

Charity Registration No. 1102529

Company Registration No. 4860607 (England and Wales)

RAYS OF SUNSHINE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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RAYS OF SUNSHINE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees Stephen Allan (Chairman)
Nicholas Davis
David Joseph CBE
Justin Randall
Daniel Coleman

Charity number 1102529

Company number 4860607

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RAYS OF SUNSHINE

CONTENTS

	Page
Chief Executive's report	1 - 4
Trustees' report	5 - 10
Statement of trustees' responsibilities	11
Independent auditor's report	12-13
Statement of financial activities	14
Balance sheet	15
Statement of cash flows	16
Notes to the accounts	17-27

**RAYS OF SUNSHINE
CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Annual Report and Accounts 2017

2017 was an extremely busy and productive year during which we:

- Fulfilled our 6,000th wish in conjunction with British Airways.
- Held our most successful art auction to date.
- Partnered with the BMW PGA Golf Championships at Wentworth.
- Hosted wish days with a variety of ambassadors, including Dele Alli, Shawn Mendes, Niall Horan and Mark Ronson, who all took time out of their hectic schedules to spend time with our wish children.
- Organised multiple events with Olly Murs, who continues to be one of our most prolific ambassadors.
- Were selected by Ferrari Northern Europe as their chosen charity for our fourth year. Thirty of our supercar-loving wish families were invited to experience the thrill of riding in a Ferrari at high speed around the Silverstone track.
- Arranged our first ever fire walk challenge, which saw 30 brave supporters walk across hot coals in the name of wishes.
- Brought sunshine to our families by organising our annual Christmas parties, thanks to the tireless work of our volunteers in London and Manchester. As ever, we can't thank them enough for all of their hard work and dedication in making these events so magical for our families.
- Were honoured to be one of the beneficiary charities of the ICAP Charity Day. We took along a host of our celebrity friends and ambassadors, including Dynamo, Fleur East and Oli White.
- Grew our children's wish choir, who performed at various events. The year ended on a high note when Michael Ball and Alfie Boe rounded up some of the biggest names in showbiz to feature on a very special charity single 'Bring Me Sunshine', to raise funds for Rays of Sunshine in December. The song was released in conjunction with Decca Records and Universal Music UK and we were thrilled when it peaked at no.17 in the iTunes chart. As well as attending a very special recording of the single, the choir got the chance of a lifetime to join Michael Ball and Alfie Boe on stage at The O2 to perform the single live to a sold-out audience of 12,000 people.
- Expanded our hospital team activity programme around the country, allowing us to deliver smiles and sunshine to hundreds of children receiving treatment at 42 hospital wards around the country.
- Increased the number of outings and high-profile events that help to make our wish children feel special and part of the Rays of Sunshine family.

Together with our wishes, hospital activity days and our events, we touched the lives of almost 12,000 children in 2017.

Rays of Sunshine does not receive any government funding. This means we are reliant on the support of our donors, corporate partners and volunteers more than ever to meet the increased demand for our services. Every penny we raise helps avoid the heart-breaking situation of having to keep seriously and terminally ill children waiting for their wishes.

WISHES

In 2017, Rays of Sunshine received 971 wish requests.

When we grant a wish, we include the whole family so that everyone can share life-long memories. Every wish is unique, and every wish brings joy and strength to our brave wish children and their families.

**RAYS OF SUNSHINE
CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

We have continued to strengthen the wish team. We are fortunate that our structure is versatile and we can add to our team as required. Each one of our wish granters works to their maximum capacity of wishes at any one time.

We granted 654 wishes in 2017 and each wish we grant, brings us closer to achieving our vision of making every seriously ill child's wish come true.

It is with huge sadness that we saw the loss of 73 of our wish children in 2017. We remember each child and hope that memories of our wishes help their family when they need it the most.

We are exceptionally grateful to our hard-working Wish Appeals Committee, made up of our team of medical consultants, Dr Warren Hyer, Dr Michelle Afif, Dr Matthew Fenton and Dr Ruby Schwartz, and to our Chair, Hayley Allan. Each of them volunteers their time and expertise and they provide our wish team with invaluable advice to ensure that every medical need can be met during a wish.

Our gratitude also goes to the medical consultants and play specialists who refer the majority of wishes to us. Their ongoing feedback enables us to continue to refine our service and provide them with the support they need.

