

DiABETES UK
CARE. CONNECT. CAMPAIGN.

ANNUAL REPORT AND

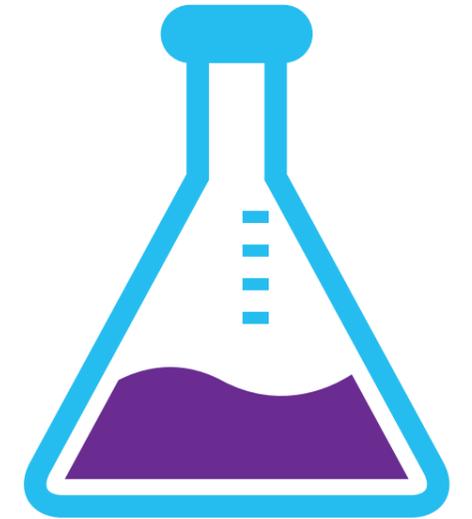
FINANCIAL STATEMENTS 2013

OUR YEAR IN NUMBERS

180,000 PEOPLE
TOOK OUR TYPE 2 DIABETES
RISK ASSESSMENT



WE INVESTED
£6,500,000
IN DIABETES RESEARCH

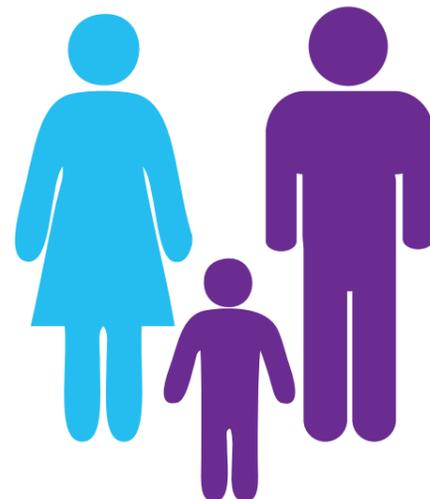


OUR CAMPAIGN
IN 2013 LED TO A
9% INCREASE
IN FOOT CHECKS

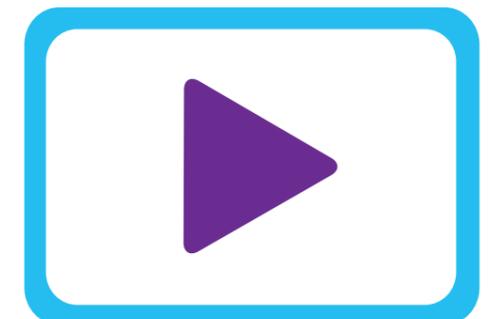


4,800,000 PEOPLE
VISITED OUR WEBSITE
FOR SUPPORT
AND INFORMATION

WE RAISED
£38,800,000
TO CHANGE LIVES OF
PEOPLE WITH DIABETES



OUR SUPPORT
AND INFORMATION
VIDEOS REACHED
1,000,000 PEOPLE



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FOREWORD

Diabetes is the health issue of our time.

Over the last two decades the number of people with diabetes in the UK has more than doubled from 1.4 million in 1996 to 3.8 million people in 2014. And the number is set to rise further.

It's a serious condition which will have a huge impact on each person diagnosed, and their families, and requires careful management every single day for the rest of their lives. Anyone living with Type 1 or Type 2 diabetes is likely to face:

- an increased risk of heart disease, lower limb amputation, stroke and blindness
- reduced life expectancy – diabetes can lead to a 6 to 14 year reduction in average life expectancy
- variable standards of care across the UK.

Fair access to the best care and treatment, and education and support to help people manage their condition well, are crucial in securing better futures for people with diabetes.

And for the seven million people at high risk of Type 2 diabetes, a condition which in many cases can be prevented, a better understanding of the risks and how to prevent or delay the condition is essential.

Right now the NHS spends £1 million an hour on diabetes. That's 10 per cent of the annual NHS budget. It's not sustainable. And we have to act now.

That's why we're here

We are the leading UK charity that cares for, connects with and campaigns alongside people with or at risk of diabetes.

- We provide expert information, advice and support to help people with diabetes and their families manage their condition well, and bring people together for support when it's needed most.
- We are the largest charitable funder of diabetes research in the UK, and are making strides towards a cure by relentlessly searching for life-changing breakthroughs that improve diabetes care, treatment and prevention.
- Our campaigns influence decision makers, and seek better care for everyone affected by all types of diabetes.

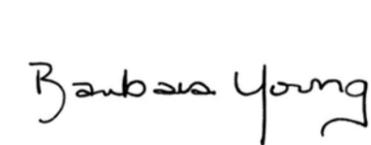
- We help stem the rising tide of Type 2 diabetes by encouraging people at high risk to seek early diagnosis, and by promoting a healthy lifestyle for all.

This report shows just some of our achievements in 2013, all made possible thanks to the efforts of our dedicated supporters, volunteers, staff, trustees and advisory councils.

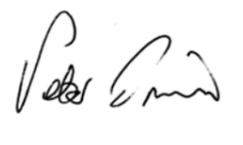
This year we received more donations than ever before, thanks partly to our hugely successful National Charity Partnership with Tesco, but also through other corporate partners and 171,698 individual donors. We delivered the UK's biggest ever Type 2 diabetes awareness campaign, which reached millions across the country. We launched new services for young people with Type 1 diabetes, and e-learning programmes for people with Type 2 diabetes and healthcare professionals. We lobbied for a change in legislation which will see better care for children with Type 1 diabetes in schools become law. And we announced a multi-million pound call, our biggest ever, for new vaccine-related research projects, to bring us a step closer to a future without diabetes.

Sadly, during the year one of the Charity's vice-presidents, Professor Harry Keen CBE, passed away. He is warmly remembered for his major contribution to research in diabetes and its treatment, and his commitment to Diabetes UK and the right of people with diabetes to receive good care.

We would like to thank our supporters, and encourage you to join us, if you haven't done so already. As we head into our 80th year, the challenge ahead is greater now perhaps than ever before. And every new supporter adds weight to our voice, allowing us to reach more people and change more lives. Together we're working towards better futures for everyone affected by diabetes.



Barbara Young
Chief Executive



Sir Peter Dixon
Chairman

8 May 2014



WE GIVE PEOPLE THE SUPPORT THEY NEED WHEN THEY NEED IT

We want everyone with diabetes to feel confident in managing their condition, and live a full and healthy life. We're here with the care, support and information they need to make that possible.

We're experts in diabetes and we provide life-changing support when people need it most: whether that's face-to-face, online, over the phone or in their local community. We answer questions about their condition, give practical advice, and offer the chance to share frustrations or worries with someone who really understands.

