



ANNUAL REPORT AND FINANCIAL STATEMENTS

STARLIGHT CHILDREN'S FOUNDATION

YEAR ENDED 31 MARCH 2021



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HRH Princess Alexandra KG GCVO

Co-Founder

Emma Samms MBE

President

Major Christopher Hanbury

Trustees

Nick Mustoe (Chair and Trustee to July 2021)

Dr Christopher Evans

Alasdair Hadden-Paton ACA (Vice Chair)

Dr Christopher Hanvey (Resigned July 2021)

Ian Harding

James Innes (Resigned July 2021)

Frenchesca James (Appointed June 2021)

Hina Patel

Mark Tasker

Alain Wolffe (Chair from July 2021)

Senior Management Team

Cathy Gilman, CEO

Dr Krutika Pau, Director of Children's Services

Nicky Wade, Director of Finance and Resources
(Appointed May 2020)

Sarah Woods, Director of Fundraising and
Marketing

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Alain Wolffe

Safeguarding Committee

Dr Chris Hanvey (Chair)

Samuel Butler

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Advisory Committee

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Dr Luca May Brad, Senior Research Fellow,
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Development Committee

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THANK YOU FROM OUR CHAIR



Our mission at Starlight is to use the power of play to make the experience of illness and treatment better for children and their families. This clarity of purpose, keeping the wellbeing of children central to all that we do, has been our one certainty in a year of unparalleled unpredictability.

We know that play is vital for the wellbeing of children. They need access to play as a crucial part of their development and to help them cope with life's challenges. This is never more important than when they face the anxiety and uncertainty of serious illness, long-term conditions and hospital stays. Research has already shown that play has helped children to cope through the pandemic.

The clarity of our research findings over the last three years as well as the development of a new strategy have enabled our team to be agile and adaptable in response to the challenges and opportunities of dealing with the pandemic when it hit. Our ability to gain real insight into the lived experience of children and their families has even enabled us to innovate in this very different environment.

This year we have relentlessly focused on adapting our services to be Covid-safe and ensuring continuity of delivery despite the evident challenges. Families have often been kept in isolation while waiting for appointments with longer waiting times and nothing to do. Children staying in hospital have had very little opportunity for social connection and have often only been allowed visits from one parent. By the necessity of making room for Covid-19 patients, children have also been moved from familiar spaces and faces, and many playrooms have been closed and toys removed.

By listening carefully to the challenges faced by health professionals you will see that, aligned to our new strategy, we have adapted our services where we can to ensure that children don't miss out on play. Because of social distancing and travel restrictions most of our wish granting programme was inevitably suspended and instead we've focused on the development of our play services. To support this, our fundraising team has quickly refocused resources and the evident need and tangibility of our services have proved to be a strong case for support for urgent Covid-19 funding, more than replacing the income lost from cancelled events - something we simply couldn't have predicted at the start of the year.

"I am delighted that we have defied our best expectations and we end the year with confident plans for the expansion of our services."

We have also been looking to the future and the pandemic has in fact been an opportunity to test and accelerate a new strategy that was already under development. When we have honoured our existing wishes to families, we will focus entirely on making the hospital experience more positive for children and creating opportunities for social connection which will build on our experience and expertise in wish granting. We have also started to share our insight and work with others who share our vision including charities, hospitals and universities.

You will see some differences in our appearance as we bring in a new look to make us more appealing and accessible to children, help our services stand out in hospitals, and work harder for our new and exciting fundraising plans. Special thanks to agencies Heavenly and Spencer du Bois for going above and beyond with a very limited budget.

In conclusion, after an especially strong second half to the year, I am delighted that we have defied our best expectations and we end the year with confident plans for the expansion of our services. It's now the right time for me to step down as Chair of Starlight, along with Trustees Dr. Chris Hanvey and James Innes who have contributed to the transformation of Starlight in recent years. I'm delighted to welcome Frenchesca James, a highly experienced Health Play Specialist, to our Board and with our new strategy in place I feel very confident that Starlight is in very safe hands as I handover to Trustee, and now Chair, Alain Wolffe.

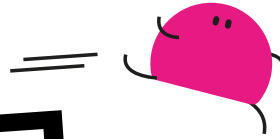
My sincerest thanks to the very many people who have so loyally supported us over the last 12 months and over my many years at Starlight. It has never been more appreciated.



Nick Mustoe



MOMENTS OF LIGHT



Our guiding mission is to use the power of play to make the experience of illness and treatment better for children and for their families. Childhood is a critical time in anyone's development, it is when we begin to discover the things that shape our nature and start to acquire the knowledge that makes us who we are. It should also be a time of positivity, no matter what life later brings, and we believe that it should be as carefree, fun and unconditional as possible for every child, so when serious illness intervenes, it is vitally important that childhood is not lost.



At Starlight, we are passionate about protecting this time of play, championing its importance and defending every child's right to it. Our passion takes us to the bedsides of some of the most poorly children in the UK who are in hospital, often without hope of leaving. We use the power of play to create a sense of escape from the difficult reality in which these children find themselves. To delight and distract, entertain and enlighten them. But, most of all, to restore a smile to their faces, making moments of light when the day is at its darkest.

Since we began, 35 years ago, as a wish-granting charity, we have deepened our understanding of the impact that illness has for children and their families. We now work with almost 500 hospitals and hospices to provide play, distraction and entertainment services, helping to improve mental, physical, social and emotional wellbeing in the most challenging circumstances. This year we have especially focused on hospitals in areas of multiple deprivation where there is currently limited access to play services and where children and parents report a poor hospital experience.

Over the last three years, our Insight and Impact team has conducted a programme of research; listening to children, their families and the health professionals who provide care, play and distraction. We have used this evidence to help us understand what is important to families during serious illness and we've taken

time to understand the services that are already available from other charities and organisations. This has enabled us to define a unique new position for Starlight and agree a new strategy.

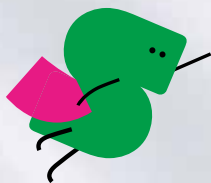
From summer 2021 we will no longer fulfil wishes for children and families. There are many UK charities that do grant wishes and our friends there do an amazing job of finding that one true wish for a poorly child. This enables us to focus on expanding and improving our services in hospitals and hospices and on removing some of the barriers to social connection that can prove to be such a challenge. We will use our expertise and knowledge to provide group trips in the UK and days out at Starlight Escapes and we will also be working on service innovation, especially how we can better integrate the technology that children and parents want to see.

To help us achieve this new ambition we have also developed a colourful new visual identity, including a friendly cast of characters, that will help us reach and engage with more children and families in hospitals, as well as supporters. Spending money on anything other than directly helping children has taken very serious consideration but we think that our new identity will benefit children and families – the characters alone make you smile. Importantly, it will support our fundraising, working better for new areas of income generation and helping us to encourage even more people to join our mission to be Protectors of Play.

"I am even more impressed by your organisation this year, and your efforts to still ensure that the children are supported. My work as a GP and on paediatric wards made me very much aware of the trauma experienced by children and their families when they are seriously ill. What you all do to bring some happiness into their lives plays a big part in improving their health and chances of recovery."

Retired GP, spring 2021

PROTECTOR OF PLAY



Our mission: To use the power of play to make the experience of illness and treatment better for children and for their families.

We know that play is fundamental to children's positive development and for their ability to develop the skills they need. Play offers physical, emotional and social benefits that allow children and young people to develop the motor skills which are vital for everyday physical activity; to experiment with social behaviour and to better navigate their world.

Children in hospital can face obstacles that negatively impact play, and this can then affect their development beyond the illness itself. Giving children access to play helps with resilience, supports healthy development and enables children to better cope with the negative consequences of their illness. It can also help to support and strengthen a family even in the most challenging circumstances.

Children have a right to play: it helps their resilience, their development and their ability to cope with illness.

The child's right to play is enshrined in Article 31 of the United Nations Convention on the Rights of the Child. It is nearly 50 years since the Department of Health recommended the employment of play staff in children's wards and nearly 20 years since they stated that children staying in hospital should have daily access to a play specialist and that the therapeutic purpose of play should be included in their care plan. Inequalities in provision still remain and still impact the experience of children in hospital. We know from Care Quality Commission data that a positive experience of hospital reported by parents and children is linked to having access to staff to play with and having enough things to do.

Our strategy has three pillars which address: the needs of children to have access to play and improving the experience of hospital; a child's access to opportunities for social connection; our objective to listen, learn and share knowledge as we work towards more systemic change to meet the immediate needs of seriously ill children.





1.

We make the experience of hospital more positive

We improve access to play in health settings across the UK, by providing play and distraction resources that make a big difference to children's lives when it matters most. These services improve experience, engagement with treatment, recovery and overall wellbeing and so lead to better outcomes for life. We have identified better integration of technology as a priority to help us to tailor play for different age groups and in different settings more effectively. A more visible presence of our services in hospitals, created with our new visual identity, will help to improve the reach and profile of Starlight as well as becoming a brand which appeals more directly to children.

2.

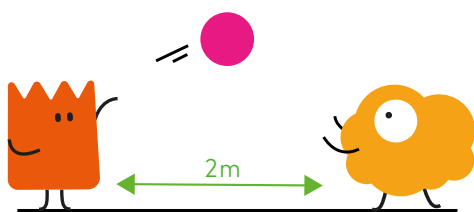
We create opportunities for social connection

Social connection is vital for the health and development of everyone. Positive social connections improve wellbeing by providing lots of physical and mental benefits including increased cognitive ability, communication skills and even independence. They can also help children develop creativity, empathy and confidence. Illness in childhood can be an alienating and stressful experience for everyone involved. We use play to connect children and their families to others, helping to build support networks, maintain friendships and experience the self-worth that depends so much on human interaction.

3.

We listen, learn and share knowledge

Through the work we do and the people we work with, we prioritise actively listening and learning to ensure the voices and experiences of children and their families are at the heart of our service development, innovation and evaluation. This also enables us to provide guidance and support to parents and health professionals and to connect and collaborate with other organisations to work towards systemic change in the provision of play in healthcare settings.



OUR COVID-19 RESPONSE

In common with most organisations, when Covid-19 hit the UK in early 2020 we had no idea what was ahead. We didn't imagine that a year on we would still be a remote workforce, with little or no face-to-face contact with the children, families and healthcare professionals with whom we work. We did, however, know that our services in hospitals would be needed more than ever before. As the country moved into lockdown, shared play spaces, toys, and even health play specialists themselves, were removed from the wards, with visitors severely restricted. Children already isolated by their illness found themselves moved from familiar wards and people. They were now surrounded by staff in PPE and could only be visited by a single family member.

We knew, when the crisis first hit, that we had to adapt immediately, but there was little information available and no previous experience to rely on. There was the potential for hugely increased demand for our hospital services and, as hospitals locked down, doubts about whether we could deliver them on site. Combined with uncertainty about how income could be generated, this meant that we took quick decisions based on the information available. With a focus on our charitable purpose, we made sure we managed the immediate business, adapting services to be covid-secure and relevant, concentrating fundraising efforts on what was possible, particularly digital opportunities. We took difficult decisions around redundancies, furloughing some staff, bringing in short-time working for the remainder, enabling as much income as possible to be spent on services despite the uncertainty of financial projections.

We were clear that emergency action was only part of the picture. We needed to continue to develop a strategic response to this changing world, to not only deliver as many of our existing services as possible but to adapt and innovate to bring in new ones. We listened to health professionals to understand what was needed, allowing us to adapt services quickly, whilst our position as a health charity within the NHS allowed us to maximise our case for support for funding opportunities.

As the demand became clearer and fundraising stabilised, by September we had our staff back at full capacity. Our new strategy was also in place, designed to take us through the further uncertainties of the pandemic and beyond. With the country back in near-lockdown, we delivered our busiest ever Christmas of activities for children and families.



IMPACT OF COVID-19 FOR CHILDREN IN HOSPITAL

- Longer waiting times in hospitals with nothing to do
- Only one parent permitted
- Most hospital playrooms have been closed, with toys removed due to risk of infection
- Moved from familiar people and places to make space for Covid-19 patients
- Increased pressure on parents supporting seriously ill children with treatment, home schooling and work commitments



TRANSFORMING LIVES WITH THE POWER OF PLAY



EMBEDDING OUR NEW STRATEGY

For many years Starlight has used the power of play to make the experience of illness and treatment better for seriously ill children and create a sense of escape for those living with long-term conditions. Our new strategy, with its three pillars of making the hospital experience positive, creating opportunities for social connection and listening, learning and sharing our insight and knowledge to further our mission, will allow us to reach more children than ever before. In order to achieve this, we have made the decision to end wish granting, which has required us to restructure our Children's Services function. We have been able to harness the skills and experience of most of the wish granting team in different roles within the organisation and have created new roles under a single Head of Service Delivery. You can read about the impact of the new strategy below.

