under voluntary income in the SOFA. Tickets, auction and sponsorship income from fundraising events are disclosed under activities for generating funds.

d) Grants and other time-related income

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

e) Trading income

Income from the charity's trading subsidiary is disclosed under activities for generating funds. This income is recognised on sale of goods when dispatched, on royalty and licence income for contractual periods ending in the financial year and for challenge events in line with when these take place.

1.4 Resources expended

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'costs of generating funds' and 'charitable activities'. These classifications comprise direct expenditure attributable to the activity.

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

Governance costs are those costs attributable to the governance arrangements of the charity which relate to the general running of the charity, as opposed to those associated with charitable or fundraising activity. These include internal and external audit, legal advice for the trustees and indemnity insurance.

Support costs, which include the central functions of Finance, Information Technology, Human Resources, Administration, Business Support and Supporter Services, are allocated across the categories of cost of generating funds, charitable activities and governance costs. The basis of the cost allocation is set out in note 6.

1.5 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 itself be spent, are accounted for as permanent endowment funds.

b) Restricted funds

Restricted funds include those receipts which are 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 in furtherance of 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.

1.6 Intangible fixed assets

a) Capitalisation

Intangible assets (software) which are capable of being used for more than one year, and have a cost equal to or greater than £5,000, are capitalised.

b) Valuation

Software is valued at depreciated historical cost.

c) Depreciation

Software is depreciated over three years, or over the specific period of the purchased licence.

1.7 Tangible fixed assets

a) Capitalisation

All assets falling into the following categories are capitalised:

- i Tangible assets which are capable of being used for more than one year, and have a cost equal to or greater than £5,000.
- ii Groups of tangible fixed assets which 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.

b) Valuation

Tangible fixed assets are valued as follows:

- i Land, buildings and installations are stated at either open market value for their existing use or at depreciated replacement cost where appropriate. Valuations are carried out professionally at five-yearly intervals, with an impairment review undertaken in all other years. The last full valuation was made on 31 March 2012.
- ii Fixtures, fittings, vehicles and equipment are valued at depreciated historical cost.

c) Depreciation

- i Depreciation is charged on each main class of tangible asset as follows: land is not depreciated; fixtures and fittings are depreciated over the assessed remaining life of the asset. Buildings are not depreciated, but are subject to an annual impairment review in the years between the formal valuations.
- ii Each equipment asset is depreciated over its expected useful life.

	Years
Fittings and equipment	15
Furniture	10
Vehicles	10
Office equipment	5
IT equipment	3

d) Donated assets

Donated assets are capitalised at their valuation on full replacement cost basis on receipt and are depreciated as described above.

1.8 Investment: fixed and current assets

Investment fixed assets and current assets are shown at market value.

- i Quoted stocks and shares are included in the balance sheet at bid value.
- ii Cash investments are held at cost plus accrued interest.
- iii Other investment fixed assets are included at the Trustees' best estimate of market value.

Investments in subsidiary undertakings are stated at cost.

1.9 Realised and unrealised gains and losses

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

1.10 Stocks

Stocks consist of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Provision is made for any obsolete or slow-moving items.

Notes to the accounts

continued

1.11 Pension contributions

Most employees are members of a defined contribution pension scheme. Contributions are chargeable to the SOFA in the period in which they are related to.

The charity also participates in the NHS Pension Scheme, with five current employees and a number of former employees being members of this scheme. This is an unfunded, defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the charity. The scheme is not designed to be run in a way that would enable the Trustees to identify their share of the underlying scheme assets and liabilities. It is therefore accounted for as if it were a defined contribution scheme. Contributions for the year are as stated in note 8.

The scheme is subject to a full actuarial valuation every four years. However the last formal actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2004. Formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent reforms to public service pensions. Employer and employee contribution rates are currently being determined under the new scheme design.

A valuation of the scheme liability is carried out annually by the scheme actuary. As the interval since the last formal valuation exceeds four years, the valuation of the scheme liability as at 31 March 2012 is based on detailed membership data as at 31 March 2010 updated to 31 March 2012. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

Additional disclosures about the scheme are provided in Great Ormond Street Hospital's Annual Report and Accounts which can be obtained from www.gosh.nhs.uk

1.12 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 the charity's subsidiary, 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.

