



***Trustees' Annual Report and Consolidated Financial
Statements***

2015 / 2016

Registered Charity No. 1160661

A Company Limited by Guarantee

Registered in England Company no. 09389239

THE ALDER HEY CHILDREN'S CHARITY

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2016**

Trustees' Report

Trustees' Report

It is a pleasure to present the first Annual Report for Alder Hey Children's Charity, together with the audited financial statements for the year ended 31 March 2016.

The 2015/2016 Annual Report and Accounts have been prepared in accordance with the Statement of Recommended Accounting Practice: Accounting and Reporting by Charities (FRS102). The Charity's report and accounts include all the separately established funds.

Objectives

The Charity covers a wide range of charitable purposes relating to the NHS and the objectives as per the governing document are

- (a) to further any charitable purpose or purposes: relating to the general or any specific purposes of the Foundation Trust or the purposes of the health service;
- (b) to promote, protect, preserve and advance all or any aspects of the health and welfare of the public; and
- (c) to advance and promote knowledge and education in medicine, including by engaging in and supporting medical research (and the dissemination of the useful results).

There are 72 restricted funds.

It is the objective of the Charity to take careful stewardship of all donations received and to this end the Charity is aligned to Alder Hey Children's NHS Foundation Trust's strategic vision. Consequently all charitable expenditure is supported by the Trust.

Charitable expenditure covers expenditure over five main categories; Patient Welfare and Amenities; Capital; Staff Welfare; Research & Development; Other Charitable expenditure. Highlights of this expenditure are detailed within the Activities section on pages 6 to 7.

Independent status and incorporation

In a similar move to a number of other NHS Charities, on 1st April 2015 Alder Hey Children's Charity became an independent charity (registration number 1160661) and company limited by guarantee (company number 09389239). For this reason there are no comparative figures shown in these accounts. Any reference to the prior year is in respect of the unincorporated charity, whose accounts can be found on the Charity Commission website (registration number 1049275).

Becoming an independent charity enabled Alder Hey Children's Charity to be more flexible in securing resources and become more responsive to opportunities to raise funds. At a time of public debate about the NHS, independence also offered reassurance and absolute transparency to donors about the uses of charitable funds and the impact of their gift.

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

Trustees

In the year ended 31 March 2016 the following people served as Trustees. All Trustees were appointed on 1st April 2015 when the new independent charity was launched.

Professor Michael Brown CBE DL **Attended 4 out of 4 Trustee Board meetings in year**
Trustee Chair

Barbara Elizabeth Craig **Attended 2 out of 4 Trustee Board meetings in year**

Sir David Henshaw **Attended 2 out of 4 Trustee Board meetings in year**
Non independent member; Chair of Alder Hey Children's Foundation Trust

Eileen Jones **Attended 3 out of 4 Trustee Board meetings in year**

Nicholas Wainwright **Attended 0 out of 4 Trustee Board meetings in year**
Chair of Charitable Spending Committee

Nicola Collins **Attended 3 out of 4 Trustee Board meetings in year**

Helen Dearden **Attended 4 out of 4 Trustee Board meetings in year**
Chair of Audit Committee

Glynis Johnston **Attended 4 out of 4 Trustee Board meetings in year**

Jean France-Hayhurst **Attended 4 out of 4 Trustee Board meetings in year**
Non independent member: Non-Executive Director, Alder Hey Children's Foundation Trust

John Carson **Attended 3 out of 4 Trustee Board meetings in year**

Alexis Redmond MBE
Resigned 04/12/15

Chief Executive **Clare White**

Principal Office

The principal contact of the Charity is:
Alder Hey Children's Charity
Alder Hey Children's NHS Foundation Trust
Eaton Road
Liverpool L12 2AP

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

Principal Professional Advisors

Bankers

NatWest
Liverpool City Centre
22 Castle Street
Liverpool
L2 0UP

Investment Fund Managers

Rathbones Investment Management Ltd
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Auditors - External

Mazars LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Governance Structure and Management

The Alder Hey Children's Charity was originally established in July 1995 by a Trust Deed and two further supplemental Deeds reflecting the change of status from Corporate Trustee in May 2011 to appointment of individual Independent Trustees and June 2012 reflecting the change of name of the Charity. On 14th January 2015 the Charity was incorporated as a company limited by guarantee, company number 09389239. On 26th February 2015 the Charity was registered on the Register of Charities under registration number 1160661 as an independent charity and on the 1st April 2015 the net assets of the old Alder Hey Children's Charity, Alder Hey Imagine Appeal and Alder Hey Rocking Horse Appeal were transferred to the new Charity.

The Alder Hey Children's Charity has a Board of Independent Trustees; it is governed by its Standing Orders and will have up to 13 Trustees on its Board.

At all times the Board of Trustees must remain independent of the Foundation Trust. This is achieved by ensuring the balance of independent Trustees and those with a NHS link is maintained.

The Trustees consider that it operates a balanced, complete and unified Board with particular emphasis on achieving the optimum balance of appropriate skills and experience. This is reviewed whenever any vacancy arises to ensure that a broad range of skills and expertise is available to the Charity.