Our new Living with Diabetes Days

We piloted a series of free, one-day events full of information and advice about living with Type 2 diabetes, thanks to our National Charity Partnership with Tesco. Specifically tailored for those newly diagnosed, it's a great opportunity for people to learn how to manage their condition confidently and live a full and healthy life.

Jack was one of the first people to register for a Living with Diabetes Day. Just two weeks after being diagnosed with Type 2 diabetes, she signed up for a place at the Reading event. Jack wanted more information than she'd got at her diagnosis, to help her get a better idea of what life with diabetes was about.

Jack McCarthy,
Living with Diabetes Day attendee

STRATEGIC REPORT REVIEW OF THE YEAR AND FUTURE PLANS

2013 HIGHLIGHTS

- We welcomed more than 8,000 registrations for our new, interactive e-learning programme *Type 2 Diabetes and Me*, developed in partnership with Bupa.
- We made it cheaper and easier for people to get in touch with us, and extended our Careline opening hours by 25 per cent to offer 50 hours of support every week.
- We reviewed and fully updated the diabetes information on our website to make it clearer and easier to use. And our online communities like Facebook and Twitter now support almost 150,000 people around the country.
- Teenagers working with Diabetes UK Scotland launched *JUST DUK 1T*, an online resource for young people with Type 1 diabetes. It brings together young people for support and information, and to share their experiences of living with the condition.
- Almost a thousand people used our peer support service – more than twice the number than the previous year. In response, we doubled the number of volunteers working by phone, email and Google+ Hangouts to provide even more support.
- We brought together parents and children at our care events across the country to receive life-changing support and specialist learning from healthcare professionals, as well as a chance to make new friends and feel more confident in managing their diabetes.

FUTURE PLANS

- Developing and extending our peer support programme to provide even more support to people with diabetes from volunteers who live with the condition themselves.
- Improving and expanding our care events for children, young people and families with Type 1 diabetes.
- Developing a new project to improve support for young people with Type 1 diabetes and their families in Wales.
- Making our website more versatile and accessible, including making it more mobile and tablet-friendly, and more engaging for young adults with Type 1 diabetes.
- Rolling out a UK-wide series of Living with Diabetes Days.

“ I left the Living with Diabetes Day feeling really positive about my future – from taking charge of my own health to asking for the treatment and care I'm entitled to. ”

Jack McCarthy

**WE MAKE A DIFFERENCE
IN DIABETES RESEARCH**



Professor Mike Lean and Professor Roy Taylor,
Diabetes UK-funded researchers

We are the UK's biggest charitable funder of diabetes research. We drive forward scientific understanding and improve lives through pioneering research into the causes, treatment and prevention of all forms of diabetes and into the ultimate goal of finding a cure.

During 2013 we awarded funding to 32 new diabetes studies with a total lifetime cost of over £7 million, expanding our research portfolio to over 130 projects with a total value of over £25 million.

The definitive answer on low-calorie diets and Type 2 diabetes

In 2011 the results of a Diabetes UK study startled the scientific world: could an eight-week low-calorie diet really put Type 2 diabetes into remission?

Professor Roy Taylor of Newcastle University and Professor Mike Lean of the University of Glasgow have both carried out successful preliminary studies into the benefits of a low-calorie diet. Now we've united their skills and experience for a £2.4 million follow-up study – the biggest single project Diabetes UK has funded to date.

Over the next five years they will investigate the benefits of weight management using a low-calorie diet, compared with the current best available Type 2 diabetes care. In particular, they will find out if Type 2 diabetes remission can be maintained in the long term as part of routine GP care.

2013 HIGHLIGHTS

- We brought international experts together to discuss the latest immunotherapy research and the possibility of a Type 1 diabetes vaccine. This led us to announce a multi-million pound call – our biggest ever – for new vaccine-related research projects that we will fund thanks to our National Charity Partnership with Tesco.
- Diabetes UK-funded research, led by Dr Richard Oram at the University of Exeter, proved that most people with Type 1 diabetes still produce very small amounts of insulin in response to glucose. Finding out why could offer new insights into Type 1 diabetes, and bring us closer to a cure.
- We awarded £365,000 to UK Biobank – a powerful health resource that's using information and biological samples from 500,000 people across the UK to improve the diagnosis, treatment and prevention of life-threatening illnesses. The new study will measure specific 'biomarkers' to help pinpoint the risk of conditions such as Type 2 diabetes and dramatically increase the value of this resource for researchers.
- We awarded over £1 million to create five new fellowships that will develop the careers of some of the UK's best early-career researchers.
- We also awarded over £3 million to support 18 new project grants and four new small project grants.

FUTURE PLANS

- Funding new research projects that could lead to significant advances in the development of a vaccine for Type 1 diabetes.
- Reporting on the results of our funded research to develop an artificial pancreas for people with Type 1 diabetes.
- Funding new fellowships and PhD studentships that will give scientists the support they need to continue their work and build lasting careers in diabetes research.

“ With the low-calorie diet study we are exploring uncharted terrain. Nevertheless, I believe that this research will lead to a quantum leap forward in our understanding of how best to manage Type 2 diabetes. ”

Professor Roy Taylor

LONDON COLLEGE OF FASHION

CHECK YOUR RISK OF TYPE 2 DIABETES.
IGNORING IT AFFECTS THOSE CLOSEST TO YOU.

! CHECK YOUR RISK AT PHARMACIES OR ONLINE TODAY

DIABETES UK
CARE. CONNECT. CAMPAIGN.
Check your risk today at www.diabetes.org.uk/risk

in partnership with
TESCO

TRANS



CHECK YOUR RISK CAMPAIGN
SEPTEMBER 2013

**WE LEAD THE WAY
IN PREVENTION AND
EARLY DIAGNOSIS**



Seven million adults in the UK are at high risk of developing Type 2 diabetes – that's one in every seven of us.

It's an alarming statistic. But up to 80 per cent of diagnoses of Type 2 diabetes could be avoided. By following a lifestyle that includes losing weight if you need to, a balanced diet and regular exercise, in many cases the condition could be prevented or delayed.

That's why we're passionate about getting everyone to understand their personal risk of developing Type 2 diabetes, how to reduce it, and what action to take. We're taking this message to communities across the UK, through our Healthy Lifestyle Roadshow and our *Check Your Risk* campaign, funded by our National Charity Partnership with Tesco.

A hard-hitting awareness campaign

In September 2013 we launched *Check Your Risk*, our biggest awareness campaign yet, with straight-talking messages about the impact Type 2 diabetes can have on individuals and their families.

For two weeks we ran more than 40 million adverts online and on the radio, with 16,000 posters on public transport networks, and in taxis and shopping centres across the country. We reached more than 80 per cent of UK adults, focusing on communities that can benefit most from our healthy lifestyle advice. The response resulted in almost 30,000 people taking an online risk assessment during the campaign period. 30 per cent found they were at moderate or high risk of developing Type 2 diabetes, and were referred to their GP.