1.13 Leases

The group has no finance leases. Costs relating to operating leases are charged in the SOFA over the life of the lease on a straight-line basis.

2. Great Ormond Street International Promotions Ltd

The charity has one wholly-owned trading subsidiary, Great Ormond Street International Promotions Ltd (GOSIPL), with paid up share capital of £2. GOSIPL is incorporated in the UK. The principal activities of the company are the trading activities for the charity. A summary of its trading results and net assets is shown below. These results are included in the group consolidation. Audited accounts are filed with the Registrar of Companies.

	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Profit and loss account		
Turnover	2,403	2,587
Cost of sales	(293)	(313)
Gross profit	2,110	2,274
Administrative expenses	(348)	(454)
Interest receivable	–	1
Net profit	1,762	1,821
Amount passed as Gift Aid to the charity	(1,762)	(1,821)
Taxation	–	–
Result for the year	–	–

	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Balance sheet		
Stocks – goods held for resale	29	49
Debtors	593	832
Cash	342	318
Current liabilities	(939)	(1,174)
Net assets	25	25
Share capital and reserves	25	25

Notes to the accounts

continued

3. Incoming resources

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Incoming resources from generated funds					
3.1 Voluntary income					
Direct gifts from individuals and trusts	12,607	19,777	–	32,384	26,959
Legacies	10,183	1,282	–	11,465	10,843
Community fundraising	3,870	3,515	–	7,385	7,990
Partnerships, campaigns, events and other income	1,514	4,281	–	5,795	7,588
Total	28,174	28,855	–	57,029	53,380
3.2 Activities for generating funds					
Auctions, tickets, sponsorship and other income	438	1,389	–	1,827	2,276
Fundraising trading	1,047	1,356	–	2,403	2,587
Total	1,485	2,745	–	4,230	4,863
3.3 Investment income	3,338	35	7	3,380	3,722
3.4 Incoming resources from charitable activities					
Grants	–	213	–	213	323
Property	1,483	–	–	1,483	1,635
Total	1,483	213	–	1,696	1,958
Total incoming resources	34,480	31,848	7	66,335	63,923

4. Investment income

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total at 31 March 2012 £000	Total at 31 March 2011 £000
Investments in a fixed income portfolio	2,056	–	–	2,056	2,324
Investments in equity funds	–	–	–	–	3
Cash investments	1,282	35	7	1,324	1,395
Total	3,338	35	7	3,380	3,722

5. Resources expended

	Direct costs £000	Support costs £000	Total at 31 March 2012 £000	Total at 31 March 2011 £000
5.1 Costs of generating funds				
Cost of generating voluntary income:				
Direct gifts from individuals and trusts	7,835	2,275	10,110	8,433
Legacies	397	117	514	366
Community fundraising	952	361	1,313	1,285
Partnerships, campaigns, events and other income	1,718	749	2,467	3,778
Total cost of generating voluntary income	10,902	3,502	14,404	13,862
Fundraising trading: costs of goods sold and other costs	607	131	738	1,023
Investment management costs	213	–	213	247
Total	11,722	3,633	15,355	15,132
5.2 Charitable activities				
Patient welfare	3,884	104	3,988	2,012
Staff welfare	949	26	975	1,904
Research	12,020	323	12,343	18,236
Medical equipment and capital schemes	9,986	268	10,254	11,213
Redevelopment	(9,639)	10	(9,629)	3,824
Property expenditure	1,031	28	1,059	1,842
Total	18,231	759	18,990	39,031
5.3 Governance costs	518	268	786	580
Total resources expended	30,471	4,660	35,131	54,743

As stated on page 10 of the Trustees' annual report, £10 million has been written-back against the Phase 2A redevelopment grant. This has resulted in the negative expenditure reported above for redevelopment.

