

STARLIGHT CHILDREN'S FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016
(Registered Company Number 02038895)
(Registered Charity Number 296058)

**STARLIGHT CHILDREN'S FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

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**STARLIGHT CHILDREN'S FOUNDATION
STATUTORY INFORMATION**

REGISTERED OFFICE

Starlight Children's Foundation
227 Shepherd's Bush Road
London
W6 7AU

REGISTERED CHARITY NUMBER

296058

REGISTERED COMPANY NUMBER

02038895

REGISTERED AUDITORS

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

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 2015/2016**

When Starlight started in 1986, it helped just four children. During this financial year, the Charity assisted over 600,000 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. We also expanded Starlight Story Tellers to more Hospitals and Hospices.

I am delighted to report that the new Starlight Fun Centres (1,320 units - one available to every children's hospital ward and hospice in the UK, NI, the Isle of Man and the Channel Islands) continues to be very well received by the children and the hospital staff. This is the single largest paediatric palliative care project on the UK.

The Starlight Fun Centre has a fun 'robot' body that incorporates a Nintendo Wii 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 benefits the children enormously as they no longer require encouragement to get out of bed or to move about more. The Starlight 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 CHILDREN'S FOUNDATION
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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 1,300 Starlight Distraction Boxes (now a total of 8,627) 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 Distraction Boxes have proved to be hugely popular and we hope to distribute over 1,000 in 2016/2017.

During 2015/16 the wish granting team was further strengthened to help manage the huge demand placed on the charity by new referrals. At any one time, Starlight is managing over 1,700 wishes. As soon as wishes are granted, even more ill children are referred to take their place. In 2016/2017, 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 £200 and £10,000 with an average cost of £4,128 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, swimming with dolphins, bucket and spade on the beach, 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 over £10 million per annum.

In the last 13 years the charity's income has gone up ten-fold whilst at the same time the cost of fund raising has reduced to 9 pence per £1 raised. Currently, indications are that fund raising is going to continue being especially difficult...Starlight is heavily dependent on donations from ordinary members of the public and we expect donations in 2016/2017 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 9 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 fourteen-fold.

**STARLIGHT CHILDREN'S FOUNDATION
CHAIRMAN'S FOREWORD TO THE ANNUAL REPORT
AND FINANCIAL STATEMENTS 2015/2016**

I believe this year's Report and Accounts reflect that the Charity can continue 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 2016.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

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. Fourteen years ago this was expanded to include other work in hospitals that are treating seriously and terminally ill children and, last year alone, over 600,000 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, . In the short term this involves maintaining and enhancing existing services for poorly children and, in the long term, creating new and innovative ways of using entertainment to distract children from the fear, pain and isolation often caused by their illness and treatment.

Review of Activities and Future Developments

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

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.
- maintaining 1,320 Starlight Fun Centres in hospitals and hospices.
- expanding the new Starlight Story Tellers programme in hospitals and hospices

The ongoing economic climate continues to make successful and cost effective fund raising very challenging. Despite this, the Starlight team work tirelessly to raise sufficient funds to maintain and, when possible, to expand services to seriously and terminally ill children.

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 £6,931,488, will be spent during the year on wishes outstanding as at 31 March 2016.

The Trustees review the commitment annually and expect to transfer further amounts into this fund relating to children accepted for wishes in the future.

The Starlight Distraction Box programme is expected to continue and the designated fund of £150,000 is expected to be spent within the next year, but again, the funds are reviewed annually.

A sum of £241,871 is also 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 finding a suitable hospital partner, this is a medium term strategy.

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

Achievements and performance

Achievements and performance are measured by, the number of sick children assisted, the number of hospitals and hospices assisted during the year, funds raised and cost of fund raising and administration.

Starlight has provided entertainment and wishes for over 600,000 very poorly children during the year and offered support to every children's hospital ward and hospice across the UK. This has been gratefully received in virtually 100% of cases. This is an extraordinary achievement when considering the relative size of the charity to the number of children undergoing hospital treatment or care in hospices.

