

Rays of Sunshine

Annual Report and Financial Statements

31 December 2020

Charity Registration Number 1102529

Company Limited by Guarantee
Registration Number
04860607 (England and Wales)

Contents

Reports

Reference and administrative details	1
Chairman's statement	2
Trustees' report	5
Statement of trustees' responsibilities	16
Independent auditor's report	18

Accounts

Statement of financial activities	23
Balance sheet	24
Statement of cash flows	25
Principal accounting policies	26
Notes to the financial statements	31

Reference and administrative details of the charity, its trustees and advisers

Trustees	Stephen Allan (Chairman) Daniel Coleman Nicholas Davis (resigned Sept 2020) David Joseph CBE (resigned Dec 2020) Divyesh Popat (appointed Nov 2020) Justin Randall FCA (Treasurer) Jane Sharpe (appointed May 2020)
Principal office	4th Floor Berkeley House 304 Regents Park Road London N3 2JY
Charity registration number	1102529
Company registration number	04860607
Website	www.raysofsunshine.org.uk
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 27 Soho Square London W1D 3QR
Solicitors	Mishcon de Reya LLP Africa House 70 Kingsway London WC2B 6AH

Chairman's statement Year ended 31 December 2020

2020 was an incredibly tough and challenging year for Rays of Sunshine and like no other in the charity's 17-year history.

At the turn of 2020, every week seriously ill children and their families were turning to the charity for support, with many applying for magical wishes to Disney World in Florida, Disneyland in Paris, and other overseas destinations. As the Coronavirus cases began to rise across the world, the Trustees took the incredibly tough decision to suspend all travel wishes to ensure the safety of our families and pause any new travel applications - a first in the charity's history. However, despite these incredibly challenging circumstances, we were determined to continue to be there for families when they needed us the most.

The work of Rays of Sunshine became ever increasingly important as the pandemic took hold, as thousands of brave and vulnerable seriously ill children and young people, and their families, faced months of isolation without their vital support networks, friends, and extended family, as they were asked to shield. Children receiving treatment in hospital were having to isolate, away from other children, and only one parent allowed by their bedside, whilst also receiving their treatment in a new, strange, and frightening environment – where once were familiar doctors, nurses and play specialists, they were now hidden by masks and personal protective equipment.

The numbers of seriously ill children in the UK are increasing and anticipated to be around 90,000 in 2020. Every day during the pandemic, families across the UK continued to be given the tragic news their child had been diagnosed and sadly, some of the families who turned to us did not have time to wait. So, I am pleased to report that, despite the initial shockwaves of the pandemic, we were able to swiftly move to new models of delivery to meet the needs of these children and families.

Continuing to grant magical and safe wishes was a priority, so in response, we launched a new wish category, our 'At-home' wishes. These types of wishes allowed us to create precious and magical moments for families whilst also being Covid secure – sometimes against all odds! Two examples of these types of wishes are Milo and Olivia's:

- ◆ Milo's greatest wish was to meet his favourite superhero, Captain America, and an iPad so he could keep entertained during the lockdown. In true Rays of Sunshine style, the team got to work to make sure he had a super day, despite the Coronavirus restrictions. On the day, Milo was surprised by the one and only Captain America at his door delivering an incredibly special gift, Milo's iPad, and his very own superhero costume. Not only did Milo get a surprise, but so did the whole family, who also got to be a part of Milo's super wish day.
- ◆ Olivia tasked the team with a very festive wish – to have a magical early Christmas Day with her family and to meet the main man himself, Father Christmas. With new Covid restrictions being announced daily, sometimes hourly, during the month of December and in the lead up to Christmas Day, the Rays of Sunshine team pulled out all the stops to ensure that Olivia got her magical wish. Working around the clock and enlisting the help of volunteers and companies local to Olivia's home, we managed to turn Olivia's garden into her very own Winter Wonderland, which included snow, the day before Christmas Eve. To make Olivia's dream a reality, Father Christmas and his reindeer made a very special appearance to her garden, delivering gifts for the whole family. To top it off, Olivia's favourite princess and her brother's favourite superhero also made sure to make the experience as special as possible, all before heading inside to for a chef cooked Christmas dinner.

Chairman's statement Year ended 31 December 2020

Where we could no longer be there in person, we went virtual, or created new ways to bring joy and hope to children at home and receiving treatment in hospital. Some other examples of how we pivoted our services, included:

- ◆ Launching our 'Virtual Sunshine Sessions' which were online sessions for children and siblings. The activities included exclusive celebrity Q&As, baking sessions and creative art workshops. These helped children and siblings create connections, spend time with their peers, provide a much-needed distraction and, most importantly, enjoy positive experiences together. One highlight was an exclusive event with our celebrity ambassador, Craig David MBE, who took time out to grant wishes and spend time speaking with a group of teens during the first UK lockdown.
- ◆ Despite no longer being able to visit in person, our army of sunshine volunteers continued to provide a distraction and entertainment to children receiving treatment in hospital by creating Virtual Hospital Activity Days. These online sessions saw our entertainers and volunteers provide fun and inspiring sessions for children whilst they were unable to access the playrooms or interact with other children whilst spending time in hospital.
- ◆ We were incredibly grateful to Facebook for donating several of their Facebook Portals, which we delivered to hospitals we work with, so children and families could keep connected during long periods of time spent in hospital.
- ◆ To help alleviate the anxiety associated with receiving treatment during such an incredibly tough time we launched our 'Sunshine Caricature Badge Ward Wish' scheme, which enabled paediatric wards to apply for caricature badges for their doctors, nurses and play team. These badges aimed to show the faces behind the PPE and bring positive interactions between staff and the children they treat.