Notes to the accounts

continued

	Year ended 31 March 2012 £000	Year ended 31 March 2011 £000
5.4 Resources expended include charges for:		
Hire of plant and machinery	63	68
Other operating lease rentals	658	640
Fees payable to the charity's auditor for the audit of the charity's annual accounts	31	30
Fees payable to the charity's auditor for other services:		
The audit of the charity's subsidiary pursuant to legislation	6	6
Tax compliance services	3	5
Depreciation	342	340

6. Support costs

	Staff costs £000	IT and Comms £000	Other £000	Year ended 31 March 2012 Total £000	Year ended 31 March 2011 Total £000
Cost of generating voluntary income	1,784	551	1,167	3,502	3,019
Fundraising trading	66	21	44	131	182
Patient welfare	53	16	35	104	31
Staff welfare	13	4	9	26	29
Research	165	50	108	323	280
Medical equipment and capital schemes	137	42	89	268	173
Redevelopment	5	2	3	10	58
Property expenditure	14	5	9	28	29
Governance costs	137	42	89	268	192
Total	2,374	733	1,553	4,660	3,993

Support costs include the costs of the following departments: Finance, Information Technology, Human Resources, Administration, Business Support and Supporter Services. Total support costs have been apportioned over other resources expended on the basis of time spent.

7. Grant-funded activities

	Aggregate amount awarded	Aggregate amount awarded
	Year ended 31 March 2012 £000	Year ended 31 March 2011 £000
Name of recipient:		
Great Ormond Street Hospital for Children NHS Foundation Trust	20,140	24,170
UCL Institute of Child Health	5,665	11,585
Coram's Fields	25	–
Oxford John Radcliffe Hospitals	27	–
University of Leeds	240	–
University of Manchester	259	–
Total	26,356	35,755

8. Details of staff costs

8.1 Analysis of staff costs

	Total year ended 31 March 2012 £000	Total year ended 31 March 2011 £000
Salaries and wages	5,627	5,045
Compensation for loss of office	33	–
Social security costs	619	535
Pension costs	429	403
Total emoluments of employees	6,708	5,983
Agency staff	177	131
Total emoluments	6,885	6,114

Pension costs are split as follows:

Defined contribution scheme	410	375
Final salary scheme	19	28
Total pension costs	429	403

Outstanding contributions as at the year end were:

Defined contribution scheme	47	40
Final salary scheme	2	2

Notes to the accounts

continued

8. Details of staff costs (continued)

	2012 No. of staff	2011 No. of staff
The average number of employees is split as follows:		
Support staff	43	39
Cost of generating funds	85	80
Charitable expenditure	22	18
Governance	6	5
Total	156	142

8.2 Pension contributions for senior employees

Nine out of the 11 employees earning more than £60,000 participated in the defined contribution pension scheme (2011: eight of the nine). Contributions relating to these employees were £85,000 (2011: £77,000).

8.3 Senior employees

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

	Total year ended 31 March 2012 £000	Total year ended 31 March 2011 £000
£60,000 to £69,999	6	4
£70,000 to £79,999	–	1
£80,000 to £89,999	1	1
£90,000 to £99,999	1	2
£100,000 to £109,999	2	–
£110,000 to £119,999	–	1
£120,000 to £129,999	1	–

9. Trustee remuneration

None of the Trustees received any remuneration from the charity or its subsidiary during the current or previous financial year. No Trustees were reimbursed for expenses incurred while carrying out their responsibilities for the charity during the year (2011: none).

A trustee indemnity insurance policy is held with Dual Corporate Risks Ltd, providing indemnity of £5 million. The cost of the policy in 2011/12 was £4,068 (2010/11: £4,043).

