



**GREAT  
ORMOND  
STREET  
HOSPITAL  
CHARITY**

OUR  
HISTORY  
IS LONG  
BUT OUR  
MISSION  
NEVER  
CHANGES.





1948

Nana entertaining a patient at a Christmas performance at GOSH.

2018

Play worker Lauren plays cards with a patient.



1850s The hospital circa 1850.

2017 The hospital in the present day.

1936

Princess Tsahai as a nurse at Great Ormond Street Hospital (GOSH).



2018

GOSH patient Angel, age 3.



NAVEEN, 7

This is Naveen, he comes to GOSH regularly for treatment.



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# OUR MISSION

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

**THEN** Back in the 1980s, we kick-started decades of fundraising to give seriously ill children the chance of a better future. Thousands of people from across the UK united to support GOSH's Wishing Well Appeal, which became the largest ever appeal of its kind.

**NOW** We're celebrating 30 years of incredible support. Over the years, people like you have helped to fund wards and medical facilities, state-of-the-art medical equipment, ground breaking research and support services such as parent accommodation. On average 619 children and young people from across the UK arrive at GOSH every day. Many of our young patients have life-limiting or life-threatening conditions. Every day, doctors and nurses battle the most complex illnesses, and the brightest minds come together to achieve pioneering medical breakthroughs.

**ALWAYS** We continue to be committed to providing the patients and their families treated at our extraordinary hospital with the very best facilities. In addition, we will always do the best we can to raise as much as possible to fund research into better treatments and cures.

On behalf of our young patients, their families and the staff at the hospital and charity, thank you. We will always be grateful for your support.

# CHAIRMAN'S STATEMENT



Every day there are huge challenges at GOSH and every donation of money or time to GOSH Charity helps to meet those challenges, giving young patients the best chance to fulfil their potential.

## This year

In 2017/18, the third year of our ambitious five-year strategy, 'Raising Our Sights: A 2020 Vision', we have a lot to be proud of. Our generous supporters having enabled us to raise £99.4 million to provide a better future for seriously ill children. This is our highest ever fundraising total.

We celebrated a number of key milestones including the completion of the Mittal Children's Medical Centre with the opening of the Premier Inn Clinical Building in January. We also opened our new parent and family accommodation made possible by the generous support of Morgan Stanley.

Construction continued during the year on the Zayed Centre for Research into Rare Disease in Children with the topping out ceremony being held in December 2017. A tight construction programme for the coming year will continue to be monitored to ensure we are on track to complete construction of the centre in December 2018, with occupancy commencing in March 2019.

The first year of our partnership with Sparks saw the largest response we have seen to the annual National Research Call, with over 142 applications from across the country. We're delighted with this response and see it as a great confirmation of the importance of the partnership. We are delighted to have launched, in May 2018, the second joint National Call.

We formally launched our new people strategy in April 2017 and saw positive results of our third employee opinion survey in October, with big increases in

particular in our employee engagement scores, development opportunities, and respect and recognition.

## Challenges

The past year has also seen some challenging times, particularly during the summer when media attention on the hospital was at its peak. Whilst the hospital and charity staff showed commitment and resolve, our Communications, Digital Engagement and Supporter Services teams in particular faced an extensive period of pressure and we are grateful to them for their professionalism, resilience and dedication throughout this period.

Further media attention around the Presidents Club Charitable Trust event, and the negative media generated in relation to a number of UK based charities operating overseas, has highlighted the level of attention and scrutiny the sector is under.

Whilst this no doubt remains a challenging time for the charity sector, we are very fortunate to have passionate and dedicated people, in terms of staff, volunteers and our many amazing donors who remain committed to doing the very best to help the children, young people and families who rely on Great Ormond Street Hospital.

## Governance

Having embedded our new Governance, Reputation and Risk Committee during the year, 2018/19 will see us continue to review and consolidate our policies,

procedures and working practices to ensure we maintain high standards of governance. Through this work we aim to provide assurance to our supporters, patients and families of the hospital that we are working hard to do the very best we can to maximise our achievements in line with our charitable objectives.

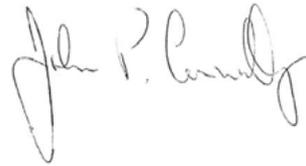
### Board appointment and retirements

During the year, Dr Diana Dunstan OBE and David Claydon stepped down from the Board of Trustees. We would like to thank Diana and David for their considerable service and contribution to the charity over a number of years.

We were delighted to welcome Professor Stephen Holgate to the Board as a Trustee and David Lomas and Paul Langham as Associate Trustees. We are very grateful to them for taking up their positions and look forward to working with them.

### Thanks

The final word must be a word of thanks to our staff, volunteers and Trustees who generously share their expertise, and most importantly to our incredible supporters who continue to enable us to transform the lives of many thousands of children and young people throughout the UK and across the world.



**John Connolly**

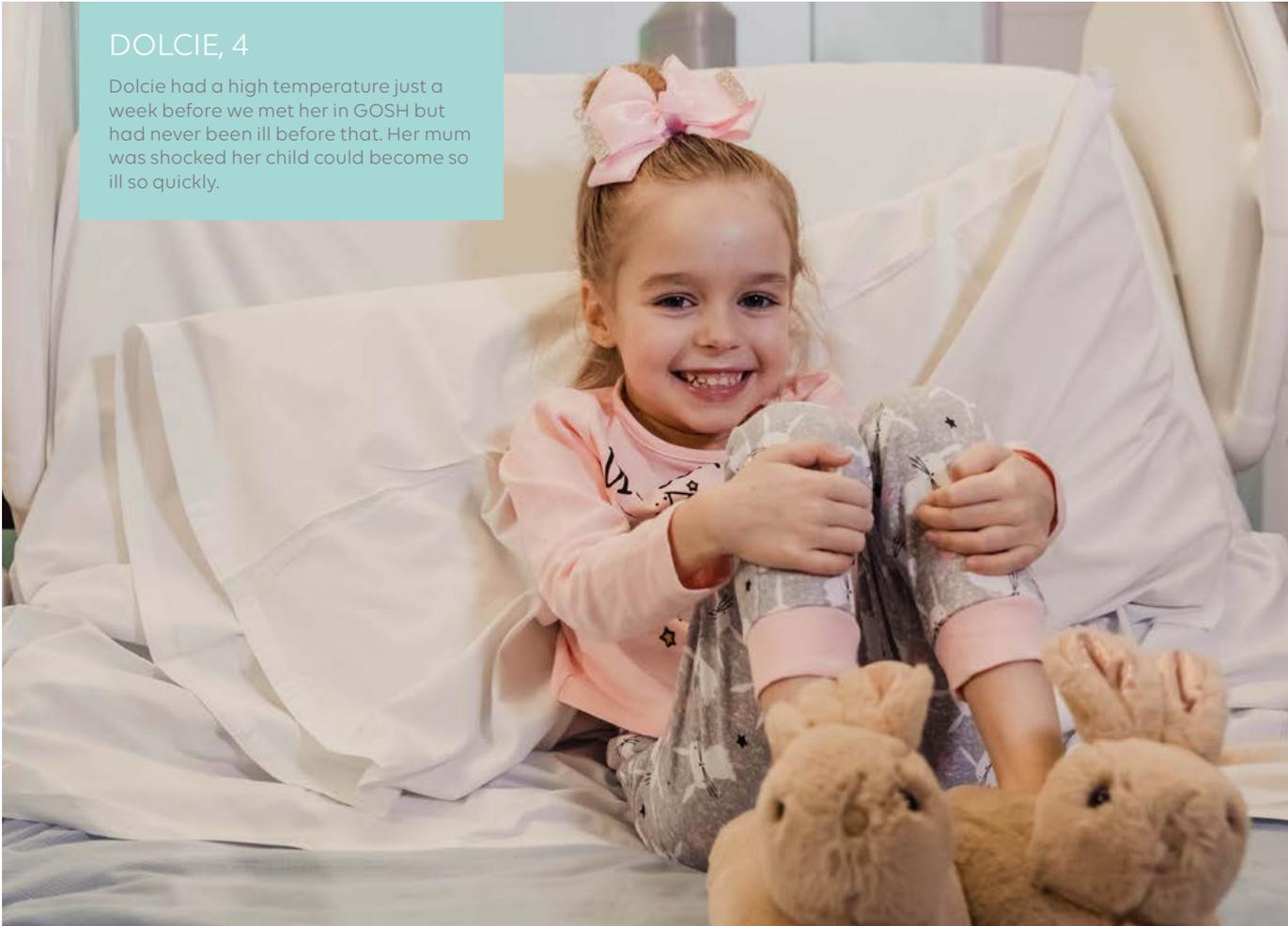
18 July 2018

Chairman of Trustees

Great Ormond Street Hospital Children's Charity

### DOLCIE, 4

Dolcie had a high temperature just a week before we met her in GOSH but had never been ill before that. Her mum was shocked her child could become so ill so quickly.



# THEN & NOW

GOSH wouldn't be the place it is without the millions of people who have supported it through its lifetime. From the day we opened, your incredible fundraising efforts continue to improve the lives of seriously ill children.

10

the number of beds when GOSH opened. Today, there are 455.



1855

we received our first legacy gift. Legacies continue to be a vital part of our income today.

£54m

raised through the incredible Wishing Well Appeal. People from all over the country came together to help us open the Variety Club Building in 1994 to replace buildings that were no longer able to meet the needs of GOSH's patients.



1929

JM Barrie donated the copyright of Peter Pan to GOSH. The magical story continues to raise vital funds for the hospital, but we promised JM Barrie we'd always keep the amount private (sshh!).



£11.5m

invested in research to find better ways to diagnose and treat complex childhood diseases.



800+

tireless event volunteers generously gave their time and energy to whoop, cheer and help events run smoothly, raising vital funds in the process.



152

volunteer community ambassadors delivered 45 outreach talks in local communities this year, helping us reach 3,500 people.



13,000+

Bernard Bears sold at Premier Inns across the country in 2017, raising an impressive £80,000. Go Bernard!

149

projects were funded in 2017/18 that will help make a difference to the lives of children at GOSH, across the UK and around the world.



1

member of the Royal Family paid us a visit to celebrate the completion of the Mittal Children's Medical Centre by opening the new Premier Inn Clinical Building.



£136,000

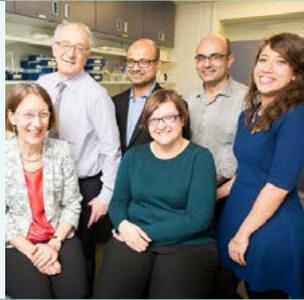
raised by Smyths Toys and our friend 'Snot - the toy no one wanted', during their 2017 Christmas Campaign.



# HIGHLIGHTS FROM THE YEAR



In a European first, GOSH clinicians demonstrate how a little-known gland of the immune system could transform the lives of children like Aidan (left), with a life-threatening immune system condition called DiGeorge syndrome. The thymus gland, which is usually removed and discarded during heart surgery, was given to children with complete DiGeorge Syndrome, restoring their ability to fight off infections.



The Centre for Adolescent Rheumatology receives a £2 million funding boost to support its pioneering research into joint and inflammatory conditions in teenagers, over the next five years. This unique centre is funded by Arthritis Research UK with partnership funding from GOSH Charity.



A special ceremony takes place on the roof of the Zayed Centre for Research into Rare Disease in Children, celebrating construction reaching its highest point. The building was made possible by a transformational gift from Her Highness Sheikha Fatima bint Mubarak, the wife of the late Sheikh Zayed bin Sultan Al Nahyan.



HRH The Duchess of Cambridge visits patients, families and staff for the official opening of the Mittal Children's Medical Centre, home to the new Premier Inn Clinical Building.



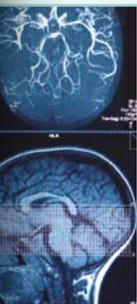
We announce leading cancer researcher Darren Hargrave as the new GOSH Charity Professor of Neuro-oncology, driving forward new treatments for childhood brain tumours.



Children from GOSH attend special Halloween parties for a weekend of fundraising at Premier Inn and Restaurants across the UK, celebrating the company's £10 million fundraising milestone for GOSH Charity.



Children, families, hospital staff and celebrities join over 4,000 people in Hyde Park, London at RBC Race for the Kids, a 5k fun run to raise vital funds.



As part of a drive to support much-needed surgical research, we appoint Dr Sebastian Toescu as our first surgical scientist. Sebastian is focusing on understanding how a condition that develops after brain tumour surgery could be avoided.



Thanks to your support, a state-of-the-art stem cell research facility opens at GOSH. The cutting-edge laboratory will help GOSH researchers increase their work in this area. Some projects involve using a child's own cells to treat conditions affecting the muscles, liver, brain and sight.

GOSH's young patients are treated to some four-legged festivities when ITV presenter Paul O'Grady pays a Christmas visit with some of his furry friends from Battersea Dogs & Cats Home.



GOSH and UCL Great Ormond Street Institute of Child Health (ICH) researchers find a new way to diagnose a range of serious childhood eye conditions. The test, known as Oculome, looks for mistakes in more than 400 genes that are known to lead to eye disease and is now available across the NHS.



GOSH Charity and Sparks announce an investment of £2.1 million in 14 child health research projects, with nine of the projects taking place in research institutions across the UK and five of the projects based in GOSH and ICH.

We go retro with 1980s-themed campaign 'Then. Now. Always', celebrating thirty years since the Wishing Well Appeal, which launched back in 1988.



Researchers from the ICH and GOSH are awarded £5 million to lead a national study to find better treatments for children, like Joe (left) with juvenile idiopathic arthritis (JIA) and the associated eye-inflammation condition, uveitis. The CLUSTER consortium is funded by the Medical Research Council with partnership funding from Arthritis Research UK and support from GOSH Charity.

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# OBJECTIVES AND ACTIVITIES

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

- a. the hospital services (including research) of GOSH\* and
- 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 achieve this, the charity makes grants to fund the following areas:

## PIONEERING RESEARCH

From revolutionary gene therapy to tailor-made organs for transplant and new research laboratories, to find new treatments for the most complex childhood illnesses.

## ADVANCED MEDICAL EQUIPMENT AND SYSTEMS

The most advanced medical equipment and systems for treating the toughest and rarest childhood conditions from iMRI scanners to new IT software to improve patient care, experience and research.

## CHILD AND FAMILY SUPPORT

Services that can ease the burden on families, raise spirits, and support children and young people through their treatment.

## REBUILDING AND REFURBISHMENT

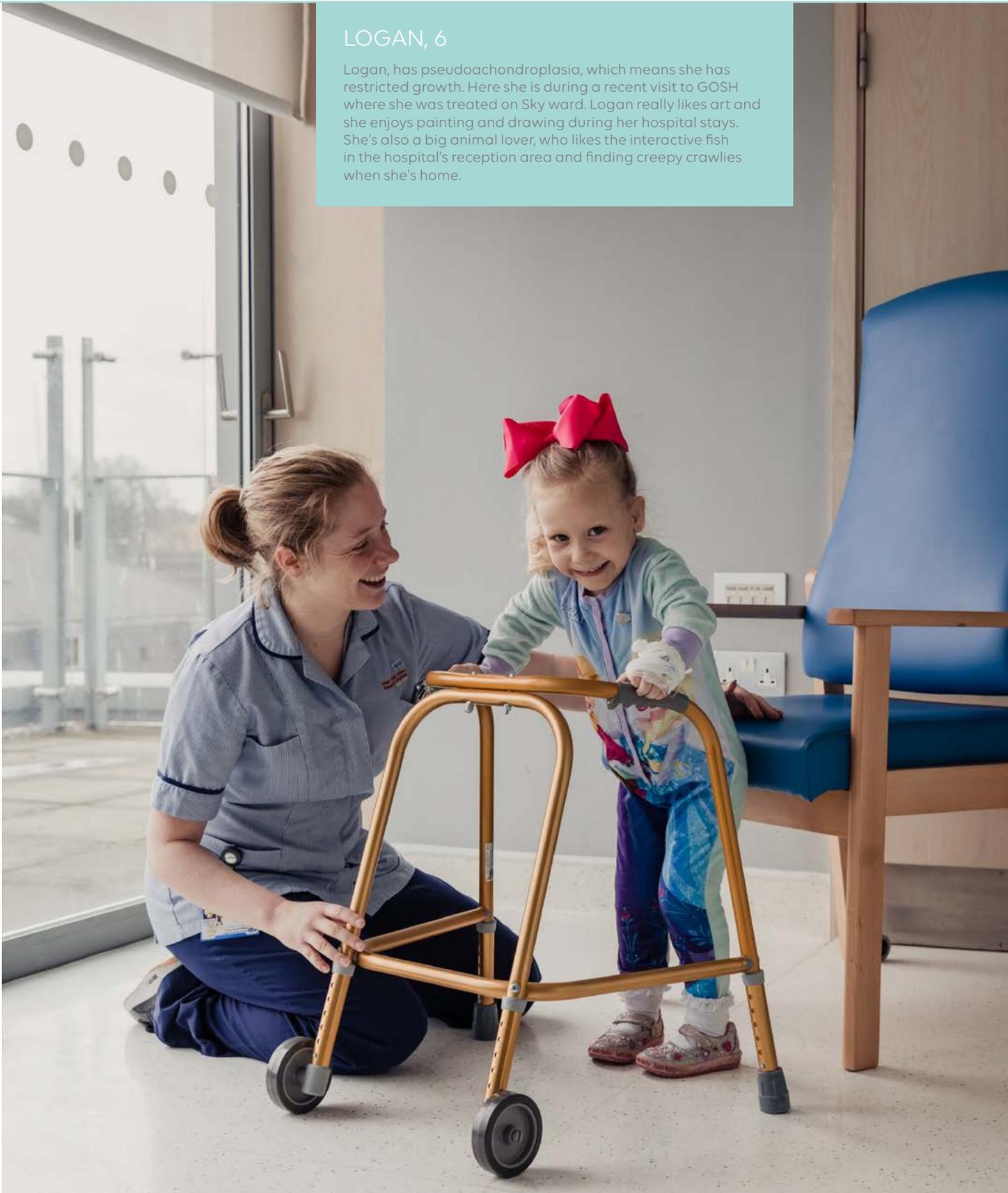
Wards and medical facilities designed around children and young people that let the hospital treat more patients in the best possible surroundings.

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The NHS can only do so much. It meets the day to day running costs of the hospital, but GOSH relies on the support of all the charity's donors and volunteers to go above and beyond, to help pioneer new treatments for more children and provide the extraordinary world-class care the hospital is known for, then, now and always.

## LOGAN, 6

Logan, has pseudoachondroplasia, which means she has restricted growth. Here she is during a recent visit to GOSH where she was treated on Sky ward. Logan really likes art and she enjoys painting and drawing during her hospital stays. She's also a big animal lover, who likes the interactive fish in the hospital's reception area and finding creepy crawlies when she's home.







## ETHAN, 5 MONTHS

Ethan was diagnosed with retinoblastoma when he was just nine days old. His treatment at GOSH started two weeks later, when he had a Hickman line put in and he started his first of six chemotherapy treatments on Lion ward.

# RESEARCH AT A GLANCE

## THEN

- 1896 - GOSH clinician Dr Frederic Still first describes a form of juvenile arthritis, which is still researched at the hospital today.
- 1946 - The hospital's dedicated research partner, the UCL Great Ormond Street Institute of Child Health (ICH), is founded by Professor Alan Moncrieff.
- 2001 - GOSH patient Rhys Evans becomes the first child in the UK and one of the first people in the world to be treated with revolutionary gene therapy. Rhys was born with a condition that left his body unable to withstand attacks from viruses and bacteria.



## NOW

- Rick Livesey is appointed GOSH Charity Professor of Stem Cell Biology. A renowned expert in the field, taking up the post in June 2018.
- We announced leading cancer researcher Darren Hargrave as the new GOSH Charity Professor of Neuro-oncology, driving forward new treatments for childhood brain tumours.





£11.5m

invested in research to find better ways to diagnose and treat complex childhood diseases,

£1.2m

of which was invested to support the running of cancer clinical trials at GOSH.

"I passionately believe that increasing our knowledge of brain tumours will allow us to find better and kinder treatments for children."

Professor Darren Hargrave, GOSH Charity  
Professor of Neuro-oncology

## ALWAYS

Only with your support, can we continue to fund research that could save the lives of seriously ill children.

- In 2018, GOSH surgeons, working alongside colleagues in University College London Hospital, hope to improve the outcome of a child with spina bifida by conducting foetal surgery. This involves operating on the baby while they're still in the womb and it will be the first time the surgery has been performed in the UK.
- We will fund a surgeon who will focus on driving research that will develop surgery for the future and help more children reach their potential.
- We'll recruit three research stars of tomorrow. These talented individuals will work to change the face of research into childhood cancers, muscle-wasting conditions, and conditions that affect the body's hormones or chemical reactions.
- Together with Sparks and in partnership with smaller organisations and disease-specific charities, we'll fund even more pioneering research projects across the UK.

# 14 RESEARCHERS 10 INSTITUTES ONE MISSION

In February, GOSH Charity and Sparks announced a joint investment of £2.1 million to fund national research projects, with the mission of improving treatments for serious childhood illnesses.

As the largest charitable call dedicated to child health research in the UK, it funded 14 high-quality research projects focusing on areas including hard-to-treat cancers, nerve-wasting diseases and severe birth defects.

Here we share just four of these projects that could transform children's lives by carefully taking findings from the laboratory to the patient's bedside as quickly as possible.



### Special cells offer hope for young patients with muscle-wasting conditions

Professor Giulio Cossu, University of Manchester

Children with Duchenne muscular dystrophy (DMD) have a mistake in their DNA – our in-built instruction manual – that means their bodies struggle to build and maintain muscles.

Although these children often learn to crawl and walk as normal, as they enter their toddler years, symptoms suddenly start to appear. They may find it hard to stand, climb or run, and eventually the condition causes most to need a wheelchair by the time they hit their teens. Devastatingly, most children with DMD do not reach their thirtieth birthday.

Research could hold the key to a revolutionary new treatment. Professor Cossu's research involves using special cells in a child's body that can grow into muscle cells. His team hopes to use these cells to correct the genetic mistake that causes DMD, and then re-introduce the cells back to the child, where they can create healthy muscle.

Thanks to your support, this project will provide the crucial next step in gathering the information needed for the treatment to be trialled in children with DMD.

## Duchenne Muscular Dystrophy affects one in 3,500 boys in the UK. It's the most common and lethal form of muscle-wasting disease

### Imaging and algorithms: finding the best treatment for children with cerebral palsy

Dr Thomas O'Brien, Liverpool John Moores University

Cerebral palsy (CP) is caused by damage to the areas of the brain that control movement, balance and posture. In the developed world, it is the most common cause of physical disability in children.