Starlight chooses to direct its funds towards sick children, rather than towards TV and digital 'marketing and advertising' which has become a growing trend amongst massive charities as they fight for 'market share' in a declining market. The explosion in marketing and advertising of massive charities, together with the ever increasing number of national TV and radio based telethons, continues to challenge the Starlight fund raising team, but despite this challenge, there has been an increase in voluntary cash income during the year.

Once again, for the eleventh year running, Starlight has managed to spend less than 10 pence of every £1 donated on fund raising.

Investment performance (-31%) against objectives (+4% increase in capital value) has been disappointing. This is attributed to a combination of market timing and volatility. Trustees continue to monitor investment performance.

Financial Review

The Principal source of income is donations from the general public. Total Incoming resources of £8,626,901 (including gifts in kind) compares with the previous year's figure of £8,261,877. Voluntary income of £4,303,827 is higher than the previous year of £4,067,163. Gifts in kind are significant, which is indicative that many supporters are finding it easier to donate assets and services for direct use in the charity's work rather 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 £803,566 compared to £710,138 and this resulted in a fund raising ratio of just 9 pence spent on fund raising per £1 donated. Expenditure on charitable activities was £7,681,071 compared to the previous year of £7,559,232 both including gifts in kind. The Charity maintained its commitment to its Reserves Policy.

During the year, as a result of the Crossrail project, Starlight was required at short notice to find new premises. The impact on the financial statements is an annual increase in support costs of circa £100k. The premises needed major refurbishment and Starlight took advantage of a rent-free period to invest in £223,143 of office improvements and £17,250 of furniture to provide an attractive working environment to help recruit and retain the very best staff.

Investment Policy

With £7.7 million of committed expenditure on 'wishes-in-waiting' and hospital projects for seriously and terminally ill children, the charity holds 69% (£6.5m) of its funds in bank deposits and money market accounts allowing quick access to the funds to pay for wishes and hospital services as and when the children's treatments allow. 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. During the year there was a loss on investments, and, whilst this is never a desirable situation, it has not had an effect on the day-to-day running of the charity. Since the yearend, quoted investments have decreased in value from £2,009,379 to £1,849,426. The Trustees monitor the investments on a regular basis but they are held as long-term investments and the Trustees are satisfied that no change to the strategy would be appropriate at the moment.

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

Financial Policy and Reserves

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 potential global economic downturn and uncertainty created by the upcoming European Referendum, 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 2016/2017. Accordingly the Trustees believe the level of reserves at 31 March 2016 is appropriate.

Plans for future periods

With the current economic uncertainty and only a modest increase in cash income, plans in the next twelve months are limited to maintaining current levels of services to seriously and terminally ill children, rigorously controlling costs throughout the charity and investing any savings that can be found in granting extra wishes and providing more for entertainment and distraction of children in hospitals and hospices. Beyond twelve months, outline plans to expand the work of Starlight exist for the day that a genuine and sustained recovery happens, which will be marked and measured by a sustained and significant uplift in the charity's income.

Reference and administrative details

Details of the address of the principal office of the charity, the company and charity registration numbers and the names and addresses of any other relevant organisations providing banking services or professional advice to the charity are shown on page 1.

Directors and Trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers who served during the year and since the year end were as follows:

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

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

Other key management personnel

Other key management personnel who served during the year were:

Neil Swan (Chief Executive Officer)
Lucy Mustoe (Head of Operations)
Susan Wildman (Head of Wish Granting & Children's Services)

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

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, Starlight Story Tellers, 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.

Appointment and training 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.

Pay policy for key management personnel

The Trustees consider the Board of Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis.

All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 6 to the accounts.

The pay of the chief executive officer and senior staff is reviewed annually based on performance and normally increased in accordance with average earnings. The remuneration is set to ensure it is both fair but also will attract and retain staff of the appropriate calibre and experience required by the charity.

Principal risks and uncertainties

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.