These are just some of the ways we adapted to continue our work, and, despite the tough circumstances, we are proud to have ended the year having supported over 13,000 seriously ill children and their families in 2020.

With most in-person fundraising events, including large scale challenge events, on hold for most of 2020, we also looked at new ways to showcase our work, attract donors, keep our current supporters engaged and reduce our income deficit. Working alongside Moyosa Media, award winners in digital technology, we created the Rays of Sunshine Children's Art Gallery, an innovative virtual gallery that celebrates the magical bond between Rays of Sunshine and its beneficiaries, in addition to recognising the charity's patrons and supporters.

All artwork on display was created by a seriously ill child or young person and many of the pieces were created during one of our Virtual Sunshine Session art workshops. Each child has depicted their own interpretation of the theme 'sunshine, happiness and laughter'.

Chairman's statement Year ended 31 December 2020

Combining innovative technology and the artwork and stories of the children, the result was a gallery as unique and inspiring as the children themselves. As well as providing an opportunity for us to bring together (virtually) our wish children for art workshops, the gallery also created a vehicle for fundraising, with many generous supporters sponsoring whole rooms, stars in our Always Remembered room, or individual pieces of art throughout the gallery, and leaving us with a legacy for many years to come.

The impact we make to the families we support, is always much more eloquently explained by the families themselves, and I am always reminded of the importance of our work when I hear the feedback the team receive daily – especially during the pandemic. After finding out Rays of Sunshine would be granting her son's wish, one mum wrote to us to say:

"I cannot stress enough how grateful we are for the charity. The day that [we were] told of the charity was such a tough day for him – he had been in surgery having his Hickman line fitted, he had a lumbar puncture, and he was so frightened of what was coming next. So, to have someone approach his bed with lovely news [from Rays of Sunshine] to cheer him up was priceless and I will never forget how grateful I felt towards you all. [...] It really was something we won't ever forget."

2020 has been a challenging year and a difficult fundraising environment for all charities, and Rays of Sunshine has similarly been affected by a significant reduction in income. We are fortunate that prudent financial management in the last few years has given us sufficient levels of reserves to weather the storm in the short term, and to maintain our vital support for seriously ill children and their families. However, it was with great sadness that we saw a reduction of our team, saying goodbye to five members of staff during the pandemic.

I would also like to express my sincere thanks to Laura Barnett, who stepped down in September as Chief Executive Officer, for leading the charity during the pandemic and her commitment to Rays of Sunshine over many years, firstly as a volunteer and then as a member of the office team. Laura was succeeded in November 2020 by Lindsey Bennister, who continues to inspire, lead, and guide the charity into 2021 and beyond.

To the team, both the staff and our dedicated volunteers, your continued passion, enthusiasm, and commitment to Rays of Sunshine ensures that we can continue creating magical memories for seriously ill children across the UK, for which we cannot be more grateful.

Finally, on behalf of the Trustees, Executive Board and the children and families we help, I would like to thank our loyal supporters and patrons who have remained with us during 2020 and enabled us to continue our vital work for seriously ill children and their families. We, quite simply, could not do it without you.

Stephen Allan
Chairman

Structure, Governance and Management

Rays of Sunshine is incorporated as a charitable company limited by guarantee (charity number 1102529, company number 04860607). 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 are also the directors for the purpose of company law.

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 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 activities of the charity and meetings with all staff members.

Governance

The trustees have overall responsibility for Rays of Sunshine's strategy and governance and meet on a quarterly basis. In addition to the Board of trustees, the charity is also supported by the following committees:

The Executive Board comprises 9 members drawn from professionals from industry, the charity founders, and long-standing volunteers, who provide valuable advice and oversight to the charity. Meetings are held bi-monthly.

Members in 2020 were:

Richard Burston (Chairman)

Hayley Allan

Stephen Allan

Tim Allan

Nina Bradburn

Marc Boyan

Grant Fox

David Saul

Mark Shipman

Jonathan Vandermolen

The Administration and Finance Committee is responsible for discussing, deciding and implementing financial strategies on behalf of the charity. It comprises 5 members drawn from the Board of trustees, Executive Board and professionals in the financial field. Meetings are held four times a year, in advance of meetings of the Board of trustees.

Structure, Governance and Management (continued)

Governance (continued)

Members in 2020 were:

Justin Randall (Chairman)

Laura Barnett (CEO to Sept 2020)

Richard Burston

Grant Fox

Usha Radhakrishnan (Head of Finance)

Simon Rusk

David Saul

Jane Sharpe

The Remuneration Committee is responsible for overseeing the charity's pay and reward structures and approving annual pay increases. These are usually based on the position of the charity's finances and the cost of living in general. An annual bonus payable to the CEO based on specific objective conditions is ratified by this committee. It comprises the trustees and is chaired by Daniel Coleman.

The Wish Appeals Committee is responsible for approving wish applications based on set approval criteria. It includes medical professionals (as applicable), members of the staff Wish Team, and a member of the Executive Board (Hayley Allan). It meets weekly to consider new applications received.