CP can affect a child's sight, hearing, swallowing and speech. It also causes muscle stiffness which can severely affect their movement. This stiffness may be due to problems with the muscles themselves, or the nerves that tell them to move. Each type requires a different treatment, but current diagnostic tests can't always predict the best approach for each child.

The child may also need a general anaesthetic and an injection into the spine, so treatments come with a certain amount of risk.

Dr Thomas O'Brien and his team want to see whether a combination of ultrasound scanning and complex maths could replace current diagnostic tests. They hope this will lead to a new tool to find the best treatment for each child with CP and avoid the need for invasive and unpleasant diagnostic procedures.

## Cerebral palsy affects 1,800 babies and children in the UK each year

## Superpowered immune cells take on devastating brain tumours

Dr Karin Straathof,  
UCL Great Ormond  
Street Institute of  
Child Health

Could T-cells – key cells in our immune system – be altered, ‘engineered’ and used to hunt down and destroy rare, aggressive and hard-to-treat brain tumours? Dr Karin Straathof thinks so.

She says: “New treatments for diffuse intrinsic pontine glioma (DIPG) are desperately needed. Surgery, which is usually a major step in treatment for cancer, just isn’t an option because the tumour grows around vital brain tissue. This makes it almost impossible to treat, and means the average survival time after diagnosis is just 9-15 months. We want to modify T-cells so they recognise a specific part of the cancer cell, hunt it down and destroy it.”

This approach has already seen hugely promising results in children with blood cancers like leukaemia. “We know this type of treatment works well with children,” says Dr Straathof, “as it targets the cancer cell but doesn’t

affect the child’s healthy tissue. We want to cure children without causing other long-term side effects, and this has the potential to do that. This funding will help us to get closer to potential new treatments and cures for the children who need them most.”

## Diffuse intrinsic pontine glioma affects around 40 children each year in the UK

## Tackling three types of tumour with one treatment

Dr Sylwia Ammoun,  
University of  
Plymouth

Neurofibromatosis 2 (NF2) is a rare, inherited disease that causes three types of tumour to grow in the brain, nerves and skin. The most severely affected children have large numbers of tumours – and significant associated health problems – by the time they reach their teenage years.

Dr Sylwia Ammoun and her team have previously identified a molecule that’s key to the growth and survival of some of the tumours. Thanks to your support, they now hope to understand whether the same molecule is involved in the other two types of tumour. If the team show that this is the case, they hope

to test existing drugs that target the molecule, which would offer new hope for children with NF2.

Dr Ammoun said: “I am delighted to have received this funding, which will enable our team to further investigate NF2. It’s fantastic to know that GOSH Charity and Sparks are making such a large amount of funding available for child health researchers across the UK. We made large strides in last year’s study, and we’re looking forward to making more as a result of this funding.”

## Neurofibromatosis type 2 affects around one in 33,000 children in the UK



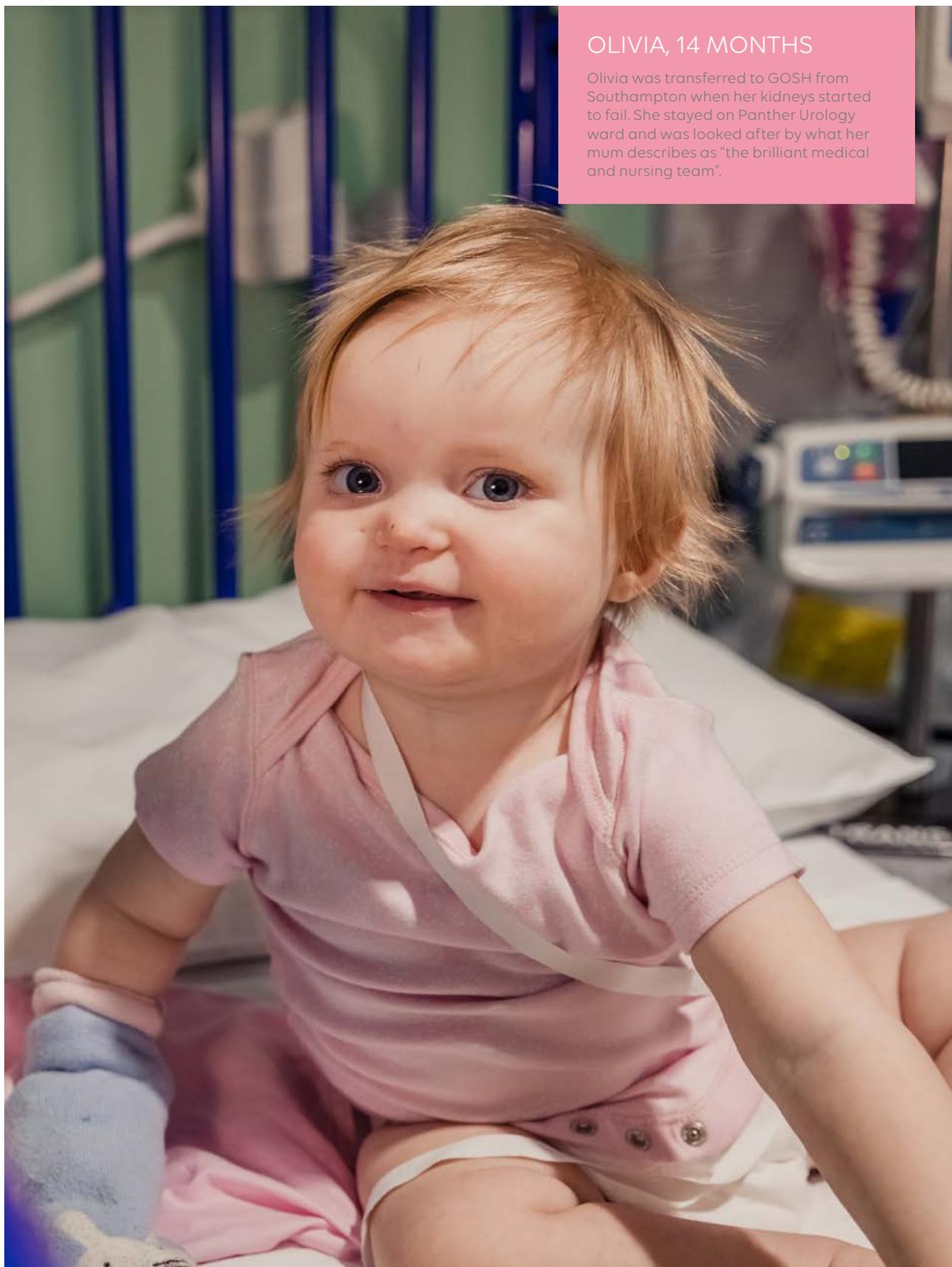
## SHILOH, 8

Shiloh is 8, but she's been coming to GOSH since she was six months old. She has cystic fibrosis and visits the hospital for treatment every two months. When she's staying on Leopard ward, she likes getting visits from the GOSH school teachers and the play specialist Lizzie who has helped her since she was a baby.



## OLIVIA, 14 MONTHS

Olivia was transferred to GOSH from Southampton when her kidneys started to fail. She stayed on Panther Urology ward and was looked after by what her mum describes as "the brilliant medical and nursing team".



# EQUIPMENT AT A GLANCE

## THEN

- 1903 - GOSH acquires its very first X-ray machine.
- 1962 - GOSH neurosurgeon Kenneth Till, author Roald Dahl and engineer Stanley Wade develop a new treatment for children with fluid on the brain. The new and improved 'shunt' helps to drain fluid away from the brain and relieve pressure. Roald Dahl's son Theo, is the first of thousands of children to benefit from the treatment.
- 1962 - After five years of painstaking design and testing, David Waterson and his team pioneer the first machine that could take on the job of a child's heart and lungs during surgery.
- 1977 - With help from Billy Butlin, GOSH acquires the UK's first paediatric computed tomography (CT) scanner, allowing researchers to capture detailed images of the living brain and other tissues. To see what state-of-the-art imaging looks like today.

## NOW

- We funded a new 'SPECT CT' machine that allows doctors to see inside cells to diagnose conditions and understand how and if treatments are working. "Nuclear medicine is a hugely promising and expanding area of radiology. The benefits of having this new scanner are huge" Gemma Heath, Superintendent Radiographer for Nuclear Medicine.





£13m

invested in a state-of-the-art intra-operative MRI suite, which allows children to be scanned during surgery.

“That little square box, no bigger than a box of A4 paper, saved our daughter’s life,”

Mary Jane, a mum at GOSH.  
This year, we funded vital machines that perform the job of a child’s heart and the lungs while they await life-saving surgery.

## ALWAYS

- We need your help to ensure GOSH always has the tools it needs to give children the best chance of a better future.
- In 2018/19, we will update the hospital’s hard-working fleet of MRI scanners with the latest software, ensuring patients have access to the very best in diagnostic imaging.
- We’ll help specialists treat more children with heart conditions through a tiny 2mm incision rather than open surgery, by giving GOSH’s Cardiac Catheter Lab a much-needed upgrade, thanks to support from CASCAID.

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# STATE-OF-THE-ART SCANS DURING SURGERY

"I started to notice some slight, but noticeable changes in Daniel just before his second birthday," says mum Louise. "Normally enthusiastic and engaging, he became lethargic, began to struggle with his balance and developed a slight tremor. His reflexes were slower, and he often told me that his head hurt.

"Tests confirmed my worst fears. Nothing could have prepared me for the moment I was told that Daniel had an extremely large brain tumour and required major surgery to remove it. We were referred to the renowned neurosurgery team at GOSH and placed under the wonderful care of Mr Kristian Aquilina, who performed the five-hour operation. It was only after the surgery that we found out the tumour wasn't cancerous. While this was a relief, the size and location of the tumour meant that although the operation was mostly successful, Mr Aquilina was unable to remove all of it.

"The surgery took its toll on Daniel and he had to learn to do the most basic of tasks again – sit, stand, walk. Even now, we still have a diary full of occupational therapy and physiotherapy appointments to help him regain his strength and fine motor skills.

"Daniel is doing very well now – we feel blessed that he is able to lead a stable and happy life. However, because some of the tumour was left behind after the surgery, we return to GOSH every three months for a check-up and MRI scan to ensure it hasn't grown or altered.

"While I am thankful every day for the recovery Daniel has made, as each check-up appointment approaches, so too do the sleepless nights and the worry that the tumour will have returned. We don't take a single day for granted."

## Taking brain imaging to the next level

Buried within our brain tissue, 100 billion nerve cells transport vital information to control every important function, from seeing and blinking, to

thoughts and emotions. To avoid damaging these delicate networks, brain surgeons like Mr Aquilina seek guidance from the most advanced imaging and mapping technologies available, helping them prepare before an operation and evaluate its success afterwards.

Thanks to your support, we're investing in a new intra-operative MRI (iMRI) suite that will allow surgeons at GOSH to seamlessly re-image the brain during surgery. This will dramatically reduce the risk of damaging healthy tissue or leaving tumour tissue behind, giving parents and clinicians the answers they need more quickly, and reducing the need for children to have multiple operations.

Children with epilepsy will also benefit. For some patients, removing areas of the brain can reduce the severity of their epileptic seizures. But accuracy is vital and the highly specialised iMRI scanner will ensure children have the best chance of a successful recovery, with minimal side effects.

Mr Aquilina explains: "The new iMRI suite will have two rooms, with an operating theatre on one side and an MRI scanner on the other, separated by a large door. This means we can operate in the theatre for as long as we need to, and just before we are almost ready to finish, or if at any point we have any concerns, we can stop surgery, open the sliding door in between the two rooms and seamlessly transfer the patient onto the MRI scanner. Once the scan is complete, we can re-evaluate where we are, clearly see if any tumour is left behind, and understand its relationship to other areas of the brain. If we had the iMRI scanner in Daniel's case, we would have scanned him at the end of the operation



## "We don't take a single day for granted."

Louise, Daniel's mum

and seen the little bit of the tumour that was left – it was very small. We would have understood better its relationship with surrounding structures in the brain and exactly where it was. This could potentially have allowed us to completely remove it. We would have been less concerned that it would grow back, and his parents would be less anxious every time he has a scan.

"The new iMRI suite will allow my fellow surgeons and me to say to parents with complete certainty, at the end of surgery, that we have done all we can to improve the life of their child. That will make a world of difference."

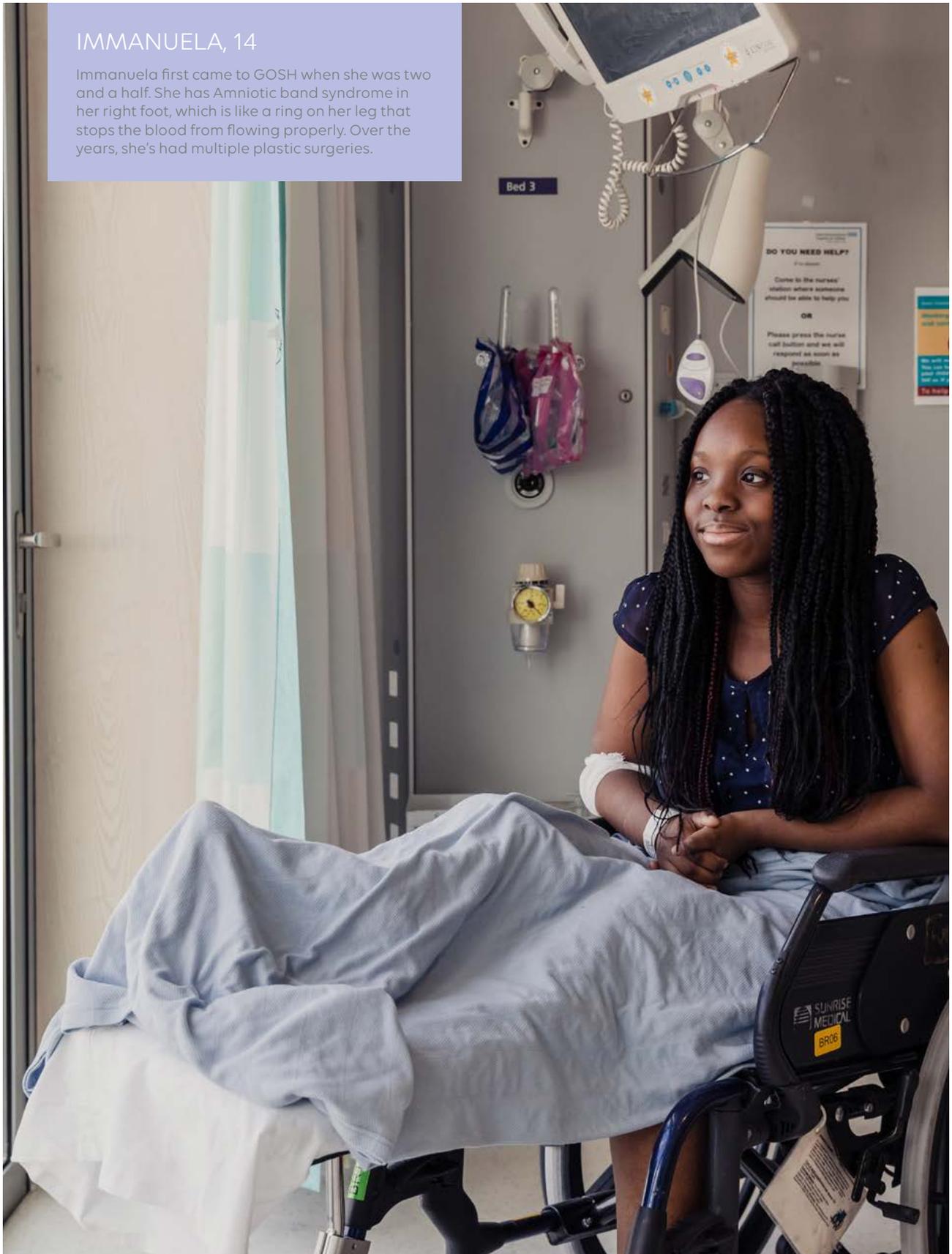


Above: Mr Kristian Aquilina



## IMMANUELA, 14

Immanuela first came to GOSH when she was two and a half. She has Amniotic band syndrome in her right foot, which is like a ring on her leg that stops the blood from flowing properly. Over the years, she's had multiple plastic surgeries.



# REBUILDING AND REFURBISHMENT AT A GLANCE

## THEN

- 1875 - The hospital's first purpose-built clinical block opens, containing 100 beds in four new wards, an operating theatre, and an outpatient department. The building also contained the hospital's splendid chapel that still stands today.
- 1994 - After an incredibly successful fundraising campaign, GOSH opens the Variety Club Building which is still home to the hospital's main reception and some clinical facilities.
- 2012 - The state-of-the-art Morgan Stanley Clinical Building opens, the first part of the Mittal Children's Medical Centre. It provides spacious wards, private bedrooms and space for parents or carers to sleep. See page 29 to see how this building links to our latest building opening.



## NOW

- Her Royal Highness The Duchess of Cambridge joined patients and staff for the official opening of the Mittal Children's Medical Centre, home to the new Premier Inn Clinical Building and the Morgan Stanley Clinical Building.
- Work continued on the construction of the Zayed Centre for Research into Rare Diseases in Children, a new facility that will bring patients and researchers together under one roof.





£40.1m

spent to create patient-centred spaces equipped to deliver the world-class care GOSH is so well known for.

"I could explode!  
The playroom here  
is five times bigger  
than the last one!"

Alec, age eight

## ALWAYS

As patient numbers increase and medicine transforms before our eyes, we need your support to ensure children and families are cared for in the very best environment.

- In 2020, we plan to open the GOSH Sight and Sound Centre, a new outpatient facility that will transform the hospital experience for children and families with sight and hearing impairments. We are delighted that Premier Inn and Restaurants has committed to supporting this vital new project.
- We will continue to work closely with GOSH on the next stages of the hospital's ambitious rebuilding and refurbishment programme.

### What do GOSH families think?

**78%** of children and young people said 'I felt like I had a lot of space on the new ward'. That's a significant 47% more than on the old wards.\*

**94%** of families agreed strongly that the look and feel of the ward was suitable for their child, compared to 52% on the old wards. Maybe that's thanks to the welcoming animal mascots, carefully selected for each ward by patients and staff.\*

\*Based on a survey of 26 children and young people and 66 family members in April/May 2018 on wards in the Premier Inn Clinical Building. Old ward data based on responses from 20 children and young people, and 44 families on wards in the Southwood Building and Variety Club Building.

HRH, The Duchess of Cambridge at GOSH meeting patient Rafael, age 4.



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# A ROYAL SUCCESS

It's 17 January 2018 and we're at GOSH. There's a buzz in the air as we await the arrival of a very special visitor. Seven floors of brand-new medical facilities are filled with children, families and staff who are ready to celebrate the completion of the Mittal Children's Medical Centre and the official opening of the new Premier Inn Clinical Building.

A truly landmark moment for GOSH, the opening is made particularly special by the presence of HRH The Duchess of Cambridge. HRH spends time with children awaiting heart transplants and takes part in an art activity with patients with rare and complex medical conditions.

Now six months on, staff have settled in and more than 3,500 young patients have passed through the doors of the new centre.

## Lizzie Penn, Play Specialist on Leopard Ward

"I met a family recently who said that the hospital is beautiful. Their little girl's room had leopards on the walls, so we made believe that they come out at night and that there was a little mouse keeping an eye on her when I wasn't there. Her imagination was incredible.

"There are some lovely touches. We have beautiful artwork on the walls, and poetry and facts about leopards. We have a play room, gym and a lovely parents room for mum and dad to hang out in. In the old ward it was so cramped and confined.

"The virtual window is amazing. In the morning it's like sunrise, then it goes all the way through to sunset.

"The whole ward feels so airy and spacious. The new patient bedrooms are much bigger, and children and parents get a lot more privacy. That's so important - everybody needs alone time. There's a teenage boy who comes in quite regularly. In what other situation would he be sharing a room with his mum? We had them in a room where the parent bed is around the corner, and you can pull a curtain round to separate it. He thought it was great and said he'd sometimes forget his mum was there!

"I think sometimes people underestimate the impact of surroundings on the children and families here. There's a huge amount of research that shows your environment and being able to exercise your creativity can have a significant impact on your recovery. Every day I see the difference it makes when children can socialise, be creative and play. They can do all of that more easily now. I've been at GOSH almost 20 years and this is one of the most amazing transformations I've seen."