We like to say that once a child has had a wish with us they become part of the Rays of Sunshine family. Staying in touch with our wish children is very important to us and we believe is something that makes us unique in the wish-granting world. We continue to keep in contact with our wish families and provide a distraction long after their wishes have been granted or, in some case, before their wish has been granted.

Hospitals and Activity Days

We continue to increase our profile within hospitals and hospices across the UK, all of whom refer wishes to us.

Our Hospital Activity Days are designed to reduce the feeling of isolation amongst children during their stay in hospital and provide them with access to innovative and fun activities to both stimulate them and brighten their days.

Some of the children we visit have spent their entire life in hospital. All activities are designed to be portable, to ensure that those children unable to leave their hospital beds are fully included. Thanks to the support of volunteers in London and Manchester, 42 hospital wards across the country enjoyed entertainment last year, including building bears, balloon modelling, Bollywood dancers, face painting and pampering.

Ward Wishes

Our Ward Wish Scheme, which we started in January 2012, continues to flourish and in 2017 we granted 14 ward wishes. Ward Wishes enable us to reach hundreds more children and help to make their stay in hospital just that bit more bearable. Ward Wishes granted in 2017 included a new sensory room at Jack's Place, the children's ward at Northwick Park Hospital, and a sensory garden for Chestnut House patients at The Children's Trust in Tadworth.

The Impact of a Wish

Anyone who has seen the impact a wish can have on a sick child and their family understands the power of a wish. Every day at Rays of Sunshine we receive reminders of the profound impact that we are having on the lives of seriously ill children.

**RAYS OF SUNSHINE
CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

On a daily basis, we receive letters, emails and phone calls from parents, telling us how our wishes have made a difference. They do so, not just by putting a smile on their child's face, but also by improving their self-esteem, confidence, reducing their feelings of isolation and aiding their response to treatment. At the same time, our wishes enable the whole family to create lasting precious memories.

Our wish team speaks to every wish family after the child's wish has taken place in order to obtain feedback about the experience. This enables us to identify the positive impact a wish has on a child's physical and emotional well-being and the effect on their family. It also allows us to assess how well Rays of Sunshine has performed in granting wishes.

Each score shown below is a percentage based on the responses received from parents who completed our Happiness Index survey.

- 100% of families would recommend Rays of Sunshine.
- 96% said the wish experience created an opportunity to capture family moments.
- 94% said the wish had a positive effect on their child's self-esteem and confidence.
- 93% said the wish provided their child with a distraction from medical appointments and treatment.
- 92% said their child felt more positive and hopeful following their wish.
- 87% said the wish improved their child's frame of mind and helped them cope better with the challenges of their condition and their treatment.
- 86% said the wish and the anticipation of the wish improved their child's physical well-being.
- 83% said the wish provided a positive experience for brothers and sisters.

As you can see, the work we do helps seriously ill children build positive relationships, promotes self-belief, reduces feelings of isolation, aids their response to treatment and enables their whole family to create lasting precious memories.

In a YouGov survey conducted amongst our medical referrers, 97% agreed that having a wish granted has a positive effect on the health of a child who has a life-shortening or serious illness.

The overriding message is that we make our wish children feel extraordinary, rather than disadvantaged

Celebrity Ambassadors

Our celebrity ambassadors play a key role at Rays of Sunshine. Not only do they fulfil our wishes and allow us to hold remarkable wish days, they also perform at our concerts and help our fundraising activities. We are extremely grateful to all our celebrity ambassadors as they give their time for free and allow us to make children's wishes come true. Their contribution is invaluable.

During 2017, we announced four new celebrity ambassadors Harry Styles, Dele Alli, Niall Horan and Little Mix. All have helped us to create some incredible experiences for seriously ill children and we are looking forward to developing their involvement with the charity.

Our children wish ambassadors continue to raise awareness throughout the UK of the work we do, as well as referring wishes and for that we can't be more grateful.

**RAYS OF SUNSHINE
CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Corporate Partnerships and Awards

Our corporate partnerships are extremely important to us and during 2017 were responsible for 28% of our income, excluding donated gifts in kind. Our corporate partnerships remain crucial, in not only raising funds, but also boosting Rays of Sunshine's profile.

We have an outstanding record of corporate partnerships and have excellent references from companies we have worked with.

