

# The Sick Kids Friends Foundation

Child first, patient second.



**Trustees' Report and Accounts**

**Year to 31 December 2015**

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## TRUSTEES' REPORT

The Trustees are pleased to present the Annual Report and Accounts of The Sick Kids Friends Foundation for the year to 31 December 2015.

The information on page 34 forms part of this report.

## ABOUT THE SICK KIDS FRIENDS FOUNDATION (SKFF)

### OBJECTIVES AND ACTIVITIES

The Sick Kids Friends Foundation believe that nothing should get in the way of being a child.

We exist to transform the experiences of children and young people in hospital so they can be a child first and a patient second.

As a result of what we do:

- Children and young people's lives are less interrupted by illness.
- Children and young people are less scared of hospital and have a positive experience.
- Children and young people's families are better supported and comforted.
- Children and young people have an improved experience of healthcare in their community.

SKFF is a grant-giving organisation which distributed £3.83m in 2015 at the hospital in Edinburgh and other children and young people's community healthcare settings.

SKFF enjoys the support of over 80 volunteers who assist in the hospital shop, in the office and with fundraising. All money raised by the organisation comes from charitable donations. The charity has a Royal Patron, HRH Princess Beatrice of York, and a great number of supporters across Edinburgh and further afield.

It is our privilege to work with the following people and we aim to build positive, lasting relationships and to go the extra mile for them whenever we can.

- Children, young people and their families/carers
- Service providers including NHS staff and voluntary sector organisations
- Existing funders and supporters including volunteers
- Potential funders
- Partners, suppliers and influencers

## **Fundraising and Marketing**

All of SKFF's income comes from charitable sources so the activities of the fundraising team are vital to the success of the organisation. SKFF receives income from a number of income streams including;

- Individuals making donations and fundraising
- Nurseries, schools, colleges and universities
- Companies
- Indoor events eg Girly Get Together, Christmas Fair
- Outdoor events eg challenges and sporting events
- Trusts and Foundations
- Major donors

The Marketing Plan for the organisation is updated annually and all marketing activity is led by the Director of Fundraising and Marketing and her team. SKFF works with a PR agency called Holyrood Partnership and all releases are written and distributed to the media by them.

## **Finance and Administration**

The organisation conducts a great many financial transactions over the course of the year. Over £1.7million of charitable donations came into the organisation in 2015 and over £3.83 million was committed through our grants programme. It is vital that the organisation has robust financial management procedures. These include processes for committing the organisation to expenditure, ordering from suppliers and cash handling.

The Audit Committee (a sub committee of the Board of Trustees) receives regular reports from the finance team on financial activity, systems and processes. The organisation undergoes an annual Audit whereby the efficacy, security and robustness of SKFF's financial processes are assessed. The auditors report to the Trustees on any issues or areas requiring improvement.

All staff play an important role in ensuring that financial management policies and processes are followed at all times.

An income and expenditure budget is developed annually with input from all staff. This is approved by the Trustees and progress against the budget is monitored through monthly management accounts.

SKFF also has robust policies and procedures in relation to information governance (the storing, management and processing of personal data). All supporter information is stored on our Raisers Edge database.

## **Arts Programme**

SKFF employs an Arts Programme Manager to deliver a programme of arts and activities within the hospital. The arts programme includes services delivered by other organisations such as Hearts and Minds delivering a Clown Doctor Service and Nordoff Robbins delivering music therapy. The Arts Programme Manager also manages any artist residencies which SKFF is funding, and works closely with the hospital Play Team to bring ad hoc arts activities to the hospital too eg partnerships with National Museums Scotland and Edinburgh Theatres. SKFF also funds most of the arts and crafts materials within the hospital.

## Art and Therapeutic Design Programme

The new children's hospital opening at Little France in 2017 has an arts and therapeutic design programme to which SKFF has committed £2.9m initially and will continue to fund beyond the opening of the hospital.

The new hospital brings opportunities for SKFF to grow income and subsequently distribute more annual grants, which the Organisational Strategy and accompanying action plans outline in detail.

SKFF has committed £2.9 million to seven identified projects, which sit within the Art and Therapeutic Design plans for the new hospital. SKFF provides staff representatives to be involved in the development of these projects. The projects provide enhancements, comforts and distractions in the following areas:

- Arrivals and wayfinding
- Play, waiting and dining areas; including the exciting "pod" outpatient waiting area
- Bedside environment
- Distraction in clinical areas
- Child and Adolescent Mental Health Services (CAMHS)
- Spiritual care including the Sanctuary and bereavement suites
- Interview, sitting and dining rooms including an area specifically for adolescents
- Drop-in Centre
- Landscaping including various outdoor spaces around the hospital

## Retail

SKFF runs the shop within the main inpatients reception area in the children's hospital. The shop provides a range of snacks, drinks, gifts, cards and toys. All the profits from the shop are transferred from SKFF's trading company Task Trading to SKFF at the end of the year and used for charitable purposes. The shop is run by one member of staff and many volunteers.

Additionally, SKFF has an online shop within our website and also sells branded items and Christmas cards at off-site locations. SKFF also runs a pop-up shop in the run up to Christmas at the Gyle Shopping Centre, which is manned by teams of volunteers from companies who support us.

## Strategy and planning

The organisation develops and implements a Strategic Plan every three years. This year saw the development of the Strategy for 2016-2018. The strategy was developed by the staff team with input from a range of stakeholders, and approved by the Trustees in June 2015. The strategy was implemented in the second half of the year.

The strategy details:

- Aim and purpose of the organisation
- SKFF's four strategic outcomes
- Our values
- Who we work with
- What we do
- The difference this makes
- How we measure this difference
- The actions we will take to deliver this difference

All the actions which we will take to achieve our outcomes are detailed in our five Annual Action Plans which all staff participate in developing each year:

- People
- Delivery
- Awareness
- Fundraising
- Partnerships

A three year Financial Plan along with annual expenditure and income budgets are developed to support the work of the strategy.

## **Monitoring**

Progress against the strategy is monitored annually by the Trustees although regular updates on activity, as well as latest financial performance, are received by Trustees at each meeting.

Staff monitor progress against strategy through a schedule of regular meetings.

These include:

- Management team meetings
- Fundraising and marketing meetings
- Finance meetings
- Evaluation meetings
- Retail meetings
- Volunteer management meetings
- H&S/Risk meetings

A number of meetings report to these including Raisers Edge meetings; social media meetings; restricted funds meetings. There are also a number of short-term working groups set up to deliver specific pieces of work. All staff are involved in at least one of the above meetings.

In addition, all staff receive a monthly support meeting with their line manager. At this meeting personal objectives are agreed for the coming year and progress against these is discussed. It is also a good opportunity to discuss any learning or development needs which employees may have.

## **Grant Application Process**

SKFF is a grant-giving organisation. We have three grant application programmes:

- Small Grants Programme (applications £5k and under)
- Large Grants Programme (applications over £5k)
- Training and Research Fund

Each fund has an Application Form; Terms & Conditions of Funding; and Guidance Notes. Applications can be accepted from any NHS staff member or voluntary sector organisation which can demonstrate that they meet one of SKFF's four strategic outcomes and fit with our charitable purpose.

Grant applications of up to £5,000 are decided by the Chief Executive and homologated by the Trustees. The Grants Committee (a sub committee of the Board of Trustees) can approve grants up to £50k. Anything over £50k is considered and approved by the full Trustee Board.

## Evaluating Success

All recipients of awards must complete an annual Evaluation Form which details how their award has met at least one of SKFF's strategic outcomes. They must provide hard and soft measurements to evidence this, such as numbers of children supported or quotes from those who've received support. This information is used by SKFF in our annual Impact Report and on our marketing materials to demonstrate to supporters how their money has been used.

## Restricted funds

It is the preference of SKFF that funds are donated for general rather than restricted purposes whenever possible and staff will advise supporters to this effect. However, SKFF may at times wish to restrict funds being solicited through an appeal (eg a Christmas appeal for a specific piece of equipment).