## Meet Scarlett, age six

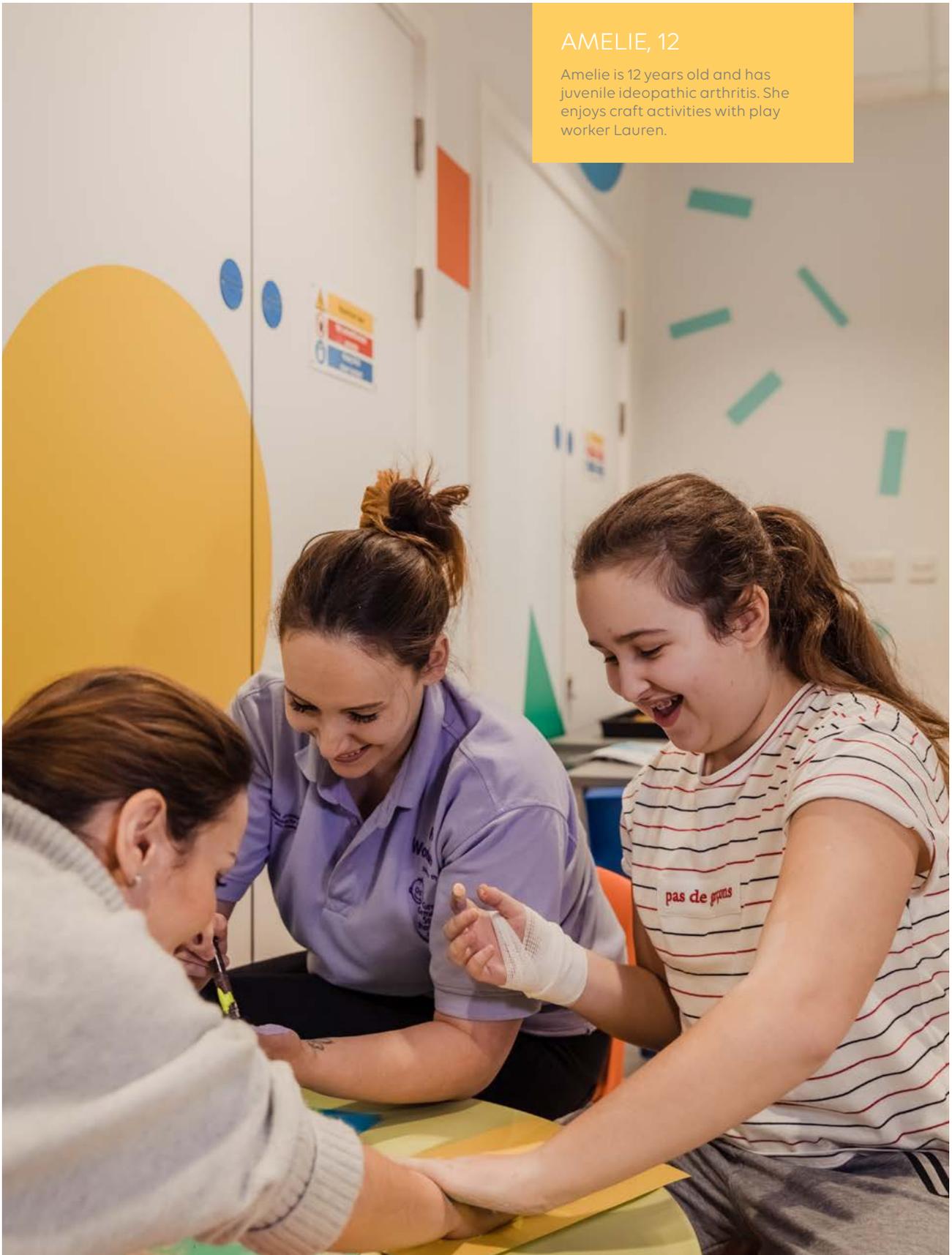
Scarlett has cystic fibrosis, a lung condition that also affects the pancreas. She and her family have been coming to GOSH for nearly six years - since Scarlett was just five weeks old. Scarlett's nan, Kerry, says: "I thought the old ward was fine, we were grateful for it. But walking into this was amazing. It's a massive difference. It's more comfortable; there's the storage space, the little private space for parents, the size of the room, and the play room. I thought it would be nice, but not as nice as this! It'll make a massive difference to patients like Scarlett. It's just amazing."

Lizzie says: "We're only one minute away from the new Disney Reef outdoor play area, which is so exciting! Because children like Scarlett with cystic fibrosis are at risk of cross-infection, they can't all be in one place at the same time. Others are on ventilators and can't leave the ward for long periods of time. That can mean they miss out on things, through no fault of their own. Now, if they've got 10 minutes spare, we'll be able to whizz outside to an amazing Disney Reef. They'll love that!"



## AMELIE, 12

Amelie is 12 years old and has juvenile idiopathic arthritis. She enjoys craft activities with play worker Lauren.



# CHILD AND FAMILY SUPPORT AT A GLANCE

## THEN

We've always needed people like you to help us transform lives.

- 1946 - Mildred Creak becomes the hospital's first female consultant. She encourages a much better understanding of how young patients' emotional and psychological needs are tied into their physical recovery. Dr Creak also pushes for increasing visiting hours for parents as she realises it helps children get better faster. There are now no restrictions at all on family visiting hours.
- 1951 - The Children's Hospital School at GOSH and UCH opens with just one teacher. Today the school is a hive of activity, consisting of 40 members of staff including teachers, teaching assistants, support staff and volunteers.



## NOW

- GOSH parents nominated one of the hospital's play specialists for a hero award, recognising their incredible work to ease anxieties and help their child to avoid a more invasive procedure.
- The new Premier Inn Clinical Building opens, which completes the Mittal Children's Medical Centre, providing spacious private bedrooms with en-suite bathrooms. It allows more parents to stay by their child's bedside.
- In 2017/18 we celebrate the opening of new parent accommodation, Morgan Stanley House and GOSH Charity House on Sandwich Street, providing families with a comfortable home-from-home not far from their child's bedside.





£6.9m

was spent supporting patients and families.

“When our son, Sami, was rushed to GOSH, the very last thing we had a chance to think about was where we would stay.”

Matt Dawson, Sami's dad

## ALWAYS

We know that treating a child at GOSH is also about supporting the whole family. That's why, with your support, we will continue to provide services that help children and families through some of the most trying times.

- In 2018/19 we will undertake a review of the long-term plan for improvements and expansion to our parent accommodation.
- We'll continue to design and shape facilities around children. This includes creating special art pieces and tailoring playrooms in the new Sight and Sound Centre, which is supported by Premier Inn.
- We'll continue to fund the Play team, chaplaincy and other services designed to actively support the wellbeing of patients and their families.

## GEORGIA

Housekeeper Georgina looks after new family accommodation on Sandwich Street, just a short walk from the hospital.



# A HOME-FROM-HOME FOR PARENTS

Sleek design, spacious rooms, Hypnos beds and comfortable communal areas make Morgan Stanley House and GOSH Charity House on Sandwich Street more than just places to rest your head. Their modern and comfortable facilities offer a true home from home for the parents of critically ill children at GOSH.

In October 2017, we celebrated the opening of these two buildings, located on Sandwich Street, just a ten-minute walk from the hospital. Together, these buildings provide 11 private en-suite rooms and two family suites, allowing parents and other family members to stay, free of charge, with the comfort of knowing they are just minutes from their child's bedside. The facilities include a communal kitchen and relaxation area, where parents going through similar experiences can meet and support one another.

### What accommodation means to parents

Matt Dawson says: "When our son Sami was rushed to GOSH, critically ill from meningitis, our lives were turned upside down. When you don't know whether your child is going to survive an hour or a day, you want to be there every single second. The very last thing we had a chance to think about was where we would stay.

"Thanks to GOSH Charity, we were put up in parent accommodation, a stone's throw from the hospital so we never needed to be far from Sami's side. I was delighted to help open Morgan Stanley House because it's giving more parents a place to stay that is close to the hospital and their child."

### Meet Georgina

"I've been working here at Sandwich Street from the beginning – before the building actually opened. I collect feedback from families, which has been overwhelmingly positive so far. The beds are always the first thing people mention! Apparently they're really comfortable, just like hotel beds.

"I help with practical things that keep the building running, including making sure everything is



prepared for new families arriving. The other side of my role is supporting the families that stay here, in whatever way I can. It might seem silly but if they want something, like a newspaper, I can pick that up for them on my way in. If they need to do some washing and the machine is busy, sometimes I'll be able to help by putting their washing on while they're out. Especially if their child has been rushed into hospital, their head might be all over the place. I can make sure some of the little things are done, which hopefully makes things a little easier.

### Bringing families together

"Families seem to really appreciate the communal areas. They come and have their breakfast in the kitchen, before heading out to the hospital. Then they can come back for lunch and make a proper dinner in the evening. It's always being used. Some of the parents who stay for a while really get to know each other and share their experiences. No one can understand better than someone who is going through the same situation.

"The first family that came here lived abroad, and initially the mum was staying in parent accommodation while the dad and kids were back home. They were so thankful for the facilities at Sandwich Street because it meant the whole family could be together. Especially as it was around Christmas time – that was so important to them. And I think being only a ten-minute walk from their child was a comforting thought.

"The accommodation here just brings a bit of normality to the lives of parents. A lot of them have been rushed in and don't have any of their belongings with them. It's nice for them to be able to have a shower, make their own breakfast and a cup of tea. Even little things like having a hairdryer and a washing machine helps. Those things are small when you consider that the parents are here because their child is seriously ill. But the way I see it, we can still try to make everything outside of the hospital as simple and comfortable as possible. A little effort can make a huge difference."

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# ACHIEVEMENTS

In order to make the grants required, the charity undertakes various fundraising activities under five main streams:

- Major Gift Fundraising (including Special Events)
- Corporate Partnerships
- Direct Marketing
- Community Fundraising
- Legacy Fundraising

The five streams ensure diversity of income across a wide supporter base.

Thanks to our extraordinary donors and volunteers, 2017/18 was our most successful fundraising year yet, raising an incredible £99.4 million (this includes an exceptional legacy adjustment of £8.6 million). Our Major Gift Fundraising team saw the Tick Tock Club reach its target of £10 million ahead of schedule, with the club consequently extending the target to £13 million. A number of the charity's existing corporate partners, including Premier Inn and Restaurants, Royal Bank of Canada and ASK Italian renewed their commitment to support. The Discovery Appeal was launched, giving increased focus to our research fundraising. In addition, we are excited about the fundraising opportunities provided by the transformation of a charity owned building into a dedicated Sight and Sound facility and to be working with the hospital on future redevelopment plans.

The first year of our partnership with Sparks saw great successes in Special Events, Challenge Events and with research partner funding. Whilst we anticipate a small decrease in potential income in the coming year from Sparks, due to a number of exceptional items of income in 2017/18, we will continue to seek new opportunities for growth for Sparks as well as further reducing the cost:income ratio.

During the year we transferred all our donor details to our new Salesforce (donor relationship management) system and work continues to ensure full implementation. Whilst it has taken longer than originally anticipated, in 2018/19 we are excited about moving into the optimisation phase, consolidating information flow and continuing to review processes in order to increase efficiencies, alongside ensuring GDPR (General Data Protection Regulation) compliance.

GDPR implementation touches on all aspects of our working practices and has a significant impact on our methods of fundraising. We have undertaken considerable preparations to ensure compliance.

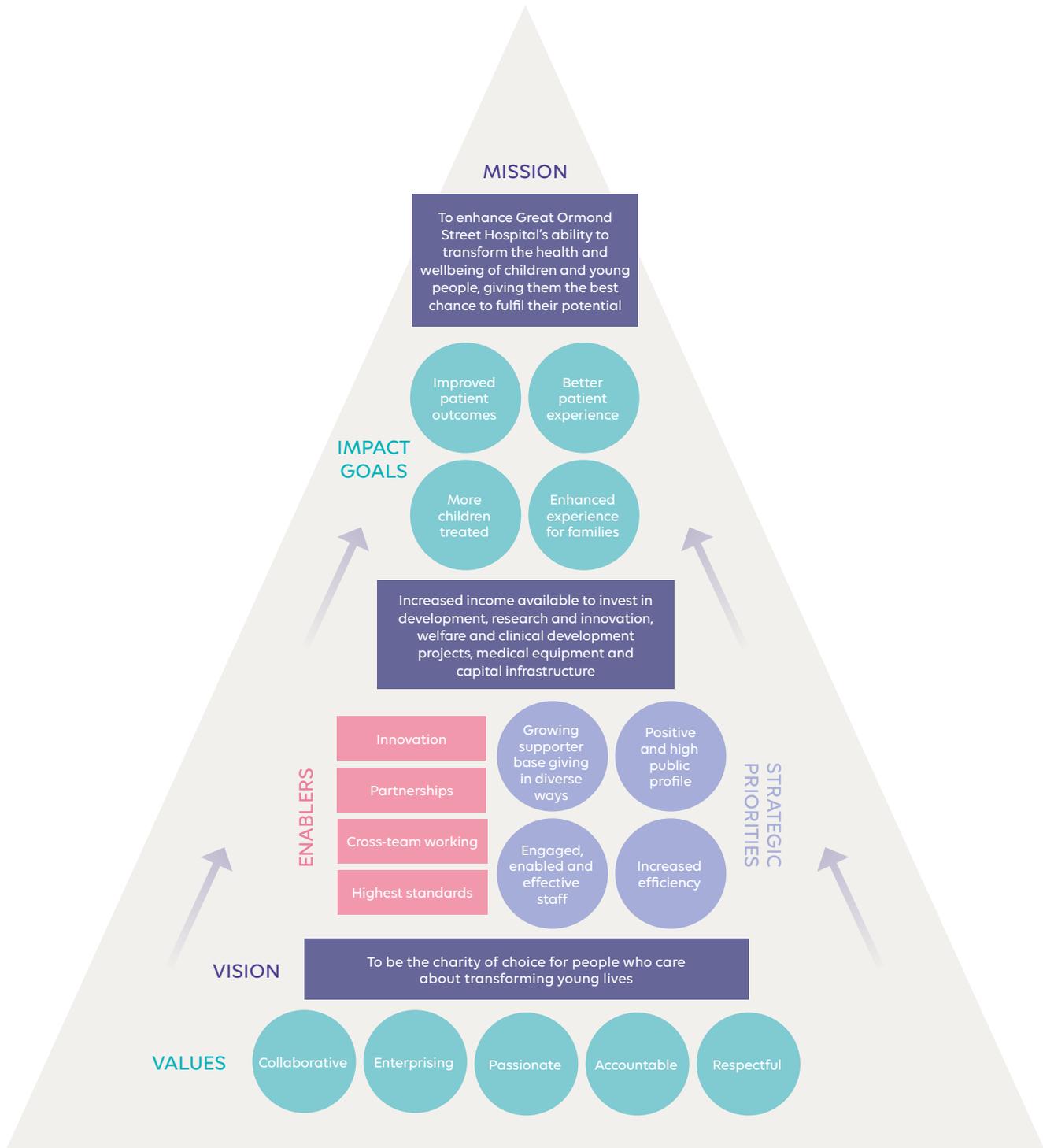
In 2017/18 we passed the half way point of our five-year strategy, Raising Our Sights: a 2020 Vision.

We took the opportunity to review the strategy, considering the progress made since 2015 and the lessons learnt as well as the challenges and opportunities that have arisen and that might be on the horizon. We sought to ensure that we are able to respond appropriately to challenges and continue to successfully drive the strategy forward to 2020 and beyond. The review involved employees, the charity executive leadership team, Trustees and the hospital's non-executive directors, and executive and clinical leads and was undertaken through four workstreams:

1. Fundraising model, options for growth
2. People, working smarter, digital transformation, cost efficiencies
3. Presence, profile, brand and communications
4. Impact, hospital and beneficiaries

As part of the strategy review, the Grants Policy was reviewed and now provides an overarching policy for how the charity will use its funds and assets to deliver the most impact for the children at GOSH. It outlines the strategic vision and principles for deciding how the charity supports areas of greatest need at the hospital and aligns with the hospital's funding priorities (having been developed in consultation with the hospital).

## Strategy – Raising our sights: a 2020 vision



## Future plans

The strategy review enabled us to consider longer term plans for our fundraising and it was agreed to increase our investment to secure donors willing to leave a legacy to the charity in their will and invest in Direct Marketing activities to maintain the current number of regular givers.

In addition, it was agreed that we should look to develop the following areas of fundraising over a period of two to three years in order to further support our strategic priorities:

Strategic initiatives		Description
1	National	Develop a campaign to publicise the national impact of GOSH, supporting fundraising efforts from existing and new sources and strengthening understanding of our cause outside our core regions.
2	International	Build on the charity's previous high value donations from international sources, developing a proactive approach to international fundraising.
3	Innovation (including digital fundraising)	In light of an increasingly competitive fundraising environment, develop a new approach to investing in innovation. This will focus on launching new fundraising initiatives, identifying new markets, and targeting new supporter groups, whilst supporting the growth of a digital culture.

The following items were also identified as critical priorities for the year 2018/19:

Critical priorities 2018/19		Why is this critical?
1	Confirm key hospital projects post Zayed Centre for Research and the Sight and Sound facility	To ensure charity has sufficient time to plan for and raise funds required for key hospital priorities.
2	Zayed Centre for Research – complete construction work by December 2018	To have a groundbreaking research facility up and running so that vital research work can be undertaken.
3	Continue to grow fundraising for research, including the Discovery Appeal	Research drives the ability to develop new cures. The charity has been working to increase our contribution to research but can only do this on a sustained basis if we are able to secure incremental research related funding for GOSH Charity (and Sparks).
4	Complete implementation and commence optimisation of our Salesforce operating system	To make a step change in our supporter stewardship and fundraising, improve our efficiency, enable regulatory compliance (particularly GDPR) and encourage cross organisational collaboration.
5	Complete cost review project	To maximise funds available for charitable activities and ensure the ongoing effective use of donor's money.
6	Ensure that our working environment and organisational structure enables our employees to perform to their best to meet our business goals	Our people are our key asset, if they are not fully enabled and effective we will struggle to achieve our ambitious goals.
7	Ensure we are GDPR compliant	So that we provide assurance to our supporters over how we care for their data and use it appropriately to inform them of charity activities according to their expectations.

## SARAH, 11

Sarah had a heart transplant as a very young baby and has been under the care of the cardiac transplant team at GOSH ever since. Earlier this year, she developed post-transplant lymphoproliferative disease and is being treated with chemotherapy on Giraffe Ward.



# FINANCIAL REVIEW

## Our income sources

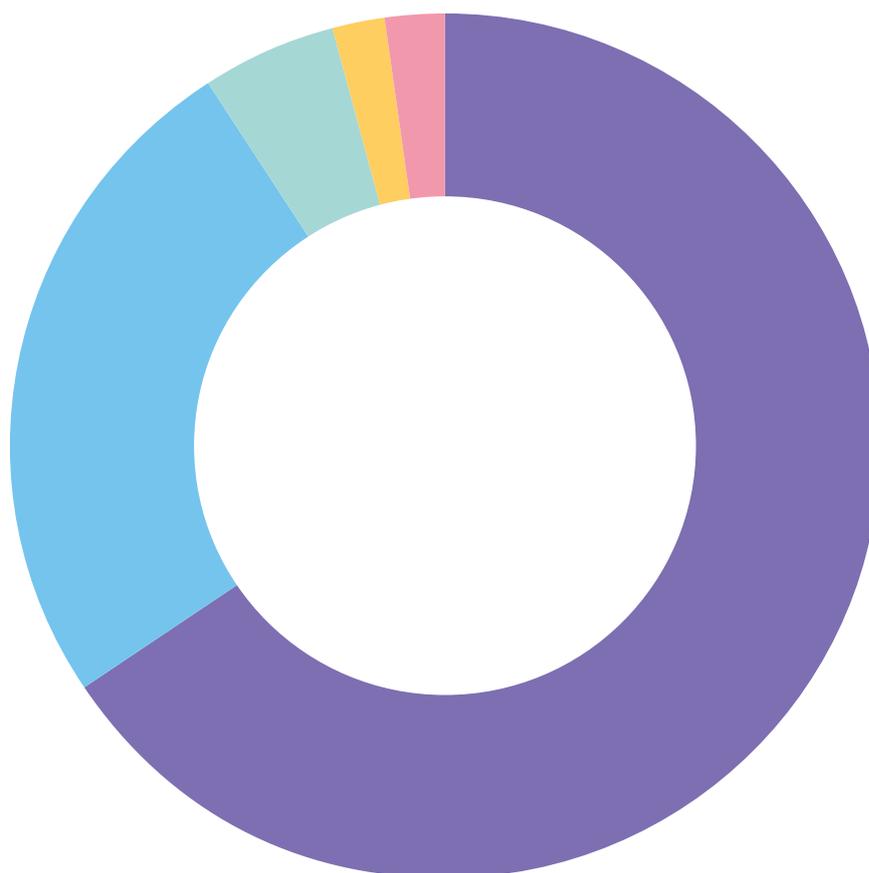
The total income, including gains on investments, for the year 2017/18, was £103.6 million (2016/17: £101.8 million). The principal income sources of the charity with comparisons to the previous year are shown in the table.

In the year to 31 March 2018, income (excluding gains on investments) increased significantly to £103.2 million (2016/17: £93.3 million). The main driver for this increase was a change in our legacy accrual estimation process which added a further £8.6 million to our normal accrual. However, even excluding this one-off change, 2017/18 was a record year for fundraising. In addition to this change, underlying legacy income was £3.5 million higher year on year. Donations at £67.6 million were £0.8 million lower than 2016/17 principally due to a fall in Community Fundraising income. Gains on investments this year at £0.4 million were significantly lower than 2016/17 reflecting, in the main, the performance of UK and global stock markets.

Income	2017/18 £ million	2016/17 £ million
Donations	67.6	68.4
Legacies	26.3	14.1
Trading	5.5	5.5
<b>Total fundraising income</b>	<b>99.4</b>	<b>88.0</b>
Investment income (realised)	1.6	1.9
Property and other income	2.2	2.0
Fair value of acquired assets	-	1.4
<b>Income before gain on investments</b>	<b>103.2</b>	<b>93.3</b>
Gain on investments	0.4	8.5
<b>Total income including investment gains</b>	<b>103.6</b>	<b>101.8</b>

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2017/2018 income



■ Donations 65%  
■ Legacies 25%  
■ Trading 5%

■ Investment income (realised) 2%  
■ Property and other income 2%

## How our money was spent

The table below shows how the charity applied the 2017/18 income plus some of the unspent funds raised in prior years. The total expenditure and commitments in the year, including charity capital items, was £103.8 million (2016/17: £109.6 million). As some of the projects that the charity supports can span a number of years, the commitment made in one particular year may exceed the actual money spend on the project in that year. For example, in 2016/17 the charity committed £31.5 million towards the hospital's new Electronic Patient Record (EPR) system but actual expenditure on the project will span 2016/17, 2017/18 and 2018/19.