Riffat Bahar,
face of our *Check Your Risk* campaign

2013 HIGHLIGHTS

- We revamped our Type 2 diabetes online risk assessment – it's easier to use, available on smartphones and tablets, and gives people more information on their risk of Type 2 diabetes and next steps. More than 121,000 people checked their risk online during 2013, a 64 per cent increase on 2012.
- Our Type 2 risk assessment was available in every UK high street thanks to our partners including Boots Pharmacy and Tesco Pharmacy. As a result at least 40,000 more people now know and understand their risk.
- We carried out workplace health and lifestyle events, providing people with Type 2 diabetes risk assessments at companies including Citibank, Virgin Money and Arriva Buses.
- We completed risk assessments for 21,000 people through our Healthy Lifestyle Roadshow, funded through our charity partnership with Bupa, visiting 102 towns and cities over 192 days. Of those assessed, we referred more than half to see their GP about their diabetes risk.
- We promoted the vital importance of delivery of the NHS Health Check Programme, with Public Health England committed to better national delivery and take-up.

FUTURE PLANS

- Working with local authorities to find new ways to roll out our Type 2 diabetes awareness campaign in high-risk communities.
- Continuing to prioritise the cities and towns at highest risk of Type 2 diabetes with our Healthy Lifestyle Roadshow as part of the final year of our Bupa partnership.
- Targeted action to improve local commissioning of the NHS England Health Check programme to ensure early diagnosis of Type 2 diabetes and help those at high risk to reduce their chances of developing the condition.
- Living our values by continuing to roll out our own healthy workplace strategy for staff at Diabetes UK.

“ I know first-hand the impact diabetes can have. My mother died from complications with Type 2 diabetes, and when I was diagnosed with it myself my world turned upside down. With the right support, diabetes is manageable. It's so important that people check their risk, so that they can be diagnosed early and get the treatment they need, or avoid developing the condition altogether. ”

Riffat Bahar

OVER 121,000 PEOPLE CHECKED THEIR RISK OF TYPE 2 DIABETES ON OUR WEBSITE

WE CAMPAIGN FOR THE CARE EVERYONE DESERVES



Dr Paul Peter,
Lead Consultant for Diabetes and Endocrinology
and Diabetes UK supporter

We work for every person affected by diabetes to make sure everyone gets the care and services they need – whatever their age, ethnicity or postcode.

We do this by working together with healthcare professionals and health service decision-makers to make sure services improve locally and nationally. Our campaigns are effective not just because we show the highs and lows in the quality of care, but crucially, because we're able to influence the policy and care improvements needed to make a radical and positive difference to people with diabetes.

Stepping up foot care

Eighty per cent of diabetes-related amputations are avoidable. That's why we want the number of amputations carried out in the UK halved. Since March 2012, we've highlighted to Clinical Commissioning Groups with the highest amputation rates in England how they can improve their foot care, through our *Putting Feet First* campaign.

The results are promising. The latest National Diabetes In-patient Audit shows people receiving a foot check during a hospital stay in England rose by a third from 2012 to 2013. And 10 per cent more hospitals now have multidisciplinary diabetes foot teams in place compared with 2012. These are proven ways to improve care and will ultimately reduce amputation rates.

We're also helping to make change happen, as our partnership with County Durham and Darlington NHS Foundation Trust shows.

From 2010 to 2012 the Trust carried out 171 major diabetes-related amputations – significantly higher than the England average. Like us, they recognised the need for improvement.

In 2013, with our support, they formed a new, multidisciplinary foot protection team with diabetes specialists, podiatrists and surgeons all working together. They also prioritised patient education to help people spot the signs that something is wrong and encourage them to seek help.

“ If every health provider took Diabetes UK's advice and got multidisciplinary teams in place, I'm convinced we'd see a dramatic fall in amputation rates across the country. ”

Dr Paul Peter

2013 HIGHLIGHTS

- We successfully advocated for a new legal duty on schools in England to provide better care for children with diabetes.
- Our *Putting Feet First* campaign will be included in the new Wales Diabetes Delivery Plan. In Northern Ireland, we secured endorsement from the health minister who fully backs the campaign.
- We campaigned for improved standards of care for children with diabetes and distributed more than 21,000 copies of our handy healthcare guide: 10/10 Type 1 Essentials.
- Our army of Diabetes Voices reached 2,000 volunteers who work with decision makers and take action on local and national diabetes issues.

FUTURE PLANS

- Launching our next phase of *Putting Feet First* – ensuring people with diabetes and healthcare professionals recognise a “foot attack” and know what urgent action to take.
- Launching *Make the Grade* – the third phase of our five-year campaign for children and young people, which will address the diabetes support children receive in school, working to support teachers and families.
- Continuing to promote the *15 Healthcare Essentials* – the basic care and support services that everyone with diabetes is entitled to.

**WE REACH OUT
TO ALL COMMUNITIES**



Type 2 diabetes is the UK's biggest health threat. Diet and lifestyle play a big part in reducing everyone's chances of developing the condition, particularly where there are other risks, including family and ethnic background.

For people of Black African and African-Caribbean descent, Type 2 diabetes is three times more common, and it is six times more likely to affect people of South Asian heritage. There's also a greater chance of developing the condition at a younger age.

We place great importance on reaching these communities with culturally sensitive information about Type 2 diabetes and the benefits of early diagnosis. Crucial to this work are our Community Champions, specialist volunteers trained to share our messages among people from their community.

Yasroon – our award-winning Community Champion

Thanks to 26 year-old Yasroon Elmi, millions of people got the chance to hear or read our advice about fasting safely during Ramadan. It can be a difficult time for people with diabetes who want to observe the fast, but who need to manage their condition by eating regularly or by taking certain medication.

Yasroon Elmi,
Diabetes UK Community Champion
outside East London Mosque

The *Staying Healthy Throughout Ramadan* pilot project was spearheaded by Yasroon, who worked with Diabetes UK and a team of volunteers to create a series of online presentations which explain how to prepare for fasting, with tips on staying healthy during Ramadan. We built dedicated webpages, a blog and short films of people talking about their diabetes and their approach to fasting.

Yasroon and her team gave presentations to more than 500 people across six London mosques. We now expect to make this a national campaign starting in 2014. Her work was acknowledged with a Mayor of London Team London Award, for her commitment to making London a better city.

“Fasting at Ramadan is central to the Muslim faith. The opportunity to help people safely take part in this special religious observance is a great privilege. I've seen first-hand the serious impact diabetes can have on the family, so this project was really important to me.”