We were thrilled to have been chosen to become Deutsche Bank's charity partner, together with Cure Leukaemia, for 2018-2020 and are looking forward to achieving great things together.

**RAYS OF SUNSHINE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Structure, Governance and Management

Rays of Sunshine is incorporated as a charitable company limited by guarantee (charity number 1102529, company number 4860607). It is governed by its Memorandum and Articles of Association as amended by a special and a written resolution dated 16 May 2011. The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Stephen Allan (Chairman)
Nicholas Davis
David Joseph CBE
Justin Randall FCA
Daniel Coleman

The trustees have overall responsibility for Rays of Sunshine's strategy and governance. Jane Sharpe, the chief executive officer, is responsible for managing the organisation's activities and executing the strategic plan with the support of the office team (22 full-time and 2 part-time staff in 2017). The chief executive attends all the trustee and executive meetings and senior staff are invited in rotation to present to the executive board.

The executive board is chaired by Richard Burston. The board meets bi-monthly and is supported by the Administration and Finance Committee, chaired by treasurer and trustee, Justin Randall. The other committees are the Strategy Committee, Wish Appeals Committee, The Hospital and Ward Wish Committee, The Art Committee, The Corporate Committee and The Property Committee.

Rays of Sunshine operates an equal opportunities recruitment policy. The Remuneration Committee is responsible for overseeing the charity's pay and reward structures and approving annual pay increases. These are usually based upon the position of the charity's finances and the cost of living in general.

The Trustees and The Remuneration Committee recognise that the long-term success and performance of Rays of Sunshine is directly linked to the talents, motivation and accomplishments of our employees and we recognise the importance of developing our employees and building our capability as an organisation.

All trustees give their time voluntarily and receive no benefits from the charity.

2. Recruitment, Appointment and Induction of New Trustees

The company's Articles of Association provide for a minimum of four and a maximum of 15 trustees. Where there is a requirement for new trustees, these would be recruited and appointed by the chairman and existing trustees. The chairman and the chief executive are responsible for the induction of any new trustees, which involves awareness of a trustee's responsibilities, the beliefs of the charity and meetings with all staff members.

3. Principal Risks and Uncertainties

During 2017, we held a risk review and this identified the risks facing the charity.

This review identifies the types of risks the charity faces, prioritises them in terms of likelihood of occurrence and potential impact and identifies means of mitigating these risks.

The trustees consider the principal risks and uncertainties to be linked to personnel and financial obligations, in terms of sustaining income in line with the growth in the number of wishes received, specifically travel wishes. A risk register is maintained and formally reviewed by the trustees annually and reviewed by the Administration and Finance Committee.

**RAYS OF SUNSHINE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Mission

The charity's mission is to relieve the suffering and needs of children and young people who have illnesses or disabilities covering limited life expectancy or who suffer from long-term physical or mental disabilities (including learning disabilities). There have been no changes to the charity's mission over the years.

5. Objectives and Public Benefit

The Trustees confirm they have complied with the requirement in section seventeen of the Charities Act 2011, to have due regard to public benefit in determining the activities undertaken by the charity. As a charity, we are keen to emphasise the public benefit we believe our work provides. Our wishes are available to any child aged between 3 – 18, living in the UK, diagnosed with a life-threatening or terminally condition.

In support of our mission, the charity's main objectives are:

- To fulfil wishes for terminally and seriously ill children between the ages of three and 18 in the United Kingdom.
- To fulfil ward wishes for hospitals and hospices within the United Kingdom.
- To hold hospital and hospice activity days within the United Kingdom.
- To hold magical large and small-scale events for our wish children and their families throughout the United Kingdom.
- To purchase equipment or gifts for the hospitals, hospices and specialist schools that provide care for these children within the United Kingdom.
- To plan to make a grant towards a capital project to a hospital, hospice or specialist school which provides care for terminally and seriously ill children within the United Kingdom, if funding is available.

6. Strategy

The strategies of the charity in support of these objectives are:

- To receive wishes, particularly those rush wishes that make such an impact on the family.
- To expand and diversify our volunteer base regionally.
- To diversify our supporters.
- To diversify our fundraising committees as well as our income streams and to hold new and original events that will diversify our supporter base.
- To continue to grow our income from corporate supporters.
- To continue to grant exceptional wishes.
- To continue our expansion of hospital activity days.
- To find more original, magical events for our wish children and their families.
- To continue to seek more opportunities for national and broadcast coverage.
- To increase our reach on all our social media platforms.

