



DiABETES UK
KNOW DIABETES. FIGHT DIABETES.

OUR STORY

Annual report and accounts 2019

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DIABETES UK

A close-up photograph of a person holding a blue banner with the text "DIABETES UK" in white, bold, sans-serif capital letters. The banner is held diagonally across the frame. In the background, several other individuals are visible, wearing bright blue shirts and carrying orange ribbons, suggesting a group activity or a health awareness event. The background is slightly out of focus, emphasizing the banner in the foreground.

Foreword

Welcome to our Annual Report 2019, in which we are proud to share all that we achieved last year, and introduce you to a few of the people for whom our work made a difference.

Thank you to everyone – each individual supporter, community group, philanthropic organisation and business – who has supported us to achieve so much for so many in the past 12 months.

At the time of writing this introduction, we are in the midst of the coronavirus (Covid-19) pandemic. As a charity, we are meeting unprecedented levels of demand upon our services, by many thousands of people living with or near diabetes who are understandably concerned or worried or who are seeking guidance and support. At the same time as meeting the calls upon us, we are steering the charity through the impacts of loss of income and of severe disruption to our work, whilst ensuring that all our staff are supported to do their work and to look after their own health and that of their loved ones. As we look ahead in such uncertain times, we are determined to mitigate as far as possible the negative impacts of coronavirus on our finances, whilst achieving the greatest level of support we can for people living with or at risk of diabetes, to the NHS in each nation and to our own staff.

The end of the last decade marked both the final chapter in our previous five-year strategy, and the opening chapter of a radical shift in the way we do things. Since 2015, our work has focused on improving standards of diabetes care across the UK; on giving people accurate information and support when, where and how they need it; on delivering much needed type 2 prevention programmes. We have funded the most promising research projects, investing in potential new immunotherapies in type 1, developing tech to help people manage their diabetes, growing our understanding of type 2 and turning remission from type 2 diabetes into a reality.

In 2019 proof came – in the form of two-year data from the **DiRECT** clinical trial – that remission of type 2 could now be a possibility, and we strengthened our resolve to give as many people as possible the chance to try it. The fact that the NHS is establishing remission programmes so quickly is a testament to the importance and quality of **DiRECT** that our supporters enabled us to fund.

When our own research revealed the extent to which diabetes takes an emotional and psychological toll on people, we knew we had to act. The reception by health professionals and diabetes services to the launch of **It's Missing** – our campaign to get mental health support into routine diabetes care – has been encouraging so far. But there's a long way to go, and we'll be keeping our foot firmly on the pedal in this area in 2020 and beyond.

Winning recognition and support for the emotional and psychological aspect of living with diabetes is just one of the things that we know matters most to people living with diabetes and those close to them. Our new strategy goes further, in placing the priorities which matter most in peoples' lives firmly at the heart of all we do and all we plan towards. It commits us to working towards outcomes that will improve the day-to-day and long term future for people with or at risk of diabetes.

Behind the scenes we'll be shaking things up so we can focus ourselves completely and efficiently on achieving those outcomes and maximising our impact. We'll be honest and accountable for our progress, warts and all, so you can see how we're doing.

The scale and seriousness of diabetes demands us to fight harder than ever before, and of course that means we'll need your support more than ever. We'll work hard to earn it, and to inspire you to get others involved.



Chris Askew,
Chief Executive



Sir Peter Dixon,
Chair



OUR VISION

A world where diabetes can do no harm.

OUR VALUES

Our values run through everything we do, they guide how we work and help us remember what we stand for:

- We're driven to know more.
- We make change happen.
- We put people first.
- We keep things simple.



OUR MISSION

By bringing people together to work in partnership, we will support those living with diabetes, prevent type 2, make research breakthroughs in diabetes and ultimately find a cure.

We'll do this by:

- Listening to and working with people living with diabetes, healthcare professionals and many others to drive change.
- Developing, delivering and championing the most effective ways for people to manage their diabetes, or their risk of type 2, so they can live their lives with confidence.
- Building a strong community of support that finds and shares the knowledge needed to fight diabetes.



OUR STRATEGY

Our strategy sets out how we're tackling the diabetes crisis. It provides focus for our work, to make sure we rise to the challenges we face. 2019 was the final year of our current strategy, and in November we launched our ambitious plans for 2020 to 2025.

This report will take you through our 2019 journey, focusing on some of our biggest achievements and the work that has helped us meet our strategic aims.

With our 2015 to 2019 strategy, we made a commitment to working in six key areas:

- Greater investment in diabetes research.
- A transformation in diabetes care.
- Reducing obesity and preventing type 2 diabetes.
- Helping everyone to manage their diabetes.
- A revolution in understanding and support.
- The best people and the best organisation.

In the last five years we've increased people's understanding of diabetes as a serious health condition, helped hundreds of thousands of people find out their risk of type 2 and what to do next, and seen remission from type 2 diabetes become a reality. Daily life has been made easier for millions through our campaigns to change driving laws relating to hypos, and make flash glucose monitoring technology available on the NHS. And we've continued to work closely with the NHS and Health Boards across the UK to transform and improve care and outcomes for people with diabetes.

Our future plans section on page 46 will introduce our new five-year strategy while looking at our focus for 2020.



DiABETES UK
KNOW DIABETES. FIGHT DIABETES.



OUR YEAR IN NUMBERS

Our incredible volunteers gave more than **100,000** hours of their time to help us achieve our vision



Our helpline team answered more than **15,000** enquiries from people who needed our help and information

We raised a total of **£38.8 million** all thanks to our fundraisers, members and partners – making our work possible

We committed **£6.8 million** across 39 new research projects

150,000

people found out their risk of type 2 diabetes and got advice on what to do next





Our online forum was visited over **620,000** times by people looking for tips about living well with diabetes

There were **13 million** visits to our website for information, advice and support

23,632 people signed our **It's Missing** petition, highlighting the importance of mental health support in diabetes care and driving change

23,632



We had **17,500** steppers raise over **£860,000** from the Million Step Challenge, bringing us closer to a world where diabetes can do no harm







SHINING A LIGHT ON MENTAL HEALTH

The everyday relentlessness of diabetes can take a huge psychological toll, which is too often unrecognised or ignored. In 2019 we shone a spotlight on this hidden issue, improved our own emotional support, and campaigned for mental health to be part of routine diabetes care from the NHS.

SHINING A LIGHT ON MENTAL HEALTH

Our research has shown that seven out of 10 people affected by diabetes have felt overwhelmed by the condition, but few were able to access the psychological support they needed. In 2019 we launched **It's Missing** – a campaign to highlight this issue, and press for change across the UK.

Within weeks, more than 26,000 people had taken action to bring mental health into diabetes care and thousands more shared their stories with decision makers. We had over 70,000 visitors to new webpages on the topic, and saw a steep rise in people calling our helpline about mental health.

We'd sparked a national conversation, and diabetes services around the country began to take notice. In some areas we began to train local mental health practitioners about the emotional burden of diabetes. We also provided resources for GPs and practice nurses, including an information prescription on diabetes and mental health. It was downloaded more than 480 times in six months, indicating that more people are getting the chance to talk about their emotions during appointments.

We brought together more than 50 healthcare professionals and people with diabetes, to identify gaps in knowledge about mental health and diabetes. They noticed a lack of evidence on the extent or impact of eating disorders in people with diabetes, so we invited researchers to apply for funding in this area. By increasing our knowledge and understanding, we'll be better able to help people who are struggling with these issues.

With diabetes there's no let-up, and that can be exhausting and stressful. In 2019 we began to put mental health on the diabetes agenda. Now we won't stop fighting until all diabetes services recognise the psychological impact it can have, and everyone can get the support they need.



“If you look after your emotional health, you can have a fulfilling life with a medical condition.

What I would like to see for the future would be an increase in the amount of psychological well-being support and actually, recognition that looking after mental health is equally as important as the physical health needs of diabetes.”

Sue Bradley and son Oliver, who has type 1







THE REMISSION REVOLUTION

Type 2 diabetes was thought to be permanent, but our groundbreaking research showed that – with the right support – many people can put type 2 into remission. It's life-altering, and in 2019 we led the way to give more people the opportunity to change their lives.

THE REMISSION REVOLUTION

In 2013, we funded a clinical trial called **DiRECT**. It showed for the first time that some people can put type 2 diabetes into remission by losing a substantial amount of weight as part of a low-calorie weight management programme with significant support from their healthcare team. In 2019, the study revealed that a third of the trial volunteers had stayed in remission for at least two years. Their blood sugar levels were managed without medication.

We are determined that everyone who can put their type 2 into remission gets the chance to. The NHS shares our excitement. It's rare for research to be adopted so quickly into clinical practice but NHS remission programmes are already moving ahead in Scotland, Wales and England.

We've provided support and expertise to the NHS at every step and, in 2019, began to promote remission to the wider type 2 community. We created an information prescription on the topic, available in all UK GP surgeries for healthcare professionals to download and discuss with their patients. On social media, our remission content reached more than half a million people, including a new animation to explain it, which was viewed online over 50,000 times in nine months.

While the strongest research evidence for remission exists for the use of a low-calorie weight management programme (as used in the **DiRECT** research), and for weight loss surgery, we also know that some people in remission got there using other approaches. With many remaining questions on remission, this year we also led the way in planning the next chapter in remission research to tackle unanswered questions. How does weight loss lead to remission? Why doesn't it work for everyone? Are there other routes to remission?

Remission means release from the relentlessness of diabetes and, we hope, from the fear and dangers of complications. That's why one of our priorities for the next five years is to make it available to as many people as possible.

“I did it to show diabetes who is boss. The truth is, if you want to improve your health, you have to put your shoes on, get out, and do whatever you can.

You might be cold and wet by the time you finish, but you’ll have done something that positively impacts your health.”

Jez ran the London Marathon for Diabetes UK in 2019. He was diagnosed with type 2 diabetes in 2012, but has now been medication-free for two years

Thank you to the Charles Wolfson Charitable Trust for their generous support of our groundbreaking **DIRECT** trial.





LIFE-CHANGING ADVANCES IN RESEARCH

Our recent research has opened up new opportunities to improve the lives of people with diabetes. Thanks to the generosity of our supporters, in 2019 we funded more research to answer key questions about all types of diabetes, and brought life-changing advances another step closer.

LIFE-CHANGING ADVANCES IN RESEARCH

In 2019 we committed nearly half a million pounds to expand the work of the type 1 diabetes **Immunotherapy Consortium**. Our investment will give more people with type 1 the chance to take part in research that could change their life and transform future treatment for everyone.

The consortium is a network of scientists and centres developing immunotherapies as a new way to try and prevent or cure type 1 diabetes. It was created in 2015 to accelerate progress in this area, which offers genuine hope of protecting insulin-producing beta cells in people newly diagnosed with type 1 diabetes. The initiative has revitalised the UK environment for diabetes immunotherapy research. Now several clinical trials are underway, more are on the horizon, and our latest funding will make progress even faster.

Advances were made across the spectrum of diabetes research in 2019, with over 170 research papers published from science we fund. Our researchers discovered that the early stages of type 2 diabetes vary in people of different ethnicities. They developed better calculators to assess the risk of type 1 diabetes in babies, and they created smart digital insoles to protect against foot ulcers.

Your donations mean we can fund the best scientists with the biggest ideas. From remission of type 2, to creating immunotherapies for type 1 and so much in between, our research is bringing life-changing advances for people with diabetes.

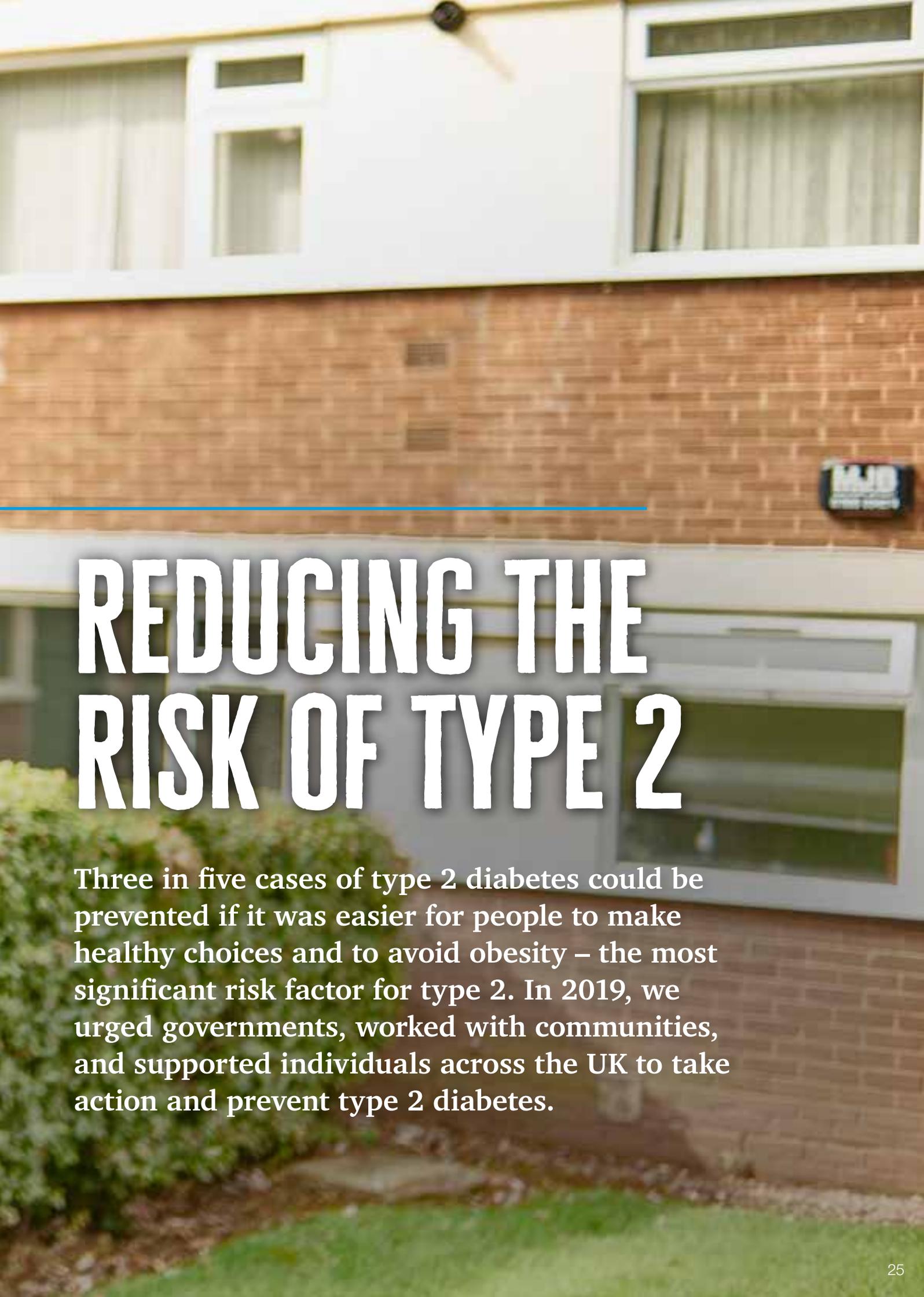


“Taking part was really beneficial for me, especially being newly diagnosed. The extra support in that first year was invaluable.

