



STARLIGHT CHILDREN'S FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012
(Registered Company Number 2038895)
(Registered Charity Number 296058)

**STARLIGHT CHILDREN'S FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

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**STARLIGHT CHILDREN'S FOUNDATION
STATUTORY INFORMATION**

REGISTERED OFFICE

Starlight Children's Foundation
Macmillan House
Paddington Station
London
W2 1HD

REGISTERED CHARITY NUMBER

296058

REGISTERED COMPANY NUMBER

2038895

REGISTERED AUDITORS

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

BANKERS

HSBC
25 Wigmore Street
London
W1H 0DP

Bank of Scotland
PO Box 1000
BX2 1LB

SOLICITORS

Bircham Dyson Bell
50 Broadway
Westminster
London
SW1H 0BL

**STARLIGHT CHILDREN'S FOUNDATION
CHAIRMAN'S FOREWORD TO THE ANNUAL REPORT
AND FINANCIAL STATEMENTS 2011/2012**

When Starlight started in 1986, it helped just four children. During this financial year, the Charity assisted over 500,000 children in hospitals and hospices throughout the United Kingdom and Northern Ireland thus amply demonstrating the need for public benefit. This was made possible firstly, because of the generosity of our donors, and secondly, because of the huge number of individuals and organisations that volunteer their time and in particular their resources to help Starlight achieve its mission.



Starlight was originally founded to grant 'once in a lifetime' wishes to seriously and terminally ill children. Today, in addition to wish granting, it runs a number of innovative children's programmes using entertainment to distract any sick child in a hospital or hospice from the fear, pain and isolation often caused by their illnesses, thus establishing Starlight as the leading charity providing paediatric palliative care in the UK and NI.

Starlight's hospital entertainment includes Starlight Rooms, Starlight Distraction Boxes, Starlight Hospital Parties, Starlight Escapes (outings away from hospital) and Starlight Fun Centres (mobile entertainment units) both in hospital wards and children's hospices. During the year we continued the expansion of the hospital parties and escapes programmes which run year round and continued running the travelling pantomime for two seasons per annum - Christmas and also a summer season.

I am delighted to report that we delivered 1,000 new Mark III Starlight Fun Centres during the year and that demand is such that we will be delivering a further 200 Starlight Fun Centres over the summer of 2012. Every children's hospital ward and hospice in the UK, NI, the Isle of Man and the Channel Islands now has a Starlight Fun Centre available to them. This is the single largest project in Starlight's twenty-five year history.

The new Starlight Fun Centre has a fun 'robot' body that incorporates a Nintendo Wii console and Nintendo Fit Board, 4 x Nintendo DSi, a Blu-ray/DVD player, internet and TV access and flat screen TV. This represents a radical step into a new era of entertainment and distraction therapy.



When children come into hospital they are usually afraid and in pain, and it can be very intimidating for them. However, every child, fit or ill, wants to play with a Starlight Fun Centre. We believe that incorporating the Wii into the Fun Centre will benefit the children enormously as they will no longer require encouragement to get out of bed or to move about more. The new Fun Centre, which has been created in consultation with sick children and hospital staff, has been designed by world renowned furniture designer Tim Gosling.

If a child is confined to bed, or is waiting to have an operation and feeling down, a Fun Centre can be moved next to them as the unit is mobile. The Fun Centre is something they can concentrate on and it helps to take their mind off pain, fear and isolation caused by their illness and treatment.

Starlight Fun Centres are often used as a crucial part of a child's treatment. Children with cancer need infusions of chemotherapy over a number of weeks. During each treatment, they become very unwell and are often physically sick. In a situation like this it becomes very challenging to engage a child in lifesaving treatment. However, if children have access to a Starlight Fun Centre whilst this is going on they are so absorbed that they are often unaware of treatment, or that it has finished, and they tend not to suffer from the sickness usually brought on by treatment sessions.

During the financial year we delivered a further 1,000 Starlight Distraction Boxes for distribution to hospital staff engaged in medical procedures with children. These are children who might benefit from having some form of distraction available during treatment, thus reducing the stress and pain suffered by the sick child. Starlight

**STARLIGHT CHILDREN'S FOUNDATION
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AND FINANCIAL STATEMENTS 2011/2012**

Distraction Boxes have proved to be hugely popular and we hope to distribute a further 1,000 in 2012/2013.