7. Achievements and Performance

2017 was another positive and productive year for Rays of Sunshine.

During the year, we touched the lives of almost 12,000 children and their families:

- We fulfilled our 6,000th wish in conjunction with British Airways.
- We held an art auction, sponsored by Citi that surpassed our expectations in terms of success.

**RAYS OF SUNSHINE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

- We won our biggest corporate partner to date, Deutsche Bank, after a highly competitive staff vote between six charities. This partnership will last until 2020 and, if it is as successful as expected, we will raise £1m in each year of the partnership.
- We increased the number of celebrity ambassadors. Each of them gives their time for free to help us fulfil wishes and attend fundraising events.
- For the fourth year running, Ferrari Northern Europe chose Rays of Sunshine to be its charity partner for its annual day at the Silverstone.
- We released our first single 'Bring me Sunshine'.

Demand for our services has increased by 93% since 2011, and we receive no government funding, so we are incredibly grateful for the generosity of our donors and fundraisers, which enables us to continue brightening the lives of seriously ill children and their families across the UK.

In 2017, our staff, Trustee and Executive Boards, committees, corporate partners and voluntary fundraisers worked passionately to raise the funds needed to carry out our work. As in previous years, we did not run any direct marketing campaigns, nor employ any professional fundraising organisations. Instead, our amazing supporters went above and beyond to organise fundraising events, take part in challenges, and get involved in our campaigns – raising an incredible £300,000 more than we were aiming for.

- We held a number of fundraising events and activities that collectively exceeded the original objectives and targets, including:
 - An art auction, sponsored by Citi, which raised over £716,000
 - Our annual party, which raised over £719,000
 - Our annual golf day, which raised over £37,000
 - A team of London Marathon runners, who collectively raised over £120,000
 - Our amazing corporate partners, who collectively raised and donated over £866,000

8. Wishes

After seeing an increase of 93% in the demand for our services since 2011, 2017 was a year in which we needed to take stock and consider the sustainability of our growth, particularly given that we have also seen a 215% increase in travel wishes since 2011.

As a result, after receiving so many travel wishes during the first months of the year, the trustees took the difficult decision of introducing additional criteria for wishes, in order to slow down the number we were receiving. We also made the decision to introduce a travel wait list, so that we could control the ever-increasing demand for our international wishes. Even after putting these additional controls in place, during 2017, 45% of wish requests were travel requests.

One of the reasons for the continued high demand in travel wishes is down to Rays of Sunshine being one of the few wish granting charities to send the whole family to Disney World Florida. The charity takes care of every aspect of these wishes including flights, airport transfers and funding the medical insurance. Many of the main wish granting charities have stopped fulfilling these wishes. Our trustees were determined that we should continue to offer these special wishes, as not only do they provide cherished memories, but it is also the chance for families to spend precious quality time together.

These difficult decisions meant that we received fewer wishes during 2017 than during 2016, but this was the outcome we had planned and desired, so we could fulfil all the travel wishes we were receiving.

During 2018, as we have the funding in place, we have seen our wish numbers rise again, as we expected.

**RAYS OF SUNSHINE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The average cost of a holiday abroad wish in 2017 was £3,439, which was consistent with 2016, as we kept a very tight control on our wish costs.

Our total average cost of a wish is £1,620 and we are also incredibly proud that for every wish we fulfil we receive on average £1,000 gift in kind.

9. Fundraising Effectiveness

Excluding donations and legacy income, our gross fundraising income grew by £578,761, a 53% increase on 2016. This is mainly due to the outstanding performance of our art auction event in September 2017 and our other regular events such as the annual charity ball and London Marathon exceeding last year's target income figures.

We are also pleased that our fundraising return on investment (ROI) has doubled in 2017 as compared to 2016, and we continuously seek to better this ratio year after year.

10. Financial Review

In 2017, our total income was £4,030,718 (£4,420,453 in 2016), including fundraising, legacies and donations in kind. We invested £1,098,461 in raising this income and spent £2,564,505 on charitable activities, leaving a surplus of £367,752.

Due to the generosity of BE Offices, we have never paid for our rent, phone bills or stationery since our inception and we strive to receive as many gifts in kind as possible, whether it be for wishes, advertising and promotion or in regard to our offices.