It’s nice to be in the know and be at the start of something. If the drug I was given does come out onto the market in however many years’ time, it’s nice to have been at the beginning of that. And to have had a chance of making this really rubbish condition a bit better in the long run.”

Ruby Wain, aged 25, is living with type 1 and took part in an immunotherapy study



A photograph of a brick building with several windows. The building has a red brick facade and white window frames. A small sign is visible on the brick wall to the right. The image is slightly blurred, suggesting a shallow depth of field or motion blur.

REDUCING THE RISK OF TYPE 2

Three in five cases of type 2 diabetes could be prevented if it was easier for people to make healthy choices and to avoid obesity – the most significant risk factor for type 2. In 2019, we urged governments, worked with communities, and supported individuals across the UK to take action and prevent type 2 diabetes.

REDUCING THE RISK OF TYPE 2

For all of us who are passionate about health, 2019 was a year of progress as well as frustration. In Scotland, we worked alongside the government to secure commitment to calorie labelling in restaurants and cafes, and limiting in-store promotion of unhealthy foods. We welcomed a bold new obesity strategy for Wales, called **Healthy Weight, Healthy Wales**. However, in Westminster, despite consistent pressure from us and others, progress was delayed time and again, including on calorie labels when you eat out, which our **Food Upfront** campaign demands.

With our support, the NHS in Northern Ireland rolled out their first diabetes prevention programme, while Scotland and England expanded theirs. Now, anyone in these nations found to be at high risk of type 2 is referred to a free weight loss and support programme. We're pressing for the same in Wales, and continued to make the case by supporting pilot prevention schemes in pharmacies.

Our online risk calculator – **Know Your Risk** – got a makeover in 2019, so it's even easier to use. At home, at our events, and through partners such as Tesco pharmacies, 150,000 people checked their risk of type 2, and got advice on what to do next.

We prioritised taking **Know Your Risk** to people of South Asian, black African and African Caribbean heritage, who carry a higher risk of developing type 2. We forged links with the NHS, employers and community leaders to help us, and recruited a diverse team of enthusiastic **Know Your Risk** volunteers. In Derby, our **Awareness to Action** campaign aimed to reach a young South Asian population, who are at higher risk from the age of 25. It taught us a lot about effective ways to reach this generation and community – insight we'll be using to spread our health advice further in future.

We're committed to helping people at risk of type 2 diabetes to prevent or delay it. That's why we push governments hard to make the healthy choice the easy choice, and support people across the UK to know their risk and act on it.





“As soon as I found out my risk I joined a HIIT (high intensity interval training) programme at my local gym.

I knew I had lots of excess weight to lose, especially around my tummy. Within eight weeks of eating healthier and exercising I went from 92kg to 79kg.”

Asad Rahim, aged 23. He has taken steps to reduce his risk of developing type 2 diabetes

Boots has been a valued partner in our prevention work since 2013. Tens of thousands of people have completed the Boots’ branded **Know Your Risk** tool, online or in store. If a person has a moderate or high risk result, Boots signpost people to their GP or pharmacist for support and advice.





SUPPORT AT EVERY STEP

When you have diabetes, there are no days off. It's complicated – there's so much to learn and remember. That's why we're here at every step, in your corner, on your side. In 2019 we did more to help people understand, cope and live well with diabetes.

SUPPORT AT EVERY STEP

There's no rest from diabetes whether you have the condition yourself, or you look after someone who does. In 2019, we launched brand new content on our online **Learning Zone** for parents and carers. These personalised bite-sized sessions help people become experts in supporting their loved ones.

We also held the first of our relaunched **Type 1 Family Weekenders**, packed with fun activities and workshops to boost confidence in managing a child's type 1 diabetes. And more than 4,300 of our **Type 1 Bags** – a tote full of useful information for families with a newly-diagnosed child – were ordered in 2019.

Reaching people quickly after diagnosis is important to us, because we know it's an anxious and confusing time. By linking with the NHS, we sent our **Patient Information Pack** out to around 25,000 people dealing with the news that they have type 2 diabetes.

All of our resources give clear and trusted information, but sometimes you need to talk to an expert, or connect with people in the same boat. In 2019 our helpline team answered more than 15,000 enquiries, and our online forum had more than 620,000 visitors. We brought people together in person too, through events and conferences across the UK. From **Living with Diabetes Days**, to our **Type 1 and Tech conference**, over 1,000 people benefitted from our events in 2019.

From diagnosis and beyond, the better you understand diabetes, the more confident you'll feel in managing it. We're here, every day, with accurate and helpful information, and ways to connect with others.





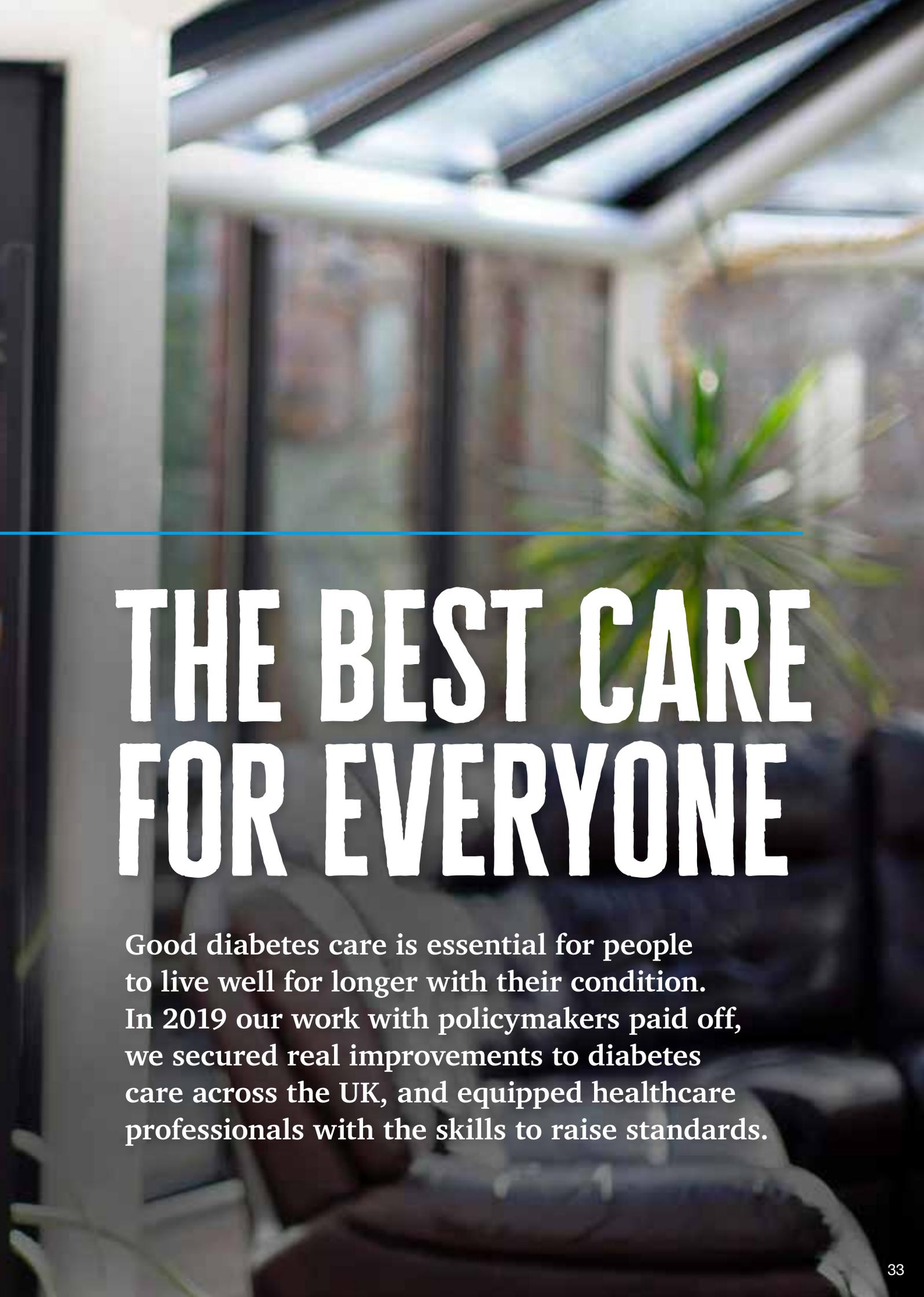
**“I remember I called the
Diabetes UK Helpline when
I was first diagnosed.**

They listened, they were patient, answered all of my questions and really were able to empathise with this new situation I found myself in.”

Aruna, aged 27, and has type 1

Congratulations to the 81 winners of our Good Diabetes Care in School Award in 2019. Thanks to support from Britvic, this scheme recognises schools that enable children with type 1 to participate fully, safely and confidently, while learning.





THE BEST CARE FOR EVERYONE

Good diabetes care is essential for people to live well for longer with their condition. In 2019 our work with policymakers paid off, we secured real improvements to diabetes care across the UK, and equipped healthcare professionals with the skills to raise standards.

THE BEST CARE FOR EVERYONE

Published in January 2019 – and following sustained pressure by us and our campaigners – the NHS Long Term Plan featured the largest ever central budget for diabetes in England. While the plan is positive and ambitious, we won't sit back and wait for change. Through the year our teams across the UK worked hand-in-hand with local services, and at a national level, to bring about real change.

We pressed for guidelines to reduce the variation in access to flash glucose monitoring. Now, an estimated 20% of people with type 1 across the UK can benefit, up from 3%. We've built the evidence base around the care of people with diabetes during hospital stays, and we've seen vital progress in footcare.

Good footcare is essential in diabetes. In North Devon, we've supported improvements in services that have reduced major lower limb amputations in the area by 75%. Our work with health services in Northern Ireland means that from 2019, all adults with diabetes have access to footcare for the first time.

Excellent diabetes care relies upon a highly skilled workforce. More than 4,000 health professionals attended our conferences and training courses in 2019. We held our first renal conference and our eighth, and most successful, pregnancy conference. Training took place in care homes as well as conference venues and involved the broad range of professionals who work in diabetes. Three quarters of delegates at our flagship conference for clinicians, researchers and NHS leaders, said that they would change their practice based on what they'd learned.

Our leadership programmes, such as **Clinical Champions** and **Tomorrow's Leaders**, equip healthcare professionals with the skills to make improvements to diabetes care in their local area. The programmes were completed by 136 people in 2019 – the highest number to date. We also launched new courses for pharmacists and those working with people with diabetes in primary care.

Policymakers have at last made a major commitment to improving diabetes care in the UK. Together with the NHS, we're leading the transformation to prevent complications and help more people live well for longer with diabetes.



“Getting on to the Clinical Champions programme has been a massive boost to my confidence and my career.

The training and support I’ve received from the team at Ashridge, the Diabetes UK team and the other Clinical Champions has been invaluable – it’s helped me to be more confident, to develop my leadership skills and to have a space to discuss and develop my ambitions for diabetes care with other leaders who I would otherwise have not met.”

Dr Rose Stewart, Clinical Champion and ChangeLab participant, 2019

In 2019 we delivered our new Primary Care Leadership programme in England and Scotland, thanks to funding from AstraZeneca. The three-day courses were attended by a total of 70 professionals working across primary care diabetes services. Each ‘graduate’ is equipped with the skills, ideas and passion to drive improvement beyond their consultation rooms and practices.



A group of women are gathered at a social event, possibly a concert or festival. In the foreground, a woman with curly blonde hair is smiling and playing a ukulele. Behind her, two other women are looking towards the camera. The background is filled with other people and bright, colorful lights, creating a lively atmosphere.

PARTNERS IN OUR VISION

Our vision is of a world where diabetes can do no harm. It's rightly ambitious, and we simply cannot achieve it on our own. It's imperative for us to work with other organisations, companies and individuals, because together we will achieve more.

PARTNERS IN OUR VISION

Sharing our expertise and working in collaboration with commercial, strategic and philanthropic partners accelerates progress towards our vision.

In 2019 we reached more people by working with Sport England and our colleagues in the Richmond Group – a group of 14 charities including the Stroke Association, Macmillan Cancer Support and Rethink Mental Illness. Our collective campaign, called **We Are Undefeatable**, encouraged people living with long-term conditions to be more physically active. It reached an estimated 3.7 million people with long-term conditions, almost half of whom took action as a result.

Strategic partnerships help us find new treatments and provide better care to people living with diabetes. In 2019, the Garfield Weston Foundation helped us to make another large investment in the pioneering type 1 diabetes **Immunotherapy Consortium** (see page 22). Novo Nordisk continued to fund our expanding portfolio of leadership training for healthcare professionals. Novo Nordisk have supported the programmes from the beginning, enabling us to equip professionals with the skills to lead positive change in diabetes care across the UK.

The second year of our partnership with Tesco, Cancer Research UK and the British Heart Foundation raised millions more to support our work, while paving the way for sector-leading interventions to help staff and shoppers make healthier choices. In July we celebrated Tesco's centenary year with **Dance Beats**, their biggest ever fundraising event, collectively raising £2 million. In September, stores raised over £180,000 for Diabetes UK through our **2 Minute Challenge**, which highlights that a new person is diagnosed with the condition every two minutes.

As well as strengthening long-held and valued partnerships, we struck up new relationships – such as with salad growers Florette. Our logo featured on bags of their Superfood Vitality Mix to promote a donation from every pack sold in the UK, raising close to £30,000.

We thank all partners who share our commitment and drive to improve the health of the nation, reduce the risk of type 2 and help support people living with all types of diabetes.



“We are proud to have the opportunity to partner with Diabetes UK and support the vital work they are doing in communities all over the UK.

We share Diabetes UK’s commitment to making it easier for people to make healthier choices and to providing a healthy inclusive workplace where every colleague can thrive.