During 2011/12 the wish granting team was increased by 50% to help manage the huge demand placed on the charity by new referrals. At any one time, Starlight is managing over 1,000 wishes. As soon as wishes are granted, even more ill children are referred to take their place. In 2012/2013, our expectation is that the number of wishes granted will continue to increase (subject to fitting wishes in with treatment regimes which are, of course, beyond Starlight's control). Without continuing support from our donors we would face the heart-breaking situation of having to keep seriously ill children waiting for their wishes. Seventy percent of these children are cured. Many parents write to Starlight saying that they perceived the Starlight wish as a turning point for their child. When you take a call from the parent of a child giving you the simply wonderful news that their child has been given a clean bill of health and that in their opinion the Starlight Wish was the turning point in their child's illness – you know it is all worthwhile!



Wishes cost anything between £100 and £8,000 with an average cost of £3,555 per wish. They are granted on the basis of: 'if you could have anything you wanted in the world what would it be?' There appears to be no limit to children's imaginations and the wishes include: meeting celebrities; tangible items (TV's, computers, etc.); holidays (Disneyland, swim with dolphins, bucket and spade, etc.); imagination (to be a soldier, police officer or airhostess for the day); and others such as 'to see a rainbow'; or one little girl who asked to have three stars named after her, her brother and her sister – so they could still speak to her in heaven.

To the best of our knowledge, there are about 2,500 children diagnosed each year with a serious, terminal or life shortening illness. Starlight's wish is to be able to offer a wish to each of these children and to do so will cost circa £8.75 million per annum.

Where does your money go?



In the last ten years the charity's income has gone up ten-fold whilst at the same time the cost of fund raising has reduced to 7 pence per £1 raised. Currently, indications are that fund raising is going to continue being especially difficult. Increased taxation, in particular VAT, and the cost of food and fuel significantly exceeding the quoted rate of inflation, has resulted in there being little or no disposable income for charitable donations. Starlight is heavily dependent on donations from ordinary members of the public and we expect donations in 2012/2013 to be particularly testing. Despite this, Starlight has continued to expand help for seriously and terminally ill children and driven the cost of fund raising down to just 7 pence per £1 raised. However, it is the number of ill children that we help each year that is the true measure of Starlight's success, and this has risen twelve-fold.

I believe this year's Report and Accounts reflect that the Charity is now poised to expand further its services so that ultimately it can assist all seriously and terminally ill children. During the next financial year, subject to available resources, Starlight hopes to move towards this ultimate goal.

Starlight receives neither Government nor National Lottery support and must rely totally on public generosity. We are therefore hugely grateful to the various Trusts, Foundations, Companies, members of the public, celebrities and others, who have given so generously this year to support our work which has put smiles on the faces of so many sick children and is best summed up by the thought that 'happy children get better quicker'. You can view some short films showing Starlight's work at www.starlight.org.uk.

Bertie Way
Chairman

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

The Trustees of the Starlight Children's Foundation have pleasure in presenting their report and financial statements for the year ended 31 March 2012.

Objects of the Charity

Starlight is a national charity operating throughout the United Kingdom and Northern Ireland, the Channel Islands and the Isle of Man, which was established in 1986, originally to provide wishes for seriously and terminally ill children. In its first year Starlight granted just four wishes. Eleven years ago this was expanded to include other work in hospitals that are treating seriously and terminally ill children and, last year alone, over 500,000 seriously and terminally ill children benefited from this work.

Starlight's mission is to brighten the lives of seriously and terminally ill children through the granting of wishes and the provision of entertainment in hospitals and hospices aimed at distracting children from the pain, fear and isolation of the illnesses from which they are suffering and for which they are receiving treatment.

Organisation, public benefit and charitable status

Starlight is a registered charity (no: 296058) and a company limited by guarantee, governed by its Memorandum and Articles of Association. A Board consisting of eight Trustees manages the business of the Charity. The Trustees receive no remuneration for their services to Starlight.