Yasroon Elmi

2013 HIGHLIGHTS

- We trained 30 new volunteer Community Champions in the north of England alone – 390 Champions now work with communities across the UK, speaking 20 languages.
- Ahead of our national Type 2 diabetes campaign to get more people to check their risk, we worked with 12 national community and religious leaders, asking for their help in encouraging people to take a risk assessment.
- Our *South Asian Communities* project has reached over 3,000 people from minority ethnic communities in Scotland, providing essential support and information about diabetes care and management.

FUTURE PLANS

- Increasing the number of our Community Champions and expanding their role to make our impact greater among Black, Asian and minority ethnic communities, and creating a knowledge-sharing and good-practice network.
- Working harder to communicate with Black, Asian, minority ethnic and other diverse communities through targeted activities and stronger ties with faith and community organisations.
- Increasing our focus on vulnerable communities, and the white population in disadvantaged areas, reducing inequality through better support.



DIABETES UK
CARE. CONNECT. CAMPAIGN.

DIABETES UK
CARE. CONNECT. CAMPAIGN.

PRUDENTIAL
LONDON

PRUDENTIAL

MAYOR OF LONDON

Surrey

Transport for London

LONDON PARTNERS

dnhb

GARMIN

PRUDENTIAL
RIDE LONDON 100
14661

PRUDENTIAL
RIDE LONDON 100
2466

RIDE LONDON 100
AUGUST 2013

WE PARTNER WITH HEALTHCARE PROFESSIONALS



Healthcare professionals are at the frontline of diabetes care. We work with them to improve care and ensure that we help spread the latest clinical information, scientific studies and professional practice. Together we're improving the lives of people with diabetes, making sure they get the best care and support they need to manage their condition better.

Diabetes UK already has a network of over 10,000 professional members and diabetes specialists, and we're welcoming more each day. By sharing knowledge we make our impact greater.

Providing tools to save lives

Our *4 Ts* campaign alerts people to the four main signs of undiagnosed Type 1 diabetes in children – toilet, thirsty, tired and thinner. It is simple and it sticks.

Missing these critical signs leaves a child at risk of a life-threatening condition called diabetic ketoacidosis (DKA). And it was a concern that this was happening too often that caused Paediatric Diabetes Specialist Nurse Anne Foster and her team to take action.

They set out to increase awareness of Type 1 diabetes symptoms, taking our *4 Ts* campaign to schools, parents, libraries and GP surgeries across North Lincolnshire and issuing our posters and flyers.

The results were outstanding. In one year, the number of children with Type 1 diabetes admitted to a North Lincolnshire hospital with DKA more than halved.

Anne Foster,
Paediatric Diabetes Specialist Nurse
and Diabetes UK Professional Member

2013 HIGHLIGHTS

- We launched *Diabetes in Healthcare* with Bupa, a Royal College of Nursing accredited e-learning programme designed to give non-specialists a thorough grounding in essential diabetes treatment. In the first two months more than 1,500 professionals signed up.
- We welcomed more than 3,000 attendees to our annual Diabetes Professional Conference, the biggest event of its kind in the UK. 96 per cent of attendees would recommend the conference to colleagues, while 80 per cent gained new practice information.
- We supported more than 800 diabetes specialists of the future through our Young Diabetologists and Endocrinologists' Forum, helping them provide 11 specialist courses to professionals throughout the year.

“ The campaign materials were just brilliant: the *4 Ts* message was easy for us to communicate and easy for people to remember. It made a huge difference to our work – most importantly, it saves lives. ”

Anne Foster

FUTURE PLANS

- Helping healthcare practitioners work more successfully with patients with our specially designed learning and support materials, while keeping them updated on the latest diabetes developments through our professional services.
- Working with the Royal College of General Practitioners to develop a GP network dedicated to improving diabetes care in primary settings.
- Recruiting local Diabetes UK Clinical Champions – healthcare professionals who speak out on diabetes issues, including urgent improvements to care and treatment for their community, in their local health system.
- Challenging a worrying trend in essential professional diabetes care – Diabetes Specialist Nurse posts are increasingly ‘frozen’ or unfilled, or replaced by staff with lower qualifications and experience.

**WE COULDN'T DO IT
WITHOUT OUR VOLUNTEERS**



Fred Holland,
Type 1 parent and Diabetes UK volunteer
for over 40 years

Volunteers have been the foundation of Diabetes UK since the charity was founded 80 years ago. And today over 6,500 volunteers stand at the centre of everything we do.

Many of our services could not run without our volunteers and the passion, time and expertise they bring to Diabetes UK. Together they support thousands of people affected by diabetes every week. And across our charity you'll find volunteers giving us sterling support, from managing local groups and promoting our awareness messages to organising many of the fundraising events that keep our charity running.

A superhero for diabetes care in Kidderminster

For more than 40 years Fred Holland has campaigned to make Kidderminster a better place to live for anyone affected by diabetes. Already a keen fundraiser, Fred became especially aware of the critical need to improve local diabetes services following his daughter Vivienne's Type 1 diabetes diagnosis in 1971.

From setting up a local support group, to raising more than £140,000 for Diabetes UK, Fred's persistent dedication has made Kidderminster's diabetes centre among the best equipped in the West Midlands. He's now helping other hospitals nearby achieve the same standard.

In recognition of his momentous efforts, he received a wonderful tribute – Worcestershire Acute Hospitals NHS Trust renamed its Kidderminster diabetes unit the Fred Holland Centre for Diabetes. In 2013, he found himself one of four finalists in ITV Midlands Local Hero of the Year, part of the prestigious Pride of Britain Awards.

“ It's been a long road, and Diabetes UK was with me for every step of the journey. It's hugely rewarding to see years of lobbying for services and raising money for equipment come together in a great local diabetes centre. ”

Fred Holland

2013 HIGHLIGHTS

- We welcomed 1,000 new volunteers to our organisation – together our 6,500 amazing volunteers gave a record-breaking 100,544 hours of their time.
- Over 7,000 people turned out to take part in our Big Collection weekend – our biggest UK supermarket collection ever, raising a record £382,000 over three days.
- We reviewed how we support and engage with our 340 local support groups across the UK.
- Our Inspire Awards for volunteers received the highest ever number of nominations – a staggering 350 were put forward.

FUTURE PLANS

- Focusing on improved services for local groups, with better training and support, giving volunteers and members the best experience of Diabetes UK in their community.
- Expanding our network of support groups, offering more people the chance to connect with others locally.
- Holding a second Big Collection in June 2014, building on the success of 2013 and involving thousands of volunteers.
- Increasing our volunteer numbers to 8,000, and opening opportunities for them to work in different parts of our charity.



