

# Annual Report & Financial Statements Starlight Children's Foundation

Year ended 31 March 2018  
Registered Company Number 02038895  
Registered Charity Number 296058



[starlight.org.uk](http://starlight.org.uk)

### **Royal Patron**

HRH Princess Alexandra KG GCVO

### **Co-Founder**

Emma Samms MBE

### **Trustees (at September 1st, 2018)**

Nick Mustoe (Chairman)

Richard Cook JP

Dr. Chris Evans (appointed June 21<sup>st</sup> 2018)

Dr Christopher Hanvey (appointed June 21<sup>st</sup> 2018)

Alasdair Hadden – Paton ACA

Christopher Hanbury

James Innes (appointed June 21<sup>st</sup> 2018)

Zahra Lucas

Hina Patel (appointed June 21<sup>st</sup> 2018)

Mark Tasker

Alain Wolffe (appointed June 21<sup>st</sup> 2018)

### **Senior Management team (at September 1st, 2018)**

Cathy Gilman CEO

Gary Seager CFO

Sue Wildman Director of Children's Services

Gordon Craig Director of Fundraising

### **Registered Office & Contact Details**

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### **Auditors**

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### **Solicitors**

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London

W1H 0DP

### **Investment Managers**

Odey Asset Management

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### Thank you from our Chairman

Starlight Children's Foundation is a national children's charity that is dedicated to brightening the lives of the 5,500 children and teenagers who are diagnosed with serious illness each year.

We work with other wish-granting charities to ensure that together we reach as many of these young people as possible to grant their one true wish. A wish empowers every child to make their own choice at a time when most of the choices and freedoms that healthy children take for granted have sadly, by necessity, been taken away.

This year we were able to grant 663 wishes, a 6% increase on the previous year and thanks to gifts in kind and careful cost management, the cost of these wishes (ignoring the value of gifts in kind) rose by just 4%.

At Starlight we also try to normalise the experience of hospitals by providing play and distraction services. These important services can reduce the stress and anxiety of a hospital visit or stay; and help to support the resilience and normal development of sick children.

This year our direct investment in hospital services increased from £445k to £672k which enabled us to reach many more children, including more than double the number of children with our entertainment services, from 3027 (FY17) to 7800 (FY18).

Several changes have taken place this year including the appointment of a new CEO Cathy Gilman and a CFO Gary Seager in September. As these changes took place, some of our fundraising activities were cancelled or postponed which has resulted in a significant reduction in income. We have also appointed 5 new Trustees and have created a succession plan for the next 5 years.

The Trustees have now agreed a new 3-year strategy for Starlight and we are confident that we are creating a platform for future growth by investing in the necessary people, processes and infrastructure to achieve this.

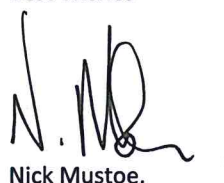
This does mean that we expect to operate at a deficit and further draw down our reserves for the next two years as we endeavour to maintain our investment in children's services.

The Trustees have reviewed the risk assessment and reserves policies and are satisfied that Starlight's financial position continues to be robust. Planned future expenditure can be adjusted if necessary to reduce the size of planned deficit should it prove necessary.

In the coming year as well as focusing on income growth we will also be working more closely with health professionals, play specialists and families to gain an even greater understanding of the needs of seriously ill children. This will give us the valuable insight to ensure that as we review and develop our hospital services we can be confident that we deliver the most impact for our families.

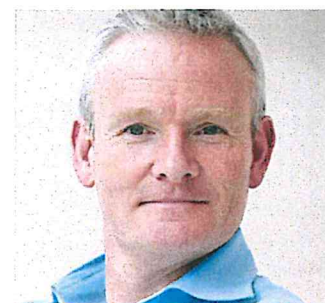
Your support has never been more important. We can only deliver our services thanks to the support of a unique team of fundraisers; volunteers; employees and health professionals. We really do appreciate the kindness and generosity of everyone involved with Starlight- together we can truly say that we are transforming lives.

Thank you  
Best Wishes



Nick Mustoe,

Chair of Trustees





## About Starlight

### Our Vision

Our vision is to be able to offer and deliver wish-granting and distraction services to every seriously ill child undergoing treatment in the UK

### Our Mission

There are nearly 49,000 children in the UK living with a life-limiting or life-threatening condition, with 5,500 new diagnoses each year.

Starlight Children's Foundation is a charity that offers a unique combination of services to brighten the lives of seriously ill children and their families. Our services provide entertainment, distraction and comfort through the most challenging times, bringing the normality of fun and play when it is most needed and probably least expected.

Our wishes empower young people to have choices and make an important decision for themselves at a time when inevitably most decisions must be made for them. A wish can often provide them with the opportunity to provide something positive for their entire family at a time when they may be all too aware of the impact of their illness on daily family life.

*"I cannot thank you enough for all your hard work in making Jasper's dream come true. We cannot put in to words how lucky and grateful we feel and will treasure these memories always. The whole family had the time of our lives. Jasper goes through so much every day, this opportunity brought so much happiness and sparkle to us all"*

*Mum of 8-year-old Jasper whose wish was to go on holiday, he has dystrophic epidermolysis bullosa, a painful genetic skin blistering condition*

The anticipation of a wish can be an important distraction from the stress of the daily routine of treatment, providing something for the whole family to look forward to, to share and to remember.

Our play and distraction services provide vital resources in hospitals and hospices throughout the UK. The NHS recognises that access to play is a critical part of the successful treatment of a child, however the resource is not always readily available to meet this need.

Play isn't a "nice to have", it is essential to maintaining the wellbeing and normal, healthy development of a sick child as well as helping them with coping strategies in hospital.

Play and distraction are important tools to help children prepare for and cope with the experience of being in hospital by helping to bring some normality to a strange environment. They can also help build trust and good communication in an environment that doesn't automatically feel safe. They can help children to continue to make discoveries and independent choices through treatment as well as trying new skills and taking risks that come naturally to healthy children-opportunities that hospitals are not always able to provide.

### Our achievements this year

#### 1. Wish Granting

During the year we granted 663 individual wishes for seriously ill children and their families. This was a 6% increase on the 627 wishes that we granted in FY17.

Our team of wish granters take great care to create Wishes that are truly bespoke, often at very short notice. Their priority is to ensure that the dearest wish of each young person is achieved. This very often involves restoring the smiles and laughter of childhood, but can also be about other kinds of life-changing experiences and the realisation of ambitions too.

For a young person to be eligible for a Starlight wish they must be:

- Diagnosed with a life-threatening, life-limiting or terminal illness
- Be referred for a wish while undergoing treatment
- Be aged between 4 and 18 at the time of referral
- Not have previously received a wish
- Be a UK resident

Our wishes, as you'd expect, are as creative and diverse as a child's imagination. There is a growing trend for foreign travel and with the instant ability to restore magic and fun it's not surprising that trips to Disneyworld Florida and Universal Studios continue to be our most popular wishes.

Type of Wishes granted this year	Number
UK Holidays	44
Tangible Items e.g. computer	116
Experiences	135
European Holidays	142
Worldwide Holidays	226

For the first time, in the coming year we are planning to host a group trip to Florida which offers cost savings compared with individual trips that will enable us to help more children. It also really enhances the feeling of being "normal" by giving families the opportunity to travel with people who are sharing similar experiences of serious illness.