In addition to the gifts in kind recognised in the accounts, in 2017, we received an extraordinary amount of free media advertising and coverage. The value of this is not included in these accounts as the benefit is difficult to quantify, but the rate card value would be in excess of £600,000. The majority of this is with thanks to MediaCom, who continue to be exemplary supporters of Rays of Sunshine.

In 2017, 70% of our total expenditure was on charitable activities, as compared to 81% in 2016 (restated). Given that the board took the difficult decision of restricting spending on travel wishes, the focus shifted towards raising more funds, so that we are able to fulfil all our committed wishes in the future.

The ongoing economic climate continues to make successful and cost-effective fundraising extremely challenging. Despite this, Rays of Sunshine works tirelessly to raise sufficient funds to expand our services.

11. Reserves Policy

During the current year, the Trustees decided to amend our accounting policy for wishes approved but not yet fulfilled at the end of the financial year, to make a full accrual for the costs in the year of approval. The previous accounting policy transferred a provision from general reserves to a designated reserve. The 2016 figures have also been restated to reflect the new policy.

At the balance sheet date of 31 December 2017 the total reserves were £2,651,461 (2016: £2,283,709 of which £2,589,121 were Unrestricted Funds and £62,340 were Restricted Funds (see note 17).

As we have no guaranteed fundraising income, the Trustees have agreed that the charity should maintain reserves sufficient to meet all budgeted expenditure for the following 6 to 12 months. The Reserves cover at 31st December 2017 was 10 months future expenditure (2016: 9 months).

**RAYS OF SUNSHINE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Reserves Cover

	2017	Revised Policy 2016
	£	£
General Reserves	2,589,121	2,227,285
Committed Wish Provision	686,387	738,026
Total Cover	3,275,508	2,965,311
Next Year's budgeted expenditure	4,248,645	4,286,598
Months' Cover	10	9

At the end of 2017, our total reserves were £2.7m. This figure has taken into account our commitment towards wishes approved but not yet granted, where we make a full provision of all anticipated costs still to be incurred. For 2017, this amounted to 289 wishes totalling £686,387.

12. Investment Policy

The trustees have the power to invest in funds as they deem appropriate. The trustees' investment policy is to hold surplus cash in easily accessible bank accounts. Amounts transferred to designated funds represent amounts set aside for a capital project, small capital projects, or for specific wishes that donors have identified they wish to support.

13. Communications and Complaints

We communicate with our supporters through a variation of email, direct mailings and telephone calls. We are registered with the Fundraising Regulator and commit to our fundraising being legal, open, honest and respectful, meeting the standards set in the Fundraising Code of Practice. We also ensure that nobody who appears to be vulnerable is asked to commit to giving. We had no complaints in 2017.

14. Policies

Following a review of Safeguarding and Data Privacy policies, the following was undertaken in 2017:

1. The safety and well-being of all the children and young people we work with is at the heart of everything we do. A new comprehensive Safeguarding and Child Protection Policy was developed and published at the start of the year. All staff and appropriate volunteers have received training. We are committed to providing a safe and child-friendly environment so that all children and young people we work with can benefit from the magic of a wish.

**RAYS OF SUNSHINE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. With the help of a specialist consultant, we undertook a GDPR/Data Privacy readiness programme, which was completed in advance of the GDPR enforcement date in May 2018.

15. Plans for Future Periods

- To receive over 1,000 wish requests in 2018
- To continue to grant imaginative and impactful wishes
- To continue being so efficient in terms of our wish granting
- To continue to expand our Hospital Activity Days throughout the UK, allowing us to make a difference to children in hospitals.
- To continue to grant Hospital Ward Wishes and make a difference to the hospitals who support us
- To launch our community strategy, designed to increase our level of support to our wish families, which in turn will ensure we stay in touch with our wish children after granting their wish and make sure they feel part of the Rays of Sunshine family
- To continue the positive work of our wish children's choir

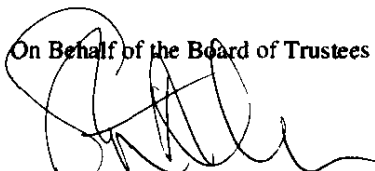
16. Disclosure of Information to Auditors

Each of the trustees has confirmed there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

17. Auditors

HW Fisher & Company were appointed auditors to the company and in accordance with the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

On Behalf of the Board of Trustees



Stephen Allan
Chair of the Trustees

Date: 25/9/18

RAYS OF SUNSHINE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees, who are also the directors of Rays of Sunshine for the purpose of company law, are responsible for preparing the Trustees' 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 which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year

In preparing these financial statements, the trustees are required to.