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Trustees' Report

Recruitment and appointment of the board of directors

The Directors are also the Trustees for the purposes of charity law and under the company's Articles are known as members of the Management Committee, normally known as the "Board of Directors". Under the requirements of the Memorandum and Articles of Association, the subscribers to the Memorandum (being the first members) are also the first Trustees. Subsequent Trustees are elected by the existing Trustees for a term of up to four years. An outgoing Trustee may be reappointed, but no individual may serve as a Trustee for longer than 10 years unless the Trustees consider there to be exceptional circumstances which justify a longer term. The Alder Hey Children's NHS Foundation Trust have the right to appoint up to two of its non-executive directors as Trustees of The Charity.

The Trustees are required to:

- Ensure an adequate system of internal control is in place, continually reviewed and updated as appropriate
- Ensure all operations are undertaken within the Standing Orders laid down by the Board and in accordance with Charity Commission guidelines, charity law, other relevant statute and regulations, and best practice
- Uphold current generally held principles of good governance, value for money and probity of transactions at all times

New Trustees are given an induction pack explaining the duties of a Trustee and the role of the Board. A comprehensive Trustee induction programme provides new Trustees with full knowledge of the Trust's vision and the Charity's strategy prior to their first Board meeting.

To aid decision making the Trustees established three sub-committees to the main Board. The terms of reference to each committee have been agreed by the Trustees. Each sub-committee is Chaired by a Trustee and includes at least one other Trustee in its membership:

- Audit Committee
- Charitable Spending Committee
- Nominations & Remunerations Committee

There is also an additional ad-hoc committee

- Ethics Panel

The purpose of the **Audit Committee** is to support the Board of Trustees in ensuring that the strategic objectives of the Charity are met, particularly to ensure effective operational and financial planning, reporting and management, risk management policy setting and effective governance procedures are in place.

The purpose of the **Charitable Spending Committee** is to oversee the expenditure of the Alder Hey Children's Charity in accordance with the vision and values of the organisation it supports (Alder Hey Children's NHS Foundation Trust) and with the Charity's stated and charitable purposes. Within its approval procedures, the Trustee Board is provided with a breakdown of all applications and spending trends at least four times per annum. The Trustees remain accountable for all the funds and adhere to Charity Commission guidelines, laws, other statute, regulations, generally accepted best practice and appropriate protocols.

Analysis of spending trends by type, department and fund signatory, allows the Trustees to monitor the funds ensuring they are being applied appropriately to maximum effect.

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

The purpose of the **Nominations & Remunerations Committee** is to review on behalf of the Board of Trustees the employment emoluments of all Charity staff holding Charity employment contracts, including key management personnel, taking into account staff pay benchmarks in similar areas and roles, pension arrangements, affordability and individual performance. Staff employment emoluments can include both salary levels and performance bonuses where appropriate.

The purpose of the **Ethics Panel** is to assess, when called upon by the Charity CEO, to what extent a potential partner, fundraising activity or donation could have a negative reputational impact on either Alder Hey Children's Charity or Alder Hey Children's NHS Foundation Trust. The Ethics Panel, in consultation with key stakeholders where appropriate, would consider when necessary, whether the partnership/fundraising activity/donation in question could be detrimental to the Charity's mission, the Charity's and/or hospital's brand, existing partners, funders/donors and key stakeholders.

Declaration of Interest

The Trustees have a legal obligation to act in the best interests of the Charity in accordance with the Charity's governing documents. The staff of the Charity has the same obligation. Conflicts of interest may arise where an individual's or a related party's business, personal or family interests and/or loyalties conflict with those of the Charity. All Trustees and senior staff of the Charity declare their interests in writing within four weeks of taking up any position. Trustees and staff are asked to confirm annually that the information held continues to be relevant. In addition all Trustees are asked to declare any conflicts of interest prior to the commencement of each Board. See note 14 for related party transactions.

Risk Management

The Trustees have examined the major risks affecting the Charity and identified the system and mechanisms to mitigate these risks. The risk register is updated and reviewed quarterly by the Audit Committee and this was reported at every full Trustee Board meeting. One of the most significant risks identified is the potential loss incurred by a fall in the value of the Charity's investments. The Trustees have considered this risk carefully and review the investment portfolio regularly with the investment manager, ensuring that the Charity's investments are spread over a wide and varied portfolio and that the ethical considerations laid down by the Board are met. The Trustees believe that the higher returns available over the longer term from investments through the stock market render any potential exposure acceptable. Careful management of finances ensured the Charity remained in a strong financial position while donating a significant amount of funds to support both the new hospital and the Research Institute. Reserves were maintained at the approved level for the year. Any grants distributed to the Trust were approved by Trustees only after funds were secured, minimizing any financial risk.

The close relationship between the Charity and Alder Hey Children's NHS Foundation Trust is managed through the line management reporting of both the Charity's Chief Executive and the Chief Executive of the Trust. The Charity's Chief Executive is accountable to the Chair of the Charity and regularly meets with the Chief Executive of the Trust; the Chief Executive of the Trust is accountable to the Chair of the Trust but is accountable also to the Chair of the Charity for matters relating to supporting services provided to the Charity (e.g. marketing). The parties work closely together to ensure the interaction with the public and the many fund raising activities are in accordance with the policies, ethos and philosophy of the Trust.

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

Reserves Policy

The objective of the reserves policy is to ensure the Charity has sufficient funds available to honour its commitments and continue to deliver its business plan. The Trustees have formally adopted a reserves policy to hold approximately one year's operating costs at its current level of operations, which amounts to £1.7m. Apart from this reserve, all funds which have not been committed to a specific project are available to be spent in furtherance of the Charity's objectives. At the 31st March 2016 total unrestricted funds had a balance of £3,700k. At 31st March 2016 the Alder Hey General Purpose Fund had a balance of £2,245k. A full copy of the reserves policy is available on request from the CEO.