SKFF also receives funds which are restricted by supporters for specific items and projects; and also funds which are restricted by supporters more generally to a ward or to the treatment of a condition.

In 2015 the organisation developed a 'Policy on Management of Restricted Funds' and a regular meeting is held to manage these funds and ensure that they are being spent appropriately and within a reasonable time period.

## ACHIEVEMENTS AND PERFORMANCE

### Grants Awarded

In 2015, SKFF awarded 134 grant applications totalling £847k; as well as paying £684k and accruing £2,295k, making the £2,979k agreed contribution to the new hospital Art and Therapeutic Design projects.

All grants must meet one of our four strategic outcomes:

- Children and young people's lives are less interrupted by illness.
- Children and young people are less scared of hospital and have a positive experience.
- Children and young people's families are better supported and comforted.
- Children and young people have an improved experience of healthcare in their community.

We approved ten grants for enhancing facilities. This included our largest single enhancement award for the year of up to £43k of which £36k has been paid for the refurbishment of the playroom on the children's ward at St John's Hospital in Livingston. This was officially opened on 11 November 2015. Other enhanced facilities include:

- Northview – the sitting room used by families of children and young people in Critical Care
- The Meadows Suite – the bereavement suite in the hospital which as a result of the enhancement now provides calm, comforting space for families to sit with their child after their death.
- The Quiet Room – a room used to have difficult or upsetting conversations with families which has now undergone significant updating to provide a more comforting environment.
- A refresh of the A&E Waiting Areas – the Emergency Department sees over 45,000 children each year and the small waiting areas were tired and unwelcoming. A refresh of the area has added new seating, space for children to take part in art work; and brightly coloured wall graphics and floor vinyls.

We approved eight grants to provide support to children and young people. This includes:

- our ongoing funding of Voluntary Services
- family accommodation
- Kindred.

Funding of comforts and distractions to give children and young people a positive experience of hospital remained the highest number of applications approved. In this year we supported 59 of these types of applications. This includes:

- Toys, arts & crafts for the playrooms on each ward and in waiting areas
- technology such as DVD players or iPads
- the Beads of Courage programme.

We approved 22 applications for equipment including:

- USS Machine Utilisation for the Emergency Department
- Kwickscreens for Critical Care
- two cough assist machines
- multiple vein illumination devices
- equipment for ENT clinics.

Our Training and Research Fund received more applications than ever before. This year we supported 33 applications including pilot studies, a PhD (part-funded with the University of Edinburgh), conference attendance, training days and the creation of an online learning module. We are also funding two play assistants to undertake the Play Specialist course only available currently in Bolton.

Finally, we supported only two community projects this year and are keen to develop this next year.

### **Grants to organisations**

SKFF does not award grants to individuals but does provide funds to non-NHS organisations if they can demonstrate that they achieve at least one of our strategic outcomes.

Organisations who we funded in 2015 through our grants programme include:

- Nordoff Robbins to provide music therapy for children in ward 2 and using child psychology services
- Teapot Trust to provide art therapy to children and young people visiting outpatient clinics; and children accessing psychology services
- Hearts and Minds provide clown doctors to brighten up the day of children, young people and their families on the wards
- Kindred to provide peer to peer support and advocacy to families of children and young people using the hospital
- University of Edinburgh to part-fund a PhD Studentship to 'Examine the Role of Technology in Promoting Play in a Children's Hospital'
- What Why Children in Hospital to create two films to help children and parents prepare for Respiratory Tests
- Changing Faces for a Changing Faces Practitioner who supports children from all over Scotland with a wide range of conditions that can affect their appearance, offering specialist emotional and practical support to help them build self confidence
- Cleft Lip and Palate Association (CLAPA) to part fund a Regional Coordinator
- Action of Sick Children Scotland (ASCS) to fund a Project Officer.

### **Fundraising**

It was the organisation's most successful year for fundraising. Voluntary income for the twelve months to 31 December was £1,710k which exceeded both the annual target and the budget forecast. Highlights included income from Trusts totalling £448k compared with £207k in 2014.

This was in large part due to Trusts being approached to fund certain areas of the new children's hospital.

- The Robertson Trust committed £250k to the enhancement of the new Child and Adolescent Mental Health Unit (CAMHS) and
- The Garfield Weston Foundation gave £100k for the new children's hospital.
- The Craig Gowans Memorial Fund donated over £130k to specific areas within the new hospital, raised by their Guinness World Record breaking 105 hour football match.

Corporate income was £228k, down on last year's £290k. This was in part due to funding requests to Trusts being prioritised and corporate supporters will be approached with new hospital requests in early 2016.

Total income from Events for the year to 31 December was £482k, down on the £977k for last year. This is a good result considering the charity did not have two significant events which had happened the year before. The Sports Quiz had its most successful year as did The Girly Get Together with both raising in excess of £40k each.

## **Organisational**

All staff were involved in developing the new three-year strategy. The first stage of this involved significant situational analysis and research. This helped to identify areas requiring development and common themes.

The second stage of developing the strategy was to run a number of facilitated focus groups to collect the views of a range of stakeholders on how SKFF could develop in the future.

In summary, there are four common themes which arose. These form the main focus of the annual action plans which accompany the strategy and are as follows:

- Raising the profile of SKFF amongst children and their families; NHS staff; and the general public
- Evaluating and measuring the impact of SKFF
- Increasing the contribution of SKFF
- The importance of developing and maintaining relationships

A number of activities occurred within 2015 with the aim of addressing the above areas of focus including the following:

### **Raising profile:**

- A Marketing Coordinator was recruited to oversee the marketing activities of the organisation. These are set out in the Marketing Plan.
- A new design company was appointed in Spring 2015 to refresh the brand and corporate identity of the organisation.
- A new PR agency was appointed in December 2015.
- Staff took part in NHS meetings, forums and events; as well as undertaking tours and shadowing opportunities.
- Our first SKFF Grand Round Learning Event was held in the hospital in November with five speakers who had received funding from our Training & Research fund giving short presentations on their experiences and learning. The Training and Research Fund was highlighted and a request for future applications made.
- SKFF presented at the Nurse Specialist Conference and over 20 applications to the grants programme were received as a result.

### **Evaluating and measuring the impact of SKFF:**

- A new grants application process which links to SKFF's strategic outcomes was introduced in July.
- A new Evaluation Form was developed enabling applicants to reply electronically. Applicants are asked to evidence how they have met SKFF's strategic outcomes.

- A target of 75% returned evaluation forms was missed with only 71% returned. However, this is significantly more returns than in previous years and suggests that the target is possible in 2016.

#### **Increasing the contribution of SKFF:**

- Through planned, consistent awareness-raising of the grants programme by all SKFF staff, it was pleasing that 2015 saw the highest amount of money ever distributed; and the highest number of applications made.
- Grants paid during the year totalled £3,826k, including the first two instalments of the new hospital projects totalling £684k and accruing for remaining instalments of £2,295k.
- There were 138 grant applications made throughout the year; 134 were approved, two are still pending; and two were rejected. This compares to 100 grant applications; 92 approved, six pending, two rejected in the previous fifteen month period.

#### **The importance of developing and maintaining relationships:**

- A Volunteer Information evening including a tour of the hospital was held in spring and an Information Morning highlighting the designs in the new hospital was held in October.
- Staff undertook visits to other charitable organisations and attended numerous sector forums and meetings to build networks.
- Events were used as an opportunity to invite key supporters and influencers.
- A twitter account was set up in January to engage directly with supporters and beneficiaries. The account attracted 1,000 followers in 2015.
- Trustees continued to invite senior management staff from RHSC and from the new hospital reprovision team to report to their meetings.

#### **Royal Patron**

We are delighted to continue to receive invaluable support from our Royal Patron, HRH Princess Beatrice of York. A visit to Buckingham Palace was made by the outgoing CEO and Chair and the current CEO in March 2015 at which Her Royal Highness committed to continue her invaluable support of our work.