A new additional pressure on the charity was identified two years ago, this being the increase in the number of overseas wish referrals as a result of most wish granting charities ceasing to undertake these types of wishes, due to the expense of the wishes exhausting their income. As the significant leader in the field of wish granting and the only wish granting organisation that undertakes a comprehensive programme of services for sick children in hospitals and hospices, the Trustees have decided to continue taking on the additional costs of these wishes. This is reflected in the increase in the average cost of a wish compared to the previous financial year. This new 'risk' is monitored on a monthly basis and reviewed by the Trustees on a quarterly basis. At the current increased rate of referrals, the Trustees do not consider this factor to be a risk at this time.

REPORT OF THE TRUSTEES OF THE STARLIGHT CHILDREN'S FOUNDATION

Trustees' responsibilities in relation to the financial statements

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 state of affairs 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 as to 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 in connection with preparing their report, of which the group's auditor is unaware, and
- 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 in order 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:

Bertie Way
Chairman
22 June 2016

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

We have audited the financial statements of Starlight Children's Foundation for the year ended 31 March 2016 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).

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 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.

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

Scott Lawrence (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP, Statutory Auditor
Cheltenham
22 June 2016

STARLIGHT CHILDREN'S FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR YEAR ENDED 31 MARCH 2016

	<u>Notes</u>	<u>Unrestricted funds</u> £	<u>Restricted funds</u> £	<u>Endowment funds</u> £	<u>Total funds 2016</u> £	<u>Total funds 2015</u> £
Income from:						
Donations	3	4,297,892	5,935	-	4,303,827	4,067,163
Legacies		487,863	-	-	487,863	295,904
Value of other goods and services donated	1(e),4	17,250	3,771,421	-	3,788,671	3,853,658
Bank interest		41,529	-	-	41,529	39,915
Income from quoted investments		5,011	-	-	5,011	5,237
Total income		4,849,545	3,777,356	-	8,626,901	8,261,877
Expenditure on:						
Raising funds	5	803,566	-	-	803,566	710,138
Charitable activities, wishes and fun centres and other charitable activities	6	3,908,900	3,772,171	-	7,681,071	7,559,232
Total expenditure		4,712,466	3,772,171	-	8,484,637	8,269,370
Net income/(expenditure)		137,079	5,185	-	142,264	(7,493)
Unrealised (losses)/gains on investment assets	11	(899,622)	-	-	(899,622)	147,454
Net movement in funds for the year		(762,543)	5,185	-	(757,358)	139,961
Total funds brought forward		9,764,770	24,593	200,000	9,989,363	9,849,402
Total funds carried forward	15	9,002,227	29,778	200,000	9,232,005	9,989,363

All amounts relate to continuing operations and the statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 14 to 23 form part of these financial statements.

**STARLIGHT CHILDREN'S FOUNDATION
BALANCE SHEET
AT 31 MARCH 2016**

	<u>Notes</u>	£	<u>2016</u>	£	<u>2015</u>	£
FIXED ASSETS						
Tangible assets	10		227,962			6,896
Investments	11		2,009,381			2,909,003
			<hr/>			<hr/>
			2,237,343			2,915,899
 CURRENT ASSETS						
Debtors	12	1,086,625		536,676		
Money market deposits		6,338,270		6,901,898		
Cash at bank and in hand		133,571		182,497		
		<hr/>		<hr/>		
			7,558,466		7,621,071	
 LIABILITIES						
Creditors falling due within one year	13	(563,804)		(547,607)		
		<hr/>		<hr/>		
NET CURRENT ASSETS			6,994,662			7,073,464
			<hr/>			<hr/>
TOTAL NET ASSETS			9,232,005			9,989,363
			<hr/> <hr/>			<hr/> <hr/>
 FUNDS						
Endowment funds						
Barry & Shaun Springer Memorial Fund		100,000		100,000		
Kathy's Courageous Kids Fund		100,000		100,000		
		<hr/>		<hr/>		
			200,000			200,000
 Unrestricted funds						
General funds		1,228,868		2,692,593		
Designated funds		7,773,359		7,072,177		
		<hr/>		<hr/>		
			9,002,227			9,764,770
 Restricted funds						
			29,778			24,593
			<hr/>			<hr/>
TOTAL CHARITY FUNDS			9,232,005			9,989,363
			<hr/> <hr/>			<hr/> <hr/>