Medical Advisory Committee

Members:

Dr Michele Afif Shipman

Dr Warren Hyer

Dr Matthew Fenton

Dr Ruby Schwartz

Our medical advisers are consultant paediatricians from a range of medical specialities including neurology, cardiology & oncology. They have experience and backgrounds in a range of medical areas ensuring they can advise on the wide range of conditions that fall within the charities medical criteria. Our medical advisers support Rays of Sunshine in assessing whether wish applicants meet the medical threshold to be eligible for a wish. They advise at Wish Appeals Meetings on the whether an application for a wish is eligible in accordance with the charities medical criteria.

The Children's Panel is made up of current and previous wish children and wish children ambassadors. They advise Rays of Sunshine about our services and activities.

Structure, Governance and Management (continued)

Governance (continued)

The Hospital Advisory Panel is made up of Play Specialists in hospitals. They are an important group of professionals who work with seriously ill children in hospitals and advise Rays of Sunshine about our hospital services.

Other advisory and working committees are created as required, usually for specific purposes or events including the Art Auction Committee, and the Property Committee. They are headed by the CEO, or a member of the Board of trustees, or a member of the Executive Board.

The trustees delegate responsibility to the Chief Executive Officer (CEO) for managing the organisation's activities and executing the strategic plan. The CEO attends all trustee and Executive Board meetings.

The key management personnel of the charity comprise the trustees, the Chief Executive Officer, the Head of Finance, the Head of Fundraising, the Head of Operations, and the Head of PR and Communications. In 2020, the office team comprised 16 full-time and 2 part-time staff.

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

Principal Risks and Uncertainties

A risk register is maintained and formally reviewed by the trustees and the Administration and Finance Committee annually. In addition, the Senior Management Team is responsible for regular risk assessments throughout the year. The risk register covers:

- ◆ Governance risks
- ◆ External risks
- ◆ Regulatory and compliance risks
- ◆ Financial risks
- ◆ Operational risks

In 2020, as a result of the COVID-19 pandemic, the principal risk to the charity was identified as business continuity in relation to delivering services to our beneficiaries and maintaining income levels to support this.

The actions taken to address the risks associated with the pandemic included:

1. Putting the safety of children and families first, including cancellation of travel wishes from February 2020; changing the nature of wishes to Have, Be and Meet activities using virtual platforms; and pivoting our hospital work to deliver virtually.

Principal Risks and Uncertainties (continued)

2. More frequent meetings of the Board of trustees, with seven Board meetings including two Extraordinary Meetings to assess and determine the charity's strategic approach to the pandemic and immediate risks.
3. Reviewing the charity's reserves position and putting in place a new financial model for 2020 and 2021.
4. Re-defining the way we fundraise, introducing virtual fundraising challenges and other innovative projects to raise funds, for example, our virtual children's art gallery.
5. Reviewing the staffing needs, resulting in five redundancies (a quarter of the staff).
6. Making use of the Government's furlough scheme, with the majority of the team being placed on furlough until September 2020.
7. Introducing working from home measures for staff.
8. Using insurance to recoup the costs of travel wishes due to early cancellation action.
9. Negotiating reductions in rent.

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.

Objectives and Public Benefit

The trustees confirm they have complied with the requirement in section 17 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 three and 18, living in the UK, diagnosed with a life-threatening or terminal condition.

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

- ◆ To fulfil wishes for children living with serious and life-limiting illness between the ages of three and 18 living 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.

Strategy

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

- ◆ To continue to grant wishes that exceed expectations.
- ◆ To continue to find innovative ways to bring distraction during our hospital activity days.
- ◆ To continue to be at the cutting-edge of new trends in children's entertainment.
- ◆ To work closely with hospitals and hospices across the UK to receive wishes and provide a rapid response to high priority 'rush wishes'.
- ◆ To identify the ongoing needs of our beneficiaries through direct communication with families and the medical professionals who care for them.
- ◆ To diversify our fundraising committees, income streams and supporter base.
- ◆ To continue to grow our income from corporate supporters.
- ◆ To continue to raise our profile through national and broadcast coverage and by growing our social media platforms.

Achievements and Performance

During 2020, despite the pandemic and resulting restrictions, we have supported over 13,000 seriously ill children and their families.

As the coronavirus pandemic took hold in early 2020, it became apparent that it would have a significant impact on all areas of the charity's work, requiring the charity to move to a different model of delivery to protect children and families.

From February 2020, the charity cancelled all travel wishes, working closely with the families to offer alternative wish options. We found new innovative ways to grant special wishes including at-home experiences, virtual celebrity surprises, and phones, tablets, and consoles to help children stay connected and feel less isolated. After an initial suspension of UK-based wishes in March, we started to accept new applications for wishes under our revised criteria, delivering 270 unique wishes during 2020 (2019: 686). At the end of 2020, we had 432 wishes outstanding, which will be prioritised for delivery during 2021.

Rays of Sunshine's successful hospital programme provides engagement activities in hospitals, community support, parent and sibling support, innovative sensory bags for play teams in hospitals, and grants to hospitals for activities or equipment on wards where seriously ill children are. The pandemic immediately impacted on the charity's ability to enter hospitals and deliver activities. We reacted quickly to the changing environment and moved our Sunshine in Hospitals programme online, delivering activities to over 8,000 young people who were receiving treatment on paediatric wards across the UK.