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that 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 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

RAYS OF SUNSHINE

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAYS OF SUNSHINE

Opinion

We have audited the financial statements of Rays of Sunshine (the 'charity') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, 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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

RAYS OF SUNSHINE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RAYS OF SUNSHINE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report

We have nothing to report in respect of the following matters in relation to which 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, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Andrew Rich (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

26/9/18

RAYS OF SUNSHINE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

		Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total 2017	As restated Total 2016
	Notes	£	£	£	£	£
<u>Income from:</u>						
Donations and gifts	3	1,354,992	-	21,110	1,376,102	2,005,439
Gifts in kind	4	977,343	-	-	977,343	1,307,504
Activities for generating funds	5	1,672,044	-	-	1,672,044	1,093,283
Investments	6	5,229	-	-	5,229	14,227
Total income		4,009,608	-	21,110	4,030,718	4,420,453
<u>Expenditure on:</u>						
Raising funds	7	1,098,461	-	-	1,098,461	847,569
Charitable activities	8	2,548,351	-	16,154	2,564,505	3,650,152
Total resources expended		3,646,812	-	16,154	3,662,966	4,497,721
Net incoming/(outgoing) resources before transfers		362,796	-	4,956	367,752	(77,268)
Gross transfers between funds		(960)	-	960	-	-
Net income/(expenditure) for the year/ Net movement in funds		361,836	-	5,916	367,752	(77,268)
Fund balances at 1 January 2017						
As originally reported		2,227,285	736,869	56,424	3,020,578	3,231,984
Prior year adjustment	22	-	(736,869)	-	(736,869)	(871,007)
As restated		2,227,285	-	56,424	2,283,709	2,360,977
Fund balances at 31 December 2017		2,589,121	-	62,340	2,651,461	2,283,709

All income and expenditure derive from continuing activities

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

RAYS OF SUNSHINE

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12		13,131		19,309
Investments	13		1		1
			<u>13,132</u>		<u>19,310</u>
Current assets					
Debtors	15	578,645		360,563	
Cash at bank and in hand		<u>2,869,767</u>		<u>2,911,855</u>	
		3,448,412		3,272,418	
Creditors: amounts falling due within one year	16	<u>(810,083)</u>		<u>(1,008,019)</u>	
Net current assets			<u>2,638,329</u>		<u>2,264,399</u>
Total assets less current liabilities			<u><u>2,651,461</u></u>		<u><u>2,283,709</u></u>
Income funds					
Restricted funds	17		62,340		56,424
Unrestricted funds			<u>2,589,121</u>		<u>2,227,285</u>
			<u><u>2,651,461</u></u>		<u><u>2,283,709</u></u>

The financial statements were approved by the Trustees on 25/9/18

Stephen Allan (Chairman)
Trustee

Company Registration No. 4860607

RAYS OF SUNSHINE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash absorbed by operations	21		(43,880)		(236,022)
Investing activities					
Purchase of tangible fixed assets		(3,437)		(12,876)	
Interest received		5,229		14,227	
Net cash generated from investing activities			1,792		1,351
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(42,088)		(234,671)
Cash and cash equivalents at beginning of year			2,911,855		3,146,526
Cash and cash equivalents at end of year			2,869,767		2,911,855

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Charity information

Rays of Sunshine is a private company limited by guarantee incorporated in England and Wales. The registered office is 1 Olympic Way, Wembley, Middlesex, HA9 0NP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees' continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Resources expended

Liabilities for wishes are recognised as expenditure as soon as there is a specific commitment creating an obligation and an expectation that a wish will be fulfilled. The liabilities at the balance sheet date are included within creditors due within one year.

All other liabilities are recognised when the charity is under obligation to make a transfer of value to a third party.

Governance costs include the costs of statutory compliance (eg auditor's remuneration) and other costs related to the governance of the charity.