Use of funds	2017/18 £ million	2016/17 £ million
Research	11.5	13.6
Medical equipment and systems	16.7	37.8
Patient, family and staff support projects	6.9	5.7
Accommodation and other	5.2	2.1
<b>Charitable activities commitments</b>	<b>40.3</b>	<b>59.2</b>
Charity asset redevelopment – Zayed Centre for Research	27.6	15.9
Other properties	7.3	6.3
<b>Charitable activities including charity capital items</b>	<b>75.2</b>	<b>81.4</b>
Fundraising expenditure	19.0	18.8
Support and governance costs*	9.6	9.4
<b>Total expenditure and charitable commitments including charity capital items</b>	<b>103.8</b>	<b>109.6</b>

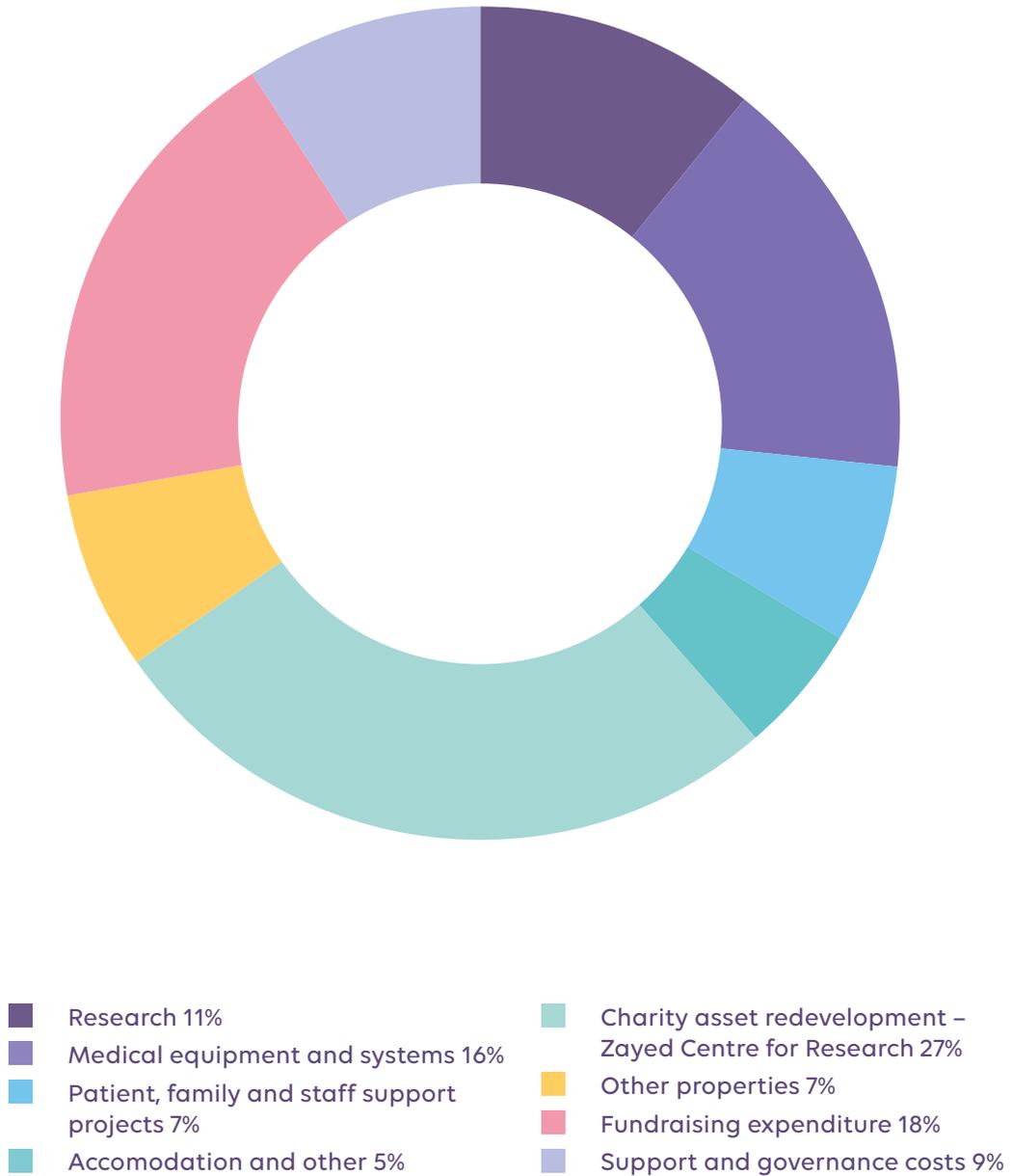
\* includes finance, IT, operations, legal and compliance, HR and premises.

Commitments made for charitable activities in 2017/18 totalled £40.3 million (2016/17: £59.2 million). The decrease reflected the large commitment made to the hospital for the Electronic Patient Record (EPR) project in the prior year, offset in part by a higher commitment to parent accommodation (Sandwich Street) in 2017/18.

Funding is provided for research, medical equipment and systems, and patient, family and staff support on an annual basis. However, commitments are made to the hospital's redevelopment and major infrastructure projects when they are ready to proceed and usually extend over a number of years. These large commitments give rise to significant variations in redevelopment expenditure from one year to the next, with some years holding significantly large amounts in redevelopment funds.

In 2017/18 the charity spent £34.9 million (2016/17: £22.5 million) on property it owns but is used by or for the hospital, its staff, patients and family. Accounting rules require this expenditure to be capitalised and, therefore, not reflected in charitable expenditure (see note 9 to the financial statements). This expenditure included a further £27.6 million (2016/17: £15.9 million) on the Zayed Centre for Research, £2.8 million on the purchase of the freehold of two properties in Great Ormond Street (already used by the hospital and previously held under leasehold by the charity) and £3.4 million on the acquisition of a property in Long Yard, which is being renovated to house the hospital staff creche (to enable the redevelopment of the building known as the Italian Hospital into a Sight and Sound facility). In total our charitable expenditure including the charity's capital projects was £75.2 million.

## Use of funds 2017/18



A total of £28.6 million expenditure (£19 million of fundraising costs and £9.6 million of support and governance costs) was required to enable us to raise our fundraising income, invest for future growth, steward charitable expenditure 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 high standards of supporter care and compliance.

## Fundraising, support and governance expenditure

The total costs of raising funds and operating the charity increased to £28.6 million (2016/17: £28.2 million).

Expenditure on operations and raising funds	2017/18 £ million	2016/17 £ million
Fundraising	19.0	18.8
Support and governance	9.6	9.4
<b>Total</b>	<b>28.6</b>	<b>28.2</b>

This increase in expenditure is driven by the partial provision for the future rentals on Tinworth Street property (the former offices of Sparks), additional expenditure on Direct Marketing activities, which led to an increase in donations, and a full year of Sparks costs being included for the first time.

### Cost:income ratio

To ensure we maintain the trust and support of our donors, it is very important that the charity optimised the amount of donated funds available for charitable activity, whilst also investing in income growth strategies for the future.

In line with the approach taken to measurement by most other charities, all income and expenditure not directly related to fundraising (including stewarding charitable expenditure and projects and investment and property related income and costs) is excluded. The ratio is calculated as follows:

Cost: expenditure on raising funds, governance, support and operations (£28.6 million) less investment management costs (£0.2 million).

Income: income before gains on investments (£103.2 million) less realised investment income (£1.6 million), exceptional legacy accrual adjustment (£8.6 million – arising from a change in basis of estimate of the legacy accrual) and property income (£1.7 million).

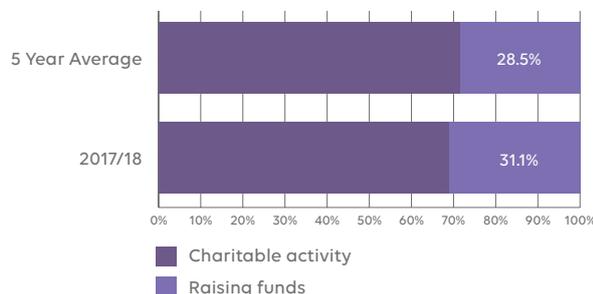
The resultant calculation is  $\frac{£28.4m}{£91.3m} = 31.1\%$

As well as making annual calculations, we monitor and report the cost:income ratio over a five-year period. We do this because the ratio inevitably varies from year to year due to the availability of

large scale projects (eg hospital redevelopment) against which to raise specific funds (particularly from major donors and corporates), giving rise to fluctuations in the amount of annual income we receive, and changes in the amount we invest each year in raising funds. The five-year average gives us a truer picture of the long-term relationship between charity costs and income raised.

The Board of Trustees has set a target of ensuring the costs of fundraising are limited to an average of 30% of total income over a five-year period.

This means that an average 70p or more in every £1 donated over a five-year period should be available for charitable activities. The graph below shows cost:income ratio for 2017/18 and the average for the last five years.



### Tangible fixed assets

Tangible fixed assets of £193.3 million (2016/17: £159.5 million) mainly consist of properties owned by the charity and used for clinical, residential and administrative purposes by the hospital. Certain of the residential properties are let to key hospital employees to assist the hospital with staff recruitment and retention. Others are provided, free of charge, to parents of children undergoing treatment at GOSH. In addition, tangible fixed assets include the Guilford Street site that is being developed into the Zayed Centre for Research, the construction costs of which are included in assets under construction (£27.6 million in 2017/18 with a total expenditure to 31 March 2018 of £50.6 million). In 2017/18 the charity also converted two properties, purchased in 2016/17, into parent accommodation and had the opportunity to purchase a property in Long Yard which is being converted into a nursery for children of hospital staff.

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. An impairment review was carried out

in 2017/18, which resulted in the decision to write off costs of £0.1 million related to a prospective residential development with Camden Council ('Tybalds') for parent accommodation, which is now unlikely to proceed and the capitalised costs no longer deemed appropriate. 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 2011. This has the effect of expensing the charitable grant as an assignment of the lease.

### **Investment policy and performance**

The investment policy of the charity is risk averse, with the Trustees' first priority to preserve capital in order to meet existing and future commitments on capital programmes and other grants made. The Investment Committee, a sub-committee of the Board, 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. The Investment Committee will continue to frequently review the allocation of the investment portfolio to ensure it remains appropriate for the commitments and future funding expectations of the charity.

The charity uses the services of a number of investment managers. The charity's investment managers follow strict investment guidelines in line with the charity's moral and ethical policy, which specifies that the charity does not invest in tobacco or arms manufacturing, or any stock in which either tobacco or arms manufacture are the main or a material element due to the negative impact they have on child health. The total investment portfolio in 2017/18 showed an overall gain of 0.8% over 12 months, 1.7% below the overall RPI benchmark of 2.5%. The long-term portfolio, which holds the risk assets that the charity invests in, made gains during the year, with an increase of 2% against a benchmark gain of 4.5%. A 0.6% return on the short-term portfolio, which is made up of cash assets and other low risk investments, was just below the 0.7% benchmark (12 month LIBOR). Whilst below the benchmark this year, performance over the last three years has been close to the overall benchmark. As part of the ongoing governance of our investment portfolio, in 2018/19 we will be carrying out an in-depth review of individual investment fund performance.

The value of the long-term portfolio at 31 March 2018 was £43.9 million spread across a number of funds managed by Blackrock, Ruffer and Investec and predominantly comprised of listed equity holdings. The short-term portfolio of £157.2 million at 31 March 2018 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. These short-term funds are retained to meet the charity's considerable commitments over the next three to four years.

During 2017/18, there were significant fluctuations in global equity markets. Net income, gains and losses earned from the charity's investments totalled a net gain of £1.9 million (2016/17: gain of £10.4 million), split between income of £1.6 million (2016/17: £1.9 million), and realised and unrealised gains of £0.4 million (2016/17: gains of £8.5 million), which are recognised as net income in the statement of financial activities.

## Funds

Funds	2017/18 £ million	2016/17 £ million
<b>GOSH Charity</b>		
Restricted funds	9.0	12.9
Endowment funds	0.7	0.7
<b>Unrestricted funds</b>		
Designated fixed asset fund	149.4	141.5
Designated redevelopment fund	127.3	94.9
Designated research fund	16.0	24.9
General reserves	39.5	32.4
<b>Total unrestricted funds</b>	<b>332.2</b>	<b>293.7</b>
<b>Sparks</b>		
Restricted funds	(0.1)	(0.5)
General reserves	0.3	0.3
Designated research fund	-	0.3
<b>Total Sparks funds</b>	<b>0.2</b>	<b>0.1</b>
<b>Total</b>	<b>342.1</b>	<b>307.4</b>

The charity's total funds increased by £34.7 million to £342.1 million at 31 March 2018 (31 March 2017: £307.4 million). The vast majority of these funds finance the Charity's substantial existing property portfolio (£149.4 million) or are required for the Charity's commitments and anticipated future commitments (a total of £143.3 million) including the Zayed Centre for Research, Sight and Sound Centre, other redevelopment projects, parent accommodation projects and the charity's research and innovation strategy. After allowing for these existing plans, general charity reserves (that is funds not restricted, endowment or designated in respect of use) amount to £39.5 million, which the Trustees consider to be an appropriate level, considering the scale of the operations and contingent liabilities.

## Restricted

The charity holds a number of different funds to support specific activities chosen by donors, which fall within the objectives of the charity. At 31 March 2018 there was £9.0 million (2016/17: £12.9 million) in restricted funds, of which £3.2 million is held in special purpose funds, restricted for specific areas of work, some of which are detailed in note 19 to the financial statements.

## Endowment

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

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 2018 were £332.2 million and included £292.7 million of designated funds. Each year, the Trustees review the need to designate unrestricted funds raised to existing assets, the redevelopment of the hospital or to other specific projects to be committed and spent in future years. This helps to provide financial stability for vital areas of work within the hospital.

At 31 March 2018 the Trustees designated unrestricted funds as follows:

- Tangible and intangible assets (excluding assets under construction) of £149.4 million.
- Redevelopment fund of £127.3 million.
- Research fund of £16 million to cover the uncommitted element of the current five-year research and innovation strategy.

## Designated

### 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 equating to fixed assets (excluding assets under construction which are held in the Redevelopment fund) should be placed in a designated fund (see above), 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 designated fund to general reserves.

## Redevelopment

The Trustees set aside £127.3 million to cover the potential shortfall arising on the restricted redevelopment fund and to cover future expenditure on redevelopment projects, including the Zayed Centre for Research, the costs of conversion of the Italian Hospital into a designated Sight and Sound facility, parent accommodation buildings, iMRI infrastructure project and a number of other redevelopment projects currently planned or in progress.

## Research

The charity has developed a £42.5 million, five-year research and innovation strategy. Commitments of £26.5 million have been made since 1 April 2015 on research projects, leaving £16 million to be granted to relevant projects during the remaining two years of the plan.

## General reserves

The Trustees review the level of general reserves required on an annual basis in line with guidance issued by the Charity Commission and having assessed the risks facing the charity. 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.

The balance of general reserves at 31 March 2018 was £39.5 million, which includes £0.3 million of general reserves in Sparks (see below). The Trustees have reviewed the minimum level of reserves required to meet the higher of 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 remote and improbable liabilities. They have assessed this to be in the region of £30 million, but with year on year variances to this amount, reflecting the fluctuating nature of charitable expenditure, principally driven by large charity projects. Therefore, the Trustees believe the level of free reserves at 31 March 2018 to be appropriate.

## Sparks

As at 31 March 2018 the restricted funds of Sparks had a deficit of £0.08 million (31 March 2017 deficit of £0.5 million) for which payment plans are in place. Designated funds reduced to nil (31 March 2017 £0.3 million) and general funds remained at £0.3 million.



**ZDZAUKA, 5**

Zdzauka is 5 years old and enjoys spending time with the Play Specialists on Pelican ward.

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# OUR PEOPLE

We are very fortunate to have passionate and dedicated people, both staff and volunteers, who are committed to doing their very best to help the children, young people and families who rely on Great Ormond Street Hospital.

## Staff

Our staff have a broad breadth of skills and it is critical that they feel valued and recognised for the work that they do. This sits at the heart of our people strategy which fundamentally aims to develop a culture of leadership that inspires and enables our staff to raise the vital funds that the hospital needs. Our people strategy is helping to drive us from 'good to great' by developing and supporting our staff as leaders who can prepare for and manage an ever-changing environment.

## Remuneration

Our approach to remuneration is led by our reward principles in paying in the upper quartile of the charity sector to attract and retain people who can deliver great results in a great place to work. We take into account external benchmarking in the Charity Brand Index top 10, the charity sector and industry as a whole, our overall charity financial performance and reference CPI/RPI and reward trends. The Finance and Audit Committee considers the Remuneration Policy and Awards proposal on an annual basis and makes recommendations on these matters to the Trustee Board.

## Executive pay

In determining executive pay, the Board of Trustees pays close attention to the fact that our income comes from generous supporters who ultimately want the best for children and families at GOSH. As with the salaries of all staff, the salaries of the Executive team are benchmarked across the sector. We endeavour to attract and retain an executive team who can consistently deliver ambitious targets,

be sector leading and most importantly maximise the impact the charity has on the hospital and children's health.

## Gender pay reporting

Like many charities, we have a predominantly female workforce, with 69.6% female and 30.4% male. However, despite this, our analysis indicates that we have a mean gender pay gap of 20.5% and a median gender pay gap of 13.97%. This is above the UK average mean gender pay gap (17.4%). We are committed to seeing improvement and have put clear plans in place to address this, although we acknowledge that this will take time.

We have more women than men in all four pay quartiles, with the upper quartile showing a female: male split of 54.2% : 45.8%. However, having a greater proportion of men in the top ten earners of the charity combined with more females joining the charity at a lower level does affect our gender pay gap. As a small organisation, slight fluctuations can make a difference.

## Equal pay

GOSH Charity is an equal pay employer and we are confident that our 'gap' is not the result of unequal pay.

## Employee opinion survey

An employee opinion survey took place in September 2017 and we were delighted that 91% of staff responded and told us how they feel. The responses showed a marked improvement in our scores for Employee Effectiveness – engaged and enabled staff. This strong result is 10% above the UK Industry norm and means that we have already exceeded our 2020 target by 5%. We have therefore increased our target for 2020 to the High Performing Global Industry norm.

## Safeguarding

Charity staff come into direct and indirect contact with children, patients of the hospital, patient families and members of the public through delivery of a range of services and activities. Safeguarding is a critical area of importance to us and our primary concern, at all times, is to promote the welfare and safety of children, vulnerable adults and

young people. Our safeguarding policy is regularly reviewed and all staff have undergone mandatory safeguarding training to ensure they can respond appropriately should a safeguarding issue arise.

In addition to standard employment reference checks, all staff must obtain an enhanced DBS prior to employment. In 2017/18, we introduced a three-year DBS renewal programme to ensure that staff are rechecked on a regular basis.

## Volunteering

We are incredibly fortunate to have a diverse volunteer workforce making a considerable contribution to both the hospital and the charity. We simply could not do what we do without them and we are truly grateful for the continued commitment and incredible support. The value of the contribution of the diverse volunteer workforce is not reflected in our financial data.

### At the hospital

In 2017/18, more than 1,000 hospital volunteers provided emotional and practical support for staff, patients and parents, as well as bringing fun to the children staying in the hospital. Volunteers work across over 120 roles, from bedside to back office, ranging from play volunteers and befrienders to ward administrators. This year they contributed more than 4,400 hours per week, generously sharing their time, skills and energy with the hospital.

### For the charity

At the charity, we are hugely reliant on thousands of volunteers from individuals to whole companies, providing vital support for our fundraising activities and forming an integral part of the success of our fundraising.

In 2017/18 our team of volunteer community ambassadors grew to 145, supporting and inspiring thousands of others in their support of the hospital. Our Corporate Partnerships Board and fundraising leadership boards, whose volunteers number over 200, raised much needed funds for a range of projects across the hospital. In addition, our tireless cheerers and event volunteers, of which there are over 800, enable us to provide that extra support to those generously giving their time, energy and funds to the charity.

In addition, our own employees have volunteered at events across the charity and supported the hospital Crocodile Club, which gives volunteering opportunities to staff, a testament to the level of dedication the charity's staff have to the hospital.

## Trustees & Associate Trustees

The volunteer Board of Trustees currently consists of a Chairman and nine Trustees appointed for their relevant and individual skills and experience, having been through a thorough recruitment process including interview. 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.

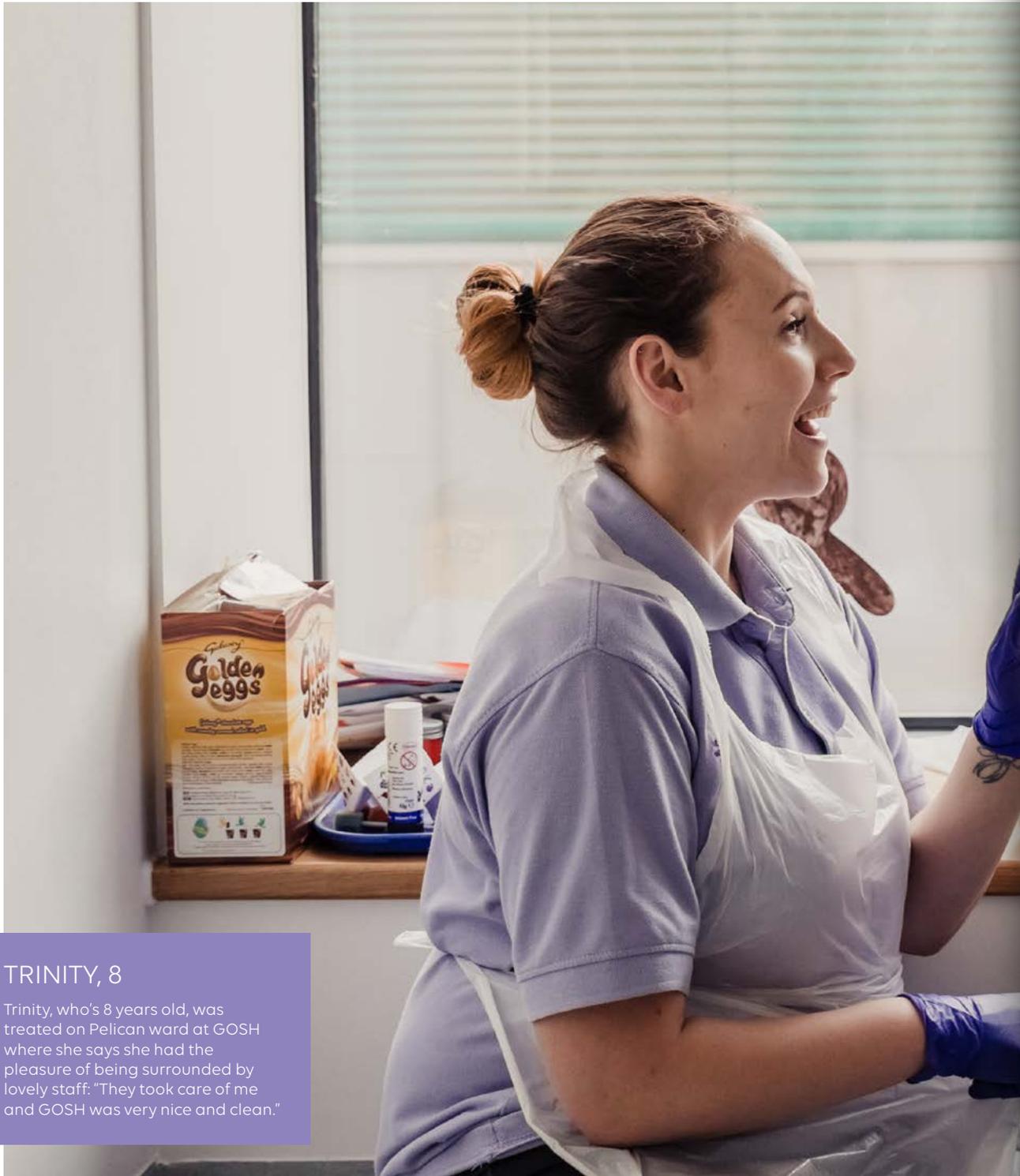
Associate Trustees with specific skills and experience can also be appointed as volunteers to work with the Trustees on Board committees to increase the expertise available.