#### **FINANCIAL REVIEW**

Total income for the year to 31 December 2015 equalled £1,894,856 (£2,204,054 in the 15 month period to 31 December 2014) and total expenditure equalled £4,515,839 (£2,305,918 in 2013/14). Details of these are provided in the preceding paragraphs and further analysis is provided in the notes to the accounts.

The total net expenditure was £2,668,708 (£60,462 in 2013/14) after investment losses of £47,725 (gains of £41,402 in 2013/14) giving a net decrease in funds of £2,668,708 (£60,462 in 2013/14).

Funds at 31 December 2015 totalled £1,114,983 (£3,783,691 at 31 December 2014) of which £505,523 (£702,460 at 31 December 2014) represents Restricted Funds (funds received which are earmarked by the donor for a specific ward, department or project) and £609,460 (£3,081,231 at 31 December 2014) represents Unrestricted Funds.

#### **Reserves Policy**

Out of the unrestricted funds, the Trustees have designated a sum totalling £594,491 which will be spent on specific projects during the next year. This is shown separately in the balance sheet as Designated Funds. It has been the policy in the past to designate a further sum

equivalent to one year's minimum operating costs revenue budget to a fund referred to as the Investment Fund. However, as the whole of the commitment to the new hospital, part of which will be paid out of future income, has been accrued in these accounts, it has not been possible to do that in these accounts but it will be re-instated in the 2016 accounts. At 31 December 2015 the accounts showed that this left £14,969 of unrestricted funds which had at that date not been designated by the Trustees for particular purposes.

### Going Concern

The Trustees are satisfied that the accounts should be prepared on a going concern basis. They have reviewed the level of reserves, the budget for both income and expenditure for the next 12 months and also reviewed the risks to the charity and its ability to continue to raise funds in the future. The foundation has been accumulating funds in its reserves for some years for the purpose of committing substantial funds to projects at the new hospital. The payments can be spread in order to ensure that the foundation at all times fulfils its obligations to OSCR and the Companies Act. The Balance Sheet shows the whole of the commitment to the new hospital as a liability and this results in negative current assets. However this will not impact on the foundation as a going concern as SKFF continues to raise funds; is paying for the new hospital commitments in instalments spread throughout 2015 and 2016; and has an option to delay payments if cash flow requires this.

### Risk Management

Risk is managed through the risk register which is reviewed twice yearly by the Trustees. Risks are identified, as are mitigants and controls; and are grouped into strategic, financial, reputational, organisational, legal and compliance, and governance. Key identified risks are:

Risk of not being able to meet the substantial financial commitment to the new hospital – this is managed through

- Fundraising team increased to meet increasing income targets
- Programme of targeted 'new hospital' asks introduced in 2015 to attract new donations from trusts, corporates, major donors and individuals
- Funds designated for 'new hospital' in 2015 and 2016 budgets and payments made by instalments

Move to new hospital leading to loss of support as public don't identify with new building.

- Minimised through the development of a marketing plan in 2016 with key messages and case studies highlighting need.
- Focus within marketing materials on the impact of SKFF's funding – highlighting the services which the hospital (old and new) provides.
- Campaign to increase individual committed giving planned for December 2016 (Christmas Appeal)

SKFF seen only to support the hospital; limited understanding of the organisation's charitable purpose leading to SKFF missing out on support (eg from certain geographical locations)

- Marketing Plan being developed in 2016 with key messages and case studies highlighting breadth of funding
- 'Localised' messaging and appeals
- Development of funding community health services/projects
- Development of speakers' programme

### Details of Investment Performance

The Board set aside a sum of £250,000 on 31 March 2002 for investment. The management of the Portfolio is based on long term considerations, investing mainly in UK companies, UK Government stocks and cash deposits. Policy is directed towards achieving an appreciation in

capital values, while at the same time aiming to generate a reasonable and growing level of income, which will be retained for re-investment, unless otherwise required. Performance measurements have been established. We do not invest directly in tobacco companies or in companies involved with a child labour force. During 2010 a further £500,000 was added to the Investment portfolio to be invested in gilts to achieve a yield significantly in excess of the interest earned on bank deposits. The investment policy is reviewed annually.

The year to December 2015 saw continuing volatility in markets. At 31 December 2015 the investment portfolio was valued at £1,184,769 (£1,203,768 at 31 December 2014) a decrease of £18,999 (1.6%). The net investment loss was £47,725 (4.0%). Total investment income, which represented 3.2% of the opening value was £38,454 (£41,283 in 2013/14) has been retained in the investment portfolio for reinvestment.

The management of the portfolio is administered by Barclays Wealth and Investment Management who report to the Audit Committee monthly with a full quarterly report to all trustees. The portfolio is held in a medium risk category and is measured against set benchmarks.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Sick Kids Friends Foundation was formed as an unincorporated association on 7 December 1992. On 1 October 2010 the assets and liabilities of the association were transferred into a company limited by guarantee. The Articles of Association modernised and replaced the previous Constitution. The Directors of the Company (the Trustees) are responsible for the strategy and governance of the Charity and monitoring performance in line with the strategic objectives. It is recognised by HM Revenue & Customs as a charity and is registered with the Office of the Charity Regulator as a Scottish Charity with Scottish Charity Number SC 020862.

These accounts are the fifth accounts of the charity in the form of a company limited by guarantee and cover the twelve months to 31 December 2015.

### **Decision Making**

The Trustees meet regularly to monitor progress, decide applications and receive reports. The risk register is updated on a twice-yearly basis and presented to the Trustees as part of their papers for the meeting. A schedule of meetings is agreed annually. The Trustees approved the current Strategy and on an annual basis a budget for income and expenditure is approved; with responsibility for delivering these delegated to the Chief Executive and staff. Regular reports on progress are given at Trustee meetings.

### **Trustees**

There are 11 Trustees currently who are all volunteers. They receive no remuneration other than reasonable expenses, such as travel, should they wish to claim it. Trustees are recruited in a number of ways and undergo a selection process led by the Chair and Vice-Chair. All Trustees have a role description and in 2015, SKFF embarked on a programme of Trustee training to ensure that all Trustees were reminded of their duties and responsibilities. This programme of training and governance review will continue into 2016.

During the twelve months (and up to the signing of these accounts) there were the following changes to the Board of Trustees:

- Lindsay Gardiner was appointed to the Board and as Chair in March 2015.
- David Reith resigned from the Board of Trustees in March 2015.

## Management

The previous Chief Executive, Maureen Harrison, retired in January 2015. A new Chief Executive, Roslyn Neely, was appointed in September 2014 and took up post in January 2015.

## Organisational structure

The 'Memorandum and Articles of Association' is the governing document for the organisation and sets out the charitable purpose and governance structure. SKFF is recognised by HM Revenue & Customs as a charity and is registered with the Office of the Charity Regulator (OSCR) as a Scottish Charity with Scottish Charity Number SC 020862.

The organisation is governed by a Board of Trustees. The Trustees are all volunteers and include members with professional experience in public sector (including health and education) and private sector (including legal and financial services). The Trustees are responsible for the strategy and governance of SKFF and monitor performance in line with organisational strategic outcomes. The responsibility for delivering the strategy is delegated by the Board to the staff team.

The staff team is made up of:

- The Chief Executive
- Fundraising and marketing
- Finance and administration
- An Arts Programme Manager
- A Shop Manager

The team comprises nine full time staff and eight part-time.

## Restructure and salary review

The Trustees approved the SKFF Strategy for 2016-2018 at their meeting in June 2015, along with the associated Financial Plan. It was agreed at this meeting that in order to deliver the strategic outcomes of the Strategy a review of the current organisational structure was required.

In considering the future organisational structure and salary scales for SKFF, the CEO:

- Benchmarked SKFF's organisational structure against a number of charities, including two with similar purpose.
- Drafted job descriptions and person specifications for each post within the organisation to ensure every required duty was being met.
- Used three salary benchmarking tools - Bruce Tait Associates "2014 Scottish Fundraising Salary Survey"; The Third Sector "Salary Checker"; and the Michael Page "Salary Comparison Tool".
- Considered the scope and salary of similar posts advertised in sector recruitment sites between July and August 2015.
- Sought advice and input from the Employee Relations and Staff Benefits teams at Standard Life.
- Met with and was advised by SKFF Trustees, Suzanne Wilson and Elizabeth Bremner, both lawyers with a specialism in HR.
- Consulted all members of the SKFF staff team asking for their input and thoughts in relation to a revised structure.
- Used past experiences of restructuring fundraising and marketing teams to inform decisions.