Achievements and Performance (continued)

During 2020, we delivered:

- ◆ **Our Sunshine Support Hub Facebook Group** – enabling parents and families to connect during the pandemic and provide them with inspiring content and activities to help during periods of isolation at home or in hospital.
- ◆ **Live Virtual Sunshine Sessions** – these online sessions for children and siblings included exclusive celebrity Q&As, baking sessions and creative art workshops. These helped children and siblings create connections, spend time with their peers, provide a much-needed distraction and, most importantly, enjoy positive experiences together.
- ◆ **Virtual 12 days of Christmas and Party** – these Christmas-themed online sessions, and our virtual Christmas Party entertained over 300 seriously ill children with magic shows, a pantomime, and a very special appearance by the charity's celebrity ambassador, Olly Murs.
- ◆ **Virtual Hospital Activity Days** – whilst our volunteers could no longer provide our services in person in hospital, we continued to provide distraction and entertainment to children receiving treatment in hospital. Our National Teddy Bear campaign saw over 3,000 children receive their own build my bear kit. Our downloadable activity pack and entertainment videos provided welcome distractions to children in hospital.
- ◆ **Sunshine Caricature Badges** – to help alleviate the anxiety associated with receiving treatment in hospital during the pandemic, we launched our Sunshine Caricature Badge Ward Wish, which enabled paediatric wards to apply for personal caricature badges. These badges aimed to show the faces behind the PPE.
- ◆ **Sunshine Sessions Podcast** – hosted by one of our beneficiaries and ambassadors, the podcast provided inspiring content from seriously ill children telling their own personal stories.
- ◆ **Virtual Parent Coffee Mornings** – allowing parents to spend time together, providing a peer-to-peer support network and creating a safe space to discuss openly.
- ◆ **Hospital Advisory Panel** – we brought together our hospital referrers and contacts to provide up to date information on what support they needed as the pandemic changed the shape of their wards.
- ◆ **At home wishes** – continuing to grant safe and magical wishes was a priority. We launched our at-home wish category, allowing us to create precious and magical moments for families who needed it most, whilst also being Covid secure.
- ◆ **Wellbeing Wishes** – we understood the impact having travel wishes postponed would have on the families we support and introduced wellbeing wishes for any families affected. These wishes ranged from iPads, to connect with family and friends, to games consoles to bring joy during a difficult time.

In 2020, we started to report on the geographical reach of our work, with the aim in 2021 and beyond to expand our regional services.

Achievements and Performance (continued)

Region of wishes granted		
Central England	10	4%
East Anglia	18	7%
East Midlands	18	7%
London	37	14%
North East	23	9%
North West	31	11%
South East	50	19%
South West	23	9%
West Midlands	24	9%
Northern Ireland	7	3%
Scotland	12	4%
Wales	13	5%
Unknown	4	1%

Impact

To understand the impact of our new models of delivery for our wish granting and hospital programmes, we established feedback surveys for all activities from participants.

Wish Granting & Sunshine Sessions

98% of the respondents said their child enjoyed the online services on offer.

93% agreed that wishes & online Sunshine sessions gave the opportunity for shared family experiences & created precious memories.

95% agreed that wishes & online Sunshine Sessions provided a positive distraction for their child.

88% agreed that taking part in wishes & online activities left their child feeling more positive & increased their self-esteem.

Each score is a percentage based on the responses from parents & carers who have completed feedback surveys.

Sunshine in Hospitals programme

95% of children taking part in online activity days experienced a reduced sense of anxiety when attending hospital for appointments and treatment.

97% of children experienced a reduced sense of isolation and agreed that it provided a positive distraction from medical appointments & treatment.

Each score is a percentage based on the responses from parents, carers & medical professionals who have completed feedback surveys

A new impact monitoring framework is being developed in 2021.

Wishes

Our response to the COVID pandemic included cancelling all travel wishes in 2020 and only fulfilling non-travel UK-based wishes. The average cost of a wish during this period was £1,020. This is consistent with the average cost of our non-travel wishes in previous years.

Fundraising

Rays of Sunshine fundraising strategy is strongly based on relationship fundraising. Our income comes from special events, major donors/Patrons, and corporate partnerships with additional income streams from challenge/community fundraising and individual giving appeals.

In 2020, our fundraising income dropped by 70%. We raised £1.49m compared to our anticipated income target at the beginning of the year of £3.79 million. (2019: £5.09m, of which £1.17m was from a corporate partnership with Deutsche Bank.) This reduction was a direct result of the COVID-19 pandemic and the impact of cancelling major fundraising events and activities planned for 2020 including our annual ball.

However, we moved quickly to switch our focus and resources into other areas of income generation:

- ◆ **Trusts and Foundations:** £126k was raised which is the highest level for three years, and included a successful application for COVID emergency funding.
- ◆ **Corporate income:** £306k was raised from existing corporate partners who continued to support us during the year, and many pledged their continued support into 2021. Our ongoing partnerships with Clintons, Bacta and The Fragrance Shop continue to provide valuable support.
- ◆ **Major donors/patrons:** £300k was raised from loyal patrons and supporters.
- ◆ **A Toy Appeal** during the first lockdown by fundraising committee 'Future Rays' raised £15k.
- ◆ Our first **Christmas Campaign** with an integrated fundraising ask raised £15k.
- ◆ **Virtual challenge events** including a new Rays and Shine challenge (£18k raised) and individual supporter challenges (£25k raised).
- ◆ **General donations:** £90k was raised with a marked increase in the number of donations received via the website and regular giving.