The partnership has gone from strength to strength, and provides us with great excitement for the next two years.”

Simon Litherland, CEO at Britvic



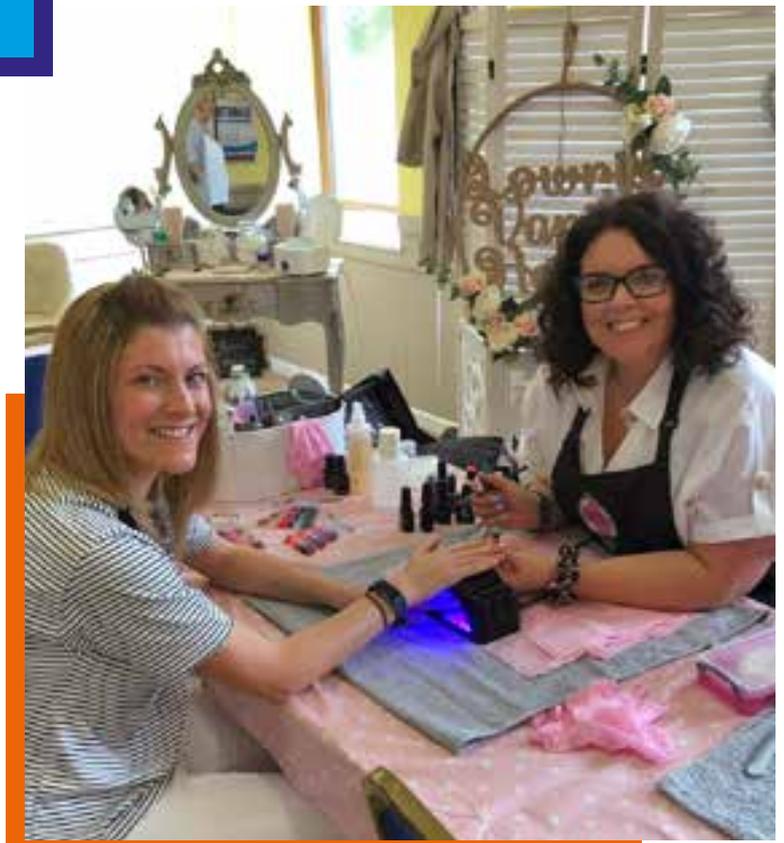
THANK YOU



Iain “Windy” Wilson was diagnosed with type 2 diabetes on Christmas Eve 2013, and has been fundraising since 2014. In 2019, he joined our team of 141 London Marathon runners and raised an incredible £33,050. Thanks Windy!

Lowri raised over £1,500 by holding a non-stop nail-a-thon for the third year running – and broke her previous record by completing 33 manicures in 26 hours.

She held the first event in 2017 to mark 50 years since her mum Michelle was diagnosed with type 1 diabetes, and in 2019 Lowri’s dedication earned her an Inspire Award for fundraising.



Gareth Hughes ran his second London Marathon for us in 2019, on his 40th birthday. Gareth has type 1 diabetes and has raised over £3,500 for us. He is officially a Team Ambassador to our 2020 team, offering support and advice on managing diabetes and training for a marathon.



Brian has been fundraising and raising awareness since 2009 in memory of his late wife Lorraine, raising a staggering £13,574, and is now one of our fundraising ambassadors for Cumbria. Every year Brian has a calendar of events that include his work with Creighton RUFC and in February, they took on a 343 mile bike ride – the equivalent of Carlisle to Twickenham – on exercise bikes in their local Tesco store.



Corinne is a speaker volunteer, a **Know Your Risk** volunteer and the secretary for her local group in Milton Keynes. In 2019, she went to Westminster to support the launch of the Mental Health campaign, **It's Missing**, and gave countless talks about her experience of living with type 2 diabetes. Thanks Corinne!

THANK YOU

“I learn so much from volunteering. I enjoy doing all of it, the talks, the stalls and fundraising. I’ve also met some great people along the way.”

Metin Ahmed has volunteered for us since 2012, supporting at a large number of events, helping people to find out their risk of developing type 2 diabetes and leading the Cheshunt Peer Support Group. In 2019 alone, he took part in our first **Thames Path Walk**, did some bucket collecting at Harrow Football Club, and helped us break a world record with **Dance Beats**. Thanks Metin!



The West Lothian local group, celebrated its 10th anniversary in 2019. It has over 350 members and a busy calendar of meetings and events. From awareness raising and information stands to group exercise programmes, **Know Your Risk** events to fundraising activities, the West Lothian group have no plans to slow down anytime soon!

“The first thing that every kid at a type 1 event says is that they are the same as the other children there. They are the norm rather than the exception and that’s incredibly empowering for them.”

James attended a type 1 event as a child and was inspired to volunteer at the events 15 years later. James took the lead on organising two **Type 1 Family Weekenders** in June and November 2019.



Dr Göher Ayman, who has type 1 diabetes, is a lay member on our Acute Care Clinical Studies Group and a part of our Grants Advisory Panel. In 2019, Göher helped to identify hormones as a gap in diabetes research and specifically how diabetes and the menopause affect each other. As a result, we started taking research grant applications for menopause studies and it is now out there in the research arena.



Anwen and Helen, community diabetes specialist nurses from Ceredigion, Wales, raised more than £11,500 for us in 2019. At a dinner and auction they raised over £7,000, before taking on the challenge of cycling 88 miles from Borth to Cardigan in June. On the route, they passed through every surgery area that they cover and stopped at GP surgeries they passed to drop off diabetes information packs, raising £4,500.

THANK YOU

The difference we make is only possible because of our supporters.

From campaigning and funding research, to our helpline and website, your time, donations, membership and fundraising makes all our work possible, and we couldn't have done it without you.

We want to say a big thank you to everyone who helped us in 2019.

Individuals

Kip and Alison Bertram
Shaun and Jennie Bowler
Donald Burt
Oisin Crawley
Michael Findlay
Nick and Carly Mahoney
Trevor and Evie Pitman
Mike and Angie Rutherford
Tine Steincke
Francois Tarrisse
David and Christine Thorp



Corporate partners

AstraZeneca
BHR Pharmaceuticals
Boots UK Limited
Britvic PLC
Florette
Merck KGaA
Next PLC
Novo Nordisk Ltd
Roche Diabetes Care
Sanofi
Tesco PLC
Saladmaster UK



Trusts and Foundations

Sport England
Edwin George Robinson
Charitable Trust
The Foster Wood Foundation
The Jordan Charitable Foundation
The Lidbury Family Trust
Masonic Charitable Foundation
Miss M.J.M. Smith's Trust
The Charles Wolfson Charitable Trust
The Souter Charitable Trust
P F Charitable Trust
Pilkington Charities Fund
Garfield Weston Foundation
Fidelity UK Foundation
Colton Trust Ltd
Shared Care Scotland – Short Breaks
Fund (with funding from Scottish
Government)
Chellaram Foundation
The Albert Gubay Charitable
Foundation
Edith Murphy Foundation
The National Lottery Community Fund
Northern Ireland

OUR FUTURE PLANS

A generation to end the harm. Our strategy for 2020 to 2025.

In 2019 we launched our five-year plan to 2025. Our new strategy has been informed by thousands of conversations we've had with people affected by diabetes.

It states two aims:

- We want people to live well and longer with diabetes.
- We want to cure or prevent diabetes.

These are bold ambitions, which we'll pursue tirelessly, because the scale and seriousness of diabetes demands us to fight harder than ever before.

We've pledged, by 2025, to achieve five outcomes, shaped by things people have told us matter most to their lives. Here we outline what we will aim to do in 2020 – the first year of our new strategy – towards each outcome.

Outcome 1: More people with type 1, type 2 and all other forms of diabetes will benefit from new treatments that cure or prevent the condition.

We'll work to speed up the process of turning discoveries into real advances that treat, cure or prevent diabetes. We'll do this by making strategic choices in research funding, with help from our Clinical Studies Groups, raising more money to fund research, and helping more people to participate in clinical trials. Where new treatments and technologies exist, we'll lobby for them to be made available, equitably, to everyone who can benefit.

Outcome 2: More people will be in remission from type 2 diabetes.

We'll continue to provide the clearest and latest information and advice on remission, and do more to support people on their remission journey. We will keep a close eye on remission programmes in the NHS and beyond – pushing for the best to be available, and learning from the evolving story. We'll fund research to answer remaining questions about remission.





Outcome 3: More people will get the quality of care they need to manage their diabetes well.

We will take action with others to improve care in hospital for people with diabetes. We'll use our influence to press health systems across the UK to build mental health into routine diabetes care. And to ensure all healthcare professionals have everything they need to diagnose diabetes and to provide the quality routine care to enable people with diabetes to live well and prevent complications.

Outcome 4: Fewer people will get type 2 and gestational diabetes.

We'll do more to be relevant to groups and communities of people who are at higher risk of these conditions. We will work with others to lobby UK governments to create a society in which it's easier for people to live with a healthy weight. We will push for, and monitor, diabetes prevention programmes in all parts of the UK.

Outcome 5: More people will live better and more confident lives with diabetes, free from discrimination.

We will support people to live well by providing clear help and information, local support and online learning. We'll find out how we can help people living with diabetes to support one another. We will particularly consider how we can make our support more accessible to black African, African Caribbean and South Asian communities at particular risk of type 2 diabetes.

Underpinning everything we do, are four themes of work vital for us to perform at our best:

- **Fighting diabetes with you.** We can only achieve our ambitious goals for people affected by or at risk of diabetes by working with and alongside many others. We'll listen to understand what people need from us most. And we'll inspire more people, groups and organisations to share our vision, support us and take the action needed to improve lives.
- **Addressing and fighting inequality.** We'll target more of our work to those communities who need our help the most, and through research and listening to people from those communities, we'll build a better understanding of diabetes inequality.
- **Technology and innovation to improve everything we do.** We will push for better access to diabetes technology for people across the UK, and embrace the digital technologies and data that can help us have greater impact, faster.
- **Learning and improving together.** We'll strive for continual improvement in what we do and the way we do it, by nurturing a creative, learning and evidence-based culture, and by being accountable for our progress.

Our response to coronavirus

Since we launched the strategy, the world has been hit by the coronavirus pandemic. We have looked at our new strategy within the current context to see what it means to achieve our outcomes at this time and how we will need to adapt our 2020 plans to respond.

Our strategy, and the outcomes we want to achieve for people affected by and at risk of diabetes, will continue to drive our plans. But in 2020 there will be a particular emphasis on our work to ensure more people live well with diabetes, supporting them and the healthcare professionals who work with them. We are delivering support and services to people affected at a new scale or in new areas, as shown in the examples below.

- Our helpline is supporting thousands more people – regularly answering 500 calls a day as opposed to 200 normally. Through our website and social media, we are giving people the very latest advice and responding to their questions and concerns.
- Our local teams, including our volunteers, are providing unprecedented levels of support to people living with diabetes, and we are driving forward work to facilitate more and more widespread peer support.
- We're linking with the lead clinicians in each of the four nations of the UK to help them provide information to people living with diabetes and we're connecting clinicians across the UK to enable them to share learnings about treating people living with diabetes with coronavirus.

We are also taking measures to secure our financial position during the crisis – assessing a range of scenarios and engaging with our partners and supporters about how you can help us to continue our vital work for people affected by and at risk of diabetes. You can read more in the 'Our finances and how we're run' section of the report starting on page 54.

We are reviewing our plans across other aspects of our strategy as well, to make sure we can continue to drive this work now and in the future. Particular plans for 2020 include:

- A focus on improving emotional and psychological support for people with diabetes – particularly in the context of coronavirus.
- Driving forward progress on immunotherapy so that promising discoveries can be turned into potential cures as soon as possible – ensuring ongoing planning and engagement about how to accelerate investment and research beyond the current crisis.
- Understanding more about the impact of inequality – with a particular focus on the different ways coronavirus will impact on the most deprived and vulnerable, and how we and others can respond.

GET INVOLVED

There is no single way we will achieve our vision of a world where diabetes can do no harm. And there is no way we can achieve our mission alone. Here are some of the ways you can be part of our fight to end the harm caused by diabetes.

Donate

As a charity, everything we do is only possible thanks to the generosity of the people who donate to us. Your gifts help us support people living with, or at risk of diabetes in many different ways, from our helpline, to funding campaigns and spaces where people can share their experiences of diabetes, and learn from each other. These donations fund the vital research that will one day create a world where diabetes can do harm. Thank you.

www.diabetes.org.uk/donate

Corporate partners

Our unique relationships with corporate partners help raise awareness of diabetes and provide vital support to those affected by or at risk from it. And we want to help make your business a healthier place to work. If you'd like to team up, we'd love to hear from you.

partnershipenquiries@diabetes.org.uk

Philanthropy, Trusts and Foundations

Support from philanthropists and charitable Trusts and Foundations makes an incredible difference to our work. This vital support helps us do so much, such as funding research, our helpline and **Learning Zone**. But there is still more we want to achieve. To find out how your Trust or Foundation can help us, please do get in touch.

philanthropy@diabetes.org.uk

Challenge

Challenge yourself to take part in our fundraising events. Whether it's walking, running or cycling, we have a range of fun, inspiring activities to encourage everyone to get more active, even when we can't physically be together. People with diabetes need us to be there now more than ever.

Join us

Supporting us by becoming a member is the simplest way to help us make sure more and more people get the support and care needed to live confidently with diabetes.

Campaign

Whether it's securing government changes at a national level or improvements to care locally, our campaigners make life better for people affected by diabetes. By joining them you will too.