The pay of senior management is subject to the same approach. However the remuneration of the CEO is considered and agreed by the Chair and Trustees.

## Connected Bodies

Task Trading Limited is a wholly owned subsidiary company through which the trading activities for The Sick Kids Friends Foundation are carried on. Task Trading Limited shares its principal address with The Sick Kids Friends Foundation. Gross income for the year to 31 December 2015 amounted to £125,685 (£146,290 in the 15 months of 2013/14) and the net profit to be gifted to The Sick Kids Friends Foundation for the year to 31 December 2015 was £28,291 (£31,789 in the 15 months of 2013/14). The Sick Kids Friends (Little France) Limited was set up in December 2010 and has not yet traded.

## Relationship between the Charity and Related Parties

- Task Trading Ltd was set up as the trading company of the charity and donates its profits to the charity under the Gift Aid Scheme on an annual basis.
- Three Trustees, Lindsay Gardiner (Chair), Gordon MacKinlay and Elizabeth Kerr are directors of Task Trading Ltd. David Reith resigned in March 2015 and Lindsay Gardiner (Chair) was appointed.
- Two Trustees, Lindsay Gardiner (Chair) and Suzanne Wilson are directors of The Sick Kids Friends (Little France) Limited. David Reith resigned in March 2015 and Lindsay Gardiner (Chair) was appointed.
- David Reith (Chair until March 2015) is a partner of Lindsays who have provided some legal services to the charity.
- One Trustee, Paul Leonard, is employed by NHS Lothian.
- One trustee, Isabel McCallum is a director of Radio Lollipop Limited.

## Auditors

A resolution to re-appoint Henderson Loggie will be put to members at the Annual General Meeting. So far as each Trustee is aware, there is no relevant audit information of which the auditors are unaware. Each Trustee has taken the appropriate steps to make themselves aware of such information and to establish that the auditors are aware of it. The Trustees' report is prepared in accordance with special provisions of the Companies Act 2006 relating to small companies.

Approved by the Trustees and authorised for signature by:

**Lindsay Gardiner**  
**Chair**  
**11 April 2016**

## Statement of the Trustees' Responsibility in respect of the Accounts

The Trustees are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.

Law applicable to incorporated charities in Scotland requires the Trustees to prepare an annual report and financial statements for each financial period in accordance with applicable law and regulations. Under that law the Trustees prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the group at the end of the period and of its financial activities including its income and expenditure during the period then ended.

In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards and statements of recommended practice 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 charity and the group will continue in operation.

The Trustees are responsible for keeping proper and adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **The Sick Kids Friends Foundation**

### **Independent auditors' report to the Trustees of The Sick Kids Friends Foundation**

We have audited the financial statements of The Sick Kids Friends Foundation for the year to 31 December 2015 which comprise the Group and Parent Charitable Company Statements of Financial Activities, the Group and Parent Charitable Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its Trustees as a body for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Trustees' responsibilities statement (set out on page 14), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## **The Sick Kids Friends Foundation**

### **Independent auditors' report to the Trustees of The Sick Kids Friends Foundation**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

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

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

#### **Janet Stevenson (Senior Statutory Auditor)**

For and on behalf of Henderson Loggie Statutory Auditors

Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006  
Edinburgh

**11 April 2016**

## The Sick Kids Friends Foundation

Consolidated Income and Expenditure Account and Statement of Financial Activities  
for the year ended 31 December 2015

		Year to 31 Dec 2015			15 months to 31 Dec 2014		
	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
<b>Income:</b>							
Donations and Legacies	2	898,125	811,484	1,709,609	1,358,248	643,863	2,002,111
Other Trading Activities	3	125,685	-	125,685	146,290	-	146,290
Income from Investments	4	59,562	-	59,562	55,653	-	55,653
<b>Total Income</b>		<b>1,083,372</b>	<b>811,484</b>	<b>1,894,856</b>	<b>1,560,191</b>	<b>643,863</b>	<b>2,204,054</b>
<b>Expenditure</b>							
Expenditure on Raising Funds	7	315,372	129,429	444,801	589,675	91,937	681,612
Expenditure on Charitable Activities	8	510,164	3,560,874	4,071,038	477,337	1,146,969	1,624,306
<b>Total expenditure</b>		<b>825,536</b>	<b>3,690,303</b>	<b>4,515,839</b>	<b>1,067,012</b>	<b>1,238,906</b>	<b>2,305,918</b>
Net (Losses) / Gains on Investment Assets		(47,725)	-	(47,725)	41,402	-	41,402
<b>Net Income / (Expenditure)</b>		<b>210,111</b>	<b>(2,878,819)</b>	<b>(2,668,708)</b>	<b>534,581</b>	<b>(595,043)</b>	<b>(60,462)</b>
Transfers between funds	11	(2,681,882)	2,681,882	-	(542,454)	542,454	-
<b>Net movement in funds</b>		<b>(2,471,771)</b>	<b>(196,937)</b>	<b>(2,668,708)</b>	<b>(7,873)</b>	<b>(52,589)</b>	<b>(60,462)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward at 1 January 2015		3,081,231	702,460	3,783,691	3,089,104	755,049	3,844,153
<b>Total funds carried forward</b>		<b>609,460</b>	<b>505,523</b>	<b>1,114,983</b>	<b>3,081,231</b>	<b>702,460</b>	<b>3,783,691</b>

## The Sick Kids Friends Foundation

Income and Expenditure Account and Statement of Financial Activities  
for the year ended 31 December 2015

	Year to 31 Dec 2015			15 months to 31 Dec 2014		
	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
<b>Income:</b>						
Donations and Legacies	926,416	811,484	1,737,900	1,390,037	643,863	2,033,900
Income from Investments	59,562	-	59,562	55,653	-	55,653
<b>Total Income</b>	<b>985,978</b>	<b>811,484</b>	<b>1,797,462</b>	<b>1,445,690</b>	<b>643,863</b>	<b>2,089,553</b>
<b>Expenditure</b>						
Expenditure on Raising Funds	217,978	129,429	347,407	475,174	91,937	567,111
Expenditure on Charitable Activities	510,164	3,560,874	4,071,038	477,337	1,146,969	1,624,306
<b>Total Expenditure</b>	<b>728,142</b>	<b>3,690,303</b>	<b>4,418,445</b>	<b>952,511</b>	<b>1,238,906</b>	<b>2,191,417</b>
Net (Losses) / Gains on Investments	(47,725)	-	(47,725)	41,402	-	41,402
<b>Net Income / (Expenditure)</b>	<b>210,111</b>	<b>(2,878,819)</b>	<b>(2,668,708)</b>	<b>534,581</b>	<b>(595,043)</b>	<b>(60,462)</b>
Transfers between funds	(2,681,882)	2,681,882	-	(542,454)	542,454	-
<b>Net movement in funds</b>	<b>(2,471,771)</b>	<b>(196,937)</b>	<b>(2,668,708)</b>	<b>(7,873)</b>	<b>(52,589)</b>	<b>(60,462)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 January 2015	3,081,231	702,460	3,783,691	3,089,104	755,049	3,844,153
<b>Total funds carried forward</b>	<b>609,460</b>	<b>505,523</b>	<b>1,114,983</b>	<b>3,081,231</b>	<b>702,460</b>	<b>3,783,691</b>