Many of our wishes, especially "when I grow up experiences" and celebrity meetings often rely on the kindness of others and cost very little.

Five-year-old William has a kidney condition which has meant undergoing 8 surgeries in the last year alone including one to remove his kidney.

William became fascinated with soldiers after passing the army barracks on the way to his hospital appointments. With the help of the Scottish and Ulster Gunners, we were able to grant William's wish to be a soldier for the day.



On the day of his wish William was presented with his very own uniform that had been tailor-made to his bespoke measurements.

Dressed for the part, William got into the character of "Private McLean" and headed out to the field for some target practice using paintball guns. After getting his aim just right, he was shown the computer simulator which taught him how to shoot different missiles and drive tanks. William's hand eye coordination proved excellent.

He then took on the role of Sergeant Major and ordered his parents and the army personnel to march around the barracks. He told them to stand to attention, so he could inspect them and had to tell his parents off for laughing!



Thanks to the Scottish and Ulster Gunners William and his family had a truly unforgettable day.

*"William wants to be soldier when he's older but sadly because of his condition this will never happen. He's always been my brave soldier, so it was very special to see William's wish to be a soldier come true. Watching him live his dream for the day was amazing and he's not stopped talking about it since! "*  
*Tracey, William's mum*

Emily, 14 from Bristol has a rare condition that must be treated with an intensive regime of chemotherapy every three weeks. Emily is a performance swimmer and she hasn't let the treatment interrupt her training and she still regularly competes in regional competitions.

Emily told Starlight that her swimming inspiration had always been Rebecca Adlington and her wish was to meet her idol and get swimming tips and advice. Brasserie Zedel hosted dinner for Rebecca and Emily and Rebecca presented Emily with a huge bag of presents that included the swimsuit that she'd worn in the Beijing Olympics!

### *When Emily met Rebecca*

*"The night my Starlight wish to meet Rebecca Adlington came true was one of the happiest and most joyous nights of my life.*



*Without Starlight many sick children wouldn't ever be able to experience their dream, to fulfil a bucket-list, to regain that spark of confidence or have that dose of inspiration to keep us going."*

**Emily aged 14 from Bristol**

From designing wedding dresses to speaking at the United Nations in New York, many of our "money can't buy" wishes depend upon the contacts and kindness of some very special people. If there's a way to make a wish happen Starlight **will** make it happen thanks to the support that we receive.



## 2. Hospital Services

### Impact

Over the years Starlight has evolved from a purely wish-granting charity to a charity that provides services in and out of hospitals as well as wishes to help brighten the lives of seriously ill children. The direct investment in these services has grown to £672k this year and our entertainment services alone reach nearly 10,000 children.

From the positive feedback that we receive we know that our services are well-received and much appreciated by hospitals and families. But we want to create an evidence base for the needs of children and some evaluation measures for our services to ensure that we are achieving the maximum impact we can with our play, distraction and entertainment services.

This year we have started to develop a programme of research to better understand how our services meet children's and health professionals needs. Although in the early stages, we have already had very helpful conversations with leading experts in play and distraction including Penelope Hart-Spencer the Chair of the National Association of Health Play Specialists; Kath Evans the Experience of Care Lead in the NHS and Alison Tonkin author of "The provision of play in health service delivery".

In the coming year we will be appointing a Head of Insight to work with our Director of Children's Services to deliver a programme of research including consultation with health professionals and families that will enable us to measure, evaluate and review our services and have a better understanding of the immediate and longer-term benefit of our services.

### Distraction and play

Children who are diagnosed with a serious or terminal illness spend a lot of time in hospitals. This can be a frightening and lonely experience, and particularly distressing for younger children who

may have to be separated from their parents for the first time.

Research has highlighted the importance of play and entertainment in hospitals, both in preparing children for what is going to happen and in providing ways for them to work through anxieties and fears and deal with the experience. Starlight's services are based on distraction therapy - a method of helping a child cope with a painful or difficult procedure by focusing on something other than the procedure or pain. The benefits of distraction therapy include:

- Creating an environment where stress and anxiety are reduced
- Increasing the child's ability to cope with a hospital admission
- Helping children, especially new arrivals, integrate with other children on the ward or in the clinic
- Creating channels of communication between the child, the family and relevant health care professionals
- Providing the child with the means with which to cope with diagnosis, illness and treatment, which ultimately gives control back to the child or young person
- Offering the child coping strategies for managing pain and invasive procedures

Our services are designed to provide tools to support health professionals and play specialists as well as providing entertainment, toys and games directly to children.

### 1. Starlight Distraction Boxes

Starlight Distraction Boxes are portable toolkits filled with a variety of toys, games and puzzles providing hospital and hospice staff with different ways of distracting a child whilst medical procedures are undertaken.



"I just wanted to say a huge thank you for the distraction box, it worked absolute wonders with a nervous little boy last week. He was in awe of the toys that we used to distract him with in the anaesthetic room and it had such a positive impact on his hospital experience he was reluctant to leave!".

## 2. Starlight Boost Boxes

The Starlight Boost Box is filled with toys, games and arts and crafts which are given out to patients who need comforting, distracting or simply cheering up.

This year we reached our ambitious target and distributed 2,875 boxes a huge 53% increase on the previous year at a cost of £192,000. With 60 toys in every box we estimate that we reached 172,500 children with our Boost Boxes.

**The Children's Emergency Department at Oxford University Hospitals said:**

"Play and distraction is essential in the emergency department where the children are often frightened, anxious and in pain in a strange environment. Play is familiar and comforting".

**The Noah's Ark Children's Hospital for Wales said:**

"Thank-you so much for our Starlight Boost Box. Our patients will be really pleased to have a treat from the box when they have a procedure, or as an incentive during their treatment. The support from Starlight can make a real difference to our patients and help to put a smile back on their faces"



## Hospital Entertainment Services

### 1. Story-telling and Pantomime

The Starlight Pantomime in winter and the Starlight Storytellers tour in the spring bring fun and entertainment to children and their carers in hospitals and hospices throughout the UK. Four actors give an hour long interactive performance using music and dance to provide children and their families with a fun escape from their treatment. The actors also spend time visiting children on the wards.

Our team come with a stage and props enabling a quick transformation of a clinical looking hospital room into a fun and social environment. Our actors are all experienced in dealing with children and can keep them engaged and laughing throughout, ensuring that they leave feeling happier and more positive.



This year children were treated to the Three Musketeers, The Princess and The Pea and the Three Little Pigs from the Storytellers and the pantomime was Cinderella.

*"As I work in an area of deprivation these performances mean not only a chance to lessen stress and fear but also introduce families to live entertainment. Just being able to go away with a photograph of their children with the performances is such a treat for some of our families. One*

*family asked when Starlight was returning, and could they just come along."*

### Queen Elizabeth Hospital, London

Despite heavy snow during the pantomime period, we still managed to deliver 170 performances in 118 hospitals and hospices reaching 1850 children.

### 2. Captain Starlight

Captain Starlight is a superhero who travels from Planet Starlight each day to provide improvised entertainment to distract children in hospitals and hospices.

Captain Starlight 'performers' are professionally trained to connect with children by playing games, telling jokes, getting hands-on with arts and crafts, performing magic tricks and lots more to help children through their treatment.



The Captains work in pairs and can spend time with children at their bedside or entertain them in a playroom or communal area.