Chief Executive Officer, Neil Swan, attends all meetings of the Trustees and the Finance and Administration Committee (a sub-committee of the main board) and has regular additional meetings and discussions with the Chairman of Trustees and smaller groups of Trustees.

The Trustees have had due regard to the guidelines issued by the Charity Commission relating to public benefit and are satisfied that the charity confers a public benefit. The benefits of Starlight are available to any sick, injured or disabled child in any hospital or hospice in the UK and NI. The work of Starlight not only helps these children and their families but also the healthcare professionals responsible for the children by allowing them to concentrate on treatment. The Trustees are therefore confident that Starlight fully satisfies the requirements for public benefit related to charitable status. These benefits are delivered by fully trained volunteers and a small team of staff at HQ which undertake the delivery of Starlight Wishes for seriously or terminally ill children. In addition, they also provide Starlight Hospital Parties, the Starlight Pantomime and Starlight Escapes to children in hospitals and hospices throughout the UK and NI. Further to this, the HQ team manages the building, delivery and maintenance of all Starlight Fun Centres and the provision of Starlight Distraction Boxes.

Review of Activities and Future Development

A review of Starlight activities, public benefits and future developments is contained in the Chairman's Foreword on page two.

Financial Results

The attached financial statements have been prepared to comply with the requirements of the Statement of Recommended Practice (the SORP) issued in March 2005.

Total Incoming Resources of £10,511,009 compares with the previous year's figure of £9,426,971. Cash donations of £5,039,629 are higher than the previous year (£4,882,863) as a result of an extraordinary effort by the staff of the charity. Gifts in kind are substantially up on the previous year, which is indicative that many supporters are finding it easier to donate assets for direct use in the charity's work than hard cash at this time. It is also indicative of the fund raising team having to 'think laterally' when it comes to fundraising.

Fund raising costs were £747,760 compared to £824,186 and this together with the increase in fund raising income resulted in driving the fund raising ratio down to 7p spent on fund raising per £1 raised. Expenditure on services to children increased from £9,156,022 to £9,500,175 in line with the Trustees desire to help more children. The Charity maintained its commitment to its Reserves policy.

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

Financial Policy and Reserves

Starlight is committed to the following:

- raising adequate unrestricted funds each year, which will enable it to deliver a wish to all seriously ill children referred to the charity, in as short a time as possible, whilst fitting in with the child's treatment.
- raising sufficient funds significantly to expand all Starlight entertainment programmes aimed at distracting children from the fear pain and isolation often felt as a result of their stay in hospital.
- raising sufficient funds to provide one new Mark III Starlight Fun Centre for every children's ward in every hospital and hospice in the United Kingdom, Northern Ireland, The Channel Islands and The Isle of Man (cost circa £3.6million). This project is now nearly completed.

In any normal year, Starlight aims to maintain a reserve equivalent to a minimum of one year's expenditure, thus always being able to grant any wish promised, irrespective of income at any particular moment in time. In the light of the global economic downturn; the Trustees are pleased to report that the Charity has a robust balance sheet which will be used to allow services for seriously and terminal ill children to be delivered at the same rate during the year, whatever the rate of income during 2012/2013. Accordingly the Trustees believe the level of reserves at 31 March 2012 is appropriate.

The Trustees have included a designated fund equivalent to the number of wishes committed to, but not yet paid for, at the year end to illustrate the moral commitment of 'wishes promised'. It is intended that this fund, totalling £3,807,801, will be spent during the year on wishes outstanding as at 31 March 2012. The Trustees review the commitment annually and expect to transfer further amounts into this fund regarding children accepted for wishes in the future.

The provision of Starlight Fun Centres and Starlight Distraction Boxes is expected to continue and the designated funds (£226,800 and £100,000 respectively) spent within the next year, but again, the funds are reviewed annually.

A sum of £241,871 has also been designated to fund the evaluation and introduction of Captain Starlight; a new and exciting project bringing a unique dimension to the entertainment of children in hospitals and hospices. Subject to the completion of the Mark III Starlight Fun Centre project, detailed planning of the Captain Starlight Project is expected to start in 2013.