Financial Review

In 2020, our total income was £1,490,471 (2019: £5,093,911), including fundraising and donations-in-kind. We invested £526,399 in raising this income (2019: £979,385) and spent £1,132,756 on charitable activities (2019: £3,512,671), resulting in a deficit of £168,684 (2019: £601,855 surplus) for the year.

Financial Review (continued)

Pre-pandemic, the charity had anticipated a reduction in income for 2020 compared to 2019 due to the end of a successful two-year partnership with Deutsche Bank, which had contributed £1.18m to our income in 2019. The total overall reduction in income of 70% in 2020 reflects the anticipated end of this partnership, as well as the additional impact of the pandemic on our fundraising activities during this year.

Our programme of community and challenge events was cancelled, including the London Marathon. Whilst we moved events online which raised some income, we saw this income stream fall from £254,575 (2019) to £166,222 (2020). The special events programme which contributes a significant proportion of our annual income (2019: £1,355,451) was also cancelled resulting in a fall in income to £53,446. We saw a significant drop in our Donations in kind income to £266,274 (2019: £1,348,852). This was a direct result of reducing the number and scale of the wishes we were able to deliver in 2020. However, our corporate support remained strong, and we were able to source new funding from Trusts and Foundations, as well as launching our first individual giving campaign at Christmas.

Our total expenditure in 2020 was £1,659,155, which is a reduction of 63% compared to 2019 (£4,492,056). This reflects the cancellation of the majority of our travel wishes as well as the postponement of non-travel wishes until 2021. Alternative forms of support and wishes were offered to our beneficiaries that were in line with COVID restrictions. Lower staff costs and reduced operational expenditure also contributed to the overall reduction in expenditure.

In 2020, 68% of our total expenditure was on charitable activities, as compared to 78% in 2019.

Reserves policy

At the balance sheet date of 31 December 2020 the total reserves were £3,549,457 (2019: £3,718,141) of which £3,447,366 (2019: £3,640,572) were unrestricted funds and £102,091 (2019: £77,569) were restricted funds (see note 14).

Our policy has been to maintain 6 to 12 months of budgeted expenditure in order to ensure that we are always able to fulfil wishes, both committed and planned, in the event of a significant decline in our income probably as a result of a macro-economic event such as that experienced in 2008 and again in 2020. As the Covid pandemic also required us to stop granting new overseas travel wishes this meant that our planned expenditure reduced significantly as well. The unintended consequence was that our reserves cover increased at the year end to 15 months (2019: 9 months). Based on previous levels of expenditure, this would be the equivalent to 6-12 months of reserves cover. As the level of reserves is equivalent to 9 months expenditure in a normal year, the trustees are comfortable that this short-term increase in reserves is appropriate. This will hold us in good stead in 2021 and 2022 as we can make decisions from a position of relative financial strength as we gear the activity back to pre-pandemic levels.

Financial Review (continued)

Reserves Cover

	2020 £	2019 £
Free reserves	3,411,678	3,586,536
Next year's budgeted expenditure	2,560,589	4,713,156
Months' cover	15	9

At the end of 2020, our total net assets were £3,549,000. Of this, our free reserves were £3,412,000, comprising unrestricted funds excluding fixed assets. 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 2020, this amounted to 432 wishes totalling £555,178.

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.

Fundraising Communication

The charity is registered with the Fundraising Regulator and is committed to our fundraising being legal, open, honest, respectful, and meeting the standards set in the Fundraising Code of Practice. We communicate with our supporters through a variation of email, direct mailings and telephone calls. We also ensure that nobody who appears to be vulnerable is asked to commit to giving.

Our values and heritage are strongly based on relationship-driven fundraising rather than high-volume mass funding and we continue to be committed to our relationship-focused approach for income generation and growth.

Most of our fundraising is managed by our staff with the support of our Executive Board members and volunteers. We do not employ any professional fundraising organisations.

Communications and Complaints

We have also developed procedures for dealing with complaints. We had no complaints in 2020.

Policies

We update and refresh our safeguarding policies annually. We also regularly review our data protection policies to ensure the charity is GDPR compliant.

Equality, Diversity and Inclusion

Rays of Sunshine is committed to equality of access to our wishes and hospital services for all children and their families. The 2021 business plan includes a key focus on equality, diversity and inclusion across all of Rays of Sunshine work, including governance, employment, volunteering, and service delivery.

Future plans and post balance sheet event

A business plan has been produced which sets out business objectives for 2021 and 2022.

1. We will develop the Rays of Sunshine community, ensuring that all seriously ill children and their families have access to our services and support, wherever they are.
2. We will put in place the staff, processes, systems and ways of working that will underpin efficient and effective delivery of our objectives.
3. We will build our fundraising base across all income streams, aiming to bring in new supporters, corporates, and trusts/foundations/statutory funders. We will achieve excellence in the stewardship of our major donors and Patrons whose commitment to the charity is invaluable.
4. We will extend our reach, profile and engagement with the public, using innovative PR campaigns to raise awareness of our work, have a louder voice, and expand our supporter base.

Underpinning the Business Objectives will be a focus on:

- ◆ Equality, diversity and inclusion across all our work.
- ◆ Working proactively to reach children and families who are in greatest need.
- ◆ Working in targeted regions within the four nations of the UK.
- ◆ Using new technology to enhance the delivery of our work.

