GREAT ORMOND STREET HOSPITAL CHARITY

A better future for seriously ill children STARTS HERE.











Annual Report and Accounts
2016/17


BOB
24444
money
Dad Thomas Will

Joseph, age one, gets a hug from his mum during a long stay on the ward.

Our mission

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

Every day brings new challenges at Great Ormond Street Hospital. Every day, 618* children and young people from across the UK arrive. Every day, doctors and nurses battle the most complex illnesses, and the brightest minds come together to achieve pioneering medical breakthroughs.

This extraordinary hospital has always depended on charitable support. Without you, we can't help fund groundbreaking research, advanced medical equipment, child and family support services, and the rebuilding and refurbishment of wards and medical facilities.

On behalf of patients, their families and the staff at the hospital and charity, a very big thank you.

*Source: The average daily figure based on annual data for 2016/17 financial year.

The year in numbers

Thanks to everyone who supports us, this year has been an incredible one for the charity. Here's some of the highlights:

15,000

SQUARE METRES

of new clinical space has been supported by the Tick-Tock Club who marked their 10-year anniversary, raising more than **£30 million**.

£550,000

RAISED BY SAINSBURYS CHRISTMAS PARTNERSHIP

176,849

SUPPORTERS

give regular gifts to the charity

7,500

RFTK RUNNERS

took part in the record-breaking Royal Bank of Canada Race for the Kids, raising an amazing **£1 million**

£13m

INVESTED IN RESEARCH

to support the lives of children with complex conditions

126

VOLUNTEER CHARITY AMBASSADORS

22,500

CHRISTMAS MESSAGES

were sent by supporters to children on the wards of GOSH

£1,124,715

was raised at the **2016 RECORD-BREAKING GOSH GALA**

527

PARENTS AND FAMILIES

will be able to stay at Sandwich Street, our new parent accommodation close to the hospital.

148

GRANTS AWARDED

supporting the hospital's Play Team through to funding a package of new operating theatre equipment



Chairman's statement

Every day there are huge challenges at Great Ormond Street Hospital (GOSH or the hospital) and every donation of time or money to Great Ormond Street Hospital Children's Charity (GOSH charity) helps to meet those challenges – giving young patients the best chance to fulfil their potential.

This year (2016/17) our generous supporters enabled us to commit more than £80 million in helping to enable a better future for seriously ill children. We did this by funding the rebuilding and refurbishment of hospital facilities, state-of-the-art medical equipment and systems and support for children and their families.

At the start of 2017 we completed a merger with Sparks Charity that will allow us to fund even more pioneering research at the hospital and across the UK. Together, we have already launched a £2 million call to researchers to apply for funding for child health research projects across the UK – the largest charitable call of its kind.

Charitable activities

Demand for GOSH's world-class care continues to rise and, thanks to the generosity of our supporters, we're able to help with the hospital's most urgent needs. In the Trustees' Report we highlight several of the projects that we've been proud to make possible this year. I want to mention three key areas of progress that will make a difference to patients and families at GOSH for many years to come.

The research carried out by the hospital and its academic partner, the UCL Great Ormond Street Institute of Child Health (ICH), is essential to discovering the treatments and cures of the future. In 2016 we completed our new research and innovation strategy, which prioritises six disease areas that affect many GOSH patients and puts an emphasis on getting discoveries into clinical practice as rapidly as possible. Guided by the strategy, in 2016/17 we invested more than £13 million into new research projects.

Our £37.8 million commitment and spend on medical equipment and systems included funding for leading edge prenatal diagnosis technology and brain-mapping equipment to aid intricate brain surgery. We also supported GOSH's critical Electronic Patient Records (EPR) system, to be implemented over the next two years. The EPR will ensure every health professional at GOSH has immediate access to information they need to know about their patients. This will help clinicians to make timely and informed decisions about each child's treatment and care as well as providing vital data to support research.

GOSH's exciting redevelopment projects progressed apace with the fitting-out of the new Premier Inn Clinical Building, the second part of the Mittal Children's Medical Centre. Due to open to patients later in 2017, it will enable even more children to be treated at GOSH in state-of-the-art facilities that have been designed around their needs. We invested £31.0 million in the project this year, and a further £15.9 million on the first stage of construction of the Zayed Centre for Research into Rare Disease in Children (Zayed Centre for Research). Finally, we invested £6.3 million in acquiring and refurbishing two nearby properties for families to stay close to their loved ones while they have treatment at GOSH.

Fundraising

Thanks to the incredible support that we receive from donors, and the tireless commitment of our volunteers and staff, in 2016/17 we raised £93.3 million. We are extremely grateful to every individual, family, trust and company who give, sponsor, leave a legacy, run, bake, cycle and more, to make a difference to seriously ill children. With such diverse support from so many people, the following highlights demonstrate just a few of the stories of generosity and dedication of our benefactors this year.

GOSH's redevelopment has been made possible thanks to the generous philanthropy of a handful of lead donors. Her Highness Sheikha Fatima bint Mubarak has been instrumental in funding the Zayed Centre for Research, which will significantly expand the hospital's world-class capabilities into rare disease research and treatment. Her Highness donated a further £22.5 million this year towards the overall donation of £60 million.

We are very grateful to the Mittal Family, Morgan Stanley and Whitbread, owners of Premier Inn & Restaurants, for supporting the Mittal Children's Medical Centre, comprised of the Morgan Stanley Clinical Building and the Premier Inn Clinical Building. Premier Inn & Restaurants had another record-breaking fundraising year, surpassing its original target of £7.5 million. Morgan Stanley and its staff also raised over £1 million towards Morgan Stanley House – a new accommodation for parents – and donated its wonderful RHS Chelsea Flower Show garden to the hospital.

We were thrilled to be chosen by Sainsbury's to be the beneficiary of its coveted Christmas campaign. The charity logo featured on the supermarket's Christmas advert and money was raised through sales and donations at the till point. This seven-week campaign raised £550,000 and gave us valuable exposure through the TV advert and in-store branding.

Shop Wear Care, our designer fashion evening, returned for its second year as part of our diverse portfolio of fundraising events. Other notable events included The Royal Bank of Canada Race for The Kids, which moved to the Queen Elizabeth Olympic Park in May 2016. This allowed for a record-breaking 7,500 people to participate, raising more than £1 million. And our London Santa Dash went from strength to strength doubling the number of costume-clad participants on the previous year.

I am pleased that we once again saw a rise in the number of people who make regular gifts to the charity, with more than 176,000 loyal supporters signed up by March 2017. We also learned of many kind individuals who had left us a gift in their Will, providing legacy income of £14 million in 2016/17 towards GOSH's amazing work.

During this year the Tick Tock Club helped us to hit the £10 million target for a new surgery centre which was also supported by a transformational £2 million gift from The Dorfman Foundation. We have now launched the fourth Tick Tock Club appeal with a target of £10 million for an intra-operative MRI (IMRI) suite to help improve outcomes for children undergoing brain surgery.

Regulation

We were disappointed to be one of the charities fined for data breaches when the Information Commissioner's Office concluded its investigation into charity practices in early 2017. We never take the trust of our supporters for granted and aim to not only comply with all regulations but to continuously improve and achieve sector-leading standards of behaviour and compliance. Since 2015 we have taken a number of steps to review and further improve our procedures and controls (refer to page 30 for more detail). When we fall short, we endeavour to take corrective action quickly.

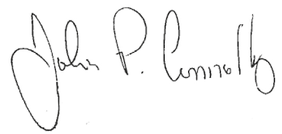
Looking ahead to next year

The year ahead promises to be very exciting. The Mittal Children's Medical Centre will be completed with the opening of the Premier Inn Clinical Building in late 2017. We will see the topping-out of the Zayed Centre for Research, progress on the implementation of the hospital's EPR and digital research platforms, and the commissioning of the vital IMRI scanners theatre. We are also exploring the possibility of establishing a new clinical centre specialising in the treatment of 'sight and sound' conditions.

Finally

The work of the charity would not be possible without the hard work and dedication of our Trustees. Jennifer Bethlehem, Nina Bibby, Nicky Bishop, Sandeep Katwala and Michael Marrinan joined the Board of Trustees this year, as well as Dr Benjamin Jacobs and Professor Mary Rutherford joining as Associate Trustees. They bring an exceptional depth of experience to the charity and reflecting our commitment to having the strongest governance focus and processes. I'd like to thank Steven Sharp, who stepped down this year, for his contribution as a Trustee.

As we round-up another year, it is important to recognise the contribution of our staff. They have a passion and drive to make us the best that we can be, and in turn make better futures for more seriously ill children and young people. Together, with our incredible supporters and volunteers, we will continue to help GOSH transform the lives of many thousands of children from all over the UK and across the world.



John Connolly 18 July 2017
Chairman of Trustees
Great Ormond Street Hospital Children's Charity

Objectives and activities

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

a) the hospital services (including research) of GOSH* and

b) any other part of the health service associated with GOSH as the Trustees think fit*

*provided that such support is not of a kind that would ordinarily be given by the statutory authorities.

To achieve this, the charity makes grants to fund the following areas:

Pioneering research

pioneering research, from revolutionary gene therapy to tailor-made organs for transplant, to find treatments for the most complex childhood illnesses.

Advanced medical equipment and systems

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

Child and family support

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

Rebuilding and refurbishment

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

The NHS can only do so much. It meets the day-to-day running costs of the hospital, but GOSH relies on the support of all of the charity's donors and volunteers to go above and beyond, pioneering new treatments for more children and providing the extraordinary care the hospital is so well known for.

Lewis, age four, from Surrey, on the isolation ward at GOSH.

Pioneering research



Kaycee, age five, has a neurodegenerative disorder and is on a clinical trial at GOSH. She is enjoying the sensory room with her dad.

Objective: We aimed to commit £12 million of grants under the new research strategy.

Performance: We committed almost £13 million on research, £1 million more than we pledged.

With your help, in 2016/17 we funded pioneering research to aid discoveries that will improve the lives of seriously ill children now, and in the future.

The year at a glance:

- We **joined forces with children's medical research charity Sparks** to make more money available for vital child health research across the UK (read more on page 12).
- GOSH charity **funded 77 pioneering research projects** at the hospital, the UCL Great Ormond Street Institute of Child Health (ICH) and institutions around the UK. These ranged from searching for the first ever treatment for a rare brain condition and better ways to beat cancer, to creating a transplantable ear from a child's own cells.
- We **helped more children get access to groundbreaking treatments** by building the capacity to run clinical trials and by supporting new ideas that could lead to novel treatments and tests.
- Guided by our research strategy, we **invested in a programme of work that focuses on special stem cells** that can be created from a patient's own tissues, like skin, which could hold the key to treating many conditions.
- And we **began a global search for world-leading cancer professors** to join GOSH.

"Without the staff working hard to develop these new drugs and treatments, my life would be very different to how it is now."

Joe, GOSH patient

With support from our wonderful donors in 2017/18 we will:

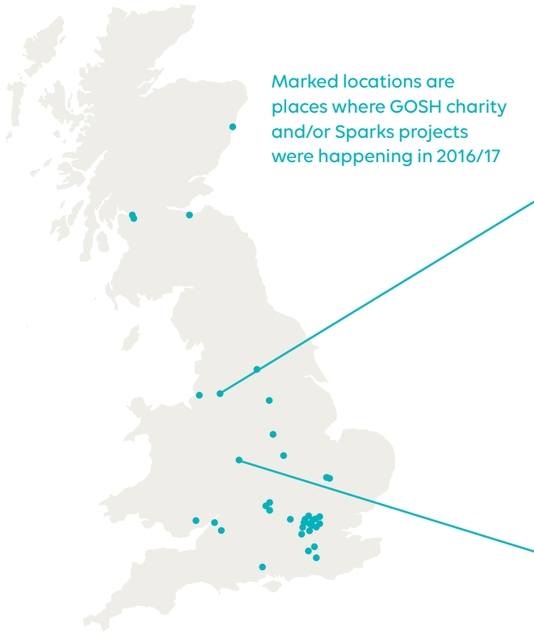
- allow GOSH surgeons to operate on a baby with spina bifida while still in the womb, for the first time in the UK.
- invest £1.5 million to find new and better ways to treat children with cancer, by improving GOSH's ability to run clinical trials.
- fund a much-needed programme to train the next generation of surgical scientists, who will carry out innovative research alongside their clinical work.

The new GOSH charity family

In February 2017, Sparks, the children's medical research charity, merged with the charity.

Sparks was set up in 1991 and to-date has funded almost 300 child health research projects across the UK and overseas. Sparks will continue to raise money exclusively for child health research across the UK, in a joint funding initiative with GOSH charity.

From 2017/18 we will merge our national research funds, making up to £2 million available annually. This will be the largest fund in the UK dedicated to child health research and will benefit children at GOSH, nationally and around the world.



Marked locations are places where GOSH charity and/or Sparks projects were happening in 2016/17



GREAT ORMOND STREET HOSPITAL CHARITY

The race to find the first ever treatment for a rare brain condition

Professor Yanick Crow, University of Manchester

Labrune syndrome is an exceptionally rare and devastating condition that affects the blood vessels in the brain. There is currently no cure. Symptoms start in early childhood, and some patients lose their lives to the disease. With our funding, Professor Crow will use his discovery of the genetic mistake behind Labrune syndrome to offer the hope of treatments in the future. More immediately, his work will lead to a simple diagnostic blood test, giving patients and families the answers and support they need more quickly, without the need for brain biopsy.

"Support from GOSH charity has allowed us to take advantage of a major opportunity to not only improve the diagnosis of Labrune syndrome, but to work towards the first ever cure."

Professor Yannick Crow

Sparks
Children's medical research

Could a bone-forming super-gel improve cleft palate treatment?