Public Benefit

The Trustees have a duty to comply with Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The Trustees can confirm that the Charity has fulfilled the public benefit requirement and that this requirement is strongly embedded within the procedures for approving grants and spending plans.

The Trustees ensure that all grants and spending plans contain identifiable public benefits, that are clear, and meet the objects of the Charity supporting any NHS charitable purpose relating to Alder Hey Children's NHS Foundation Trust. This is achieved by the Trustees keeping spending plans under review throughout the year.

The Trustees consider the aims, objectives and activities of the Charity and compare these with the achievements and outcomes of the various programmes, reviewing the benefits brought to the public the Charity seeks to help by each key activity. The Trustees have referred to the Charity Commission's guidance on public benefit in undertaking the public benefit duty.

The Charity's aims and the public benefit requirement are undertaken through a range of programmes, as identified in the Activities section, supported by charitable funds provided by our generous donors. All services are provided free to patients in accordance with the objects of the Charity; there are no unreasonable restrictions and people in poverty have the opportunity to benefit.

Activities of the year

The new Alder Hey in the Park opened on 2nd October 2015, providing state of the art facilities for the 275,000 children and their families served by the hospital. A total of £22 million has been donated by both the new and previous charity to enhance facilities, medical equipment and the environment for our young patients.

During the year, the Group increased its income to £7.39m (excluding amounts received from associated entities), a significant element of which (£1.67m) was raised from the New Hospital Appeal Ball held in April 2015. The Charity supported the hospital with grants totaling £6.8m. This included funding for the new integrated theatre system, EOS machine, patient distraction within the radiology department, parent beds in the new hospital, continued contributions to Phase 1 of the Research Institute, research posts and ongoing support for toys and arts and craft for patients.

Fundraising to support the second phase of the Research Institute continued during the year in partnership with the University of Liverpool, which has made donations to the Charity to support this project. To date a total of £1.9m has been jointly pledged or donated to this build by the Charity.

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

The Charity continues to broaden its fundraising bases to maximize income and activities cover: individual philanthropy, corporate partnerships and support, community fundraising (including running and challenge events, bespoke fundraising events e.g. Alternative Ascot and schools fundraising), trust & foundation fundraising, community lottery, legacy fundraising, Direct Marketing, trading of merchandise and brand licensing. In addition, during 2015 a trading company, The Hardlees Ltd, was incorporated with a view to developing the Hardlees characters used within Alder Hey hospital as a media asset. The Hardlees Ltd is a joint venture between Alder Hey Promotions Ltd and Nearly Too Late Ltd. Alder Hey Promotions Ltd have provided the retail space to sell the products, and Nearly Too Late Ltd have designed the characters.

The Charity continues to build strategic relationships with its corporate partners. This year Matalan again delivered a cause related marketing product, raising over £600,000 through their 'Beanies versus Bobbles' campaign. This was again backed by a national multi-million pound advertising campaign across all channels including prime time television. Matalan has raised £1.3 million to date for Alder Hey Children's Charity. This income is received through Alder Hey Promotions Ltd, and is subsequently distributed to the Charity.

In addition, digital online retailer Shop Direct, offered fundraising support and expertise in online personalisation to develop the Alder Hey App which will incorporate virtual touring, games and rewards for patients and families. The Institute of Travel and Tourism continues to offer fundraising support and networking opportunities through its members.

Home Bargains supported the enhancement of 13 operating theatres, enabling live video streaming of surgery as well as the facility to pause and rewind the operation as it happens. In addition the enhancements provide capability to dial out of the operating room to anywhere in the world, in real time, giving Alder Hey the capacity to link to specialists around the globe. These enhancements will make Alder Hey an international reference site.

A new partnership was developed with Sixt rent a car which held a spectacular ball and raised £75,000 to equip Alder Hey's performance space in the main Atrium of the new hospital. This area will be a key focal point for the 275,000 children and families who visit Alder Hey each year. This space will be used to host a range of live performances to entertain children in the main Atrium waiting area as well as being streamed into the children's bedrooms on the wards.

The Charity's partnership with Sony Europe Ltd continued during the year with further donations of equipment as well as the development of its strategic partnership with the Hospital Trust around medical devices.

The Charity has established a strong community fundraising base, particularly throughout the North West. Income through sponsored events came in at over £500,000 and our own bespoke events grossed over £200,000. In light of tightened regulation regarding direct marketing, our mass participation events may prove to be a useful tool to help recruit future regular donors.

In 2015/16 income through community businesses increased by 600% on the previous year, donations from educational establishments increased by over 400%, and income from community/voluntary groups increased by 370%. The Charity lottery continues to grow and is now at over 10,000 members.

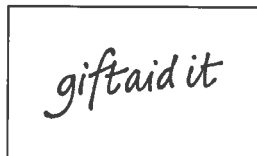
We now have 16 young Charity Ambassadors, located in diverse geographic areas throughout the North West, North Wales, Yorkshire and the Isle of Man, who are helping to raise both funds and awareness.

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

In addition to traditional forms of fundraising, the Charity continues to raise funds through carrying out trading activities. Merchandise sold through the Charity was transferred to the Charity's trading company Alder Hey Promotions Limited on 1st April 2016.