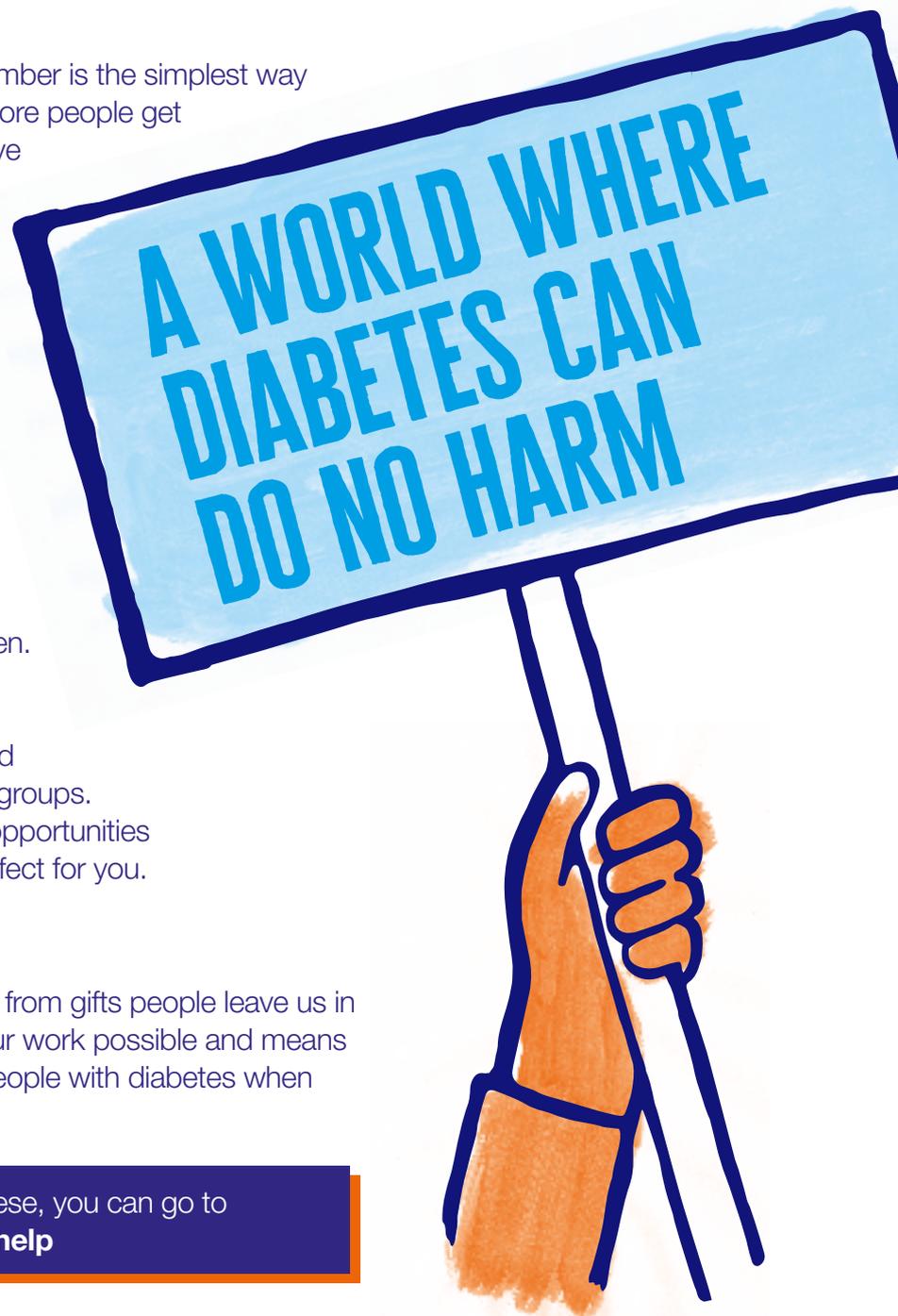
Volunteer

Our volunteers make things happen. Without them we couldn't run our events, raise awareness in local communities or provide advice and understanding at one of our local groups. We've got so many volunteering opportunities there's bound to be one that's perfect for you.

Leave a gift

More than a third of our income is from gifts people leave us in their Wills. It makes so much of our work possible and means we can continue to be there for people with diabetes when they need us most.

For more information on any of these, you can go to
www.diabetes.org.uk/how-to-help



GET SUPPORT

Talk to us

We have a dedicated diabetes helpline for anyone living with diabetes, their family or friends, and people who are worried they might be at risk.

Our team can provide you with advice on practical issues like driving or problems at work, or they can talk through any social, emotional or psychological difficulties you might be facing. If you're having a bad day and simply need to chat with someone who understands diabetes, we're here for you.

Call: **0345 123 2399**, Monday to Friday, 9am to 6pm

Email: helpline@diabetes.org.uk

If you're in Scotland:

Call: **0141 212 8710**, Monday to Friday, 9am to 6pm

Email: helpline.scotland@diabetes.org.uk

Go online

Our website is bursting with useful information and tips to help you learn more about diabetes. More advice and help is available from our online support forum and Facebook and Twitter communities. They're ready and waiting to answer your questions and point you in the right direction.

Join the conversation:

 [/diabetesuk](https://www.facebook.com/diabetesuk)

 [@DiabetesUK](https://twitter.com/DiabetesUK)

 forum.diabetes.org.uk

Join a local group

If you love to meet and talk to people in your area, check out your local support group – we run more than 330 of them up and down the UK. Our groups are filled with people who've been there, done that and got the Diabetes UK t-shirt. Along with providing support and understanding they also raise awareness, campaign, fundraise and organise social events.

Find your nearest group:

www.diabetes.org.uk/groups

Call: **0345 123 2399**

Email: **info@diabetes.org.uk**



OUR FINANCES AND HOW WE'RE RUN





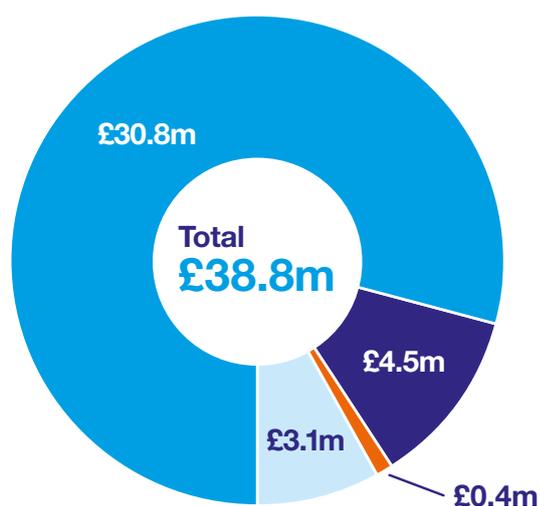
Overall

As can be seen from the figures below, we spent more than we raised in 2019 resulting in an operating deficit for the year. Our investment portfolio performed well giving us an overall surplus but, due to the impact of coronavirus in 2020, has since lost value. Our operating deficit was planned and in line with the reserves policy in place at the end of the year so was the right decision at the time. However the coronavirus pandemic is likely to have a significant impact on our fundraising performance in 2020 and this means that we need to adapt our financial approach to maintain support for people with diabetes while also ensuring our longer term sustainability. We plan to regularly reforecast income and review planned spend for 2020 as well as revisiting our approach to reserves.

Income

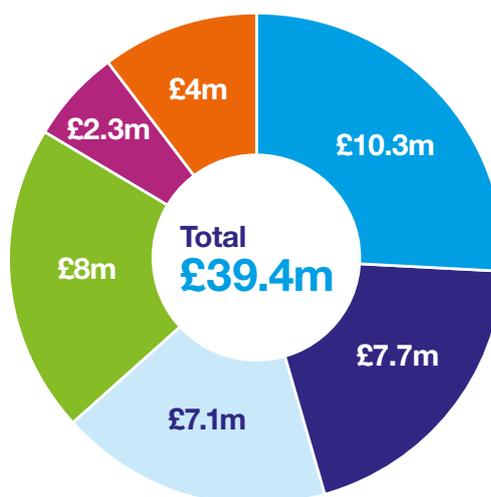
In 2019 our total income was £38.8 million, an increase of £4 million compared to 2018. Our legacy income increased to £15.3 million in 2019, £1.9 million higher than 2018, and we continue to be grateful to the many supporters who choose to leave us a gift in their Will. Another source of increased income is the success of the health and fundraising partnership between ourselves, Tesco, the British Heart Foundation and Cancer Research UK. The partnership raised £2.9 million for Diabetes UK, an increase of £0.9 million compared with 2018, aided by the Tesco **Dance Beats** fundraiser.

Income



- Donations and legacies
- Other trading activities
- Income from investments
- Income from charitable activities

Expenditure



- Expenditure on raising funds
- Expenditure on charitable activities:**
- Research
- Managing diabetes
- Transforming care
- Prevention
- Understanding and support

Activities that generate income and also help us to meet our charitable objectives brought in around £3.1 million in 2019, an increase from £2.3 million in 2018. This includes our **Diabetes UK Professional Conference** and our **Type 1 Family Weekender** events which began again in 2019 after they were paused in 2018.

Income from our trading activities remained fairly static. Investment income increased by £0.1 million as more dividends were received from listed securities.

Expenditure

With expenditure at £39.4 million, we have spent £1.1 million more in 2019 than the previous year. The biggest increase in our charitable work was in managing diabetes, where we spent £7.1 million, an increase of £0.7 million compared to the previous year. The increase is the result of **Type 1 Family Weekender** events restarting after a pause in 2018, the **Make the Grade** campaign which helps children with type 1 and their families get the care they need to thrive at school, and an increase to our investment in **Learning Zone**.

Research remains a strategic priority for us. In 2018 we provided record-breaking funding and we are proud to have maintained that level, investing a total of £7.7m in research, of which £6.6 million was paid directly to research organisations during the year.

We aim to transform diabetes care by working with the NHS, national governments and individual healthcare professionals. Expenditure of £8 million was level with 2018, as we continue to deliver our professional conferences and Clinical Champions Programme.

Prevention of type 2 diabetes continues to be a strategic priority with spend increasing by £0.3 million in 2019 as we updated our **Know Your Risk** tool and delivered the Awareness to Action project, working with communities at high risk of developing type 2. In addition to this we are now proud to be the lead partner of the Obesity Health Alliance, a coalition of organisations working together to reduce obesity by influencing government policy, the cost of which is reflected in our accounts.

We continue to raise awareness and understanding of diabetes and to be a trusted source of support. In 2018, we funded a specific campaign to highlight the seriousness of diabetes and as such expenditure this year reduced by £0.6 million to £4 million. The revolution in understanding and support programme came to end in 2019, as detailed on page 8, and we are now considering the key messages of our new strategy.

We have increased our investment in fundraising, and work hard to ensure that the money we spend here is used effectively and generates as much income as possible in current and future years. In 2019 we invested in recruiting more people into our membership scheme and more participants in our lottery. We also let more people know about our challenge events such as the **One Million Steps Challenge** and **Swim22**, which not only generate valuable funds but also help participants to improve their health.

Our approach to reserves management

Reserves are held for a number of practical reasons, including:

- so that we can provide continuity of our medical research, services and advocacy to benefit people living with or at risk of diabetes should our fundraised income fall unexpectedly;
- providing working capital to meet upfront expenditure during the year before income is received; and
- providing resource for investment, for example, updating technology, developing services and ensuring we maximise our reach.

As at 31 December 2019, Diabetes UK total reserves were £17.4 million, of which £0.5 million were restricted under trust law to specific use (see below).

In line with the Charity Commission definition, our general reserves stood at £16.7 million which equates to our unrestricted funds excluding fixed assets and our pension deficit. As shown in note 25 to the financial statements, Diabetes UK has £12.3 million research grant commitments which are not deducted from our reserves level.

In 2018 the trustees agreed a liquidity measure for the minimum tolerable level of reserves of £12 million unrestricted cash and investments, which remained in place at the end of 2019 but is now under review in light of the coronavirus pandemic. Looking ahead, our new strategy **A Generation to End the Harm** and accompanying refreshed financial approach will help to us to navigate the impact of the pandemic while maintaining a focus on strategic outcomes. In terms of 2019, in line with our previous financial strategy, we successfully increased our expenditure but also exceeded target on areas of income so that we achieved a smaller operating deficit than planned. Our investments performed well so we finished the year with an overall surplus. Our over-performance on income and investment gains has put us in a better position than anticipated given that we are now likely to need to use some of our reserves to weather the coronavirus crisis. In view of this pandemic, work is ongoing to reassess our financial outlook and operational plans, to ensure the financial sustainability of the charity, while continuing to support people living with diabetes.

Our approach to investments

We manage our reserves as a combination of cash and investments. Cash reserves can be accessed quickly if we need them, while investments should grow our reserves over the long term. Reserves that we don't expect to draw down for a number of years, are held in securities as part of an investment portfolio. We review the amount of reserves held in our portfolio annually as part of our budget process. Our Finance Committee reviews the underlying principles of our investments at least annually.

Our investment portfolio is managed on our behalf by Smith and Williamson. We ask them to choose a portfolio to give us the best financial return within an acceptable level of risk. They provide us with regular updates and we assess their performance throughout the year. In 2019, the portfolio made an unrealised gain of 10.59%. We consider this to be excellent performance against our long-term target return of Consumer Price Index (CPI) plus 3% (measured on a total return basis net of all fees). However, given the impact of coronavirus on the global stock market our portfolio has lost value since the year end date, as explained in note 33 to the financial statements.

We manage a proportion of our reserves as cash so we can meet any unanticipated cash flow requirements.

We only hold cash with creditworthy financial institutions and deposits are sufficiently diversified to manage risk. We aim to place no more than £5 million in an individual institution, and we do not commit funds for more than 12 months. Placement in any new institutions must be approved by the Finance Committee.

Pensions

Diabetes UK provides employees with the opportunity to participate in a defined contribution pension scheme.

In the past, we also provided a defined benefit scheme. It closed to new entrants and further accruals in August 2004. The scheme remains subject to a formal triennial funding valuation, with the most recently completed as at 31 December 2016. This showed a funding shortfall of £0.3 million, as a result of which a one-off payment of £0.3 million was made in 2017. The next valuation as at 31 December 2019 will be available in 2020. For financial reporting purposes, the actuary carries out a separate annual valuation in accordance with FRS 102: Employee Benefits, in which different funding assumptions are applied. The FRS 102 valuation as at 31 December 2019 showed a deficit of £1.4 million (2018: £1.4 million), and is further explained in note 30 to the financial statements.

Going concern

The Board of Trustees has reviewed Diabetes UK's activities, financial position and risk management policies together with factors likely to affect future development, including the impact of economic uncertainty on voluntary income. The financial impact of coronavirus was central to these assessments. Our trustees have concluded that, with agreed adjustments to our plans, which include incorporating social distancing measures and rescheduling or adapting programmes of work, and with ongoing financial risk management, it is reasonable to expect Diabetes UK to have adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Audit

Crowe U.K. LLP have expressed their willingness to continue in office, and will be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Risks and uncertainties

We are committed to effective risk management and have adopted the Three Lines of Defence Model. We call it Keeping Safe, Legal and Healthy. This is a tried and tested framework, which ensures significant risks associated with our work and services are appropriately managed. This approach was reviewed in 2018 by our auditors, and we implemented their recommendations in 2019, to ensure we are managing risks as effectively as possible.