Dr Richard Shelton, University of Birmingham

Children born with a severe cleft lip and palate undergo a painful operation at the age of eight to repair the gap in their gum. The operation involves taking bone from their hip and transplanting it into their jaw. Dr Shelton wants to create a new, kinder treatment that would spare children the pain, complications and long-term effects of the operation. His groundbreaking technique involves injecting the site with a liquid gel that sets in the body, which contains cells that have been programmed to form bone tissue. This project will test the technique in the lab and prepare it for use in the clinic.



"The support from Sparks is incredibly important, it means we can develop research that could lead to a solution for so many patients."

Dr Richard Shelton

Advanced medical equipment



Isita is five years old and is having cancer treatment at GOSH.

Objective: We planned to make at least £7 million available to help the hospital secure the latest advances in technology and equipment.

Performance: We achieved our goal and have committed £37.8 million, the majority of which will help GOSH to purchase a new digital system that will revolutionise patient care and research at GOSH.

With your help, this year we provided high-tech hardware to ensure children at GOSH have access to the least invasive and most effective treatments.

The year at a glance:

- From new patient monitors and life-saving defibrillators, to the latest equipment that helps diagnose genetic conditions quickly, this year we **provided vital tools to help GOSH go above and beyond for its patients**.
- We **funded four of the latest ultrasound scanners**. One will help to diagnose heart problems in babies before they are born, another will assist in sight-saving operations.
- Some of GOSH's operating theatre equipment needed updating, so we **provided funding to put the most up-to-date kit at surgeons' fingertips**.
- We **funded a high-tech scanner** that allows surgeons to view a patient's spine in multiple dimensions during complex spinal surgery.
- We have **committed £31.5 million to a new, much-needed, digital project** that will enhance the experience and care of all patients and families and fuel life-changing research.

"Thanks to a specialist scan at 20 weeks, my son's heart condition was diagnosed early and they were able to continue to monitor us both throughout my pregnancy."

Lucy, GOSH Mum

With support of donors in 2017/18 we will:

- purchase new specialist equipment to expand the intensive care units, allowing the hospital to help more critically ill babies and children.
- support work on a brand new scanning facility that allows surgeons to get images during brain surgery, giving each child the best chance of a successful operation.
- provide state-of-the-art equipment to help doctors diagnose and treat heart conditions without the need for open-heart surgery.

The future at our fingertips: Digital innovations to transform patient care

GOSH has embarked on a new digital project that will enhance the experience and care of all patients and families and fuel life-changing research.

Technology is advancing at an unparalleled rate. With funding from the charity, the hospital can now take advantage of this to give every child and family the best care possible.

The systems we are helping to purchase will provide a single, comprehensive clinical record for each patient, which is fully integrated with medical devices and systems used by other clinicians and carers within the NHS. It will provide a digital connection with patients at home to enable the delivery of innovative care and provide information prior to appointments.

Housing all patient data in one place will ensure clinicians have the most up-to-date information on all patients and their specific needs. Clinicians will also have access to the latest research evidence through the system, supporting complex clinical decision-making and helping to ensure consistent standards of care across the hospital. The system will allow real-time 24-hour monitoring of patients in the hospital, and also others who are at home, alerting if action needs to be taken, and gathering information for research.

This comprehensive data will drive a research and innovation platform, which will enable GOSH to carry out research more effectively. We will be able to mine the vast volumes of gathered data to find new ways to diagnose or treat complex conditions and could lead to prediction of catastrophic events like cardiac arrest.

Over 200 hospital staff have been involved in the plans to implement this electronic patient record and research system, which will be one of the most important investments the hospital and charity will ever make. It could even allow GOSH to employ new technologies including virtual reality and robotics.

For the first time in GOSH history, we'll be able to collect – in one place – all information on every aspect of care, for every child at the hospital, giving a better hospital experience for each child and each family. The ability to analyse that information will kickstart a new age of data-driven research, transforming the speed and type of medical investigations we can undertake.

Neil Sebire, Chief Research Information Officer and Professor of Paediatric and Developmental Pathology

Child and family support



Pelesmenia, age nine, and her mum, Esmenia, get a lot of support from their charity-funded Play Specialist, Sasha Morris.

Objective: We aimed to spend more than £5 million to maintain and develop new projects that provide vital support to patients and families.

Performance: We achieved our goal and have spent £5.8 million in the year.

With the help of our donors and volunteers, in 2016/17 we continued to provide services to ease the burden on families, raise spirits, and support children and young people through their treatment.

The year at a glance:

- From **providing free accommodation for parents to funding GOSH Arts projects** that lift spirits, in 2016/17 we helped make hospital life better for more families.

- We continued to **fund the hospital's much-loved Play Team**. They use play to help children come to terms with being in hospital, ease their worries about procedures and treatments, and let children be children, even while they're ill.

- We **funded an innovative system to collect on-the-spot feedback from patients and families**. This will allow hospital staff to act on feedback much more quickly, making GOSH better for everyone.

- We continued to **cover the costs of GOSH's parent accommodation**. This is particularly important for those parents whose children are being treated in intensive care, and those who have travelled long distances to be at GOSH.

397

families were supported by the hospital's Citizens Advice Service (funded by the charity), from advice on debt to guidance on housing issues.

With help from our many donors in 2017/18 we will:

- fund new projects designed to enhance and innovate in our provision of child and family support.
- enable more parents to stay close to their children, by supporting existing parent accommodation and taking on running-costs for new properties.
- continue to fund teams and activities that support patients and families, including the Play Service, GOSHArts, Social Care Service and patient parties.

GOSH's toy-toting superheroes

Spend any amount of time at GOSH and you'll soon notice a legion clad in purple and lilac, moving purposefully around the hospital carrying teddies, buckets of bricks or stacks of books. This colourful crew is the Play Team, who are dedicated to bringing fun into the hospital and making life as normal as possible for the children who need to be there. They can ease a child's anxieties about being in hospital and even help them to recover more quickly.

The team consists of Play Specialists and Play Workers, who work together to share their unique expertise in childcare and play.

THE WAY WE PLAY

Bringing fun into the hospital
Letting children be children, and helping them to feel comfortable, relaxed and engaged.

Supporting the whole family
Supporting parents and carers by explaining complicated illnesses to children. The team also make time to play with siblings.

Making milestones fun
Delivering activities to help a child progress and develop, which complements the work of GOSH school and pre-school activity centre.

Preparation for procedures
Using techniques like role-play and drawing to help the child understand their illness or treatment and what will happen to them in hospital.

Distraction during procedures
Using activities to redirect a child's attention during procedures that are invasive, painful or upsetting, helping to ensure that they get the treatment they need.

Easing anxieties
Using therapeutic techniques to help children relax or to overcome things that are upsetting them, such as needles.

Myla, age ten, sharing a joke with Play Specialist Lynsey Steele.

38

The charity covers the cost of 38 Play Specialists and Play Workers, as well as training and toys.

180

In 2016/17, the Play Team interacted with more than 160 patients and siblings each day.

"If you take play away from a child, it's totally abnormal. That's what we're here for: to try and put some normality back in an environment that isn't normal to a child. We show them they can have fun and be in control in hospital."

Janet Holmes, Senior Play Specialist

Rebuilding and refurbishment



The new Premier Inn Clinical Builidng will include a new cardiac ward, benefiting patients like **Connie**, age three, from Essex.

Objective: We planned to progress construction of the Zayed Centre for Research and to complete conversion of buildings acquired in April 2016 to parent accommodation.

Performance: Work began on converting a recently acquired building to a new place for parents to stay close to the hospital in Sandwich Street, and the construction of the Zayed Centre for Research continued to progress towards its planned 2018 completion.

With the support of the charity's many donors, GOSH's redevelopment programme continued with the creation of patient-centred spaces to deliver world-class care for some of the UK's sickest children.

The year at a glance:

- **Construction continued of the Premier Inn Clinical Building**, the final part of the Mittal Children's Medical Centre, due to open in late 2017, which will provide 107 new inpatient and ICU beds, 35 daycase spaces and facilities for parents of very sick children to stay and sleep by their bedside.
- A cast of Disney stars have been making their way into an outdoor space, **completing an interactive play area** that will remain under wraps until September 2017.
- TV's DIY SOS took on a challenge with a difference – **transporting an award-winning garden from the RHS Chelsea Flower Show across London to GOSH**.

"The garden is somewhere to escape to. It is a wonderful contrast to the harshly lit, sterile environment of intensive care, and so quiet and calm compared to the constant beeping of machines."

Sara, GOSH Mum

With your support in 2017/18 we will:

- complete the Mittal Children's Medical Centre, by opening the Premier Inn Clinical Building, enabling GOSH to treat more patients than ever before.
- open comfortable new accommodation, just 10 minutes' walk from GOSH, for parents who may have travelled long distances or have a child in intensive care.
- progress construction of the Zayed Centre for Research, bringing us closer to the promise of bigger facilities with more room for groundbreaking research.
- support initial work to convert one of our historic buildings into a new sight and sound clinical centre.
- continue to scope the next phase of GOSH's redevelopment – the main entrance and surrounding buildings.

Five years of the Morgan Stanley Clinical Building – the first part of the Mittal Children's Medical Centre

As the Morgan Stanley Clinical Building, the first part of the Mittal Children's Medical Centre, reached its fifth birthday in June 2017, we look back at some of the patients that have passed through its corridors.

GOSH surgeon Richard Hewitt has seen the benefits of the building first hand: "Patients in the Morgan Stanley Clinical Building have their own, quiet rooms, helping them to get a proper night's sleep. We know from research that proper sleep can help children recover more quickly, and I've seen myself that these children go home sooner and that their families are less stressed – that's good news for everyone."

"Koala Ward is an incredible place - lovely, light and airy with a real family feel to it. Emily liked to ride round the ward in a little push-around car, and the play facilities were great"

Ashley, Emily's Dad

Since the Morgan Stanley Clinical Building opened in June 2012:

422

children have been treated for kidney conditions in our dedicated unit

6,081

patients have been treated in the Heart and Lung Centre

13,000

procedures have taken place in its four state-of-the-art operating theatres



Monroe is two years old and having tests for suspected epilepsy.

A breath of fresh air for patients, staff and families

In May 2016, the TV home improvers from DIY SOS worked with an army of volunteers to move mountains – of soil! They transported an entire garden, including more than 2,000 plants, four miles across central London from the RHS Chelsea Flower Show to a rooftop courtyard at the heart of the hospital.

The award-winning Morgan Stanley Garden, designed by Chris Beardshaw, was hefted into its new home with the help of 200 volunteers and 73 crane lifts.

The garden opened in September 2016 and has endured the test of a British winter, providing a place for visitors to rest and reflect, at any time of the year. Staff, patients and families can relax under the garden's shelter or walk around its paths, enjoying a peaceful atmosphere away from the buzz of the hospital.

"A tranquil space, where you can just 'be' and not have to make any decisions or think about anything is very rare in hospital and it is probably the thing you need most."

Lyn, GOSH Mum



Volunteering

We've worked hard over the last year to ensure we understand and look after our diverse volunteer workforce and recognise the contribution that they make within the hospital and in charity fundraising. We have focused on embedding good volunteer management practices to support these amazing individuals and to measure the impact that they make.

At the hospital

In 2016/17, more than 1,000 hospital volunteers provided emotional and practical support for staff, patients and parents, as well as bringing some fun to a hospital stay for many children. Working across 72 different roles, ranging from play volunteers and befrienders, to information desk volunteers and ward administrators, the GOSH volunteers are recruited and managed by the hospital. This year they contributed more than 4,000 hours per week, generously sharing their time, skills and energy with the hospital.

For the charity

From individuals to whole companies, hundreds of charity volunteers provided vital support for our fundraising activities and were integral to the success of our events.

In 2016/17 our team of volunteer community ambassadors grew to 126, supporting and inspiring thousands of others in their support of the hospital. And our Corporate Partnership Board and fundraising leadership boards, whose volunteers number nearly 200, raised much-needed funds for a range of projects across the hospital.

During the last year, the number of our own employees who volunteered increased to more than 70%, a testament to the level of dedication that the charity's staff have to the hospital.





Governance

Fundraising and governance

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

Objective: Continue to evaluate and invest in our controls and governance procedures to ensure that we warrant and maintain the trust of our donors, supporters and regulators.

Performance: Ongoing. We have invested in and further strengthened our controls and will continue to do so in order to maintain best practice. We acknowledge the penalty we received from the ICO and have ceased all of the activities criticised in its report.

Principal fundraising activities

The charity benefits from a very broad and diverse supporter base who donate in a wide variety of ways. In 2016/17 these included:

- Regular donations - more than 176,000 supporters (2015/16: 164,000) made regular donations, usually on a monthly basis.
- Individual donations – for example, from supporters responding to a specific major charity appeal, attending an event, entering a raffle or buying merchandise.
- Community fundraising - 3,202 community based activities or challenge events took place in support of the charity, often organized by a patient's loved ones. And many people participated in large events, such as the Virgin Money London Marathon, to raise funds for the hospital.
- Corporate fundraising - 66 corporate partners chose to give donations to the charity, delivering cause-related marketing programmes and/or engaging with their employees to help raise funds for the charity.
- Legacies – we received 570 legacy gifts this year (541 in 2015/16), where supporters have chosen to give a gift to the charity in their Will.

Fundraising code of practice

As a fundraising charity, we depend upon the generosity of our donors to be able to raise funds for GOSH. Therefore, we are acutely aware of how critical it is to maintain the trust of our donors. We know that it matters to people not just how we spend their donations, but how we go about raising funds.

We are committed to the highest standards of good governance. We adhere to the Code of Fundraising Practice and have registered with the newly formed Fundraising Regulator. In addition, we are members of the Institute of Fundraising.

During the year we published a new supporter commitment, setting out our promise to always strive for sector-leading standards in fundraising practice. This commitment is built into our five-year strategy and a committee, chaired by the Chief Executive, meets fortnightly to review performance against this standard.

Standards and monitoring

We endeavour at all times to exercise the highest standards and good governance and continually review and improve our resources and practices. This is one of the fundamental enablers in our five-year strategy and is firmly embedded within the charity's values.