MAKING THE HOSPITAL EXPERIENCE POSITIVE

Time in hospital can be an isolating, anxious and often boring experience for children even in normal times. Add to that the impact of the pandemic, with its restrictions on visiting, removal of shared play spaces and toys, and the replacement of familiar staff and it's clear that our aim of using the power of play to improve the hospital experience has never been more important. This year, we have been able to continue some services, adapt others and introduce new ones.

We have provided play and distraction and created a sense of escape to bring moments of light when the day is at its darkest. We continue to work to increase the number of children and young people we reach: in 2019-20 we delivered Starlight services for 234 hospitals and hospices across the UK; in 2020-21 that figure was 444.

Delight and distract

Our Distraction Boxes are our most iconic service for health professionals - a portable toolkit filled with toys, puzzles and conversation starters that help health professionals to distract children during medical procedures and engage them in conversation, whether on a hospital ward, in a hospice, in A&E or even the back of an ambulance. Health professionals tell us that using the boxes improves the experience of medical procedures for children by reducing anxiety and distress and creating a rapport between children and medical staff.

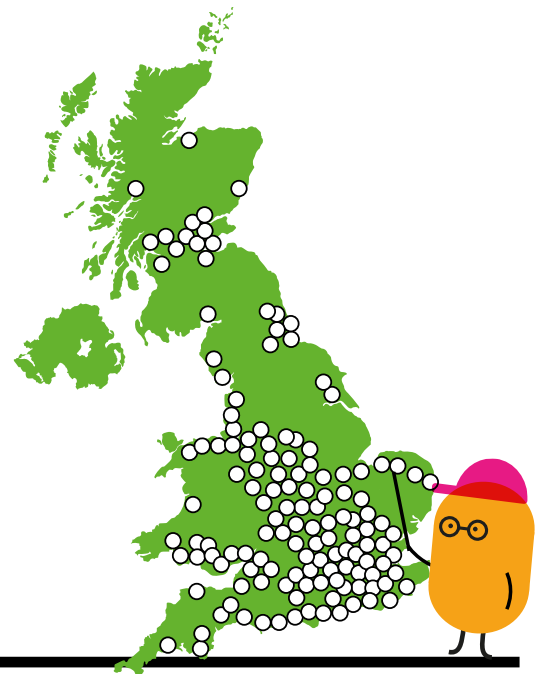
Each Box costs us £105 to provide for a health professional to use as an important part of their toolkit. Infection control measures have meant that we weren't able to send out as many of these boxes, with their shared content, as usual but we still sent out 648 boxes in the year and our research tells us that the materials of each box can be used in up to 1,000 interactions which means that overall these helped in well over 500,000 cases with children and young people in the year.

Giving a boost

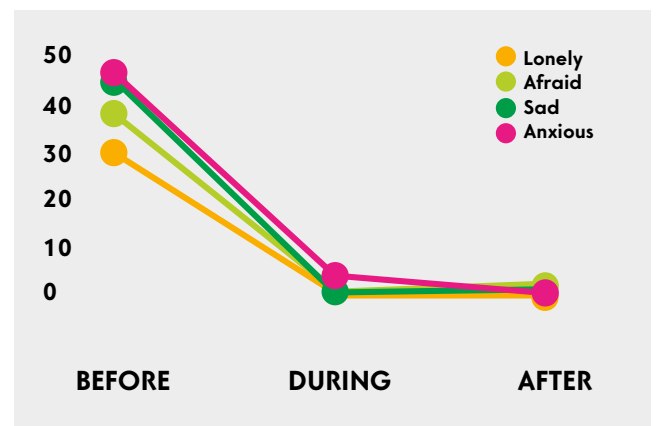
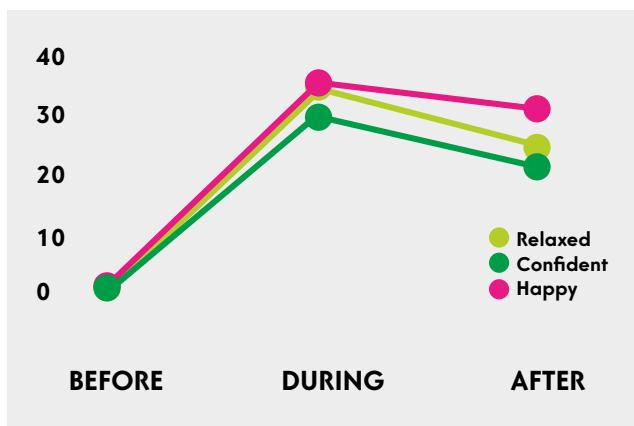
Our Boost Boxes are packed with toys and games, arts and crafts designed to entertain and educate, delight and distract. Mostly sent to Health Play Specialists, they provide a variety of items for different age groups to be produced when needed the most. Since the start of the pandemic we have adapted them to be used to create Isolation Packs, given to a child to keep, to avoid issues around infection control.

With fewer visitors and, for a time, even many Health Play Specialists not able to be on the wards, these resources have never been needed more. We sent out a record 3,063 boxes to hospitals and hospices across the country, 50% more than in the previous year. Costing us £130 each to provide, each box has roughly 50 items, allowing us to reach approximately 150,000 children.

Christmas in hospital can be a particularly challenging time and hospital staff told us how stark the wards were looking this year. That inspired us to produce the first of our 'special edition' boxes, a festive craft box, thanks to a donation from Amazon, with 600 being sent out to 498 hospitals across the UK in time for Christmas.



HOW OUR BOOST BOXES AFFECT CHILDREN'S WELLBEING



OUR WORK WITH HEALTH PROFESSIONALS

It is only thanks to Health Play Specialists, some of the many unsung heroes of the NHS, who work tirelessly in ensuring the children in their care can still experience the value and joy of play, that we are able to provide many of our services. Together with children and parents, it's they who tell us what is happening on the front line, what is needed. They told us how they have had to adapt to Covid-19 and helped us learn how we need to re shape our services too. We currently have nearly 1,500 Health Play Specialists with whom we engage in different ways.

As part of our work to raise the issue of the importance of play in the health and wellbeing of children, each year we support National Play in Hospital Week, organised by the National Association of Health Play Specialists. We also recognise the critical role these staff play and the fantastic work they do with our annual Health Play Specialist of the Year award. This year we had 113 nominations for the award, spread across 46 hospitals and were thrilled to recognise Lisa Beaumont, Therapeutic Play Service Manager at Leeds Children's Hospital, as the winner. Lisa's nomination stood out because of her dedication not only to the play provision of the children in her team's care but also to her team and to the families of the children and young people at Leeds Children's Hospital.

"During the Covid-19 pandemic, many staff who were classed as non-clinical were removed from the ward environment, Lisa felt that although play staff were not medical it was vital that they remain working on the wards to support patients and families in these difficult times. All play staff were given the option of taking on different roles and working in other areas if they did not feel comfortable and were supported by Lisa. Without Lisa in her role the play staff could have easily being removed from the wards during Covid meaning 100's of children would have gone without play input and support during this difficult time... Due to the nature of some of our patients and families we had many that were shielding on the wards and not allowed visitors or to leave the ward, Lisa was the one who made sure that parents were fed off the hospital food trolley and that food donations coming in were not all given to staff but care packages were made up for shielding families so they had snacks and toiletries."



For the first time we also invited nominations for Play Team of the Year, to recognise a team that made a real difference. There were a large number of entries for this and, after reducing it to a shortlist of 24, we made the award to the Medical Play team at Leeds Children's Hospital.



"The whole play team at Leeds have worked throughout Covid to try to give the patients and families some normality in a strange and scary time but I feel the medical play team have been extremely short staffed and pulled together to provide the best possible service and support while working with shielding families and with Covid positive patients. Without the medical play team many patients would have had swabs with no prep or support, shielding families would have gone without snacks and supplies and patients would have gone through major surgeries without family and friends being able to visit and many families would have missed out on important end of life memory making.

They truly are amazing people who have gone above and beyond their usually job role to provide and care for the patients and their families."

We are indebted to the National Association of Health Play Specialists (NAHPS) Chair, Penelope Hart-Spencer, and Tina Clegg, Chair of Healthcare Play Specialist Education Trust (HPSET) for being the expert judges on our panel along with Cathy Gilman, Starlight's CEO. Our thanks also go to Ryman, and their suppliers, who have once again supported us by providing prizes of vouchers and arts and crafts materials to help the winners and runners-up keep their play cupboards well stocked.

These links with frontline Health Play Specialists are part of the life-blood of Starlight – it is one of the important ways that we are able to gain real insight into what is needed. From Lisa's nomination and the subsequent conversations we had with the Leeds Children's Hospital, we discovered that they are building a completely new hospital in the next five years and are currently engaging in exploring how they can use technology to improve the patient experience.

As a result, with funding from the True Colours Trust, since the year-end we have undertaken a shared project to test the use of technology to improve the reception and waiting experience in the current hospital and to test virtual reality as a distraction tool.

Towards the end of the year we also launched our Starlight Ambassador programme, appointing a nominated staff member (sometimes more than one) within a hospital to consolidate and co-ordinate hospital services, recommend families for our Social Connection programmes and be a central point of feedback.



CREATING SOCIAL CONNECTION – COVID AND PLAY DEPRIVATION

With lockdowns and social restrictions having been a part of our lives for the last 12 months, many of us have had a small taste of the difficulties of social connection and contact with others often faced by children living with serious illness or long-term conditions. A recent report by Great Ormond Street Hospital Children's Charity (State of Play, March 2021) highlighted that one of the most significant challenges of the pandemic has been sustaining and maintaining friendships and family connections whilst being apart. Throughout 2020 and into 2021, there have been different lockdowns and restrictions, meaning children have often not had the freedom to play together or play in the way they usually would. The main consequence of this appears to be children missing playing with their friends.

Two thirds (64%) of parents say their child misses playing with their friends because of different lockdowns and restrictions limiting children from playing together or playing how they normally would. This freedom to play with whom, when and how they want to gives children the opportunity to build broader relationships beyond the familial home and gain skills vital for their emotional and social development. In this respect, it can be argued children are experiencing a form of play deprivation during COVID-19 at a time when they need the freedom to play more than ever. Many parents express their concern at the loss of this freedom with 66% saying that they are worried that restrictions on how children play will impact on their child's future well-being."

State of Play Report, Great Ormond Street Hospital Children's Charity, March 2021

Positive social connections with people at all stages of life help to ensure healthy development, both physically and emotionally and that's what we aim to achieve with our programme of escapes and parties. This would usually involve physically bringing children and their families together for a day of fun, strengthening family bonds, creating memories and connecting with others but that hasn't been possible this year. Despite this we were able to offer a series of online activities tailored for different ages and interests from magic shows to dance classes, with all of the advantages of meeting remotely. We know just how important these events were families from the feedback that we received.

It's given us a break from our normal routine and gave Lachlan something to look forward to. The fact that Starlight considers children and families like ours is amazing. I'm sure a lot of families are having to isolate and so the virtual escape was like a virtual wave and hug that says 'Hi, we see you!' and that means a lot. Thank you!"

Parent at a Virtual Escape



During the year we:

- Entertained 180 families via 15 Virtual Escapes, magic and comedy shows and workshops, giving children and their families the chance to play together. One parent wrote "Everyone has missed out on so much this year but for families like us where time is precious these fun happy memories are priceless. This has given us something to look forward to as a family and access and enjoy together. Our son's time is precious to us all it's lovely to be able to do this with him! Thank you"
- Took advantage of the break in restrictions to hold a socially distanced, covid-secure drive-in cinema where 28 families had a drive-thru-grotto visit with Santa before a screening of 'Elf' with traditional cinema snacks.
- Commissioned a pre-recorded virtual pantomime (a Starlight version of Jack and the Beanstalk), a fun-filled, edible science show presented by award-winning BBC presenter Stefan Gates, and a Christmas story read by Santa himself. We sent this to 524 Health Play professionals across 250 hospitals and hospices to help bring Christmas onto the wards, and also circulated it to more than 1,100 families to watch at home.