This was the first full year of the programme and the Captains made 704 visits to 69 hospitals meeting 7798 children more than double the number of children reached last year.

The programme has had universally popular feedback from hospitals with 100% of the hospitals involved agreeing that Captain Starlight entertained children; created a positive feeling in the hospital or hospice and would like more visits.



*"We really can't thank you enough for sending your Two amazing Captain Starlight's to visit us on Wednesday.*

*From the minute they landed their spaceship on the roof the fun never stopped. The two young ladies were amazing and fully engaged with the two-young people we had in on that day. It was fabulous to see one of the children, who is incredibly sensory, eyes truly sparkle, showing us how much he was gaining from the experience. Those moments for us are truly special and help us create wonderful memories for everyone involved. Thank you just doesn't seem enough but believe me it really comes from our hearts as we say it."*

Jigsaw, Cumbria's Children's Hospice

We have now run the Captain Starlight pilot for 18 months. In September 2018 we will pause the programme to enable us to consult with health professionals and review the operational model with the aim of delivering an even more efficient and effective programme going forward.

#### Starlight Escapes and Treats

Throughout the year Starlight hosts a programme of special events for Starlight wish children and children from local hospitals and hospices who are invited, with their families, to enjoy time away from appointments and treatments.

The events range in size from 30 to 1000 guests and include private film screenings, a summer fete-style party, a flying day and a boating party on the River Thames. This year children were treated to escapes including a preview of the film "Ferdinand" and a wonderful Christmas party at 11 Downing Street, hosted by the Chancellor of the Exchequer Philip Hammond. These activities are only possible thanks to the generous support of many individuals, companies and hundreds of volunteers.



This year we were able to offer 11 escapes - 2 more than the previous year. Bad weather unfortunately impacted two of our larger events, but we were still able to entertain more than 2000 people across a broad range of activities.

*"I'm not sure if you guys can ever understand just how much your trips and days out means to us and the other families you support. The days out allow us to completely relax and enjoy time as a family. It allows us to let the boys enjoy themselves as we know that they are safe because they are with other families in similar situations. When we get home, we are exhausted because for the first time in ages we have been able to completely relax"*

Wendy, A grateful mum

Feedback from families indicates that more than 90% of attendees felt that escapes provide a fun break from the daily routine of treatment; that it allowed them to spend more time together and had a positive impact on the family

## National Play in Hospital Week

We were once again proud to support the National Association of Health Play Specialists (NAHPS) National Play in Hospital Week. This year's theme centred around 'The Power of Play'. Play Teams across the country were encouraged to plan a fun week of activities to raise awareness of the importance of play in the treatment of poorly children and young people.

This year, we also encouraged Play Teams across the UK to enter our national competition where they were asked to create something to show how play improves the patient experience. We were delighted to see the hard work and creativity that went into the entries, which ranged from photographs of displays to original songs about the power of play.



The first prize was awarded to the Play Team at Neptune Ward in Southend Hospital, where the team put together a fantastic comic strip, which involved their superhero alter-egos saving the power of play.

Following a meeting with the Chair of NAHPS, we plan to make a presentation at their Conference in June 2018 about Starlight services and their impact as well as supporting the National Play in Hospital Week in the autumn. This year the theme will be 'Everyday Heroes' celebrating play in healthcare in the 70<sup>th</sup> year of the NHS.

## How we raise funds

Starlight is very lucky to have thousands of supporters who donate their time and energy to fundraising. Just as the needs of children are put first in our Impact Strategy, the needs of our supporters are put first in our fundraising strategy. Our wishes and hospital services are 100% funded by donations and gifts in kind.

This was a challenging year for charities in many ways with more adverse publicity hitting the headlines and a very uncertain economic environment. For Starlight this was compounded by some gaps in leadership as we transitioned to a new leadership team which meant that some activities especially in our individual giving and events programmes just didn't happen.

That said we were still able to generate more than £3 million this year thanks to the loyal support of many people and we now have a 3-year plan that gives us the best chance of at least returning to former levels of income.

Our fundraising activities are intentionally diverse to enable us to respond to the interests of our supporters and to trends in charitable giving. Our main streams of income are:

- Community fundraising and challenge events like the Virgin London Marathon and Ride London
- Individual Giving both in response to our appeals and as philanthropic gifts
- Special events including a race day, a clay pigeon shoot and this year, a polo day
- Trusts and foundations which fully funded our story teller and pantomime programmes this year
- Corporate partnerships
- Legacies

Our income is made up by very many people just doing their bit and every donation- small or large- really makes a difference to young lives.



Something very special about Starlight is the way in which those who have benefited from our services want to help others to have the same experience. In 2009 Jessi was referred for a wish by her teacher who was so impressed with the way in which she managed the pain caused by cerebral palsy while studying for GCSEs.

Jessi is an ardent fan of Keira Knightley especially in "Pride and Prejudice" and she felt that Keira had really helped her through difficult times when she was stuck at home because of her illness. Jessi's wish was to meet Keira and they met while Keira was performing in the West End in "The Misanthrope". This is what Jessi said about her wish:

*"The impact of my wish wasn't just the day it was granted, it's something I've carried with me ever since and it inspired me to continue my education. Seven and a-half-years after my wish, it still makes a difference to me- it made me realise I still had something to offer the world"*

One degree and two masters later Jessi is now at the University of Warwick completing her research into "Disability casting conventions in the theatre".

This year she decided to walk 100 metres in a walking frame to raise funds for Starlight. Her cerebral palsy specifically affects her mobility and can cause spasms strong enough to dislocate her hip so a 100-metre walk for Jessi is like climbing Mount Everest. Jessi expected to take an hour to complete her walk but because of the incredible support on the day, she completed it in an unbelievable 9 minutes and 16 seconds and raised over £750 for Starlight.



10-year-old Freddie was inspired to raise money for Starlight by his little cousin Jess who was diagnosed with cancer and was waiting for a Starlight wish. Freddie said:

*"I've decided to fundraise by shaving off my hair, just like the children who have lost their hair because of the horrible drugs they are on. I'm looking for donations to help them have fun times, I want them to have a good life like me"*

Freddie raised an amazing £700 from his headshave.





Another little boy called Toby who has leukaemia and wanted to visit Lapland was at the heart of our Christmas Campaign which raised £0.5m. The campaign included our first integrated Christmas appeal across digital and print; our first ever "Christmas by Starlight" carol-singing event which featured "Oh Holy Night" sung by the original Rusty from Starlight Express, Ray Shell; and special fundraising activities with corporate partners Ladbrokes and BNP Paribas.



Partnerships are very much valued by Starlight. We work with organisations in lots of different ways to raise money, to secure gifts in kind and importantly to offer volunteering opportunities to employees at our escapes for children.

This year we started a partnership with pladis, the global leader in biscuits and confectionery. The partnership will include fundraising and volunteering opportunities as well as opportunities for seriously ill children to see how biscuits are made.

The National Federation of Demolition Contractors has supported Starlight throughout the year with a team of Virgin London Marathon Runners and by

making Starlight the beneficiary charity from their awards lunch which was attended by our co-founder Emma Samms and hosted by impressionist and comedian Jon Culshaw on behalf of Starlight.

It was also a great pleasure to work with Lyons Holiday Park who provided a lovely holiday wish for a little girl during the year and then involved staff and customers in raising money for Starlight.