Investment Policy

Up to the end of March 2009, the charity's funds were held almost entirely in cash deposits yielding returns of up to 6.79% per annum. However, the collapse in Base Rate resulted in a typical return of just 0.3% on deposits and money market funds. The trustees felt that holdings should be diversified and made a decision in May 2009 to invest approximately 20% of the available funds with Odey Asset Management, an organisation with a long track record of consistently high returns. The objective was to achieve capital growth on the funds without undue risk, and bearing in mind that even funds invested with banks receive no protection in the event of a bank failure, an investment of £2,000,000 was made in Odey European Inc Euro Shares a fund whose objectives are capital appreciation through investing in European securities, bonds and currencies and related financial instruments and non-European securities. The benchmark for these funds is to try and beat the typical returns on the money market and direct bank deposits of 0.3%. At 31st March 2012 the investment was valued at £1,975,130, showing a capital depreciation of -10% (-0.1%). A further £140,453 is invested with Black Rock Charishares which showed a capital depreciation of -4.8% (+11.3%) in 2011/12.

The charity still holds over 75% of its funds in bank deposits and money market accounts and every effort is made to maximise interest on 'cash in hand' required for the efficient day-to-day running of the Charity as a whole.

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

Risk Statement

During the year the Trustees identified and discussed the major risks facing the charity. The major risks identified by the Trustees have been grouped under the following headings such as reputation, financial and personnel and it is these three risks which are considered to be the greatest risks to the Charity. The risks are listed in a register and reviewed on a quarterly basis by the Finance Committee and on an annual basis by the full Board of Trustees.

Tangible Fixed Assets

Starlight has minimal tangible fixed assets (book value £11,657) which are limited to computers, furniture and office equipment.

Employees

Starlight supports the employment of disabled persons in positions suited to their own particular abilities, and the ethos of the Disabled Discrimination Act (1995) by actively promoting non-discriminatory processes for recruitment, promotion, training and terms and conditions of employment. The Charity will make reasonable adjustments for employees who become disabled in the course of their duties and wherever possible seek to provide continuing employment. The special needs of all disabled persons are carefully examined in order to ensure that they are not unjustifiably discriminated against on the grounds of their disability. Health and safety programmes continue to be reviewed throughout the organisation.

Members of the Board of Trustees

Trustees are invited to apply to Starlight on the basis of added-value to the charity. New trustees are provided with Charity Commission advice about their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the business plan and recent financial performance of the charity. New Trustees are encouraged to meet all employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. The trustees who served during the year were as follows:

Bertie Way (Chairman)	Christopher Hanbury
Alasdair Hadden-Paton ACA	Nick Mustoe
Richard Cook JP	Zahra Severn
David Forbes	Mark Tasker

Board Members receive no remuneration for their services to Starlight Children's Foundation.

Auditors

PKF (UK) LLP are eligible for reappointment as auditors and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf:



Bertie Way
Chairman
27 June 2012

STARLIGHT CHILDREN'S FOUNDATION STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' annual 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 state of affairs of the group and parent charity and of the incoming resources and application of resources, including its income and expenditure, of the group 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;
- state whether applicable 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 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 group and parent 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 group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARLIGHT CHILDREN'S FOUNDATION

We have audited the group and parent charity financial statements ("the financial statements") of Starlight Children's Foundation for the year ended 31 March 2012 which comprise the consolidated statement of financial activities, consolidated and charity balance sheets, consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity'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. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

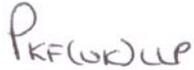
In our opinion the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STARLIGHT CHILDREN'S FOUNDATION**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept in respect of the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements do not accord with the accounting records; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