■ ■ The Starlight Pantomime improved the feeling of the environment, making it happier and giving permission to be silly again. Everyone - staff and children - all had smiles and laughter. Before the performance there was a feeling of apprehension, like before any show and then once the show started it was lovely to see the children relax and enjoy it. One young man said, 'it was the best afternoon ever thank-you!'. I think that says it all."

Claire, Play Specialist, Derian House Children's Hospice

WISHES

Although we are closed to new wish applications, we have still been working hard to deliver wishes already promised. Many of these wishes were originally for foreign travel, meeting celebrities, and attending big events. While none of these have been possible in the current climate (and with international travel likely to be problematic for some time to come), we have been determined to do our best not to leave any child disappointed.

We talked to all of our wish children and families and worked with them to identify alternative wishes that could be delivered and enjoyed during the long months of isolation at home. During the year we successfully delivered wishes to 84 different children, ranging from gaming PCs and specially adjusted bicycles to hot tubs the whole family could enjoy. We had log cabins built in gardens and, once it was safe to do so, provided bedroom makeovers to make that stay-at-home time more pleasurable.

Thanks to the generosity of our corporate supporters, including Harrods, Simon & Schuster and Beyond the Bow, we were able to send Christmas gifts to the 127 children still waiting for their wish.



Thank you so very much for the surprise gifts for George. He absolutely loved them and we are currently reading the wonderful book. The timing of this surprise really couldn't have been better, as we sadly lost George's grandad to Covid on Tuesday night so it's been a very difficult week."

With foreign travel off the cards, many children asked for a UK holiday instead and we have just over 50 children waiting to enjoy these once restrictions are lifted. A total of 99 wishes remain to be delivered in 2021-22. Although this will bring our wish programme to an end, children will continue to be able to enjoy the escape and connection of Starlight UK Group trips as part of our new Experiences programme within the social connection pillar of our new strategy.

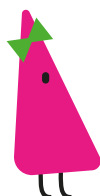
LISTENING, LEARNING & SHARING KNOWLEDGE

Thanks to our experience of working with children, families and health professionals over the last 35 years, we have developed unique relationships where we are entrusted with details of the lived experience of serious illness and long-term conditions.

This insight, as well as a literary review of 138 pieces of research about play and distraction and 1,000 feedback surveys from health professionals and parents together, have created a unique Starlight data set. We continue to develop new ways to listen to children's views about their experiences and feelings as well as their opinion of our services to ensure their voices are at the heart of our service development and delivery.

We have also reviewed Care Quality Commission Data which, when asking questions of parents and children about the experience of hospital, asks 'Did hospital staff play with you or do any activities with you while you were in hospital?' and 'Were there enough things for you to do in the hospital?' Negative responses to these questions indicate a poorer hospital experience.

From this collective insight we are gaining a unique understanding of the play and distraction needs of children, especially in hospital and have begun to get a better understanding of the inequalities between hospitals in the provision of play.





Despite the Department of Health's recognition of the importance of supervised play in hospital; a recommendation that play staff are employed on every ward and that the therapeutic purpose of play needs to be included in the care plan there is no systemic adoption by the NHS. It is clear that children need access to both play professionals and activities to have a better hospital experience.

The right to play for every child is enshrined in the UN Convention on the Rights of the Child. Our Insight & Impact team have started work to gain a better understanding of the inequalities of play between hospitals and where there is play deprivation. We have also been gathering data to build a clearer picture of the diversity of the children and families we work with. Whilst not a simple exercise – to a large extent we are reliant on publicly available demographic data to understand our hospital service users – this will, in time, allow us to address inequalities in play provision which arise from socio-economic inequality but also to ensure services remain relevant to the communities they serve.

Thanks to the generosity of two major funders, Barclays and the 3i Group, we have been able to identify 273 hospitals in areas of deprivation within the UK, many of which had not had contact with us before. We are now actively working with 165 of these to provide services which improve the access to play of their young patients.

It is a Starlight priority to share our unique insight for the benefit of others working in play and distraction. This year we shared our insight through the publication of our first ever 'Impact of Children's Play in Hospital' report, released during National Play in Hospital Week in October 2021 and by a jointly presented webinar with Cambridge University on 'Play in Challenging Circumstances.'

We have also met with children's hospitals to explore how Starlight might play an important role in sharing the experience, knowledge and tools of better resourced hospitals for play with those less well-resourced to reduce some of the inequalities in access, quality and experience of play.

In the year ahead we plan to appoint a policy and public affairs professional to use our insight to build the public affairs profile of Starlight and contribute a voice to the need for systemic change in the delivery of Department of Health recommendations on the provision of play in hospitals.

DOING WHAT WE SAID

Last year we said we would:

1. Continue to respond to the specific needs of children in hospital who are more isolated and receiving fewer visitors because of Covid-19

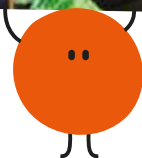
We asked children, families and health professionals about the impact of Covid-19 on them and discovered that our Boost Boxes, containing toys to be shared, could no longer be used so we adapted them to create Isolation Packs which could be given to children to keep, allowing them to be distracted and entertained in the long hours by themselves. We commissioned a virtual pantomime which was available to children in more than 200 hospitals and hospices across the country, more than twice the number we could reach with our previous touring pantomime. We sent Arts & Crafts boxes out to hospitals for the first time, complete with online videos to inspire and demonstrate.


2. Gain a better understanding of the specific needs of children and young people living with poverty and deprivation

Aided by funding from Barclays and 3i Group, we were able to identify 273 hospitals in areas of deprivation within the UK, many of whom we had had no previous contact with, and provide bundles of services to 165 of them. We collected feedback from children, families and health professionals and discovered that families in areas of poverty and deprivation are experiencing higher levels of isolation, less access to play, and have less access to outdoor spaces. Local and community hospitals in these areas are also likely to have lower play provision. Our research is in the very early stages and will continue as a focus in the year ahead.

3. Extend our consultation groups to include children and young people and actively involve these groups in the development and testing and trialling of our services

We now have two cohorts of children and young people (24 in all) actively participating in our Recollective programme, by which they share their stories, videos and photos of their hospital experience on an online platform. We have undertaken in depth interviews with parents to understand their experiences and the pressures serious illness puts on family life and have used this to inform our new Children's Service strategy and the new services outlined elsewhere in the report.





4. Ensure that we have a mix of digital and physical escapes that are **more accessible** to a wider audience.

With social restrictions in place for almost the whole year, our Escapes programme has been almost entirely digital, with 15 separate events, including virtual parties and magic shows, being delivered with an average of 12 children and families each. This programme will continue when restrictions end, allowing us to involve children who are not well enough to attend a physical event or for whom geographical distance is a prohibiting factor.

5. Review how we can use our wealth of knowledge and experience of **creating unique moments** for children and their families in a changing world.

Our wish granting experience has equipped us with a wealth of knowledge about what matters to seriously ill children and their families and our insight gives us a better understanding of their needs. We have also developed many special relationships over the years with partners and suppliers to fulfil wishes, which still have a valuable role in our new strategy. With some of the budget made available by our decision to end wishes, we planned to bring all of this together to provide lower-cost Escapes and experiences which would enable us to reach more families this year. Although we have been limited in what we have been able to deliver because of lockdown, we have used the time to plan for the year ahead and are optimistic about delivery of a new programme of special experiences subject to restrictions being lifted.

6. Continue to refine our strategy as we understand even more about the needs of seriously ill children and **our unique role** in meeting them

We have used our evidence and insight about children's experiences and needs to develop a new strategy for Starlight this year. In consultation with families, health professionals, the Starlight team and Trustees we have developed and agreed the new strategy to use the power of play to make the experience of illness and treatment better for children and their families. Detailed implementation plans have been developed, which can be dialed up or down depending upon the funds that we raise and we have completed a restructure of the Children's Services team to ensure that we have the experience and expertise to deliver.

PLANS FOR THE YEAR AHEAD

At the time of writing, the UK is starting to open up after the winter and early spring of lockdown. The path ahead remains uncertain in terms of our ability to deliver those services involving face-to-face contact but we are confident in our ability to continue to adapt. Whilst the detail of plans may change, we hope to:

- 1. In collaboration with children, families and Health Play Specialists, develop and pilot new services in five areas of key importance to children and young people dealing with serious illness or long-term conditions.** These include use of technology for immersive play in hospital; creating opportunities for increased physical activity; imaginative play to stimulate creativity; and promoting wellbeing through play by bringing opportunities for respite and mindfulness.
- 2. Complete our Wishes programme and begin to deliver our Experiences programme, continuing to provide respite, social connection and escape to children and their families** by facilitating UK group trips and themed, regional special days.
- 3. Strengthen and amplify our voice and influence as protectors of play** by using our insight and national reach to increase our network of partners and develop a collective voice; appointing a policy and public affairs professional to lead this new area of work.
- 4. Identify inequalities in play access for children and young people dealing with serious illness or long-term conditions and work in partnership with others to identify and develop solutions** by continuing our research, talking to health professionals, children and their families and by building connections with other organisations who share and can help further our aims.
- 5. Continue to keep children, their families and health professionals at the heart of all we do** by increasing the variety of ways in which we consult with children and their parents and by building our Starlight Ambassador programme in hospitals to increase insight and input from Health Play professionals.





HOW WE RAISE MONEY



Just as relationships are at the heart of our work with children, families and health professionals, they are our most valuable asset in our fundraising, whether we are working with a major Trust or Corporate partner or an individual supporter taking part in a challenge event. The passion of our supporters for the work we do and their commitment to our cause is what allows us to provide our services.



Relationships are at the heart of our work with children and at the heart of our fundraising.”



We remain incredibly grateful to all those who support us but this year we do want to give special thanks to the companies and trusts who have given us funding, much of it in direct response to the Covid-19 crisis. Major fundraising events planned for the year, such as the Blenheim Ball, had to be cancelled and mass participation events such as the Virgin Money London Marathon were also unable to take place, further reducing our fundraising options. All of this, combined with the uncertainty of the general economic climate, meant that our emergency Covid-19 budget, prepared in the last weeks of the previous financial year, anticipated income could be £1.5 million lower than the plans we'd just made for the year ahead. As the year progressed, and with the help of some generous legacy bequests, our ability to react quickly and turn challenges into opportunities made it possible to make up most of this ground.



FORMING STRATEGIC PARTNERSHIPS

We aim always to work in partnership - with our children and their families, with health professionals and with our supporters. In fundraising, it makes sense to work with strategically aligned organisations where there is likely to be more mutual benefit from the partnership. With a focus on better integration of technology into our services, our partnerships with Nintendo and Amazon have been especially important this year.

For many children and young people confined to a hospital ward, gaming is one of the few parts of 'normal' life they are able to enjoy, giving them not only a means of distraction but an activity in common with their friends. Our ongoing partnership with Nintendo has allowed us to put more than 300 Nintendo Gaming Bundles (a games console and games) into hospitals in the year.

We have been fortunate to have support from Amazon for a few years, particularly around Christmas, but this year we were thrilled to be approached to partner them in a STEM (Science, Technology, Engineering & Mathematics) programme. A group of Health Play Specialists, based in hospitals near Amazon distribution centres, were trained to teach seriously ill children STEM skills on the ward and to build a robot. There can be barriers to accessing STEM education in hospital but it can really help children to better understand the world and relate to it, by introducing them to new concepts through activities and games. Thanks to this partnership, children were given a unique opportunity to develop their creativity, innovation and problem-solving skills.

We do also want to say a huge thank you to Ryman and their suppliers who, despite a very difficult year on the High Street, have continued to support us by donating hundreds of toys, and arts and crafts materials as well as the boxes to put them in.

BUILDING CASES FOR SUPPORT

We welcomed a new Head of High Value Fundraising in the year, with particular responsibility for Trust and Corporate funding; two of our Events staff, whose plans had disappeared overnight, stepped up to support; and a new strategy of 'Be Ambitious, Be Strategic, Be Speculative' came into being. Clear cases for support were drawn up for specific programmes, bold applications were made and networks were called upon for warm introductions and to accelerate conversations.