Our aim is to build lasting relationships in all that we do. This year was a special year for Gill and Dave Hale who have been raising money for Starlight for 10 years in memory of their son, Matthew. Each year Gill and Dave have held a pub quiz, but this year it proved to be so popular that they had to host two events and in total this inspirational couple raised £25k for Starlight.



We also had the pleasure of working with trainer Nicky Henderson again on the Starlight Race Day at Newbury; and thanks to the support of Lord and Lady Carnarvon we were privileged to hold our Clay Pigeon Shoot at Highclere Castle for the 15<sup>th</sup> year.

The gifts that people leave in their will enable us to help many more seriously ill children. The previous year had been an exceptional year for legacies at £1.06m, however legacy income this year of £0.65m was considerably above the 5-year average for Starlight and we are very grateful for the foresight and kindness of people who plan to give to Starlight in this way.

One legacy was given by a lady who passionately believed throughout her life in helping children through difficult circumstances. Her legacy paid for a year's supply of activity books in our boost boxes which included a written dedication to her wishes.



Legacies are a significant and vital part of our income and we will continue to seek ways of raising awareness of the opportunity to support Starlight in this way.

We are registered with the fundraising regulator and comply with their standards for charitable fundraising in the UK. The aim of the regulator is to ensure that fundraising is respectful, open, honest and accountable to the public, which we take very seriously at Starlight.

During the year we also worked towards the introduction of new General Data Protection Regulations (GDPR). GDPR is a legal framework that sets guidelines for the collection and processing of personal information of individuals within the European Union. We completed a full audit, action plan and staff training prior to the introduction of this legislation in May 2018.

## Starlight Strategy

Over the next 3 years our ambition is to sustain and grow our services for seriously ill children and, by the end of the same period, achieve a sustainable break-even position for the charity. To achieve this, we have two primary objectives and two supporting objectives.

### Primary objectives

1. Optimise the impact that we deliver to sick children and their families

From surveys and anecdotal feedback, we know that our services are well received by children, their families and health professionals. However, as the way children play in a digital environment continues to evolve and the resources of the NHS are even more stretched, we want to ensure that we have a contemporary understanding of the needs of sick children.

With this understanding we will be able to introduce continual review, evaluation, and measurement of the impact of our play, distraction and entertainment services and have the insight and evidence to develop and design new services.

In the coming year we will be appointing Trustees with understanding and experience of the needs of sick children and recruiting a Head of Insight to the team who will be responsible for establishing impact measurement and reporting for Wish Granting and Children's Services.

2. Create sustainable income growth

Simply to maintain our existing services will require income growth from £3.1m to £5.5m by 2021 if we are to achieve a break-even position with an acceptable reserves position. The Trustees have carefully considered all the options and risks for income and expenditure, including a reduction in the budget for children's services.

As we can see many opportunities for income growth and have a level of reserves that enable us to make investments now for future income growth, the Trustees have decided to maintain the Children's Services expenditure with a clear plan for investment and returns from fundraising.

Our immediate priority is to re-instate activities that were missed in the previous year including a programme of Individual Giving and special events. At the same time, we are introducing a new CRM system, ThankQ, which will enable us to put our



relationships with our supporters central to our fundraising strategy.

The data from the CRM system will provide the insight that will ensure that we develop fundraising activities and products that are relevant to our audiences across Individual giving; Community and Challenge Events; Corporate, philanthropy and trusts.

#### *Supporting objectives*

##### **1. Investing in our people**

Inside and out we want every touchpoint with Starlight to be positive, warm and supportive and that means we must be positive, warm and supportive with our own team too.

Through clarity of HR policies, and opportunities for learning and development we prioritise the individual growth and development of our employees as core to our ability to grow the organisation.

This year we will be introducing a performance development review system which has at its heart a review of both what we do and the way we do it. We will also be introducing a values and behaviours framework.

##### **2. Good governance**

Compliance is important but good governance at Starlight is much more than that. We want to make sure that our risk and internal control frameworks are proportionate, effective and sustainable. This means ensuring that we have the right balance of policies, process and people with the behaviour and culture that will ensure we develop and maintain good governance.

Our immediate priorities have been to fill skill gaps on the Trustee Board, create a succession plan and set up new sub-committees. We will also be reviewing our internal processes and controls during the year ahead, with the appointment of a Head of Finance.

## **Financial Review**

Over recent years we have expanded our children's play, distraction and entertainment services in hospitals and hospices to meet the increasing needs of children diagnosed with serious or life-threatening illnesses.

In this period, we granted wishes to 663 (627 in 2016/17) children and families and continued our commitment to provide support in Children's Hospital wards and hospices across the UK, through the provision of distraction boxes, boost boxes, fun centres, story tellers, pantomimes and Captain Starlight. We also hosted several events in the year to provide fun and life enriching experiences for children and their families.

In the previous financial year, 2016/17, Starlight Children's Foundation generated a net loss before investment gain/losses of £715,481, compared to this year where a loss of £2,048,962 was generated. The deficit was in line with forecast outcome for the year and was generated by a combination of internal and external factors. Because of changes in the senior management team much of this difference was accounted for by a reduction in fundraising activity especially in Individual Giving activity and events. We are also aware that the environment in which charities operate is increasingly challenging impacted by the global economic downturn and the uncertainty around the Brexit outcome and may have had a negative impact on income.

Total income of £5,455,257 (including gifts in kind) in 2017/18 compares with the previous year, 2016/17, of £7,243,740; a decrease of 24.7%. Voluntary income and legacy income, included in the total income, of £3,125,885, compares to 2016/17 of £4,965,825, a decrease of 37.0%.

The new management team has a well-developed plan to begin to address this decline in income, beginning in 2018/19. A reducing deficit position is forecast for a further 2 years. It should also be noted that Legacy income for 2017/18 was £655,917, which compares to £1,060,349 in 2016/17. Although the amount of legacy income received was less than in the previous year we are



thankful for this generosity, which will make a very significant contribution to brightening children's lives.

Gift in Kind donations remained at a similar level to the previous year at £2,324,508, compared to £2,248,080 for 2016/17, and remain integral to the delivery of our charitable purpose, especially in providing escapes and fulfilling wishes.

Total expenditure of £7,504,219 (including gifts in kind) in 2017/18 compares to the previous year, 2016/17, of £7,959,221; a decrease of 5.7%.

Fund raising costs were £1,264,575 compared to £1,518,037, a decrease of 16.7%. This represents 23% of fundraised income, which compares favourably to similar charities of our scope and size.

Expenditure on Charitable activities was maintained at an equivalent level of £6,239,644 compared to £6,231,038; a small increase of 0.2%.

As well as developing a plan for income growth, the Trustees have carefully considered costs and expenditure. As the charity invests in the people, systems and processes that create the firm platform for future growth there is currently very little opportunity to further reduce operational costs.

As we plan to gain better insight in to the needs of seriously ill children and how our services can have even more impact, we have decided to suspend the Captain Starlight programme for the second half of FY19 while we review and design the most effective and efficient operating model.

## **Reserves and Investment Policy**

### **Reserves**

All charities are required to consider how much they need to hold in reserves. The extent depends upon the scale and nature of the charity's activities. Starlight total reserves amounted to £6,661,801 and is made up of four elements:

### *Designated Funds*

These amounted to £4,344,885, which included £3,204,192 in respect of charitable purpose expenditure (future wishes and hospital projects for seriously ill and terminally ill children), and the balance is attributable to other future provision for operational costs.