10. Intangible fixed assets

Charity and consolidated

	IT software £000
Total intangible fixed assets:	
Balance at 31 March 2011	309
Additions	31
Disposals	(6)
Balance at 31 March 2012	334
Accumulated depreciation:	
Balance at 31 March 2011	114
Charge for the year	106
Disposals	(2)
Balance at 31 March 2012	218
Net book value at 31 March 2012	116
Net book value at 31 March 2011	195
Historic cost less depreciation at 31 March 2012	116

Notes to the accounts continued

11. Tangible fixed assets

Charity and consolidated

	Freehold/ leasehold land and buildings £000	Fixtures, fittings and vehicles £000	IT equipment £000	Total £000
Total tangible fixed assets:				
Balance at 31 March 2011	100,819	1,150	909	102,878
Additions	–	14	127	141
Impairment/revaluation	11,831	–	–	11,831
Disposals	–	–	(265)	(265)
Balance at 31 March 2012	112,650	1,164	771	114,585
Accumulated depreciation:				
Balance at 31 March 2011	–	284	612	896
Disposals	–	–	(263)	(263)
Charge for the year	–	77	159	236
Balance at 31 March 2012	–	361	508	869
Net book value at 31 March 2012	112,650	803	263	113,716
Net book value at 31 March 2011	100,819	866	297	101,982
Historic cost less depreciation at 31 March 2012	79,799	803	263	80,865

The charity undertakes a full independent professional valuation every five years, with impairment reviews undertaken as necessary in accordance with the Statement of Recommended Practice 2005. A full valuation was performed as at 31 March 2012 by Gould & Co, chartered surveyors, acting as independent valuers. As a result of this valuation, the value of properties held by the charity was increased by £11.8 million. The net book value of properties includes two buildings at £54.68 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 which is recognised by the International Valuation Standards Council. Although these two buildings are subject to leases between the charity and the hospital for unexpired terms of 24.5 years at peppercorn rentals, the value to the charity is in the charitable benefit that the properties generate, and therefore the value to them of these properties under the depreciated replacement cost method is not reduced by the fact that peppercorn leases are in place. Although this is the accepted accounting method of valuation for properties of this type used for charitable purposes, it should be made clear that this value would not be realisable on the open market in the event of disposal due to the specialist nature of the assets and the existence of the peppercorn leases. All other properties are valued at existing use value.

Due to the use of regular impairment reviews, which identify material changes to the carrying value of these assets, buildings are not depreciated.

12. Fixed asset investments

Analysis of fixed asset investments

12.1 Charity and consolidated

	2012 Total £000	2011 Total £000
Fixed asset investments:		
Market value at 1 April	85,608	124,007
Less:		
Disposals at carrying value	(7,500)	(25,000)
Transfers to current asset investments	–	(30,832)
Add:		
Acquisitions at cost	17,058	17,325
Net gain on revaluation	162	108
Market value at 31 March	95,328	85,608
Historic cost at 31 March	94,040	84,484

12.2 Market value at 31 March

	Held in the UK £000	Held outside the UK £000	2012 Total £000	2011 Total £000
Investments in a fixed income portfolio – directly held	69,820	2,929	72,749	69,429
Investments in equity funds	16,191	3,973	20,164	16,167
Investments listed on Stock Exchange	12	–	12	12
Investments in gold commodities	–	2,403	2,403	–
Total fixed asset investments	86,023	9,305	95,328	85,608

Investment powers

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

12.3 Investment in Great Ormond Street International Promotions Ltd

	2012 Total	2011 Total
	£2	£2

The net result for the company in 2011/12 is a surplus of £1,762,384 (2011: 1,821,361) with a Gift Aid payment of £1,762,384 (2011: £1,821,361). Net assets at the end of the year total £25,491 (2011: £25,491).

Notes to the accounts

continued

13. Current asset investments

Charity and consolidated

	Unrestricted funds £000	Restricted funds £000	2012 Total £000	2011 Total £000
Short-term deposits	43,290	30,643	73,933	74,619
Total current asset investments	43,290	30,643	73,933	74,619

All current asset investments are held in the UK.