Bicycle
Parking

TESCO

Welcome to TESCO



TESCO
DIABETES UK
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TESCO
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TESCO BIG COLLECTION
OCTOBER 2013

WE'RE WORKING ACROSS THE UK

We have teams in Northern Ireland, Scotland, England and Wales who keep diabetes and Diabetes UK high on the agenda across the nations. They make sure our work takes into account local health service and government structures, as well as the needs of each local population.

Northern Ireland

- The Department of Health for Northern Ireland completed its Review of Diabetes Services, prompted partly by Diabetes UK (NI) lobbying. The review made 12 recommendations which reflected our priority list for future action. The review commits the department to publishing a new Strategic Vision for Diabetes in Northern Ireland, producing a Delivery Action Plan and appointing for the first time a Clinical Lead for Diabetes across Northern Ireland.
- We organised the first conference focused on diabetes distress to be held in Ireland, north or south. The conference brought the world's leading authority on diabetes burnout to speak at a number of events over the course of a week and had a significant impact on how Diabetes UK will develop its work in Northern Ireland over the coming years.
- The first Northern Ireland State of the Nation Report was published, which highlighted a 33 per cent increase in diabetes over a five year period in Northern Ireland. The report illustrated the chronic shortage of diabetes data in Northern Ireland which makes assessing the quality of care extremely difficult. We will be campaigning on this issue in 2014.

Scotland

- Following our successful *Pump up the Volume* campaign, the percentage of children using insulin pumps increased from 8.4 per cent to 22.6 per cent – a significant achievement for children in Scotland. Diabetes UK Scotland worked with several health boards to deliver patient engagement sessions on new insulin pump services in support of the work towards reaching the target of 25 per cent of children on a pump in Scotland.
- We significantly increased our engagement work in Scotland in readiness for the end of the current Diabetes Action Plan in 2014. We worked with the co-convenors of the Scottish Parliament Cross Party Group to raise the profile of diabetes, culminating in the Minister for Public Health attending the last meeting of 2013.
- We gave evidence at an Additional Support Needs tribunal for Scotland. The ruling affirmed that pupils with diabetes have a right under the Equality Act 2010 not to be discriminated against and that a robust plan for their support should be set in place.

England

- Regional staff members across England have been heavily involved with a number of service redesigns that began taking place at a local Clinical Commissioning Group (CCG) level in 2013, putting the *15 Healthcare Essentials* campaign at the heart of our influencing work to drive improvements in the quality of, and access to, primary, secondary and intermediary diabetes care.
- Our *Putting Feet First* campaign highlighted the worst 50 areas for amputation rates in England and triggered some significant successes for people with diabetes. For example, work resulted in more diabetes specialist staff being put in place in a number of CCGs and several other CCGs committing to review cases of foot amputations, to identify ways to improve future foot care provision and putting in place the necessary training for healthcare professionals.
- A series of workshops took place in Lambeth, Southwark, Bexleyheath, Hertfordshire and Devon to aid the development of a toolkit to engage the newly formed Health and Wellbeing Boards (HWBs) and ensure they put in place a robust strategy and action plan for diabetes.
- Every England region actively seeks to educate and influence relevant healthcare professionals. We organised a range of conferences and education events such as the national Diabetes in Pregnancy conference.

Wales

- The Health and Social Care Committee's inquiry into the National Service Framework for diabetes (2003–13) reported in July 2013 and delivered 13 key recommendations promoted by Diabetes UK, which included a Diabetes Clinical Lead for Wales, the adoption of the highly successful Scottish diabetes information system, SCI Diabetes, Structured Diabetes Education for all those newly diagnosed with the condition, and an All Wales Implementation Group to ensure delivery.
- These were all incorporated by the Welsh Government into Together for Health – A Diabetes Delivery Plan, its new strategy for the next three years, which was launched by the Minister for Health and Social Services and Diabetes UK Cymru.
- The All Wales Implementation Group agreed to prioritise paediatrics, feet, prevention, SCI Diabetes, and education in the first year.



WE SALUTE OUR AMAZING SUPPORTERS

Michèle



Our charity has supported people with diabetes for 80 years and campaigned on their behalf. And it's only because of the financial help of thousands of extraordinary people that our work is possible.

From our largest corporate and trust supporters, our thousands of members and regular donors, to the host of individuals who organise amazing personal challenges and fun events, Diabetes UK relies on their generosity, dedication and enthusiasm. Through them we can keep running policy-changing campaigns, crucial support services, and our ground-breaking research projects.

Together they make our charity the success it is. To them all, we say thank you.

For the love of Emily

In April 2013, an army of 150 people pounded the tarmac in the London Marathon for Diabetes UK. But one person was missing. Emily Pearce, a stalwart fundraiser with Type 1 diabetes, who was due to take part, tragically died in her sleep, aged only 29.

It was a brutal shock for everyone who knew and loved Emily. Despite their loss, 14 family and friends were determined to take on Emily's challenge. They tackled the marathon course in her memory, raising a staggering £43,000. Among them was Emily's sister Alison, who proudly carried Emily's favourite teddy around the entire route.

Emily, Alison and all 14 members of *Team Em and Me!* are an inspiration to us all.

Iain and Alison,
Team Em and Me! marathon heroes
and Diabetes UK supporters

2013 HIGHLIGHTS

- Our National Charity Partnership with Tesco saw their employees, suppliers and customers raise a sensational £8.8 million for Diabetes UK by the end of 2013 and surpass the £10 million target in March 2014.

Thanks to our partnership, we are able to fund unprecedented research into a Type 1 vaccine, additional support services for over a million more people with Type 2 diabetes, and a highly effective national awareness campaign aimed at people at high risk of Type 2 diabetes in autumn 2013.
- Our charity partnership with Bupa saw 7,531 runners take part in the 10 Bupa Great Run events across the UK, raising £550,000 towards our Healthy Lifestyle Roadshow programme.
- From mountain climbing in Africa to baking in Blackburn – people took on awesome, crazy and wonderful challenges, raising a whopping £4.1 million to help fund our work.
- Almost a third of our income in 2013 came from gifts in wills – legacies that go beyond the giver's lifetime to help future generations. We are so grateful for every bequest we receive.
- Almost a third of our income also came from individual supporters like our regular donors, members and our raffle and lottery players, who together donated over £12 million in 2013.

FUTURE PLANS

- Extending our National Charity Partnership with Tesco, enabling us to exceed the initial fundraising target and help Tesco colleagues and suppliers raise more for the work that we do for people with diabetes.
- More exciting and challenging fundraising events throughout the year including Ride London 100 and running events across the UK.
- We will launch a new platform for people to donate to Diabetes UK via SMS on their mobile phone, making it even easier to support us.