### *Restricted Funds*

These amounted to £54,093 and relate to a small number of programmes, including pantomimes and story tellers and funds raised for specific projects to provide for facilities for children in hospital.

### *Endowment Funds*

There are two funds with a combined total of £200,000 which are held as endowments.

### *General Funds*

These amounted to £2,062,823 as at March 31<sup>st</sup> 2018 – these are funds that can be used by the charity to maintain its ongoing operations and enable us to manage the risk of planning for further deficits over the next 2 years.

### **Investment Returns and Policy**

The market value of long term investments, held in two Odey Investment Funds, was £1,164,554 at March 31<sup>st</sup> 2018 and the guarantee provided by a supporter of the charity is to a value of £2,000,000, i.e. a guarantee value of £835,446. The market value of these investments as at May 31<sup>st</sup> 2018 was £1,250,945, an increase of £86,391 since the year end, which has the effect of reducing the value of the guarantee by this amount to £749,055. These investments are held as longer - term investments by the charity. The Trustees are continuing to review the performance of the Odey investments and the value of the guarantee provided.

In addition, as at March 31<sup>st</sup> 2018, the charity held £3,995,528 (60%) of its reserves as cash deposits to be readily available to meet the operating commitments of the charity. The charity currently aims to maintain total reserves equivalent to a

minimum of one year's expenditure. As at March 31<sup>st</sup> 2018 the charity held the equivalent of 15 months expenditure in reserves.

The mix of longer term investments in investment funds and short term holding of reserves as bank deposits is in line with the Trustees reserve policy as at March 31<sup>st</sup> 2018.

Both the reserves policy and the management of investments will be reviewed during the year in line with the strategy, plan and budget for the year ahead.

#### **Principal risks & uncertainties**

Identifying and managing the possible and probable risks that a charity may face over its working life is a key part of our effective governance. In managing risk, the Trustees aim to ensure that significant risks are known and monitored, to enable informed decisions to be made and timely action to be taken. It also means that we can make the most of opportunities and develop them with the confidence that any risks have been identified and appropriately managed.

Risks are identified and given ratings from low to high according to the likelihood of their occurrence and their impact should they occur. The most significant risk to Starlight as at April 2018 was assessed as the failure to achieve income growth to meet the growth in demand for our services. In response to this risk the Trustees have appointed a Director of Fundraising tasked with developing a sustainable growth plan for income.

The appointment has been supported by the introduction of a new CRM system and the recruitment of more experience to the team in the areas of Individual, Corporate and Philanthropic giving.

In addition, the Trustees are especially focused on the management and mitigation of regulatory compliance risks especially in relation to safeguarding and GDPR. The Trustees are also reviewing structure, systems, policy and process to improve robustness in the management of

financial, fraud and ICT risks; a Head of Finance has been appointed to support the Finance Director.

The register and plans to manage and mitigate risk are regularly reviewed by the Trustees.

#### **Employees and volunteers**

Starlight depends upon a team of dedicated and passionate employees and volunteers to help to brighten the lives of seriously ill children.

During the year we reviewed the organisational structure and grades and benchmarked salaries to ensure that our team is appropriately remunerated. As the year ended we were ready to pilot a Performance Development Review system. We do not currently have a designated HR resource and therefore to ensure that we continue to be compliant with UK law we have appointed Aventure an outsourced Employment Law, HR and Health & Safety company. This has helped us to manage risk and enabled us to review our staff manual and employment policies.

Our team build close relationships with the families that we help which is very rewarding but can also prove to be emotionally challenging. This year we have provided an Employee Assistance Programme with Health Assured to help with some of the challenges that our team might face. Our aim is to make Starlight a great place to be and to help with work-life balance. This year thanks to our team members we have introduced lunch time yoga sessions and a book club as well as repeating our highly competitive staff Bake Off.

The average number of staff employed during the year was 27 FTE (29 FY17).

The Trustees approve the overall salary budget and specifically the remuneration of the Senior Management Team. Details of employees who fall in salary bands above £60k can be found on page 29. Auto-enrolment for pensions is promoted to all employees and a stakeholder scheme with Smart Pension is available to employees.



Volunteers are central to our activities at Starlight. Over 2,000 volunteers give freely of their time to

fundraise; help with administration at our Head Office in Hammersmith; willingly use their networks to help provide wishes and fulfil a myriad of duties at the Starlight escapes. It is not an exaggeration to say that many of our activities simply would not be possible without the time and effort of these incredible people. A volunteer ethic throughout Starlight is central to our success.

### **Governance**

Starlight is a company limited by guarantee (registered number 02038895) and a registered charity in England and Wales (charity number 296058) and Scotland (charity number SC047600)

### **Legal Structure and purpose**

The Charity's purpose is set out in its Memorandum and Articles of Association which were adopted on 2 December 1986. The object of Starlight is to relieve sick and disabled children and young people. The Trustees have reviewed the governing documents during the year and we expect that the new articles will be approved later in 2018.

### **Public benefit**

The Trustees have taken account of the Charity Commission's general guidance on public benefit when reviewing the Charity's aims, objectives and planning.

### **Board of Trustees**

The Board of Trustees is legally responsible for directing the affairs of the charity. The Trustees are also the directors of the company.

During the year the Trustees have conducted a review of governance including the governing documents and the role, responsibilities and code of conduct for Trustees. We have also carried out a skills and diversity audit to identify gaps and to begin to succession plan for existing Board members.

A search agency was used to find suitable Trustee Candidates and as a result in June we were delighted to appoint Dr. Chris Evans, Dr.

Christopher Hanvey, James Innes, Hina Patel and Alain Wolffe to the Board. Together they bring valuable experience in Corporate Strategy, Governance and Finance; Children's health and well being; play and distraction in health care delivery and charities and the charity sector.

In anticipation of an expanded Board of Trustees in the coming year the Board have also agreed the Terms of Reference for the Development Committee to support fundraising and business development; and an Audit and Risk committee.

Key policies have been reviewed during the year, including Health & Safety; Risk and Employment Policies. The Trustees have also been actively involved in the steps that we have taken to be compliant for GDPR. Early in the new financial year we expect to have completed a full review of our safeguarding policy and training.

The Board comprised 11 Trustees as at September 1<sup>st</sup> 2018. The Board meets 4 times each year to regularly review and direct Starlight's budget and performance.

### **Going Concern**

The Trustees have reviewed the accounts as well as the charity's budgets and plans for 2019, reserves position up to the date of signing off these accounts and the group risk register. The Trustees are fully confident that the charity should be considered as a going concern.

### **Trustees declaration of responsibilities**

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

Company law requires the Trustees to prepare financial statements for each financial year. 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 Charity and of the incoming resources and application of resources, including its income and expenditure, of

the Charity for the year. In preparing those 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 accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity 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 corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

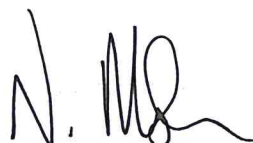
#### Statement of disclosure to our Auditors

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- There is no relevant information, being information needed by the auditor relating to preparing their report, of which the group's auditor is unaware
- The Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director to make

themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board and signed on its behalf:



N Mustoe Chairman

3<sup>rd</sup> September 2018



**STARLIGHT CHILDREN'S FOUNDATION  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
FOR THE YEAR ENDED 31 MARCH 2018**

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## **Opinion**

We have audited the financial statements of Starlight Children's Foundation for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations (as amended).