14. Debtors

14.1 Debtors – charity

	Unrestricted £000	Restricted £000	Total 31 March 2012 £000	Total 31 March 2011 £000
Amounts falling due within one year:				
Trade debtors	406	497	903	213
Amounts due from subsidiary	683	–	683	1,054
Other debtors	29	278	307	640
Prepayments	878	32	910	654
Accrued income	397	170	567	375
Total debtors falling due within one year	2,393	977	3,370	2,936

14.2 Debtors – consolidated

	Unrestricted £000	Restricted £000	Total 31 March 2012 £000	Total 31 March 2011 £000
Amounts falling due within one year:				
Trade debtors	698	497	1,195	755
Other debtors	30	278	308	640
Prepayments	880	32	912	654
Accrued income	697	170	867	664
Total debtors falling due within one year	2,305	977	3,282	2,713

15. Creditors

15.1 Creditors: amounts falling due within one year – charity

	Unrestricted £000	Restricted £000	Total 31 March 2012 £000	Total 31 March 2011 £000
Trade creditors	1,054	4,459	5,513	1,578
Taxation and social security	335	–	335	255
Grants awarded	13,951	11,108	25,059	57,685
Other creditors	1,038	260	1,298	981
Accruals	1,105	7,353	8,458	8,074
Deferred income	18	338	356	252
Total charity creditors falling due within one year	17,501	23,518	41,019	68,825

15.2 Creditors: amounts falling due within one year – consolidated

	Unrestricted £000	Restricted £000	Total 31 March 2012 £000	Total 31 March 2011 £000
Trade creditors	1,062	4,459	5,521	1,579
Taxation and social security	447	–	447	335
Grants awarded	13,951	11,108	25,059	57,685
Other creditors	1,039	260	1,299	981
Accruals	1,120	7,353	8,473	8,098
Deferred income	140	338	478	266
Total consolidated creditors falling due within one year	17,759	23,518	41,277	68,944

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

Charity and consolidated

	Unrestricted £000	Restricted £000	Total 31 March 2012 £000	Total 31 March 2011 £000
Grants awarded	4,900	6,626	11,526	6,156
Rent-free provision	203	–	203	226
Total creditors falling due after more than one year	5,103	6,626	11,729	6,382

17. Deferred income

	31 March 2011 £000	Deferred £000	Released £000	31 March 2012 £000
Income from fundraising activities				
Charity	252	356	(252)	356
Trading subsidiary	14	122	(14)	122
Total deferred income – consolidated	266	478	(266)	478

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

Notes to the accounts

continued

18. Grants awarded

	2012 Total £000	2011 Total £000
Outstanding liabilities at 1 April	63,841	87,105
Awarded during the year		
Redevelopment	35	3,382
Medical equipment and capital schemes	10,248	9,202
Research	11,768	4,555
Other	4,305	3,700
Total	26,356	20,839
Paid during the year		
Redevelopment	(24,689)	(47,224)
Medical equipment and capital schemes	(9,317)	(1,019)
Research	(5,023)	(1,949)
Other	(3,052)	(1,645)
Total	(42,081)	(51,837)
Adjustments in the year		
Redevelopment	(10,000)	30
Medical equipment and capital schemes	(556)	427
Research	(634)	7,517
Other	(341)	(240)
Total	(11,531)	7,734
Outstanding liabilities at 31 March	36,585	63,841
Amounts falling due within one year	25,059	57,685
Amounts falling due after more than one year	11,526	6,156
Total	36,585	63,841

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.

Adjustments in the year includes a write-back of £10 million against the grant previously awarded for Phase 2A of the hospital's redevelopment. An explanation of this is provided on page 10 of the Trustees' annual report.