## The Sick Kids Friends Foundation

Balance Sheet at 31 December 2015

	Notes	Group		Foundation	
		31 December 2015 £	31 December 2014 £	31 December 2015 £	31 December 2014 £
<b>FIXED ASSETS</b>					
Investments	12	<b>1,184,769</b>	1,203,768	<b>1,184,769</b>	1,203,768
<b>CURRENT ASSETS</b>					
Stock		<b>16,756</b>	15,877	-	-
Debtors	13	<b>21,541</b>	29,853	<b>49,832</b>	62,197
Cash at bank and in hand		<b>2,475,203</b>	2,671,812	<b>2,451,994</b>	2,647,313
<b>CURRENT ASSETS</b>		<b>2,513,500</b>	2,717,542	<b>2,501,826</b>	2,709,510
Grants accrued in relation to new hospital payable during 2016	14	<b>(2,295,113)</b>	-	<b>(2,295,113)</b>	-
Other grants and creditors	14	<b>(288,173)</b>	(137,619)	<b>(276,499)</b>	(129,587)
<b>CREDITORS: amounts falling due within one year</b>	14	<b>(2,583,286)</b>	(137,619)	<b>(2,571,612)</b>	(129,587)
<b>NET CURRENT ASSETS</b>		<b>(69,786)</b>	2,579,923	<b>(69,786)</b>	2,579,923
<b>NET ASSETS</b>		<b>1,114,983</b>	3,783,691	<b>1,114,983</b>	3,783,691
Net assets comprising:					
<b>Restricted funds</b>	10,11	<b>505,523</b>	702,460	<b>505,523</b>	702,460
Unrestricted funds	11	<b>14,969</b>	1,059,722	<b>14,969</b>	1,059,722
Investment fund	9,11	-	431,500	-	431,500
Designated funds	9,11	<b>594,491</b>	1,590,009	<b>594,491</b>	1,590,009
<b>Total unrestricted funds</b>		<b>609,460</b>	3,081,231	<b>609,460</b>	3,081,231
		<b>1,114,983</b>	3,783,691	<b>1,114,983</b>	3,783,691

These accounts have been prepared in accordance with special provisions of the Companies Act 2006 relating to small companies.

These accounts were approved and authorised for issue by the Trustees on 11 April 2016 and signed on their behalf by:

**Lindsay Gardiner**  
Chair

## The Sick Kids Friends Foundation

Cash Flow Statement at 31 December 2015

<b>Consolidated Statement of Cash Flows</b>	<b>Year to 31 December 2015</b>	<b>Year to 31 December 2015</b>	<b>15 months to 31 December 2014</b>	<b>15 months to 31 December 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>				
Net cash used in operating activities		<b>(227,445)</b>		(169,160)
<b>Cash flows from investing activities</b>				
Dividends, interest and rents from investments	<b>59,562</b>		55,653	
Proceeds from sale of investments	<b>545,639</b>		1,099,425	
Purchase of investments	<b>(680,662)</b>		(1,029,599)	
<b>Net cash provided by (used in) investing activities</b>		<b>(75,461)</b>		125,479
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(302,906)</b>		(43,681)
Cash and cash equivalents at the beginning of the year		<b>2,819,115</b>		2,862,796
<b>Total cash and cash equivalents at the end of the year</b>		<b>2,516,209</b>		2,819,115

### Notes to the statement of cash flows

<b>Note a - Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>	<b>Year to 31 December 2015</b>	<b>15 months to 31 December 2014</b>
	<b>£</b>	<b>£</b>
<b>Net income/(expenditure) for the year</b>	<b>(2,668,708)</b>	(60,462)
<b>Adjustments for:</b>		
(Gains)/losses on investments	<b>47,725</b>	(41,402)
Dividends, interest and rents from investments	<b>(59,562)</b>	(55,653)
Decrease/(increase) in stock	<b>(879)</b>	831
Decrease/(increase) in debtors	<b>8,312</b>	(14,678)
Increase/(decrease) in creditors	<b>2,445,667</b>	2,204
<b>Net Cash used in Operating Activities</b>	<b>(227,445)</b>	(169,160)

<b>Note b - Analysis of cash and cash equivalents</b>	<b>At start of year</b>	<b>Cash Flow</b>	<b>Non-cash changes</b>	<b>At end of year</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank	2,671,812	(196,609)	-	2,475,203
Cash held within investments	147,303	(106,297)	-	41,006
<b>Net funds</b>	<b>2,819,115</b>	<b>(302,906)</b>	<b>-</b>	<b>2,516,209</b>

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 1. ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The charity is a public benefit entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 35. The financial statements are compliant with the charity's Articles, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Companies Act 2006, the Statement of Recommended Practice FRS102 (SORP FRS102) "Accounting and Reporting by Charities" (revised 2015) and in accordance with Financial Reporting Standard 102 (FRS102). The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements the directors have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required.

At the date of transition no restatements were required. No changes were required to net income/expenditure and the opening balances remain as previously stated:

	1 October 2013	31 December 2014
	£	£
Total Funds	3,844,153	3,783,691

#### Going Concern

These accounts have been prepared on a going concern basis. There are no material uncertainties that exist or material changes in the way charity operates. The Trustees consider it is appropriate to prepare accounts on a going concern basis. Further detailed information is given on page 10.

#### Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary Task Trading Limited on a line by line basis incorporating income and expenditure under activities and expenditure on raising funds respectively.

#### Recognition of income

Donations and legacies income also includes gifts and grants that provide core funding or are of a general nature is recognised where there is entitlement, probability of receipt, changed from certainty of receipt in previous years, and the amount can be measured with sufficient reliability. Income tax reclaims are recognised when claimed.

#### Gifts in kind

Where gifts in kind are donated for the purposes of auction or other sale the proceeds from the auction are included in the donations and legacies figures in the Statement of Financial Activities.

Where goods or services are donated directly to The Sick Kids Friends Foundation these are included in the Statement of Financial Activities if the value is known with any certainty. If there is uncertainty over the quantification of donations these are noted in the financial statements, if significant.

#### Grants payable

Grants awarded are recognised in full in the period in which they are payable.

#### Expenditure on Raising Funds

The expenditure on raising funds consists of direct expenditure, trading activity costs, investment management costs and an apportionment of overhead and support costs as shown in note 6.

#### Charitable activities

Expenditure on charitable activities includes grants made and an apportionment of overhead and support costs as shown in note 6.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 1. ACCOUNTING POLICIES *(continued)*

#### **Pensions**

The charity operates a defined contribution pension scheme. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

#### **Fixed asset investments**

Investments are stated at market value as at the balance sheet date. UK Open-ended investment companies are included as listed investments. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the period.

#### **Realised gains and losses**

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the period end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

#### **Capital items**

Capital items acquired for the office or for the Drop In Centre which individually have a cost or value of less than £5,000 are written off in the financial period of purchase.

#### **Stocks**

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, or net realisable value.

#### **Debtors**

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of twelve months or less from the date of acquisition or opening of the deposit or similar account.

#### **Creditors and Provisions**

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

#### **VAT policy**

The Sick Kids Friends Foundation is not registered for VAT and accordingly expenditure includes VAT where appropriate. However, Task Trading Limited is registered for VAT and accordingly its income and expenditure are stated net of VAT.

#### **Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.

Designated funds are unrestricted funds which have been granted by the Trustees for particular purposes from which the expenditure has not been incurred. Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal. Transfers between restricted funds are made where special purpose activities are continuing but the delivery has changed due to the closure of, for example, a ward. Such transfers are separately disclosed in note 10. Where other transfers are required the reasons are noted in the appropriate funds note.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 2. DONATIONS AND LEGACIES

			Year to 31 December 2015	15 months to 31 December 2014
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Special events	328,680	153,603	482,283	976,877
Trusts and foundations	36,940	410,992	447,932	206,627
Corporate	209,266	18,904	228,170	289,989
Individuals	100,725	217,614	318,339	109,840
Income tax reclaim	69,963	-	69,963	83,368
Mailings	9,964	1,000	10,964	73,861
Organisations	2,093	-	2,093	2,777
Recycling	15,477	-	15,477	16,870
Legacies	54,067	-	54,067	147,011
Schools & nurseries	36,142	3,400	39,542	57,729
Online giving	21,618	250	21,868	23,134
Collection boxes	13,190	5,721	18,911	14,028
	<b>898,125</b>	<b>811,484</b>	<b>1,709,609</b>	<b>2,002,111</b>

### 3. OTHER TRADING ACTIVITIES

	Year to 31 December 2015	15 months to 31 December 2014
	£	£
Shop turnover	<b>125,685</b>	146,290

Incoming resources from trading activities are stated net of value added tax and represent the value of sales made in the course of Task Trading Limited's one activity, which is continuing the retailing of charity promotional and related goods.