Risk management also forms an integral part of our planning processes and project methodology, including how we organise our many events. We encourage our employees and volunteers to notice and report risks as a normal part of their work.

The Executive team discusses new risks, and changes to existing risks, on a regular basis, and holds in-depth quarterly reviews of our corporate risk register. Our Audit and Risk Committee, and the Board of Trustees, have overall responsibility for ensuring we have appropriate systems and processes in place to manage risks. They review our most significant risks regularly.

Coronavirus has brought forward key existing risks on our register, notably a potential significant fall in income due to a recession. The pandemic has introduced new risks associated with the impact of the virus on people with diabetes and disruption to some of the ways in which we provide support to people.

Our key risks in 2019, and our mitigations for those risks are:

- **Not making the best strategic choices.** If we do not do the right things at the right times, our ability to improve the lives of those affected by diabetes will be limited. This area could become even more critical for us in 2020 if resources become more constrained as a result of the coronavirus pandemic. Our decision to adopt an outcomes focus for our new 2020 to 2025 strategy will provide regular opportunity to review our plans and ways of working, ensuring we make the best use of our assets to maximise the impact of our work.
- **Not engaging sufficiently with those affected by diabetes.** To be viewed as a reliable advocate, and meet the needs of people with diabetes, we need to engage with their experiences, insights and aspirations. As we plan and develop work under our new strategy, we will focus on how we can better engage, work with and build communities for people with diabetes. We will also focus on how technology can strengthen, broaden and deepen our links to people with diabetes, so that our work continues to reflect their views and challenges. The coronavirus crisis has presented us with an acute need to support and we are responding to this by ramping up and quickly introducing remote working in our helpline, working closely with key partners such as the NHS and further developing our digital service offers.
- **Not working effectively with other agencies.** We cannot create a world where diabetes can do no harm alone. It is vital that we have close links with key organisations, such as the NHS, and are able to react to the financial and capacity pressures it faces, particularly in the wake of the coronavirus pandemic. Building partnerships and working with others to increase our efficacy and impact is a key aspect of our new strategy and will drive our ambitious plans in 2020.
- **Income targets not being met.** Without income growth it will be more difficult to deliver our ambitious new strategy and coronavirus is likely to make that more challenging for the first years of the strategy. We continue to invest in fundraising although the current pandemic will require us to apply additional caution around expected return. A key element of our strategy focuses on how we can engage and mobilise people to increase our income including developing new and innovative ways to generate income.

Assurance reviews of controls and processes within key areas of risk management take place each year. Our auditors also make recommendations for improvement – which we have either implemented, or are in the process of implementing. Our progress in implementation is regularly reviewed by the trustees. The Board of Trustees considers that the systems, processes and controls that we have in place are appropriate for the management of the charity's exposures to the major risks identified, including those related to coronavirus.

Our approach to modern slavery and our supply chain

We are committed to continuously improving our processes to combat slavery and human trafficking in our business and supply chain. We carry out due diligence on our suppliers and have formalised a refreshed procurement approach this year with additional procedures for suppliers considered to be higher risk. This will ensure we only select suppliers who comply with our high standards and policies. Our full statement is available on our website.

How we're organised and governed

The Diabetic Association was co-founded in 1934 by the novelist HG Wells and Dr RD Lawrence who both lived with diabetes. The Diabetic Association's mission statement was "to promote the study, the diffusion of knowledge and the proper treatment of diabetes in this country". We changed our name 20 years later to The British Diabetic Association and this remains our legal name, although since 2000 we have operated as Diabetes UK.

Diabetes UK is a company limited by guarantee, is registered with the Charity Commission in England and Wales and with the Office of the Scottish Regulator in Scotland. We work across all four nations, adapting our services as appropriate to relevant regional and local circumstances and need.

Our Board of Trustees

Our Board of Trustees – which we'll refer to as the Board from now on – has collective responsibility for everything we do and is responsible for:

- our overall strategic direction, including evaluating progress against our strategic plans
- ensuring our financial stability
- acting in the best interests of our organisation
- ensuring that we comply with our governing documents, and any other relevant legislation.

We currently have 12 trustees (the maximum permitted under our Articles of Association is 14) with a broad range of skills, expertise and experience. Some are living with diabetes or caring for someone with diabetes, and some are healthcare professionals. All of our trustees support and work with us on a voluntary basis to ensure that we are doing everything we can to create a world where diabetes can do no harm.

Trustees usually serve an initial term of up to three years and they can be re-appointed for two further terms of up to three years. This means that no trustee may serve for more than a continuous period of nine years. We recruit trustees through a variety of means, including open advertising. We use targeted recruitment searches when necessary, so we can ensure that we have the balance of skills and experience that we need. A sub-committee of the Board – our Governance and Nominations Committee – oversees the recruitment process.

Our trustees have a comprehensive induction programme upon appointment and also meet on a one-to-one basis with the chair of the Board.

Our Board adopted the Charity Governance Code in 2018, and the Governance and Nominations Committee evaluated performance against each of the principles of the Code on behalf of the Board; their comments and recommendations were then discussed by the Board. The Committee considered the Code again in 2019 and whilst the principles and outcomes were, and continue to be, broadly met, we have reviewed the operation of our trading subsidiary – Diabetes UK Services Limited – in the light of published Charity Commission guidance regarding charities with a connection to a non-charity and concluded that the current arrangements with our trading subsidiary are satisfactory.

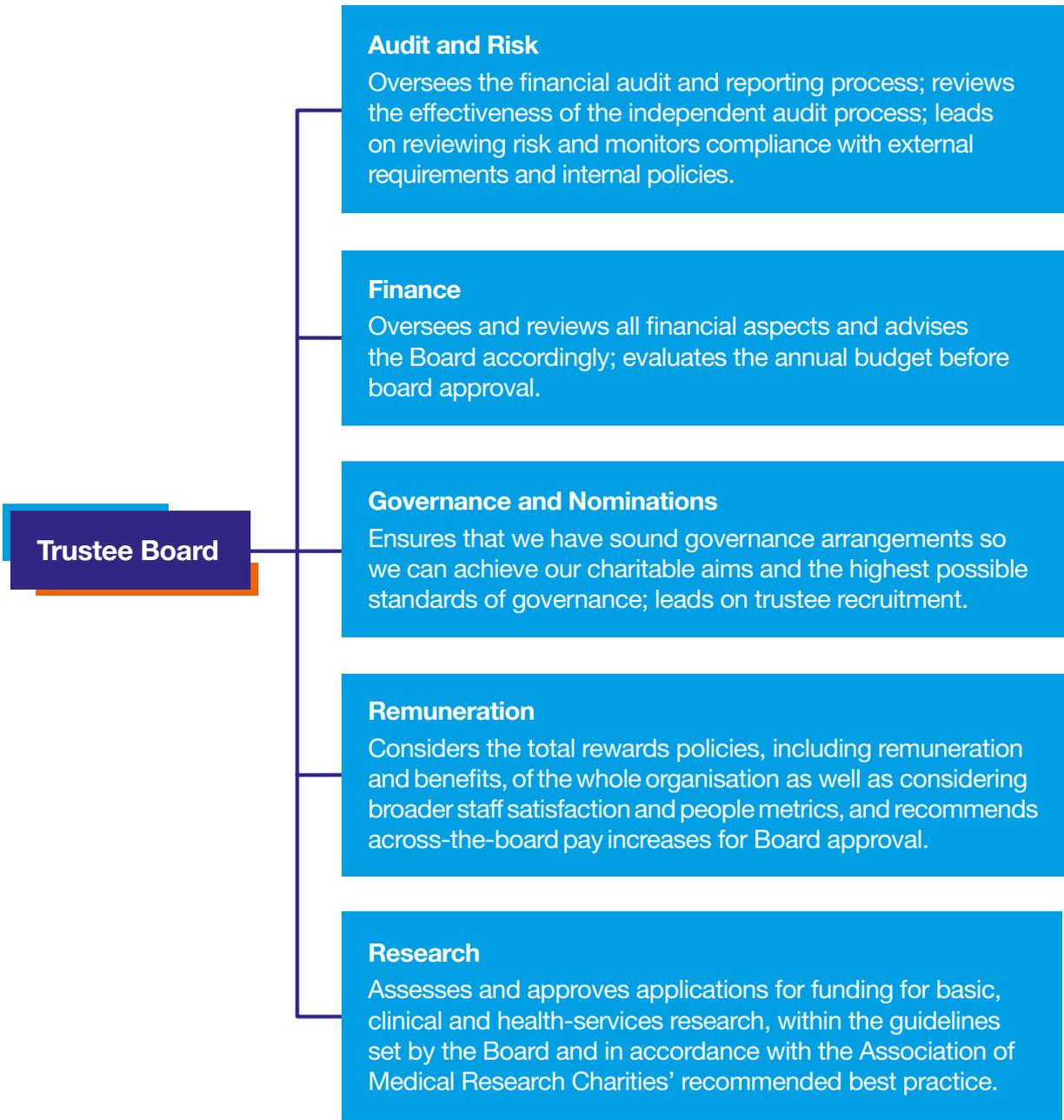
The Board remains committed to revisiting the principles and outcomes of the Charity Governance Code on an annual basis. There is a recognition that some of the detail of the recommended practice in Principle 6 – Diversity, is aspirational. With the input of our Governance and Nominations Committee the Board will be seeking the most effective ways to recruit trustees that will ensure that the Board is as diverse as it can be as opportunities to do so arise.

Board meetings

The Board meets six times a year, including an annual away day, so that the Board and the Executive team (the Chief Executive and senior staff colleagues) together can have a more in-depth review of key strategic issues. At the 2019 away day, the Board and Executive team focused on strategic proposals, an exploration of outcomes, and how we will fund and deliver an ambitious five-year strategy from 2020.

Sub-committees of the Board

The Board delegates some areas of its work to sub-committees. These are:



Membership of our sub-committees is made up of trustees, with most serving on at least one. Exceptions are our Governance and Nominations Committee – there are three non-trustee members including the committee chair as well as trustee members; and our Research Committee, made up of non-trustee members with specialist expert knowledge across our varied areas of research.

Key stakeholders – our advisory groups

We are grateful to our advisory groups, who help us enormously:

- **The Council of People Living with Diabetes** (CPD) informs our work so that we focus on what really matters to people living with diabetes. There are around 25 members, drawn from all four nations. Members include people with direct experience of type 1 and type 2 diabetes as well as carers and parents of children with diabetes.
- **The Council of Healthcare Professionals** (CHP) helps us provide effective support and advice to the wider community of healthcare professionals working in a range of disciplines and settings. There are around 20 members drawn from all four nations.
- **National Advisory Councils** in Scotland, Wales and Northern Ireland. Our national directors have the support of advisory council members with experience and expertise on specific issues. Members include healthcare professionals and those living with or affected by diabetes.
- **The Science and Research Advisory Group** is made up of professional and lay members. They help us review research in our field and make recommendations to the Board on those strategic areas which will have the most impact.

How we organise our work

The Board delegates responsibility for operational management to our Chief Executive, who leads the Executive team. We have seven directorates, each led by an Executive team member.



Subsidiaries and related parties

We have a wholly owned trading subsidiary called Diabetes UK Services Limited. Its principal activities relate to corporate sponsorship, fundraising events, sales of various seasonal goods including Christmas cards, and income from promotional activities. The accounts for the subsidiary are consolidated in the accounts presented on pages 98 to 99.

The company's performance continues to be satisfactory and the taxable profit of £1.3 million (2018: £1.1 million) will be donated to Diabetes UK under Gift Aid.

How our work delivers public benefit

We have a duty to report on the public benefit that we deliver under section four of the Charities Act 2011. Taking the Charity Commission's guidance into consideration, the Board is satisfied that our public benefit requirements have been met.

- We provide a range of direct services and practical support to people affected by diabetes or at risk of diabetes.
- We train and support healthcare professionals from a wide range of disciplines to improve diabetes services in their local areas.
- We continue to commit more of our own funds to research – building our knowledge of diabetes, developing improved treatments and, one day, finding a cure.

How we fundraise

We are almost entirely reliant on donations to fund our work. Without the generosity of the public we would not be able to support people with, at risk of, and affected by diabetes, or make research breakthroughs.

We are open about how we raise our funds. We are registered with the Fundraising Regulator. We continually strive to adhere to the Code of Fundraising Practice and are committed to the Fundraising Promise. We are also a member of the Institute of Fundraising and the Direct Marketing Association. This report covers the requirements charities must follow as set out in the Charities Act 2016.

This year we received donations from more than 160,000 people and we are dedicated to ensuring that our supporters are at the heart of everything we do. Our goal is that all of our supporters have an excellent supporter experience with Diabetes UK and we are dedicating time and resource to make this happen.

Our supporters raise money for us in many different ways, including fundraising in their local communities and through our local groups. Thousands donate sponsorship and pay to take part in events such as the London Marathon and our own activities such as **Swim22** and the **London Bridges Walk**.

People can sign up to make a regular donation, play our lottery, or become a member through a variety of routes. These include fundraising door-to-door or on privately owned sites such as shopping centres. We also ask people to give to us through our regular appeals, our raffles or by leaving a gift in their Will.

We have partnerships with a number of organisations, and see partnership working as a crucial route to achieving our mission. We're also supported by a number of charitable Trusts and Foundations, as well as philanthropic gifts from donors.

Some of our fundraising activity is conducted on our behalf by carefully selected fundraising agencies (also registered with the Fundraising Regulator) who ask people if they would like to take part in our weekly lottery or become members. We work with an agency, Gemini, to carry out door-to-door and private site fundraising as this is a cost-effective way for us to manage this activity. We also work with an agency, Unity 4, to telephone existing supporters, where we have permission, to talk about their donation and, on some occasions, to ask for a further donation.

We work very closely with our agencies to ensure they represent our work and our organisation to the very highest standards. We train and support them to identify and protect people in vulnerable circumstances in accordance with our Vulnerable People Policy. We monitor our agencies regularly, using a range of methods, to ensure that everyone who works on our behalf adheres to our high standards. Monitoring methods include call listening, shadowing and mystery shopping.

Our website outlines our Complaints Process and clearly explains how an individual can complain. Of the 67,000 people contacted on our behalf by our agencies in 2019, 18 complaints were received. We have responded to every complaint. We ensure we resolve, learn and take action from all complaints, to prevent issues happening again. We are also signed up to the Fundraising Preference Service to enable people to let us know that they do not wish to receive fundraising communications from us. We have received 28 requests from this service last year.