Throughout the past year, we have strengthened our systems and processes in terms of governance, risk management, compliance and planning. We continue to undertake ongoing and regular monitoring both of our own practices and those of our agencies and third parties. In 2017 we established a new sub-committee of the Board: the Governance, Reputation and Risk Committee. On behalf of the Board, this committee has assumed responsibility for oversight, scrutiny and governance of matters relating to fundraising, regulation and reputation and all non-financial risks.

We have increased our focus on auditing and monitoring of governance and compliance by redeveloping our internal review programme of compliance against the Code of Fundraising Practice and incorporating governance reviews into our internal audit programme (undertaken by Grant Thornton, independent auditors). We have increased our involvement and engagement in sector-wide standards initiatives, including the recent appointment of our Director of Marketing and Public Fundraising to the Institute of Fundraising Standards Advisory Board.

Our supporter commitment

We have reviewed our supporter commitment to ensure it is clear, and we published the latest version in May 2017. The commitment states the standards we set ourselves for every interaction with our supporters and the public.

Our key pledges to our supporters are:

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

The full supporter commitment is published on our website www.gosh.org/about-us/our-fundraising/our-supporter-commitment.

Complaints

We sincerely regret that supporters and the general public occasionally have the need to raise complaints. However, when this happens we treat complaints very seriously and ensure that all complaints are properly investigated and a that a full and appropriate response is given. We also take time to reflect on our processes and practices and, in the light of complaints, identify ways to further strengthen and improve them, recognising that we do not always meet the high standards we wish to be recognised for.

In 2016/2017, our Supporter Care team received a total of 526 complaints – regrettably this reflects a significant increase (34%) on the number of complaints received in 2015/2016 (392). This increase principally reflects higher levels of activity in our direct marketing fundraising, in particular door to door fundraising. We understand that some people do not like this method of fundraising and we regret and apologise where its use causes any offence or upset. In cases where our investigation shows that methods or behaviours of third party fundraisers have not meet our expectations we take steps to ensure that appropriate follow up action is taken either to retrain or discipline persons responsible.

However, the income we raise from direct marketing income remains very important to our work, and without being complacent on the number of complaints we receive, it is below the mean ratio reported for the charity sector by the Fundraising Standards Board (FRSB) in their 2015 report. Despite this, we will continue to work to further improve processes and controls and to achieve the highest standards in all of our fundraising and maintain the trust of all our supporters.

Treating people fairly

We recognise that every individual is unique in their background, experience and circumstance and every interaction between the charity and members of the public is different. We continue to require all our staff, agencies and other third parties working on our behalf to help protect those who may be vulnerable or be in a vulnerable circumstance.

Our Treating People Fairly policy includes guidance on how to identify indicators that an individual may require additional care or support to make an informed decision, and to assess whether it is appropriate to accept a donation or continue a conversation. During 2016/2017 we implemented a training programme for fundraising staff and our third party agencies on treating people fairly, which supports our policy and commitment to making fundraising a positive experience for everyone.

Data protection and information governance

We are committed to ensuring compliance with privacy legislation, working to a culture that puts the individual first and foremost. During the year, we updated and reviewed the charity's privacy policy, relaunching a new version in May 2017. We are also reviewing and updating the data protection statements used in our marketing materials to ensure these are as clear as possible for donors and supporters.

In April 2017, following a review with our Trustees into our practices for obtaining consent for telephone fundraising, we implemented a permission-based model. This means that we need prior consent before telephoning a potential donor.

In 2016 we began to prepare for the new General Data Protection Regulations (GDPR), which will come into effect in May 2018. We have developed a privacy management framework that outlines how we will ensure the privacy of our donors and supporters through a three-tiered model that encompasses:

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

In addition, we have developed proceedures to allow individuals to choose how and when they wish to be contacted by us through registration with the Fundraising Preference Service, launched on 6 July.

Information Commissioner investigation into charity practices

The Information Commissioner's Office (ICO) concluded its investigation into charity practices in early 2017. We were one of the charities to be issued with a monetary penalty notice for data breaches which was paid by a small group of supporters. Although we were disappointed with the decision, in the period since the investigation began (mid-2015), we have taken a number of steps to review and improve practice including:

- All of the activities criticised by the ICO have ceased.
- We have reviewed all our practices against the Code of Fundraising Practice and updated our methodology behind assessing compliance with the Code on a regular basis. This ensures we accurately and efficiently capture our compliance through a rolling programme of self-certification and review.
- We have strengthened our compliance resources, systems and processes.

We take our responsibilities to our donors and supporters extremely seriously and sincerely regret any distress caused by fundraising activities in the past.

Fundraising on our behalf

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



Kaycee, age five, with her mum and dad during treatment for Batten disease.

Financial review

Objective: Deliver total income of £98 million, including over £93 million from fundraising, and a cost:income ratio of not more than 30% over a five-year period.

Performance: Achieved in part. We had a strong financial performance, exceeding our target with total income of £101.8million. However, at £88 million, fundraising income fell short of our target by £5.7 million due in the main to slower progress on the construction of the Zayed Centre for Research with related donations being due when milestones are achieved. The short fall in fundraising income was offset by outperformance in our investment portfolio. We achieved a sub-30% cost to income ratio in 2016/17 and over the past five years.

Income

Total income including gains/(losses) on investments was £101.8 million (2015/16: £91 million). The principal funding sources of the charity with comparisons to the target for 2016/17 and the previous year are shown alongside.

In the year to 31 March 2017, income (excluding investment income) remained strong at £93.3 million (2015/16: £93.8 million). Donations at £68.4 million were £5.7 million higher than 2015/16, driven by increases in corporate partnerships, community fundraising, individual giving and major gift fundraising. We continued to benefit from the generosity of a large number of legacy donors although overall legacy income was down against 2015/16, mainly due to one large gift received in 2015/16. Property income was lower this year due to a one off grant from The Higher Education Funding Council for England (HEFCE) of £5 million that was received in 2015/16 as a contribution to the Zayed Centre for Research.

In addition, in 2016/17 there were significant gains in the values of our investments with realised and unrealised gains of £8.5 million (2015/16 loss of £2.8 million) principally driven by market movements following the EU membership referendum.

On 1 February 2017 GOSH charity merged with the Sparks charity. Sparks was acquired at no cost to the charity and so a donation of £1.4 million, representing the Sparks net assets, has been recorded as income on acquisition.

Income	2016/17 actual £ million	2016/17 target £ million	2015/16 actual £ million
Donations	68.4	77.3	62.7
Legacies	14.1	14.0	17.8
Trading	5.5	2.4	4.0
Total fundraising income	**88.0**	**93.7**	**84.5**
Investment income (realised)	1.9	2.7	2.6
Property and other income	2.0	1.6	6.7
Sparks income	1.4	-	-
Income before gain/(loss) on investments	**93.3**	**98.0**	**93.8**
Gain/(loss) on investments	8.5	-	(2.8)
Total income including investment gains	**101.8**	**98.0**	**91.0**

Income 2016/17

67% Donations

14% Legacies

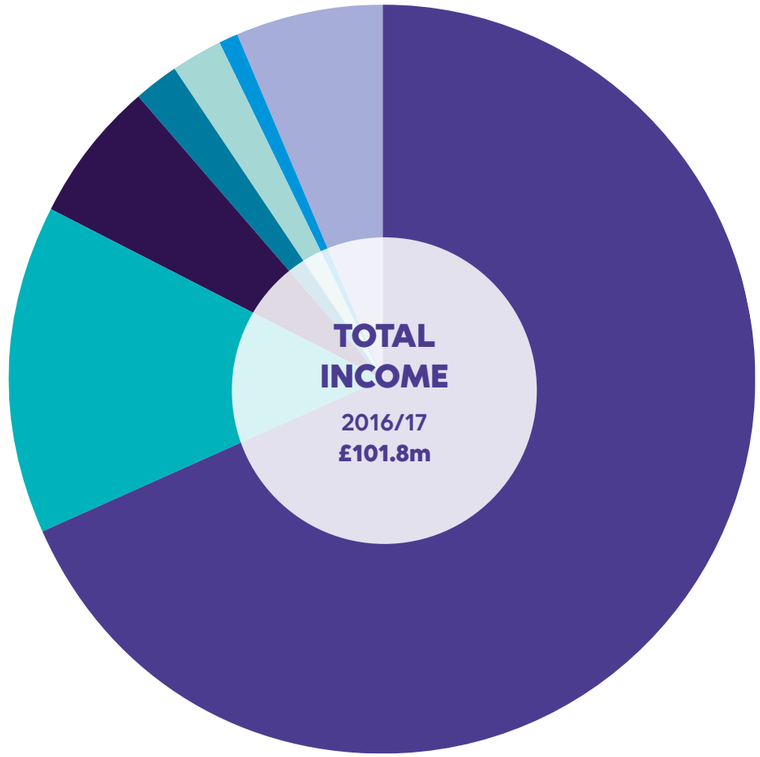
6% Trading

2% Investment income (realised)

2% Property and other income

1% Sparks income

8% Gain/(loss) on investments



72.5P
OF EVERY POUND GOES TO CHARITABLE ACTIVITIES

£101.8M
TOTAL INCOME EXCEEDING TARGET BY £2 MILLION

Use of funds generated

The chart shows how the charity applied the 2016/17 income plus funds raised in prior years. The total expenditure and commitments in the year of £109.6m were funded by £101.8 million generated during the year and £7.8 million contributed from funds raisied in prior years.

Commitments and expenditure made for charitable activities in 2016/17 totalled £59.2 million (2015/16: £27.1 million). The most significant area of increase was in medical equipment and systems, with commitments of £37.8 million in 2016/17 (£4.1 million in 2015/16). This increase is largely accounted for by the charity's contribution of £31.5 million to the hospital's new Electronic Patient Record (EPR) system. As at 31 March 2017 the charity's contribution to this system, which will improve all aspects of patient experience and care and fuel ground breaking research, had been committed but not yet spent.

Funding is provided for research, medical equipment and systems, and patient, family and staff support on an annual basis – in 2016/17 funding of £59.2 million was provided for these charitable activities. However, commitments are only made to the hospital's redevelopment and major patient related projects when they are ready to proceed. Consequently, the actual funding relating to the redevelopment and major project commitment may extend over a number of years, giving rise to significant variations in redevelopment expenditure from one year to the next. In 2016/17 no new commitments were made to major redevelopment projects.

In addition, in 2016/17 the charity spent a further £15.9 million (2015/16: £4.1 million) on its own development project, the Zayed Centre for Research, and £6.3 million on the acquisition of two properties in Sandwich Street, which are being converted and refurbished as parent accommodation. Accounting rules require this expenditure to be capitalised and, therefore, not reflected in charitable expenditure (see note 9 to the financial statements). In total our charitable expenditure including the charity's capital projects was £81.4. million.

A total of £28.2 million (£18.8 million of fundraising costs and £9.4 million of governance and support costs) was required to enable us to raise our fundraising income, invest for future growth and ensure that appropriate controls and governance were maintained and strengthened. Ongoing focus is given to ensuring that the charity maximises the cost effectiveness of its activities, obtains value for money and provides the highest standards of supporter care and compliance. Governance and support costs includes CRM project cost write offs of £1.8 million.

Use of Funds Generated	2016/17 actual £ million	2015/16 actual £ million
Research	13.6	14
Medical equipment and systems	37.8	4.1
Patient, family and staff support projects	5.7	6.6
Accommodation and other	2.1	2.4
Charitable activities expenditure and commitments	**59.2**	**27.1**
Charity asset redevelopment - ZCR	15.9	4.1
Parent accommodation - capital	6.3	-
Charitable activities including charity capital items	**81.4**	**31.2**
Fundraising expenditure	18.8	16.9
Governance and support costs	9.4	7.4
Total expenditure and commitments including charity capital items	**109.6**	**55.5**

Use of funds generated 2016/17

12%
Research

34%
Medical equipment and systems

5%
Welfare and clinical redevelopment

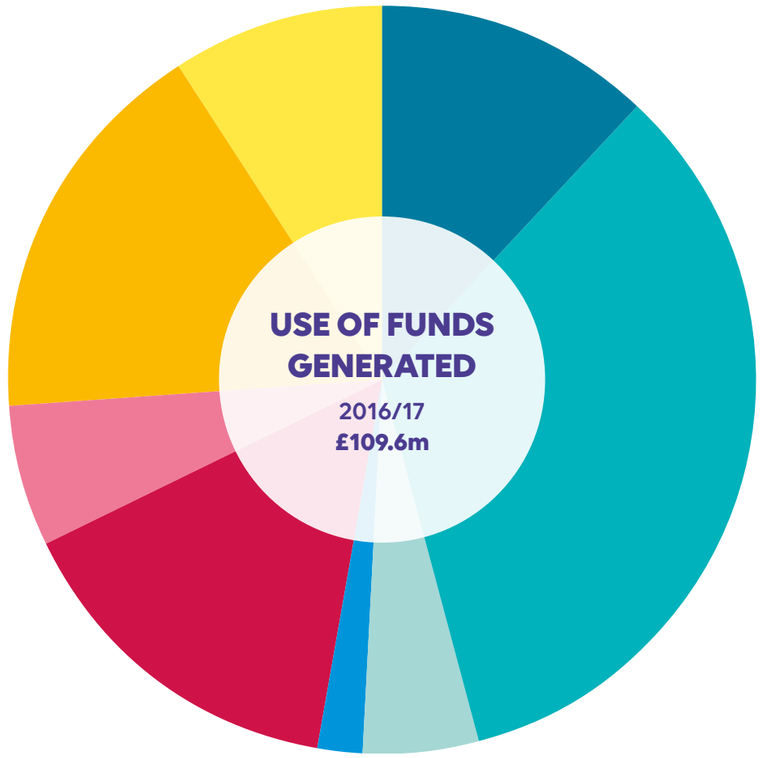
2%
Accommodation and other

15%
Charity asset redevelopment–ZCR

6%
Parent accommodation –capital

17%
Fundraising expenditure

9%
Governance and support costs



£31.5m
COMMITTED TO PATIENT RECORD SYSTEM

£22.2m
SPENT ON ZCR AND PARENT ACCOMMODATION

Grants policy

The Grants Policy provides an overarching policy for the charity's grant-giving activity, including a description of our quality assessment processes across each area of charitable funding. The policy outlines the strategic vision and framework for deciding how to award funding to areas of greatest need that will have most impact for the children at the hospital. The principles and steps set out in the document have been developed in consultation with the hospital and provide a guide to Trustees to help inform their decision making.