### 4. INCOME FROM INVESTMENTS

	Year to 31 December 2015	15 months to 31 December 2014
	£	£
Dividend income	37,452	36,413
Interest from UK Government securities	786	4,477
Bank interest on cash held as part of the portfolio	216	393
Income from investment portfolio	<b>38,454</b>	41,283
Interest from cash deposits	<b>21,108</b>	14,370
Total investment income	<b>59,562</b>	55,653

The dividend income and the interest from UK Government securities is received from investments listed on a recognised UK Stock Exchange.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 5. STAFF COSTS

	<b>Year to 31 December 2015</b>	15 months to 31 December 2014
	£	£
Salaries	<b>350,403</b>	372,338
Social security costs	<b>29,720</b>	33,635
Pension costs	<b>11,388</b>	12,794
	<b><u>391,511</u></b>	<u>418,767</u>

The average number of employees based on head count during the year was 13 (13 in 2013/14).

A defined contribution pension scheme for all staff was introduced on 1 October 2011. At 31 December 2015 no contributions were due to be paid (2014 – none).

No Trustees received any remuneration during the year (nil in 2013/14). One now former trustee David Reith was reimbursed £137 being the cost of a flight to London to meet our royal patron (nil in 2013/14). Trustee indemnity insurance was provided during the period at a cost of £739 (£716 in 2013/14).

In line with the Statement of Recommended Practice for Charities, the allocation of staff costs between fundraising, charitable activities and governance is shown in Note 6.

The total remuneration for key management during the year was £122,465 (£158,707 in the fifteen months to 31 December 2014). During the year one employee received annual emolument between £60,000 and £70,000 (one between £70,000 and £80,000 in 2013/14). Employer contributions to a defined contribution scheme in respect of the higher paid employee totalled £4,379 (£6,912 in 2013/14).

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 6. ALLOCATION OF COSTS

	Basis	Expenditure on Raising Funds £	Fundraising trading £	Charitable activities £	Governance £	Year to 31 December 2015 Total £
Staff costs (see note 5)	1	195,501	10,910	103,115	81,985	391,511
Special events	2	48,948	-	-	-	48,948
Promotional	2	18,098	-	-	-	18,098
Other direct fundraising costs	2	15,791	-	-	-	15,791
Travel	3	2,730	-	1,440	1,145	5,315
Postage and communications	3	3,519	-	1,856	1,476	6,851
Computer expenses and maintenance	2	7,709	-	-	-	7,709
Office expenses and other items	4	11,946	2,852	6,301	5,009	26,108
Audit fee	2	-	950	-	10,900	11,850
Other professional fees	3	33,174	-	17,497	13,912	64,583
<b>Total</b>		<b>337,416</b>	<b>14,712</b>	<b>130,209</b>	<b>114,427</b>	<b>596,764</b>
<b>Allocation</b>						
Restricted funds		129,429	-	117,026	-	246,455
Unrestricted funds		207,987	14,712	13,183	114,427	350,309
		<b>337,416</b>	<b>14,712</b>	<b>130,209</b>	<b>114,427</b>	<b>596,764</b>

Costs are allocated as follows:

- 1 Time allocation
- 2 Direct attribution
- 3 Allocation based on staff costs
- 4 Direct attribution to activities for generating funds and the remainder allocated on staff costs

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 7. EXPENDITURE ON RAISING FUNDS

	Unrestricted £	Restricted £	Year to 31 December 2015 Total £	15 months to 31 December 2014 Total £
Expenditure on Raising Funds (note 6)	<b>207,987</b>	<b>129,429</b>	<b>337,416</b>	558,631
Fundraising trading:				
Costs of goods sold	<b>82,682</b>	-	<b>82,682</b>	95,196
Costs allocated to fundraising trading (note 6)	<b>14,712</b>	-	<b>14,712</b>	19,305
	<b>97,394</b>	-	<b>97,394</b>	114,501
Investment management fee	<b>9,991</b>	-	<b>9,991</b>	8,480
Total expenditure on raising funds	<b>315,372</b>	<b>129,429</b>	<b>444,801</b>	681,612

To the extent that the costs attributable to generating donations and legacies are not directly attributable between unrestricted and restricted funds, they are allocated in direct proportion to donations and legacies received. The costs attributed to fundraising trading and investment management all relate to unrestricted funds.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 8. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	Year to 31 Dec 2015 Total £	15 months to 31 Dec 2014 Total £
<b>Grants and donations:</b>				
Artists in Residence Project	-	28,799	28,799	40,129
Art Therapy Sessions – Teapot Trust	-	-	-	6,750
Art Therapy Lessons at RHSC	17,288	-	17,288	9,135
ABP Monitors	-	3,751	3,751	-
Refresh A&E Waiting Rooms	20,109	10,265	30,374	-
ASD Assessment and Diagnosis Tools	-	4,148	4,148	-
Assistant Psychologist	-	-	-	19,838
Buzzy Kits	-	4,238	4,238	-
CAMHS ASD Assessment and Intervention	17,567	-	17,567	-
Changing Faces Practitioner	32,744	1,035	33,779	42,300
Cleft Lip & Palate Regional Coordinator	9,886	14,572	24,458	-
Clinical Skills Unit Upgrade	26,000	-	26,000	-
Clowndoctors	-	15,000	15,000	18,750
Cough Assist Machines for Physiotherapy	6,400	-	6,400	-
Critical Care Kwickscreens	-	7,278	7,278	-
Crohn's Disease	-	-	-	34,757
CT Phantom	-	-	-	15,989
Cystic Fibrosis International Study	-	20,840	20,840	-
Dining Room Access	-	-	-	57,333
Drop In Centre	-	117,948	117,948	176,082
Drop In Centre Guided Self Help	15,582	96	15,678	-
Eye Gaze Systems	-	-	-	67,128
Family Support	16,061	16,465	32,526	41,029
Fish Tank Maintenance	3,474	1,158	4,632	-
Front Entrance Ceiling Projector	-	-	-	7,100
Gamma Camera	-	-	-	509,331
Hospital Volunteer Coordinator Service	-	-	-	33,497
Interactive Projector	-	7,800	7,800	-
KIDSnet	-	-	-	7,373
Kindred Counselling Service	10,000	-	10,000	9,167
Kindred Support Project	40,000	-	40,000	46,667
Mortuary Refurbishment	13,199	12,155	25,354	-
Music Therapy	5,468	5,468	10,936	12,903
New Hospital	-	2,979,603	2,979,603	-
Paediatric IBD Research	-	-	-	10,000
Palliative Care Specialist Equipment	7,641	-	7,641	5,090
Physiotherapy Biodex Gait Trainer	-	-	-	16,950
PJ's News	-	-	-	3,049
Play Department	-	6,333	6,333	6,264
Playroom Upgrade at St John's	-	35,781	35,781	-
Quiet Room Refurbishment	5,679	-	5,679	-
Resuscitation Manikin	25,060	-	25,060	-
Reward Boxes	-	3,538	3,538	5,771
Scotland Therapeutic Recreation Camp	-	10,800	10,800	-
Self Management Workshops	27,500	-	27,500	-
Sundach & Calareidh Bathing System	18,937	3,865	22,802	-
Sundach & Calareidh Music Therapy	-	4,945	4,945	9,850
Sundach Sensory Equipment	11,016	11,349	22,365	17,000
3D Printing	-	29,461	29,461	-
Videos to help prepare for Anaesthetics	4,740	-	4,740	-

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 8. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