A controls framework is in place for effective internal governance of our fundraising. The Board receives regular reports on performance, compliance and plans. Our **Audit and Risk Committee** considers our fundraising compliance in more detail, and the **Finance Committee** looks closely at our financial performance. In addition, we have reviewed in detail and reported on the controls we have in place relating to each area of accountability covered in the Charity Commission's guidance set out in CC20 Charity fundraising: a guide to trustee duties.

Our staff

Diabetes UK is committed to equality of opportunity for all employees. Our employment practices, policies and procedures aim to ensure that no employee or potential employee receives less favourable treatment as a result of protected characteristics.

We are committed to making reasonable adjustments required by any colleague, where it is reasonable and possible to do so. This includes asking job applicants how we can best support them to participate in our recruitment and selection processes. We offer a range of flexible working options and support colleagues who have agreed Access to Work contracts.

Every new colleague attends a two-day induction event where they learn about the charity's work and strategy, meet our Chief Executive, and learn more about diabetes. This is supplemented by a local induction plan of meetings, e-learning and events such as monthly 'knowing diabetes' sessions.

After this initial training, we encourage all colleagues to agree a personal development plan with their managers. Our learning and development offer includes a range of in-house opportunities, as well as opportunities to apply for funding to take part in external courses, conferences and qualifications. Our funding decisions are based on relevance to a colleague's role and the needs they have identified.

At Diabetes UK we have regular meetings with trade union representatives, through our **Joint Consultative Committee**, and our **Colleague Forum**. The Colleague Forum is made up of staff representatives from each of our directorates. These meetings are opportunities to talk with colleague representatives on charity-wide matters and proposed changes and to learn more about topics that are important to them. Our annual staff survey is another opportunity for everyone to feed back on their experience working at Diabetes UK.

Colleagues have regular 1:1 meetings with their managers and we encourage managers to run regular team, department and directorate meetings. These help individuals and teams understand how they contribute to our work and the progress their directorate is making against agreed plans.

Across the charity, staff are kept up-to-date in a variety of ways. The intranet is a hub of organisational news and information, and a summary of key articles is distributed to all staff in a fortnightly e-newsletter. Our directors and assistant directors run quarterly town hall events to report on progress against the annual plan. Throughout the year, teams run additional town hall events to give updates on specific projects.

Our approach to remuneration is designed to ensure we can attract and retain talented and motivated people with the right experience and skills. We aim to pay competitively, within the context of affordability, and benchmark our salaries and benefits against other similar organisations.

We have a simple and transparent job evaluation process, using an externally recognised benchmarking tool, to set our pay bands. We also have a recognition scheme in place and a range of benefits.

Our trustees have overall responsibility for our pay policy including the salaries of our Chief Executive and other Executive team members. Our **Remuneration Committee** – comprising the Chair, Vice-Chair, and Treasurer of the Board – approve any organisation-wide increases, as well as the remuneration for our Executive team.

In 2020 a number of our staff were unable to complete the jobs they are employed to do as a result of the significant impact of the coronavirus pandemic. We therefore are making use of the coronavirus Job Retention Scheme, furloughing a number of our staff following a full review of the impact on our work. We have consulted with staff and followed government guidelines in making these decisions and will continue to monitor the situation as things change.

Our approach to grant making

Our research strategy and objectives are set by the **Science and Research Advisory Group**, with decisions about funding of specific projects delegated to the **Research Committee**.

We invite applications for funding of research projects, early-career small grants, fellowships and studentships by advertising to the research community via email, on relevant websites and through partners. Applicants based at not-for-profit UK-based academic or NHS institutions may submit proposals.

Applications are reviewed by a minimum of three external peer reviewers against criteria such as relevance to diabetes, scientific merit, feasibility and value for money. The reviewers' assessments are then submitted to the Research Committee, or the **Fellowship and Studentship Panels**.

Applicants for fellowships are invited for interview by an expert panel who make the funding decision. At least one member of the Research Committee sits on each fellowship panel. Funding decisions for studentships are decided by an expert panel, including Research Committee members.

Statement of trustees' responsibilities

The trustees (who are also directors of The British Diabetic Association 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. Under that law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has 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 charitable company will continue in business.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose (with reasonable accuracy) at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 55 Contents 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken as trustees 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees of Diabetes UK on 21 May 2020 including in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



Sir Peter Dixon
Chair

Patrons, trustees, officers and professional advisors

Patron

Her Majesty The Queen

Ambassadors

Richard Lane OBE

Professor Sir George Alberti

Mrs Anne Felton

Mr John Grumitt

Dr Michael Hall

Sir Michael Hirst

Professor Simon Howell

Mrs Judith Rich OBE

Board of Trustees and membership of sub committees

Sir Peter Dixon, Chair

Governance and Nominations

Remuneration (Chair)

Julian Baust, Vice-Chair

(retired 2 July 2019)

Finance

Remuneration

Janice Watson, Vice-Chair

(from 3 July 2019)

Finance

Remuneration

Noah Franklin, Treasurer

Audit & Risk

Finance (Chair)

Remuneration

Professor Sir Harry Burns

Rosie Cunningham-Thomas

Professor Wasim Hanif

Governance and Nominations

Gareth Hoskin

Audit and Risk (Chair)

Ian King

Finance

Helen McCallum

Audit & Risk

Governance and Nominations

Bob Swindell

Professor Wendy Thomson CBE

Audit and Risk

Professor Rhys Williams

(retired 12 December 2019)

Governance and Nominations

Dr Bob Young

Our warmest thanks go to Julian Baust and Professor Rhys Williams who retired from the Board this year, and who have both made significant contributions to our work during their tenure.

The Board thanks all the members of the Research Committee for the expert advice they provide and the following non-trustee members of the Governance and Nominations Committee:

Anne Heal (Chair)

Caroline Lor (member)

We also thank the trustees of the British Diabetic Association Pension and Life Assurance Scheme:

Simon Hartley (Chair)

Colette Marshall

Simon O'Neill

Peter Shorrick

Senior management (the Executive team)

Chief Executive

Chris Askew

Director of Engagement and Fundraising

Kath Abrahams

Director of Health Intelligence and Professional Liaison

Simon O'Neill

Director of People and Organisational Development

Adrian Blair

Director of Operations

Colette Marshall

Director of Corporate Services

Graham Galvin*

Director of Policy, Campaigns and Improvement

Bridget Turner

Director of Research

Dr Elizabeth Robertson

**Company secretary*

Bankers and professional advisors

Bankers

Barclays Bank Plc
One Churchill Place
London E14 5HP

Auditor

Crowe UK LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Investment managers

Smith & Williamson Investment
Managers LLP
25 Moorgate
London EC2R 6AY

Legal advisors

Bates Wells & Braithwaite LLP
10 Queen Street Place
London EC4R 1BE

Hickman & Rose Solicitors
Aylesbury House
17–18 Aylesbury Street
Clerkenwell Green
London EC1R 0DB

Wilson's Solicitors LLP
4 Lincoln's Inn Fields
London WC2A 3AA

Withers LLP
20 Old Bailey
London EC4M 7AN

Diabetes UK is the operating name of The British Diabetic Association, a company limited by guarantee, registered in England and Wales (company no: 339181) and a charity registered with the Charity Commission for England & Wales (registered charity no: 215199) and with the Office of the Scottish Charity Regulator (registration no: SC039136).

Diabetes UK offices

Registered office address

Diabetes UK

Wells Lawrence House
126 Back Church Lane
London E1 1FH
0345 123 2399
info@diabetes.org.uk

National and regional offices

Diabetes UK Cymru

Wing A, Global Reach Building
Dunleavy Drive
Cardiff CF11 0SN
029 2066 8276
wales@diabetes.org.uk

Diabetes UK Northern Ireland

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028 9066 6646
n.ireland@diabetes.org.uk

Diabetes UK Scotland

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0141 332 2700
scotland@diabetes.org.uk

Diabetes UK Midlands

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w.midlands@diabetes.org.uk

Diabetes UK South East

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Diabetes UK South West

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south.west@diabetes.org.uk

Diabetes UK Northern & Yorkshire

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01325 488606
northyorks@diabetes.org.uk

Diabetes UK Eastern

8 Atlantic Square
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Witham
Essex CM8 2TL
01376 501390
eastern@diabetes.org.uk

Independent Auditor's Report to the Members and Trustees of The British Diabetic Association

Opinion

We have audited the financial statements of The British Diabetic Association for the year ended 31 December 2019 which comprise Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (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 group 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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 72 to 73, 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 group's or 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 the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

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 to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi

Senior Statutory Auditor

For and on behalf of **Crowe U.K. LLP**

Statutory Auditor, London

Date: 8 June 2020

Financial statements 2019

Consolidated statement of financial activities (incorporating income and expenditure account and statement of total recognised gains and losses) for the year ended 31 December 2019.

	Notes	2019		2018			
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Income from:							
Donations and legacies	3	28,379	2,423	30,802	24,000	3,782	27,782
Other trading activities	4	4,524	–	4,524	4,536	–	4,536
Income from investments	5	395	–	395	262	–	262
Income from charitable activities	6	2,123	997	3,120	1,723	534	2,257
Total income		35,421	3,420	38,841	30,521	4,316	34,837
Expenditure on:							
Expenditure on raising funds	8	10,173	127	10,300	9,205	350	9,555
Expenditure on charitable activities							
Research	9	4,811	2,904	7,715	4,058	3,620	7,678
Managing diabetes	9	6,272	821	7,093	5,171	1,229	6,400
Transforming care	9	7,342	655	7,997	7,011	991	8,002
Prevention	9	1,961	393	2,354	1,646	434	2,080
Understanding and support	9	3,647	330	3,977	4,127	455	4,582
Total expenditure	9	34,206	5,230	39,436	31,218	7,079	38,297
Net gains/(loss) on investments	17	1,350	–	1,350	(712)	–	(712)
Net income/(expenditure) for the year		2,565	(1,810)	755	(1,409)	(2,763)	(4,172)
Transfers between funds	22	162	(162)	–	272	(272)	–
Other recognised gains							
Actuarial gains on defined benefit pension	30	6	–	6	256	–	256
Net movement in funds		2,733	(1,972)	761	(881)	(3,035)	(3,916)
Fund balances at the beginning of the financial year		14,158	2,447	16,605	15,039	5,482	20,521
Fund balances at the end of the financial year	22/23	16,891	475	17,366	14,158	2,447	16,605

There are no unrealised gains or losses which do not appear on the Statement of Financial Activities (SOFA). All the above results are derived from continuing activities. The notes on pages 85 to 107 form part of these accounts.

Balance sheet at 31 December 2019

	Notes	Group		Diabetes UK	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Tangible assets	16	1,576	1,800	1,576	1,800
Investments in subsidiary undertakings	26	-	-	40	40
Other investments	17	21,393	16,745	21,393	16,745
		<u>22,969</u>	<u>18,545</u>	<u>23,009</u>	<u>18,585</u>
Current assets					
Stock		53	61	-	-
Debtors	18	3,699	3,567	4,950	6,313
Cash at bank and in hand		3,683	7,231	2,886	4,235
		<u>7,435</u>	<u>10,859</u>	<u>7,836</u>	<u>10,548</u>
Creditors: amounts falling due within one year	19	(11,377)	(11,201)	(11,818)	(10,930)
Net current assets		<u>(3,942)</u>	<u>(342)</u>	<u>(3,982)</u>	<u>(382)</u>
Net assets before provisions		19,027	18,203	19,027	18,203
Provision: for liabilities and charges	21	(255)	(223)	(255)	(223)
Provision: defined benefit pension scheme liability	30	(1,406)	(1,375)	(1,406)	(1,375)
Net assets		<u>17,366</u>	<u>16,605</u>	<u>17,366</u>	<u>16,605</u>
Funds					
Restricted funds	22/23	475	2,447	475	2,447
Unrestricted funds					
General funds		18,297	15,533	18,297	15,533
Pension reserve deficit	30	(1,406)	(1,375)	(1,406)	(1,375)
Unrestricted funds including pension liability		16,891	14,158	16,891	14,158
Total funds		<u>17,366</u>	<u>16,605</u>	<u>17,366</u>	<u>16,605</u>

The notes on pages 85 to 107 form part of these accounts. The net movement in funds for the financial year dealt with in the financial statements of the parent Company was £761k (2018: – £2,580k).

Approved by the Board of Trustees on 21 May 2020 and signed on their behalf by:



Sir Peter Dixon
Chair



Noah Franklin
Treasurer

Registered company no: 339181

Consolidated statement of cash flows for the year ended 31 December 2019

	2019	2018
	£'000	£'000
Cash flows from operating activities:		
Net cash used in operating activities (note 1 below)	(403)	(2,506)
Cash flows from investing activities:		
Dividends and interest from investments	395	262
Proceeds from the sale of tangible fixed assets	-	20
Purchase of tangible fixed assets	(242)	(81)
Proceeds from the sale of investments	2,579	10,810
Purchase of investments	(3,170)	(10,830)
Purchase of cash deposits	(2,707)	2,089
Net cash provided by investing activities	(3,145)	2,270
Change in cash and cash equivalents in the reporting period	(3,548)	(236)
Cash and cash equivalents at 1 January	7,231	7,467
Cash and cash equivalents at 31 December	3,683	7,231

Note 1 to the consolidated statement of cash flows	2019	2018
	£'000	£'000
Reconciliation of changes in resources to net cash (outflow) from operating activities		
Net income/(expenditure) for the year per the SOFA	755	(4,172)
Adjustments for:		
Depreciation charges	454	452
(Gain)/loss on investments	(1,350)	712
Dividends and interest from investments	(395)	(262)
Loss/(gain) on the sale of fixed assets	12	(18)
Decrease in stock	8	89
(Increase)/decrease in debtors	(132)	2,066
Increase/(decrease) in creditors	176	(1,395)
Increase in provisions	32	16
Difference between payments to defined benefit pension scheme and amount charged to expenditure	37	38
Net cash used in operating activities	(403)	(2,506)

The charity has taken advantage of the exemptions in FRS 102 from the requirement to present a charity only cash flow statement.

1. Charity information

The charity is a private company (registered number 339181), which is incorporated and domiciled in the UK. The address of the registered office is Wells Lawrence House, 126 Back Church Lane, London E1 1FH.

2. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and UK Generally Accepted Practice as it applies from 1 January 2015. The charity has taken advantage of exemption 408 of the Companies Act and as such a separate parent income statement has not been prepared.

Diabetes UK meets the definition of a public benefit entity under FRS 102.