Gift Aid



Gift Aid provides a great opportunity for donors to increase the value of their donation to our Charity. Provided the donor is a taxpayer, our Charity can claim the basic rate income tax paid on the gift. This increases donations by approximately 25%, so a gift of £10 is worth £12.50 to our Charity.

Fund Balances

The total value of the restricted funds at the end of the year was £2,742k and the value of the unrestricted funds including the designated funds was £3,700k.

THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

Investments

The investments are managed by Rathbones Investment Management Ltd within the policy and guidelines laid down by the Trustees. All investments are held for an investment return. The Trustees have taken a decision not to invest directly in tobacco or alcohol related companies. The Trustees are satisfied with the fund's performance during difficult economic conditions and performance against appropriate relevant benchmarks is shown below.

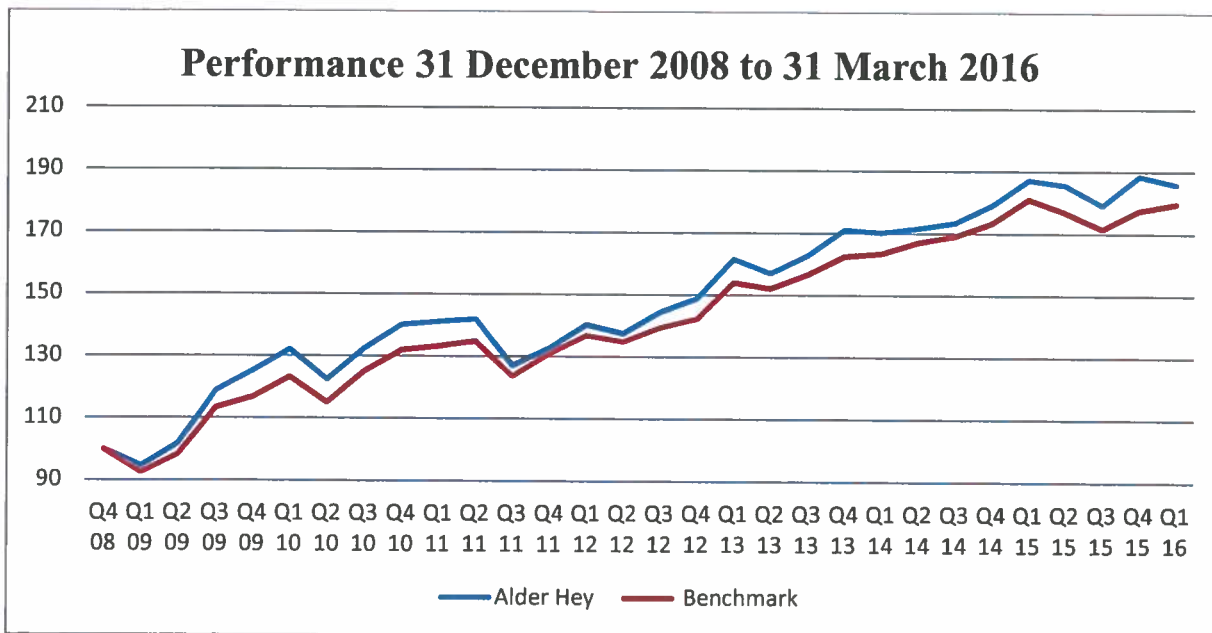
Over the 12 months to 31 March 2016, risk assets struggled to make headway with the FTSE All Share down 3.9%, the FTSE 100 down over 5% and with overseas markets down in local currency terms but up 0.4% in sterling terms, led by the US.

Gilts experienced a better period, up 3.3% as interest rate expectations were pushed ever lower. Hedge funds were down 4% while property enjoyed a strong period, up 6.5%.

In respect of the asset allocation, the main positive drivers of performance have been the overweight overseas equities, particularly the US exposure and the underweight in emerging markets. Conversely, the overweight position in Japan was a negative contributor and the focus on corporate bonds as opposed to gilts and the mix in this element, had a negative relative impact albeit still provided a positive absolute return.

Regarding the stock and sector selection, the equity element outperformed with positive stock selection. The main positive drivers were the underweight in commodities and pharmaceuticals and the overweight in real estate, together with notable performances from BG, BCA and the JP Morgan Mid Cap Fund. The main negative contributors to performance have been the mix in financials, underweight in personal goods and zero direct exposure to tobacco, together with weak performances from Prudential and BHP Billiton.

With respect to the alternatives, they performed well and at a lower level of volatility, led by the infrastructure funds and the long short funds.



THE ALDER HEY CHILDREN'S CHARITY

Trustees' Report

Fund changes during the year

The Committee adopts the practice of rationalising the range of separate funds to maintain efficient administration. As a result funds will close or merge with other funds as and when the opportunity presents itself.

Charity Personnel

During 2015/16 the Charity staff were awarded a 1% cost of living increase. Following the move to independence on 1st April 2015, the CEO initiated a salary benchmarking exercise to position Alder Hey Charity as an employer of choice. This work ties in to a wider piece which will produce a clear and transparent progression and remuneration policy for Charity employed staff and which will be rolled out in late 2016.