A thorough induction programme is provided for Trustees and Associate Trustees on appointment and Charity Commission guidance is shared. Access to training is provided throughout the term of office. Trustees are also required to undertake an enhanced DBS check.

During the course of 2017/18 we were delighted to welcome Professor Stephen Holgate as a Trustee. Stephen was previously Chair of our Research Assessment Panel and with considerable knowledge of healthcare and medical research, he is a great addition to the Board. Professor Charles ffrench-Constant who is Professor of Medical Neurology at the University of Edinburgh, has replaced Stephen in the role of Chair of the Research Assessment Panel.

In addition, David Lomas joined the Finance and Audit Committee as an Associate Trustee in April 2018. Having previously been a non-executive director for the hospital, David comes with considerable experience of the hospital as well as his significant financial experience. Paul Langham joined the Property and Development Committee in May 2018, bringing with him significant experience of project management of large scale property developments.

During the year, David Claydon resigned, and Dr Diana Dunstan OBE retired having served the maximum term of nine years. We would like to thank David and Diana for their considerable service and contribution to the charity.



## TRINITY, 8

Trinity, who's 8 years old, was treated on Pelican ward at GOSH where she says she had the pleasure of being surrounded by lovely staff: "They took care of me and GOSH was very nice and clean."



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## Trustees throughout the year



**John Connolly**

Chairman

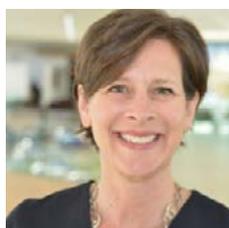
John is currently the Chairman of a number of companies including G4S, Metric Capital Partners, Cogital Group and Radius Inc.



**Kaela Fenn-Smith**

Property and Development Committee Chair

Kaela has previously been a Director at Land Securities plc, Jones Lang LaSalle and CBRE.



**Nina Bibby**

Governance, Reputation and Risk Committee

Nina is the Chief Marketing Officer at O2, responsible for marketing across O2 and with commercial profit and loss accountability for the consumer and SME mobile business. Nina is also a Non-Executive Director of Barratt Developments.



**Jennifer Bethlehem**

Grants Committee  
Property and Development Committee

Jennifer is a Corporate Partner at Freshfields Bruckhaus Deringer LLP, co-heading Freshfields' M&A practice in London and leading the firm's global healthcare team.



**Margaret Ewing**

Finance and Audit Committee Chair

Investment Committee

Governance, Reputation and Risk Committee

After 13 years as a partner with Deloitte LLP, Margaret spent seven years as CFO of Trinity Mirror and subsequently BAA, returning to Deloitte in 2007 as Vice Chair and retiring as a Managing Partner in 2012. Margaret is currently a Non-Executive Director of ConvaTec Group and ITV Group.



**Nicky Bishop**

Governance, Reputation and Risk Committee

Nicky is and has been in the voluntary sector for 24 years. A repeat stay as CEO from 2007-10 at The Red Cross Children's Hospital Trust included funding new child health initiatives across sub-Saharan Africa. In addition, Nicky is an associate of The Philanthropy Company.



**Sandeep Katwala**

Governance, Reputation and Risk Committee Chair  
Finance and Audit Committee  
Sandeep spent 25 years as a lawyer with the global law firm Linklaters LLP where he was a member of the Executive Committee and headed up the firm's EEMEA Region and India business.



**Michael Marrinan**

Grants Committee  
Michael was a consultant Cardiothoracic Surgeon at King's College Hospital from 1992 until 2015 and was Medical Director of King's for six years. He is currently Medical Director of Royal Hospital for Neurodisability



**Mark Sartori**

Finance and Audit Committee (until 31/03/18)  
Investment Committee  
Property and Development Committee (from 01/04/18)  
Mark retired from a career in Capital Markets where he worked in European Equities for Credit Suisse and Morgan Stanley. Mark also built a European Equities business for the Royal Bank of Canada.

**Trustees appointed in year**



**Professor Stephen Holgate**

Grants Committee Chair  
Stephen is Medical Research Council Clinical Professor at the University of Southampton with an interest in asthma and allergy. He is a special advisor to the Royal College of Physicians (RCP) on air quality and cofounded Synairgen, a company dedicated to respiratory drug discovery.

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## Associate Trustees throughout the year



### **Dr Benjamin Jacobs**

Grants Committee

Benjamin has extensive experience in clinical and research paediatric practice. In 2009, he was appointed to the Trust Board at the Royal National Orthopaedic Hospital as Director of Children's Services. He is a member of the Royal College of Paediatrics and Child Health (fellow) and the Royal College of Physicians.



### **Chris Morris**

Property and Development Committee

Chris is a specialist in real estate law and practised at Freshfields Bruckhaus Deringer, from 1982 to 2014, being a partner there from 1991 to 2014. Chris was on the Policy Committee of the British Property Federation for three years.



### **Ruary Neill**

Investment Committee Chair

Ruary had a long career in the financial sector working in Asian Equity Markets and then in Global Asset Allocation. He retired from UBS Investment Bank in June 2014. He currently is an Independent Non-Executive Director of JPMorgan Emerging Markets Investment Trust plc and is a member of the Advisory Council of The SOAS China Institute, London University.



### **Humphrey van der Klugt**

Investment Committee

Humphrey spent most of his career at Schroder Investment Management Limited, where he was a director and member of the Group Investment and Asset Allocation Committees. He is currently chairman of Fidelity European Values Plc, a director of JPMorgan Claverhouse Investment Trust Plc and director of Allianz Technology Trust Plc.



### **Simon Stormer**

Finance and Audit Committee

Simon has had an extensive career in the financial sector, having worked as a Managing Director in the Financial Control Group at Morgan Stanley, until April 2013 and prior to this working for Pricewaterhouse Coopers and Credit Suisse. Simon is currently Regional Chief Operating Officer in the Channel Islands and a Board member for Deutsche Bank International Ltd, Jersey and Deutsche Bank Services (Jersey) Ltd.



### **Professor Mary Rutherford**

Grants Committee

Mary trained as a paediatrician, specialising in neonatal neurology. Her experience is in the acquisition and interpretation of fetal and neonatal MRI of the brain. Her research interests include optimising MR sequences to allow objective quantification of both normal and abnormal brain development. She is Professor of Perinatal Imaging at King's College London and has an Honorary contract with Guy's and St Thomas' Trust.

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## Associate Trustees appointed since 31 March 2018



**David Lomas**

Finance and Audit Committee

David has significant financial experience and is currently Chief Financial Officer of Spire Health Care Plc, having previously been Chief Financial Officer of Achilles and Elsevier and Chief Executive of British Telecom Multimedia Services. David has also been a Non-Executive Director of the hospital.



**Paul Langham**

Property and Development Committee

Paul has extensive experience of property developments, both in the UK and internationally. He is currently Head of Project Management and Engineering at Landsec having previously been Project Director at Stanhope Plc.

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# STRUCTURE AND MANAGEMENT

## **Statement of confirmation compliance with Companies Act and SORP**

The Trustees confirm that the financial statements comply with the Companies Act 2016, 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. In addition, financial statements for Sparks comply with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 of the Charities Accounts (Scotland) regulations 2006 (as amended).

In addition financial statements for Sparks comply with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## **Legal structure and governing document, related parties and subsidiary companies**

The diagram opposite shows the group structure at the start of the year, with the pink arrows showing the partners who receive funding.

To ensure greater efficiency and reduce costs, the group structure was reviewed during the year and the Great Ormond Street Hospital Children's Charity (unincorporated charitable trust) and 'Friends' entities were both closed. The new structure is shown in the second diagram.

Sparks and GOSIPL remain separate entities and subsidiaries of GOSH Charity. Sparks continues to raise funds and make grants for children's medical research nationally in partnership with GOSH Charity and GOSIPL is responsible for all commercial activities of the group, namely licensing, sales promotions and mail order. All surplus funds earned by GOSIPL are donated, under Gift Aid, to the charity. Both entities have their own Board responsible for all governance issues and financial details for both are summarised in the notes to the GOSH charity financial statements, with their own audited financial statements filed as appropriate.

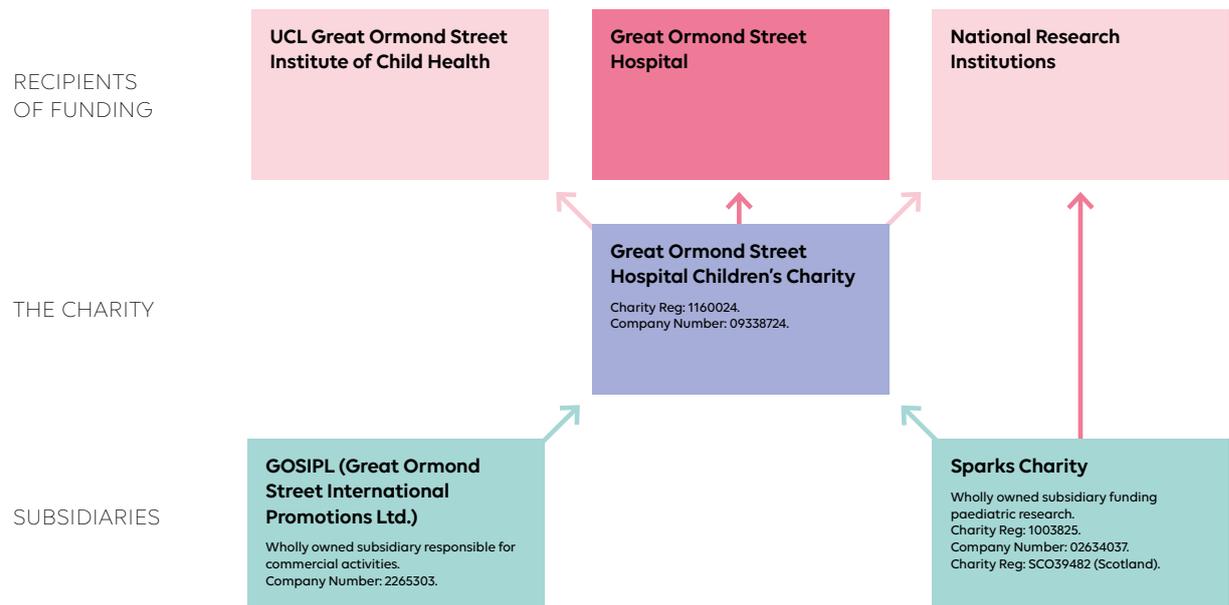
Much of the GOSH research funded by the charity is undertaken in partnership with UCL Great Ormond Street Institute of Child Health (see note 5 to the financial statements).

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

# PREVIOUS STRUCTURE



# NEW STRUCTURE





## RAFAEL, 4

Rafael was born with renal failure and has been a dialysis patient until he was four years old. He had a kidney transplant from his Dad just a week before this photo was taken.

## Trustee responsibilities

The Board of Trustees meet six 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. The Board also sets operating plans and budgets and determines the risk appetite and tolerances acceptable in achieving the charity's purpose and strategy. A review of operating and financial performance is undertaken at each Board meeting. The Chief Executive and Director of Finance and Operations are invited to attend all meetings of the Trustees and other senior managers are invited to attend for presentations and discussions of specific relevant topics. While most of the business of the charity is conducted at the scheduled Trustee meetings, there are occasional ad-hoc meetings to deal with matters of special interest.

Much of the Board's work is delegated to five sub-committees with remits as follows:

#### Finance and Audit Committee

- Monitoring and review of the integrity of the charity's financial statements and financial reporting, including the approval of all accounting policies.
- Agreement of both external and financial internal audit plans and reports.
- Recommending appointment and reviewing effectiveness of the external auditors.
- Monitoring of major internal charity projects and review of associated non-property business cases.
- Review of the annual business plan, budget and pay award proposal on which it makes recommendations to Trustees.

#### Governance, Reputation and Risk Committee

- Monitoring compliance with all governance policies, regulations, laws and sector guidelines.
- Recommending appointment of internal auditors, approve non-financial internal audit plan, review non-financial internal audit findings and monitor effectiveness of internal auditors.
- Policy setting and monitoring of all fundraising, including fundraising practices, supporter commitment and use, guidelines, monitoring of third parties and complaint monitoring.
- Reviewing risk management policy and risk register, monitoring all key non-financial risks of the charity and ensuring the charity is operating within the risk appetite and tolerance levels set by the Board.
- Monitoring the charity's reputation and setting policy for the identification, assessment, management and resolution of material reputational risk to the charity as well as understanding the opportunities available to enhance the reputation of the charity.
- Reviewing and approving all key HR policies.

#### Investment Committee

- Monitoring the allocation and performance of the charity's long and short term investment portfolios.
- Appointing professional advisors and investment managers, reviewing their appointment annually and evaluating their performance.
- Reviewing the investment strategy and related policies and recommending required changes to the Board of Trustees.
- Investing funds in accordance with the investment policy and in support of the charity's financial plan and strategy.

#### Property and Development Committee

- Reviewing and monitoring the effective and efficient management of the charity's property interests.
- Reviewing and recommending to the Board the strategy for the charity's estate in support of the hospital, ICH and the charity, and to monitor its implementation.
- Monitoring progress on all redevelopment projects that the charity supports.
- Overseeing the charity's disbursements relating to the hospital's property interests.

#### Grants Committee

- Recommending a research strategy for Board approval and recommending an overall grant making programme and grants strategy for the charity.
- Awarding and varying grants within the grant award budget streams approved by the Board as part of the annual plan and ensuring such grants are in compliance with the charity's charitable objects.
- Monitoring grants provided for all charitable activities (excluding property and redevelopment) and overseeing the charity's disbursements programme.
- Assessing applications for funding and making recommendations to the Board including those from the Research Assessment Panel (RAP).

All committees report to the full Board and each one meets at least three times per year.

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## Board objectives and performance review

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.

In addition to reflecting internally throughout the year on performance and decision-making processes, the Board regularly undertakes an external review to evaluate the effectiveness of its structure, decision making processes and its performance. An extensive review is currently underway, including interviews with, and completion of a detailed questionnaire by, each Trustee, the CEO and the Director of Finance and Operations. Findings and resulting action plans will be reported in the next annual report.

## Decision making and stakeholder engagement

When making decisions, the Board gives consideration to the following:

- The charitable objectives of Great Ormond Street Hospital Children's Charity
- Any impact on the patients and families of GOSH as well as the hospital itself
- Ensuring that they are acting within their powers as Trustees, in the best interests of the charity and in good faith
- Full and appropriate compliance with all relevant regulations, laws and good governance requirements
- Whether they have sufficient relevant information to enable them to make an informed decision
- Whether external advice is required, including from the Charity Commission or other regulators
- Any conflicts of interest
- The risk management framework
- The professional opinion of the Executive team and other members of staff as appropriate
- Any impact on supporters, staff and volunteers as key stakeholders
- Wider charity sector activity and focus

## Management

The Trustees appointed Tim Johnson as Chief Executive in 2008, with responsibility for ensuring that their policies and strategies are followed and for ensuring the operational management of the charity. The Chief Executive works alongside seven

executive Directors, each of whom has responsibility, experience and expertise in a specific area key to ensure the stability and development of the charity, as well as wider knowledge and experience to drive sector leading change. Trustees meet with the executive Directors outside of Board meetings to review and discuss ongoing critical and strategic issues and to determine where Trustees may best add value to the charity beyond Board and committee membership, whilst ensuring they remain independent.

## 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 Trustees will only commit funds to charitable activities and other capital projects when they are confident that these obligations can be met. The charity's fundraising streams are well diversified and, therefore, a significant drop in any one channel would not materially affect our ability to meet existing financial commitments. 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.

## Public benefit statement

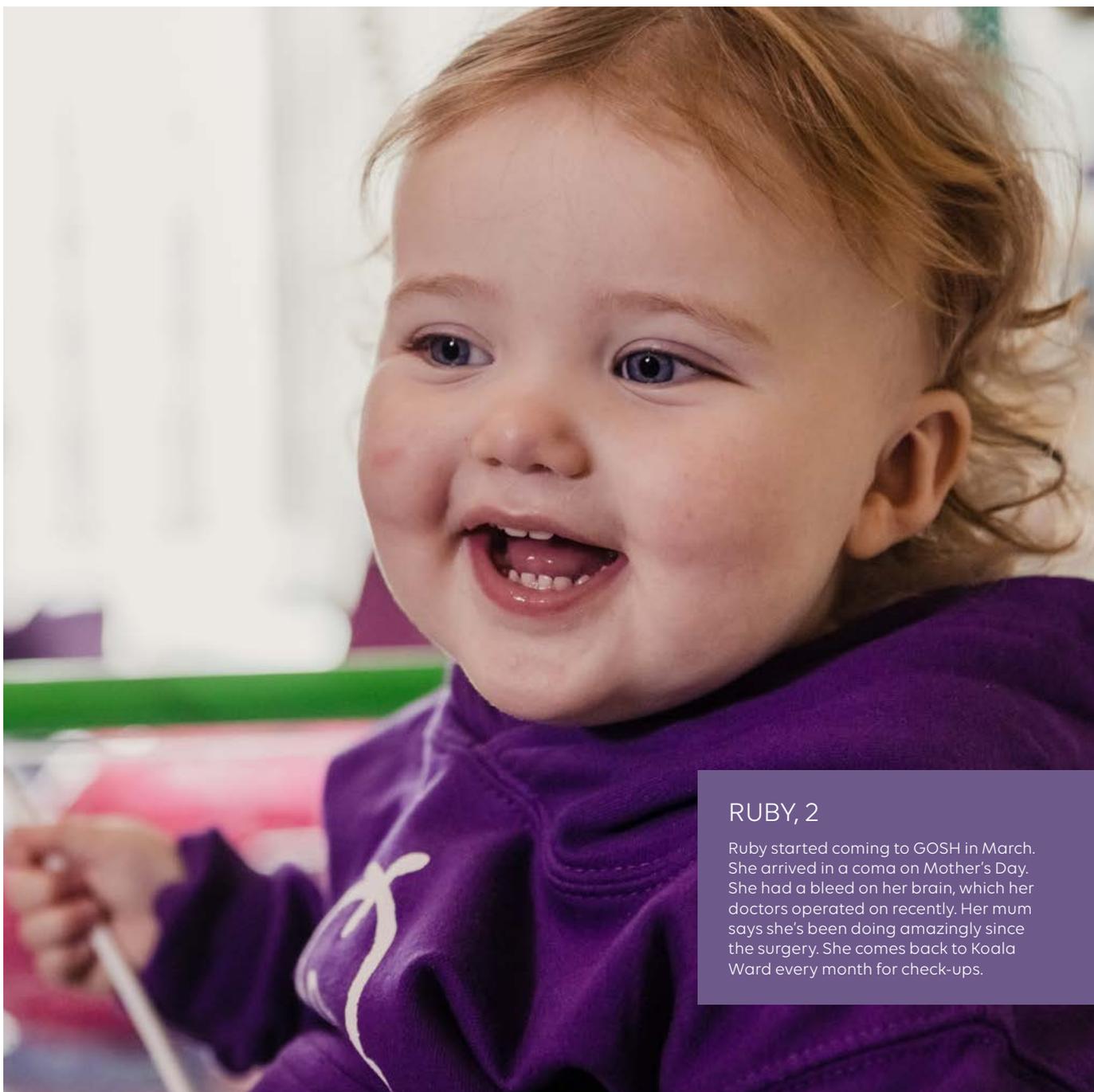
The Trustees confirm that they have paid due regard to the Charity Commission's general guidance on public benefit.

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, the patients of the hospital. For example, thanks to our supporters, the charity is able to provide accommodation in Morgan Stanley House 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.

Our research grants are made nationally and findings impact children and young people not only at GOSH and throughout the UK, but across the world. In addition research findings can inform future research into a wide range of conditions affecting both children and adults, therefore providing a much wider societal benefit.



## RUBY, 2

Ruby started coming to GOSH in March. She arrived in a coma on Mother's Day. She had a bleed on her brain, which her doctors operated on recently. Her mum says she's been doing amazingly since the surgery. She comes back to Koala Ward every month for check-ups.

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# GOVERNANCE AND COMPLIANCE

We are privileged to have the support of many generous donors and supporters and we endeavour at all times to exercise high standards and great governance and continually review and improve our resources and practices in relation to all of our activities, particularly our fundraising.

## Standards and monitoring

High Standards and Great Governance is one of the fundamental enablers in the charity's five-year strategy and is firmly embedded within the charity's values. We regularly undertake a review against the Charity Governance Code to inform our structures and processes, with a full review due to be undertaken in the next year. In addition, we have continued to strengthen our systems and processes in terms of governance, risk management, compliance and planning throughout the year and undertake ongoing and regular monitoring both of our own practices and those of our agencies and third parties. Our Governance, Reputation and Risk Committee has Board delegated responsibility for oversight, scrutiny and governance matters relating to fundraising regulation and reputation, all other regulatory and legislative compliance and all non-financial risks.

Our internal Fundraising Standards and Information Group, Chaired by our Chief Executive, meets monthly and considers new activities as well as reviewing ongoing activities. In addition, our Internal Audit programme (undertaken by Grant Thornton, independent auditors) incorporates governance reviews and third-party agency reviews.

## Principle fundraising activities

The charity benefits from a very broad and diverse supporter base. Supporters donate in a wide variety of ways. In 2017/18 these included:

- Regular donations – more than 184,000 supporters (2016/17: 176,000) made regular donations, usually on a monthly basis.
- Individual donations – for example from supporters responding to a specific major charity appeal, attending an event, entering a raffle or buying merchandise.
- Community fundraising – community-based activities or challenge events that took place in support of the charity, often organised by a patient's loved ones. In addition, many people participated in large events, such as the Virgin Money London Marathon, to raise funds for the hospital.
- Corporate fundraising – corporate partners chose to give donations to the charity, delivering cause-related marketing programmes and/or engaging with their employees to help raise funds for the charity.
- Legacies – we received 624 legacy gifts this year (570 in 2016/17), where supporters have chosen to give a gift to the charity in their Will.