Our particular thanks go to Barclays and the 3i Group, who funded services into hospitals in areas of deprivation, the Hummingbird Trust, whose grant is allowing us to complete delivery of our Wishes programme and Julia and Hans Rausing whose flexibility around funding has been invaluable as we had to suspend some of our wish granting programme and were able to invest more in the capacity of our hospital services team. We are also very grateful to the many other Trusts, Foundations and Companies who made our work possible.



VALUING AND GROWING OUR SUPPORTER BEDROCK

We never forget that a significant proportion of our services are funded by the generosity of our individual supporters, who have shown incredible loyalty at a time when we know many of them may have faced difficult times and financial uncertainty. As the sheer scale of the impact of Covid-19 began to be clear, our April 2020 appeal was hastily converted to an urgent funding appeal to help us adapt our services for the changing environment. Mailed to 50,000 supporters, it raised an amazing £198k. This included a short online video appeal from Dr Chris Evans, Starlight Trustee and an NHS paediatric anaesthetist, which was promoted across our social media channels to bring the extent of the need to life. Over the course of the year we sent just under 250,000 appeal letters and emails; our aim is to integrate more digital communication but we know from feedback that for many of our supporters, a piece of mail is the thing which inspires them to give.

Much of the Community and Challenge fundraising activity was simply not possible this year because of restrictions on social gatherings, but we are immensely grateful to the runners who completed the 'virtual' London Marathon. Running 26.2 miles with no crowd to cheer you on is a challenge many of us would find hard even to contemplate. We have kept in close contact with our community fundraisers and we now have more than 13,000 people signed up to our fundraising e-newsletter.



AGAINST ALL ODDS: BUILDING SUSTAINABLE INCOME GROWTH

Last year we said we would:

1. Deliver a new website, fundraising-led brand and integrated campaign – a big fundraising moment – in Autumn / Winter 2020

We launched our new website, with revised design, navigation structure and content, in time for Play in Hospital Week in October 2020, giving us a more contemporary look and user-friendly public face. Alongside this, our new brand launched in June 2021, with its engaging characters and serious message of 'Protectors of Play' designed to appeal to children, families, health professionals and supporters alike.

In the run-up to Christmas, we delivered our first ever integrated fundraising campaign 'Time to Play' with its stated aim of raising £300k to help 30,000 children access play at Christmas. Over the campaign period we actually raised £420k and we tried and learnt from new things along the way. A second integrated campaign was launched in June 2021.

2. Drive reach and engagement to grow our audiences

This year has seen us accelerate our digital activity and take a test and learn approach, allowing us to develop our digital strengths, maximise opportunities and use what we learn to further develop the digital strategy. We have used more video content, launched digital marketing campaigns and developed a streaming product to take us to a whole new audience. In more traditional media we grew both quantity and quality of PR coverage, particularly around Play in Hospital Week, featuring in MailOnline and on BBC Radio 4.

3. Develop new offers that drive repeat giving with our core, growth and stretch audiences

With the reduction in capacity because of furlough and short-time working and the uncertainty of the fundraising market in general, following some initial research we agreed to delay this development to the current year.

4. Increase digital fundraising activity including a test of 'Stream for Starlight' and a digital element to the autumn campaign

We launched a highly successful digital fundraising activity as part of the Time to Play campaign, in the form of a Facebook Star Jump challenge, attracting 324 participants and raising £28k. We also launched 'Stream for Starlight', engaging the support of 12 Streamers and learning that we can more effectively do this via a gaming platform with its own community.

5. Launch a campaign with Luella Fashion and continue to seek strategic corporate alignment partnerships

The Luella partnership, involving a star-motif t-shirt and jumper, provided valuable insights into the world of strategic corporate alignment and led to a similar partnership with Lights4Fun. The appointment towards the end of the year of a dedicated Corporate New Business Manager will allow much wider scope for seeking new strategic partnerships.

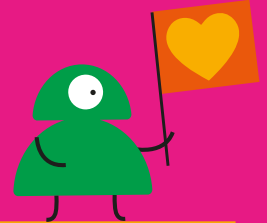
6. Develop strategic, multi-year partnerships with funders

The first stage of achieving such partnerships is often a single year funding arrangement and we have secured several of these, at a significant level, which we aim to develop into multi-year funding. This will provide a base of stable income in an uncertain world and allow us to commit to multi-year service provision projects.

Growing Support in the Year Ahead

Whilst significant uncertainties remain in the fundraising environment, particularly around event delivery (due to the risk of ongoing Covid-19 restrictions) as well as the availability of emergency funding that was a mainstay of the past year, we have demonstrated our ability to adapt to the environment and aim to:

1. Maximise the potential power of our new brand and tell our new story to leverage more income.
2. Develop and implement a strategic communications strategy to maximise the opportunities for telling our story, including producing a greater number of high-quality compelling case studies and content.
3. Build on our success of gaining substantial trust engagement to obtain multi-year funding.
4. Drive new business with corporate partners for both short-term funding and long-term strategic alignment purposes.
5. Build on the success and learning from the Time to Play campaign to run two further integrated campaigns and increase our sustainable supporter base.
6. Develop new offers that drive repeat giving with our core, growth and stretch audiences.



LOOKING AFTER OUR SUPPORTERS

Starlight is registered with the Fundraising Regulator and we are committed to meeting the Fundraising Code of Practice. When fundraising we are pledged to ethical and transparent activities which respect our supporters. We take care of supporter data in line with GDPR and have processes to ensure we only contact those who want to hear from us for fundraising purposes. We also ensure that nobody who appears to be vulnerable is asked to commit to giving. During the year we sent just under 250,000 communications by mail and email and received ten complaints, all of which were resolved without escalation.



FINANCIAL REPORT

This has been a year in which, along with many other organisations, we have faced considerable uncertainty about funding and we were expecting to end the year with a deficit of more than £0.5m. Despite the success of our urgent appeal in April 2020, this uncertainty continued well into the year and it was only with the positive outcome of some significant Trust applications in the autumn, followed by the incredible success of the Time to Play campaign just before Christmas, that it became clear that our fundraising income could draw level with the previous year.

Alongside this uncertainty, service provision had a slow start to the year. When the extent of the Covid-19 crisis became clear, hospitals closed their doors to all but essential staff and supplies and it was not immediately clear how we would deliver those services while the pandemic lasted. We took time to talk to health professionals and understand how our services could be adapted but it was a few months into the year before we had clear parameters for service provision. With much of our wish programme impossible to deliver because of government restrictions and our summer Escapes not permitted for the same reason, service provision remained lower than expected for the first half of the year.

The combination of these factors, alongside the reductions in staffing we put in place from May until September and other cost cutting measures, meant that the expected deficit position was reversed. Significantly more funding than expected was secured in the second half of the year, including funding for the final stages of our wish programme, although many of the wishes themselves have had to wait for the easing of social restrictions.

As a result of this, we ended the year with a reported surplus of £0.73m, of which £0.28m is restricted funding relating to programmes due

for delivery after the year end, including £0.1m for completion of the delayed wish programme and £85k for the last stage of a project delivering services into hospitals in areas of deprivation. A further £270k had been expended at the year-end on stock for distribution to hospitals and hospices which was held at our fulfilment centre and sent out in the first weeks of the new year.

The financial year-end is only ever a snapshot at one point in time; funding streams and operational activities are a fluid process, and the year-end surplus has to be considered in the context of a £1.2m deficit in 2019-20 and a planned deficit of a similar level for 2021-22. The Trustees are not, therefore, concerned at the surplus level, especially given that, in addition to the commitments above, £200k of it has been set aside to fund new service development plans.

In overview of the detail, donations for the year, excluding Gifts in Kind, totalled £3.7m, up £0.3m on last year and £1m ahead of our Covid-19 emergency budget. We made successful applications for just under £0.9m of Trust and Corporate grants, which more than replaced the income lost from the cancellation of fundraising events. The success of our urgent appeal and Time to Play Christmas campaign meant that our Individual Giving income grew by 10% (£1.3m including Gift Aid against £1.15m in 2019-20) despite a much tougher general economic climate.

Legacies continued to perform strongly, exceeding the £1m mark, although the earlier than expected settlement of some significant legacies in the last quarter of the year means that the future pipeline is lower than usual. These excess legacy funds have therefore been retained to support spend in the coming year. Gifts in kind totalled £0.3m against £1.4m in 2019-20; this fall is due to the strategic run-down of the wishes programme, where most gifts in kind have historically occurred, and the



temporary suspension of the large, live 'Starlight Escapes' due to Covid-19.

Spend on direct charitable service provision was £1.7m against a previous year spend of £4.2m, with the difference being almost entirely due to the reduction in delivery of the Wishes programme (because of both Covid-19 restrictions and the decision in early 2020 not to accept new wish requests). Hospital services provision has remained steady across the two years, despite the difficulties of delivery in the early months of the pandemic and is expected to increase substantially in the coming year. In the coming year we expect to spend in the region of £2.5m on direct charitable services.

During the year we have invested in key positions which will increase our capacity both to raise funds and to increase our services. Significant development plans are in place for the coming year which are expected to deliver a deficit of in the region of £1m, reflecting the fact that substantial funds for the new services were received prior to the year-end.

On the fundraising front, the cost to income ratio (including allocation of support costs and Gifts in Kind) has risen slightly from 37% to 40% because of the significant number of high value Gifts in Kind involved in wishes in 2019-20 which have not occurred this year. If only direct fundraising costs and income are considered, this ratio has been reduced from 37% to 24%, partly by increased efficiency, partly by the replacement of cost-intensive events fundraising with Trust income and partly by savings from furlough and short-time working as a result of the pandemic. We expect some of this saving to be retained in the coming year although some will be lost when Events return to the schedule. The ratio remains comparable to other charities of similar scope and size.



RESERVES AND INVESTMENT POLICY

Reserves

All charities are required to consider how much they need to hold in reserves, in the light of the scale and nature of the charity's activities. In setting the reserves policy, the Board have considered the funds needed for upcoming plans, the inherent uncertainties of fundraising and their responsibility to ensure the financial sustainability of the charity for years to come. We are wholly reliant on donations, grants and legacies to carry out our work and these can fluctuate significantly from year to year. We need reserves to ensure we can continue to maintain critical services, particularly in hospitals, in the event of these fluctuations. We also want to have funds available to support our new focus on tackling inequalities in play for seriously ill children. Based on these factors, the Board have set a target range of £2.5m to £3m for unrestricted reserves.

As at 31st March 2021, our total reserves, excluding amounts tied up in fixed assets used for the operation of the charity, amounted to £4m (FY20: £3.3m). This includes £0.1m of historical endowment funds; during the year the charity obtained permission for a second endowment of £0.1m to be released to general funds. Of the £3.9m of available funds, £0.3m is restricted to specific projects, the delivery of which is expected to be completed in the first part of the new financial year, leaving £3.6m of free reserves. Of this the Board have designated £2.4m for specific operational purposes over the coming year, leaving £1.2m of general expendable funds.

Because significant funds received in the last quarter of the year were earmarked for projects planned for the current year, whilst the Board accept that the current reserves level is in excess of their stated policy, they view this as a matter of timing which will reverse over coming months, as evidenced by the planned deficit of £1m for the coming year. They also make reference to the unusually high level of uncertainty around fundraising as the UK emerges from the economic and personal effects of the Covid-19 pandemic and feel that an increased level of caution to ensure financial sustainability is merited at this time. The Board are therefore comfortable that the level of reserves held at the end of the financial year are appropriate.

Going concern

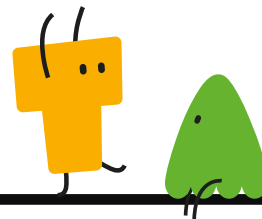
The Trustees have reviewed the accounts as well as the charity's budgets and plans for 2021-22, reserves position up to the date of signing off these accounts and the charity risk register. They have considered the risks, particularly, around fluctuations in fundraising levels as the country emerges from the pandemic and believe that the charity has sufficient reserves in place to absorb these. In addition, the flexibility of the charity's expenditure model has been proven to allow it to adjust services to meet changes in fundraising levels and the Trustees are confident that the charity can continue to meet the needs of a significant number of families and children for the next twelve months and beyond. The Trustees are, therefore, confident that the charity should be considered as a going concern.