Key management personnel for the Charity are:

- Chief Executive: together with the Board, is responsible for setting the Charity's business plan and fundraising strategy and day to day running of the Charity. Overall line management responsibility. Reports to Board of Trustees.
- Director of Philanthropy: responsible for strategy development of Trust & Foundation fundraising and for major donor fundraising and line management of the Trust & Foundations Relationship Manager.
- Head of Charity Operations: responsible for the HR, finance and Governance operations of the Charity. Line manages the Operations and Finance teams.
- Head of Corporate Partnerships: responsible for the identification and development of key strategic corporate partners. Line manages the Corporate team.
- Head of Community Fundraising: responsible for the strategic development of community fundraising. Line manages the community team.
- Head of Donor Development: responsible for committed giving, new donor acquisition and legacy fundraising.

Looking forward

During 2016/2017 the Charity will focus its fundraising activities predominantly on supporting funding the second phase of the Institute in the Park, the Trust's purpose build research, education and innovation centre.

Other areas to be supported are:

- Digital Alder Hey
- Ward based chefs
- Patient distraction/enhancement of waiting and treatment areas

The Charity will continue to adopt a proactive approach to both communicating with current donors and for the recruitment of new donors through direct mail, telemarketing and radio advertising, within the limits imposed by the new regulations in this area.

The Trustees are confident in the Charity's strong financial position and look forward to 2016/2017 with interest in the outcome of the focused appeal in support of research, a new and untested area for the Charity.

A Big Thank You

The success of the Charity cannot be achieved without the continuing support and very generous financial contributions received from the public. The Trustees and staff of the Charity are acutely aware of this, are extremely grateful and would like to thank each and every one who has donated their time, money or other services to the Charity. On behalf of the patients and their families who benefit so greatly from this support, thank you. And thank you in anticipation of your continued support of the Charity during the forthcoming year.

THE ALDER HEY CHILDREN'S CHARITY

STRATEGIC REPORT

Achievements and Performance

The most significant achievements of the Charity during the period relate to the fundraising activities which have enabled it to support the new Alder Hey in the Park. The total raised by the new and previous charities was £22m, through its relationships with corporate partners and its strong community fundraising base. In addition to supporting the new hospital, the Charity and University of Liverpool have obtained donations and pledges of £1.9m towards the second phase of the Research Institute. The strategies which brought about these achievements are detailed in the Activities section of the Trustees' Report. The Charity has performed well against the budget for the year. The fundraising income for the period exceeded budget by £3m, with almost all areas of fundraising showing a positive result compared to budget. One of the highlights of the period was the success of the Appeal Ball, which raised over £1.6m towards the New Hospital Appeal.

Medium and Long Term Strategies

The focus of the Charity in the medium term will be on fundraising to support the second phase of the Institute in The Park, whilst also continuing to support some strategic projects within the Trust including the development of the Digital Alder Hey App and development of the food on demand service. The Charity plans to further expand the fundraising team to help achieve these objectives and to maintain and build on the strategic relationships with its partners. The Charity will work closely with Alder Hey NHS Children's Foundation Trust to ensure its fundraising efforts are focused in the areas of most strategic impact and benefit for patients, families and staff.

Longer term, the Charity is working with the Trust to develop strategies to maximize opportunities for financial return on investment, particularly in areas of medical and digital innovation.

THE ALDER HEY CHILDREN'S CHARITY

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Group and of the excess of expenditure over income for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Group financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- have followed applicable accounting standards and Statement of Recommended Practice, subject to any material departures disclosed and explained in the accounts.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities Act 2011. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor


Each of the persons who are Trustees at the time when this Trustees Report is approved has confirmed that:

- so far as that Trustees are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that Trustees have taken all the steps that ought to have been taken as Trustees in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditors

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on and signed on its behalf by:


..... Date: 14th Sept 2016
Professor Michael Brown CBEDL
Chairman of the Board of Directors

THE ALDER HEY CHILDREN'S CHARITY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDER HEY CHILDREN'S CHARITY

We have audited the financial statements of The Alder Hey Children's Charity for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement 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), including Financial Reporting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, 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 which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

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

THE ALDER HEY CHILDREN'S CHARITY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDER HEY CHILDREN'S CHARITY (continued)

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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Janine Fox (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 6 October 2016

THE ALDER HEY CHILDREN'S CHARITY

Consolidated Statement of Financial Activities for the 15 month period ended 31 March 2016

Incoming Resources	Note	Unrestricted Funds £000	Restricted Funds £000	Total Funds 2016 £000
Income				
Donations and legacies	4	4,730	8,489	13,219
Income from charitable activities	4	388	-	388
Income from other trading activities	4	758	-	758
Investment income	3	101		101
Total income		5,977	8,489	14,466
Cost of raising funds	5	1,056	-	1,056
Expenditure on charitable activities	6	1,116	5,747	6,863
Total expenditure		2,172	5,747	7,919
Realised and unrealised loss on investments	8	(105)	-	(105)
Net income and net movement in funds for the year		3,700	2,742	6,442
Total funds carried forward	12	3,700	2,742	6,442

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

THE ALDER HEY CHILDREN'S CHARITY

Consolidated Group and Charity Balance Sheets at 31 March 2016

Company number 09389239

	Note	Group 2016 £000	Charity 2016 £000
Fixed Assets			
Investments	8	3,001	3,001
Total Fixed Assets		<u>3,001</u>	<u>3,001</u>
Current assets			
Stock		17	17
Debtors	9	864	229
Cash at bank and in hand	10	6,246	6,193
Total current assets		<u>7,127</u>	<u>6,439</u>
Liabilities			
Creditors falling due within one year	11	3,439	3,438
Net current assets		<u>3,688</u>	<u>3,001</u>
Total assets less current liabilities		<u>6,689</u>	<u>6,002</u>
Creditors: Amounts falling due after more than one year	11	247	247
Net Assets		<u><u>6,442</u></u>	<u><u>5,755</u></u>
Funds			
Unrestricted income funds (including £105k revaluation loss)	12	3,700	3,013
Restricted income funds	12	2,742	2,742
Total funds		<u><u>6,442</u></u>	<u><u>5,755</u></u>

These Financial Statements were approved by the Board of Directors on

14th Sept 2016

Signed on behalf of the Board of Directors:


.....