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 14 to 23 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 22 June 2016

..... (Bertie Way)
Trustee

STARLIGHT CHILDREN'S FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	<u>Note</u>	<u>2016</u> £	<u>2015</u> £
Cash used in operating activities	A	(414,020)	385,747
Cash flows from investing activities			
Capital expenditure and financial investment		(245,074)	(467)
Investment income		46,540	45,152
		<hr/>	<hr/>
Cash (used in)/provided by investing activities		(198,534)	44,685
(Decrease)/increase in cash and cash equivalents in the year		(612,554)	430,432
Cash and cash equivalents at the beginning of the year		7,084,395	6,653,963
		<hr/>	<hr/>
Total cash and cash equivalents at the end of the year		6,471,841	7,084,395
		<hr/> <hr/>	<hr/> <hr/>

A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Net movement in funds	142,264	(7,493)
Depreciation of tangible fixed assets	18,250	2,698
Loss on disposal of fixed assets	5,758	-
Decrease/(increase) in debtors	(549,949)	92,764
Increase/(decrease) in creditors	16,197	342,930
Investment income shown in investing activities	(46,540)	(45,152)
	<hr/>	<hr/>
Net cash used in operating activities	(414,020)	385,747
	<hr/> <hr/>	<hr/> <hr/>

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

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).

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required and have concluded that no restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of reported net income	£
Net income/(expenditure) as previously stated	(7,493)
Adjustment for gains/(losses) on investments now treated as a component of net income	<u>147,454</u>
2015 net income as restated	<u>139,961</u>

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.

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

1 ACCOUNTING POLICIES (continued)

(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.

(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 market value using the current bid price 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 12 to the financial statements.

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

1 ACCOUNTING POLICIES (continued)

(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.

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

Income from donations was £4,303,827 (2015: £4,067,163) of which £5,935 was restricted (2015: £1,500).

4 VALUE OF OTHER GOODS AND SERVICES DONATED

	<u>2016</u> £	<u>2015</u> £
Services to fulfil wishes	3,194,163	3,240,084
Fun Centres	-	15,360
Gifts in kind for parties	577,258	598,214
Office furniture	17,250	-
	<hr/>	<hr/>
	3,788,671	3,853,658
	<hr/> <hr/>	<hr/> <hr/>

Income from other goods and services donated was £3,788,671 (2015: £3,853,658) of which £3,771,421 was restricted (2015: £3,853,658).

5 COST OF RAISING FUNDS

	<u>2016</u> £	<u>2015</u> £
Direct costs	331,088	310,928
Salaries	325,083	298,068
Support costs (see note 7)	147,396	101,142
	<hr/>	<hr/>
	803,566	710,138
	<hr/> <hr/>	<hr/> <hr/>

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
YEAR ENDED 31 MARCH 2016**

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Wish granting £	Hospital services £	2016 Total £	2015 Total £
Direct costs	5,588,161	1,091,858	6,680,019	6,711,199
Salaries	486,015	285,437	771,452	678,590
Support costs (see note 7)	138,636	72,667	211,303	150,435
Governance costs	11,527	6,770	18,297	19,008
	<hr/>	<hr/>	<hr/>	<hr/>
	6,224,339	1,456,732	7,681,071	7,559,232
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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. Expenditure on charitable activities was £7,681,071 (2015:£7,559,232) of which £3,772,171 was restricted (2015: £3,866,858).