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

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its local groups ("Diabetes UK") together with its subsidiary, Diabetes UK Services Limited ("the Group"). A summarised profit and loss account and balance sheet for the subsidiary is given in note 26. The results of the subsidiary have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of local groups where returns have been received prior to the preparation of the consolidated financial statements.

Going concern

As detailed in the financial commentary in the Trustees' Annual Report the trustees, having reviewed the charity's activities and financial position, consider the going concern basis of accounting to be appropriate. This judgement was made in light of a reforecast centred on the a number of scenarios around the financial impact of coronavirus revising our plans and putting a contingency framework in place to manage potential future uncertainty on the longer term financial impacts of the pandemic.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the charity's accounting policies the trustees are required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are pensions liabilities where the charity recognises its liability to its defined benefit scheme which involves a number of estimates as disclosed in note 30, and legacies which are recognised when evidence of entitlement exists and the charity is able to measure reliably. Recognition is therefore sometimes in advance of receiving the cash.

We have considered the impact of coronavirus on our financial estimates the results of which are disclosed in note 33.

Income

All income is accounted for when the charity has entitlement, there is probability of receipt and the amount is measurable.

Legacies

Income from legacies is recognised where evidence of entitlement exists, the value is measurable with sufficient reliability, and on the earlier of the date of receipt of finalised estate accounts, the date of payment or where there is sufficient evidence that the legacy will probably be received. In addition, full provision is made for any clawback of legacy payments when notification of such clawbacks is received.

Donations

Where donations have been collected by a third party, these are recognised when the value is measurable with sufficient reliability through the third party systems.

Membership subscriptions

In general, subscriptions, including life membership subscriptions are credited to income on receipt, as these are considered to be in the nature of donations.

Donated goods, services and facilities

These are included at the value to the charity where this can be quantified. In accordance with the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers.

Where possible, gifts in kind are valued at their market value on the date of receipt. If no market value is available, gifts in kind are valued at their estimated value to the charity.

Grants receivable

Grants receivable are credited to income as these become receivable, except in situations where they are related to performance, in which case these are accrued as the charity earns the right through performance.

Expenditure

All expenditure is accounted for on an accruals basis and includes irrecoverable VAT where applicable.

Costs of raising funds

Costs of raising funds comprise the costs incurred in fundraising, commercial trading activities and investment management.

Fundraising costs include salaries, direct costs and an appropriate allocation of central overhead costs.

Charitable activities

Expenditure is allocated to the relevant charitable activities on a basis consistent with resource use against the strategic plan and includes salaries, direct costs and an appropriate allocation of central overhead costs.

Research grants

Diabetes UK contracts with a range of institutions to fund specific research projects. Payment is conditional on the performance of key tasks and where such tasks remain incomplete, payment is withheld. Diabetes UK operates an annual review process whereby grants are reviewed to ensure progress is being made and the research programme complies with expectations before continuing payment is confirmed. As a result of this the first year of each research grant is recognised upfront, except where the grant is for one year only, when the final payment for that first year is not recognised until the final report is received.

Support and Governance costs reallocation

Support costs consist of central team costs including governance, information technology, human resources, finance and office management functions.

Governance costs are made up of the staff costs for the governance team, Board of Trustee costs, and audit fees.

Support and Governance costs are allocated to activities based on the number of staff involved in each activity.

Retirement benefits

For the defined benefit scheme the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. Current service costs, interest costs and expected return on assets are included within charitable expenditure, allocated on a headcount basis by department.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the SOFA under the heading of actuarial gains and losses on defined benefit pension scheme.

For defined contribution schemes the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the contributions payable in the year, allocated between activities and to unrestricted and restricted funds on the same basis as other employee-related costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Diabetes UK has charitable status and is thus exempt from taxation of its income and gains falling within Section 478 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No material tax charges have arisen in its subsidiaries and no provision is required for deferred taxation.

Assets and Liabilities

Tangible fixed assets

All expenditure on fixed assets in excess of £2,000 is capitalised.

The charge for depreciation is calculated to write off fixed assets by equal instalments over their expected useful lives. These are estimated to be:

Leasehold improvements: 10 years

Office equipment, fittings and furniture: 7 to 10 years

Computer hardware: 3 to 5 years

Computer software: 3 to 8 years

Motor vehicles: 5 years

Where any assets are impaired in value, provisions are made to reduce the book value of such assets to the recoverable amount.

Investments

The investments in the subsidiary undertakings are stated at cost less impairment; all other investments are stated at market value.

The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investment cash is held for investment purposes only. We had planned to draw down our investments steadily over future financial years. However, due to the potential financial impact of the coronavirus pandemic it is possible that quicker drawdown may be necessary as we access reserves to fund ongoing activities.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stock is reviewed at year end to identify any impairment with reference to sales activity and other changes in the environment. The cost of publications held for charitable purposes is expensed as incurred.

Operating leases

Rental payments under operating leases are charged against income on a straight line basis over the term of the lease.

Pension liability

The charity recognises its liability to its defined benefit pension scheme, to the extent that the charity has a legal or constructive obligation to settle the liability, which involves a number of estimations as disclosed in note 30.

Provision is made in full for the estimated cost of unfunded pensions payable to a small number of retired former employees. The provision is re-estimated each year, based on the pensions in payment, estimated future increments and changes in the pensioners' circumstances.

Funds

The funds of Diabetes UK consist of unrestricted and restricted amounts. Diabetes UK may use unrestricted amounts at its discretion.

Restricted funds represent income contributions which are restricted to a particular purpose in accordance with the wishes of the donor.

Financial instruments

The charity 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 amortised cost using the effective interest method.

Financial assets held at amortised cost comprise cash at bank and in hand, together with trade debtors, other debtors and accrued income.

Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

Investments, including bonds held as part of an investment portfolio are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

3. Donations and legacies

	2019	2018
	Total	Total
Incoming resources	£'000	£'000
Legacies	15,337	13,401
Donations	15,465	14,381
Total	30,802	27,782

4. Other trading activities

	2019	2018
	Total	Total
Incoming resources	£'000	£'000
Lotteries	1,779	1,804
Advertising	218	196
Corporate sponsorship	1,860	1,746
Merchandising	621	647
Commercial research	4	101
Service charges	42	42
Total	4,524	4,536

5. Income from investments

	2019	2018
	Total	Total
	£'000	£'000
Dividends from listed securities	320	192
Interest on cash at bank	75	70
Total	395	262

6. Income from charitable activities

	2019	2018
	Total	Total
	£'000	£'000
Conferences	533	462
Service delivery	1,807	1,084
Care holidays	18	–
Professional membership	165	174
Publications	462	402
Rental	135	135
Total	3,120	2,257
Research	546	204
Managing diabetes	313	165
Transforming care	1,770	1,658
Prevention	398	129
Understanding and support	93	101
Total	3,120	2,257

7. Government grants

	2019	2018
	Total	Total
	£'000	£'000
Significant government grants used to fund diabetes projects and recognised in the accounts are:		
Scottish Government	–	14
Short Breaks Fund (with funding from Scottish Government)	19	–
National Lottery Community Fund Scotland	–	31
National Lottery Community Fund Northern Ireland	43	–
National Lottery Community Fund England	10	–
Health & Social Care Board – Northern Ireland	–	4
Sport England	68	60
	140	109

These amounts are included within note 6 above.

8. Expenditure on raising funds

	2019	2018
	Total	Total
	£'000	£'000
Voluntary income		
Legacies	377	371
Donations	7,067	6,071
	7,444	6,442
Fundraising trading		
Lotteries	1,035	889
Advertising	161	153
Corporate sponsorship	980	1,082
Merchandising	605	925
	2,781	3,049
Investment management costs	75	64
Total	10,300	9,555

9. Analysis of total expenditure

	Activities undertaken directly	Activities undertaken by grant funding	Support and governance costs	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	9,159	-	1,141	10,300	9,555
Expenditure on charitable activities					
Research	931	6,628	156	7,715	7,678
Managing diabetes	5,900	-	1,193	7,093	6,400
Transforming care	6,493	-	1,504	7,997	8,002
Prevention	1,887	-	467	2,354	2,080
Understanding and support	3,251	-	726	3,977	4,582
	27,621	6,628	5,187	39,436	38,297

10. Support costs allocations

	Governance £'000	Facilities £'000	Finance £'000	Human resources £'000	IT £'000	2019 Total £'000	2018 Total £'000
Expenditure on raising funds	36	253	174	312	366	1,141	1,075
Expenditure on charitable activities							
Research	5	35	24	42	50	156	147
Managing diabetes	38	265	182	325	383	1,193	1,172
Transforming care	48	334	229	410	483	1,504	1,417
Prevention	15	104	71	127	150	467	391
Understanding and support	23	161	111	199	232	726	684
Total	165	1,152	791	1,415	1,664	5,187	4,886

11. Governance costs

	2019 £'000	2018 £'000
Trustee costs	8	10
Advisory council expenses	11	7
Governance and stakeholder support costs	99	121
External audit	47	51
Total	165	189

12. Grant funding

	2019
	£'000
The institutions receiving grant funding in the year in excess of £100,000 were:	
Imperial College	747
University of Exeter	517
King's College London	445
University of Edinburgh	386
Cardiff University	385
University of Birmingham	329
University of Oxford	325
University of Cambridge	318
University of Dundee	308
University College London	308
University of Leeds	296
University of Bristol	289
University of Glasgow	227
University of York	185
Academy of Medical Sciences	178
University of Newcastle	161
Imperial College London	136
University of Surrey	125
Brunel University	102
	<hr/>
	5,767
Grants to other institutions	896
Write back of grant creditor to reflect underspends	(35)
	<hr/>
Total Grants to Institutions	6,628
Direct administration costs	931
Support costs	156
	<hr/>
Total	7,715
	<hr/>

	2019	2018
	£'000	£'000
Analysis of grant by area of research:		
Prevention	952	880
Care	4,574	5,195
Cure	1,102	617
Direct administration costs	931	839
Support costs	156	147
	<hr/>	<hr/>
Total	7,715	7,678
	<hr/>	<hr/>

	2019	2018
	£'000	£'000
Grants reconciliation		
Creditor at the beginning of the year	7,832	8,312
Grants awarded in the year	2,584	2,286
Liabilities arising on existing grants	4,079	4,442
Write back of grant to reflect underspends	(35)	(36)
Payments in the year	(6,328)	(7,172)
Creditor at the end of the year	<u>8,132</u>	<u>7,832</u>

13. Net incoming resources for the year is stated after charging

	2019	2018
	£'000	£'000
Depreciation (see note 16)	454	452
Auditors remuneration		
external audit: group statutory audit	43	42
external audit: other	4	9
tax advice	7	10
additional assurance	10	15
project management		–
Non-recoverable VAT	1,180	706
Operating leases		
property	1,247	1,210
other	8	11

14. Transactions with trustees

Trustees have not been remunerated for their work as trustees during the year (2018: £NIL). However, Dr Bob Young worked as an independent contractor as a National Diabetes Audit Clinical Lead for which he received payment of £24,096 (2018: £22,625). This was paid under the statutory power to pay trustees as set out at s185 of the Charities Act 2011. The payment satisfied the conditions under the Act and was also in line with Charity Commission Guidance “Trustee Expenses and Payments” (CC11).

A total of seven trustees (2018: seven) have been reimbursed directly for expenses or had such expenses met by payments made to third parties at a total cost of £4,459 (2018: £6,054). All amounts were for reimbursement of travel and subsistence costs in relation to attendance at Board of Trustees and advisory council duties.

15. Staff costs

	2019	2018
	£'000	£'000
Salaries	14,078	13,409
Social security costs	1,425	1,359
Other pension costs	755	728
Redundancy and termination payments	22	27
Total	16,280	15,523

Redundancy and termination payments include £18,500 (2018: £16,000) of ex-gratia payments which were agreed as part of severance packages to two (2018: five) individuals. As at the year end, there were no unpaid redundancy and termination payments (2018: £4,000).

Average headcount	2019	2018
	number	number
Fundraising	79	75
Charitable activity	273	263
Support	48	46
Governance	2	2
Total	402	386

Pension costs

Pension costs comprise £755,409 (2018: £727,836) in respect of defined contribution pension schemes and £NIL (2018: £NIL) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:	2019	2018
	number	number
£60,001 – £70,000	13	12
£70,001 – £80,000	2	2
£80,001 – £90,000	–	1
£90,001 – £100,000	4	4
£100,001 – £110,000	–	–
£110,001 – £120,000	1	1
£130,001 – £140,000	1	1

The key management personnel of the charity comprise the trustees (unremunerated for their role as trustees, see note 14), the Chief Executive, and the Executive team. The total employee benefits of the key management personnel of the charity were £940,047 (2018: £952,487).

16. Tangible fixed assets

Group and Diabetes UK	Leasehold improvements £'000	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Total £'000
Cost				
At 1 January 2019	1,067	368	1,641	3,076
Additions	39	–	203	242
Disposals	–	(31)	(355)	(386)
At 31 December 2019	1,106	337	1,489	2,932
Depreciation				
At 1 January 2019	(240)	(124)	(912)	(1,276)
Charge for the year	(109)	(35)	(310)	(454)
Disposals	–	30	344	374
At 31 December 2019	(349)	(129)	(878)	(1,356)
Net book value				
At 31 December 2019	757	208	611	1,576
At 31 December 2018	827	244	729	1,800

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2018: £NIL).

17. Investments

Group and Diabetes UK	2019	2018
	£'000	£'000
Market value at 1 January	16,745	19,526
Acquisitions at cost	3,170	10,830
Disposal proceeds	(2,579)	(10,810)
Gain/(loss) on investments	1,350	(712)
Net movement in cash and short term deposits	2,707	(2,089)
Market value at 31 December	21,393	16,745
Represented by:		
Listed securities	10,415	6,905
Property funds	610	914
Bonds	1,892	3,157
Cash on deposits	8,476	5,769
	21,393	16,745
Historical Cost of investments at 31 December	20,360	16,895

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market price, using the bid price.

There were no Investments which comprised more than 5% of the total market value of non-cash investments at 31 December 2019.

18. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	384	495	95	195
Donation due from subsidiary undertaking	–	–	1,266	1,138
Other amounts due from subsidiary undertakings	–	–	357	1,988
Other debtors	282	234	282	234
Prepayments	997	732	988	732
Accrued income	2,036	2,106	1,962	2,026
	<u>3,699</u>	<u>3,567</u>	<u>4,950</u>	<u>6,313</u>

19. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	994	838	918	800
Amounts due to subsidiary undertakings	–	–	636	–
Taxation and social security	378	372	378	372
Other creditors	–	4	–	4
Accruals	1,511	1,562	1,454	1,539
Deferred income	362	593	300	383
Research grants creditor	8,132	7,832	8,132	7,832
	<u>11,377</u>	<u>11,201</u>	<u>11,818</u>	<u>10,930</u>

20. Deferred income

	Group		Diabetes UK	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Balance as at 1 January	593	411	383	284
Income deferred in the current year	217	470	163	260
Release from prior year	(448)	(288)	(246)	(161)
Balance as at 31 December	<u>362</u>	<u>593</u>	<u>300</u>	<u>383</u>

Income received in advance to fund activities due to take place in 2020 has been deferred where this is consistent with the terms of the funding agreement.

21. Provisions for liabilities and charges

	Pensioner costs £'000	Dilapidation provision £'000	Total 2019 £'000	Total 2018 £'000
Balance brought forward at 1 January	38	185	223	239
New provision	–	33	33	–
Increase to provision	7	46	53	18
Payments made	(9)	(45)	(54)	(9)
Release of provision	–	–	–	(25)
Balance carried forward at 31 December	36	219	255	223

The pensioner cost provision is for future pensioner salaries that are estimated to be paid until 2023. The dilapidation provision provides for the expected cost of returning our rented offices to the condition in which Diabetes UK occupied the properties. This expenditure is a condition of the lease agreements and provisions are expected to be utilised at the end of the lease agreements which range from 2020 to 2027.

22. Funds

Group – current year

	At 1 January 2019 £'000	Incoming funds £'000	Outgoing funds £'000	Gains	Transfers	At 31 December 2019 £'000
General funds	15,533	31,017	(31,388)	1,350	1,785	18,297
Diabetes UK Services Limited	–	4,404	(2,781)	–	(1,623)	–
Pension reserve (see note 30)	(1,375)	–	(37)	6	–	(1,406)
Total unrestricted funds	14,158	35,421	(34,206)	1,356	162	16,891
Restricted funds						
Research funds	147	2,343	(2,077)	–	(134)	279
Care and information funds	94	232	(288)	–	(38)	–
Geographical funds	140	495	(532)	–	–	103
Children funds	19	59	(78)	–	–	–
Charity partnership	2,006	24	(2,030)	–	–	–
Prevention	41	267	(225)	–	10	93
Total restricted funds	2,447	3,420	(5,230)	–	(162)	475
Total of unrestricted and restricted funds	16,605	38,841	(39,436)	1,356	–	17,366

The research funds represent funds received and used to meet the direct costs of maintaining the research programme, this year it includes £76k from The Albert Gubay Charitable Foundation to fund the development of diabetes immunotherapy drugs. The care and information funds are restricted to meeting the costs of providing care and information. The geographical funds are restricted to use in specified areas of the UK. The charity partnership funds are funds raised through our previous partnerships with Tesco which were fully spent during the year on agreed programmes. Our new partnership with Tesco generates unrestricted funds. The children funds are restricted funds to be used to meet additional cost of holidays, parent/child weekends and other youth activities.

The transfers from restricted to unrestricted represent expenditure on restricted fund projects which in the prior year were funded by general funds.

Group – Prior year comparative

	At 1 January 2018 £'000	Incoming funds £'000	Outgoing funds £'000	Gains/ (losses)	Transfers	At 31 December 2018 £'000
General funds	15,296	26,092	(28,132)	(712)	2,989	15,533
Diabetes UK Services Limited	1,336	4,429	(3,048)	–	(2,717)	–
Pension reserve (see note 30)	(1,593)	–	(38)	256	–	(1,375)
Total unrestricted funds	15,039	30,521	(31,218)	(456)	272	14,158
Restricted funds						
Diabetes foundation	115	–	(115)	–	–	–
Research funds	120	2,763	(2,467)	–	(269)	147
Care and information funds	43	279	(228)	–	–	94
Geographical funds	500	605	(962)	–	(3)	140
Children funds	1	18	–	–	–	19
Charity partnership	4,692	591	(3,277)	–	–	2,006
Prevention	–	60	(19)	–	–	41
Warren memorial fund	11	–	(11)	–	–	–
Total restricted funds	5,482	4,316	(7,079)	–	(272)	2,447
Total of unrestricted and restricted funds	20,521	34,837	(38,297)	(456)	–	16,605

23. Total funds

Total funds are invested as follows:

Current year

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,576	–	1,576
Fixed asset investments	21,393	–	21,393
Net current liabilities	(4,417)	475	(3,847)
Provisions	(1,661)	–	(1,756)
Total net assets	16,891	475	17,366

Diabetes UK

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,576	–	1,576
Investments in subsidiary undertakings	40	–	40
Fixed asset investments	21,393	–	21,393
Net current liabilities	(4,475)	475	(4,000)
Provisions	(1,643)	–	(1,643)
Total net assets	16,891	475	17,366

Prior year comparative

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,800	–	1,800
Fixed asset investments	16,745	–	16,745
Net current assets	(2,789)	2,447	(342)
Provisions	(1,598)	–	(1,598)
Total net assets	14,158	2,447	16,605

Diabetes UK

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,800	–	1,800
Investments in subsidiary undertakings	40	–	40
Fixed asset investments	16,745	–	16,745
Net current liabilities	(2,829)	2,447	(382)
Provisions	(1,598)	–	(1,598)
Total net assets	14,158	2,447	16,605

24. Operating leases – commitments and contracted income

	Other		Property	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Total lease commitments due under non-cancellable operating leases:				
within one year	8	8	1,330	1,337
between two and three years	4	13	2,403	2,442
between four and five years	–	–	1,798	2,017
after five years	–	–	1,012	1,832
	12	21	6,543	7,628

	Property	
	2019	2018
	£'000	£'000
Total lease income due under non-cancellable operating leases:		
within one year	158	158
between two and three years	316	316
between four and five years	26	184
after five years	–	–
	500	658

The lease income relates to the rental, to a third party, of office space at our central office.

25. Commitments to spend – research grants

At 31 December 2019 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £12,309,000 (2018: £11,742,000).

These contracts are subject to an annual review process at which future funding is determined. Diabetes UK recognises grant expenditure on an annual basis as explained in note 1.

	2019	2018
	£'000	£'000
within one year	5,594	4,738
between two and three years	5,971	6,282
between four and five years	744	722
	12,309	11,742

26. Subsidiary undertakings

Diabetes UK has two wholly owned subsidiaries, BDA Research Limited and Diabetes UK Services Limited which are incorporated in the UK and registered in England with registered office 126 Back Church Lane E1 1FH. Their company registration numbers are 3339062 and 891004 respectively. The financial statements of Diabetes UK Services are audited and filed at Companies House. BDA Research Limited did not carry out any business activity in the year.

(a) Investment in subsidiary

	2019	2018
	£'000	£'000
Investment in subsidiary undertakings	40	40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company. BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2019 (2018: £2). Diabetes UK's investment in Diabetes UK Services Limited is 40,003 ordinary shares of £1 each, being the whole of the issued share capital of that company. Diabetes UK Services Limited has net assets and called up share capital of £40,003 as at 31 December 2019 (2018: £40,003).

(b) Summary of results of consolidated entities

	Diabetes UK	Diabetes UK	Intercompany	Total
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Income				
Donations and legacies	32,068	–	(1,266)	30,802
Other trading activities	480	4,401	(357)	4,524
Income from investments	392	3	–	395
Income from charitable activities	3,120	–	–	3,120
	36,060	4,404	(1,623)	38,841
Expenditure				
Expenditure on raising funds	(7,519)	(2,781)	–	(10,300)
Expenditure on charitable activities	(29,136)	–	–	(29,136)
Donation to Diabetes UK	–	(1,266)	1,266	–
Service charge	–	(357)	357	–
	(36,655)	(4,404)	1,623	(39,436)
Net loss on investments	1,350	–	–	1,350
Actuarial gains on defined benefit pension	6	–	–	6
Net movement in funds	761	–	–	761

(c) Financial position of consolidated entities

	Diabetes UK	Diabetes UK	Intercompany	Total
	2019	Services Limited	Balances	2019
	£'000	£'000	£'000	£'000
Fixed assets	23,009	–	(40)	22,969
Current assets	7,836	1,858	(2,259)	7,435
Creditors due within one year	(11,818)	(1,818)	2,259	(11,377)
Provisions	(1,661)	–	–	(1,661)
Net assets	17,366	40	(40)	17,366

27. Result for the year under the historical cost accounting convention

	2019	2018
	£'000	£'000
Net (expenditure)/income	(595)	(3,460)
Gain on sale of investments calculated under the historical cost accounting convention	150	1,146
(Deficit)/surplus under the historical cost accounting convention	(445)	(2,314)

28. Members

The legal members of the company are the trustees as explained in the annual report. The liability of the members is limited to £1 per member.

29. Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £14.0 million (2018: approximately £8.4 million).

30. Pensions

Defined contribution scheme

The charity contributes towards a defined contribution scheme. The cost of this scheme is charged to the SOFA and amounted to £755,409. (2018: £727,826). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accruals on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 83 current and former employees with entitlements to preserved benefits. Pensions in payment are currently secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before accrual ceased and the length of service in the scheme.

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the trustees is determined by the scheme's trust documentation.

A full actuarial valuation was carried out as at 31 December 2016 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the charity and the trustees in line with those requirements. These in particular require the funding position to be calculated using prudent, as opposed to best estimate, actuarial assumptions.

This valuation revealed a funding shortfall of £276,000. In respect of this shortfall in the Scheme as at 31 December 2016, the Charity agreed to pay a one-off contributions of £284,500.

The results of the 31 December 2019 full actuarial valuation are expected to be available in summer 2020.

The results of the most recent formal actuarial valuation as at 31 December 2016 have been updated to 31 December 2019 by a qualified independent actuary.

Present value of scheme liabilities, fair value of assets and deficit

	2019	2018
	£'000	£'000
Fair value of scheme assets	13,685	12,114
Present value of scheme liabilities	(15,091)	(13,489)
Deficit in scheme	(1,406)	(1,375)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme, using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above. The main factor contributing to the slight increase in the deficit is the lower discount rate due to falls in corporate bond yields, although this was broadly offset by the actual investment return achieved on the assets being higher than required to match the expected increase in the defined benefit obligation over the year.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2019	2018
	£'000	£'000
Scheme liabilities at 1 January	13,489	14,071
Interest cost	361	335
Actuarial losses/(gains)	1,468	(726)
Benefits paid	(227)	(191)
Scheme liabilities at 31 December	<u>15,091</u>	<u>13,489</u>

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2019	2018
	£'000	£'000
Fair value of scheme assets at 1 January	12,114	12,478
Interest income	324	297
Return/(loss) on scheme assets, excluding interest income	1,474	(470)
Benefits paid	(227)	(191)
Fair value of scheme assets at 31 December	<u>13,685</u>	<u>12,114</u>

The actual loss on the scheme assets over the period ended 31 December 2019 was £1,798,000 (2018: loss £173,000).

Total expense recognised in SOFA

	2019	2018
	£'000	£'000
Interest cost	361	335
Interest income	(324)	(297)
Total expense recognised in SOFA	<u>37</u>	<u>38</u>

Other comprehensive income

	2019	2018
	£'000	£'000
Actuarial (loss)/gain on defined benefit obligation	(1,468)	726
Actual return on assets less interest income	1,474	(470)
Total gain recognised in other comprehensive income	<u>6</u>	<u>256</u>

Assets

	2019	2018
	£'000	£'000
Equities	2,455	1,947
Diversified growth funds	3,667	2,663
Liability driven investment	1,321	1,414
With profits policy	2,612	2,498
Annuities	3,381	3,306
Cash	249	286
Total Assets	13,685	12,114

None of the fair values of the assets shown above include any of the charity's own financial instruments, any property occupied by the company or any other assets used by the company.

It is the policy of the trustees and the charity to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

Assumptions

	2019	2018
	% per annum	% per annum
Inflation (RPI)	3.20	3.40
Rate of discount	1.90	2.70
Allowance for pension in payment increases at the lower of RPI or 5%	3.10	3.30
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.20	2.40
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum

The mortality assumptions adopted at 31 December 2019 are based on the 102% S3PMA and 110% S3PFA CMI Model 2018 [1.25%].

These imply the following life expectancies:

	2019	2018
Male retiring at aged 62 in 2018	24.4	24.7
Female retiring at aged 62 in 2018	26.3	26.7
Male retiring at aged 62 in 2037	25.9	26.2
Female retiring at aged 62 in 2037	27.8	28.3

31. Related party transactions

There have been no related party transactions that require disclosure other than transactions with the subsidiary company, Diabetes UK Services Limited. These are detailed below:

During the year the 2018 gift aid of £1,138k (2018: £1,336k) was remitted from the subsidiary to the charity, and at 31 December the subsidiary had a balance of £1,623k (2018: £3,126k) owing. This consists of the 2019 gift aid payment (£1,266k) and 2019 service charge (£357k). Diabetes UK also owed the subsidiary £636k, which is the balance on the general processing account (-£1,746k).

32. Financial instruments

Financial assets measured at fair value through income and expenditure

	2019 £'000	2018 £'000
Non cash investments	12,917	10,976

Financial assets measured at amortised cost

Cash	3,683	7,231
Cash investments	8,476	5,769
Trade debtors	384	495
Other debtors	282	234
Accrued income	2,036	2,106
	<u>14,861</u>	<u>15,835</u>

Financial liabilities measured at amortised cost

Trade creditors	994	838
Other creditors	–	4
Accruals	1,511	1,562
Research grant creditors	8,132	7,832
	<u>10,637</u>	<u>10,236</u>

The charity has taken advantage of the exemptions in FRS 102 from the requirement to present certain disclosures about the charity's financial instruments.

33. Non-adjusting post-balance sheet event

In March 2020, the World Health Organisation declared coronavirus pandemic. The government restrictions imposed to control the spread of coronavirus have impacted on the work of the charity and materially affected our asset values. The estimated impact is a reduction in the value of investments, a £1 million reduction as at 30 April, prepayments of £335k from which we do not expect to receive benefit, and deferred income of £84k which may not be realised. The last two items are consequences of cancelling our professional conference. In addition, the damage to financial markets means that the value of legacies disclosed in note 29 and expected to be received in 2020 may be significantly lower than the year end valuation, and also that the results of the pension actuarial valuation may be less favourable than anticipated.

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