Resources expended are classified under the charity's principal categories of activity. Staff costs are allocated to activities on the basis of staff time spent on those activities. Overhead costs are allocated to activities in the following proportions: 79% to wish granting expenditure and capital projects, 20% to fundraising and 1% to governance costs.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	33 3% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Tax Status

The charitable company is a registered charity and is not subject to corporation tax on its current activities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The trustees do not believe that there are any critical accounting estimates that need to be disclosed.

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Donations and gifts

	Unrestricted funds general £	Restricted funds £	Total 2017 £	Total 2016 £
Donations and gifts	1,354,992	21,110	1,376,102	2,005,439
For the year ended 31 December 2016	1,970,447	34,992		2,005,439

4 Gifts in kind

	2017 £	2016 £
Events	171,805	193,062
Direct charitable activities	798,538	1,094,362
Governance costs	7,000	20,080
	977,343	1,307,504
Direct charitable activities		
Rent and related costs	182,698	175,305
Wishes	463,260	440,147
Advertising	132,847	447,046
Printing	240	22,790
Computer services	19,493	9,074
	798,538	1,094,362

The charity received donations in kind valued at £977,343 (2016: £1,307,504) during the period. In addition, a significant number of gifts were received for which it is difficult to attribute a value. For example, the time provided by celebrities to meet the children and attend charity events. It has not been possible to attribute a value to such gifts within these accounts.

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Activities for generating funds

	2017	2016
	£	£
Non-charitable trading activities	1,672,044	1,093,283
Amounts received in the year	1,683,120	1,049,113
Deferred income brought forward	4,153	40,017
Deferred income carried forward	(15,229)	4,153
	<u>1,672,044</u>	<u>1,093,283</u>

Deferred income is in relation to income received in respect of the 2018 London marathon and golf day Brought forward deferred income released in the year is in relation to the 2017 London Marathon

6 Investments

	2017	2016
	£	£
Interest receivable	5,229	14,227
	<u>5,229</u>	<u>14,227</u>

7 Raising funds

	2017	2016
	£	£
<u>Events and fundraising costs</u>		
Staging fundraising events	455,287	412,000
Advertising	226,902	103,378
Other fundraising costs	10,542	28,587
Staff costs	405,730	303,604
Events and fundraising costs	<u>1,098,461</u>	<u>847,569</u>

To date, Rays of Sunshine has raised a large proportion of funds from events and the costs of these events are reflected above. It is anticipated that the income to expenditure ratio will increase as a more balanced fundraising portfolio is developed in the future.

WAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Charitable activities

	Unrestricted funds expenditure £	Restricted funds expenditure £	Total £	2016 £
Staff costs	416,409	-	416,409	483,087
Depreciation and impairment	9,615	-	9,615	5,599
Wishes	1,739,406	16,154	1,755,560	2,763,132
Other office costs	280,932	-	280,932	273,573
	<u>2,446,362</u>	<u>16,154</u>	<u>2,462,516</u>	<u>3,525,391</u>
Share of support costs (see note 9)	77,133	-	77,133	-
Share of governance costs (see note 9)	24,856	-	24,856	124,761
	<u>2,548,351</u>	<u>16,154</u>	<u>2,564,505</u>	<u>3,650,152</u>
Analysis by fund				
Unrestricted funds	2,548,351	-	2,548,351	
Restricted funds	-	16,154	16,154	
	<u>2,548,351</u>	<u>16,154</u>	<u>2,564,505</u>	
For the year ended 31 December 2016				
Unrestricted funds	3,600,834	-		3,600,834
Restricted funds	-	49,318		49,318
	<u>3,600,834</u>	<u>49,318</u>		<u>3,650,152</u>

9 Governance costs

	2017 £	2016 £	Basis of allocation
Staff costs	77,133	75,772	Staff time
Audit fees	14,016	11,668	Specific cost
Accountancy	10,840	34,081	Specific cost
Legal and professional	-	3,240	Specific cost
	<u>101,989</u>	<u>124,761</u>	
Analysed between Charitable activities	<u>101,989</u>	<u>124,761</u>	

Governance costs include payments to the auditors of £14,016 (2016 - £11,668) for audit fees and £nil (2016 - £nil) for other services

WAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year

11 Employees

Number of employees

The average monthly number employees during the year was.