Investment Returns and Policy

At 31st March 2021, the Charity held £0.2m in managed long-term investments. £3.6m of reserves were held as cash and short-term deposits. To mitigate the risk of these holdings, funds are split between two leading UK banks. The charity takes a low risk profile attitude to investment of its surplus funds (those funds not required for immediate financial needs), recognising the need to diversify risk across institutions and asset classes. High risk investments such as traded options, futures, derivatives, and hedge funds are prohibited. Bank accounts and deposit amounts may only be held with major UK banks, which have specifically been approved by the board and not more than £1.5m (or 50% of the total unrestricted reserves, whichever is the lesser) is held in any one financial institution.

Cash balances held towards the end of the year exceeded the £3m anticipated by the above policy, for reasons described in the main financial report. Given the short-term nature of that situation and having assessed the alternative of placing funds with a third leading UK bank and the very low likelihood of failure of either of the current banks, the Board approved a temporary change to the policy which allows up to £2m to be held with each institution. The charity does not permit its funds to be invested in any organisation which conflicts with our mission and aims to avoid investments which could adversely affect its ability to attract either children and families or supporters.





EMPLOYEES AND VOLUNTEERS

It has been an unprecedented year for our small team of talented staff and one in which they have shown their dedication and commitment to our cause more than ever before. In March 2020, in line with government guidance, we closed our offices and provided the resources for everyone to work from home, hoping that it would be a relatively short-term arrangement. In the early autumn of last year, when the government began to suggest a return to work, we talked to our staff about their concerns about a return, about infection and about the risks of public transport and took the decision to continue to work remotely for the time being. We took steps to make the office covid-secure, in line with HSE regulations, installing clear screens between desks and ensuring social distancing could be maintained, allowing a small number of staff who were comfortable with it to come in at intervals to carry out tasks not easy to do from home or have a change of scenery.

The office was once again formally closed to most staff when London moved into Tier 4 in December 2020 and then back into lockdown. By the year end we had 10 staff who had been inducted remotely and had never met most of their colleagues. At the time of writing we are beginning to allow some office work for people who are struggling with poor home working conditions or with isolation. Whilst most staff have found full-time homeworking challenging at times, weekly virtual get togethers and regular social events have helped to keep morale steady and while we look forward to returning to the office when it is safe to do so, it is likely that it will be with a working model which allows staff to mix the flexibility of home working with the much-needed physical interaction of office life.

As we reported last year, in April 2020 we also took the difficult decision to furlough a number of staff under the government's Coronavirus Job Retention Scheme and to move the remaining workforce to short-time working.

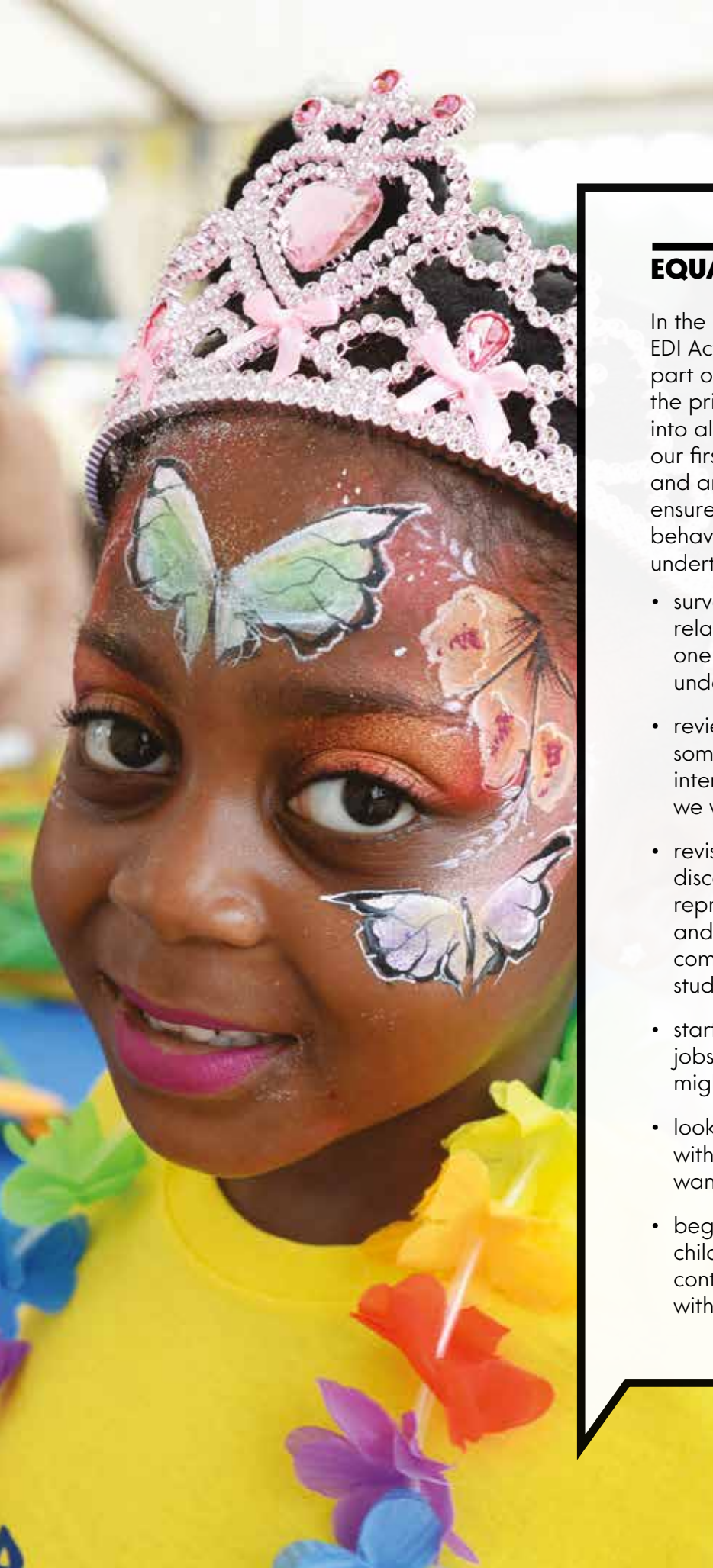
We kept this under constant review and by the beginning of August we were able to bring back the last of our furloughed staff, by the end of that same month we were able to end short-time working. Staff affected by the second closure of the schools in January 2021 were able to take advantage of part-time furlough to help with management of childcare.

As has been noted earlier in this report, the decision to end our wishes programme led to a restructure of the Children's Services department, which was completed shortly after the year-end. As a result of this there was one compulsory redundancy and one staff member asked for, and was granted, voluntary redundancy. Three other staff from the wish granting team were offered, and accepted, other roles within the charity. All costs associated with the restructure have been recognised in these accounts.

With only 38 full-time staff, in normal times we are dependent on teams of volunteers, particularly for the delivery of our Escapes programme. Whilst we have kept in touch with our volunteers, for the most part we have been unable to use their help because of social contact restrictions and we look forward to welcoming them back this summer. All volunteers are required to sign up to the Starlight safeguarding policy and code of conduct and are briefed on the importance of the work of Starlight for the families that they will meet. The Trustees of Starlight are very aware of the risks facing the people in their care and fully understand their responsibilities in terms of keeping them safe. Volunteers handling personal data, for example those assisting in research or administration, are also required to sign up to our Data Protection policies.

On the financial front, the Trustees approve the overall salary budget and specifically the remuneration of the Senior Management Team, which is set taking into account affordability for the Charity, inflation and market rates at the time.





EQUALITY, DIVERSITY & INCLUSIVITY

In the summer of 2020 we launched our internal EDI Action Group and EDI Trustee Committee, as part of our commitment to ensuring that we bring the principles of equality, diversity and inclusivity into all that we do. The Action Group developed our first ever Statement of Anti-Racism Principles and an accompanying Anti-Racism policy, to ensure all our staff were clear on acceptable behaviour; training in Unconscious Bias was also undertaken by our staff and Trustees. We also:

- surveyed our staff on a number of points relating to EDI and held focus groups and one to one conversations to gain a better understanding
- reviewed our recruitment processes and made some changes, bringing in anonymised CVs for interview selection and ensuring the agencies we work with have strong EDI policies
- revisited our website and social media and discovered that our images were not always representative of the diversity of our children and families, so we made some changes and committed to gathering more diverse case studies and pictures
- started to monitor the diversity of applicants for jobs and to have conversations about how we might improve that
- looked at our social activities and consulted with staff on what they wanted so those who wanted to be included could be
- began to gather diversity data on those children and families with whom we have direct contact, to measure whether this was in line with the communities we aim to serve.

PRINCIPAL RISKS AND UNCERTAINTIES

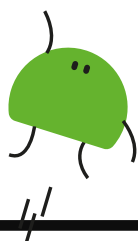
The Audit and Risk Committee is responsible for reviewing the risks faced by the charity and for agreeing the necessary controls to mitigate those risks. The committee meets at regular intervals and reports to the Board of Trustees. Identifying and managing the possible and probable risks that a charity may face over its working life is a key part of our effective governance. In managing risk, the Trustees aim to ensure that significant risks are known and monitored, to enable informed decisions to be made and timely action to be taken. It also means that we can make the most of opportunities and develop them with the confidence that any risks have been identified and appropriately managed.

During the year the charity carried out a full overhaul of its main Risk Register, identifying in detail risks across the organisation and ensuring plans were in place to mitigate all major risks as much as possible and to monitor those where mitigation was inherently limited.

The most significant risk to Starlight in the medium term continues to be the uncertainty of the fundraising environment over the next few years and hence our ability to raise sufficient funds to carry out planned programmes of activity.

As described elsewhere in this report, we are working to mitigate this risk by building long-term relationships with significant funders and to ensure we have a broad portfolio of fundraising options and a constant supply of strong cases for support. Whilst this funding risk is also mitigated by our proven flexible operating model which allows us to scale back services in times of funding shortfall, thus protecting future sustainability, by its nature that reduces our ability to provide much needed services to the children and families for whom we exist.

The second key risk identified by the charity is that of a slower than planned increase in service provision as we move to full implementation of our new strategy, which could have implications for future funding. Whilst this risk is mitigated by an operational plan for the development of new services and the expansion of existing ones and a continual review of opportunities for new service provision, there are factors which may affect ability to deliver. These are both internal – the impact of organic movement of staff on a small delivery team, the risk of some pilots for new services failing and plans needing to be revised, with the associated time delays – and external, for example further hospital restrictions or social gathering restrictions as a result of a resurgence of Covid-19. The situation is being closely monitored and the Trustees are comfortable that there is a monitoring system in place which will identify at an early stage if delivery plans are not being met.



GOVERNANCE

LEGAL STRUCTURE AND PURPOSE

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

The charity's purpose is set out in its Memorandum and Articles of Association which were adopted on 2nd December 1986. Our mission is to use the power of play to make the experience of illness and treatment better for children and their families.

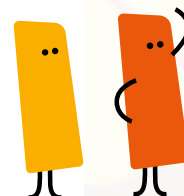
PUBLIC BENEFIT

The trustees have taken account of the Charity Commission's general guidance on public benefit when reviewing the charity's aims, objectives, and planning. Starlight Children's Services are designed to support the estimated 100,000 children and young people in the UK diagnosed with a life-limiting or life-threatening condition and their families (Fraser et al, 2020), together with the millions of children and young people who pass through the doors of our hospitals every year. Our insight team work to keep our services relevant and in line with need by talking to health professionals, children and families about access to play, about the issues they face and about the benefits that they experience from

our services and how they might be improved. Many hospitals do not have a budget for play and distraction and staff tell us that Starlight resources are often the only ones available.

Children, their families, and health professionals tell us that our services help to:

- Reduce anxiety and distress and help children relax in stressful medical environments.
- Improve the hospital environment and hence give children a more positive experience, reducing anxiety about future treatment.
- Reduce pain and the need for medication during medical procedures.
- Give families opportunities for respite and fun.
- Let children do things they thought impossible, building confidence and increasing wellbeing.
- Provide opportunities for otherwise isolated children and families to build friendships, networks, and relationships with their peers.
- Bring families together for quality time and create special memories.





BOARD OF TRUSTEES

The Board of Trustees, who also constitute the Directors for Company Law purposes, are legally responsible for directing the affairs of the charity. They meet as a full Board four times a year although as a result of the uncertainty created by the pandemic they currently meet for less extensive meetings in most intervening months. With three Trustees due to retire in July 2021, a skills audit was conducted and it was established that the most critical need was to replace the children's services and safeguarding experience which will be lost when Chris Hanvey steps down in July. The Board has skills gaps in high value fundraising (although there is an active Development Committee) and in Technology, which is becoming increasingly important, and it has been agreed that Technology will be the next focus for recruitment. It has also been identified that a young person on the Board could add real insight but agreed that the charity is not yet quite ready to take this step.