We anticipate that our services in 2021 will continue to be delivered virtually and under COVID restrictions for most of the year. However, we are planning for a scenario where some UK-travel wishes may start towards the end of the year, with international travel starting again in 2022.

Future plans and post balance sheet event (continued)

Our fundraising activities will also reflect the ongoing pandemic restrictions, with the first half of the year activities focused on virtual opportunities/campaigns such as sponsorship of the art in our virtual Children's Art Gallery. Post-June 2021 (the scheduled end of formal coronavirus restrictions), we are hoping to re-introduce in-person fundraising events under COVID secure conditions including a Chairman's Golf Day, Art Auction, and small-scale dinners and engagement events. Contingency plans are in place to pivot to an alternative format if the external environment changes.

Our Administration and Finance Committee will meet more frequently (every two months) during 2021 to monitor the financial position of the charity.

Going Concern Assessment

The coronavirus pandemic necessitated a change in the way the charity delivered its services. This led to a lower-than-anticipated level of expenditure in 2020 due to the postponement or cancellation of wishes. In addition, salary costs were reduced following a reduction in staff by a quarter. As a result, the charity ended 2020 in a stronger financial position than anticipated at the beginning of the pandemic.

The charity's level of free reserves remain healthy, and the Board of trustees are of the opinion that the charity remains a going concern for at least 12 months from the date of signing these financial statements. The trustees anticipate that there will be a challenging fundraising landscape in the next few years. Future expenditure commitments are carefully considered in light of free reserves levels and the ongoing financial position of the charity.

Statement of Trustees' Responsibilities

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.

Statement of Trustees' Responsibilities (continued)

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.

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 financial statements may differ from legislation in other jurisdictions.

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.

Signed on behalf of the Board of Trustees:

Chair of the Trustees

Approved on:

Independent auditor's report to the members of Rays of Sunshine

Opinion

We have audited the financial statements of Rays of Sunshine (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 2020 and of 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 the audit:

- ◆ the information given in the trustees' report, which is also the directors' report 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 trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- ◆ we identified laws and regulations which were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account) Year ended 31 December 2020

	Notes	2020 Unrestricted funds £	2020 Restricted funds £	2020 Total funds £	2019 Unrestricted funds £	2019 Restricted funds £	2019 Total funds £
Income from:							
Donations and legacies	1	882,582	120,850	1,003,432	2,195,251	102,338	2,297,589
Gifts in kind	2	266,274	—	266,274	1,348,852	—	1,348,852
Other trading activities	3	93,139	—	93,139	1,424,899	7,900	1,432,799
Investments		10,653	—	10,653	14,671	—	14,671
Other income	8	116,973	—	116,973	—	—	—
Total income		1,369,621	120,850	1,490,471	4,983,673	110,238	5,093,911
Expenditure on:							
Raising funds	4	526,399	—	526,399	978,501	884	979,385
Charitable activities	5	1,036,428	96,328	1,132,756	3,391,264	121,407	3,512,671
Total expenditure		1,562,827	96,328	1,659,155	4,369,765	122,291	4,492,056
Net (expenditure) income before transfers		(193,206)	24,522	(168,684)	613,908	(12,053)	601,855
Transfer between funds		—	—	—	—	—	—
Net movement in funds	7	(193,206)	24,522	(168,684)	613,908	(12,053)	601,855
Reconciliation of funds							
Fund balances brought forward		3,640,572	77,569	3,718,141	3,026,664	89,622	3,116,286
Fund balances carried forward		3,447,366	102,091	3,549,457	3,640,572	77,569	3,718,141

All income and expenditure derived from continuing activities during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		35,687		54,036
Investments	10		1		1
			35,688		54,037
Current assets					
Debtors	11	196,404		603,571	
Cash at bank and in hand		3,223,364		3,481,535	
Short term deposits		775,160		770,132	
		4,194,928		4,855,238	
Liabilities					
Creditors: amounts falling due within one year	12	(681,159)		(1,191,134)	
Net current assets			3,513,769		3,664,104
Total net assets			3,549,457		3,718,141
Income funds					
Restricted funds	14		102,091		77,569
Unrestricted funds			3,447,366		3,640,572
	15		3,549,457		3,718,141

Approved by the trustees and signed on their behalf by:

Trustee

Approved on:

Rays of Sunshine

Registered Company Number: 04860607 (England and Wales)

Statement of cash flows Year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(255,983)	570,193
Cash flows from investing activities:			
Purchase of tangible fixed assets		(7,813)	(58,141)
Interest received		10,653	14,671
Net cash generated from (used by) investing activities		2,840	(43,470)
Net (decrease) increase in cash and cash equivalents		(253,143)	526,723
Cash and cash equivalents at 1 January		4,251,667	3,724,944
Cash and cash equivalents at 31 December	B	3,998,524	4,251,667

A Reconciliation of net movement in funds to net cash provided by operating activities

	2020 £	2019 £
Net movement in funds	(168,684)	601,855
Depreciation charge	26,162	19,135
Investment income	(10,653)	(14,671)
Decrease (increase) in debtors	407,167	(66,174)
(Decrease) increase in creditors	(509,975)	30,048
Net cash (used in) provided by operating activities	(255,983)	570,193

B Analysis of changes in net debt

	2019 £	Cash flows £	2020 £
Cash at bank and in hand	3,481,535	(258,171)	3,223,364
Short term deposits	770,132	5,028	775,160
	4,251,667	(253,143)	3,998,524