Fundraising, governance and support expenditure

The total costs of raising funds and operating the charity increased to £28.2 million (2015/16: £24.3 million).

The increase in expenditure incurred raising funds principally reflected the higher levels of direct market fundraising activity, which in turn contributed to the increase of £5.7 million in donations (excluding legacies). Despite a time lag, we see a clear correlation between investing in raising funds (from direct marketing) and higher levels of ongoing regular income. There was also an increase in community fundraising costs due to the need to build and develop new events. Additional expenditure was incurred in support of the increased fundraising activity and to ensure the charity operates at the highest levels of governance and compliance. Consequently, the charity has had to incur additional support expenditure, primarily in operations, brand marketing, IT and strengthening the charity's governance capability.

Expenditure on operations and raising funds	2016/17 £million	2015/16 £million
Fundraising	18.8	16.9
Governance, operations and support	9.4	7.4
Total	**28.2**	**24.3**

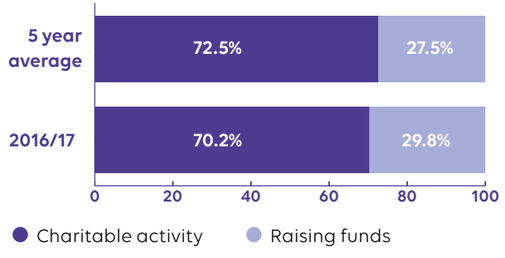
Cost:income ratio

To ensure we maintain the trust and support of our donors, it is very important the charity operates efficiently.

An important indicator of the charity's efficiency (and ensuring that the maximum amount donated is available for charitable activities) is the charity's cost:income ratio (explained underneath the graph below). As well as making annual calculations, we monitor and report the cost:income ratio over a five-year period. We do this because the ratio inevitably varies from year to year due to the availability of large scale projects against which to raise specific funds (particularly from major donors and corporates), giving rise to fluctuations in the amount of annual income we receive, and changes in the amount we invest each year in raising funds. The five-year average gives us a truer picture of the long-term relationship between charity costs and income raised.

The Board of Trustees has set a target of ensuring the costs of fundraising are limited to an average maximum of 30% of total income over a five year period. This means that an average 70p or more in every £1 donated over a five year period should be available for charitable activities. The graph below shows that we have met our 30% target this year and over the past five-year period. The increase in costs in 2016/17 reflects the investment in fund raising and governance made by the charity this year, laying the foundations for higher income in the coming years.

The cost:income ratio is calculated as follows:
Cost: expenditure on raising funds, governance,



support and operations (£28.2 million) less investment management costs (£0.2 million) and CRM project cost write offs (£1.8 million).

Income: income before gains (losses) on investments (£93.3 million) less investment income (£1.9 million), Sparks income (£1.4 million) and property income (£1.7 million).

All income and expenditure not directly related to fundraising are excluded. This includes investments and property. The CRM cost is excluded as it relates to a one-off impairment in the year, not ongoing operational costs.

Tangible fixed assets

Tangible fixed assets of £159.5 million (2015/16: £138.2 million) mainly consist of properties owned by the charity and used for clinical, residential and administrative purposes by the hospital. Certain of the residential properties are let to key hospital employees to assist the hospital with staff recruitment and retention. Others are provided, free of charge, to parents of children undergoing treatment at GOSH. In addition, tangible fixed assets include the Guilford Street site that is being developed into the Zayed Centre for Research, the construction costs of which are included in assets under construction (£15.9 million in 2016/17). In 2016/17 the charity also had the opportunity to acquire the freehold of two houses in Sandwich Street, which are being converted to parent accommodation.

A full valuation of the property portfolio was carried out at 31 March 2014, the results of which are reflected in the balance sheet value of tangible fixed assets. An impairment review was carried out in 2016/17, following which no changes to valuations were deemed necessary. The two clinical properties in the portfolio, Octav Botnar Wing and the Frontage Building, are valued on a depreciated replacement cost with deferment basis. The deferment basis takes into account the 30-year charitable leases that the charity entered into with the hospital in October 2009. This has the effect of expensing the charitable grant as an assignment of the lease.

Investment policy and performance

The investment policy of the charity is risk averse, with the Trustees' first priority to preserve capital in order to meet existing and future commitments on capital programmes and other grants made. The Investment Committee, a sub-committee of the Board, continues to review the charity's investment policy and strategy and, in compliance with the policy, explore ways of improving investment returns that minimise the risk of capital loss to the charity. The Investment Committee reviewed the composition of the investment portfolio in the current year and made a decision to sell its fixed income bond portfolio at a value of £40.7 million, and reduce the equity portfolio holding by 10% to realise £6.7 million. This was considered appropriate given the long-term nature and size of the charity's commitments and intentions. The Investment Committee will continue to review the allocation of the investment portfolio on a periodic basis.

The charity uses the services of a number of investment managers, dependent on the investment type. The charity's investment managers follow strict investment guidelines in line with the charity's moral and ethical policy, which specifies that the charity does not invest in tobacco, arms manufacturing, or any stock in which either tobacco or arms manufacture are the main or a material element. The Investment Committee monitors the performance of the charity's investment managers closely and was satisfied with the performance of the total investment portfolio in 2016/17, which showed an overall gain of 4.7% over 12 months, 1.6% above the overall RPI benchmark of 3.1%. The long-term portfolio, which holds the risk assets that the charity invests in, made significant gains in the year with an increase of 21.9% against a benchmark gain of 20.7%. A 0.5% return on the short-term portfolio, which is made up of cash assets and other low risk investments, was just below the 0.7% benchmark (12 month LIBOR).

The value of the long-term portfolio at 31 March 2017 was £43.0 million spread across a number of funds managed by Blackrock, Ruffer and Investec. The short-term portfolio of £157.6 million is held across a number of direct deposits with UK banks, investments with Royal London Cash Management and a short-term fixed income portfolio managed by HSBC. These short-term funds are retained to meet the charity's commitments over the next three to four years.

During 2016/17, there were significant gains in equity markets although this was offset by the continuing low-interest environment. Net income, gains and losses earned from the charity's investments totaled a net gain of £10.4 million (2015/16: loss of £0.2 million), split between income of £1.9 million (2015/6: £2.6 million), and realised and unrealised gains of £8.5 million (2015/16: loss of £2.8 million), which are recognised as net income in the statement of financial activities.

Funds

The charity's total funds increased by £14.4 million to £307.4 million at 31 March 2017 (31 March 2016: £293 million). These funds are required to finance the charity's substantial existing commitments and anticipated future activities, including the Zayed Centre for Research, other redevelopment projects, parent accommodation projects and the charity's research and innovation strategy. After allowing for



Humaira, age five, in the playroom whilst waiting for an oncology appointment.

these existing plans, general charity reserves (that is funds not restricted, endowment or designated in respect of use) amount to £32.4 million, which the Trustees consider to be an appropriate level, considering the charity's scale of operations and contingent liabilities.

Restricted funds

The charity holds a number of different funds to support specific activities chosen by donors, which fall within the objectives of the charity. At 31 March 2017 there was £12.9 million (2015/16: £2.2 million) in restricted funds. This includes a deficit of £5.6 million in the redevelopment fund for the Premier Inn Clinical Building, arising as a result of the £84 million commitment having been made to this project in 2013/14 for which fundraising is ongoing. The current shortfall in funding for this project can be more than covered by the unrestricted designated redevelopment funds (see note 19 to the financial statements). The Trustees expect to receive further restricted funding for the building prior to its completion, allowing for designated funds to be released to support other key priorities. Also included in restricted funds is £3.7 million held in special purpose funds, restricted for specific areas of work, some of which are detailed in note 19 to the financial statements.

Endowment funds

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

Unrestricted funds

These are funds that are expendable at the discretion of the Trustees to further the charity's objectives. The charity's unrestricted funds at 31 March 2017 were £293.7 million and included £261.3 million of designated funds. Each year, the Trustees decide whether to designate unrestricted funds raised to the redevelopment of the hospital or to other specific projects to be committed and spent in future years. This helps to provide financial stability for vital areas of work within the hospital.

At 31 March 2017 the Trustees designated unrestricted funds as follows:

- Tangible and Intangible assets (excluding assets under construction) of £141.5 million.
- Redevelopment fund of £94.9 million.
- Research fund of £24.9 million to cover the uncommitted element of the current five-year research and innovation strategy.

Funds	2016/17 £million	2015/16 £million
GOSH CHARITY		
Restricted funds	**12.9**	**2.2**
Endowment funds	**0.7**	**0.7**
Unrestricted funds		
Designated fixed asset fund	141.5	132.6
Designated redevelopment fund	94.9	100.9
Designated research fund	24.9	36.3
General reserves	32.4	20.3
Total unrestricted funds	**293.7**	**290.1**
SPARKS		
Restricted funds	(0.5)	-
General funds	0.3	-
Designated research fund	0.3	-
Total Sparks funds	**0.1**	**-**
TOTAL FUNDS	**307.4**	**293.0**

Sparks

During the 2 month period commitments totalling £1.2 million were made. As a result at 31 March 2017 the restricted funds had a deficit of £0.5 million (31 January 2017 surplus of £0.4 million). Designated funds reduced to £0.3 million (31 January 2017 of £0.6 million) and general funds remained at £0.3 million.

Fixed assets (tangible and intangible)

The charity owns fixed assets, the majority of which are operational properties used by the hospital. As these properties serve a charitable purpose and are not held as investments, they cannot easily be converted

into funds for day-to-day use. Therefore, the Trustees have decided that reserves equating to fixed assets (excluding assets under construction) should be placed in a designated fund (see above), which, by definition, will increase or decrease to reflect the net book value of these assets. If a decision is taken to dispose of any properties, the attributable value is transferred from the fixed asset designated fund to general reserves.

Redevelopment

The Trustees set aside £94.9 million to cover any shortfall arising on the restricted redevelopment fund (including the Premier Inn Clinical Building and the Zayed Centre for Research) and the costs of conversion of the recently acquired parent accommodation buildings and development of a planned new parent accommodation building.

Research

The charity has developed a £42.5 million, five-year research and innovation strategy. Commitments of £17.6 million have been made since 1 April 2015 on research projects, leaving £24.9 million to be granted to relevant projects during the remaining three years of the plan.

General reserves

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

The balance of general reserves at 31 March 2017 was £32.7 million, which included £0.3 million of general reserves in Sparks. The Trustees have reviewed the minimum level of reserves required to meet the higher of operating liabilities of the charity, should it suffer a major downturn in its income, or to effect a managed cessation of activities and to provide adequate cover for contingent liabilities. They have assessed this to be £30 million. Therefore, the Trustees believe the level of free reserves at 31 March 2017 to be appropriate.

Risk management

The Trustees are legally required to minimise significant risks to the charity. Risks are regularly reviewed by the charity's management and Trustees so that necessary steps can be taken to minimise or eliminate them. The key risks for the charity are:

- Project management and control to meet project budgets and timelines for major redevelopment projects in a highly inflationary construction market: the charity employs a range of construction industry professionals to implement best practice and mitigate risks. Where possible we have also tried to negotiate fixed cost contracts. However, the recent highly inflationary nature of the London construction markets has resulted in cost increases.

- Fundraising environment: the potential negative impact on income of both increasing competition for donations and the developing fundraising regulations and public expectations, including the EU data processing legislation. Adopting sector best practice is a high priority for the charity and we are frequently reviewing our practices to ensure they meet or exceed our supporters' expectations. By delivering at the highest standards we hope we will maintain the trust and support of our donors.

- Cyber security: threats from global cyber attacks disrupting charity activities and compromising data. We have implemented several layers of protection for our applications and data and we regularly review our security to ensure it remains best practice and robust.

- Reputation - factors affecting the charity's, hospital's and ICH's reputation impact on our ability to fundraise successfully. Factors may include hospital malpractice, association with a particular donor or more media attention from higher brand exposure. GOSH and the charity share a professional Communications team that works to manage the hospital and charity reputation. There is close communication between GOSH and the charity throughout organisation structures and levels.

- Major and Corporate donor fundraising: The next Phase of the Hospital's redevelopment plan is substantial in scale and will require a number of different funding sources to complete. The scale and complexity of this project requires careful consideration and partnership working and, until final decisions can be made, could, in the medium term, impact the charity's major gift and corporate fundraising. We are working closely with the Hospital to determine the most appropriate funding solution and project programme.

- Volunteers: the charity is extremely fortunate to benefit from the support of a wide range of volunteers including leaders to champion and drive some of the charity's major fundraising initiatives. The Hospital's future ambitions and needs will require significant ongoing support from the charity which in turn will require us to continue to attract the ongoing support of these volunteer leaders and champions. In the current environment, there is increased competition (both from charities and other activities) for the time of external leaders, which can make recruitment challenging.

All activities undertaken by the charity are monitored closely by the Executive Directors, who regularly review and update the risk register. The register is also reviewed at each meeting of the Finance and Audit Committee and the recently constituted Governance, Reputation and Risk Committee. The full Board of Trustees undertakes a detailed review of the risk register at least annually. The Finance and Audit Committee, the Governance, Reputation and Risk Committee and the full Board also undertake 'deep dive' reviews of key areas of risk. Our third party internal auditors carry out an annual programme of reviews of specific charity risks and report to each meeting of the Finance and Audit Committee and the Governance, Reputation and Risk Committee.

Going concern

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

Plans for the future periods

During 2017/18 the charity has a number of significant milestones to be met, as well as some clear targets in our charitable activities as set by our strategic initiatives.