19. Group and charity funds

	Balance 31 March 2011 £000	Incoming resources £000	Resources expended £000	Transfers between funds £000	Gains and losses £000	Balance 31 March 2012 £000
19.1 Endowment funds						
A Tippetts & Crux	222	3	(3)	–	–	222
B Lewisohn	11	–	–	–	–	11
C Barnes	7	–	–	–	–	7
D Mary Shepard Bequest	407	4	(4)	–	–	407
E John Lund Wells Bequest	17	–	–	–	–	17
Total endowment funds	664	7	(7)	–	–	664
19.2 Restricted funds						
A Redevelopment	37,299	23,734	9,935	(40,836)	–	30,132
B Louis Dundas Centre	575	2,178	(2,636)	–	–	117
C Gastroenterology Research Collaboration	78	735	(433)	100	–	480
D Craniofacial Fund	202	31	(52)	–	–	181
E The Richard Wright Fund	2,942	–	–	(16)	–	2,926
F Weston House – parents and patients accommodation	–	259	(216)	135	–	178
G Clinical Cardiac Chair	471	3	(44)	–	–	430
H Olivia Hodson Cancer Fund	363	37	(90)	–	–	310
I Neonatal Surgical Disorders	314	2	(80)	–	–	236
J Host Defence	235	62	(134)	–	–	163
K Family Studies	254	2	(6)	–	–	250
L Other special purpose funds	3,366	866	(919)	1	–	3,314
M Other restricted purpose funds	1,085	3,939	(1,318)	(3,495)	–	211
Total restricted funds	47,184	31,848	4,007	(44,111)	–	38,928
19.3 Unrestricted funds						
General funds	17,542	34,480	(38,789)	(6,832)	11,987	18,388
Designated funds						
Redevelopment fund	23,543	–	–	38,946	–	62,489
Fixed assets fund	102,177	–	(342)	11,997	–	113,832
Total unrestricted funds	143,262	34,480	(39,131)	44,111	11,987	194,709
Total funds	191,110	66,335	(35,131)	–	11,987	234,301

The above funds comprise those of the group after the inclusion of £25,489 retained unrestricted funds of the subsidiary company.

Notes to the accounts

continued

19. Group and charity funds (continued)

Endowment funds

Name of fund	Description of the nature and purpose of each fund
A Tippetts & Crux	Capital in perpetuity bequests to be used for research in general purposes.
B Lewisohn	Capital in perpetuity bequests to be used for an annual staff award.
C Barnes	Capital in perpetuity bequest for general purposes.
D Mary Shepard Bequest	Capital in perpetuity bequest for general purposes.
E 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
A Redevelopment	To provide finance for major building and capital development.
B Louis Dundas Centre	To advance research and clinical practice in palliative care and pain management.
C Gastroenterology Research Collaboration	To research causes of and new treatments for severe gut disorders and food allergies.
D Craniofacial Fund	To research and purchase equipment for craniofacial disorders.
E The Richard Wright Fund	To fund research into infant and childhood leukaemia.
F Weston House – Parents and Patients Accommodation	To provide accommodation for parents and patients in Weston House.
G Clinical Cardiac Chair	To provide support costs for the post of clinical cardiac chair.
H Olivia Hodson Cancer Fund	To support projects and roles related to childhood cancer.
I Neonatal Surgical Disorders	To support research in The Mittal Children's Medical Centre into neonatal surgical disorders.
J Host Defence	To provide support for the staff and patients on host defence wards.
K Family Studies	To provide support to the Psychological Medicine Department.
L Other special purpose funds	Funds delegated by the Trustees to various departments within Great Ormond Street Hospital and UCL Institute of Child Health.
M 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.

Transfers between funds can represent one of the following:

- Expenditure may be moved to a restricted fund where projects which have previously been paid from general funds, including designated funds, match specific restricted income that has subsequently been received.
- 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.

20. Notes to the consolidated cash flow statement

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

	2012 £000	2011 £000
Net incoming resources before other recognised gains and losses	31,204	9,180
Depreciation charges	342	340
Investment income	(3,380)	(3,722)
Decrease/(increase) in stocks	20	(3)
(Increase)/decrease in debtors	(569)	2,171
Decrease in creditors	(22,320)	(23,917)
Cash inflow/(outflow) from operating activities	5,297	(15,951)

20.2 Analysis of net debt

	Balance 31 March 2011 £000	Cash flows £000	Balance 31 March 2012 £000
Cash at bank and in hand	1,270	(367)	903
Current asset investments	74,619	(686)	73,933
Total	75,889	(1,053)	74,836

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 (2010/11: £ nil).

22. Legacies

The charity has been notified of 302 legacies which have not been included within the financial statements, as no notification of impending distribution has been received (2011: 299). Of these, 24 per cent are pecuniary legacies which have an average value of £4,442 (2011: 29 per cent £6,762) and the remaining 76 per cent are residuary and specific legacies which have an average value of £44,648 (2011: 72 per cent £45,758). 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 three pecuniary legacies (2011: three), 28 residuary legacies (2011: 31) and seven specific legacies (2011: seven) which are subject to a life interest, as well as 10 specific legacies (2011: nine) which are not subject to a life interest.