Principal accounting policies Year ended 31 December 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020 with comparative information provided in respect to the year to 31 December 2019. They are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates. The areas in the financial statements where these judgements and estimates have been made include:

- ◆ determining the valuation of gifts in kind;
- ◆ the accrual for wish expenditure committed but not yet completed;
- ◆ the allocation of support costs to charitable activities; and
- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)

The trustees have taken into consideration the impact of the pandemic on the charity and have concluded that although there may be some negative consequences and greater risk in relation to the fundraising for the charity's activities, the trustees believe that the charity is a going concern on the basis detailed within the 'Future plans and post balance sheet event' and 'Going concern assessment' sections within the trustees' report. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

Income

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income comprises donations and legacies, gifts in kind, fundraising and bank interest.

Donations, including gift aid, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity. If the amount is not known, the legacy is treated as a contingent asset. Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Donations in kind

Services and facilities donated (for free or discounted) to the charity for its own use are included as income at their value to the charity as at the time of the gift with an equivalent amount included in expenditure.

Where goods or services are provided to the charity as a donation that would normally be purchased from suppliers, this contribution is included in the financial statements as both income and expenditure at its estimated fair value based on the value of the contribution to the charity.

Many items donated to the charity include a 'money-can't-buy element' such as the time provided by celebrities to meet the children and attend charity events, and therefore no commercial value has been placed on these gifts in kind in the financial statements.

Services provided by volunteers

For the purposes of these financial statements, no value has been placed on administrative and other services provided by volunteers in accordance with the Charities SORP FRS 102.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings as described below. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes staff, other direct costs associated with fundraising and allocated support costs associated with fundraising.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include wish costs as well as an allocation of support costs.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity, it is necessary to provide support in the form of support staff.

Within support costs are also governance costs, which include the costs of statutory compliance and other costs related to the governance of the charity.

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.

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

Taxation status

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

Fund structure

Unrestricted general funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects at the discretion of the trustees, unless the funds have been designated for other purposes.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Financial instruments

The charity holds only basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – trade debtors and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank and short term deposits – clarified as basic financial instruments and measured at face value.

Financial liabilities – accruals and other creditors are financial instruments and are measured at amortised cost.

1 Donations and legacies

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Donations	882,582	120,850	1,003,432	2,195,251	102,338	2,297,589
	882,582	120,850	1,003,432	2,195,251	102,338	2,297,589

2 Donations in kind

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Rent and related office costs	45,151	195,227
Wishes	87,714	1,013,953
Advertising	61,944	8,252
Computer services	28,323	88,567
Events	39,132	34,858
Governance costs	4,010	7,995
	266,274	1,348,852

The charity received donations in kind valued at £266,274 (2019: £1,348,852) 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 children and attend charity events. It has not been possible to attribute a value to such gifts in these financial statements.

3 Other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Events	53,446	—	53,446	1,347,551	7,900	1,355,451
Community fundraising	8,940	—	8,940	65,650	—	65,650
Other trading activities	30,753	—	30,753	11,698	—	11,698
	93,139	—	93,139	1,424,899	7,900	1,432,799

4 Costs of raising funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Event and fundraising costs						
Staging fundraising events	112,093	—	112,093	430,356	—	430,356
Advertising	62,793	—	62,793	115,979	—	115,979
Staff costs	313,769	—	313,769	389,234	884	390,118
Other fundraising costs	9,918	—	9,918	6,871	—	6,871
	498,573	—	498,573	942,440	884	943,324
Support costs	27,826	—	27,826	36,061	—	36,061
	526,399	—	526,399	978,501	884	979,385

The staff costs of £313,769 does not include any adjustment for the related furlough claims of £49,214 for fundraising staff made under the Coronavirus Job Retention Scheme. This has been accounted for under other income (total CJRS income of £116,973). Therefore the net fundraising staff costs is £264,555.

5 Charitable activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Staff costs	422,855	—	422,855	653,828	—	653,828
Depreciation	26,162	—	26,162	19,135	—	19,135
Wishes	220,627	96,328	316,955	2,311,589	121,407	2,432,996
Other office costs	301,855	—	301,855	322,580	—	322,580
	971,499	96,328	1,067,827	3,307,132	121,407	3,428,539
Support costs	64,929	—	64,929	84,132	—	84,132
	1,036,428	96,328	1,132,756	3,391,264	121,407	3,512,671

6 Support costs

	2020 £	2019 £
Staff costs	69,425	95,701
Governance costs:		
. Audit fees	14,520	15,884
. Accountancy	4,800	6,120
. Legal and professional fees	4,010	2,488
	92,755	120,193

7 Net income and net movement in funds for the year

This stated after charging:

	Unrestricted funds	
	2020	2019
	£	£
Staff costs (note 8)	806,049	1,139,647
Auditor's remuneration (note 6)	14,520	15,884
Depreciation (note 9)	26,162	19,135

8 Staff costs, remuneration of key management and trustees' remuneration

The average monthly number of employees during the year was:

	2020	2019
Provision of wishes and fundraising	24	29

Employment costs

	2020	2019
	£	£
Wages and salaries	704,855	982,203
Social security costs	70,610	97,030
Other pension costs	30,584	60,414
	806,049	1,139,647

The key management personnel of the charity comprise the trustees, the Chief Executive Officer, the Head of Finance, the Head of Fundraising, the Head of Operations, and the Head of PR and Communications. The total employee benefits, including social security costs employer pension contributions of the key management personnel of the charity were £249,358 (2019: £431,070).