PKF(UK)LLP

Ian Mathieson (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK

28 June 2012

STARLIGHT CHILDREN'S FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2012

<u>Notes</u>	<u>Unrestricted funds</u> £	<u>Restricted funds</u> £	<u>Endowment funds</u> £	<u>Total funds 2012</u> £	<u>Total funds 2011</u> £
Incoming resources					
Incoming resources from generated funds					
	4,656,765	120,867	-	4,777,632	4,685,467
	261,997	-	-	261,997	197,396
1(e),3	4,178,803	1,250,351	-	5,429,154	4,498,369
Activities to generate funds					
	37,457	-	-	37,457	41,553
	4,769	-	-	4,769	4,186
Total incoming resources	9,139,791	1,371,218	-	10,511,009	9,426,971
Resources expended					
4	747,760	-	-	747,760	824,186
Charitable activities					
4	8,128,957	1,371,218	-	9,500,175	9,156,022
5	19,583	-	-	19,583	17,884
Total resources expended	8,896,300	1,371,218	-	10,267,518	9,998,092
Net incoming/(outgoing) Resources					
	243,491	-	-	243,491	(571,121)
(Losses)/gains on investment assets					
8	(228,651)	-	-	(228,651)	11,372
Net movement in funds	14,840	-	-	14,840	(559,749)
Balances brought forward at 1 April 2011	8,972,492	24,593	200,000	9,197,085	9,756,834
Balances carried forward at 31 March 2012	8,987,332	24,593	200,000	9,211,925	9,197,085

All amounts relate to continuing operations.

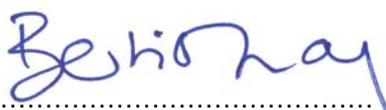
The charity has no recognised gains or losses other than the net incoming resources for the year.

**STARLIGHT CHILDREN'S FOUNDATION
CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2012**

Company House Number: 2038895

	<u>Notes</u>	£	<u>2012</u>	£	<u>2011</u>	£
FIXED ASSETS						
Tangible assets	7		11,657		15,142	
Investments	8		2,122,141		2,350,792	
			2,133,798		2,365,934	
CURRENT ASSETS						
Debtors	9	306,424		223,921		
Money market deposits		5,830,025		5,795,116		
Cash at bank and in hand		1,344,157		1,347,362		
			7,480,606		7,366,399	
CREDITORS						
Amounts falling due within one year	10	(402,479)		(535,248)		
			7,078,127			
NET CURRENT ASSETS				6,831,151		
TOTAL ASSETS LESS CURRENT LIABILITIES			9,211,925	9,197,085		
FUNDS						
Endowment funds						
Barry Springer Memorial		100,000		100,000		
Kathy's Courageous Kids Fund		100,000		100,000		
			200,000		200,000	
Unrestricted funds						
General funds		4,611,652		5,723,367		
Designated funds		4,376,472		3,249,917		
			8,988,124		8,973,284	
Restricted funds						
Non-charitable trading funds deficit	13		24,593 (792)		24,593 (792)	
	11		9,211,925		9,197,085	

Approved and authorised for issue by the Board of Trustees on 27 June 2012.


 (Bertie Way)
 Trustee

**STARLIGHT CHILDREN'S FOUNDATION
CHARITY BALANCE SHEET
AT 31 MARCH 2012**

Company House Number: 2038895

	<u>Notes</u>	£	<u>2012</u>	£	<u>2011</u>	£
FIXED ASSETS						
Tangible assets	7		11,657		15,142	
Investments	8		2,122,143		2,350,794	
			<hr/>		<hr/>	
			2,133,800		2,365,936	
CURRENT ASSETS						
Debtors	9	307,214		224,711		
Money market deposits		5,830,025		5,795,116		
Cash at bank and in hand		1,344,157		1,347,362		
			<hr/>	<hr/>		
			7,481,396		7,367,189	
CREDITORS						
Amounts falling due within one year	10	(402,479)		(535,248)		
			<hr/>	<hr/>		
NET CURRENT ASSETS			7,078,917		6,831,941	
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>	
			9,212,717		9,197,877	
			<hr/> <hr/>		<hr/> <hr/>	
FUNDS						
	11					
Endowment funds						
Barry Springer Memorial		100,000		100,000		
Kathy's Courageous Kids Fund		100,000		100,000		
			<hr/>	<hr/>		
			200,000		200,000	
Unrestricted funds						
General funds		4,611,652		5,723,367		
Designated funds		4,376,472		3,249,917		
			<hr/>	<hr/>		
			8,988,124		8,973,284	
Restricted funds						
			24,593		24,593	
			<hr/>		<hr/>	
			9,212,717		9,197,877	
			<hr/> <hr/>		<hr/> <hr/>	

Approved and authorised for issue by the Board of Trustees on 27 June 2012.