	Unrestricted £	Restricted £	Year to 31 Dec 2015 Total £	15 months to 31 Dec 2014 Total £
<b>Grants and donations:</b>				
Ward 1 Chairs	-	-	-	3,588
Ward 2 Treatment Room	-	-	-	22,686
Ward 2 Therapies	-	11,838	11,838	26,803
Ward 3 Burn Imager Maintenance	-	3,317	3,317	-
Ward 3 Equipment	-	3,808	3,808	-
Wards 1 & 4 Glideaway Beds	-	-	-	10,625
Ward 7 Outpatients Area	-	-	-	8,786
Social Work Department	-	8,200	8,200	11,950
Volunteer Services	26,606	-	26,606	-
Wayfinding Project	-	-	-	30,883
Other Grants and donations	21,597	59,994	81,591	59,920
Total Grants and donations	<b>382,554</b>	<b>3,443,848</b>	<b>3,826,402</b>	1,404,473
Costs attributable to charitable activities (note 6) including governance costs	<b>127,610</b>	<b>117,026</b>	<b>244,636</b>	219,833
Total cost of charitable activities	<b>510,164</b>	<b>3,560,874</b>	<b>4,071,038</b>	1,624,306

All of the grants and donations payable were to support patients, families, projects or staff at the Royal Hospital for Sick Children and other healthcare centres.

The costs attributable to charitable activities are attributed between unrestricted and restricted funds in direct proportion to the grants and donations paid.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 9. DESIGNATED FUNDS

In line with the Statement of Recommended Practice for Charities, £594,491 has been designated for various charitable projects as detailed in the 'Financial Review' on page 10. As the whole of the commitment to the new hospital, part of which will be paid out of future income, has been accrued in these accounts it has not been possible to designate a sum equivalent to one year's minimum operating costs revenue budget referred to in previous years as the Investment Fund.

A net transfer has been made from unrestricted funds of £1,492,688. This is the net effect of provisions made in the current financial period for grants approved in the period reduced by designations having been made in a previous financial year which are no longer required. This happens when specific funds are subsequently raised for the project or where the final cost is less than the designated amount.

	Funds Balance at 1 January 2015	(Payments) made during the period	Realised/ Unrealised Gain/(Loss) on Investment	Transfer from/(to) Unrestricted Funds	Funds Balance at 31 December 2015
	£	£	£	£	£
<b>Designated Funds</b>					
Board Approved Grants	13,400	-	-	(13,400)	-
New Hospital	1,055,545	(2,193,218)	-	1,137,673	-
Family Support	30,000	(16,061)	-	16,061	30,000
Drop In Centre	150,000	(81,342)	-	51,342	120,000
Artists in Residence Project	50,000	(23,136)	-	43,136	70,000
Kidsnet	25,000	-	-	(22,000)	3,000
Volunteer Services	39,000	(26,606)	-	26,606	39,000
Cystic Fibrosis	20,840	(1,041)	-	(19,799)	
Kindred Support Project	40,000	(40,000)	-	52,000	52,000
Kindred Counselling	10,000	(10,000)	-	10,000	10,000
Drop In Centre Guided Self Help	28,000	(15,678)	-	15,678	28,000
Changing Faces Practitioner	39,000	(33,779)	-	33,779	39,000
Music Therapy in Hospital	13,104	(5,468)	-	5,364	13,000
Music Therapy Sunndach & Calareidh	9,120	-	-	104	9,224
Play Department	6,000	(6,000)	-	6,000	6,000
Welcome and Reward Presents	6,500	(903)	-	903	6,500
Social Work	7,000	(3,300)	-	3,300	7,000
Fish Tanks	5,000	(3,474)	-	3,474	5,000
Hospital Passport Clinical Psychologist	-	-	-	32,035	32,035
Ward 2 Massage Therapy	14,000	-	-	-	14,000
Clowndoctors	15,000	(14,700)	-	16,700	17,000
Art Therapy	13,500	(13,500)	-	32,400	32,400
Flexiscope	-	-	-	35,032	35,032
Assistant Vol Serv Coord	-	-	-	13,000	13,000
Magic Cafe	-	-	-	4,075	4,075
Water Coolers Maintenance	-	-	-	3,780	3,780
Refresh St John's Recovery	-	-	-	1,686	1,686
Anaesthetic Info Leaflets	-	-	-	3,759	3,759
<b>Designated Funds</b>	<b>1,590,009</b>	<b>(2,488,206)</b>	<b>-</b>	<b>1,492,688</b>	<b>594,491</b>
<b>Investment Fund</b>	<b>431,500</b>	<b>-</b>	<b>(47,725)</b>	<b>(383,775)</b>	<b>-</b>

Further information on grants paid and accrued during the period is given in the Trustees' Report. The designated funds balance represents our commitments out of unrestricted funds for the next year.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 10. RESTRICTED FUNDS

Restricted funds are funds received which are earmarked by the donor for a specific ward, department or project.

	Funds Balance at 1 January 2015	Transfers between Funds	Transfer from Unrestricted Funds	Income during the period	Payments and Grants during period	Funds Balance at 31 December 2015
	£	£	£	£	£	£
Accident & Emergency	858	-	-	10,648	(11,506)	-
Artists in Residence Project	4,239	-	23,135	1,425	(28,799)	-
Bill Manson Scholarship	16,135	-	-	-	-	16,135
Calareidh	5,988	-	-	8,889	(14,877)	-
Children's Clinical Facility	640	-	9,871	351	(10,862)	-
Chronic Fatigue	12,261	-	-	-	-	12,261
Cleft Lip & Palate (Plastic Surgery)	15,252	-	-	-	(15,252)	-
Clowndoctors	-	-	14,700	300	(15,000)	-
Craig Gowans Memorial Trust	17,310	-	-	100,109	-	117,419
Intensive Care & High Dependency	-	42,029	-	1,663	(9,759)	33,933
Crohn's Disease Research	4,401	-	-	44,234	-	48,635
Cystic Fibrosis Research	20,920	-	1,040	-	(21,960)	-
Drop In Centre	-	-	81,342	36,606	(117,948)	-
Family Support	-	-	-	16,465	(16,465)	-
Harrison Snedden Memorial Fund	12,155	-	-	-	(12,155)	-
High Dependency Unit	14,326	(14,326)	-	-	-	-
Intensive Care	13,735	(13,735)	-	-	-	-
J Braidwood Fund – Burns Unit	21,592	(18,121)	-	-	(3,471)	-
Kidsnet	-	-	-	15,194	(2,352)	12,842
Leukaemia & Oncology	14,498	-	-	1,435	-	15,933
Neo Natal	11,987	(11,987)	-	-	-	-
Neurology	14,719	-	-	-	-	14,719
New Hospital Enhancements *	210,445	84,335	2,241,170	485,005	*(2,979,603)	41,352
Orthopaedic / Spinal	26,612	4,360	-	2,500	(5,611)	27,861
Patrick Hamilton - Oncology	82,807	(41,410)	-	-	(1,671)	39,726
Play Department	7,758	-	8,568	924	(17,250)	-
St John's Hospital	1,280	-	35,673	-	(36,953)	-
Ward 2	-	1,466	-	12,818	(12,626)	1,658
Ward 3 Burns and Plastic Surgery	18,876	-	8,917	5,475	(33,268)	-
Ward 7 Neurology	18,558	-	-	17,951	(17,807)	18,702
Other funds (under £10,000)	135,108	(32,611)	11,011	49,492	(58,653)	104,347
<b>Total Restricted Funds</b>	<b>702,460</b>	<b>-</b>	<b>2,435,427</b>	<b>811,484</b>	<b>(3,443,848)</b>	<b>505,523</b>

\*The total commitment to enhancements at the new hospital of £2,979,603 shown above (of which £684,490 was paid during 2015) includes £2,295,113 accrued but not paid as at 31 December 2015.

The costs apportioned to the restricted funds of raising funds (£129,429) and of charitable activities (£117,026) referred to in notes 6, 7 and 8 and in note 11 are deemed to have been applied to restricted funds in the statement of financial activities but are not charged against each separate restricted fund. These costs have been charged to unrestricted funds and are therefore not reflected in the movement on the funds listed above.