## Code of Fundraising Practice

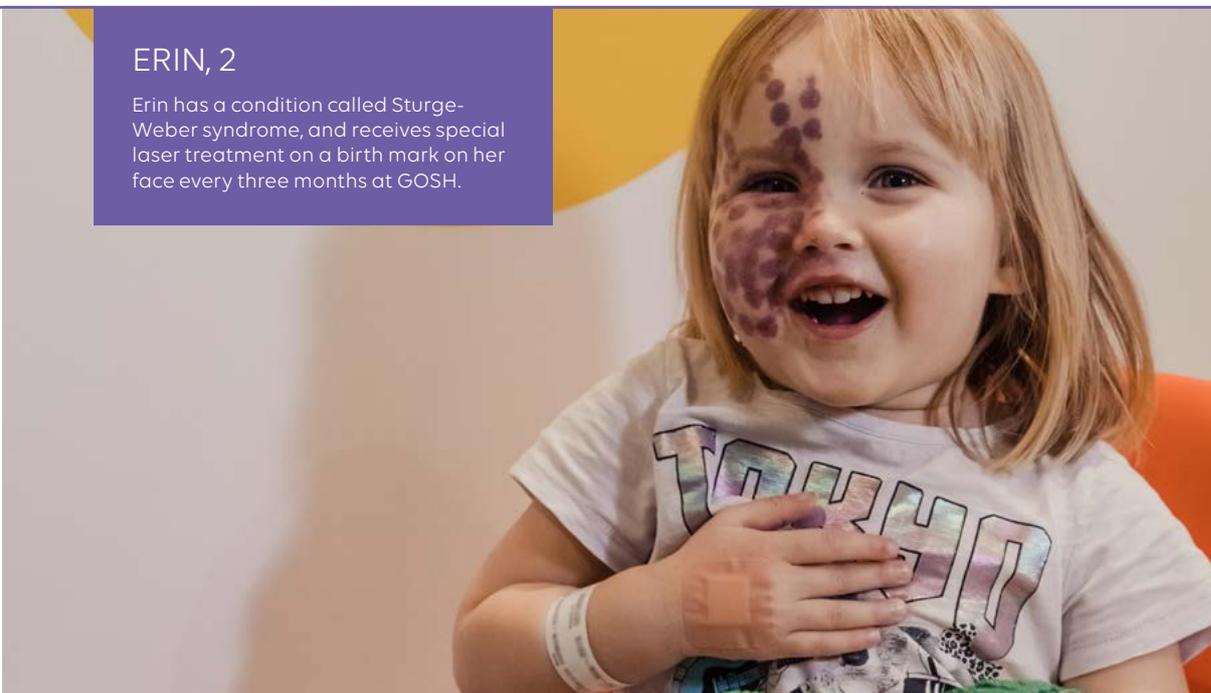
We are always conscious of how important it is to maintain the trust of our donors. We know it matters to people not just how we spend their money, but also how we raise funds.

We are committed to high standards of great governance. We regularly review our compliance with the Code of Fundraising Practice and implement actions to ensure we remain fully compliant. We are registered with the Fundraising Regulator as well as being members of the Institute of Fundraising.

Following the launch of the Fundraising Preference Service, we have received 164 requests for amendments to channels or cessation of

## ERIN, 2

Erin has a condition called Sturge-Weber syndrome, and receives special laser treatment on a birth mark on her face every three months at GOSH.



communications up to 31 March 2018. All requests are actioned within 28 days of receipt as required and any concerns raised by individuals about their registration with the Service are investigated thoroughly.

We have continued to uphold our Supporter Commitment and our promise to always strive for sector-leading standards in fundraising practice.

### Supporter Commitment

Our key pledges to our supporters as set out in our Supporter Commitment are:

- we will treat you with respect
- we will be honest and open
- we will commit to high standards
- we will let you know the difference your donation is making
- we will communicate with you based on your wishes
- we will not pass on your data
- we will take complaints seriously

The full Supporter Commitment is published on our website.

### Treating people fairly

We recognise that every individual is unique in their background, experience and circumstance and every interaction between the charity and members of the public is different. We continue to

require all our staff, volunteers, agencies and other third parties working on our behalf to help protect those who may be vulnerable or be in a vulnerable circumstance.

Our 'Treating People Fairly' policy includes guidance on how to identify indicators that an individual may require additional care or support to make an informed decision, and to assess whether it is appropriate to accept a donation or continue a conversation. This supports our commitment to make fundraising a positive experience for everyone.

### Complaints

We sincerely regret that supporters and the general public occasionally have the need to raise complaints. We treat all complaints received very seriously, ensuring that all are properly investigated and a full and appropriate response is given, as well as all complaints being reviewed by Directors and Trustees on the Governance, Reputation and Risk Committee and the Board, every time they meet. We take time to reflect on our processes and practices and, in light of complaints, identify ways to further strengthen and improve them.

In 2017/18, our Supporter Care team received a total of 605 complaints – this reflects a significant increase (15%) on the number of complaints received in 2016/17 (526), driven by 309 complaints related specifically to the initial decision to return the donations from the Presidents Club Charity. As a

result of feedback from our donors and supporters, and following liaison with the Charities Commission, the Board concluded that the charity should retain the funds from the Presidents Club whilst noting that it did not condone the reported activities that took place at Presidents Club events. The underlying trend in complaints, excluding complaints relating to the Presidents Club, was a decrease at 296 from 526.

Other complaints received were primarily in relation to the 'door to door' direct marketing method of fundraising. We understand that some people do not like this method of fundraising and we apologise wherein a small number of instances its use has caused upset or any offence. In cases where our investigation shows that methods or behaviours of third party fundraisers have not met our expectations, we take steps to ensure that appropriate follow up action is taken either to retrain or discipline individuals responsible. We take ongoing action to monitor public response to this form of fundraising, which provides us with essential income and we will continue to work to further improve processes and controls to maintain the trust of all our supporters.

### Fundraising on our behalf

We use agencies and third parties to help us with certain elements of our fundraising, including door to door, telephone and private site fundraising as well as the processing of regular donations. All the agencies and third parties we work with are thoroughly vetted and briefed on the objectives of the charity and the need for them to comply with and meet our high standards, including our supporter commitment. We provide training to their staff on a regular basis about the work of the hospital and our values and expectations of standards and undertake regular monitoring and oversight of their activities through a combination of methods such as call monitoring, mystery shopping, meetings and internal audit reviews. We updated all fundraising contracts to comply with the requirements of the Charities (Protection and Social Investment) Act 2016 and best practice, outlining our expectations and oversight practices.

### GDPR and data protection and information governance

Individuals entrust us with, and allow us to gather information relating to their support, fundraising, employment and other matters as part of their contact with the charity. They do so in confidence and have a legitimate expectation that we will respect their privacy and act appropriately.



Everyone who comes into contact with our Charity is very important to us.

We recognise that the General Data Protection Regulations (GDPR) represent a significant step in the development of privacy. We have sought to embed three key principles, which we believe sum up the very essence of GDPR, into everything we do:

- Respect for the wishes of individuals, giving them CHOICE in the management and use of their information.
- Demonstrable CONTROLS compliant with legislation and best practice.
- TRANSPARENCY in our communications with individuals on how we use information.



### LEO, 17

Leo has been coming to GOSH for more than nine years. Leo has had a number of life-saving operations at the hospital, including a kidney transplant and heart bypass surgery.

We have appointed the Head of Governance, Legal and Compliance as our Data Protection Officer who works closely with our Trustees, CEO, Senior Management Team and staff and has formal responsibility for our compliance in this essential area. We have taken the opportunity to take stock of all the personal data we hold and use across the organisation, review and update all our internal policies and procedures and have refreshed our internal training programme. Our updated Privacy Policy was launched on our website during May 2018.

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# RISK MANAGEMENT FRAMEWORK

## Mission driven approach to risk

The starting point for determining our risk management framework is our mission statement and identifying those events that could significantly impact the realisation of our mission and strategic objectives and the controls we need to develop to minimise adverse effects of such events.

The charity's 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.

Our five year strategic plan sets out the impact goals that we use to measure our progress towards achieving our mission and the priorities and enablers that will in turn optimise our ability to deliver these impacts. We therefore need to identify the events/risks that could interfere or disrupt the contribution of the priorities and enablers and take actions to mitigate or offset these events/risks.

At the same time, we realise that some risk is inherent to the activities required to optimise the charity's contribution to the hospital and therefore we accept a level of risk but always within the context of, and in a manner consistent with, our core values. We therefore constantly challenge ourselves to use resources innovatively to optimise our performance, whilst giving due care to protect the charity's overall long-term impact and benefits.

Our risk management framework has been developed to reflect our risk appetite, which was reviewed and discussed by the Trustee Board during the October 2017 mid five year strategy review. Trustees defined our risk appetite and tolerance for risk, ensuring that the accepted risks are appropriate to the mission of the charity, that the entire charity is engaged in identifying and managing risk and that risk is understood and effectively managed.

## Principles applied daily

Our risk management approach sets out the overall boundaries within which the charity aims to operate but we also need practical guidance that charity staff can use on a day to day basis. We have therefore established guiding principles in respect of our tolerance to risk and the level of risk we are prepared to accept.

In the table opposite, we have identified key risk themes and for each theme set out the charity's risk tolerance and guiding principle. These are used to aid day to day decision making when considering activities, internal and external occurrences which may impact those activities, and the standards the charity wants to uphold. We have included a zero tolerance for legal, regulatory and data risk areas. While we recognise this is challenging to achieve, given the possibility of human error, we believe it should always be our goal.

Risk area	Tolerance	Principle
Legal and regulatory	Zero	We aim to be legally compliant in all aspects of our operations and achieve high sector standards.
Data loss or unplanned/unauthorised disclosure	Zero	We aim to always avoid the risk of compromising the confidentiality of personal data.
Data – managed by external agencies	Very low	We recognise that by using third parties, we are not directly in control of data which could result in a data control lapse. However, we will not tolerate repeated errors and will take action to correct or terminate relationships if required.
Financial	Low	<p>We aim to maintain a credible ongoing financial/business model that delivers an acceptable cost/income ratio but we recognise that on occasion we may need to take a certain amount of risk in order to realise potential rewards eg innovation in fundraising to seek new sources of income.</p> <p>We invest funds required for future major hospital projects and, as set out in our investment policy, we are risk averse in respect of our investments and the first priority is to preserve the capital value of these.</p>
Fundraising – only using methods and practices that meet consistent high standards	Low	We always strive to fully comply with all regulations and guidelines and achieve high standards in all our fundraising activities.
Reputational	Low	<p>The charity's reputation is fundamental to realising the charity's mission and is integrally linked to the hospital's reputation and activities. We always aim to minimise risks to our reputation and to that of the hospital.</p> <p>Positive risks should be taken in line with fundraising policies. Fundraising always carries some risks and these risks are managed on a business case basis, depending on the degree of risk and size of donation/income stream and always with a reputational management consideration.</p>
Charitable activities including hospital/property redevelopment project risks	Low	The charity aims to minimise risks associated with its charitable delivery activities, including reputational, health and safety risks as well as the risk of financial overruns. Where financial overruns arise, the charity will always ensure a robust gateway process is applied for approval of any additional funds required to deliver a project.
Innovation in new methods of fundraising	Medium	We invest in new fundraising activities within acceptable financial and reputational constraints recognising that not all new or novel fundraising activities will deliver an immediate return – and provided they always adhere to high legal and fundraising standards as defined in our fundraising policy.
People – failing to make the most of this key resource	Very low	Our people are our key asset. We seek to provide an engaging and rewarding environment, with competitive benefits and opportunities to empower and enable our people and consider the impact on our staff of all our key decisions.

## Identification of key risks: Strategic priorities and impact

The risks below, relevant at the date of approval of this Annual Report and throughout the financial year to 31 March 2018, have been identified as the key risks of the charity and could interfere or disrupt the contribution of our strategic priorities and enablers. We have set out the actions we are taking

to mitigate or offset these risks. The risks/events are categorised according to the priorities and enablers that they could principally disrupt. We have then applied the appropriate tolerance and principles as set out above to determine the residual net risk the charity is bearing, after applying all existing controls and mitigating actions. We have noted any planned further actions and mitigations required to reduce the net residual risk in future:

### Priority: principal output – charity secures increased income, available to grant to the hospital

RISK: adverse economic environment, competition for fundraising and/or hospital's planning cycle reduces the charity's ability to raise sufficient income to fund ongoing and future projects, including redevelopment and research	Applicable principles	Tolerance	Net risk
<p><b>Mitigations</b></p> <p>Extensive planning and financial controls operate to ensure the charity has the ability to meet its existing financial commitments.</p> <p>The charity is very fortunate to have an extensive and diverse supporter base which, to date, has continued to provide support throughout economic cycles.</p> <p>The charity continues to explore and develop appropriate channels and methods, both nationally and internationally, to explain the need for continued charitable support and the significant impact it has on the lives of children and young people in the UK and across the world.</p> <p>Benchmarking and close monitoring of other major charities' activities and approaches to fundraising to identify potential new activities or sources of income.</p> <p>Trustees have agreed to invest in a fundraising innovation programme to help grow existing streams and/or seek new fundraising activities for existing and new audiences to support income and grow our supporter base.</p>	<p><b>Remaining risks</b></p> <p>The potential impact on fundraising, post Brexit, is unknown. Should a significant or sustained economic downturn arise this could adversely impact the charity's fundraising and its ability to grant monies to the hospital and to research. Similarly, the hospital's priorities for support and its own planning cycle potentially impact the amount that can be raised in any one year.</p>	Low	High

<b>RISK: redevelopment and grant governance – charitable grants incur significant overspends</b>	Applicable principles	Tolerance	Net risk
	Charitable activities Financial Reputational Fundraising	Low	High
<b>Mitigations</b> An extensive and comprehensive review process is in place for all charity grants, utilising external independent professionals where appropriate to understand and ensure integrity of projects and robustness of financial projections. Close ongoing monitoring of projects vs objectives and costs. Where cost overruns might arise, robust gateway process to minimise overruns and optimise outcomes. Post grant and development reviews undertaken to ensure lessons are learned and grants made have delivered their intended impact.	<b>Remaining risks</b> High inflationary pressures in the London construction market have recently resulted in some cost overruns, despite rigorous controls. The charity continues to work closely with the hospital redevelopment team to minimise such overruns and work with professionals and experts to refine controls and avoid additional costs where possible.		

<b>RISK: cyber security breach which results in data loss, impacts our ability to undertake fundraising activities or has an adverse effect on the charity by reducing services available and reputation</b>	Applicable principles	Tolerance	Net risk
	Data loss or disclosure Financial Fundraising Reputational	Low	Medium
<b>Mitigations</b> Penetration tests regularly carried out. Internal audits regularly undertaken to review systems in place and risks. Ongoing extensive training in information governance and GDPR to heighten awareness of duty for security and protection of data. A management console is used to ensure minimum protection for security and anti-virus software installed and regularly updated on all devices as well as a monitor and alert system to notify of potential issues. IT team keep up to date with the latest developments and potential attacks in order to react quickly to implement changes required.	<b>Remaining risks</b> Constantly changing 'attacks' makes it difficult to ensure that all areas of penetration are protected.		

## Priority: maintain positive and high public profile

<b>RISK: adverse publicity associated with the charity (including its fundraising activities), hospital or charity sector could cause reduction in public support for the charity</b>	Applicable principles	Tolerance	Net risk
	Charitable activities Financial Fundraising Reputational	Low	Medium
<b>Mitigations</b> <p>We aim to always operate to high standards and prevent any actions which may bring the charity into disrepute or give rise to adverse public or media comments. Over recent years we have invested significantly to further strengthen our governance and compliance resources and controls and undertaken additional compliance and control verification with our third party fundraisers.</p> <p>We aim to have an open and transparent dialogue with our supporters and stakeholders and also the public at large and through this approach address any concerns raised.</p> <p>When incidents arise we have robust response and communication systems in place to engage with all relevant stakeholders.</p>		<b>Remaining risks</b> <p>Certain factors are beyond the charity's control and the charity may be adversely impacted by sentiment and concerns for the wider charity sector.</p>	

<b>RISK: breach of data, fundraising, or charity compliance by GOSH Charity or a third party working for the charity</b>	Applicable principles	Tolerance	Net risk
	Legal & regulatory data loss Reputational	Zero / Very low	Low
<b>Mitigations</b> <p>Strong internal controls are in place to ensure compliance with all relevant regulations and sector guidelines / best practice and to prevent data breaches. The controls are regularly reviewed and audited to ensure they remain robust.</p> <p>Contracts are in place with third party agencies to ensure compliance and regular spot checks are carried out to verify compliance.</p>		<b>Remaining risks</b> <p>Human error can result in exceptional breaches occurring. When these arise we will always promptly and fully address and correct any errors or oversights and work quickly to prevent any reoccurrence.</p>	

## Priority: increased efficiency

<b>RISK: increasing cost pressures and failure to realise efficiency savings result in unacceptably high costs of fundraising and a high cost:income ratio with consequent adverse impact on donor support and fundraising income</b>	Applicable principles	Tolerance	Net risk
	Financial Reputational	Low	Low
<b>Mitigations</b> <p>The charity has invested in new core systems and processes with the aim of realising efficiencies, improving supporter stewardship and engagement and higher fundraising income. Work is ongoing to embed and optimise the new systems and processes and to realise the identified cost savings.</p> <p>A workstream is reviewing all areas of expenditure to identify opportunities for further costs savings and efficiencies.</p> <p>The fundraising innovation programme will carefully consider cost:income ratio as part of any new activities trialled.</p>	<b>Remaining risks</b> <p>n/a</p>		

## Risk identification, mitigation, review and reporting

Every member of the charity is encouraged to identify and report risks on an ongoing basis. A centralised risk register enables recording and evaluation of these risks, with mitigations being collaboratively agreed so that a uniform approach can be taken.

The risk register is regularly reviewed by directors and all high rated risks are reported to Trustees. The Trustees acknowledge that some projects or activities may still incur a residual high level of risk, but where it is felt that this exposure is appropriate in order to help meet the mission, the Board seeks assurance that the actions and controls to mitigate the risks are robust and effective and that all reasonable steps have been taken to minimise the net risk.

The Governance, Reputation and Risk Committee has specific oversight of risk (on behalf of the Board) and, in addition to considering and recommending to the Board the approach to risk appetite and management, the committee also monitors the charity's management of all risk, including risk such as health and safety, fraud and whistleblowing. The committee undertakes deep dives into activities to ensure that risks have been given due consideration, appropriate levels of due diligence have been carried out and that mitigations put in place are effective.

As the nature of risk can be unpredictable, trustees also obtain assurances as to the general 'health' of the charity from a wide variety of sources including management accounts, executive reports, deep dive presentations, wide ranging internal and external audits, and external benchmark reporting.

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# 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' Report (including the Strategic Report) and the Financial Statements in accordance with applicable law and regulation.

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 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). 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

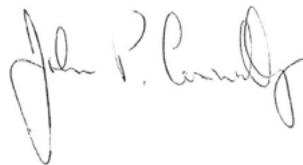
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and

disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and 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 United Kingdom 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; and
- 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.



**John Connolly**  
Chair  
18 July 2018



JAYDEN, 3

Here is Jayden enjoying himself in one of the hospital's play rooms.

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

## Report on the audit of the financial statements

### 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 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated and charity balance sheets as at 31 March 2018; the consolidated statement of financial activities for the year ended 31 March 2018 (incorporating an Income and Expenditure Account), the consolidated statement of cash flow for the year then ended; and the notes to the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 72, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a

high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### Use of this report

This report, including the opinions, has been prepared for and only for the charity's members 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.

#### Other required reporting

##### Companies Act 2006 exception reporting

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
- certain disclosures of trustees' remuneration specified by law are not made; 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.



**Jill Halford** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers  
LLP Chartered Accountants and Statutory  
Auditors London  
**18 July 2018**

**Great Ormond Street Hospital Children's Charity**  
**Consolidated statement of financial activities for the year ended 31 March 2018**  
(Incorporating an income and expenditure account)

	Note(s)	Unrestricted funds £'000	Restricted and endowment funds £'000	Year ended 31 March 2018 £'000	Unrestricted funds £'000	Restricted and endowment funds £'000	Year ended 31 March 2017 £'000
<b>Income and endowments from:</b>							
Donations and legacies	2.1	57,219	36,664	93,883	45,859	38,063	83,922
Other trading activities	2.2	3,302	2,166	5,468	2,836	2,652	5,488
Investments	2.3	1,441	120	1,561	1,842	79	1,921
Charitable activities	2.4	1,653	604	2,257	1,702	257	1,959
<b>Total</b>		<b>63,615</b>	<b>39,554</b>	<b>103,169</b>	<b>52,239</b>	<b>41,051</b>	<b>93,290</b>
<b>Expenditure on:</b>							
Raising funds	3.1	28,592	-	28,592	28,239	-	28,239
Charitable activities	3.2	5,167	35,096	40,263	4,805	54,403	59,208
<b>Total</b>		<b>33,759</b>	<b>35,096</b>	<b>68,855</b>	<b>33,044</b>	<b>54,403</b>	<b>87,447</b>
<b>Net income/(expenditure) before gains on investments</b>		<b>29,856</b>	<b>4,458</b>	<b>34,314</b>	<b>19,195</b>	<b>(13,352)</b>	<b>5,843</b>
Net gain on investments		374	-	374	8,513	-	8,513
<b>Net income/(expense)</b>		<b>30,230</b>	<b>4,458</b>	<b>34,688</b>	<b>27,708</b>	<b>(13,352)</b>	<b>14,356</b>
Transfers between funds	19.1/19.2/19.3	7,974	(7,974)	-	(23,540)	23,540	-
<b>Net movement in funds</b>		<b>38,204</b>	<b>(3,516)</b>	<b>34,688</b>	<b>4,168</b>	<b>10,188</b>	<b>14,356</b>
Reconciliation of funds:							
Total funds brought forward 1 April		294,284	13,082	307,366	290,116	2,894	293,010
<b>Total funds carried forward 31 March</b>		<b>332,488</b>	<b>9,566</b>	<b>342,054</b>	<b>294,284</b>	<b>13,082</b>	<b>307,366</b>

Notes 1 to 24 form part of these financial statements.

All amounts relate to continuing operations. All gains and losses recognised in the year are included in the consolidated statement of financial activities. There are no material differences between the net income for the financial year and the historical cost equivalents.