 (Bertie Way)
 Trustee

STARLIGHT CHILDREN'S FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	<u>Note</u>	<u>2012</u> £	<u>2011</u> £
Net cash inflow from operating activities	1	(10,522)	(529,963)
Capital expenditure			
Capital expenditure and financial investment	2	-	(2,682)
Returns on investments and servicing of finance			
Investment income received		42,226	45,739
Increase / (decrease) in cash	3	31,704	(486,906)

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Net incoming resources for the year	243,491	(571,121)
Depreciation of tangible fixed assets	3,485	11,270
(Increase) / decrease in debtors	(82,503)	405,214
Decrease in creditors	(132,769)	(329,587)
Investment income receivable	(42,226)	(45,739)
Net cash inflow from operating activities	(10,522)	(529,963)

2. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of fixed assets	-	2,682
Net cash inflow from operating activities	-	2,682

3. ANALYSIS OF THE CHANGE IN NET FUNDS

	1 April 2011	Change in year	31 March 2012
Short term deposits	5,795,116	34,909	5,830,025
Cash at bank	1,347,362	(3,205)	1,344,157
	7,142,478	31,704	7,174,182

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards, and in accordance with the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities ("SORP 2005") issued by the Charity Commission for England and Wales in March 2005.

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.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the parent undertaking and all subsidiary undertakings for the year ended 31 March 2012. The trading subsidiary has not traded during the year.

(c) Income

All income is included when it is receivable by the charity.

(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 and associated expenditure where there is a demonstrable financial cost borne by the donor and the current value to the charity can be measured. No income is recognised where there is no financial cost borne by a third party.

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

1 ACCOUNTING POLICIES (continued)

(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:

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

(h) Investments

Investments are included at market value at the year end. 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 8 to the financial statements.

(i) Pension costs

The charity contributed an agreed percentage of the salary (generally 5% of gross 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 (note 6) represents contributions payable by the charity to the pension funds.

(j) Operating lease rentals.

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

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

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 VALUE OF OTHER GOODS AND SERVICES DONATED

	<u>2012</u> £	<u>2011</u> £
Intangible income – services to fulfil wishes	4,178,803	3,174,506
Gifts in kind for parties	83,805	106,642
Fun Centres	1,043,675	794,575
Popham Air Day	25,371	245,146
Distraction boxes	30,000	30,000
Other events	67,500	147,500
	<hr/> 5,429,154 <hr/>	<hr/> 4,498,369 <hr/>

4 COST OF GENERATING FUNDS

	<u>2012</u> £	<u>2011</u> £
Direct costs	235,811	287,115
Salaries	364,727	388,049
General overheads	147,222	149,022
	<hr/> 747,760 <hr/>	<hr/> 824,186 <hr/>

CHARITABLE ACTIVITIES

	<u>2012</u> £	<u>2011</u> £
Direct costs	8,584,080	8,320,352
Salaries	790,753	700,933
General Overheads	125,342	134,737
	<hr/> 9,500,175 <hr/>	<hr/> 9,156,022 <hr/>

General Overheads includes expenditure on rent and services of £110,460 (2011: £109,830), professional services of £67,286 (2011: £56,285), other staff-related costs of £9,347 (2011: £9,952), depreciation of £3,485 (2011: £11,270), Website development costs £Nil (2011: £72,504) and other office costs of £81,986 (2011: £23,919).

5 GOVERNANCE COSTS

	<u>2012</u> £	<u>2011</u> £
Salaries	3,137	2,348
Audit fees	10,560	10,320
Other costs	5,886	5,216
	<hr/> 19,583 <hr/>	<hr/> 17,884 <hr/>

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

6 STAFF COSTS	<u>2012</u> £	<u>2011</u> £
Salaries	967,058	968,783
Social Security costs	106,838	105,092
Other Pension costs	84,721	17,455
	<hr/> 1,158,617 <hr/>	<hr/> 1,091,330 <hr/>

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

£70,000 - £79,999	-	1
£80,000 - £89,999	1	1
£90,000 - £99,999	1	-
£180,000 - £189,999	1	-
£190,000 - £199,999	-	1

Amounts payable to employees earning over £60,000 include contributions to money purchase pension schemes of £nil.