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which includes the strategic report, has been prepared in accordance with applicable legal requirements.

**STARLIGHT CHILDREN'S FOUNDATION  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
FOR THE YEAR ENDED 31 MARCH 2018**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

**Responsibilities of Trustees**

The Trustees are responsible for the other information. As explained more fully in the Trustees' Responsibilities statement set out on page 13 the Trustees (who are also the Directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

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

  
Scott Lawrence (Senior Statutory Auditor)  
for and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date... 6 September 2018



**STARLIGHT CHILDREN'S FOUNDATION LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 MARCH 2018**

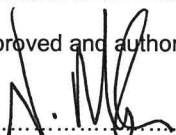
	Notes	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £	Total Funds 2017 £
<b>Income from:</b>						
Donations	3	2,376,340	83,628	-	2,459,968	3,905,476
Legacies	3	655,917	-	-	655,917	1,060,349
Value of goods and services donated	1(e), 4		2,324,508	-	2,324,508	2,248,080
Bank interest		10,098	-	-	10,098	24,803
Income from quoted investments		4,766	-	-	4,766	5,032
<b>Total income</b>		<b>3,047,121</b>	<b>2,408,136</b>	<b>-</b>	<b>5,455,257</b>	<b>7,243,740</b>
<b>Expenditure on:</b>						
Raising funds	5	1,264,575	-	-	1,264,575	1,518,037
Wishes and other charitable activities	6	3,828,473	2,411,171	-	6,239,644	6,231,038
Other	9	-	-	-	-	210,146
<b>Expenditure</b>		<b>5,093,048</b>	<b>2,411,171</b>	<b>-</b>	<b>7,504,219</b>	<b>7,959,221</b>
<b>Net expenditure before losses on investments assets</b>		<b>(2,045,927)</b>	<b>(3,035)</b>	<b>-</b>	<b>(2,048,962)</b>	<b>(715,481)</b>
<b>Unrealised (losses)/gains/ on investment assets</b>	12	<b>(179)</b>	<b>-</b>	<b>-</b>	<b>(179)</b>	<b>194,418</b>
<b>Net movement in funds</b>		<b>(2,046,106)</b>	<b>(3,035)</b>	<b>-</b>	<b>(2,049,141)</b>	<b>(521,063)</b>
Balances brought forward at 1 April 2017		8,453,814	57,128	200,000	8,710,942	9,232,005
<b>Balance carried forward at 31 March 2018</b>	16	<b>6,407,708</b>	<b>54,093</b>	<b>200,000</b>	<b>6,661,801</b>	<b>8,710,942</b>

**STARLIGHT CHILDREN'S FOUNDATION LIMITED**  
**CHARITY BALANCE SHEET**  
**AT 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	11	264,316	262,588
Investments	12	2,203,620	2,203,799
		<b>2,467,936</b>	<b>2,466,387</b>
<b>CURRENT ASSETS</b>			
Debtors	13	723,168	1,231,053
Money Market deposits		3,807,653	5,827,601
Cash at bank and in hand		187,875	143,189
		<b>4,718,696</b>	<b>7,201,843</b>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(524,831)	(957,288)
<b>NET CURRENT ASSETS</b>			
		<b>4,193,865</b>	<b>6,244,555</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>6,661,801</b>	<b>8,710,942</b>
<b>FUNDS</b>			
<b>Endowment funds</b>			
The Barry & Shaun Springer Memorial Fund		100,000	100,000
Kathy's Courageous Kids Fund		100,000	100,000
		<b>200,000</b>	<b>200,000</b>
<b>Unrestricted funds</b>			
General funds		2,062,823	2,624,350
Designated funds		4,344,885	5,829,464
Unrestricted funds	16	6,407,708	8,453,814
<b>Restricted funds</b>	16	<b>54,093</b>	<b>57,128</b>
<b>TOTAL CHARITY FUNDS</b>	16	<b>6,661,801</b>	<b>8,710,942</b>

These financial statements are prepared in accordance with the special provisions of Part 1 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and for circulation to the members of the company. The notes on pages 25 to 34 form part of these financial statements.

Approved and authorized for issue by the board of Trustees on 3rd September 2018

 N. Mustoe (Chairman)



**STARLIGHT CHILDREN'S FOUNDATION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Cash used in operating activities</b>	A	<b>(1,956,776)</b>	<b>(470,052)</b>
<b>Cash flows from investing activities</b>			
Capital expenditure and financial investment		<b>(33,350)</b>	<b>(60,834)</b>
Investment income		<b>14,864</b>	<b>29,835</b>
<b>Cash used in investing activities</b>		<b>(18,486)</b>	<b>(30,999)</b>
Decrease in cash and cash equivalents in the year		<b>(1,975,262)</b>	<b>(501,051)</b>
Cash and cash equivalents at the beginning of the year		<b>5,970,790</b>	<b>6,471,841</b>
Cash and cash equivalents at the end of the year		<b>3,995,528</b>	<b>5,970,790</b>
<b>A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Net movement in funds		<b>(2,048,962)</b>	<b>(715,481)</b>
Depreciation of tangible fixed assets		<b>31,622</b>	<b>26,208</b>
Decrease in debtors		<b>507,885</b>	<b>(144,428)</b>
Decrease in creditors		<b>(432,457)</b>	<b>393,484</b>
Investment income shown in investing activities		<b>(14,864)</b>	<b>(29,835)</b>
<b>Net cash used in operating activities</b>		<b>(1,956,776)</b>	<b>(470,052)</b>

**STARLIGHT CHILDREN'S FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1 ACCOUNTING POLICIES**

**Basis of Preparation**

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

Starlight Children's Foundation Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The principal accounting policies are described below and are consistent with prior years.

**(a) Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each fund is set out in the notes to the financial statements.

Donations required to be retained as capital in accordance with the donor's wishes are accounted for as endowments.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements. With the new FRS102 SORP the Trustees have reviewed the previous policy in respect of Gifts in Kind relating to Wishes and consider that these should now be treated as Restricted income and expenditure.

**(b) Consolidation**

The Charity is exempt from preparing consolidated financial statements by virtue of section 405(2) of the Companies Act 2006.

**(c) Income**

All income is accounted for on a receivable basis as the Charity has entitlement to the income, there is certainty of receipt and the amount is quantifiable.

**(d) Legacies**

Legacies are included in the Statement of Financial Activities as an incoming resource in the year in which the Charity is notified and when the value and entitlement of the legacy is known with reasonable certainty.

**(e) Valuation of other goods and services donated**

Goods and services donated in the financial statements comprise equipment for fun centres installed at hospitals and also the provision of services and other gifts to grant wishes for seriously and terminally ill children. These are included in the Statement of Financial Activities as income at their fair value by reference to readily traded prices of recent transactions or, if there is no direct evidence to support this, at the cost of the item to the donor.



**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**(f) Expenditure**

Salaries and associated staff costs are allocated on the basis of time spent on charitable activities, generating funds and governance.

Costs relating to premises are allocated on the basis of staff numbers working on the above activities.

Other overheads are allocated on the basis of usage.