A total of £2,435,427 has been transferred from Unrestricted Funds to Restricted Funds in instances where grant expenditure has exceeded the amount available in the Restricted Fund. Transfers have also been made between Funds where this has been considered appropriate or agreed with the fund holder.

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 11. FUNDS SUMMARY

The movements during the year allocated to the different funds are summarised as follows:

	Restricted Funds £	Unrestricted Funds £	Investment Fund £	Designated Fund £	Total Funds £
<b>Funds per Balance Sheet at 31 December 2014</b>	<b>702,460</b>	<b>1,059,722</b>	<b>431,500</b>	<b>1,590,009</b>	<b>3,783,691</b>
Net Income from the Statement of Financial Activities	(2,878,819)	210,111	–	–	(2,668,708)
Grants paid from Designated Funds	–	2,488,206	–	(2,488,206)	–
Transfers to Designated Funds	–	(1,492,688)	–	1,492,688	–
Investment movement	–	431,500	(431,500)	–	–
Transfer to Restricted Funds	2,435,427	(2,435,427)	–	–	–
Expenditure on raising funds allocated to restricted funds	129,429	(129,429)	–	–	–
Expenditure on charitable activities allocated to restricted funds –	117,026	(117,026)	–	–	–
Gross transfers between funds	2,681,882	(2,681,882)	–	–	–
<b>Funds per Balance Sheet at 31 December 2015</b>	<b>505,523</b>	<b>14,969</b>	<b>–</b>	<b>594,491</b>	<b>1,114,983</b>

### Analysis of Net Assets

	Restricted Funds £	Unrestricted Funds £	Investment Fund £	Designated Fund £	Total Funds £
Fixed Asset Investments	–	1,184,769	–	–	1,184,769
Net Current assets	505,523	(1,169,800)	–	594,491	(69,786)
<b>Net Assets at 31 December 2015</b>	<b>505,523</b>	<b>14,969</b>	<b>–</b>	<b>594,491</b>	<b>1,114,983</b>

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 12. INVESTMENTS

	Group and Foundation	
	31 December 2015	31 December 2014
	£	£
Cost of Investments at 31 December 2014	1,006,427	998,933
Net cumulative gain on revaluation at 31 December 2014	50,038	85,956
Market Value at 31 December 2014	1,056,465	1,084,889
Acquisitions at cost	680,662	1,029,599
Sale proceeds	(545,639)	(1,099,425)
Realised gain on investments sold	(4,592)	7,272
Changes in investment holding gains	(43,133)	34,130
Market Value at 31 December 2015	1,143,763	1,056,465
Cost of Investments at 31 December 2015	1,164,835	1,006,427
Net cumulative gain on revaluation at 31 December 2015	(21,072)	50,038
Market Value at 31 December 2015	1,143,763	1,056,465
Cash held as part of portfolio	41,006	147,303
	1,184,769	1,203,768
<b>Allocation of Portfolio</b>		
Investment Fund	-	431,500
Unrestricted Fund	1,184,769	772,268
	1,184,769	1,203,768
Investment (losses)/gains		
Realised (loss)/gain on investments sold	(4,592)	7,272
Changes in investment holding (losses)/gains	(43,133)	34,130
Net (loss)/gain in the period	(47,725)	41,402

All investments are listed on the UK Stock Exchange. At 31 December 2015 the following holdings represented over 5% of the portfolio by market value.

Artemis	Fund Managers Income	6.8%
Barclays	Multi ManagerFund Global Equity	8.8%
Barclays	Multi ManagerFund Global Access	8.3%
Invesco	Fund Managers	6.4%
Ishares	IV	5.0%
J P Morgan	Asset Management Equity Income	5.1%
Pimco Funds	Global Investors	6.3%
UK (Govt of)	1.75 Gilt Bonds 2017	5.4%

### 13. DEBTORS

	Group		Foundation	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£	£	£	£
Interest Receivable	708	1,950	708	1,950
Charity Debtors		26,290		26,290
Prepayments	20,815	1,613	20,815	1,613
Other Debtors	18		18	
	21,541	29,853	21,541	29,853
Due from Task Trading Limited:				
- Profit for the period	-	-	28,291	31,789
- Balance of Task Trading A/c at 31 December	-	-	-	555
	21,541	29,853	49,832	62,197

## The Sick Kids Friends Foundation

Notes to the financial statements for the year ended 31 December 2015

### 14. CREDITORS: amounts falling due within one year

	Group		Foundation	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£	£	£	£
New Hospital grants accrued	2,295,113	-	2,295,113	-
Other grants due	229,393	77,847	229,393	77,847
Trade creditors	25,983	28,932	13,343	25,679
Balance of Task Trading Account	-	-	4,180	-
Other creditors	19,233	20,674	19,233	18,912
PAYE/NIC due to HMRC	10,350	7,149	10,350	7,149
VAT due to HMRC	3,214	3,017	-	-
	<b>2,583,286</b>	<b>137,619</b>	<b>2,571,612</b>	<b>129,587</b>

### 15. RELATED PARTY TRANSACTIONS

During the financial period Lindsays provided legal advice. David Reith, who was a Trustee until 16 March 2015, is a partner of Lindsays. The total fees invoiced, excluding VAT, for the fifteen months to 31 December 2014 were £690.

Certain expenses of Task Trading are paid by The Sick Kids Friends Foundation and were reimbursed during the period. The amounts due from Task Trading at 31 December 2015 represented the profit for the period of £28,291 (£31,789 in 2013/14) and (£4,180) (£555 in 2013/14) in respect of net expenditure by The Sick Kids Friends Foundation on behalf of Task Trading.

### 16. SUBSIDIARY COMPANIES

The following companies, incorporated in Scotland, are 100% subsidiaries of The Sick Kids Friends Foundation:

Name	Net Assets	Turnover	Expenditure	Profit / (Loss)	Nature of business
The Sick Kids Friends (Little France) Ltd (SC390634)	£-	£-	£-	£-	Dormant
Task Trading Ltd (SC123976)	£-	£125,685	£125,685	£-	Retail Trading

### 17. ULTIMATE CONTROLLING ENTITY

The Sick Kids Friends Foundation is controlled by its voluntary Board of Trustees. There is no parent company.

## REFERENCE & ADMINISTRATIVE DETAILS

### Name and Address

The Sick Kids Friends Foundation

The Royal Hospital for Sick Children  
20 Millerfield Place  
Edinburgh  
EH9 1LW  
Telephone: 0131 668 4949  
Scottish charity number: SC 020862

Company registration number: SC 385020  
www.edinburghsickkids.org

### Royal Patron

HRH Princess Beatrice of York

### Chair

David Reith (resigned 16 March 2015)  
Lindsay Gardiner (appointed 16 March 2015)

### Chief Executive

Maureen Harrison (retired 12 January 2015)  
Roslyn Neely (commenced 12 January 2015)

### Auditors

Henderson Loggie  
34 Melville Street  
Edinburgh EH3 7HA

### Bankers

Bank of Scotland  
Head Office  
The Mound  
Edinburgh EH1 1YZ

### Investment Advisers

Barclays  
11 Melville Crescent  
Edinburgh  
EH3 7LU

### Lawyers

Lindsays  
Caledonian Exchange  
19A Canning Street  
Edinburgh EH3 8HE

### PR Advisers

Beattie Media  
18 Glasgow Road  
Uddingston  
Glasgow G71 7AS

### Trustees

The Trustees who held office during the period and up to the date of signing Accounts were:

David Reith (resigned 16 March 2015)  
Robin Blacklock  
Elizabeth Bremner  
Stephanie Donaldson  
Michael Dow (Vice-Chair)  
Lindsay Gardiner (Chair) (appointed 16 March 2015)  
Elizabeth Kerr  
Paul Leonard  
Gordon MacKinlay OBE  
Isabel McCallum  
Lady Stewart  
Suzanne Wilson

### Audit Committee

Michael Dow  
Elizabeth Kerr  
Grant Macrae