Average numbers employed in the year:

Children's services	14	13
Fund Raising	11	11
	<hr/> 25 <hr/>	<hr/> 24 <hr/>

The trustees receive no remuneration in respect of their duties as trustees. £Nil was reimbursed to trustees for hospitality (2011: £Nil). Trustees' indemnity insurance was purchased during the year for £923 (2011: £987). Pension contributions on behalf of higher paid staff totalled £82,209 (2011: £15,871) for 2 employees (2011: 2). 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.

7 FIXED ASSETS - TANGIBLE

Consolidated and Foundation

	<u>Computers</u> £	<u>Furniture</u> £	<u>Office equipment</u> £	<u>Total</u> £
Cost or valuation				
As at 1 April 2011	48,403	21,526	12,770	82,699
	<hr/> 48,403 <hr/>	<hr/> 21,526 <hr/>	<hr/> 12,770 <hr/>	<hr/> 82,699 <hr/>
Depreciation				
At 1 April 2011	47,174	8,151	12,232	67,557
Charge for the year	1,064	2,152	269	3,485
	<hr/> 48,238 <hr/>	<hr/> 10,303 <hr/>	<hr/> 12,501 <hr/>	<hr/> 71,042 <hr/>
Net book value				
As at 31 March 2012	165	11,223	269	11,657
	<hr/> 1,229 <hr/>	<hr/> 13,375 <hr/>	<hr/> 538 <hr/>	<hr/> 15,142 <hr/>
As at 31 March 2011	1,229	13,375	538	15,142

STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

8 INVESTMENTS

	<u>Consolidated</u>		<u>Foundation</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Quoted investments at market value				
Market value investments as at 31 March 2011	2,350,792	2,339,422	2,350,792	2,339,420
Unrealised gain/(loss) on revaluation	(228,651)	11,372	(228,651)	11,372
<hr/>				
Market value investments at 31 March 2012	2,122,141	2,350,794	2,122,141	2,350,792
Investment in trading subsidiary	-	-	2	2
<hr/>				
	2,122,141	2,350,794	2,122,143	2,350,794
<hr/>				
Historic cost				
At 31 March 2012	2,183,276	2,183,276	2,183,278	2,183,278
<hr/>				
Analysed as follows:			£	£
32,497.165 units - Charishare Common Investment Fund			140,453	147,602
1,732.88 units - Odey European Inc Euro Shares			958,126	1,097,031
4,059.79 units - Odey European Inc Class A Sterling GBP Shares			1,017,004	1,098,539
2,000 ordinary shares – Tesco			6,558	7,620
<hr/>				
			2,122,141	2,350,792
<hr/>				

Donated shares held but not valued due to lack of an active market:

1,562,500 Ordinary Shares in the China Pub Company plc (listed on Channel Islands stock exchange) (2011: 1,262,500 shares).

9 DEBTORS

	<u>Consolidated</u>		<u>Foundation</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Due within one year				
Amounts due from subsidiary undertaking	-	-	790	790
Prepayments and accrued income	269,926	168,167	269,926	168,167
Taxation	36,498	55,754	36,498	55,754
<hr/>				
	306,424	223,921	307,214	224,711
<hr/>				

10 CREDITORS

	<u>Consolidated</u>		<u>Foundation</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Amounts falling due within one year				
Taxation and social security	23,471	25,698	23,471	25,698
Creditors and accruals	311,663	484,200	311,663	484,200
Deferred income	67,345	25,350	67,345	25,350
<hr/>				
	402,479	535,248	402,479	535,248
<hr/>				