Direct mail costs incurred for the purposes of fund raising are charged to the costs of generating funds. Direct mail costs associated with educating and advising the public about the Foundation and providing information in order that children can be referred to Starlight for the granting of a wish are charged to Charitable activities. Where these activities lead to funds being generated, an appropriate proportion of the total cost is allocated to the costs of generating funds.

Governance costs are the cost associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.

**(g) Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £500 are capitalised and depreciated by equal annual instalments over their estimated useful life as follows:

- Office improvements 15 years
- Furniture 10 years
- Office equipment: 5 years
- Computers: 3 years

**(h) Investments**

Investments are included at the higher of their market value using the current bid price at the year end and guaranteed minimum value. Investment income is included, gross of applicable taxation, when receivable. Realised and unrealised gains and losses arising on revaluation of investments are included in the Statement of Financial Activities.

Starlight Children's Foundation does, from time to time, receive donated shares which are listed on the AIM market and which are subject to certain time restrictions. Until these restrictions are met the shares cannot be actively traded on the market. The Charity's policy, due to the volatility of these shares is to dispose of them as soon as the time restriction has passed and the shares can be actively traded and sold.

Where such shares are donated and can be valued they are included in the financial statements as fixed asset investments from such time as they can be sold. Shares held by the Charity which cannot be valued owing to the absence of an active market in which to sell them are disclosed in note 9 to the financial statements.

**(i) Debtors**

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

**(j) Creditors and provisions**

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

**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**(k) Pension costs**

The Charity contributed an agreed percentage of the salary to the personal pension plans of permanent employees. The pension providers are selected by the individual employees and thus the pension schemes are independently administered by, and the funds are held by, recognised pension companies. The pension cost charge represents contributions payable by the Charity to the pension funds.

**(l) Operating lease rentals.**

Rentals relating to operating leases are charged to expenditure as incurred.

**2 CONSTITUTION**

The Starlight Children's Foundation is a company limited by guarantee and has no share capital. The Starlight Children's Foundation is a registered Charity and the liability of members is limited to £1 each in the event of winding up.

**3 DONATIONS AND LEGACIES**

Income from donations and legacies was £3,115,885 (2017: £4,965,825) of which £83,628 (2017: £54,610) was restricted.

**4 VALUE OF OTHER GOODS AND SERVICES DONATED**  
**Intangible income – services and goods provided**

	2018 £	2017 £
Goods and services to fulfil wishes	1,915,269	1,679,456
Gifts in kind for parties and escapes	384,048	565,934
Captain Starlight	3,446	2,690
Other activities for children	21,745	-
	<b>2,324,508</b>	<b>2,248,080</b>

Income from other goods and services donated was £2,324,508 (2017: £2,248,080) of which £2,324,508 was restricted (2017: £2,248,080).

**5 EXPENDITURE ON RAISING FUNDS**

	2018 £	2017 £
Direct costs	390,646	834,925
Salaries	519,533	491,403
General overheads	354,396	191,708
	<b>1,264,575</b>	<b>1,518,036</b>

Direct costs include printing, postage, entrance fees and costs associated with marathons and other sports events, travel, publicity and other costs allocated directly to fund raising events and initiatives.



**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**6 EXPENDITURE ON CHARITABLE ACTIVITIES**

	<b>Wishing Granting £</b>	<b>Hospital Services £</b>	<b>2018 £</b>	<b>2017 £</b>
Direct costs	4,062,860	1,178,919	<b>5,241,779</b>	5,176,582
Salaries	308,366	256,045	<b>564,411</b>	743,113
General overheads	203,976	139,861	<b>343,838</b>	292,004
Governance	39,015	45,801	<b>84,816</b>	19,339
	<b>4,614,217</b>	<b>1,620,626</b>	<b>6,239,644</b>	<b>6,231,038</b>

Expenditure on charitable activities was £6,239,644 (2017: £6,231,038) of which £2,411,171 was restricted (2017: £2,275,340).

Direct costs include travel and gift costs of wishes, manufacture of distraction boxes, toys, party and Starlight escape expenses, publicity and other costs allocated directly to charitable activities.

**7 TOTAL GENERAL OVERHEADS**

	<b>Fund Raising £</b>	<b>Wishing Granting £</b>	<b>Hospital Services £</b>	<b>2018 £</b>	<b>2017 £</b>
Rent and services	120,277	93,348	59,681	<b>273,306</b>	266,364
Professional services	62,337	40,813	26,094	<b>129,244</b>	27,754
Temporary staff	2,360	1,439	920	<b>4,719</b>	4,664
Other staff related costs	12,896	7,704	6,303	<b>26,903</b>	32,981
Depreciation & disposals	11,189	8,684	11,570	<b>31,443</b>	26,208
Other office costs	145,338	51,988	35,293	<b>232,619</b>	125,741
	<b>354,397</b>	<b>203,976</b>	<b>139,861</b>	<b>698,234</b>	<b>483,712</b>

The basis of allocation of general overheads is explained in the accounting policy note 1(f)

**8 GOVERNANCE COSTS**

	<b>2018 £</b>	<b>2017 £</b>
Salaries	<b>6,983</b>	2,542
Audit fee	<b>18,060</b>	11,400
General overheads	<b>59,773</b>	5,397
	<b>84,816</b>	<b>19,339</b>

The basis of allocation of governance costs is explained in the accounting policy note 1(f)

**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**9 STAFF COSTS**

	2018 £	2017 £
Salaries	954,847	1,001,670
Social security costs	97,180	102,170
Pension costs	28,405	133,219
Termination payments	10,495	164,304
	<u>1,090,927</u>	<u>1,401,363</u>

The number of employees whose emoluments excluding pension contributions fell within the following bands was:

	2018 £	2017 £
£80,000 - £89,000	-	1
£90,000 - £99,999	-	1
£100,000 - £109,999	2	-
£120,000 - £129,999	-	1
Full time equivalent numbers employed in the year:	<b>Number</b>	<b>Number</b>
Children's services	15	18
Fund raising	12	11
	<u>27</u>	<u>29</u>

The Charity Trustees were not paid or received any other benefits from employment with the Foundation in the year (2017: £nil) neither were they reimbursed expenses during the year (2017: £nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2017: £nil). Trustees' indemnity insurance was purchased during the year for £813 (2017: £813)

The key management personnel of the Charity comprise the Trustees, the Chief Executive Officer, the Head of Operations, the Head of Wish Granting & Children's Services and the Chief Financial Officer. The total employee benefits of the key management personnel of the Charity were £408,603 (2017: £447,947) of which £123,961 were paid as consultancy fees and not included within the staff costs as noted above.

During the comparative year, a member of the senior management team's employment was terminated and a termination payment of £164,304 plus legal fees, together with the Charity's own legal expenses, were included as other expenditure in the comparative Statement of Financial Activities, net of amounts previously accrued.

The Foundation is supported by a large number of volunteers who receive no remuneration. The value of this support has not been included in these financial statements.