7 SUPPORT COSTS

	Fund Raising £	Wish granting £	Hospital services £	2016 Total £	2015 Total £
Rent & services	52,596	61,538	36,141	150,275	79,088
Professional services	13,248	8,346	4,902	26,496	33,116
Other staff related services	8,038	12,010	7,054	27,102	21,438
Depreciation and disposals	8,403	9,831	5,774	24,008	2,698
Other office costs	65,111	46,911	18,796	130,818	115,237
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	147,396	138,636	72,667	358,699	251,577
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 GOVERNANCE COSTS:

	2016 £	2015 £
Salaries	2,425	2,311
Audit fees	10,700	11,418
Other costs	5,172	5,279
	<hr/>	<hr/>
	18,297	19,008
	<hr/> <hr/>	<hr/> <hr/>

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

9 STAFF COSTS

	2016 £	2015 £
Salaries	886,287	787,455
Social Security costs	90,521	79,019
Other Pension costs	122,152	112,494
	<hr/>	<hr/>
	1,098,960	978,968
	<hr/> <hr/>	<hr/> <hr/>

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

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

	Number	Number
£90,000 - £99,999	1	1
£110,000 - £119,999	1	1

	Number	Number
Average numbers employed in the year:		
Children's services	17	12
Governance	-	-
Fund Raising	9	9
	<hr/> 26 <hr/>	<hr/> 21 <hr/>

The charity trustees were not paid or received any other benefits from employment with the Foundation in the year (2015: £nil) neither were they reimbursed expenses during the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil). Trustees' indemnity insurance was purchased during the year for £804 (2015: £898)

The key management personnel of the charity, the Trust, comprise the trustees, the Chief Executive Officer, the Head of Operations and Head of Wish Granting & Children's Services. The total employee benefits of the key management personnel of the charity were £452,869(2015: £408,363).

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.

10 NET INCOMING RESOURCES

Net incoming resources are stated after charging:

	<u>2016</u> £	<u>2015</u> £
Auditor's remuneration	8,750	11,418
Depreciation	18,250	2,698
Operating lease rentals	3,954	2,966
	<hr/> 26,954 <hr/>	<hr/> 17,082 <hr/>

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

11 FIXED ASSETS - TANGIBLE

	<u>Office Improvements</u> £	<u>Computers</u> £	<u>Furniture</u> £	<u>Office equipment</u> £	<u>Total</u> £
Cost or valuation					
As at 1 April 2015	-	48,403	21,526	16,083	86,012
Additions	223,143	2,760	17,250	1,921	245,074
Disposals	-	(30,301)	(19,288)	(13,545)	(63,134)
As at 31 March 2016	223,143	20,862	19,488	4,459	267,952
Depreciation					
At 1 April 2015	-	48,403	16,408	14,305	79,116
Charge for the year	14,876	920	1,831	623	18,250
Disposals	-	(30,301)	(14,701)	(12,374)	(57,376)
As at 31 March 2016	14,876	19,022	3,538	2,554	39,990
Net book value					
As at 31 March 2016	208,267	1,840	15,950	1,905	227,962
As at 31 March 2015	-	-	5,118	1,778	6,896

12 INVESTMENTS

	<u>2016</u> £	<u>2015</u> £
Quoted investments at market value		
Market value investments as at 31 March 2015	2,909,001	2,761,547
Unrealised (loss)/gain on revaluation	(899,622)	147,454
Market value investments at 31 March 2016	2,009,379	2,909,001
Investment in trading subsidiary(see note 18)	2	2
Total Investments	2,009,381	2,909,003
At 31 March 2016	2,009,381	2,183,278
Analysed as follows:	£	£
32,497.165 units - Charishare Common Investment Fund	167,003	173,405
1,732.88 units - Odey European Inc Euro Shares	862,527	1,221,730
4,059.79 units - Odey European Inc Class A Sterling GBP Shares	976,013	1,509,029
2,000 ordinary shares – Tesco	3,836	4,837
Total	2,009,379	2,909,001

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

13 DEBTORS

	<u>2016</u> £	<u>2015</u> £
Amounts due from subsidiary undertaking	790	790
Prepayments and accrued income	640,393	488,427
Gift Aid debtor	445,442	47,459
	<hr/>	<hr/>
	1,086,625	536,676
	<hr/>	<hr/>