Professor Michael Brown CBE DL
Chairman of the Board of Directors

THE ALDER HEY CHILDREN'S CHARITY

Consolidated cash flow statement for the period ended 31 March 2016

	Note	2016	
		£000	£000
Net cash inflow from operating activities			9,251
Cash flow from investing activities:			
Returns on investment	3		101
Capital expenditure and financial investment			
Payments to acquire investments	8	(3,901)	
Receipts from sales of investments	8	<u>795</u>	
Net cash inflow from investing activities:			(3,106)
Increase in cash and cash equivalents			<u><u>6,246</u></u>

Reconciliation of net movement in funds to net cash flow from operating activities

	2016
	£ 000
Net incoming resources	6,442
Deduct investment income	(101)
Loss on investments	105
(Increase) in stock	(17)
(Increase) in debtors	(864)
Increase in creditors	3,686
Net cash inflow from operating activities	<u><u>9,251</u></u>

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

1. Accounting Policies

a. Accounts Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015)– (Charities SORP (FRS 102)) and the Companies Act 2006.

The Trustees have considered the implications of applying the accounting policies required by FRS 102 in the preparation of these accounts. In the opinion of the Trustees, as this is the first set of accounts prepared by the charity, the requirement to consider whether the restatement of comparatives is required does not apply.

The financial statements have been prepared for a 15 month period as the Charity was incorporated as a Company Limited by Guarantee on 14th January 2016 and commenced its operations on 1st April 2016. The financial year end was changed to 31st March, twelve months from the commencement of operations and in line with the financial year end of the Charity's subsidiary, Alder Hey Promotions Ltd.

b. Group financial statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, Alder Hey Promotions Limited, on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c. Funds Structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

Unrestricted funds are those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Unrestricted funds include designated funds, where the donor has made known their non-binding wishes or where the Trustees, at their discretion, have created a fund earmarked for a specific purpose.

d. Going Concern

After making enquiries the Trustees have a reasonable expectation that The Alder Hey Children's Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trustees have adopted the going concern basis in preparing the accounts.

e. Incoming Resources

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

- i) Cash donations, gifts, investment income and cash collected from fund raising events are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the conditions for receipt have been met and the amount can be quantified with reasonable accuracy.
- ii) Income from legacies is recognised when receipt is considered probable, which is when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the

THE ALDER HEY CHILDREN'S CHARITY

criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Notes to the Financial Statements for the period ended 31 March 2016

- iii) Grants received are recognised in full at the date of cash receipt (or if earlier the date at which the receipt of such sums is assured).
- iv) Where material, gifts in kind received are recorded in income at an amount based on the value to the Charity.
- v) Investment income is recognised in the period to which it relates.

f. Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- i) The costs of raising funds are the costs associated with generating income for the charity, including the costs of managing the investments.
- ii) Expenditure on charitable activities is expenditure incurred on the provision of services or goods. A grant is any payment which is made voluntarily to any institution or to an individual in order to further the charity's objectives, without receiving goods or services in return.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g. Investments

Stocks and shares are included in the balance sheet at market value.

h. Cash at bank

Cash at bank records balances in bank or building society accounts, whether interest bearing or not.

i. Debtors

Trade and other debtors are recognised at the settlement amount net of any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

j. 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 the 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 discounts due.

k. Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

l. Foreign Currency transactions

All expenditure and income arising from transactions denominated in a foreign currency are translated into sterling at the exchange rate in operation on the date on which the transactions occurred.

m. Allocation of Overhead and Support Costs

Overhead and support costs have been allocated as a direct cost or apportioned on an appropriate basis between charitable activities and governance costs. The support costs relating to charitable activities and the governance costs have been apportioned to individual funds.

n. Pensions

All Charity employees are eligible to join the Charity's People's Pension scheme. The Charity's contribution is 3% and the employee has to make at least an equal contribution.

NHS employees working on behalf of the Charity are entitled to join the NHS Pensions Scheme which is a multi-employer defined benefit scheme administered for the benefit of NHS employees, General Practices and other bodies allowed under the direction of the Secretary of State. Past and present employees are covered by the provision of the NHS Pension Scheme, details of which are available from the NHS Pension Agency at www.nhs.pa.gov.uk.

The cost of employer pension contributions to the NHS Superannuation is charged to the Statement of Financial Activities. The charity has no liability under the NHS defined benefit pension scheme.

o. Stock

Stock is valued at the lower of cost and net realisable value.

p. Presentation

The figures in the accounts are rounded to the nearest one thousand pounds.

q. Taxation

The company is a registered charity and as such is exempt in respect of certain types of income from income tax, corporation tax, and capital gains tax under the provisions of the Income and Corporation Taxes Act 1988 and the Taxation of Chargeable Gains Act 1992.

r. Judgements and estimates

In applying the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods. In assessing whether there have been any indicators of impairment in relation to assets, the Trustees have considered both external and internal sources of information and there have been no indicators of impairment identified during the current financial period. The items in the financial statements where judgements and estimates have been made are considered to be in relation to the impairment of investments and the valuation of Gifts in Kind.