Significant milestones and activities:

- The Mittal Children's Medical Centre and the Premier Inn Clinical Building will open to patients in late 2017.

- Launch of the Discovery Appeal to progress fundraising for our research and innovation strategy, aiming to raise £50 million over 5 years.

- Commence funding for committed infrastructure and capital schemes, including intra-operative MRI, new angiography suite (XMR) and new Spect-CT.

- Investment in the hospital's core EPR and analytics and associated medical research analytics platform.

- Continue the construction of the Zayed Centre for Research into Rare Disease in Children with topping out expected to be in December 2017/January 2018.

- Completion of new parent accommodation units, including Morgan Stanley House in Sandwich Street.

- Progress plans with the hospital for the development of the Italian Hospital building into a dedicated outpatient facility for ophthalmology and audiology patients('sight and sound').

- Progress our national research grant making plans in partnership with Sparks.

Structure, governance and management

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

Legal structure and governing document

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

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

The legal ownership having vested, most of the assets of the original charity were released from the existing trust so that the charity owns them absolutely. The only assets that were excluded are the statutory rights to royalties for Peter Pan in the UK, related contracts regarding to Peter Pan and one property. We will transfer the remaining assets of the original charity in due course and then dissolve it. This change in legal structure had the effect of improving our governance arrangements but has not changed our charitable objects or day-to-day operations.

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

In the current year Sparks Charity (charity numbers 1003825 (England & Wales), SCO39482 (Scotland) and company registration number 2634037) was added to the Group.

Trustees' appointment

The volunteer Board of Trustees currently consists of a Chairman and ten Trustees appointed for their relevant and individual skills and experience. During the course of 2016/17 one trustee resigned and five new trustees were appointed, further strengthening the Board's expertise. Trustees are appointed for a fixed term not exceeding four years. On retirement, they can be reappointed, but no Trustee may remain on the Board for more than nine years. Up to six further Associate Trustees can be appointed as volunteers to work with the Trustees on specific Board committees to increase the expertise available.

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

Responsibilities

The Board of Trustees meets six times per year and is responsible for providing governance for, and leadership to, the charity. It agrees strategic plans for fundraising and other operations and approves the allocation of charitable expenditure. The Board also sets operating plans and budgets and there is a review of operating and financial performance at every meeting. The Chief Executive and Director of Finance and Operations are invited to attend all meetings of the Trustees and other senior managers are invited to attend for presentations and discussions of specific relevant topics. While most of the business of the Charity is conducted at the scheduled Trustee meetings, there are occasional ad-hoc meetings to deal with matters of special interest.

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

Finance and Audit Committee

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

Governance, Risk and Reputation Committee

- Monitor compliance with all governance policies, regulations, laws and sector guidelines.
- Recommend appointment of internal auditors, approve annual internal audit plan and monitor effectiveness of internal auditors.



Two-month-year-old **Phoebe** with her parents, from Cambridgeshire. Phoebe had life-saving open heart surgery at GOSH when she was just five days old.

- Policy-setting and monitoring of all fundraising including: fundraising practices, supporter commitment and use, guidelines, monitoring of third parties and complaint monitoring.
- Review of risk register and risk management policy and monitoring all key non-financial risks of the charity.
- Monitoring the charity's reputation and setting policy for the identification, assessment, management and resolution of material reputational risk to the charity.

Investment Committee

- Monitor the allocation and performance of the charity's long and short term investment portfolios
- Review the appointment of professional advisors annually and evaluate their performance.
- Review the investment strategy and policy and recommend required changes to the Board of Trustees.
- Invest funds in accordance with the investment policy and in support of the Board's financial plan.



Pelesmenia, age nine, with her Healthcare Assistant Abosede Oshimubi during a long stay on the ward.

Property and Development Committee

- Review and monitor the effective and efficient management of the charity's property interests.
- Review and recommend to the Board the strategy for the charity's estate in support of the hospital, ICH and the charity and to monitor its implementation.
- Oversee the charity's disbursements relating to the hospital's property interests.

Grants Committee

- Recommend a research strategy for Board approval and recommend an overall grant making programme and grants strategy for the charity.
- Award and vary grants within the grant-award budget streams approved by the Board as part of the annual plan and ensure such grants are in compliance with the charity's charitable objects.
- Monitor grants provided for all charitable activities and oversee the charity's disbursements programme.
- Assess applications for funding and make recommendations to the Board including those from the Research Assessment Panel (RAP).

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

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

Board performance review

During 2016/17, Lintstock Limited assisted the Board of Trustees with its performance review, involving a detailed self-assessment questionnaire being completed by all Trustees The results of the questionnaire were used as the basis for reports produced by Lintstock, which analysed the performance of the Board and the chairman in his role. The chairs of the Finance and Audit Committee and Governance, Reputation and Risk Committee discussed the report on the chairman and its conclusions with him.

Overall, the performances of the Board and Chairman were seen to have improved since the last review (in 2015/16), however, the review identified a number of areas where improvements could be made. The key areas identified for attention in 2017/18 are in respect of Board dynamics and relationships (reflecting the recent appointment of five new Trustees) and the senior executive succession planning process. The agreed actions to capture improvements have informed the planning for the Board's and Chairman's priorities in 2017/18.

The review of the performance of the Board committees was limited to one question only this year. A more detailed review of the Board and its committees will be undertaken in 2017/18.

Related parties and subsidiary companies

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

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

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

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

Sparks Charity became a member of the group on 1 February 2017.

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

Remuneration

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

Public benefit

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

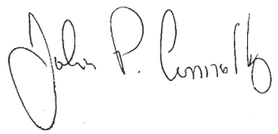
The charity exists to benefit the patients and families of GOSH. Our grants are structured to ensure that the money raised is used to best effect to support the hospital's work and is in line with donors' wishes and the charity's mission and objectives.

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

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

Reference and administrative details

The administrative details of the charity are stated on page 87.



John Connolly 18 July 2017
Chairman of Trustees
Great Ormond Street Hospital Children's Charity

The Trustees

Trustees throughout the year



John Connolly
Chairman

John is currently the Chairman of a number of companies including Amec Foster Wheeler plc and G4S plc.



David Claydon
Grants Committee

David is partner and co-founder at Macro Advisory Partners LLP, an economic and geopolitical risk advisory firm. David spent fifteen years in the advisory and research businesses at J.P. Morgan and Morgan Stanley.



Diana Dunstan
Grants Committee Chair
Property & Development Committe

Diana retired in 2008 from the role of Director of Research Management at the Medical Research Council. She was the UK representative for the European and Developing Countries Clinical Trials Partnership and was Chair of its General Assembly.



Margaret Ewing
Finance & Audit
Committee Chair
Investment Committee
Governance, Reputation
& Risk Commitee

After 13 years as a partner with Deloitte LLP Margaret spent seven years as CFO of Trinity Mirror plc and subsequently BAA plc, returning to Deloitte in 2007 as Vice Chair and retiring as a Managing Partner in 2012.



Kaela Fenn-Smith
Property & Development
Committee Chair

Kaela is Head of Commercial and sits on the London Executive Committee for the London Portfolio of Land Securities plc.



Mark Sartori
Finance & Audit Committee
Investment Committee

Mark retired from a career in Capital Markets where he worked in European Equities for Credit Suisse and Morgan Stanley. Mark also built a European Equities business at the Royal Bank of Canada.

Trustees appointed in year



Jennifer Bethlehem
Grants Committee
Property & Development Committe

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



Nina Bibby
Governance, Reputation
& Risk Commitee

Nina is the Chief Marketing Officer at O2 responsible for marketing across O2 and with commercial profit and loss accountability for the consumer and SME mobile business.



Nicky Bishop
Governance, Reputation
& Risk Commitee

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



Sandeep Katwala
Governance, Reputation
& Risk Commitee Chair
Finance & Audit Committee

Sandeep spent 25 years as a lawyer with the global law firm Linklaters LLP where he was part of the Executive Committee and headed up the firm's EEMEA Region and India business



Michael Marrinan
Grants Committee

Michael was a consultant Cardiothoracic Surgeon at King's College Hospital from 1992 until 2015 and was Medical Director of King's for the final six years of his time in the NHS.

Associate trustees

Associate trustees throughout the year



Chris Morris
Property and Development Committee

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



Simon Stormer
Finance and Audit Committee

Simon has had an extensive career in the financial sector, most recently as a Managing Director in the Financial Control Group at Morgan Stanley, until April 2013. Prior to this he worked for Pricewaterhouse Coopers and Credit Suisse.



Humphrey van der Klugt
Investment Committee

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



Ruary Neill
Investment Committee Chair

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

Associate trustees appointed in year



Dr Benjamin Jacobs
Grants Committee

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



Professor Mary Rutherford
Grants Committee

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



Delano is 10 years old and comes to GOSH for dialysis every week. When he's not at GOSH, he loves being outside and playing football in the park.



Nine-year-old **George**, from Kent, is being treated for a heart condition at GOSH.

Statement of trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have prepared the financial statements in accordance with FRS 102 - the Financial Reporting Standard - applicable in the UK and Republic of Ireland (UK Accounting Standards) and applicable law.

Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

(a) So far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware.

(b) The Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Report on the financial statements

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

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the consolidated and charity balance sheets as of 31 March 2017;
- the consolidated statement of financial activities (incorporating an Income and Expenditure Account) for the year then ended;
- the consolidated statement of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception
Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

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

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

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

What an audit of financial statements involves

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

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

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

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

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

the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jill Halford 18 July 2017

Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors London

Great Ormond Street Hospital Children's Charity
Consolidated statement of financial activities for the year ended 31 March 2017
(Incorporating an income and expenditure account)

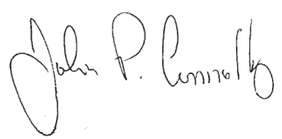
	Note(s)	Unrestricted funds £000	Restricted and endowment funds £000	Year ended 31 March 17 £000	Unrestricted funds £000	Restricted and endowment funds £000	Year ended 31 March 2016 £000
Income and endowments from:							
Donations and legacies	2.1	**45,859**	**38,063**	**83,922**	44,831	35,582	80,413
Other trading activities	2.2	**2,836**	**2,652**	**5,488**	2,289	1,732	4,021
Investments	2.3	**1,842**	**79**	**1,921**	2,605	33	2,638
Charitable activities	2.4	**1,702**	**257**	**1,959**	1,596	5,109	6,705
Total		**52,239**	**41,051**	**93,290**	51,321	42,456	93,777
Expenditure on:							
Raising funds	3.1	**28,239**	**-**	**28,239**	24,301	-	24,301
Charitable activities	3.2	**4,805**	**54,403**	**59,208**	4,603	22,479	27,082
Total		**33,044**	**54,403**	**87,447**	28,904	22,479	51,383
Net income before gain/(loss) on investments		**19,195**	**(13,352)**	**5,843**	22,417	19,977	42,394
Net gain/ (loss) on investments		**8,513**	**-**	**8,513**	(2,797)	-	(2,797)
Net income/ (expense)		**27,708**	**(13,352)**	**14,356**	19,620	19,977	39,597
Transfers between funds	19.1/19.2/19.3	**(23,540)**	**23,540**	-	18,131	(18,131)	-
Net movement in funds		**4,168**	**10,188**	**14,356**	37,751	1,846	39,597
Reconciliation of funds:							
Total funds brought forward 1 April		**290,116**	**2,894**	**293,010**	252,365	1,048	253,413
Total funds carried forward 31 March		**294,284**	**13,082**	**307,366**	290,116	2,894	293,010

Notes 1 to 24 form part of these financial statements.
All amounts relate to continuing operations. All gains and losses recognised in the year are included in the consolidated statement of financial activities. There are no material differences between the net income for the financial year and the historical cost equivalents.

Great Ormond Street Hospital Children's Charity
Balance sheets
As at 31 March 2017

	Note(s)	Consolidated		Charity	
		Total at 31 March 2017 £000	Total at 31 March 2016 £000	**Total at 31 March 2017 £000**	Total at 31 March 2016 £000
Fixed assets					
Intangible assets	8	**4,990**	1,476	**4,990**	1,476
Tangible assets	9	**159,484**	138,223	**159,484**	138,223
Investments	10	**42,999**	82,006	**42,999**	82,006
Total fixed assets		**207,473**	221,705	**207,473**	221,705
Current assets					
Inventories	11	**105**	56	**-**	-
Investments	12	**157,580**	140,471	**157,580**	140,471
Debtors	13	**13,121**	6,997	**13,444**	6,816
Cash		**25,275**	11,610	**21,778**	11,570
Total current assets		**196,081**	159,134	**192,802**	158,857
Creditors: amounts falling due within one year	14	**79,227**	61,307	**77,372**	61,054
Net current assets		**116,854**	97,827	**115,430**	97,803
Total assets less current liabilities		**324,327**	319,532	**322,903**	319,508
Creditors: amounts falling due after more than one year	15	**16,961**	26,522	**15,737**	26,522
Total net assets		**307,366**	293,010	**307,166**	292,986
The funds of the charity					
Restricted and endowment funds	19.1/19.2	**13,082**	2,894	**13,544**	2,894
Unrestricted income funds:					
– General	19.3	**32,751**	20,329	**32,089**	20,305
– Designated	19.3	**261,533**	269,787	**261,533**	269,787
Total charity funds		**307,366**	293,010	**307,166**	292,986

The financial statements on pages 1 to 87 were approved by the Board of Trustees on 18 July 2017 and signed on its behalf by



John Connolly
Chairman

Great Ormond Street Hospital Children's Charity
Consolidated statement of cash flow
As at 31 March 2017