## Great Ormond Street Hospital Children's Charity

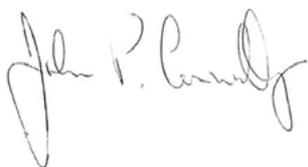
### Balance sheets

As at 31 March 2018

	Note(s)	Consolidated		Charity	
		Total at 31 March 2018	Total at 31 March 2017	Total at 31 March 2018	Total at 31 March 2017
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	8	6,745	4,990	6,745	4,990
Tangible assets	9	193,250	159,484	193,250	159,484
Investments	10	43,894	42,999	43,894	42,999
<b>Total fixed assets</b>		<b>243,889</b>	<b>207,473</b>	<b>243,889</b>	<b>207,473</b>
<b>Current assets</b>					
Inventories	11	83	105	-	-
Investments	12	157,183	157,580	157,183	157,580
Debtors	13	20,094	13,121	21,369	13,444
Cash		18,286	25,275	12,754	21,778
<b>Total current assets</b>		<b>195,646</b>	<b>196,081</b>	<b>191,305</b>	<b>192,802</b>
Creditors: amounts falling due within one year	14	68,690	79,227	64,548	77,372
<b>Net current assets</b>		<b>126,956</b>	<b>116,854</b>	<b>126,757</b>	<b>115,430</b>
<b>Total assets less current liabilities</b>		<b>370,845</b>	<b>324,327</b>	<b>370,646</b>	<b>322,903</b>
Creditors: amounts falling due after more than one year	15	28,791	16,961	28,791	15,737
<b>Total net assets</b>		<b>342,054</b>	<b>307,366</b>	<b>341,855</b>	<b>307,166</b>
<b>The funds of the charity</b>					
Restricted and endowment funds	19.1/19.2	9,566	13,082	9,640	13,544
Unrestricted income funds:					
General	19.3	39,779	32,751	39,506	32,089
Designated	19.3	292,709	261,533	292,709	261,533
<b>Total charity funds</b>		<b>342,054</b>	<b>307,366</b>	<b>341,855</b>	<b>307,166</b>

The charity's net surplus for the year was £34.7 million (2016/17: £14.2 million).

The financial statements on pages 76 to 106 were approved by the Board of Trustees on 18 July 2018 and signed on its behalf by



**John Connolly**  
Chair

**Great Ormond Street Hospital Children's Charity**  
**Consolidated statement of cash flow**  
For the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b>Cash flows from operating activities:</b>		
<b>Net cash generated from operating activities</b>	<b>20.1</b>	<b>29,136</b>
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	2.3	1,561
Purchase of property, plant and equipment	9	(34,920)
Purchase of intangible fixed assets	8	(2,499)
Proceeds from sale of investments	10	4,531
Revaluation of property, plant and equipment	9	96
Movement in cash held as investments	10	(60)
Purchase of investments	10	(5,231)
<b>Net cash (used in)/generated from investing activities</b>		<b>(36,522)</b>
<b>Change in cash and cash equivalents in the reporting year</b>		<b>(7,386)</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>	<b>20.2</b>	<b>182,855</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>-</b>
<b>Cash and cash equivalents at the end of the reporting year</b>		<b>175,469</b>
	<b>Total 2018</b>	<b>Total 2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Cash in hand		18,286
Notice deposits - current asset investments	12	157,183
<b>Cash and cash equivalents at the end of the reporting year</b>		<b>175,469</b>

## Great Ormond Street Hospital Children's Charity

### Notes to the financial statements

#### 1. Subsidiaries and accounting policies

To ensure greater efficiency and reduce costs, the group structure was reviewed during the year and the Great Ormond Street Hospital Children's Charity (unincorporated charitable trust) and 'Friends' entities were both closed.

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

Income and expenditure relate to legacies left specifically to the charity number 235825. During the year, GOSH charity purchased the freehold to the property 51 Great Ormond Street (51 GOS), which Great Ormond Street Hospital Children's Charity (1852) previously held a leasehold for. As a result 1852 closed on 31 March 2018 and all activities passed to GOSH charity.

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b>Income and endowments from:</b>		
Donations and legacies	9,657	8,537
	<b>9,657</b>	<b>8,537</b>
<b>Expenditure on:</b>		
Expenditure on raising funds	-	8
Expenditure on charitable activities	-	17
	-	25
<b>Net income and net movement in funds</b>	<b>9,657</b>	<b>8,512</b>
Total funds brought forward 1 April	582	594
Transfer to the charity	(10,239)	(8,524)
<b>Fund balance carried forward at 31 March</b>	<b>-</b>	<b>582</b>

##### Balance sheet

as at 31 March 2018

	Total at 31 March 2018 £'000	Total at 31 March 2017 £'000
<b>Fixed assets</b>		
Property, plant and equipment	-	594
<b>Total fixed assets</b>	<b>-</b>	<b>594</b>
<b>Current assets</b>		
Debtors	-	789
<b>Total current assets</b>	<b>-</b>	<b>789</b>
Creditors: amounts falling due within one year	-	789
<b>Net current assets</b>	<b>-</b>	<b>-</b>
<b>Total assets less current liabilities</b>	<b>-</b>	<b>594</b>
<b>Total net assets</b>	<b>-</b>	<b>594</b>
<b>The funds of Great Ormond Street Hospital Children's Charity (1852)</b>	<b>-</b>	<b>582</b>

## Great Ormond Street Hospital Children's Charity

### Notes to the financial statements

#### 1. Subsidiaries and accounting policies (continued)

##### 1.2 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 mail order. 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.

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b>Profit and loss account</b>		
Turnover	2,475	2,166
Cost of sales	(347)	(622)
<b>Gross profit</b>	<b>2,128</b>	<b>1,544</b>
Administrative expenses	(591)	(395)
<b>Operating profit</b>	<b>1,537</b>	<b>1,149</b>
Interest receivable and similar income	1	1
<b>Profit on ordinary activities before taxation</b>	<b>1,538</b>	<b>1,150</b>
Taxation	-	-
<b>Profit for the financial year</b>	<b>1,538</b>	<b>1,150</b>
Distribution	(1,538)	(1,150)
<b>Net movement in funds</b>	<b>-</b>	<b>-</b>

##### Balance sheet

as at 31 March 2018

	Total at 31 March 2018 £'000	Total at 31 March 2017 £'000
Inventories	83	96
Debtors	428	352
Cash	647	629
Current liabilities	(1,133)	(1,052)
<b>Net assets</b>	<b>25</b>	<b>25</b>
Profit and loss account	25	25
<b>Share capital and reserves</b>	<b>25</b>	<b>25</b>

## Great Ormond Street Hospital Children's Charity

### Notes to the financial statements

#### 1. Subsidiaries and accounting policies (continued)

##### 1.3 The Friends of the Children of Great Ormond Street

The Friends of the Children of Great Ormond Street (Friends) was dissolved on 20 March 2018 and all activities passed to the charity.

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b>Income and endowments from:</b>		
Donations and legacies	380	138
	<b>380</b>	<b>138</b>
<b>Expenditure on:</b>		
Expenditure on charitable activities	380	138
	<b>380</b>	<b>138</b>
<b>Fund balance carried forward at 31 March 2018</b>	<b>-</b>	<b>-</b>

##### Balance sheet

as at 31 March 2018

	Total at 31 March 2018 £'000	Total at 31 March 2017 £'000
Debtors	-	-
Bank and cash in hand	-	39
Current liabilities	-	(39)
<b>Net assets</b>	<b>-</b>	<b>-</b>
<b>Reserves</b>	<b>-</b>	<b>-</b>

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**1. Subsidiaries and accounting policies (continued)**

**1.4 Sparks Charity**

The charity is the sole member of Sparks Charity (Sparks) company. The principal activity of Sparks is to provide grants for research into children's diseases. Sparks became a subsidiary of the charity on 1 February 2017.

	Year ended 31 March 2018 £'000	Two months to 31 March 2017 £'000
<b>Income and endowments from:</b>		
Donations and legacies	1,613	31
Other trading activities	758	27
Income from investments	12	-
Charitable activities	604	-
	<b>2,987</b>	<b>58</b>
<b>Expenditure on:</b>		
Raising funds	985	44
Charitable activities	1,992	1,235
	<b>2,977</b>	<b>1,279</b>
<b>Net income before (loss)/gain on investments</b>	<b>10</b>	<b>(1,221)</b>
Net (loss)/gain on investments	(18)	4
<b>Net (expense)/income</b>	<b>(8)</b>	<b>(1,217)</b>
Total funds brought forward 1 April/1 February	180	1,397
<b>Total funds carried forward 31 March</b>	<b>172</b>	<b>180</b>

**Balance sheet**

as at 31 March 2018

	Total at 31 March 2018 £'000	Total at 31 March 2017 £'000
<b>Current assets</b>		
Inventories	-	9
Debtors	291	493
Cash	4,886	2,829
<b>Total current assets</b>	<b>5,177</b>	<b>3,331</b>
Creditors: amounts falling due within one year	5,005	1,928
<b>Net current assets</b>	<b>172</b>	<b>1,403</b>
<b>Total assets less current liabilities</b>	<b>172</b>	<b>1,403</b>
Creditors: amounts falling due after more than one year	-	1,223
<b>Total net assets</b>	<b>172</b>	<b>180</b>
<b>The funds of Sparks</b>	<b>172</b>	<b>180</b>

# Great Ormond Street Hospital Children's Charity

## Notes to the financial statements

### 1. Subsidiaries and accounting policies (continued)

#### 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 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.
- (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.
- (c) Research into children's disease.

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.

##### 1.5.2 Basis of preparation

These consolidated and parent 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*, the *Companies Act 2006*, the *Charities and Trustee Investment (Scotland) Act 2005* and the *Charities Accounts (Scotland) Regulations 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 income (£000's) for the charity before consolidation was £99,843 (2016/17: £91,070) with total resources expended of £65,187 (2016/17: £76,878). Net income for the year was £34,656 (2016/17: £14,192).

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 parent charity has taken advantage of the following exemptions:

- i) From preparing a statement of cash flows for subsidiary companies, 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.

##### 1.5.3 Going concern

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 Annual Report, following the Trustees' assessment of going concern (see page 60), the Trustees continue to adopt the going concern basis in preparing the financial statements.

##### 1.5.4 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 (charity number 235825), Great Ormond Street International Promotions Limited (GOSIPL), The Friends of Great Ormond Street (Friends) and Sparks Charity (Sparks). Intercompany transactions and balances between charity companies are eliminated. Consistent accounting policies have been adopted across the group.

The net assets of subsidiaries at the date of association are assessed on a fair value basis for the purpose of consolidation into the results for the group. Any negative goodwill arising is written off in the year of acquisition and included as an incoming resource within the statement of financial activities.

##### 1.5.5 Critical accounting judgements and estimation uncertainty

The charity makes estimates and assumptions concerning the future. 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. 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 (note 8)  
The charity considers whether intangible assets (software) are impaired annually. Where an impairment is required an 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 and a copy of the Will.
- Income receivable is probable and measurement criteria is considered met when the statement of assets and liabilities is received.

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

During the year, there was a change in accounting estimate in relation to how the charity recognises legacy income.

Under the previous policy the measurement criteria was considered met once the final estate accounts were received. Due to the availability of more accurate data, the charity now feels confident in accurately measuring legacy income on receipt of the statement of assets and liabilities. As a result the accounting estimate has been updated to reflect this.

In line with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the change has been recognised prospectively by including it in the SOFA. The value of the change was £8.6 million in the financial year ended 31 March 2018. It is currently impracticable to estimate the value of the change in future years.

(iv) Impairment of property (note 9)

The charity undertakes an impairment review in the years when 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.

### 1.5.6 Income and endowments

Income from non-exchange transactions are donations of money, goods, facilities or services which are given freely to the charity by a donor. All income is 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 of 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 income 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 1,274 general volunteers.

(ii) Legacies:

Legacies are accounted for as income 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 FRS102 and SORP 2015.

As disclosed in note 1.5.5 (iii) there has been a change in accounting estimate in the financial year ended 31 March 2018.

As this is the first year the charity will be using this new estimation process, we have reduced the accounting estimate by 10% to allow for any subsequent changes in the actual monies received. We will review the ongoing need for this reduction at the end of the 2018/19 year.

(iii) Income from fundraising activities:

- General donations and Gift Aid are recognised on receipt or accrued for respectively. Ticket, auction and sponsorship income from fundraising events are disclosed under other trading activities and recognised when receivable.
- Other trading activities  
Income from the charity's trading subsidiary is disclosed under other trading activities. This income is recognised on sale of 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.
- 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.
- Investments  
Investment income is recognised when receivable and allocated to restricted funds where applicable based on the average balance held through the year.

### 1.6 Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. The expenditure on raising funds comprise 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, IT, HR, Administration, Business Support, Governance and Supporter Services, 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

Income 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  
Unrestricted funds include 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.
- d) Designated funds  
The Trustees may designate unrestricted funds for a particular purpose without restricting or committing the funds legally. Designated funds are funds delegated by the Trustees to meet various current or future obligations.

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 a period of between three to ten years, depending on the life cycle of the asset 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.

### 1.9 Tangible fixed assets

Tangible fixed 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 fixed 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 directly 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 comprising 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 to 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  
Each asset is depreciated over its expected useful life. Depreciation is charged on each main class of tangible fixed asset, from the date of use, other than land which is not depreciated, as follows:

Buildings	50-100 years
Fixtures and fittings	15 years
Office equipment	10 years
Vehicles	10 years
IT equipment	3 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 fixed 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 FRS102 in respect of financial instruments.

#### Financial assets

Fixed and current asset investments consist of long-term and short-term portfolios comprising:

- i) Quoted stocks and shares, included in the balance sheet at market value.
- ii) Cash investments, held at cost plus accrued interest.
- iii) Assets for resale, held at net realisable value within current asset investments. There no assets held for resale in the current year (2016/17: None).
- iv) Investments in subsidiary undertakings, 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 a 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 plan. 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 at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.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 (FReM) 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 2018 is based on the valuation data as at 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. 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.

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 financial statements 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 ended 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.

- 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 commute their pension choosing to give up some of their annual pension for an additional tax-free lump sum, up to a maximum amount permitted under HMRC rules.

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) has been used instead of 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 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 GOSIPL, due to its policy of gifting all taxable profits to the 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 resource will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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 (a) 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 (b) 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 disclosed in the financial statements when an inflow of economic benefits is probable.

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**

**2. Income and endowments**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Year ended 31 March 2018 £'000
<b>Income and endowments from:</b>				
<b>2.1 Donations and legacies</b>				
Direct gifts from individuals and trusts	22,521	26,921	-	49,442
Legacies	22,281	3,970	-	26,251
Community fundraising	7,296	1,784	-	9,080
Partnerships, campaigns, events and other income	5,121	3,989	-	9,110
	<b>57,219</b>	<b>36,664</b>	<b>-</b>	<b>93,883</b>
<b>2.2 Other trading activities</b>				
Auctions, tickets, sponsorship and other income	1,110	1,954	-	3,064
Fundraising trading	2,192	212	-	2,404
	<b>3,302</b>	<b>2,166</b>	<b>-</b>	<b>5,468</b>
<b>2.3 Investments</b>				
Investments and fixed portfolio income	885	118	2	1,005
Income and receivables from short-term cash investments	555	-	-	555
	<b>1,441</b>	<b>118</b>	<b>2</b>	<b>1,560</b>
<b>2.4 Charitable activities</b>				
Grants	-	604	-	604
Property	1,653	-	-	1,653
	<b>1,653</b>	<b>604</b>	<b>-</b>	<b>2,257</b>
<b>Total income and endowments</b>	<b>63,615</b>	<b>39,552</b>	<b>2</b>	<b>103,169</b>

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**2. Income and endowments (continued)**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Year ended 31 March 2017 £'000
<b>Income and endowments from:</b>				
<b>2.1 Donations and legacies</b>				
Direct gifts from individuals and trusts	21,098	28,617	-	49,715
Legacies	12,909	1,202	-	14,111
Community fundraising	7,345	3,219	-	10,564
Partnerships, campaigns, events and other income	3,520	4,615	-	8,135
Fair value of acquired assets (note 2.5)	987	410	-	1,397
	45,859	38,063	-	83,922
<b>2.2 Other trading activities</b>				
Auctions, tickets, sponsorship and other income	1,150	2,225	-	3,375
Fundraising trading	1,686	427	-	2,113
	2,836	2,652	-	5,488
<b>2.3 Investments</b>				
Investments and fixed portfolio income	359	77	-	436
Income and receivables from short-term cash investments	1,483	-	2	1,485
	1,842	77	2	1,921
<b>2.4 Charitable activities</b>				
Grants	-	257	-	257
Property	1,702	-	-	1,702
	1,702	257	-	1,959
<b>Total income and endowments</b>	<b>52,239</b>	<b>41,049</b>	<b>2</b>	<b>93,290</b>

The main driver behind the increase in income in the year, is due to a change in accounting estimate in relation to legacy income. There is further information available in note 1.5.5 (iii).

	<b>Sparks Charity £'000</b>	Total at 31 March 2017 £'000
<b>2.5 Fair value of acquired assets</b>		
Tangible assets	-	-
Long-term investments	2,402	2,402
Current assets	825	825
Current liabilities	(1,830)	(1,830)
Net assets	1,397	1,397
Net assets in the subsidiary	1,397	1,397
Fair value adjustment	-	-

Under the terms of association agreement, it is appropriate that Sparks is consolidated within the Great Ormond Street Hospital Children's Charity group using acquisition accounting. The summary above is the fair values of the net assets acquired on the date of association.

There were no purchase costs incurred in acquiring these net assets. The resulting negative goodwill of £1,397,000 was written off in the prior year and included as an incoming resource within the SOFA.

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**3. Expenditure on**

	Direct costs £000	Support costs £000	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
<b>3.1 Raising funds:</b>				
Direct gifts from individuals and trusts	11,867	4,060	15,927	15,730
Legacies	506	219	725	799
Community fundraising	2,807	2,994	5,801	5,437
Partnerships, campaigns, events and other income	3,015	2,319	5,334	5,352
Trading	638	-	638	767
Investment management costs	167	-	167	154
	<b>19,000</b>	<b>9,592</b>	<b>28,592</b>	<b>28,239</b>
<b>3.2 Charitable activities</b>				
Welfare and clinical development	6,345	535	6,880	5,678
Research	10,559	890	11,449	13,626
Medical equipment and systems	15,402	1,298	16,700	37,780
Redevelopment	2,871	242	3,113	97
Accommodation and other	1,956	165	2,121	2,027
	<b>37,133</b>	<b>3,130</b>	<b>40,263</b>	<b>59,208</b>
<b>Total expenditure</b>	<b>56,133</b>	<b>12,722</b>	<b>68,855</b>	<b>87,447</b>

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
<b>3.3 Expenditure includes charges for:</b>		
Lease rentals	1,293	925
Fees payable to the charity's auditors for the audit of the group annual financial statements	57	55
Other fees payable to the charity's auditors	15	31
Depreciation (Note 9)	1,058	1,007
Amortisation (Note 8)	744	395

Lease rentals include the hire of photocopier, 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 £56,940 (2016/17: £55,440), inclusive of VAT, include £18,370 (2016/17: £19,824) for the audit of the subsidiary undertakings. In addition to this £15,219 (2016/17: £30,600) was paid for additional work required in the year.

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**4. Support costs**

	<b>Staff costs</b>	<b>IT and Comms</b>	<b>Other</b>	<b>Total at 31 March 2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost of expenditure on raising funds	4,626	1,419	3,547	9,592
Welfare and clinical development	258	79	198	535
Research	429	132	329	890
Medical equipment and systems	626	192	480	1,298
Redevelopment	117	36	89	242
Patient, family and staff accommodation and other	80	24	61	165
<b>Total</b>	<b>6,136</b>	<b>1,882</b>	<b>4,704</b>	<b>12,722</b>

	<b>Staff costs</b>	<b>IT and Comms</b>	<b>Other</b>	<b>Total at 31 March 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost of expenditure on raising funds	4,488	2,150	2,760	9,398
Welfare and clinical development	130	62	80	272
Research	312	149	193	654
Medical equipment and systems	864	414	532	1,810
Redevelopment	2	1	1	4
Patient, family and staff accommodation and other	46	22	29	97
<b>Total</b>	<b>5,842</b>	<b>2,798</b>	<b>3,595</b>	<b>12,235</b>

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 using a full-cost model, which is calculated using drivers from each department's activities during the year.

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**5. Grant funded activities**

Name of recipient:	Total at 31 March 2018	Total at 31 March 2018	Total at 31 March 2017	Total at 31 March 2017
	£000	No. awarded	£000	No. awarded
Arthritis Research UK	250	3	-	-
Birmingham Children's Hospital	33	6	-	-
The Brain Tumour Charity	190	1	283	1
Great Ormond Street Hospital	26,800	123	43,743	142
The Hospital for Sick Children	216	5	-	-
Institute of Child Health	4,082	105	9,015	78
King's College London	203	6	-	-
Keele University	193	6	-	-
Oxford University	46	6	-	-
Plymouth University	112	6	-	-
The Royal College of Surgeons	23	3	-	-
Royal College of Paediatrics and Child Health	38	3	-	-
University of Bristol	436	8	-	-
University College London	1,877	37	317	15
University of Easten Piedmont, Italy	10	1	-	-
University of Liverpool	151	7	-	-
University of Manchester	236	6	133	3
University of Southampton	215	6	-	-
Imperial College London	-	-	-	-
King's College London	-	-	-	-
University of Nottingham	-	-	-	-
Erasmus MC – Sophia Children's Hospital, The Netherlands	-	-	149	5
UZ Leuven, Belgium	-	-	150	5
Queen Mary University of London	-	-	149	5
Royal Hospital for Children, Glasgow	-	-	150	5
University of Bath	-	-	147	5
University of Birmingham	-	-	147	5
<b>Total</b>	<b>35,111</b>	<b>338</b>	<b>54,383</b>	<b>269</b>

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**6. Details of staff costs**

	<b>Total at 31 March 2018 No. of staff</b>	Total at 31 March 2017 No. of staff
<b>The average number of employees is split as follows:</b>		
Support	<b>32</b>	28
Fundraising	<b>165</b>	166
Charitable expenditure	<b>44</b>	37
Governance	<b>11</b>	10
<b>Total</b>	<b>252</b>	241

**6.1 Analysis of staff costs**

	<b>Total at 31 March 2018 £000</b>	Total at 31 March 2017 £000
Salaries and wages	<b>8,795</b>	8,623
Social security costs	<b>959</b>	930
Pension costs	<b>660</b>	658
Ex gratia and redundancy	<b>99</b>	90
Other employee benefits	<b>51</b>	43
<b>Total emoluments of employees</b>	<b>10,564</b>	10,344
<b>Pension costs are split as follows:</b>		
Defined contribution scheme	<b>643</b>	641
Final salary scheme	<b>17</b>	17
<b>Total pension costs</b>	<b>660</b>	658
<b>Outstanding contributions as at the year end were:</b>		
Defined contribution scheme	<b>72</b>	79
Final salary scheme	<b>1</b>	1
<b>Total outstanding contributions</b>	<b>73</b>	80

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**6. Details of staff costs (continued)**

**6.2 Senior employees**

The following number of employees received emoluments falling within the following ranges (excluding pension contributions):

	<b>Total at 31 March 2018 £000</b>	Total at 31 March 2017 £000
£60,000 - £69,999	11	3
£70,000 - £79,999	4	7
£80,000 - £89,999	2	2
£90,000 - £99,999	3	1
£100,000 - £109,999	1	-
£110,000 - £119,999	2	2
£120,000 - £129,999	-	-
£130,000 - £139,999	1	1
£140,000 - £149,999	-	-
£150,000 - £159,999	1	1

The top two bands consist of the Chief Executive Officer and the Director of Finance and Operations.