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

2. Financial activities of the Charity and subsidiary

The financial activities shown in the consolidated statement include those of the Charity's wholly owned subsidiary, Alder Hey Promotions Limited. A summary of the financial activities undertaken by the Charity is set out below

	2016 £000
Gross incoming resources	13,763
Cost of raising funds	1,040
Cost of charitable activities	6,863
Net incoming resources	5,860
Realised and unrealised gains / (losses) on investments	(105)
Total funds brought forward	-
Total funds carried forward	5,755
Represented by:	
Restricted income funds	2,742
Unrestricted income funds	3,013
	5,755

A summary of the financial activities undertaken by the subsidiary is set out below

	2016 £
Turnover	702,911
Operating costs	(16,368)
Operating profit	686,543

3. Investment income

Dividends are received for all stocks and shares in beneficial ownership of the Charity and are shown after recovery of tax. Interest is recorded for all bank accounts and short term deposits made by the Charity.

	2016 £000
Interest	25
Dividends	76
TOTAL	101

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

4. Analysis of income

	Unrestricted £000	Restricted £000	Total 2016 £000
Donations and legacies			
Donations from Individuals	955	1,893	2,848
Corporate Donations	596	288	884
Donations from Groups / Associations/Foundation	133	748	881
Donations from Associated Entities (see note below)	2,608	4,470	7,078
Donations in Memoriam	108	73	181
Grant income	92	587	679
Legacies	238	430	668
Total donations and legacies	4,730	8,489	13,219
Income from charitable activities			
Fundraising events	214	-	214
Lottery	174	-	174
Total income from charitable activities	388	-	388
Income from other trading activities			
Sale of promotional items	758	-	758
Total income from other trading activities	758	-	758

Donations from associated entities represents net assets of £6,681k transferred from Alder Hey Children's Charity (Charity no. 1049275), £8k transferred from Alder Hey Rocking Horse Appeal (Charity no. 1071187), £106k transferred from Alder Hey Imagine Appeal (Charity no. 1105610) and £283k introduced from Alder Hey Promotions Limited at 1st April 2015.

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

5. Allocation of Management and Overhead Costs

The costs of administering the Charity have been identified and apportioned between governance costs and support costs. The following costs have been included in the total Charitable Expenditure costs of £6,863k (note 6).

	2016 Total £000	Allocated to Governance £000	Allocated to Support Costs £000
Salaries	292	94	198
Auditor's remuneration	10	10	-
Bank and service charges	38	-	38
Investment management costs	16	-	16
Trust services	65	-	65
TOTAL	421	104	317

The auditor's remuneration relates solely to work done in connection with the statutory audit and includes VAT.

Apportionment of Support Costs

Area of Expenditure	Support Charges £000	Governance £000	Investment Management £000	Total 2016 £000
Patient Welfare	301	104	16	421

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

Cost of raising funds

Area of Expenditure	Total 2016 £
Staff Costs	385
Marketing & Publicity	251
Event Expenses	296
Establishment Expenses	14
Professional Fees	93
Promotional Expenses	17
Total	<u>1,056</u>

6. Analysis of Charitable Expenditure

Area of Expenditure	Grant Funding to Alder Hey FT £000	Support Costs £000	Total 2016 £000
Patient Welfare	1,690	421	2,111
Research	890	-	890
Other	3,862	-	3,862
Total	<u>6,442</u>	<u>421</u>	<u>6,863</u>

Following the Accounting and Reporting by Charities: Statement of Recommended Practice, grant expenditure is recognised when a firm commitment is made by the Charity.

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

7. Analysis of Staff Costs

	Fundraising & Publicity £000	Support Costs £000	Governance £000	Total 2016 £000
Salaries and Wages	283	175	81	539
Social Security Costs	25	16	10	51
Other Pension Costs	15	7	3	25
Total Staff Costs	323	198	94	615
Average Number of Employees	9	6	1	16

The Charity makes a contribution to the Pension Scheme of 3% of gross salary in respect of all employees.

The Charity directly employed 13 staff during 2015 / 2016. In addition the Charity made a contribution to Alder Hey Children's NHS Foundation Trust for administrative support received from the Foundation Trust.

No Trustees received emoluments or reimbursed expenses during the period. Charitable donations of £12k were received from Trustees during the period.

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was as follows:

2016

£80,000 to £90,000 1

Total emoluments paid to key personnel in the period were £260k. The roles of the key personnel were as follows:

Chief Executive	Head of Corporate Partnerships
Director of Philanthropy	Head of Community Fundraising
Head of Operations	Head of Donor Development

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

8 Investments

The investment portfolio is managed by Rathbone Investment Management Ltd in accordance with the guidance issued by the Trustees. The movement in the portfolio can be analysed as follows:

	2016
	£000
Acquisitions at cost	3,901
Disposals	(795)
Net Loss on revaluation	(105)
Market Value carried forward	3,001
Historic Cost at 31 March	2,392

The Market Value can be analysed as follows:

	Held in UK	Held outside UK	Total 2016
	£000	£000	£000
Investments listed on Stock Exchange	970	1,296	2,266
Investments in a Common Deposit Fund or Common Investment Fund	376	66	442
Cash held as part of investment portfolio	50	-	50
Other investments	243	-	243
Total	1,639	1,362	3,001

At 31 March 2016 two holdings exceeded 5% of the value of the portfolio:

Credit Suisse US Accel 17	5.66%
Henderson Global Investors	5.12%

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

8 Investments (continued)

Investment in subsidiary

Alder Hey Children's Charity owns 100% of the share capital of Alder Hey Promotions Limited, a company incorporated in England & Wales, company registration number 08019977.