	Note	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000 Restated
Cash flows from operating activities:			
Net cash generated from operating activities	**20.1**	**11,356**	21,277
Cash flows from investing activities:			
Dividends and interest from investments	2.3	**1,921**	2,638
Purchase of property, plant and equipment	9	**(22,268)**	(5,261)
Purchase of intangible fixed assets	8	**(5,673)**	(879)
Proceeds from sale of investments	10	**66,446**	8,711
Movement in cash held as investments	10	**219**	624
Purchase of investments	10	**(19,977)**	(9,107)
Interest receivable on investments		**-**	(920)
Net cash generated from/(used in) investing activities		**20,668**	(4,194)
Change in cash and cash equivalents in the reporting year		**32,024**	17,083
Cash and cash equivalents at the beginning of the reporting year	20.2	**150,831**	133,748
Cash and cash equivalents at the end of the reporting year		**182,855**	150,831
Analysis of cash and cash equivalents:			
Cash in hand		**25,275**	11,610
Notice deposits – current asset investments	12	**157,580**	139,221
Cash and cash equivalents at the end of the reporting year		**182,855**	150,831

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

1. Subsidiaries and accounting policies

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

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

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Income and endowments from:		
Donations and legacies	**8,537**	17,204
Charitable activities	-	11
	8,537	17,215
Expenditure on:		
Expenditure on raising funds	**8**	2
Expenditure on charitable activities	**17**	11
	25	13
Net income and net movement in funds	**8,512**	17,202
Total funds brought forward 1 April 2016	594	600
Transfer to the charity	8,524	17,208
Fund balance carried forward at 31 March 2017	**582**	**594**

1. Subsidiaries and accounting policies (continued)

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

Balance sheet as at 31 March 2017

	Total at 31 March 2017 £000	Total at 31 March 2016 £000
Fixed assets		
Property, plant and equipment	**582**	594
Total fixed assets	**582**	594
Current assets		
Debtors	**-**	789
Total current assets	**-**	789
Creditors: amounts falling due within one year	-	789
Net current assets	**-**	-
Total assets less current liabilities	**582**	594
Total net assets	**582**	594
The funds of Great Ormond Street Hospital Children's Charity (1852)	**582**	594

1. Subsidiaries and accounting policies (continued)

1.2 Great Ormond Street International Promotions Limited

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

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Profit and loss account		
For the year ended 31 March 2017		
Turnover	**2,166**	1,785
Cost of sales	**(622)**	(579)
Gross profit	**1,544**	1,206
Administrative expenses	**(395)**	(378)
Operating profit	**1,149**	828
Interest receivable and similar income	**1**	1
Profit on ordinary activities before taxation	**1,150**	829
Taxation	**-**	-
Profit for the financial year	**1,150**	829
Distribution	**1,150**	829
Net movement in funds	**-**	-

Balance sheet as at 31 March 2017

	Total at 31 March 2017 £000	Total at 31 March 2016 £000
Inventories	**96**	56
Debtors	**352**	514
Cash	**629**	34
Current liabilities	**(1,052)**	(579)
Net assets	**25**	25
Profit and loss account	**25**	25
Share capital and reserves	**25**	25

1. Subsidiaries and accounting policies (continued)

1.3 The Friends of the Children of Great Ormond Street

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

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Income and endowments from:		
Donations and legacies	**138**	519
	138	519
Expenditure on:		
Expenditure on charitable activities	**138**	519
	138	519
Fund balance carried forward at 31 March 2017	-	-

Balance sheet as at 31 March 2017

	Total at 31 March 2017 £000	Total at 31 March 2016 £000
Debtors	**-**	5
Bank and cash in hand	**39**	6
Current liabilities	**(39)**	(11)
Net assets	**-**	**-**
Reserves	**-**	-

1. Subsidiaries and accounting policies (continued)

1.4 Sparks Charity

The charity is the sole member of Sparks Charity (Sparks) company. The principal activity of Sparks is to provide grants for research into children's diseases. Sparks became a subsidiary of the charity on 1 February 2017. Sparks year-end prior to joining the group was 31 January. To bring this in line with the rest of the group, Sparks has completed a two month set of financial statements, ended 31 March 2017.

	2 month period ended 31 March 2017 £000	Year ended 31 January 2017 £000
Income and endowments from:		
Donations and legacies	**31**	802
Other trading activities	**27**	2,034
Income from investments	**-**	22
	58	2,858
Expenditure on:		
Raising funds	**44**	1,621
Charitable activities	**1,235**	1,109
	1,279	2,730
Net income before (loss)/gain on investments	**(1,221)**	128
Net gain on investments	**4**	270
Net (expense)/income	**(1,217)**	398
Total funds brought forward 1 February 2017	**1,397**	999
Total funds carried forward 31 March 2017	**180**	1,397

1. Subsidiaries and accounting policies (continued)

1.4 Sparks Charity

Balance sheet as at 31 March 2017

	Total at 31 March 2017 £000	Total at January 2017 £000
Fixed assets		
Investments	**-**	2,403
Total fixed assets	**-**	2,403
Current assets		
Inventories	**9**	16
Debtors	**493**	436
Cash	**2,829**	371
Total current assets	**3,331**	823
Creditors: amounts falling due within one year	**1,928**	1,429
Net current assets	**1,403**	(606)
Total assets less current liabilities	**1,403**	1,797
Creditors: amounts falling due after more than one year	**1,223**	400
Total net assets	**180**	1,397
The funds of Sparks	**180**	1,397

1. Subsidiaries and accounting policies (continued)

1.5 Accounting policies

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

1.5.1 Company information

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

(a) the hospital services (including research) of Great Ormond Street Hospital,
(b) any other part of the health service associated with Great Ormond Street Hospital as the Trustees think fit, provided that such support is not of a kind that would ordinarily be given by the statutory authorities, and
(c) research into children's disease.

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

1.5.2 Basis of preparation

These consolidated and separate financial statements have been prepared on a going concern basis as a public benefit charity, under the historic cost convention, as modified for the revaluation of certain investments and properties measured at fair value, and in accordance with the *Statement of Recommended Practice (SORP) Accounting and Reporting by Charities,* published in 2015, *Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"*, the *Charities Act 2011* and *the Companies Act 2006*. No separate Statement of Financial Activities (SOFA) has been presented for the charity alone, as permitted by section 408 of the *Companies Act*.

Total income (£000's) for the charity before consolidation was £91,070 (2015/16: £73,031) with total resources expended of £76,878 (2015/16: £53,427). Net income for the year was £14,192 (2015/16: £39,604).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and charity accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.5.5.

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

The parent charity has taken advantage of the following exemptions:

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

1.5.3 Going concern

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

As described above and in the *Annual Report*, following the Trustees' assessment of going concern (see page 41), the Trustees continue to adopt the going concern basis in preparing the financial statements.

1.5.4 Basis of consolidation

The consolidated financial statements of the charity incorporate the financial statements of the Company Limited by Guarantee and its fully owned subsidiary undertakings, Great Ormond Street Hospital Children's Charity (charity number 235825), Great Ormond Street International Promotions Limited (GOSIPL), The Friends of Great Ormond Street (The Friends) and Sparks Charity (Sparks). Intercompany transactions and balances between charity

1. Subsidiaries and accounting policies (continued)

companies are eliminated. Consistent accounting policies have been adopted across the group.

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

1.5.5 Critical accounting judgements and estimation uncertainty

The charity makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of intangible assets (note 8)
The charity considers whether intangible assets (software) are impaired annually. Where an impairment is required an estimation of the future economic benefits from the software and also selection of appropriate discount rates in order to calculate the net present value of those economic benefits.

(ii) Provisions (note 21)
Provisions are made for future obligations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iii) Recognition of legacy income
Legacy income is recognised when three criteria are met. Entitlement is established, receipt of the income is probable and it can be reliably measured.

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

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

(iv) Impairment of property (note 9)
The charity undertakes an impairment review in the years when there is no professional valuation carried out. Where an indication of impairment is identified an estimation of the recoverable value of the property is required. This requires estimation of the future economic benefits from the property and also selection of appropriate discount rates in order to calculate the net present value of those economic benefits.

1.5.6 Income and endowments

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

a) Donations and legacies

(i) Donation in kind, except donated goods:
In all cases, the amount at which donations in kind are recognised is either fair value of the cost to the donor or the amount actually realised.
i. Assets given for distribution by the charity are included in the SOFA only when distributed.
ii. Assets given for use by the charity are included in the SOFA as income when receivable.
iii. Gifts made in kind but on trust for conversion into cash and subsequent application by the charity are included in the accounting period in which the gift is sold.
iv. During the year there were 1,916 general volunteers.

(ii) Legacies:
Legacies are accounted for as income when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. This is in line with the requirements under FRS102 and SORP 2015.

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

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

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

d) Investments
Investment income is recognised when receivable and allocated to restricted funds where applicable based on the average balance held through the year.

1.6 Expenditure

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

Full provision is made within the financial statements for grant expenditure at the point when an unconditional commitment is made and the liability can be quantified with reasonable certainty.
Support costs, which include the central functions of Finance, IT, HR, Administration, Business Support, Governance and Supporter Services, are allocated across the categories of expenditure of raising funds, expenditure on charitable activities and other expenditure. The basis of the cost allocation is set out in note 4.

1.7 Funds structure

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

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

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

c) Unrestricted funds
Unrestricted funds include income received without restriction, including the retained profits of the trading subsidiary. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

d) Designated funds
Designated funds are funds delegated by the Trustees to meet various current or future obligations, without restricting or committing the funds legally.

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

1.8 Intangible fixed assets

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

1. Subsidiaries and accounting policies (continued)

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

c) Amortisation and impairment
Software is amortised, using the straight-line method, to allocate the depreciable amount of the assets to their residual value over the specific period of the purchased licence, if applicable, or alternatively over a period of between three to ten years, depending on the life cycle of the asset and constant advances in information technology. Amortisation is allocated to support costs in the SOFA. The assets are reviewed for impairment annually if the above factors indicate the carrying amount may be impaired.

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

All assets falling into the following categories are capitalised:

i) Tangible fixed assets that are capable of being used for more than one year and have a cost equal to or greater than £5,000. Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset to its working condition for its intended use.
ii) Groups of tangible fixed assets that are interdependent or would normally be provided or replaced as a group, with a total value in excess of £5,000 and an individual value of £250 or more (except for computer equipment where only assets with a value of £1,000 or more are capitalised).
iii) Assets under construction comprising expenditure on the purchase and creation or enhancement of fixed assets not brought into use at the balance sheet date. Transfers are made from the asset under construction to the relevant category of fixed asset in the year the asset is brought in to use.

a) Land and buildings
Land and buildings are stated at either open market value for their existing use or at depreciated replacement cost. Depreciated replacement cost is deferred where appropriate to recognise the presence of leases on the property (see note 9). Valuations are carried out professionally at five-yearly intervals, with an impairment review undertaken in all other years. A full revaluation was carried out at 31 March 2014 by Cluttons LLP.

b) Fixtures, fittings, vehicles and equipment
Fixtures, fittings, vehicles and equipment are valued at depreciated historical cost.

c) Assets under construction
Assets under construction are stated at cost. These assets are not depreciated until they are available for use.

d) Depreciation
Each asset, other than land and assets under construction, is depreciated over its expected useful life from the date of use, as follows:

Buildings	50-100 years
Fixtures and fittings	15 years
Office equipment	10 years
Vehicles	10 years
IT equipment	3 years

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

f) Subsequent additions
Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the charity and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

1. Subsidiaries and accounting policies (continued)

g) Derecognition
Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the SOFA.

1.10 Financial instruments

The charity has chosen to adopt Section 11 of FRS102 in respect of financial instruments.

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

i) Quoted stocks and shares, included in the balance sheet at market value, in fixed asset investments
ii) Cash investments, held at cost plus accrued interest, in current asset investments
iii) Assets for resale, held at net realisable value within current asset investments.
iv) Investments in subsidiary undertakings, stated at cost.

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

1.11 Inventories

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

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

1.12 Employee benefits

The charity provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

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

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

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

a) Accounting valuation
A valuation of the scheme liability is carried out annually by the scheme actuary at the end of the reporting period. This uses an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2017 is based on the valuation data as at 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the

1. Subsidiaries and accounting policies (continued)

methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

c) Scheme provisions

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

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

With effect from 1 April 2008 members can commute their pension choosing to give up some of their annual pension for an additional tax-free lump sum, up to a maximum amount permitted under HMRC rules.

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

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

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

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

1.13 Taxation

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

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

1. Subsidiaries and accounting policies (continued)

1.14 Leases

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

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

1.15 Related party transactions

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

1.16 Cash and cash equivalents

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

1.17 Provisions and contingencies

(i) Provisions

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

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

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the charity's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2. Income and endowments

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Income and endowments from:					
2.1 Donations and legacies					
Direct gifts from individuals and trusts	**21,098**	**28,617**	**-**	**49,715**	42,106
Legacies	**12,909**	**1,202**	**-**	**14,111**	17,828
Community fundraising	**7,345**	**3,219**	**-**	**10,564**	10,378
Partnerships, campaigns, events and other income	**3,520**	**4,615**	**-**	**8,135**	10,101
Fair value of acquired assets (Note 2.5)	**987**	**410**	**-**	**1,397**	-
	45,859	**38,063**	**-**	**83,922**	80,413
2.2 Other trading activities					
Auctions, tickets, sponsorship and other income	**1,150**	**2,225**	**-**	**3,375**	2,296
Fundraising trading	**1,686**	**427**	**-**	**2,113**	1,725
	2,836	**2,652**	**-**	**5,488**	4,021
2.3 Investments					
Investments and fixed portfolio income	**359**	**77**	**-**	**436**	957
Income and receivables from short-term cash investments	**1,483**	**-**	**2**	**1,485**	1,681
	1,842	**77**	**2**	**1,921**	2,638
2.4 Charitable activities					
Grants	**-**	**257**	**-**	**257**	109
Property	**1,702**	**-**	**-**	**1,702**	6,596
	1,702	**257**	**-**	**1,959**	6,705
Total income and endowments	**52,239**	**41,049**	**2**	**93,290**	93,777

2.5 Fair value of acquired assets

	Sparks Charity £000	Total at 31 March 2017 £000
Long-term investments	2,402	**2,402**
Current assets	825	**825**
Current liabilities	(1,830)	**(1,830)**
Net assets	1,397	**1,397**
Net assets in the subsidiary	1,397	**1,397**

Under the terms of association agreement, it is appropriate that Sparks is consolidated within the Great Ormond Street Hospital Children's Charity group using acquisition accounting. The fair values of the net assets acquired on the date of association are summarised above. There were no purchase costs incurred in acquiring these net assets. The resulting negative goodwill of £1,397,000 has been written off in the year and included as an incoming resource within the SOFA.