**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10 NET EXPENDITURE**

Net expenditure is stated after charging:

	2018 £	2017 £
Auditor's remuneration	18,060	11,400
Depreciation	31,622	26,208
Operating lease rentals	3,776	3,776
	<u>          </u>	<u>          </u>

**11 TANGIBLE ASSETS**

	Motor Vehicle £	Office Improvements £	Office furniture and equipment £	Total £
<b>Cost</b>				
As at 1 April 2017	12,495	223,143	78,259	313,897
Additions	25,200	-	8,150	33,350
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>As at 31 March 2018</b>	<b>37,695</b>	<b>223,143</b>	<b>86,409</b>	<b>347,247</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
At 1 April 2017	3,124	29,752	18,433	51,309
Charge for year	6,018	14,877	10,727	31,622
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 March 2018</b>	<b>9,142</b>	<b>44,629</b>	<b>29,160</b>	<b>82,931</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Book Value at 31 March 2018</b>	<b>28,553</b>	<b>178,514</b>	<b>57,249</b>	<b>264,316</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2017	9,371	193,391	59,826	262,588
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**12 INVESTMENTS**

	2018 £	2017 £
<b>Quoted investments at market value</b>		
Market value of investments as at 31 March 2017	2,203,797	2,009,379
Unrealised (loss)/gain on revaluation at 31 March 2018	(179)	194,418
	<u>2</u>	<u>2</u>
Investment in trading subsidiary	<u>2,203,620</u>	<u>2,203,799</u>
 <b>Historic cost</b>		
At 31 March 2017	<u>2,183,278</u>	<u>2,183,278</u>
	£	£
32,497.165 units - Charishare Common Investment Fund	199,500	200,085
1,732.88 units - Odey European Inc. Euro Shares	1,000,000	1,000,000
4,059.79 units - Odey European Inc. Class A Sterling GBP shares	1,000,000	1,000,000
2,000 ordinary shares - Tesco	4,118	3,712
	<u>2,203,618</u>	<u>2,203,797</u>

The Odey investments are stated at the higher of market value and their Minimum Guaranteed Value.

**13 DEBTORS**

	2018 £	2017 £
<b>Due within one year:</b>		
Amounts due from subsidiary undertaking	790	790
Prepayments and accrued income	577,378	817,824
Gift Aid debtor	145,000	412,439
	<u>723,168</u>	<u>1,231,053</u>



**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**14 CREDITORS**

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Taxation and social security	41,124	31,756
Creditors and accruals	448,207	884,252
Deferred income	35,500	41,280
	<u>524,831</u>	<u>957,288</u>

**15 DEFERRED INCOME**

	2018 £	2017 £
Deferred income brought forward	41,280	48,050
Deferred in year	35,500	41,280
Released to SOFA	<u>(41,280)</u>	<u>(48,050)</u>
Deferred income carried forward	<u>35,500</u>	<u>41,280</u>

Deferred income is money received in advance for events to be held in the following year.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**16 FUNDS**

	Balance 1.4.17 £	Incoming Resources £	Resources Expended £	Transfers £	Investment Gains/ (losses) £	Balance 31.3.18 £
<b>General funds</b>	2,624,350	3,047,121	(2,011,694)	(1,596,774)	(179)	2,062,823
<b>Designated funds</b>						
Boost boxes	-	-	-	236,300	-	236,300
Wish fund	4,625,909	-	(2,659,934)	685,937	-	2,651,912
Fun centres	30,000	-	(39,754)	49,554	-	39,800
Distraction boxes	155,294	-	(70,821)	(12,293)	-	72,180
Captain Starlight	923,000	-	(296,191)	(422,809)	-	204,000
IT renewal fund	95,262	-	(14,654)	(80,608)	-	-
Operational costs	-	-	-	1,140,693	-	1,140,693
<b>Total unrestricted funds</b>	<b>8,453,814</b>	<b>3,047,121</b>	<b>(5,093,048)</b>	<b>-</b>	<b>(179)</b>	<b>6,407,708</b>
<b>Restricted funds</b>						
Boost boxes		11,500	(11,500)			-
Hospital programme	24,593	-	-	-	-	24,593
Wish fund	-	1,915,269	(1,915,269)	-	-	-
Distraction boxes	3,285	5,398	(8,683)	-	-	-
Fun centres	2,000	3,987	(3,987)	-	-	2,000
Parties, escapes and events	-	384,048	(384,048)	-	-	-
Pantomimes and story tellers	27,250	84,488	(84,238)	-	-	27,500
Captain Starlight	-	3,446	(3,446)	-	-	-
<b>Total restricted funds</b>	<b>57,128</b>	<b>2,408,136</b>	<b>(2,411,171)</b>	<b>-</b>	<b>-</b>	<b>54,093</b>
<b>Endowment funds</b>						
The Barry & Shaun Springer Memorial Fund	100,000	-	-	-	-	100,000
Kate Sweeney Fund	100,000	-	-	-	-	100,000
<b>Foundation funds</b>	<b>8,710,942</b>	<b>5,455,257</b>	<b>(7,504,219)</b>	<b>-</b>	<b>(179)</b>	<b>6,661,801</b>

Designated funds have been set aside by the Trustees for the purposes of granting wishes where a promise to grant the wish has been made and for providing distraction boxes. The designated wish fund will be spent during the year on wishes outstanding as at 31 March 2018 and the Trustees expect to transfer further amounts into this fund regarding children accepted for wishes in the future. The provision of fun centres, distraction boxes and Captain Starlight is ongoing and it is expected that these funds will be spent within the next year.

The Hospital programme fund consists of funds raised for specific projects to provide facilities for children in hospital.

The Wish Fund, the Fun Centre Fund, the Distraction Box Fund and the Parties and Events Fund consist of donations and Gifts in Kind given specifically to fund those items.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

The Barry & Shaun Springer Memorial Fund has been donated in the memory of Barry & Shaun Springer as an expendable endowment fund. The income accrued from it each year is used to pay for wishes and entertainment in the name of Barry & Shaun Springer.

Kathy's Courageous Kids Fund has been donated in the memory of Kathy Sweeny as a permanent endowment fund. The income accrued from it each year is used to pay for wishes and entertainment in the name of Kathy Sweeny.

The pantomimes and story tellers restricted income includes a grant from the 1989 Willan Charitable Trust towards the cost of the 2017 programmes.

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

The net assets are held for the various funds as follows:

	Unrestricted £	Restricted £	Endowment £	Total 2018 £	Total 2017 £
Tangible fixed assets	264,316	-	-	264,316	262,588
Investments	2,003,620	-	200,000	2,203,620	2,203,799
Cash at bank	187,875	-	-	187,875	143,189
Money Market deposits	3,753,560	54,093	-	3,807,653	5,827,601
Net current assets/(liabilities)	198,337	-	-	198,337	273,765
	<u>6,407,708</u>	<u>54,093</u>	<u>200,000</u>	<u>6,661,801</u>	<u>8,710,942</u>

**18 OTHER COMMITMENTS**

At 31 March 2018, total commitments under operating leases were as set down below:

	Land and Buildings 2018 £	Other 2018 £	Land and Buildings 2017 £	Other 2017 £
Payable as follows:				
Within one year	204,407	3,504	204,408	3,504
Within two to five years	817,628	6,879	817,632	6,879
After five years	1,516,025	-	1,720,426	-
	<u>2,538,060</u>	<u>10,383</u>	<u>2,742,466</u>	<u>10,383</u>

**19 RELATED PARTY TRANSACTIONS**

N Mustoe is a director of Kindred Limited which provides services to Starlight without charge. Also, N Mustoe's sister was employed as Head of Operations until March 2018. N Mustoe was not involved with her recruitment or in setting her remuneration, which is commensurate with market rates for her role and responsibilities. There were no other related party transactions during the year.