As the Board bids farewell to Chris Hanvey and also to James Innes, thanking them for all their work over the years, we welcome Frenchesca James as a Trustee. Frenchesca was our first ever Health Play Specialist of the year and is currently Senior Youth Support Co-ordinator at UCLH, working mostly with teenagers and seeing a lot of young people with safeguarding or mental health issues as well as those involved in gang violence. As such she brings a wealth of relevant experience from the hospital frontline.

This July sees further change as, after five years, Nick Mustoe steps down as Chair. Nick has overseen huge progress at Starlight, including the installation of a qualified and experienced Executive Director team. He has been actively involved in strategic change and the Board thanks him for his service and wishes him well. The role of Chair will be taken by Alain Wolffe.

COMMITTEES

Five Committees support the work of the Board as a whole, each made up of Trustees, Executive and in three cases external experts in the relevant area.

The Safeguarding Committee is chaired by Dr. Chris Hanvey, former CEO of the Royal College of Paediatrics and Child Health. When he retires from the Board in July, the Committee will be chaired on an interim basis by Krutika Pau, our Director of Children's Services, and will be joined by Frenchesca James. During the year, the Committee has undertaken a thorough review of safeguarding policies and practice. The following documents were revised and approved: safeguarding and child protection policy; lost child policy (events); safeguarding children and technology guide; safeguarding information for suppliers. The safeguarding code of conduct was also updated and everyone involved with Starlight activities must sign up to the policy and code of conduct and they form part of volunteer training at every event. All staff directly involved in delivering services to children and families also undertook the NSPCC 'Keeping children safe online' training.

The Audit and Risk Committee, chaired by James Innes, works with the Executive team to oversee, manage and mitigate risks across the organisation and is responsible for oversight of the risk register, with key risks being regularly reviewed by the Board of Trustees. The Committee also meets with the charity's Auditors at the end of the annual audit process and both they and the Board have the opportunity to question them both with and without the presence of the Executive. On James' retirement from the Board in July, the Committee will be chaired by Alain Wolffe.



The Development Committee is headed up by Alasdair Hadden-Paton and was, pre-Covid, focussed on the Blenheim Ball due to take place in March 2020. Since the cancellation of that event, whilst continuing with planning for March 2022, the Committee has taken on a broader role in developing High Value Fundraising and has been instrumental in several significant donations in the year. We are very grateful to Camilla Blandford, Kate Deighton, Oliver Hardcastle, Hattie Mauleverer, Carrie McArdle, Alex Spencer-Churchill and Amelisa Wright for giving their time and expertise.

The Advisory Committee, led by Dr. Chris Evans, works to bring valuable professional expertise and contemporary thinking to our programme of research and to help Starlight develop a child-centric, outcomes-focused strategy and the services that will deliver maximum impact. We are very grateful to Kath Evans, Professor Lucy Bray and Dr Luca May Brady for sharing their wealth of experience and expertise.

The EDI Committee was formed in the autumn of 2020 to oversee all matters relating to Equality, Diversity and Inclusivity. It meets quarterly and monitors the progress of the staff EDI Action Group as well as leading on EDI in Trustee recruitment.

The Board comprised nine trustees as at 31st March 2021, as follows:

Nick Mustoe has chaired the Board since 2016 and has been actively involved in the development of the new impact-led Children's Services strategy. He is Chairman of a creative communications agency and holds several non-executive board positions.

Alasdair Hadden-Paton is Vice Chair and heads up the Development Committee. He is a Chartered Accountant with over 30 years' financial experience in the luxury goods, hotel, property investment and venture capital sectors.

Dr Chris Evans is Chair of the Advisory Committee and is an NHS Paediatric Anaesthetist who has an in-depth understanding of the UK health care system and the psychological burden of hospital visits. Chris is helping Starlight develop new services in response to the insights from our research, as well as sharing valuable experience of innovation and digital technologies.

Dr Chris Hanvey is Chair of the Safeguarding Committee and was the former CEO of the Royal College of Paediatrics and Child Health. He has a passionate interest in child health and brings extensive experience of working with children's services providers as well as charity governance and management.

Ian Harding is a Managing Partner at Arcus Infrastructure and brings fundraising, financial and governance expertise to the Board.

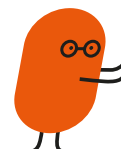
James Innes is Chair of the Audit and Risk Committee and qualified as a chartered accountant. He has over 24 years' experience working as a corporate finance advisor and private equity investor and he co-founded Chrystal Capital in 2009.

Hina Patel also sits on the Audit and Risk and EDI Committees and is a senior strategic project manager at BlackRock. She has also experienced the power of a Starlight wish in her own family.

Mark Tasker is Head of M&A and Corporate Finance Team at law firm Bates Wells. He has more than 25 years' experience of advising clients on corporate transactional work and provides valuable advice on legal matters to Starlight.

Alain Wolffe sits on the Audit and Risk and EDI Committees and is a former Executive Director of Strategy and Governance at Canada Life. Alain has an empathy and interest in Starlight as the father of a 15-year old with cerebral palsy.

TRUSTEES' DECLARATION OF RESPONSIBILITIES



The Trustees (who are also directors of Starlight Children's Foundation for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- There is no relevant audit information of which the Charity's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

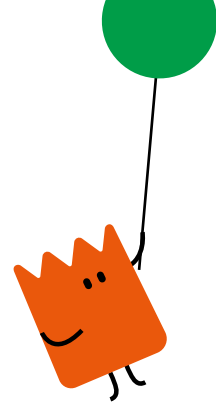
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved by the Board and signed on its behalf:

Nick Mustoe
Chair of Trustees

Date:





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

Opinion

We have audited the financial statements of Starlight Children's Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis for opinion

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

Conclusions relating to going concern

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 Starlight Children's Foundation'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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report, 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' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 directors 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' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Joanna Pittman (Senior statutory auditor)

Date:

for and on behalf of Sayer Vincent LLP, Statutory Auditor Invicta House,
108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212
of the Companies Act 2006



FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2021



STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)
For the year ended 31 March 2021

| | | 2021 | | | 2020 | | |
|--|------|--------------|--------------------------------|-----------|--------------|--------------------------------|-------------|
| | | Unrestricted | Restricted and endowment funds | Total | Unrestricted | Restricted and endowment funds | Total |
| | Note | £ | £ | £ | £ | £ | £ |
| INCOME FROM: | | | | | | | |
| Donations | 2 | 1,910,937 | 723,606 | 2,634,543 | 2,348,600 | 186,796 | 2,535,396 |
| Value of goods and services donated | 2 | 42,507 | 221,949 | 264,456 | 8,309 | 1,375,880 | 1,384,189 |
| Legacies | 2 | 1,073,256 | - | 1,073,256 | 925,709 | - | 925,709 |
| Grants | 4 | 55,321 | - | 55,321 | - | - | - |
| Investments | | 5,197 | - | 5,197 | 17,616 | - | 17,616 |
| Total income | | 3,087,218 | 945,555 | 4,032,773 | 3,300,234 | 1,562,676 | 4,862,910 |
| EXPENDITURE ON: | | | | | | | |
| Raising funds | 5 | 1,611,676 | - | 1,611,676 | 1,829,419 | - | 1,829,419 |
| Charitable activities | | | | | | | |
| Provision of children’s services | 5 | 1,068,747 | 663,256 | 1,732,003 | 2,600,239 | 1,570,226 | 4,170,465 |
| Total expenditure | | 2,680,423 | 663,256 | 3,343,679 | 4,429,658 | 1,570,226 | 5,999,884 |
| Surplus / (deficit) before net gains / (losses) on investments | | | | | | | |
| | | 406,795 | 282,299 | 689,094 | (1,129,424) | (7,550) | (1,136,974) |
| Net gains / (losses) on investments | | 42,572 | - | 42,572 | (31,003) | - | (31,003) |
| Surplus / (deficit) for the year | | 449,367 | 282,299 | 731,666 | (1,160,427) | (7,550) | (1,167,977) |
| Release of endowment | | 100,000 | (100,000) | - | - | - | - |
| Net expenditure for the year and movement in funds | | 549,367 | 182,299 | 731,666 | (1,160,427) | (7,550) | (1,167,977) |
| RECONCILIATION OF FUNDS: | | | | | | | |
| Total funds brought forward | | 3,205,436 | 248,727 | 3,454,163 | 4,365,863 | 256,277 | 4,622,140 |
| Total funds carried forward | | 3,754,803 | 431,026 | 4,185,829 | 3,205,436 | 248,727 | 3,454,163 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

The prior year figures have been restated to reflect the treatment of goods purchased by or donated to the Charity as Stock and not Prepayments.

BALANCE SHEET

as at 31 March 2021

| | | 2021 | | 2020 RESTATED | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 11 | | 174,302 | | 193,169 |
| Investments | 12 | | 220,750 | | 178,178 |
| | | | 395,052 | | 371,347 |
| CURRENT ASSETS: | | | | | |
| Debtors | 13 | 526,212 | | 399,867 | |
| Stock | 14 | 269,588 | | 90,690 | |
| Short term deposits | | 1,971,945 | | 970,951 | |
| Cash at bank and in hand | | 1,643,884 | | 2,183,582 | |
| | | 4,411,629 | | 3,645,090 | |
| LIABILITIES: | | | | | |
| Creditors: amounts falling due within one year | 15 | (620,852) | | (562,274) | |
| Net current assets | | | 3,790,777 | | 3,082,816 |
| Total net assets | | | 4,185,829 | | 3,454,163 |
| THE FUNDS OF THE CHARITY: | | | | | |
| Endowment funds: | 17 | | | | |
| The Barry & Shaun Springer Memorial Fund | | - | | 100,000 | |
| Kathy's Courageous Kids Fund | | 100,000 | | 100,000 | |
| Total endowment funds | | | 100,000 | | 200,000 |
| Restricted income funds | | | 331,026 | | 48,727 |
| UNRESTRICTED INCOME FUNDS: | | | | | |
| Designated funds | | 2,374,702 | | 1,903,323 | |
| General funds | | 1,380,101 | | 1,302,113 | |
| Total unrestricted funds | | | 3,754,803 | | 3,205,436 |
| Total charity funds | | | 4,185,829 | | 3,454,163 |

Approved by the trustees on 20th July 2021 and signed on their behalf by Nick Mustoe, Chair of Trustees.

The prior year figures have been restated to reflect the treatment of goods purchased by or donated to the Charity as Stock and not Prepayments.

Starlight is a company limited by guarantee (registered number 02038895).

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

| | 2021 | | 2020 | |
|--|---------------------|-------------------|----------------------|---|
| | £ | £ | £ | £ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net (expenditure) for the reporting period (as per the statement of financial activities) | 731,666 | | (1,167,977) | |
| Depreciation charges | 51,922 | | 44,396 | |
| (Gains)/losses on investments | (42,572) | | 31,003 | |
| Dividends and interest from investments | (5,197) | | (17,616) | |
| (Profit)/loss on the disposal of fixed assets | 393 | | 2,544 | |
| (Increase)/decrease in stock | (178,898) | | (21,766) | |
| (Increase)/decrease in debtors | (126,345) | | 1,027,822 | |
| Increase/(decrease) in creditors | 58,578 | | (71,829) | |
| Net cash provided by / (used in) operating activities | 489,547 | | (173,423) | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Dividends and interest from investments | 5,197 | | 17,616 | |
| Purchase of fixed assets | (33,448) | | (23,346) | |
| Proceeds from sale of property, plant and equipment | - | | - | |
| Proceeds from sale of investments | - | | 1,000,000 | |
| Net cash provided by / (used in) investing activities | (28,251) | | 994,270 | |
| Change in cash and cash equivalents in the year | 461,296 | | 820,847 | |
| Cash and cash equivalents at the beginning of the year | 3,154,533 | | 2,333,686 | |
| Cash and cash equivalents at the end of the year | 3,615,829 | | 3,154,533 | |
| ANALYSIS OF CASH AND CASH EQUIVALENTS AND OF NET DEBT: | 1 April 2020 | Cash flows | 31 March 2021 | |
| | £ | £ | £ | |
| Cash at bank and in hand | 2,183,582 | (539,698) | 1,643,884 | |
| Money market deposits | 970,951 | 1,000,994 | 1,971,945 | |
| Total cash and cash equivalents | 3,154,533 | 461,296 | 3,615,829 | |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

A) STATUTORY INFORMATION

Starlight Children's Foundation is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address is 227 Shepherd's Bush Road, London, W6 7AU.