The company had a profit after tax of £687k

	2016
	£
Issued share capital	<u>2</u>
	<u>2</u>

9. Debtors

Debtors in respect of the following are represented in the accounts:

	Group	Charity
	2016	2016
	£000	£000
Recoverable Tax & Accrued income	823	184
Other Debtors	41	41
Amounts due from Subsidiary	-	4
	<u>864</u>	<u>229</u>

There were no debtors falling due over one year.

10. Cash at Bank

Cash held by the Group / Charity can be summarised as:

	Group	Charity
	2016	2016
	£000	£000
Bank account balances	6,246	6,193
	<u>6,246</u>	<u>6,193</u>

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the year ended 31 March 2016

11. Creditors

The creditor position can be summarised as follows:

Falling due within one year –

	Group	Charity
	£000	£000
Trade creditors	4	4
Taxation and social security costs	16	16
Amount owed to Alder Hey NHS Trust	29	29
Other creditors and accruals	<u>3,390</u>	<u>3,389</u>
	<u>3,439</u>	<u>3,438</u>

Creditors falling due over one year –

	Group	Charity
	£000	£000
Accruals & Deferred Income	<u><u>247</u></u>	<u><u>247</u></u>

The accruals and deferred income represent a contractual obligation and will be spent in future years.

Included in accruals and deferred income is the following:

Deferred income comprises fees received in advance of a fundraising event

	Group	Charity
	Income in	Income in
	advance	Advance
	£000	£000
Amount deferred in the year	9	9
At 31 March 2016	<u><u>9</u></u>	<u><u>9</u></u>

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

12. Analysis of Group Funds

Restricted Funds

Fund	Incoming Resources	Resources Expended	Transfers	Gains & Losses	Balance 31 March 2016
	£000	£000	£000	£000	£000
New Hospital Appeal	4,778	4,385	-	-	393
John Lennon Research Fund	1,179	504	-	-	675
Others (70)	2,532	858	-	-	1,674
Total	8,489	5,747	-	-	2,742

Unrestricted Funds

Fund	Incoming Resources	Resources Expended	Transfers	Gains & Losses	Balance 31 March 2016
	£000	£000	£000	£000	£000
Group					
Alder Hey General Purpose Fund	3,972	1,640	-	(87)	2,245
Others (14)	2,005	532	-	(18)	1,455
Total	5,977	2,172	-	(105)	3,700

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

12. Analysis of Charity Funds

Unrestricted Funds

Fund	Incoming Resources	Resources Expended	Transfers	Gains & Losses	Balance 31 March 2016
	£000	£000	£000	£000	£000
Charity					
Alder Hey General Purpose Fund	3,972	1,640	-	(87)	2,245
Others (13)	1,302	516	-	(18)	768
Total	5,274	2,156	-	(105)	3,013

13. Net Assets

Fund	Fixed Assets	Current Assets	Current Liabilities	Long Term Liabilities	Net Assets
	£000	£000	£000	£000	£000
Unrestricted	3,001	1,299	370	230	3,700
Restricted	-	5,828	3,069	17	2,742
Total	3,001	7,127	3,439	247	6,442

14. Related Party Transactions

Alder Hey Children's NHS Foundation Trust Staff provide administrative support to the Charity.

During the year no Trustees or parties related to them have undertaken any material transactions with The Alder Hey Children's Charity.

The Charity delivers its charitable objectives by making grants to the Alder Hey Children's NHS Foundation Trust. The NHS Trust receives the grants after it has incurred the expenditure. At 31 March 2016 the Charity owed the Trust £29k in relation to these transactions.

THE ALDER HEY CHILDREN'S CHARITY

Notes to the Financial Statements for the period ended 31 March 2016

15. Subsidiary Company

A subsidiary company, Alder Hey Promotions Limited, company number 08019977, became a fully owned subsidiary of the Charity on 1 April 2015. Its principal activity is to carry out fundraising on behalf of the Alder Hey Children's Charity. This company is active and had a profit of £687k for the year ended 31 March 2016 and net assets of £687k which have been consolidated into the financial statements of the group. The address of the principal place of business of Alder Hey Promotions Ltd is Alder Hey Children's Charity, Eaton Road, Liverpool, L12 2AP.

16. Post Balance Sheet Event

There were no post balance sheet events.

17. Unrestricted Funds

Unrestricted funds comprise the Alder Hey General Purpose Fund plus additional funds set up to record the activities of specific fundraising events carried out by the Charity. The income of these funds can be used for the furtherance of any of the Charities objectives and does not carry any additional restrictions.

18. Restricted Funds

The Charity has a specific number of restricted funds which hold donations for the benefit of patients with specific conditions or for specific projects being undertaken by the hospital. The largest of these funds are:

Alder Hey Capital Appeal
John Lennon Research Fund
Intensive Care Fund (PICU)
Oncology Fund
Nephrology Fund
Neonatal Fund
Leukaemia Research Fund
Alder Centre Fund
Burns Fund
Teenage Cancer Fund

The above funds all held balances of over £50,000 at the year end.