“ I had a mental image that kept me going when I was dragging myself out of bed to train in the half-light of the early mornings. It was crossing that finish line holding Teddy aloft for my gorgeous, wonderful, and much missed little sister. ”

Alison Pearce

**EVERY £1 WE RAISE
ACHIEVES SOMETHING
EXTRAORDINARY**

**RISK OF
TYPE 2
DIABETES?**



At £38.8 million, our income was up £11 million on 2012 primarily due to the £8.8 million income generated by our successful partnership with Tesco combined with an increase in legacy income of £1.1 million.

We were delighted to spend £4 million more in 2013 than 2012. The surplus arising from the partnership with Tesco of £6.1 million will be utilised over the next four years in line with a specified programme of activity to which these funds are dedicated. The planned increase in overall spending resulted in increases in the level of our work in raising awareness and prevention by 42 per cent, research funding by 10 per cent, supporting self-management by 2 per cent and improving quality of care by 2 per cent. The significant increase in expenditure in raising awareness was due to a spend of £2 million on our Type 2 diabetes risk awareness campaign funded through the partnership with Tesco.

The good financial results for 2013 leave the charity in a healthy position with reserves of £14.4 million. We will increase our expenditure, to help address the growing challenge of diabetes, bringing our reserves in line with our target of £7.5 million over the next four years. The budget for 2014 was set on the basis that £2.5 million will be drawn from reserves.



INCOME 2013

■ Donation and membership	£21.1m
■ Legacies	£11.5m
■ Trading	£3.2m
■ Charitable activities	£2.8m
■ Investment Income	£0.2m



EXPENDITURE

■ Research	£6.5m
■ Raising awareness and prevention	£5.1m
■ Improving quality of care	£7.3m
■ Supporting self management	£5.8m
■ Cost of generating voluntary income	£6.3m
■ Trading and investment costs	£2.3m
■ Governance	£0.2m

PLANNED RESERVES	2014	2015	2016	2017
£M	11.9	9.5	8.0	7.5

THANK YOU

We would like to express our gratitude to all those who supported Diabetes UK in 2013. It is only through the generosity of our supporters that we are able to continue making a difference to those affected by diabetes.

Our work is supported by thousands of people and organisations so it is not possible to mention them all. However, we would like to give particular thanks to the following corporate, trust and individual supporters who have given a significant contribution, donation or gift in kind and made a considerable impact on the lives of people with diabetes.

**Animas
Boots UK
Bunzl
Bupa
Janssen-Cilag Ltd
Lifescan
Lilly Diabetes
Lloyds Pharmacy
Novartis Pharmaceuticals UK
Novo Nordisk
Sanofi Diabetes
Takeda UK
Tesco
Truvia
Vegesentials**

**The Blagrave Trust
The Cayo Foundation
Donald Forrester Charitable Trust
The Dowager Countess Eleanor Peel Trust
Edwin George Robinson Charitable Trust
The Elizabeth & Prince Zaiger Trust**

**Eveson Charitable Trust
Football Aid Ltd / Field of Dreams
The Foster Wood Foundation
Freemasons' Grand Charity
The G.J.W Turner Trust
The Garfield Weston Foundation
The Gerald Micklem Charitable Trust
Inman Charity
The Jordan Charitable Foundation
Lewis Family Charitable Trust
The Lidbury Family Trust
Miss M J M Smith Trust
Masonic Samaritan Fund
The Moffat Charitable Trust
Pears Foundation
Pilkington Charities Fund
Shared Care Scotland
The Souter Charitable Trust
The Swire Charitable Trust
The Sybil Eastwood Charitable Trust**

**Mr A Mcneill
Mr A Roy
David and Christine Thorp
Mr David Craggs
The Findlay Family
Ian and Linda Coull
Mrs J Rose CBE JP DL
Kip Bertram
Mr Ravi Anand
Mr R A Dennis**

Diabetes UK Groups

We are very thankful to all our groups who kindly support our work. A selection of those groups, who have supported us with a gift of over £5,000, includes:

**Aylesbury Diabetes UK Group
Chelmsford Diabetes UK Group
Crewe & South Cheshire Diabetes UK Group
Dungannon Diabetes UK Group
Edinburgh Diabetes UK Group
Fermanagh Diabetes UK Group
Kings Lynn Diabetes UK Group
Limavady Diabetes UK Group
Newry & Mourne Diabetes UK Group
Newtownabbey Diabetes UK Group
North Norfolk Diabetes UK Group
Orkney Diabetes UK Group
Shrewsbury Diabetes UK Group
South Devon Diabetes UK Group
Sutton Coldfield & Lichfield Diabetes UK Group
Telford Diabetes UK Group
Tunbridge Wells Diabetes UK Group
West Dorset Diabetes UK Group
Weston Super Mare Diabetes UK Group**

Our Members

Our members are at the heart of everything we do and without their support and generosity we would not be able to fund essential care, services and research to help improve the lives of people with diabetes. We would like to thank everyone who joined us as a member or renewed their membership in 2013.

Legacies

The generosity of everyone who remembered Diabetes UK in their will is deeply appreciated. Forming almost a third of the charity's income, legacies are a vital source of funds, enabling us to carry out our work.

Diabetes UK would like to thank all of the people who appear in the images and stories in this report. Everyone featured has a close connection with Diabetes UK. It's thanks to them that we have been able to bring our report to life.

GET INVOLVED

Volunteer

The passion, skills and dedication of Diabetes UK volunteers mean we can do more for people with diabetes. Whether you want to raise awareness, provide support, raise funds or help run a local group, by joining our team of exceptional volunteers you will help us have greater impact.

Campaign

Diabetes UK is campaigning hard for people living with diabetes, but we can't do it without your help. Join Diabetes Voices our network for people who want to influence diabetes care. The more voices we have, the more powerful our voice will be.

Join us

Become a supporting member or, if you're a healthcare practitioner, become a professional member of Diabetes UK. You'll receive many benefits, including our magazines and updates on the latest developments in diabetes treatment, care and research.

Fundraise

We rely on generous donations to continue our vital work. There are many ways you can raise funds or give to Diabetes UK, and we'll work hard to make sure your money goes a long way.

Leave a gift in your will

Choosing to remember Diabetes UK in your will is a really special way to support our work and leave a truly lasting legacy for the future.

Become a corporate partner

Joining forces with Diabetes UK means you'll be working with us to address the nation's biggest health threat. We welcome corporate partnerships and are always willing to discuss new opportunities to work together.

GET SUPPORT

Call our Careline

A free and confidential service offering information on living with diabetes and giving people the opportunity to talk things through.

Go online

Our website offers information on all aspects of diabetes and access to our activities and services. Our Facebook and Twitter communities provide support and a chance to talk to others.

Join a voluntary group

Our local support groups offer the chance to share experiences with others in your area and keep up to date with our work.

Get support from peers

A helpline, email and online service delivered by specially trained volunteers with first-hand experience of living with diabetes.