B) BASIS OF PREPARATION

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

The charity also has a wholly owned subsidiary, Starlight General Trading Limited, a company incorporated and registered in the United Kingdom. The company was dormant in this and the previous financial year and therefore consolidated accounts have not been prepared as the difference between parent and group is immaterial.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

C) PUBLIC BENEFIT ENTITY

The charity meets the definition of a public benefit entity under FRS 102.

D) GOING CONCERN

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. In making this assessment, they consider the charity's budget and plans together with the risk register and levels of reserves, to form a view that the charity can continue to meet the needs of children for a period of at least twelve months from the date of signature of the accounts.

E) INCOME

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

For legacies, 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(s) 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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income received from the government Coronavirus Job Retention Scheme is recognised in the SOFA under the heading of 'Grants'. The cost of salaries for staff furloughed under this scheme are accounted for as part of Staff Costs and allocated to activities in line with the parts of the year in which they were not furloughed.

F) DONATIONS OF GIFTS, SERVICES AND FACILITIES

Donated goods, facilities, and services in the financial statements comprise the provision of services and other gifts to grant wishes, run events, and carry out other charitable activities, including support and administration services, and include discounts given for such goods and services where these are over and above normal commercial discount terms. These are included in the Statement of Financial Activities at the value of the gift to the charity; a corresponding amount is then recognised in expenditure in the period of receipt or, in the case of stock items donated, in the period of distribution. Goods, facilities, and services donated for charitable activities are treated as restricted in nature, while those donated for support activities are treated as unrestricted. In accordance with the Charities SORP (FRS 102), volunteer time, including that of trustees, is not recognised.

G) INTEREST RECEIVABLE

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.

H) FUND ACCOUNTING

Restricted funds are to be used for specific purposes as laid down by the donor or have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements. Expenditure which meets these criteria is charged to the fund.

Endowment funds are funds of which only the income generated from the invested capital is available to the organisation for operations.

Unrestricted funds are donations and other incoming resources received or generated for the furtherance of the general objects of the Charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

I) EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities to further the purposes of the charity and their associated support costs

J) ALLOCATION OF SUPPORT COSTS

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Salaries and associated staff costs are allocated on the basis of time spent on charitable activities, generating funds, and governance. Costs of support staff are allocated on that same basis within the main Staff costs line.

Where information about the aims, objectives and projects of the charity is provided to potential service users, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements.

K) OPERATING LEASES

Rental charges are charged on a straight line basis over the term of the lease.

L) TANGIBLE FIXED ASSETS

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

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

M) LISTED INVESTMENTS

Investments are a form of basic financial instrument. The charity does not acquire put options, derivatives or other complex financial instruments.

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

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

Where such shares are donated and can be valued they are included in the financial statements as fixed asset investments from such time as they can be sold. Shares held by the Charity which cannot be valued owing to the absence of an active market in which to sell them are disclosed in note 12 to the financial statements.

N) DEBTORS

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

O) STOCK

Stock represents goods held pending distribution to service users. This has previously been accounted for as part of the Prepayments and Accrued Income figure which forms part of Debtors on the balance sheet.

Changes in emphasis on service provision mean that stocks held are more significant than in previous years and this treatment has therefore been altered to show stocks as a separate figure on the balance sheet.

P) SHORT TERM DEPOSITS

Short term deposits includes cash balances invested in an instant access money market account.

Q) CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

R) CREDITORS AND PROVISIONS

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

S) FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

T) PENSIONS

The Charity contributed an agreed percentage of the salary to the personal pension plans of permanent employees. For employees who have chosen to join the company pension scheme the pension provider is selected by the employer. Other employees have chosen to select their own pension scheme. All pension schemes are independently administered by, and the funds held by, a recognised pension company. The pension cost charge represents contributions payable by the Charity to the pension funds.

2 INCOME FROM DONATIONS AND LEGACIES

| | 2021 | | | 2020 | | |
|--|-------------------|-----------------|------------|-------------------|-----------------|------------|
| | Unrestricted £ | Restricted £ | Total £ | Unrestricted £ | Restricted £ | Total £ |
| Donations | 1,900,727 | 723,606 | 2,624,333 | 2,055,792 | 165,160 | 2,220,952 |
| Fundraising events | 10,210 | - | 10,210 | 292,808 | 21,636 | 314,444 |
| Value of other goods and services donated (note 3) | 42,507 | 221,949 | 264,456 | 8,309 | 1,375,880 | 1,384,189 |
| Legacies | 1,073,256 | - | 1,073,256 | 925,709 | - | 925,709 |
| | 3,026,700 | 945,555 | 3,972,255 | 3,282,618 | 1,562,676 | 4,845,294 |

3 VALUE OF OTHER GOODS AND SERVICES DONATED

| | 2021 | 2020 |
|---|------------|------------|
| | Total £ | Total £ |
| Goods and services to fulfil wishes | 10,411 | 1,192,421 |
| Hospital Services, Escapes, and other charitable activities | 211,538 | 183,459 |
| Support services | 42,507 | 8,309 |
| | 264,456 | 1,384,189 |

4 GRANT INCOME

| | 2021 | 2020 |
|----------------------------------|------------|------------|
| | Total £ | Total £ |
| Coronavirus Job Retention Scheme | 55,321 | - |
| | 55,321 | - |

5A ANALYSIS OF EXPENDITURE (CURRENT YEAR)

| | Raising funds £ | Charitable activities £ | Governance costs £ | 2021 Total £ |
|-------------------------------|--------------------|----------------------------|-----------------------|------------------|
| Staff costs (Note 7) | 858,090 | 822,238 | 14,363 | 1,694,691 |
| Direct costs | 366,606 | 384,095 | - | 750,701 |
| Donated goods and services | 21,779 | 185,553 | - | 207,332 |
| SUPPORT COSTS: | | | | |
| Rent & services | 132,776 | 130,121 | 2,656 | 265,553 |
| Professional services | 9,887 | 9,689 | 13,878 | 33,454 |
| Other staff related costs | 6,764 | 6,629 | 135 | 13,528 |
| Depreciation | 25,961 | 25,442 | 519 | 51,922 |
| Disposals | - | - | - | - |
| Other office costs | 171,197 | 152,378 | 2,923 | 326,498 |
| | 1,593,060 | 1,716,145 | 34,474 | 3,343,679 |
| Governance costs | 18,616 | 15,858 | (34,474) | - |
| Total expenditure 2021 | 1,611,676 | 1,732,003 | - | 3,343,679 |

5B ANALYSIS OF EXPENDITURE (PRIOR YEAR)

| | Raising funds £ | CHARITABLE ACTIVITIES | | Governance costs £ | 2020 Total £ |
|-------------------------------|--------------------|-----------------------|--------------------------|-----------------------|------------------|
| | £ | Wish granting £ | Children's services £ | £ | £ |
| Staff costs (Note 7) | 937,553 | 545,211 | 400,579 | 12,302 | 1,895,645 |
| Direct costs | 542,821 | 1,087,086 | 420,576 | - | 2,050,483 |
| Donated goods and services | 8,309 | 1,192,421 | 183,459 | - | 1,384,189 |
| SUPPORT COSTS: | | | | | |
| Rent & services | 135,728 | 94,104 | 52,934 | - | 282,766 |
| Professional services | 1,475 | 1,023 | 575 | 13,440 | 16,513 |
| Other staff related costs | 6,223 | 4,145 | 2,332 | - | 12,700 |
| Depreciation | 21,310 | 14,775 | 8,311 | - | 44,396 |
| Disposals | - | - | - | - | - |
| Other office costs | 161,235 | 92,728 | 52,159 | 7,070 | 313,192 |
| | 1,814,654 | 3,031,493 | 1,120,925 | 32,812 | 5,999,884 |
| Governance costs | 14,765 | 8,203 | 9,844 | (32,812) | - |
| Total expenditure 2020 | 1,829,419 | 3,039,696 | 1,130,769 | - | 5,999,884 |

The change in presentation of this note reflects a change in emphasis of charitable activities undertaken by the organisation, so that wish granting is no longer material in its own right.

6 NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging / (crediting):

| | 2021 | 2020 |
|---|------------|------------|
| | Total £ | Total £ |
| Depreciation | 51,922 | 44,396 |
| Loss on disposal of tangible fixed assets | 393 | 2,544 |
| Operating lease rentals payable: | | |
| Property | 200,587 | 204,407 |
| Other | 2,767 | 2,248 |
| Auditor's remuneration: | | |
| Audit (excluding VAT, which is irrecoverable) | 11,400 | 11,200 |

7 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

| | 2021 | 2020 |
|---|------------------|------------------|
| | Total £ | Total £ |
| Salaries and wages | 1,358,582 | 1,298,936 |
| Social security costs | 143,431 | 137,684 |
| Employer's contribution to defined contribution pension schemes | 92,474 | 96,745 |
| Termination payments | 35,000 | 30,000 |
| | 1,629,487 | 1,563,365 |
| Agency and temporary staff costs | 65,204 | 332,280 |
| Total | 1,694,691 | 1,895,645 |

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

| | 2021 | 2020 |
|---------------------|------|------|
| | No. | No. |
| £60,000 - £69,999 | 1 | - |
| £70,000 - £79,999 | - | 1 |
| £80,000 - £89,999 | 1 | - |
| £90,000 - £99,999 | 2 | - |
| £100,000 - £109,999 | - | 1 |

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £444,499 (2020: £562,882) of which £17,500 (2020: £150,330) were paid as agency and temporary staff costs.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2020: £715) incurred by nil (2020: 1) members relating to attendance at meetings of the trustees. Trustees' indemnity insurance was purchased during the year for £781 (2020: £750).

8 STAFF NUMBERS

The average number of employees (head count based on number of staff employed) during the year was 34 (2020: 33).

Staff are split across the activities of the charity as follows (full time equivalent basis):

| | 2021 | 2020 |
|---------------------|------|------|
| | No. | No. |
| Children's services | 15.3 | 16.3 |
| Raising funds | 14.4 | 15.4 |
| | 29.7 | 31.7 |

9 RELATED PARTY TRANSACTIONS

N Mustoe is a director of Kindred Ltd which provides services to Starlight without charge.

M Tasker is a senior partner at Bates Wells which provides services to Starlight without charge.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Office furniture and equipment £ | Total £ |
|---------------------------------|----------------------------|-------------------------------------|----------------|
| COST: | | | |
| At the start of the year | 223,143 | 105,214 | 328,357 |
| Additions in year | - | 33,448 | 33,448 |
| Disposals in year | - | (1,174) | (1,174) |
| At the end of the year | 223,143 | 137,488 | 360,631 |
| DEPRECIATION | | | |
| At the start of the year | 74,381 | 60,807 | 135,188 |
| Charge for the year | 14,876 | 37,046 | 51,922 |
| Eliminated on disposal | - | (781) | (781) |
| At the end of the year | 89,257 | 97,072 | 186,329 |
| NET BOOK VALUE | | | |
| At the end of the year | 133,886 | 40,416 | 174,302 |
| At the start of the year | 148,762 | 44,407 | 193,169 |

All of the above assets are used for charitable purposes.