23. Annual commitments under non-cancellable operating leases

	Land and buildings		Other leases	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Operating leases which expire:				
Within one year	38	–	12	12
Between one and five years	270	385	20	30
After five years	296	296	–	–
Total	604	681	32	42

Notes to the accounts

continued

24. Related-party transactions

This note lists material transactions with other entities in which either Trustees or senior employees of the charity hold positions of authority.

Figures in *italics* show amounts due/owing at year end, with a positive figure representing amounts owing by the charity.

Related party	Connected party	Relationship	2012 £000	2011 £000	Details of transaction
Great Ormond Street Hospital	Dr Jane Collins (Chief Executive)	Dr Jane Collins is Chief Executive of the hospital	20,140	24,170	Grants made to Great Ormond Street Hospital
			<i>30,590</i>	<i>64,721</i>	
			2,005	1,965	Amounts paid for services provided, ie rent and property re-charges
			<i>(419)</i>	<i>(185)</i>	
CHGRMUPR Campaign (formerly Jeans for Genes Campaign)	Tim Johnson (Executive Director)	Tim Johnson was a Trustee and Director of CHGRMUPR Campaign until February 2012	61	191	Grants received and amounts charged for licences

Administrative details

Names of charity and subsidiary Great Ormond Street Hospital Children's Charity

Registered charity number 235825.

Great Ormond Street International Promotions Ltd

Company limited by share capital.
Registered number 2265303.

Principal and registered office

40 Bernard Street
London WC1N 1LE
T: 020 7239 3000
www.gosh.org

Description of charity's objective

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

Special Trustees

Alan Hodson (Chairman)
Gabrielle Abbott
Susan Burns
Diana Dunstan OBE
Hugo Llewelyn
Sir Mark Potter
Christopher Spratling

Associate Trustees

Simon Brewer
David Elms
Simon Stormer (appointed 1 April 2011)
Michael Weston
Andrew Fane (retired 1 April 2011)

Board of Directors

Dr Jane Collins MSc MD FRCP FRCPCH
(Chief Executive to 31 July 2012)
Charles Denton
(Chairman of Fundraising – Non-Executive
to 31 March 2012)
Tim Johnson
(Executive Director to 31 July 2012)
(Chief Executive from 1 August 2012)
Antonia Dalmahoy
(Director of Corporate Partnerships)
Jacqui Goldhill
(Acting Director of Corporate Partnerships
to 30 June 2011)
Neal Donnelly
(Director of Major Gift Fundraising)
Andrew Hibbert
(Director of Finance and Support Services)
Lesley Miles
(Director of Marketing Communications
and Community Fundraising)

Charity Patrons

Vernon Kay and Tess Daly

Other relevant organisations

Auditor

Deloitte LLP
Chartered Accountants
and Statutory Auditor
2 New Street Square
London EC4A 3BZ

Bankers

Royal Bank of Scotland plc
9th Floor
280 Bishopsgate
London EC2M 4RB

Solicitors

Withers LLP
16 Old Bailey
London EC4M 7EG

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

Newton Investment Management Ltd
BNY Mellon House
Ingrave Road
Brentwood
Essex CM15 8TG

Ruffer LLP
80 Victoria Street
London SW1E 5JL

Rothschild
New Court
St Swithin's Lane
London EC4N 8AL

Independent investment consultants

Stanhope Jewsons
35 Portman Square
London W1H 6LR

**Great Ormond Street
Hospital Children's Charity**
40 Bernard Street
London WC1N 1LE
020 7239 3000
www.gosh.org

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

Photography by Adam Laycock.

Printed by Hill and Garwood, using
vegetable-based inks on Heaven 42.

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 is available
to view at www.gosh.org

Great Ormond Street
Hospital Children's Charity.
Registered charity no. 235825.

Design Manager
Great Ormond Street Hospital
Children's Charity
Fourth floor
40 Bernard Street
London WC1N 1LE
E design.work@gosh.org