	2017	2016
	Number	Number
Provision of wishes and fundraising	23	25

Employment costs

	2017	2016
	£	£
Wages and salaries	793,294	762,430
Social security costs	81,348	80,194
Other pension costs	24,630	19,839
	<u>899,272</u>	<u>862,463</u>

The key management personnel of the charity, comprise the trustees, the Chief Executive Officer, Finance Manager, Head of Wish Operations, Head of Fundraising, Wish Engagement Manager, and Head of Communications and Development. The total employee benefits of the key management personnel of the Charity were £318,531

In 2016, the key management personnel of the charity, comprised the trustees, the Chief Executive Officer, Finance Manager, Head of Wish Operations and Head of Communications and Development. The total employee benefits of the key management personnel of the Charity were £186,946

The number of employees whose annual remuneration was £60,000 or more were:

	2017	2016
	Number	Number
£110,000 - £120,000	-	1
£140,000 - £150,000	1	-

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2017	97,468
Additions	3,437
At 31 December 2017	100,905
Depreciation and impairment	
At 1 January 2017	78,159
Depreciation charged in the year	9,615
At 31 December 2017	87,774
Carrying amount	
At 31 December 2017	13,131
At 31 December 2016	19,309

13 Fixed asset investments

	Other investments
Cost or valuation	
At 1 January 2017 & 31 December 2017	1
Carrying amount	
At 31 December 2017	1
At 31 December 2016	1

	Notes	2017 £	2016 £
Other investments comprise:			
Investments in subsidiaries	20	1	1

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Financial instruments	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	200,212	229,967
Equity instruments measured at cost less impairment	1	1
	<u></u>	<u></u>
Carrying amount of financial liabilities		
Measured at amortised cost	810,083	1,008,019
	<u></u>	<u></u>
15 Debtors	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	161,662	166,283
Other debtors	38,550	63,684
Prepayments and accrued income	378,433	130,596
	<u></u>	<u></u>
	578,645	360,563
	<u></u>	<u></u>
16 Creditors: amounts falling due within one year	2017	As restated 2016
	£	£
Trade creditors	65,396	144,983
Other creditors	27,964	59,455
Accruals and deferred income	716,723	803,581
	<u></u>	<u></u>
	810,083	1,008,019
	<u></u>	<u></u>

At 31 December 2017, included within Accruals and deferred income are committed wishes totalling £686,387 (2016 £738,026)

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes.

	Balance at 1 January 2017	Movement in funds		Transfers	Balance at 31 December 2017
	£	Incoming resources	Resources expended	£	£
		£	£		
Specific wishes	56,424	21,110	(16,154)	960	62,340
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

Restricted funds comprised sums received for specific wishes and equipment

RAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 December 2017 are represented by				
Tangible assets	13,131	-	-	13,131
Investments	1	-	-	1
Current assets	2,575,989	-	62,340	2,638,329
	<u>2,589,121</u>	<u>-</u>	<u>62,340</u>	<u>2,651,461</u>

19 Related party transactions

There were no disclosable related party transactions during the year (2016- none)

20 Subsidiaries

These financial statements are separate company financial statements for Rays of Sunshine Promotions Limited

Details of the charity's subsidiaries at 31 December 2017 are as follows

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Rays of Sunshine Promotions	1 Olympic Way, Wembley, Middlesex, HA9 0NP	Dormant	Ordinary	100.00	

21 Cash generated from operations

	2017 £	2016 £
Surplus/(deficit) for the year	367,752	(77,268)
Adjustments for:		
Investment income recognised in profit or loss	(5,229)	(14,227)
Depreciation and impairment of tangible fixed assets	9,615	5,599
Movements in working capital:		
(Increase) in debtors	(218,082)	(70,641)
(Decrease) in creditors	(197,936)	(79,485)
Cash absorbed by operations	<u>(43,880)</u>	<u>(236,022)</u>

WAYS OF SUNSHINE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Prior year adjustment

Changes to the balance sheet

	At 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Creditors due within one year			
Other creditors	(271,150)	(736,869)	(1,008,019)
Capital funds			
Income funds			
Restricted funds	56,424	-	56,424
Designated funds	736,869	(736,869)	-
Unrestricted funds	2,227,285	-	2,227,285
Total equity	3,020,578	(736,869)	2,283,709

Changes to the profit and loss account

	Period ended 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Charitable activities	3,784,290	(134,138)	3,650,152
Net movement in funds	(211,406)	134,138	(77,268)

The prior year adjustment relates to the change in accounting treatment of wish costs for approved wishes at the year end