**6.3 Senior employees key management personnel**

Key management personnel emoluments, comprising wages and salaries, pension contributions and other benefits:

	<b>Total at 31 March 2018 £000</b>	Total at 31 March 2017 £000
Key management personnel	794	778

Key management personnel is defined as members of the Executive, 2017/18: 8 (2016/17: 7) – further details on page 106.

**7. Trustee remuneration**

None of the Trustees received any remuneration from the charity or its subsidiaries 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 (2016/17: none).

A Trustee indemnity insurance policy is held with Dual Corporate Risks Ltd, providing indemnity of £10 million. The cost of the policy in 2017/18 was £5662 (2016/17: £5,561).

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**8. Intangible assets**

**Charity and consolidated**

	<b>IT software</b>
	<b>£000</b>
<b>Cost:</b>	
Balance as at 1 April 2017	6,062
Additions	2,499
<b>Balance at 31 March 2018</b>	<b>8,561</b>
<b>Accumulated amortisation:</b>	
Balance as at 1 April 2017	1,072
Charge for the year	744
<b>Balance at 31 March 2018</b>	<b>1,816</b>
<b>Net book value at 31 March 2018</b>	<b>6,745</b>
<b>Net book value at 31 March 2017</b>	<b>4,990</b>

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

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**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
<b>Cost and valuation</b>							
Balance at 1 April 2017	137,464	1,911	140	13	967	22,970	163,465
Additions	7,295	-	-	-	-	27,625	34,920
Revaluations	(96)	-	-	-	-	-	(96)
<b>Balance at 31 March 2018</b>	<b>144,663</b>	<b>1,911</b>	<b>140</b>	<b>13</b>	<b>967</b>	<b>50,595</b>	<b>198,289</b>
<b>Accumulated depreciation</b>							
Balance at 1 April 2017	2,433	731	140	13	664	-	3,981
Charge for the year	866	127	-	-	65	-	1,058
<b>Balance at 31 March 2018</b>	<b>3,299</b>	<b>858</b>	<b>140</b>	<b>13</b>	<b>729</b>	<b>-</b>	<b>5,039</b>
Net book value 31 March 2018	141,364	1,053	-	-	238	50,595	193,250
<b>Net book value 31 March 2017</b>	<b>135,031</b>	<b>1,180</b>	<b>-</b>	<b>-</b>	<b>303</b>	<b>22,970</b>	<b>159,484</b>
Historic cost less depreciation at 31 March 2018	92,465	1,053	-	-	238	50,595	144,350

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 2015. 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. During the year to 31 March 2018 the decision was taken to reduce the value of one project which had been capitalised from £0.1 million to £Nil as this is now unlikely to go ahead. Aside from this, there was no indication 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 19.5 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. As this property will be owned by the charity, it is included in tangible assets.

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**10. Investments**

**10.1 Analysis of fixed asset investments**

	<b>Total 31 March 2018 £000</b>	Total 31 March 2017 £000
<b>Charity and consolidated</b>		
<b>Fixed asset investments:</b>		
Market value at 1 April	42,999	82,006
Fair value of additions on acquisition	-	2,402
Less:		
Disposals at carrying value	(4,531)	(66,446)
Acquisitions at cost	5,231	19,977
Movement on cash held as part of long-term portfolio	60	(219)
Net gain/(loss) on revaluation	135	5,279
<b>Market value at 31 March</b>	<b>43,894</b>	<b>42,999</b>
<b>Historic cost at 31 March</b>	<b>40,270</b>	<b>39,205</b>

**10.2 Market value**

	<b>Held in the UK £000</b>	<b>Held outside the UK £000</b>	<b>Total 31 March 2018 £000</b>	Total 31 March 2017 £000
Investments in equity funds	10,550	18,899	29,449	28,810
Investments listed on Stock Exchange	14,445	-	14,445	14,189
<b>Total fixed asset investments at market value</b>	<b>24,995</b>	<b>18,899</b>	<b>43,894</b>	<b>42,999</b>

For investment management purposes, the fixed income investments were 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.

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

	<b>Total 31 March 2018 £2</b>	Total 31 March 2017 £2
<b>Total</b>	<b>£2</b>	<b>£2</b>

The net result for GOSIPL in 2017/18 is a surplus of £1,538,014 (2016/17: £1,149,591) with a distribution to the charity of £1,496,579 (2016/17: £1,149,591).

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**

**11. Inventories**

	Consolidated		Charity	
	Total 31 March 2018	Total 31 March 2017	Total 31 March 2018	Total 31 March 2017
	£000	£000	£000	£000
Goods for resale	83	105	-	-
<b>Inventories</b>	<b>83</b>	<b>105</b>	<b>-</b>	<b>-</b>

**12. Investments**

	Consolidated		Charity	
	Total 31 March 2018	Total 31 March 2017	Total 31 March 2018	Total 31 March 2017
	£000	£000	£000	£000
Short-term deposits	157,183	157,580	157,183	157,580
<b>Investments</b>	<b>157,183</b>	<b>157,580</b>	<b>157,183</b>	<b>157,580</b>

All current asset investments are held in the UK.

**13. Debtors**

	Consolidated		Charity	
	Total 31 March 2018	Total 31 March 2017	Total 31 March 2018	Total 31 March 2017
	£000	£000	£000	£000
Trade debtors	1,232	1,185	1,007	1,011
Amounts owed by group undertakings	-	-	1,306	824
Taxation and social security	-	1,093	47	1,170
Other debtors	1,828	589	2,461	849
Prepayments	1,612	1,763	1,218	1,293
Accrued income	6,040	7,893	5,948	7,778
Legacy accrued income	9,382	598	9,382	519
<b>Debtors falling due within one year</b>	<b>20,094</b>	<b>13,121</b>	<b>21,369</b>	<b>13,444</b>

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**

**14. Creditors: amounts falling due within one year**

	Consolidated		Charity	
	Total 31 March 2018 £000	Total 31 March 2017 £000	Total 31 March 2018 £000	Total 31 March 2017 £000
Trade creditors	1,710	2,030	1,688	1,951
Taxation and social security	104	-	-	-
Grants awarded (see note 17)	58,436	74,629	54,683	73,041
Other creditors	287	211	169	205
Accruals	7,479	1,673	7,420	1,635
Deferred income (Note 16)	674	684	588	540
<b>Creditors falling due within one year</b>	<b>68,690</b>	<b>79,227</b>	<b>64,548</b>	<b>77,372</b>

**15. Creditors: amounts falling due after more than one year**

	Consolidated		Charity	
	Total 31 March 2018 £000	Total 31 March 2017 £000	Total 31 March 2018 £000	Total 31 March 2017 £000
Grants awarded (see note 17)	28,722	16,860	28,722	15,636
Rent-free provision	69	101	69	101
<b>Creditors falling due after one year</b>	<b>28,791</b>	<b>16,961</b>	<b>28,791</b>	<b>15,737</b>

**16. Deferred income**

	Total 1 April 2017 £000	Deferred £000	Released £000	Total 31 March 2018 £000
Charity	540	588	(540)	588
Trading subsidiary	30	5	(30)	5
Sparks Charity	114	81	(114)	81
<b>Deferred income</b>	<b>684</b>	<b>674</b>	<b>(684)</b>	<b>674</b>

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**

	Consolidated		Charity	
	Total 31 March 2018 £000	Total 31 March 2017 £000	Total 31 March 2018 £000	Total 31 March 2017 £000
Outstanding liabilities brought forward at 1 April	91,489	83,596	88,677	83,596
Fair value of additions on acquisition	-	1,728	-	-
<b>Awarded during the year</b>				
Redevelopment	-	-	-	-
Medical equipment and systems	15,673	36,099	15,673	36,099
Research	10,715	12,917	8,914	11,695
GOSH welfare and other	8,722	5,367	8,722	5,367
<b>Awarded during the year</b>	<b>35,110</b>	<b>54,383</b>	<b>33,309</b>	<b>53,161</b>
<b>Paid during the year</b>				
Redevelopment	(11,006)	(30,124)	(11,006)	(30,124)
Medical equipment and systems	(4,018)	(3,625)	(4,018)	(3,625)
Research	(7,584)	(8,520)	(6,736)	(8,382)
GOSH welfare and other	(15,894)	(5,224)	(15,893)	(5,224)
<b>Paid during the year</b>	<b>(38,502)</b>	<b>(47,493)</b>	<b>(37,653)</b>	<b>(47,355)</b>
<b>Adjustments in the year</b>				
Redevelopment	(116)	-	(116)	-
Medical equipment and systems	(277)	(131)	(277)	(131)
Research	(408)	(102)	(396)	(102)
GOSH welfare and other	(139)	(492)	(139)	(492)
<b>Adjustments in the year</b>	<b>(940)</b>	<b>(725)</b>	<b>(928)</b>	<b>(725)</b>
<b>Outstanding liabilities at 31 March</b>	<b>87,158</b>	<b>91,489</b>	<b>83,405</b>	<b>88,677</b>
Amounts falling due within one year	58,436	74,629	54,683	73,041
Amounts falling due after more than one year	28,722	16,860	28,722	15,636
<b>Outstanding liabilities at 31 March</b>	<b>87,158</b>	<b>91,489</b>	<b>83,405</b>	<b>88,677</b>

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**

					Total 31 March 2018
	General £000	Unrestricted Designated £000	Restricted £000	Endowment £000	Total funds £000
<b>Fund balances at 31 March 2018 are represented by:</b>					
Tangible and intangible fixed assets		149,400	50,595		199,995
Investments			43,230	664	43,894
Current assets and liabilities	39,848	143,309	(56,201)		126,956
Long term liabilities	(69)		(28,722)		(28,791)
<b>Total net assets</b>	<b>39,779</b>	<b>292,709</b>	<b>8,902</b>	<b>664</b>	<b>342,054</b>

					Total 31 March 2017
	General £000	Unrestricted Designated £000	Restricted £000	Endowment £000	Total funds £000
<b>Fund balances at 31 March 2017 are represented by:</b>					
Tangible and intangible fixed assets		141,503	22,971		164,474
Investments		42,335		664	42,999
Current assets and liabilities	32,852	77,695	6,307		116,854
Long term liabilities	(101)		(16,860)		(16,961)
<b>Total net assets</b>	<b>32,751</b>	<b>261,533</b>	<b>12,418</b>	<b>664</b>	<b>307,366</b>

Restricted funds include long-term liabilities of £28.7 million and short-term liabilities of £58.4m, relating to grants awarded to the hospital and the Institute of Child Health.

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**

**19. Consolidated funds**

	1 April 2017 £000	Income £000	Resources expended £000	Transfers between funds £000	Gains and losses £000	31 March 2018 £000
<b>19.1 Endowment funds</b>						
A Tippetts and Crux	222	1	-	(1)	-	222
B Lewisohn	11	-	-	-	-	11
C Barnes	7	-	-	-	-	7
D Mary Shepard Bequest	407	1	-	(1)	-	407
E John Lund Wells Bequest	17	-	-	-	-	17
<b>Total endowment funds</b>	<b>664</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>664</b>
<b>19.2 Restricted funds</b>						
A Redevelopment	8,574	20,466	113	(20,463)	-	8,690
B Louis Dundas Centre	1,440	117	(350)	(721)	-	486
C Physiotherapy Unit	1,025	-	(1,024)	-	-	1
D Translational Oncology research	1,057	3	(190)	13	-	884
E Regenerative Medicine	(760)	229	-	-	-	(531)
F The Richard Wright Fund	1,802	-	-	-	-	1,802
G The Friends Fund	801	820	-	-	-	1,621
H Craniofacial Fund	135	18	(103)	-	-	50
I Clinical Cardiac Chair	206	10	(40)	-	-	176
J Family Studies	260	1	(19)	-	-	242
K Olivia Hodson Cancer Fund	200	76	(197)	-	-	79
L Other special purpose funds	2,880	511	(701)	(44)	-	2,646
M Other restricted purpose funds	(4,740)	15,880	(30,795)	12,486	-	(7,170)
N Sparks restricted funds	(462)	1,421	(1,790)	757	-	(74)
<b>Total restricted funds</b>	<b>12,418</b>	<b>39,552</b>	<b>(35,096)</b>	<b>(7,972)</b>	<b>-</b>	<b>8,902</b>
<b>Total restricted and endowment funds</b>	<b>13,082</b>	<b>39,554</b>	<b>(35,096)</b>	<b>(7,974)</b>	<b>-</b>	<b>9,566</b>
<b>19.3 Unrestricted funds</b>						
General funds	32,359	62,049	(32,572)	(22,695)	389	39,530
<b>Designated funds:</b>						
Redevelopment fund	94,865	-	-	32,443	-	127,308
Research fund	24,915	-	-	(8,914)	-	16,001
Fixed assets fund	141,503	-	-	7,897	-	149,400
<b>Sparks:</b>						
General funds	392	1,566	(1,187)	(507)	(15)	249
Designated research fund	250	-	-	(250)	-	-
<b>Total unrestricted funds</b>	<b>294,284</b>	<b>63,615</b>	<b>(33,759)</b>	<b>7,974</b>	<b>374</b>	<b>332,488</b>
<b>Total funds</b>	<b>307,366</b>	<b>103,169</b>	<b>(68,855)</b>	<b>-</b>	<b>374</b>	<b>342,054</b>

**Great Ormond Street Hospital Children's Charity**  
**Notes to the financial statements**  
**19. Consolidated funds (continued)**

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 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.

Total restricted funds show a net surplus of £8.9 million at 31 March 2018. Trustees have designated funds of £143.3 million from unrestricted funds to cover any deficit on the current redevelopment and research plans.

**Endowment funds**

<b>Name of fund</b>	<b>Description of the nature and purpose of each fund</b>
A Tippetts and Crux	Capital in perpetuity bequests to be used for research and 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**

<b>Name of fund</b>	<b>Description of the nature and purpose of each fund</b>
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 Physiotherapy Unit	To fund the creation of a new physiotherapy unit at GOSH.
D Translational Oncology research	To conduct research into childhood cancer.
E Regenerative Medicine	To conduct research into engineering rejection free organs with intestinal failure.
F The Richard Wright Fund	To fund research into infant and childhood leukaemia.
G The Friends Fund	To provide funds for family support and children's play services.
H Craniofacial Fund	To research and purchase equipment for craniofacial disorders.
I Clinical Cardiac Chair	To provide support costs for the post of Clinical Cardiac Chair.
J Family Studies	To provide support to the Psychological Medicine Department.
K Olivia Hodson Cancer Fund	To support projects and roles related to childhood cancer.
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.
N Sparks restricted funds	To finance research projects into rare diseases in children.

## 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 income

	<b>31 March 2018</b>	31 March 2017
	<b>£000</b>	£000
Net income	<b>34,688</b>	14,356
Depreciation and amortisation charges	<b>1,802</b>	1,402
Investment income	<b>(1,561)</b>	(1,921)
Unrealised gain on investments	<b>(135)</b>	(5,279)
Fair value of investments acquired	-	(2,402)
Impairment of intangible assets	-	1,764
Decrease in asset held for sale	-	1,250
Decrease/(Increase) in stocks	<b>22</b>	(49)
Increase in debtors	<b>(6,973)</b>	(6,124)
Increase in creditors	<b>1,293</b>	8,359
<b>Cash inflow from operating activities</b>	<b>29,136</b>	11,356

##### 20.2 Analysis of net funds

	1 April 2017	Cash flows	<b>31 March 2018</b>
	£000	£000	<b>£000</b>
Cash at bank and in hand	25,275	(6,989)	<b>18,286</b>
Current asset investments	157,580	(397)	<b>157,183</b>
<b>Total</b>	<b>182,855</b>	<b>(7,386)</b>	<b>175,469</b>

#### 21. Commitments, liabilities and provisions

A provision of £117,500 has been included in Spark's Charity for the balance of rent due over the remaining life of lease for the Tinworth Street property. There are no other commitments, liabilities or provisions requiring disclosure included in the financial statements (31 March 2017: £ nil).

#### 22. Legacies

The charity has been notified of 133 legacies which have not been included within the financial statements, as some or all the criteria for recognition have not been satisfied (2016/17: 211). Of these, 48 per cent are pecuniary legacies which have an average value of £916 (2016/17: 26 per cent £3,104) and the remaining 52 per cent are residuary, life interest, income trust & specific legacies which have an average value of £48,539 (2016/17: 74 per cent £72,186). The charity does not have any indication of when it is due to receive these monies. Included within the above figures are 31 legacies (2016/17: 35) which are subject to a life interest, as well as 4 specific legacies (2016/17: 2) which are not subject to a life interest.

The substantive decreases across all legacy statistics are as a result of the change in accounting estimate only and are not reflective of a negative trend in legacy values. Further details on this change are available in note 1.5.5 (iii).

## Great Ormond Street Hospital Children's Charity

### Notes to the financial statements

#### 23. Annual commitments under non-cancellable operating leases

	<b>Total 31 March 2018 £000</b>	Total 31 March 2017 £000 Restated
Operating leases which expire:		
Within one year	8	23
Between one and five years	907	871
After five years	209	209
<b>Total</b>	<b>1,124</b>	<b>1,103</b>

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

#### 24. Related party transactions

During the year the following related party transactions took place:

John Connolly, the Chairman of the board of Trustees of the charity is also a retired partner of Deloitte and the Chairman of the group board of the G4S Group PLC (G4S). During the year G4S Cash Solutions (UK) Limited, a subsidiary of G4S Group PLC provided cash banking and security services. Transactions valued at £15,129 (2016/17: £16,675) were undertaken between the charity and G4S Cash Solutions (UK) Limited. Of this amount £Nil (2016/17: £Nil) was owed by the charity at the year end.

During the year, the charity continued to engage Deloitte LLP to complete and deliver support for the new Customer Relationship Management project. Transactions valued at £2,296,248 (2016/17: £3,306,657) were undertaken between the charity and Deloitte LLP. Of this amount £73,908 (2016/17: £Nil) was owed by the charity to Deloitte LLP at the year end, which was paid in April 2018.

Margaret Ewing, who is on the board of Trustees of the charity, is also a retired partner and formerly an advisor to Deloitte LLP. She resigned as an advisor during the year.

Kellie Gread is a valuations partner within the transaction services department of PricewaterhouseCoopers LLP, who are the charity's auditors. Her husband Amit Aggarwal was appointed the charity's Director of Corporate Partnerships on 6 July 2015. His wife has no relationship with the charity or its audit. Transactions totaling £72,159 (2016/17: £99,600) were undertaken in the financial year. Of this amount £60,240 (2016/17: £17,080) was owed by the charity at the year end.

During the year donations of £178,429 (2016/17: £231,202) were received from related parties.

The charity also entered into material transactions with its subsidiaries during the year and are listed below. All income and expenditure is removed on consolidation.

<b>Party</b>	<b>Nature of Relationship</b>	<b>Transaction</b>	<b>Income for the year ended 31 March 2018 £'s</b>	<b>Debtor balance as at 31 March 2018 £'s</b>
GOSIPL	Wholly owned subsidiary	Management charge for costs incurred by GOSH charity, distribution of year-end profit to GOSH charity and costs incurred by one entity on behalf of another entity.	1,822,284	913,482
Sparks	Wholly owned subsidiary	Management charge for costs incurred by GOSH charity and costs incurred by one entity on behalf of the another entity.	354,938	676,561
The Friends	Wholly owned subsidiary	Distribution of year-end profit to GOSH charity and costs incurred by one entity on behalf of another entity.	379,942	-

## Great Ormond Street Hospital Children's Charity

### Administrative details

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

Registered charity number 1160024  
Company House number 09338724

#### Great Ormond Street Hospital Children's Charity (1852) - Closed

Registered charity number 235825

#### Great Ormond Street International Promotions Limited

Company limited by share capital.  
Registered number 2265303

#### The Friends of the Children of Great Ormond Street - Closed

Registered charity number 296370  
Company House number 2093843

#### Sparks Charity

Registered charity number 1003825  
Company House number 02634037

#### Principal and registered office

40 Bernard Street, London WC1N 1LE  
T: 020 3841 3841 [www.gosh.org](http://www.gosh.org)

#### Description of charity's objective

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

#### Trustees

John Connolly (Chairman)  
Margaret Ewing  
Kaela Fenn-Smith  
Mark Sartori  
Sandeep Katwala  
Jennifer Bethlehem  
Nicky Bishop  
Nina Bibby  
Michael Murrinan  
David Claydon (resigned 21 September 2017)  
Diana Dunstan OBE (retired 31 March 2018)  
Professor Stephen Holgate (appointed 1 January 2018)

#### Associate Trustees

Simon Stormer  
Ruary Neill  
Humphrey van der Klugt  
Chris Morris  
Dr Benjamin Jacobs  
Prof Mary Rutherford  
David Lomas (Appointed 1 April 2018)  
Paul Langham (Appointed 1 May 2018)

#### Executive Directors

Tim Johnson (Chief Executive)  
Richard Bowyer (Director of Marketing and Public Fundraising)  
Ian Chivers (Director of Finance and Operations & Secretary for Companies House purposes)

Neal Donnelly (Director of Major Gift and Special Event Fundraising)  
Cymbeline Moore (Director of Communications)  
Amit Aggarwal (Director of Corporate Partnerships)  
Heather Morgan (Director of People and Planning)  
Kiki Syrad (Director of Grants and Impact, appointed 1 November 2017)

#### GOSH Charity Children's Champions

Vernon Kay and Tess Daly  
Victoria Pendleton CBE  
Gordon Ramsay OBE and Tana Ramsay  
Martin Freeman

#### Independent 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

#### 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 Limited  
2 Gresham Street, London EC2V 7QP

#### Independent investment consultants

Barnett Waddingham  
Cheapside House, 138 Cheapside,  
London EC2V 6BW



### ALICE, 16 MONTHS

Alice was treated on Lion ward. She celebrated her first birthday there and still enjoys playing with the toy computer presented to her by the amazing GOSH nurses.