14 CREDITORS: FALLING DUE WITHIN ONE YEAR

	<u>2016</u> £	<u>2015</u> £
Taxation and social security	25,045	22,321
Creditors and accruals	490,709	308,010
Deferred income (see note 15)	48,050	217,276
	<hr/>	<hr/>
	563,804	547,607
	<hr/>	<hr/>

15 DEFERRED INCOME

	<u>2016</u> £	<u>2015</u> £
Deferred income brought forward	217,276	59,500
Deferred in year	48,050	217,276
Released to Statement of Financial Activities	(217,276)	(59,500)
	<hr/>	<hr/>
Deferred income carried forward	48,050	217,276
	<hr/>	<hr/>

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

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

16 FUNDS

Consolidated and Foundation	Balance 1 April 2015 £	Incoming resources £	Resources expended £	Transfers £	Net investment gains £	Balance 31 March 2016 £
General funds	2,692,593	4,849,545	(2,301,768)	(3,111,880)	(899,622)	1,228,868
Designated funds						
Wish Fund	6,580,306	-	(2,273,932)	2,625,114	-	6,931,488
Fun centres	-	-	-	350,000	-	350,000
Distraction boxes	150,000	-	(136,766)	136,766	-	150,000
Captain Starlight	241,871	-	-	-	-	241,871
IT renewal fund	100,000	-	-	-	-	100,000
Total unrestricted funds	9,764,770	4,849,545	(4,712,466)	-	(899,622)	9,002,277
Restricted funds						
Hospital Programme	24,593	-	-	-	-	24,593
Wishes	-	3,194,163	(3,194,163)	-	-	-
Distraction Boxes	-	3,935	(750)	-	-	3,185
Fun Centres	-	2,000	-	-	-	2,000
Parties & Events	-	577,258	(577,258)	-	-	-
Total restricted funds	24,593	3,777,356	(3,772,171)	-	-	29,778
Endowment funds						
The Barry & Shaun Springer Memorial	100,000	-	-	-	-	100,000
Kate Sweeny Fund	100,000	-	-	-	-	100,000
Total funds	9,989,363	8,626,901	(8,484,637)	-	(899,622)	9,232,005

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 2016 and the Trustees expect to transfer further amounts into this fund regarding children accepted for wishes in the future. The provision of 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. Designated funds are reviewed annually.

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 & Events Fund consist of donations and Gifts in Kind given specifically to fund those items

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.

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

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.

17 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>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
	£	£	£	£	£	£
Tangible fixed assets	227,962	-	-	-	227,962	6,896
Investments	2,009,381	-	-	-	2,009,381	2,909,003
Cash at bank	133,571	-	-	-	133,571	182,497
Money market deposits	(1,664,867)	7,773,359	29,778	200,000	6,338,270	6,901,898
Other net current assets	522,821	-	-	-	522,821	(10,931)
	<u>1,228,868</u>	<u>7,773,359</u>	<u>29,778</u>	<u>200,000</u>	<u>9,232,005</u>	<u>9,989,363</u>

18 SUBSIDIARY UNDERTAKING

Starlight Children's Foundation has a wholly-owned subsidiary undertaking incorporated in Great Britain – Starlight General Trading Limited (registered in England). 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>2016</u> <u>£</u>	<u>2015</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>-</u>	<u>-</u>
Balance carried forward	(792)	(792)

19 CORPORATION TAXATION

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**STARLIGHT CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

20 OTHER COMMITMENTS

At 31 March 2016, total commitments under operating leases were as set out below:

	<u>2016</u>		<u>2015</u>	
	<u>Land and buildings</u> £	<u>Other</u> £	<u>Land and buildings</u> £	<u>Other</u> £
Payable as follows:				
Within one year	204,408	3,504	79,088	3,413
Within two to five years	817,632	9,977	-	9,426
After five years	1,924,834	406	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,946,874	13,887	79,088	12,839
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 RELATED PARTY TRANSACTIONS

N Mustoe is a director of Kindred Limited which provides services to Starlight Children's Foundation without charge.

There are no other related party transactions during the year (2015: £Nil).