3. Expenditure on:

	Direct costs £000	Support costs £000	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
3.1 Raising funds				
Direct gifts from individuals and trusts	12,101	3,629	15,730	13,653
Legacies	575	224	799	642
Community fundraising	2,543	2,894	5,437	4,151
Partnerships, campaigns, events and other income	2,701	2,651	5,352	4,897
Trading	767	-	767	728
Investment management costs	154	-	154	230
	18,841	**9,398**	**28,239**	24,301
3.2 Charitable activities:	**£000**	**£000**	**£000**	£000
Patient, family and staff support projects	**5,406**	**272**	**5,678**	6,638
Research	**12,973**	**653**	**13,626**	13,951
Medical equipment and systems	**35,970**	**1,810**	**37,780**	4,139
Redevelopment	**92**	**5**	**97**	114
Accommodation and other	**1,930**	**97**	**2,027**	2,240
	56,371	**2,837**	**59,208**	27,082
Total expenditure	**75,212**	**12,235**	**87,447**	51,383

Included in support costs for 2016/17 is £1.76 million for the impairment of costs associated with the ongoing development and implementation of the customer relationship management ("CRM") system. This comprised £0.94 million incurred and capitalised in previous years, with the balance being costs incurred in the current year.

3.3 Expenditure includes charges for:

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Lease rentals	**925**	783
Fees payable to the charity's auditors for the audit of the group annual financial statements	**55**	56
Due diligence fees payable to the charity's auditors	**31**	-
Depreciation (Note 9)	**1,007**	960
Amortisation (Note 8)	**395**	208

Lease rentals include the hire of photocopier, franking machine, IT leases and rental costs for the use of 40 Bernard Street premises. Fees payable to the charity's auditors for the audit of the charity's consolidated financial statements of £55,440 (2015/16: £55,800), inclusive of VAT, include £19,824 (2015/16: £12,480) for the audit of the subsidiary undertakings. In addition to this £30,600 (2015/16: £Nil) was paid for due diligence related to the acquisition of Sparks.

4. Support costs

	Staff costs £000	IT and comms £000	Other £000	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Cost of expenditure on raising funds	**4,488**	**2,150**	**2,760**	**9,398**	7,377
Patient, family and staff support projects	**130**	**62**	**80**	**272**	629
Research	**312**	**149**	**193**	**654**	1,322
Medical equipment and systems	**864**	**414**	**532**	**1,810**	392
Redevelopment	**2**	**1**	**1**	**4**	11
Patient, family and staff accommodation and other	**46**	**22**	**29**	**97**	212
Total	**5,842**	**2,798**	**3,595**	**12,235**	9,943

Support costs include the costs of the following departments and activities: Governance, Finance, Technology, Human Resources, Administration, Office Running Costs, Business Support, Brand Marketing, Communications and Supporter Services. These are allocated using a full-cost model, which is calculated using drivers from each department's activities during the year.

5. Grant-funded activities

Name of recipient:	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Birkbeck University of London	**-**	100
The Brain Tumour Charity	**283**	278
Sophia Children's Hospital, The Netherlands	**149**	-
Great Ormond Street Hospital	**43,743**	13,441
Institute of Child Health	**9,015**	9,338
Imperial College London	**-**	100
UZ Leuven, Belgium	**150**	-
King's College London	**-**	133
University of Newcastle-Upon-Tyne	**-**	107
Queen Mary University of London	**149**	-
Royal Hospital for Children, Glasgow	**150**	-
University of Bath	**147**	-
University of Birmingham	**147**	-
University College London	**317**	76
UCL Institute of Women's Health	**-**	296
University of Nottingham	**-**	49
University of Manchester	**133**	-
Total	**54,383**	23,918

6. Details of staff costs

	Year ended 31 March 2017 No. of staff	Year ended 31 March 2016 No. of staff
The average number of employees is split as follows:		
Support	**28**	24
Fundraising	**166**	154
Charitable expenditure	**37**	34
Governance	**10**	8
Total	**241**	220

6.1 Analysis of staff costs

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Salaries and wages	**8,623**	7,883
Social security costs	**930**	846
Pension costs	**658**	657
Ex gratia and redundancy	**90**	13
Other employee benefits	**43**	48
Total emoluments of employees	**10,344**	9,447
Pension costs are split as follows:		
Defined contribution scheme	**641**	640
Final salary scheme	**17**	17
Total pension costs	**658**	657
Outstanding contributions as at the year end were:		
Defined contribution scheme	**79**	74
Final salary scheme	**1**	1
Total outstanding contributions	**80**	75

6. Details of staff costs (continued)

6.2 Senior employees

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

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000 Restated
£60,000 - £69,999	**3**	4
£70,000 -£79,999	**7**	5
£80,000 - £89,999	**2**	2
£90,000 - £99,999	**1**	1
£110,000 - £119,999	**2**	2
£130,000 - £139,999	**1**	1
£140,000 - £149,999	**-**	1
£150,000 - £159,999	**1**	-

The two highest bands reflect the emoluments, excluding pension contributions, of the Chief Executive Officer and the Director of Finance and Operations.

6.3 Key management personnel

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

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Key management personnel	778	740

Key management personnel is defined as members of the Executive, 2016/17: 7 (2015/16: 7) - further details on page 87.

7. Trustee remuneration

None of the Trustees received any remuneration from the charity or its subsidiaries during the current or previous financial year. No Trustees were reimbursed for expenses incurred while carrying out their responsibilities for the charity during the year (2015/16: none).

A Trustee indemnity insurance policy is held with Dual Corporate Risks Ltd, providing indemnity of £10 million. The cost of the policy in 2016/17 was £5,561 (2015/16: £5,561).

8. Intangible assets

Charity and consolidated

	IT software £000
Cost:	
Balance as at 1 April 2016	2,153
Additions	5,673
Impairments	(1,764)
Balance at 31 March 2017	**6,062**
Accumulated amortisation:	
Balance at 1 April 2016	677
Charge for the year	395
Impairments	-
Balance at 31 March 2017	**1,072**
Net book value at 31 March 2017	**4,990**
Net book value at 31 March 2016	**1,476**

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

The impairment of costs previously capitalised is associated with the ongoing customer relationship management ("CRM") project. This is made up of £0.94 million incurred and capitalised in previous years, with the balance being costs incurred in the current year. As the CRM came into use on 2 May 2017 there was no amortisation in 2016/17.

9. Tangible assets

Charity and consolidated

	Freehold / leasehold land and buildings £000	Fixtures and fittings £000	Office equipment £000	Vehicles £000	IT equipment £000	Asset under construction £000	Total £000
Cost and valuation							
Balance at 1 April 2016	**131,131**	**1,878**	**140**	**13**	**967**	**7,068**	**141,197**
Fair value of additions on acquisition	-	-	-	6	-	-	6
Additions	6,333	33	-	-	-	15,902	22,268
Disposals	-	-	-	(6)	-	-	(6)
Balance at 31 March 2017	**137,464**	**1,911**	**140**	**13**	**967**	**22,970**	**163,465**
Accumulated depreciation							
Balance at 1 April 2016	**1,622**	**607**	**134**	**13**	**598**	**-**	**2,974**
Fair value of additions on acquisition	-	-		6	-	-	6
Charge for the year	811	124	6	-	66	-	1,007
Disposals	-	-	-	(6)	-	-	(6)
Balance at 31 March 2017	**2,433**	**731**	**140**	**13**	**664**	**-**	**3,981**
Net book value 31 March 2017	**135,031**	**1,180**	**-**	**-**	**303**	**22,970**	**159,484**
Net book value 31 March 2016	129,509	1,271	6	-	369	7,068	138,223
Historic cost less depreciation at 31 March 2017	86, 132	1,180	-	-	303	22,970	110,585

The charity undertakes a full independent professional valuation of all properties every five years, with impairment reviews undertaken as necessary in accordance with the Statement of Recommended Practice 2015. A full valuation was performed at 31 March 2014 by Cluttons LLP, chartered surveyors, acting as independent valuers. As a result of this valuation, the value of properties held by the charity was increased by £18.5 million. As there was no indication during the year to 31 March 2017 that the recoverable amount of a property was below its net book value, no impairments were necessary. The net book value of properties includes two buildings valued at £26.2 million used by the hospital as clinical facilities. The most commonly used method for the valuation of specialised assets such as these is depreciated replacement cost. This is because transactions involving the sale of these types of assets are relatively infrequent and therefore estimating a market value is not considered feasible due to their specialist nature. Depreciated replacement cost is deemed to be an acceptable alternative to market value and is a methodology that is recognised by the International Valuation Standards Council. These two buildings are subject to leases between the charity and the hospital for unexpired terms of 19.5 years at peppercorn rentals and therefore the value of these properties under the depreciated replacement cost method is reduced by the fact that peppercorn leases are in place. However, this value would not be realisable on the open market in the event of disposal due to the specialist nature of the assets.

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

Asset under construction relates to work on the Zayed Centre for Research. As this property will be owned by the charity, it is included in tangible assets.

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

10. Investments

10.1 Analysis of fixed asset investments

Charity and consolidated	Total 31 March 2017 £000	Total 31 March 2016 £000
Fixed asset investments:		
Market value at 1 April 2016	**82,006**	83,499
Fair value of additions on acquisition	**2,402**	-
Less:		
Disposals at carrying value	**(66,446)**	(8,711)
Acquisitions at cost	**19,977**	9,107
Interest	**-**	920
Movement on cash held as part of long-term portfolio	**(219)**	(624)
Net gain/(loss) on revaluation	**5,279**	(2,185)
Market value at 31 March 2017	**42,999**	82,006
Historic cost at 31 March 2017	**39,205**	82,431

10.2 Market value at 2017

	Held in the UK £000	Held outside the UK £000	Total 31 March 2017 £000	Total 31 March 2016 £000
Investments in a fixed income portfolio – directly held	**-**	**-**	**-**	40,851
Investments in equity funds	**12,639**	**16,171**	**28,810**	27,910
Investments listed on Stock Exchange	**14,189**	**-**	**14,189**	13,245
Total fixed asset investments at market value	**26,828**	**16,171**	**42,999**	82,006

Investments representing over 5% by value of the portfolio comprises:

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

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

Investment powers

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

10.Investments (continued)

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

	Total 31 March 2017	Total 31 March 2016
	£2	£2

The net result for GOSIPL in 2016/17 is a surplus of £1,149,591 (2015/16: £828,751) with a distribution to the charity of £1,149,591 (2015/16:£828,751).

10.4 The Friends of the Children of Great Ormond Street

There is a £nil (2015/16: £nil) investment in The Friends of the Children of Great Ormond Street company.

10.5 Sparks Charity

There is a £nil (2015/16: £nil) investment in Sparks Charity.

11. Inventories

	Consolidated		**Charity**	
	Total at 31 March 2017 £000	Total at 31 March 2016 £000	**Total at 31 March 2017 £000**	Total at 31 March 2016 £000
Goods for resale	**105**	56	**-**	-
Inventories	**105**	56	**-**	-

12. Current asset investments

	Consolidated		**Charity**	
	Total at 31 March 2017 £000	Total at 31 March 2016 £000	**Total at 31 March 2017 £000**	Total at 31 March 2016 £000
Short-term deposits	**157,580**	139,221	**157,580**	139,221
Assets for resale	**-**	1,250	**-**	1,250
Investments	**157,580**	140,471	**157,580**	140,471

All current asset investments are held in the UK.

Assets for resale comprised of a house in Wandsworth, London, donated to the charity in 2015, which was sold in October 2016, realising a net surplus of £257,000.