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

11 FUNDS

Consolidated and Foundation	Balance 1 April 2011	Incoming resources	Resources expended	Transfers	Net investment losses	Balance 31 March 2012
	£	£	£	£	£	£
General funds	5,723,367	9,139,791	(6,078,846)	(3,773,539)	(228,651)	4,782,122
Designated funds						
Wish Fund	2,075,163	-	(1,991,008)	3,723,646	-	3,807,801
Fun centres	824,754	-	(574,718)	(23,236)	-	226,800
Distraction boxes	100,000	-	(73,129)	73,129	-	100,000
Captain Starlight	250,000	-	(8,129)	-	-	241,871
Total unrestricted funds	8,973,284	9,139,791	(8,896,300)	-	(228,651)	8,988,124
Restricted funds						
Hospital Programme	24,593	-	-	-	-	24,593
Distraction Boxes	-	32,297	(32,297)	-	-	-
Fun Centres	-	1,160,322	(1,160,322)	-	-	-
Parties & Events	-	178,599	(178,599)	-	-	-
Total restricted funds	24,593	1,371,218	(1,371,218)	-	-	8,988,124
Endowment funds						
Barry Springer Memorial	100,000	-	-	-	-	100,000
Kate Sweeny Fund	100,000	-	-	-	-	100,000
Foundation funds	9,197,877	10,511,009	(10,267,518)	-	(228,651)	9,212,717
Subsidiary:						
Non-charitable trading funds	(792)	-	-	-	-	(792)
	9,197,085	10,511,009	(10,267,518)	-	(228,651)	9,211,925

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

The Barry Springer Memorial Fund has been donated in the memory of Barry 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 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.

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, for providing fun centres and for providing distraction boxes. The designated wish fund will be spent during the year on wishes outstanding as at 31 March 2012 and the Trustees expect to transfer further amounts into this fund regarding children accepted for wishes in the future. The provision of fun centres and distraction boxes is ongoing and it is expected that these funds will be spent within the next year.

A sum of £250,000 was designated in 2010/11 to fund the evaluation and introduction of Captain Starlight; a new and exciting project bringing a unique dimension to the entertainment of children in hospitals and hospices throughout the United Kingdom. Expenditure of £8,129 was incurred during the year in respect of this project.

Designated funds are reviewed annually.

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	<u>Unrestricted</u>	<u>Designated</u>	<u>Restricted</u>	<u>Endowment</u>	<u>2012</u> <u>Total</u>	<u>2011</u> <u>Total</u>
	£	£	£	£	£	£
Tangible fixed assets	11,657	-	-	-	11,657	15,142
Investments	2,122,141	-	-	-	2,122,141	2,350,792
Cash at bank	1,344,157	-	-	-	1,344,157	1,347,362
Money market deposits	1,228,960	4,376,472	24,593	200,000	5,830,025	5,795,116
Other net current liabilities	(96,055)	-	-	-	(96,055)	(311,327)
	<u>4,610,860</u>	<u>4,376,472</u>	<u>24,593</u>	<u>200,000</u>	<u>9,211,925</u>	<u>9,197,085</u>

13 SUBSIDIARY UNDERTAKING

The wholly-owned subsidiary undertaking incorporated in Great Britain – Starlight General Trading Limited (registered in England) – is included in the Consolidated Financial Statements. The trading company's objective is to realise profits from commercial and other activities. The net income of the trading company is donated to Starlight Children's Foundation, which owns the entire issued share capital of 2 ordinary £1 shares. The company did not trade during the year.

	<u>2012</u> <u>£</u>	<u>2011</u> <u>£</u>
Profit and loss account		
Income	-	-
Bank interest	-	-
Costs	-	-
	<u>-</u>	<u>-</u>
Covenant to Starlight Foundation	-	-
	<u>-</u>	<u>-</u>
Retained profit/(loss) for the year	-	-
Balance brought forward	(792)	(792)
	<u>(792)</u>	<u>(792)</u>
Balance carried forward	<u>(792)</u>	<u>(792)</u>

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

14 OTHER COMMITMENTS

At 31 March 2012, annual commitments under operating leases were as set out below:

	<u>2012</u>		<u>2011</u>	
	<u>Land and buildings</u> £	<u>Other</u> £	<u>Land and buildings</u> £	<u>Other</u> £
Operating leases which expire:				
Within one year	105,450	-	110,460	-
Within two to five years	-	1,440	-	1,440
	<u>105,450</u>	<u>1,440</u>	<u>110,460</u>	<u>1,440</u>

15 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.