12 LISTED INVESTMENTS

| | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Fair value at the start of the year | 178,176 | 1,209,179 |
| Disposal: 16.09.19 866.44 units Odey European Inc Euro Shares | - | (500,000) |
| Disposal: 16.09.19 2,029.89 units Odey European Inc Class A GBP Shares | - | (500,000) |
| Net gain / (loss) on change in fair value | 42,572 | (31,003) |
| | 220,748 | 178,176 |
| Investment in trading subsidiary | 2 | 2 |
| Fair value at the end of the year | 220,750 | 178,178 |

INVESTMENTS COMPRISE:

| | 2021 | 2020 |
|--|---------|---------|
| | £ | £ |
| 32,497.165 units - Charishare Common Investment Fund | 216,171 | 173,600 |
| 2,000 ordinary shares - Tesco | 4,577 | 4,576 |
| | 220,748 | 178,176 |

13 DEBTORS

| | 2021 | 2020 |
|--|---------|---------------|
| | £ | Restated £ |
| Trade debtors | 11,400 | 13,650 |
| Amounts due from associated undertakings | 790 | 790 |
| Prepayments and accrued income | 423,051 | 286,681 |
| Gift Aid debtor | 90,971 | 98,746 |
| | 526,212 | 399,867 |

14 STOCK

| | 2021 | 2020 |
|-----------------------------|---------|---------------|
| | £ | Restated £ |
| Stock held for distribution | 269,588 | 90,690 |
| | 269,588 | 90,690 |

In prior years, stock held for distribution has been accounted for under Prepayments and accrued income. As set out in the accounting policy in note 1(o) to these accounts, the accounting treatment has been changed to recognise stocks held under a separate heading and the figures for the prior year have been restated to reflect this treatment.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 | 2020 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Taxation and social security | 41,597 | 44,818 |
| Creditors and accruals | 472,555 | 411,656 |
| Deferred income | 106,700 | 105,800 |
| | 620,852 | 562,274 |

Deferred income relates to income received for future fundraising events.

16A ANALYSIS OF NET ASSETS BETWEEN FUNDS (CURRENT YEAR)

| | General unrestricted | Designated | Restricted | Endowment | Total funds |
|------------------------------------|----------------------|------------------|----------------|----------------|------------------|
| | £ | £ | £ | £ | £ |
| Tangible fixed assets | 174,302 | - | - | - | 174,302 |
| Investments | 220,750 | - | - | - | 220,750 |
| Net current assets | 985,049 | 2,374,702 | 331,026 | 100,000 | 3,790,777 |
| Net assets at 31 March 2021 | 1,380,101 | 2,374,702 | 331,026 | 100,000 | 4,185,829 |

16B ANALYSIS OF NET ASSETS BETWEEN FUNDS (PRIOR YEAR)

| | General unrestricted | Designated | Restricted | Endowment | Total funds |
|------------------------------------|----------------------|------------------|---------------|----------------|------------------|
| | £ | £ | £ | £ | £ |
| Tangible fixed assets | 193,169 | - | - | - | 193,169 |
| Investments | 178,178 | - | - | - | 178,178 |
| Net current assets | 930,766 | 1,903,323 | 48,727 | 200,000 | 3,082,816 |
| Net assets at 31 March 2020 | 1,302,113 | 1,903,323 | 48,727 | 200,000 | 3,454,163 |

All of the above assets are used for charitable purposes.

17A MOVEMENTS IN FUNDS (CURRENT YEAR)

| | At 1 April 2020 | Income & gains | Expenditure & losses | Transfers | Investment gains/ (losses) | At 31 March 2021 |
|---|--------------------|-------------------|-------------------------|------------------|----------------------------------|------------------------|
| | £ | £ | £ | £ | £ | £ |
| ENDOWMENT FUNDS | | | | | | |
| The Barry & Shaun Springer Memorial Fund | 100,000 | - | - | (100,000) | - | - |
| Kathy's Courageous Kids Fund | 100,000 | - | - | - | - | 100,000 |
| Total endowment funds | 200,000 | - | - | (100,000) | - | 100,000 |
| RESTRICTED FUNDS: | | | | | | |
| Donations | | | | | | |
| Hospital Programmes | | | | | | |
| Barclays | - | 100,000 | (57,441) | - | - | 42,559 |
| 3i Group | - | 100,000 | (57,441) | - | - | 42,559 |
| The National Lottery Community Fund | - | 65,006 | (65,006) | - | - | - |
| CAF | - | 50,000 | (50,000) | - | - | - |
| The Hummingbird Charitable Trust | - | 37,800 | (37,800) | - | - | - |
| Postcode Lottery | - | 18,159 | (4,926) | - | - | 13,233 |
| The Morrisons Foundation | - | 13,162 | (1,682) | - | - | 11,480 |
| Moondance Foundation | - | 12,500 | (12,500) | - | - | - |
| Barings | - | 10,240 | (10,240) | - | - | - |
| The Candy Foundation | - | 10,240 | - | - | - | 10,240 |
| Other | 33,102 | 30,000 | (28,875) | - | - | 34,227 |
| Wish Fund | | | | | | |
| The Hummingbird Charitable Trust | - | 100,000 | (8,521) | - | - | 91,479 |
| Moondance Foundation | - | 12,500 | - | - | - | 12,500 |
| Amazon | - | 10,000 | (10,000) | - | - | - |
| Other | 15,625 | 3,000 | (3,000) | - | - | 15,625 |
| Wishes, Hospital Programmes, and Insights | | | | | | |
| The Julia and Hans Rausing Trust | - | 150,999 | (150,999) | - | - | - |
| Total donated restricted funds | 48,727 | 723,606 | (498,431) | - | - | 273,902 |
| Gifts in Kind | | | | | | |
| Nintendo (Hospital programmes) | - | 99,900 | (99,900) | - | - | - |
| Hospital programmes -Other | - | 84,927 | (27,803) | - | - | 57,124 |
| Wishes | - | 10,411 | (10,411) | - | - | - |
| Escapes | - | 13,370 | (13,370) | - | - | - |
| Insight | - | 13,341 | (13,341) | - | - | - |
| Total gifts in kind held as restricted funds | - | 221,949 | (164,825) | - | - | 57,124 |
| Total restricted funds | 48,727 | 945,555 | (663,256) | - | - | 331,026 |

| | At 1 April 2020 | Income & gains | Expenditure & losses | Transfers | Investment gains/ (losses) | At 31 March 2021 |
|-------------------------------------|--------------------|-------------------|-------------------------|------------------|----------------------------------|------------------------|
| | £ | £ | £ | £ | £ | £ |
| UNRESTRICTED FUNDS | | | | | | |
| Designated funds: | | | | | | |
| Hospital Programmes | 148,463 | - | (148,463) | 540,702 | - | 540,702 |
| Social Connections | - | - | - | 221,000 | - | 221,000 |
| Wish fund | 541,860 | - | - | (541,860) | - | - |
| New Activity Development and Pilots | - | - | - | 202,000 | - | 202,000 |
| Insights & Impact | 40,000 | - | (40,000) | 85,000 | - | 85,000 |
| Operational costs | 1,173,000 | - | (1,173,000) | 1,326,000 | - | 1,326,000 |
| Total designated funds | 1,903,323 | - | (1,361,463) | 1,832,842 | - | 2,374,702 |
| GENERAL FUNDS | | | | | | |
| General funds | 1,302,113 | 3,087,227 | (1,267,038) | (1,959,066) | 42,563 | 1,205,799 |
| Fixed Asset Reserve | - | - | (51,922) | 226,224 | - | 174,302 |
| | 1,302,113 | 3,087,227 | (1,318,960) | (1,732,842) | 42,563 | 1,380,101 |
| Total unrestricted funds | 3,205,436 | 3,087,227 | (2,680,423) | 100,000 | 42,563 | 3,754,803 |
| Total funds | 3,454,163 | 4,032,782 | (3,343,679) | - | 42,563 | 4,185,829 |

The narrative to explain the purpose of each fund is given at the foot of the note below.

17B MOVEMENTS IN FUNDS (PRIOR YEAR)

| | At 1 April 2019 | Income & gains | Expenditure & losses | Transfers | Investment gains/ (losses) | At 31 March 2020 |
|--|--------------------|-------------------|-------------------------|------------------|----------------------------------|------------------------|
| | £ | £ | £ | £ | £ | £ |
| ENDOWMENT FUNDS | | | | | | |
| The Barry & Shaun Springer Memorial Fund | 100,000 | - | - | - | - | 100,000 |
| Kate Sweeney Fund | 100,000 | - | - | - | - | 100,000 |
| Total endowment funds | 200,000 | - | - | - | - | 200,000 |
| RESTRICTED FUNDS: | | | | | | |
| Hospital programme | 46,778 | 103,057 | (116,733) | - | - | 33,102 |
| Wish fund | 9,499 | 1,275,910 | (1,269,784) | - | - | 15,625 |
| Parties, escapes and events | - | 183,709 | (183,709) | - | - | - |
| Total restricted funds | 56,277 | 1,562,676 | (1,570,226) | - | - | 48,727 |
| UNRESTRICTED FUNDS: | | | | | | |
| Designated funds: | | | | | | |
| Boost boxes | 263,345 | - | (152,072) | (11,273) | - | 100,000 |
| Wish fund | 2,078,828 | - | (1,267,576) | (269,392) | - | 541,860 |
| Fun centres | 16,000 | - | (10,057) | (5,943) | - | - |
| Distraction boxes | 83,015 | - | (48,765) | 14,213 | - | 48,463 |
| Impact | 30,000 | - | (30,000) | 40,000 | - | 40,000 |
| Operational costs | 1,370,501 | - | (1,370,501) | 1,173,000 | - | 1,173,000 |
| Total designated funds | 3,841,689 | - | (2,878,971) | 940,605 | - | 1,903,323 |
| General funds | 524,174 | 3,300,234 | (1,550,687) | (940,605) | (31,003) | 1,302,113 |
| Total unrestricted funds | 4,365,863 | 3,300,234 | (4,429,658) | - | (31,003) | 3,205,436 |
| Total funds | 4,622,140 | 4,862,910 | (5,999,884) | - | (31,003) | 3,454,163 |

PURPOSES OF RESTRICTED AND ENDOWMENT FUNDS

Endowment Funds

Endowment funds are funds of which only the income generated from the invested capital is available to the organisation for operations.

During the year, the Charity received permission from the Springer family to release the Barry & Shaun Springer Memorial Fund to general funds on the basis that investment returns have meant the endowment income has fallen to a minimal level.

Hospital Programmes

Donated funds restricted to the various activities within Starlight's Hospital Programme including the provision of Boost Boxes and Distraction Boxes, Pantomime and Storytelling. Funding from Barclays and 3i Group is specifically for the provision of services to hospitals in areas of deprivation. In previous years, there have been separate restricted funds disclosed for Boost Boxes, Distraction Boxes and Pantomime & Storytelling

Due to the shift in nature of service provision to include 'bundled' services (including more than one of these elements) and the fact that funding is, therefore, not always for an individual element, the decision has been taken to merge these into a single Hospital programmes fund for disclosure purposes. The prior year figures have been aggregated accordingly.

Wish Fund

Donated funds restricted to the granting of wishes.

Insights & Impact

Donated funds restricted to the insights and impact activities.

PURPOSES OF DESIGNATED FUNDS

Hospital Programmes

Funds set aside for programme delivery in the coming year, allowing for services to be maintained in case of fluctuating income.

Social Connections

Funds set aside for the social connections programme in the coming year.

Wish Fund

Funds set aside to ensure that wish commitments can be met. The balance on this fund is now nil as it is expected that all wish commitments can be met from restricted funds.

New Activity Development

There is a programme of innovation and pilot for new services planned for 2021-22. The Trustees have designated funds equal to the cost of this programme in order to protect it if income falls as it is integral to the future sustainability of the charity.

Insights & Impact

Without insight and impact, the charity cannot continue to innovate and improve its services and would be at risk of not remaining relevant. The Trustees have therefore designated funds to protect the year's insight and impact work if funding falls.

Operational Costs

Transfer made from general funds to ensure fund balance is equivalent to six months total budgeted salaries and overheads costs for 2021/22.

Fixed Asset reserve

Some of the charity's reserves are tied up in fixed assets which are used for the purposes of the charity. These reserves are not, therefore, available for use and the charity has now recognised this by the creation of a Fixed Asset Reserve, within its General Reserves. Depreciation is charged to this reserve and fixed asset additions are added to it, with the reserve balance always being equal to the net book value of fixed assets. As this is the first year of the reserve, an amount equal to the net book value of fixed assets at the start of the financial year has been transferred from general reserves.

18 OPERATING LEASE COMMITMENTS

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods:

| | PROPERTY | | OTHER | |
|--------------------|-----------|-----------|-------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Less than one year | 216,306 | 212,576 | 4,590 | 4,995 |
| One to five years | 865,224 | 865,224 | - | 4,590 |
| Over five years | 956,042 | 1,172,348 | - | - |
| | 2,037,572 | 2,250,148 | 4,590 | 9,585 |

19 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.



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STARLIGHT