OUR FINANCES 2013

The charity's consolidated financial statements for the year are on pages 49 to 72. A summary of financial results for the year is set out below.

Incoming resources

The charity generated income of £38.8m during the year (2012: £27.8m), an increase of £11.0m (40%). The increase in income is primarily due to the £8.8m generated by our partnership with Tesco. However, there has also been an increase in Legacy income of £1.1m to £11.5m (2012: £10.4m) and an increase across other fundraising activities of £1.1m. Trading income rose to £3.2m (2012: £2.9m). Income from charitable activities fell marginally to £2.8m (2012: £3.0m). Our investment income was stable at £0.2m (2012: £0.2m) and we recorded a gain on investments of £0.6m (2012: £0.4m).

Resources expended

Total expenditure in 2013 was £33.5m, up 14% on the previous year (2012: £29.5m). This was a planned increase, with expenditure on charitable activities increasing by £2.3m to £24.7m (2012: £22.4m). The split of this increase is:

- 'Raising awareness' has increased by 42% to £5.2m. The significant increase in expenditure in this third strand of our strategy is due to spend of £2.0m on a diabetes risk awareness campaign funded through the partnership with Tesco.
- Funding of research increased by 10% to £6.5m.
- 'Supporting self management' increased by 2% to £5.8m.
- 'Improving quality of care' increased by 2% to £7.3m.

To support the increase in voluntary income, costs of generating voluntary income increased by 40% to £6.3m (2012: £4.5m). This reflects investment in supporting the highly successful fundraising partnership with Tesco which, by the time the campaign finishes, will significantly exceed the initial fundraising target of £10m. In addition, we have also

invested in other fundraising activities from which we expect to show a return in future years.

The overall surplus was £5.9m (2012: £0.7m deficit). This includes a £6.1m surplus arising from our partnership with Tesco which will fund a specified programme of activity over the next 4 years. In addition an updated assessment of our future pension liability, the FRS17 calculation, has led to a £1.2m gain.

Excluding the impact of the Tesco partnership and the FRS17 pension scheme calculation, there is a deficit in our core activity (before investment gains) of £2.0m (2012: deficit of £1.6m). This reflects our ongoing policy of reducing reserves through capacity building in our charitable activities as well as investment in our ability to generate voluntary income in the future.

Reserves policy

The reserves policy is based on the likely need to cover current risks and future opportunities. The target is currently to hold £7.5m of reserves, to include £5.5m for management of risk and £2.0m for future investment opportunities. Any use of reserves must be approved by the Board.

The reserves policy will be reviewed on an annual basis drawing on an updated corporate risk register and business plans. This will occur as part of the business planning cycle when a reserve policy target can be established for the following financial year. Exceptionally, the policy may require adjustment during the year if there are material changes to the corporate risks Diabetes UK faces or to its business plans.

Under this policy, reserves are calculated by excluding from total funds all restricted and designated funds, then adjusting for operational funding requirements (tangible assets and net current assets other than cash surplus to operational requirements). Using this definition, the reserves at the end of 2013 amounted to £14.4m (2012: £16.1m), leaving the Charity in a healthy position for future years.

The Board has agreed to increase our expenditure to help address the growing challenge of diabetes. This will bring reserves in line with our reserves policy of £7.5m over the next four years. The budget for 2014 was set on the basis that £2.5m will be drawn from reserves.

Planned Reserves	2014	2015	2016	2017
£m	11.9	9.5	8.0	7.5

Grant-making policy

Diabetes UK invites applications for funding of projects, fellowships and studentships through advertising in specialist medical and scientific media and on the web. Applicants based at not-for-profit UK-based academic or NHS institutions submit proposals which are reviewed against criteria such as relevance to diabetes, scientific merit, feasibility and value for money. All grant applications are assessed by a minimum of three external peer reviewers before being submitted to the Research Committee or Panel. High-level research strategy and objectives are set by the Board of Trustees and the decisions about the funding of specific projects are delegated to the Research Committee.

Diabetes UK offers fellowships and studentships to carry out diabetes research. Applicants for fellowships are invited for interview by an expert panel which makes the funding decision. At least one member of the Research Committee sits on each fellowship panel. Funding decisions for studentships are decided by a panel, consisting of Research Committee members.

Investment policy

Investments are held to cover reserves for the management of risk and for future investment opportunities. The investment objective is to provide resources to cover short term demands arising from sudden and unexpected events including investment opportunities. Investments will therefore be held in a mixture of equities and money market deposits, treasury bills or similar. Counter party limits and security ratings are set by the Finance Committee.

Going concern

The trustees have reviewed the charity's activities, financial position and risk management policies together with the factors likely to affect future development, including the impact of economic uncertainties on voluntary income. They have concluded that it is reasonable to expect the charity to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Audit

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed 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.

OBJECTIVES AND PERFORMANCE

Diabetes UK undertakes a wide range of activities, all of which aim to further its charitable purposes for the public benefit. In reviewing our aims and objectives and setting our priorities each year, we have regard to the Charity Commission's general guidance on public benefit.

A review of the main activities, achievements and benefits of 2013, together with future plans, can be found on pages 1-35.

The objects of the charity, as set out in its Articles of Association are:

- to provide relief for people with diabetes and its related complications, and for those who care for them
- to promote the welfare of people with diabetes and its related complications, and of those who care for them
- to advance the understanding of diabetes through the education of people with diabetes and the healthcare professionals and others who care for them, and the general public
- to promote and fund research related to the causes, prevention and cure of diabetes and into improvements in the management of the condition and its complications; and to publish the useful results of any such research.

Our strategy 2011–15

At the beginning of 2011 the Board agreed the charity's strategy for 2011-15.

Our strategic objectives are to:

- increase life expectancy of people with diabetes
- halve the number of people with diabetes going blind within 10 years
- halve the number of people with diabetes who progress to End Stage Renal Failure within 10 years
- halve the number of amputations carried out on people with diabetes within five years
- reduce the rate of increase of diabetes.

Our strategy diagram below demonstrates how we plan to achieve these objectives.