The former CEO was appointed as a board member from May 2020 and total employee benefits received and included in the key management personnel remuneration figure were £11,866. No remuneration is paid to trustees for their services as board members. No expenses were reclaimed by trustees in the year to 31 December 2020 (2019: £nil).

The number of employees who earned £60,000 or more (excluding employer contributions and excluding pension costs) during the year was:

	2020	2019
	no.	no.
£70,001 - £80,000	1	1
£140,001 - £150,000	—	1

During the year, pension costs totalling £4,203 (2019: £8,449) were paid in respect of the above employees. Details of other related party transactions are included in note 16.

Included within other income is £116,973 Coronavirus Job Retention Scheme income in relation to 17 staff members who were furloughed between April and June 2020.

9 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2020	166,324
Additions	7,813
At 31 December 2020	<u>174,137</u>
Depreciation and impairment	
At 1 January 2020	112,288
Depreciation charged in the year	26,162
At 31 December 2020	<u>138,450</u>
Net book value	
At 31 December 2020	<u>35,687</u>
At 31 December 2019	<u>54,036</u>

10 Fixed asset investments

	Other investments £
Cost or valuation	
At 1 January 2020 & 31 December 2020	<u>1</u>

The fixed asset investment relates to 100% holding in Rays of Sunshine Promotions Limited, which was dormant in the above two periods. Rays of Sunshine Promotions Limited's registered address is 4th Floor, Berkeley House, 304 Regents Park Road, London, England, N3 2JY.

11 Debtors

Amounts falling due within one year:

	2020 £	2019 £
Trade debtors	32,162	111,352
Other debtors	22,328	22,328
Prepayments and accrued income	141,914	469,891
	<u>196,404</u>	<u>603,571</u>

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	12,065	103,764
Other creditors	49,103	90,780
Accruals and deferred income	619,991	996,590
	<u>681,159</u>	<u>1,191,134</u>

12 Creditors: amounts falling due within one year (continued)

At 31 December 2020, included within accruals and deferred income are committed wishes totalling £551,998 (2019: £914,100).

Brought forward deferred income released in the year is in relation to the 2020 London marathon.

	2020 £	2019 £
Deferred income brought forward at 1 January	18,447	26,853
Amount released in the year	(18,447)	(26,853)
Amount deferred in the year	—	18,447
Deferred income carried forward 31 December	—	18,447

13 Operating leases

As at 31 December 2020, the charity was committed to total future minimum lease payments under non-cancellable operating leases as follows:

	Office premises	
	2020 £'000	2019 £'000
Within one year	107,172	107,172
Within two to five years	169,689	276,861
	276,861	384,033

14 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 2020 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2020 £
Specific wishes	77,569	120,850	(96,328)	—	102,091

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2019 £
Specific wishes	89,622	110,238	(122,291)	—	77,569

Restricted funds comprised sums received for specific wishes and equipment.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2020 are represented by:			
Tangible assets	35,687	—	35,687
Investments	1	—	1
Current assets	4,092,838	102,091	4,194,930
Creditors: amounts falling due within one year	(681,159)	—	(681,159)
	3,447,366	102,091	3,549,457
	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2019 are represented by:			
Tangible assets	54,036	—	54,036
Investments	1	—	1
Current assets	4,777,669	77,569	4,855,238
Creditors: amounts falling due within one year	(1,191,134)	—	(1,191,134)
	3,640,572	77,569	3,718,141

16 Related party transactions

The charity received cash donations and gifts in kind from various related parties during the year. These are summarised below:

Related Party	Donations	
	2020 £	2019
Trustees	42,443	35,908
Others excluding trustees:		
. Key management personnel	—	20,790
. Executive board members	12,250	49,000
Total	54,693	105,698

The donations above were without specific terms and conditions and unrestricted in nature.

16 Related party transactions (continued)

Related Party	Goods/Services in Kind		Further details
	2020 £	2019 £	
Jeffreys Henry	4,800	6,000	Justin Randall, a trustee of the charity, is a partner at Jeffreys Henry LLP. The firm provided the charity with payroll services.
Universal Music UK Ltd	—	594	David Joseph, a trustee of the charity, is a director at Universal Music UK Limited. The company donated CDs to the charity.
Mediacom	2,400	4,397	Stephen Allan, a trustee of the charity, is the Worldwide Chairman & CEO at Mediacom. Mediacom provided the charity with advertising space in relation to the Christmas campaign in December 2020.
Mishcon De Reya	4,010	40,851	Nick David, a trustee of the charity, is a director/partner at Mishcon De Reya. The firm provided the charity with legal services.
BE Offices	—	80,898	David Saul is a member of the charity's executive board and the director of BE Offices. In 2019, BE Offices provided the charity with donated fixed assets and rent payments. In 2018, BE Offices provided the charity with office space and facilities.
Related Party	Donations		Further details
Capital Group	21,250	—	Annual donation made by the Foundation where Rays of Sunshine has been nominated (via employee vote) by Caroline Randall - wife of Trustee Justin Randall.
Purple Surgical	12,000	—	Annual patronage paid by Robert Sharpe - husband of Trustee Jane Sharpe