13. Debtors

	Consolidated		**Charity**	
	Total at 31 March 2017 £000	Total at 31 March 2016 £000	**Total at 31 March 2017 £000**	Total at 31 March 2016 £000
Trade debtors	**1,185**	2,437	**1,011**	2,251
Amounts owed by group undertakings	**-**	-	**824**	115
Taxation and social security	**1,093**	-	**1,170**	-
Other debtors	**589**	805	**849**	1,025
Prepayments	**1,763**	1,393	**1,293**	1,144
Accrued income	**8,491**	2,362	**8,297**	2,281
Debtors falling due within one year	**13,121**	**6,997**	**13,444**	**6,816**

14. Creditors: amounts falling due within one year

	Consolidated		**Charity**	
	Total at 31 March 2017 £000	Total at 31 March 2016 £000	**Total at 31 March 2017 £000**	Total at 31 March 2016 £000
Trade creditors	**2,030**	1,433	**4,011**	1,396
Taxation and social security	**-**	201	**-**	115
Grants awarded (Note 17)	**74,629**	57,210	**70,981**	57,211
Other creditors	**211**	172	**206**	169
Accruals	**1,673**	1,357	**1,635**	1,327
Deferred income (Note 16)	**684**	934	**539**	836
Creditors falling due within one year	**79,227**	61,307	**77,372**	61,054

15. Creditors: amounts falling due after one year

	Consolidated		**Charity**	
	Total at 31 March 2017 £000	Total at 31 March 2016 £000	**Total at 31 March 2017 £000**	Total at 31 March 2016 £000
Grants awarded (Note 17)	**16,860**	26,386	**15,636**	26,386
Rent-free provision	**101**	136	**101**	136
Creditors falling due after one year	**16,961**	26,522	**15,737**	26,522

16. Deferred income

	Total 1 April 2016 £000	Deferred £000	Released £000	**Total 1 April 2017 £000**
Charity	835	540	(835)	**540**
Trading subsidiary	99	30	(99)	**30**
Sparks Charity	-	114	-	**114**
Deferred income	934	684	(934)	**684**

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

17. Grants awarded

Charity and consolidated	**Total 31 March 2017 £000**	Total 31 March 2016 £000
Outstanding liabilities brought forward at 1 April	83,596	105,905
Fair value of additions on acquisition	1,728	-
Awarded during the year		
Redevelopment	-	-
Medical equipment and systems	36,099	4,858
Research	12,917	13,404
Patient, family and staff support projects and other	5,367	5,656
Awarded during the year	**54,383**	**23,918**
Paid during the year		
Redevelopment	(30,124)	(25,281)
Medical equipment and systems	(3,625)	(4,007)
Research	(8,521)	(9,241)
Patient, family and staff support projects and other	(5,224)	(4,933)
Paid during the year	**(47,494)**	**(43,462)**

Adjustments in the year		
Medical equipment and systems	(131)	(1,232)
Research	(102)	(1,059)
Patient, family and staff support projects and other	(491)	(474)
Adjustments in the year	**(724)**	**(2,765)**
Outstanding liabilities at 31 March	**91,489**	**83,596**
Amounts falling due within one year	74,629	57,210
Amounts falling due after more than one year	16,860	26,386
Outstanding liabilities at 31 March	**91,489**	**83,596**

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

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

18. Analysis of group net assets between funds

	Unrestricted General £000	**Unrestricted Designated £000**	**Restricted £000**	**Endowment £000**	**Total at 31 March 2017 Total funds £000**	Total at 31 March 2016 Total funds £000
Fund balances at 31 March 2017 are represented by:						
Tangible and intangible fixed assets		**141,503**	**22,971**		**164,474**	139,699
Investments		**42,335**		**664**	**42,999**	82,006
Current assets and liabilities	**32,852**	**77,695**	**6,307**		**116,854**	97,827
Long term liabilities	**(101)**		**(16,860)**		**(16,961)**	(26,522)
Total net assets	**32,751**	**261,533**	**12,418**	**664**	**307,366**	293,010

Restricted funds include long-term liabilities of £16.9 million and short-term liabilities of £74.6m, relating to grants awarded to the hospital and the ICH.

19. Consolidated funds

		1 April 2016 £000	Income £000	Resources expended £000	Transfers between funds £000	Gains and losses £000	31 March 2017 £000
19.1 Endowment funds							
A	Tippetts and Crux	222	1	-	(1)	-	222
B	Lewisohn	11	-	-	-	-	11
C	Barnes	7	-	-	-	-	7
D	Mary Shepard Bequest	407	1	-	(1)	-	407
E	John Lund Wells Bequest	17	-	-	-	-	17
Total endowment funds		**664**	**2**	**-**	**(2)**	**-**	**664**
19.2 Restricted funds							
A	Redevelopment	(5,644)	31,015	(53)	(16,744)	-	8,574
B	Louis Dundas Centre	322	247	(330)	1,201		1,440
C	Physiotherapy Unit	1,025	-	-	-	-	1,025
D	Translational Oncology research	1,856	4	(283)	(520)	-	1,057
E	Regenerative Medicine	(760)	-	-	-	-	(760)
F	The Richard Wright Fund	2,197	-	-	(395)	-	1,802
G	The Friends Fund	688	113	-	-	-	801
H	Craniofacial Fund	140	22	(26)	(1)	-	135
I	Clinical Cardiac Chair	243	1	(13)	(25)	-	206
J	Family Studies	277	1	(18)	-	-	260
K	Olivia Hodson Cancer Fund	102	165	(67)	-	-	200
L	Other special purpose funds	2,894	585	(637)	38	-	2,880
M	Other restricted purpose funds	(1,110)	8,486	(51,754)	39,638	-	(4,740)
N	Sparks restricted funds	-	410	(1,222)	350	-	(462)
Total restricted funds		**2,230**	**41,049**	**(54,403)**	**23,542**	**-**	**12,418**
Total restricted and endowment funds		**2,894**	**41,051**	**(54,403)**	**23,540**	**-**	**13,082**
19.3 Unrestricted funds							
General funds		20,329	51,200	(32,989)	(14,686)	8,509	32,363
Sparks general funds		-	436	(55)	3	4	388
Designated funds:							
Redevelopment fund		100,904	-	-	(6,039)	-	94,865
Research fund		36,252	-	-	(11,337)	-	24,915
Fixed assets fund		132,631	-	-	8,872	-	141,503
Sparks designated research fund		-	603	-	(353)	-	250
Total unrestricted funds		**290,116**	**52,239**	**(33,044)**	**(23,540)**	**8,513**	**294,284**
Total funds		**293,010**	**93,290**	**(87,447)**	**-**	**8,513**	**307,366**

19. Consolidated funds (continued)

The redevelopment fund is designated to provide support for major building and capital development.
The fixed assets fund is designated to facilitate the replacement or refurbishment of assets belonging to the charity. The value of this fund does not include transfers between funds represent:

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

Total restricted funds show a net surplus of £12.1 million at 31 March 2017. There is a deficit of £11.8 million in the restricted funds raised specifically for the development of The Premier Inn Clinical Building. The redevelopment project continues to be actively fundraised for. Trustees have designated funds of £120.4 million from unrestricted funds to cover any deficit on the current redevelopment and research plans.

The fixed assets fund represents the value of unrestricted funds invested in fixed assets that are not, by nature of fixed assets, readily available for use for other purposes. The fixed assets fund is equal to the net book value of the fixed assets at 31 March 2017, excluding assets under construction.

Endowment funds

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

Restricted funds

	Name of fund	Description of the nature and purpose of each fund
A	Redevelopment	To provide finance for major building and capital development.
B	Louis Dundas Centre	To advance research and clinical practice in palliative care and pain management.
C	Physiotherapy Unit	To fund the creation of a new physiotherapy unit at GOSH.
D	Translational Oncology research	To conduct research into childhood cancer.
E	Regenerative Medicine	To conduct research into engineering rejection free organs with intestinal failure.
F	The Richard Wright Fund	To fund research into infant and childhood leukaemia.
G	The Friends Fund	To provide funds for family support and children's play services.
H	Craniofacial Fund	To research and purchase equipment for craniofacial disorders.
I	Clinical Cardiac Chair	To provide support costs for the post of Clinical Cardiac Chair.
J	Family Studies	To provide support to the Psychological Medicine Department.
K	Olivia Hodson Cancer Fund	To support projects and roles related to childhood cancer.
L	Other special purpose funds	Funds delegated by the Trustees to various departments within Great Ormond Street Hospital and UCL Institute of Child Health.
M	Other restricted purpose funds	To finance specific items of equipment, services or projects.
N	Sparks restricted funds	To finance research projects into rare diseases in children.

20. Notes to the consolidated cash flow statement

20.1 Reconciliation of cash flows from operating activities to net income

	31 March 2017 £000	31 March 2016 £000
Net income	14,356	39,597
Depreciation and amortisation charges	1,402	1,168
Investment income	(1,921)	(2,638)
Unrealised (gain)/loss on investments	(5,279)	2,185
Fair value of investments acquired	(2,402)	-
Impairment of intangible assets	1,764	-
Decrease in asset held for sale	1,250	-
(Increase)/Decrease in stocks	(49)	1
(Increase)/decrease in debtors	(6,124)	2,374
Increase/(decrease) in creditors	8,359	(21,410)
Cash inflow from operating activities	**11,356**	**21,277**

20.2 Analysis of net funds

	1 April 2016 £000	Cash flows £000	31 March 2017 £000
Cash at bank and in hand	11,610	13,665	**25,275**
Current asset investments	139,221	18,359	**157,580**
Total	**150,831**	**32,024**	**182,855**

21. Commitments, liabilities and provisions

The Trustees do not have any other commitments, liabilities or provisions requiring disclosure other than those included in the financial statements (2015/16: £ nil).

22. Legacies

The charity has been notified of 211 legacies which have not been included within the financial statements, as no notification of impending distribution has been received (2015/16: 175). Of these, 26 per cent are pecuniary legacies which normally have an average value of £3,104 (2015/16: 15 per cent £883) and the remaining 74 per cent are residuary, life interest, income trust and specific legacies which have an average value of £72,186 (2015/16: 85 per cent £63,207). The charity does not have any indication of when it is due to receive these monies and there is no probability of receipt. Included within the above figures are 35 legacies (2015/16: 33) which are subject to a life interest, as well as 2 specific legacies (2015/16: 5) which are not subject to a life interest.

23. Annual commitments under non-cancellable operating leases

	Total 31 March 2017 £000	Total 31 March 2016 £000
Operating leases which expire:		
Within one year	23	41
Between one and five years	408	45
After five years	209	750
Total	**640**	**836**

The leases relate to the 40 Bernard Street and 6 and 8 Tinworth Street premises, line rentals and IT and other equipment.

24. Related party transactions

During the year the following related party transactions took place:

John Connolly, the Chairman of the board of Trustees of the charity is also a retired partner of Deloitte LLP and the Chairman of the group board of the G4S Group PLC. During the year G4S provided cash banking and security services. Transactions valued at £16,675 (2015/16: £16,656) were undertaken between the charity and G4S Cash Solutions (UK) Limited, a subsidiary of G4S Group PLC. Of this amount £Nil (2015/16: £3,700) was owed by the charity to G4S at the year end.

During the year, the charity engaged Deloitte LLP to complete the CRM project. Transactions valued at £3,306,657 (2015/16: £Nil) were undertaken between the charity and Deloitte. Of this amount £Nil (2015/16: £Nil) was owed by the charity to Deloitte at the year end.

Margaret Ewing, who is on the board of Trustees of the charity, is also a retired partner of and currently an advisor to Deloitte LPP.

Kellie Gread is a valuations partner within the transaction services department of PricewaterhouseCoopers, who are the charity's auditors. Her husband Amit Aggarwal was appointed the charity's Director of Corporate Partnerships on 6 July 2015. His wife has no relationship with the charity or its audit. The audit fee, inclusive of VAT, for the financial year was £55,440 (2015/16: £55,800), all of which was outstanding at the year end. In addition to this, a one off cost of £30,600 for the due diligence into Sparks charity was incurred in the year by PricewaterhouseCoopers.

During the year donations of £231,202 (2015/16: £79,352) were received from related parties.

24. Related party transactions (continued)

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

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2017	Expenditure for the year ended 31 March 2017	Debtor balance as at 31 March 2017	Creditor balance as at 31 March 2017
			£'s	£'s	£'s	£'s
GOSIPL	**Wholly owned subsidiary**	Management charge for costs incurred by GOSH charity, distribution of year-end profit to GOSH charity and costs incurred by one entity on behalf of another entity.	1,415,239	-	612,032	-
Sparks	**Wholly owned subsidiary**	Costs incurred by one entity on behalf of the another entity.	-	-	178,730	-
The Friends	**Wholly owned subsidiary**	Distribution of year-end profit to GOSH charity and costs incurred by one entity on behalf of another entity.	132,499	-	33,680	-

Great Ormond Street Hospital Children's Charity
Registered charity number 1160024
Company House number 09338724

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

Great Ormond Street International Promotions Limited
Company limited by share capital. Registered number 2265303

The Friends of the Children of Great Ormond Street
Registered charity number 296370
Company House number 2093843

Sparks Charity
Registered charity number 1003825
Company House number 02634037

Principal and registered office
40 Bernard Street, London WC1N 1LE
T: 02038413841 www.gosh.org

Description of charity's objective
Any charitable purpose relating to Great Ormond Street Hospital for Children NHS Foundation Trust, including research.

Trustees
John Connolly (Chairman)
Diana Dunstan OBE
Margaret Ewing
Kaela Fenn-Smith
David Claydon
Mark Sartori
Steven Sharp (resigned 23 December 2016)
Frances Murphy (deceased 25 May 2016)
Sandeep Katwala (appointed 10 January 2017)
Jennifer Bethlehem (appointed 10 January 2017)
Nicky Bishop (appointed 10 January 2017)
Nina Bibby (appointed 10 January 2017)
Michael Marrinan (appointed 16 February 2017)

Associate Trustees
Simon Stormer
Ruary Neill
Humphrey van der Klugt
Chris Morris
Dr Benjamin Jacobs (appointed 1 May 2016)
Prof Mary Rutherford (appointed 1 May 2016)

Executive Directors
Tim Johnson (Chief Executive)
Richard Bowyer (Director of Marketing and Public
Ian Chivers (Director of Finance and Operations)
Neal Donnelly (Director of Major Gift and Special Event Fundraising)
Cymbeline Moore (Director of Communications)
Amit Aggarwal (Director of Corporate Partnerships)
Heather Morgan (Director of People and Planning, appointed 4 April 2016)

Charity Patrons
Vernon Kay and Tess Daly

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor 1 Embankment Place, London WC2N 6RH

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

Solicitors
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Withers
16 Old Bailey, London EC4M 7EG
Hunton & Williams
30 St. Mary Axe, London EC3A 8EP
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Royal London Cash Management Ltd,
55 Gracechurch Street, London EC3V 0UF
BlackRock
Murray House, One Royal Mint Court, London EC3N 4HH
Ruffer LLP
80 Victoria Street, London SW1E 5J
Investec Wealth & Investment Limited
2 Gresham Sreet, London EC2V 7QP

Independent investment consultants
Barnett Waddingham
Cheapside House, 138 Cheapside, London EC2V 6BW



Erin, age three, has a complex combination of symptoms and no diagnosis for her condition. Erin loves Power Rangers and dinosaurs and her bright personality has made lots of friends across the hospital.

Great Ormond Street
Hospital Children's Charity
40 Bernard Street
London WC1N 1LE
020 3841 3000
www.gosh.org

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

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

This Annual Report and Accounts 2016/17 is available to view at www.gosh.org

Great Ormond Street Hospital Children's Charity.
Registered company no. 09338724. Registered charity no. 1160024.