OUR STRATEGY 2011–2015



PRINCIPAL RISKS AND UNCERTAINTIES

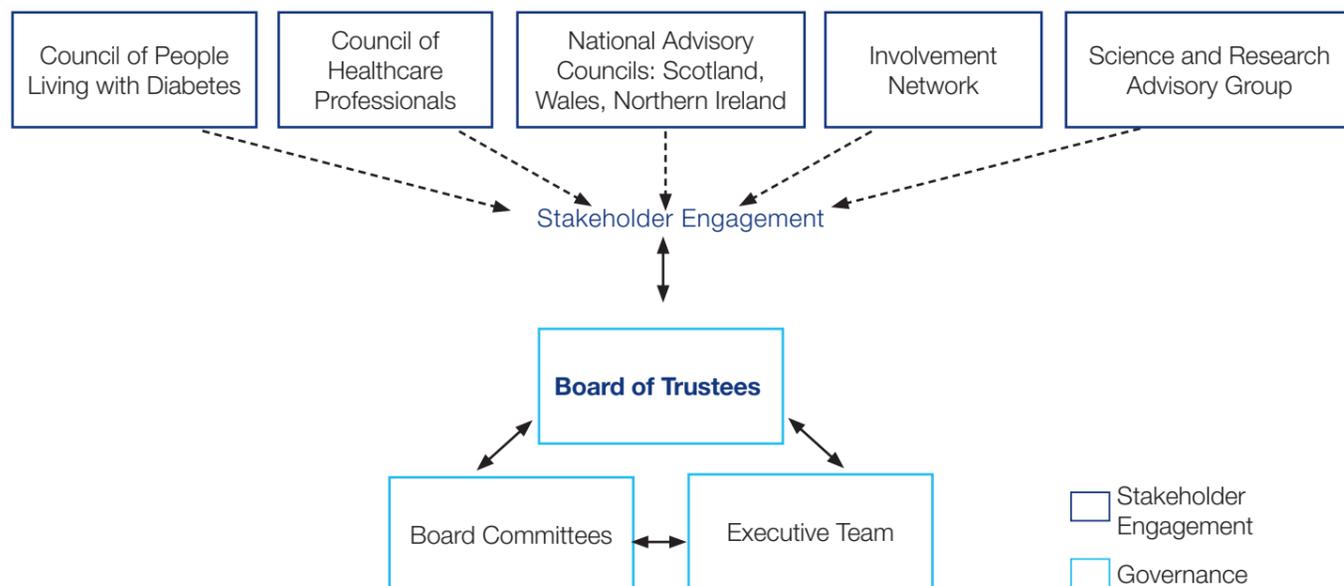
The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, including financial controls. The systems of internal control are designed to provide reasonable assurance against material financial misstatement or loss to the charity.

During the year, the trustees considered and identified the major risks to which Diabetes UK is exposed. Risk registers are developed on a directorate basis, which are then consolidated into a single organisation-wide risk register. The risk register details the risks considered and is used to identify the types of risks the charity faces, prioritise them in terms of potential impact and likelihood of occurrence, identify the controls, systems and procedures that are in place to manage those risks and detail any further actions required to address the risks. The risk register is reviewed on a twice-yearly basis by the Audit and Risk Committee, and annually by the Board. The highest risk identified remains the impact of the economic climate on our revenue streams and the ability to adjust expenditure commitments should income targets not be met. To address this risk we are investing in fundraising, closely monitoring return on investment and have a contingency plan for adjusting planned expenditure should income drop significantly below budget.

Other key risks are the risk to our reputation from negative news coverage and the risk that we do not have sufficient resources to meet our strategic ambitions to care, connect and campaign for people with diabetes.

The charity employs an external firm of internal auditors to perform an annual review of the controls over the core financial system in addition to a review of controls within each of the risk areas identified as part of the internal audit plan for the year. During the year a series of recommendations have been issued and have either been implemented, or are in the process of being implemented. The trustees are satisfied that the systems in place manage the charity's exposure to the major risks identified.

STRUCTURE, GOVERNANCE AND MANAGEMENT



Diabetes UK (the operating name of the British Diabetic Association) was incorporated as a company limited by guarantee in 1938 and is governed by a Memorandum and Articles of Association and Standing Orders. Diabetes UK operates from offices in all four nations of the United Kingdom and its registered office in London. Diabetes UK is registered with the Charity Commission in England and Wales and with the Office of the Scottish Charity Regulator in Scotland.

Our governance structure is designed to ensure that we:

- have strong representation from both people living with Type 1 and Type 2 diabetes and healthcare professionals
- are advised by a breadth of people
- have active, well-supported Advisory Councils
- give our supporters and beneficiaries a clear, influential role
- have flexible mechanisms for engaging our supporters.

The Board of Trustees

The governing body of the charity is the Board of Trustees, which consists of a maximum of 12 members. All new trustees are appointed; the process of appointment is overseen by the Governance and Nominations Committee which ensures that the Board includes trustees with both Type 1 and Type 2 diabetes, healthcare professionals and a mix of gender, skills, geography and experience. On appointment, trustees undertake an induction programme focusing on their role and responsibilities and the work and governance of the charity. Trustees are required to abide by a code of conduct that stipulates, among other things, the disclosure of certain financial interests. Trustees may serve a maximum of two three-year terms, with a possible further two three-year terms following a period of at least three years.

One trustee retired during the year, two trustees were re-appointed for a second term and one stood down two years into their first term of office. Three trustees were appointed during 2013. Following a recruitment process undertaken during late 2012, Sir Peter Dixon succeeded Sir George Alberti as Chair of the Board on 1 January 2013.

The Board meets regularly throughout the year, including at an away day to review strategy and performance (including that of the Board) with the Chief Executive and the Executive Team.

All trustees give their time voluntarily and receive no benefits from the charity. However, to ensure that no one is excluded from contributing on financial grounds, Diabetes UK operates a policy of reimbursing trustees for expenses incurred in their role. Any expenses reclaimed by trustees are disclosed in note 13 of the accounts.

Committees of the Board

The Board has a number of committees, each with specific terms of reference prescribed by the Standing Orders.

- The Finance Committee oversees and regularly reviews all financial aspects of the charity's activities, including its operational and strategic plans, so as to ensure short and long-term viability. The Finance Committee ensures that financial guidelines and legal regulatory regimes are adhered to and advises the Board accordingly. The Committee also scrutinises and evaluates the annual budget, Annual Report and Financial Statements before Board approval.
- The Audit and Risk Committee oversees the financial audit and reporting process; reviews the effectiveness of the independent audit process and the charity's management systems and procedures. The Audit and Risk Committee also monitors compliance with external requirements and internal policies. The Committee also scrutinises and evaluates the annual budget, Annual Report and Financial Statements before Board approval.
- The Remuneration Committee considers and recommends, for Board approval, the annual pay award. The Committee also considers and approves, in line with the agreed remuneration policy, the pay package for the Chief Executive and Executive Team.
- The Governance and Nominations Committee ensures that Diabetes UK has sound governance. Its role is to monitor compliance with, and periodically review the governance arrangements of, the charity to ensure that it can achieve its charitable aims, strategic priorities and the highest possible standards of governance.
- The Research Committee assesses and approves applications for funding for basic, clinical and health-services research, within the guidelines set by the Board and in accordance with the Association of Medical Research Charities' best practice.

Membership of committees (with the exception of the Research Committee) is generally restricted to trustees. However, reflecting its role in relation to governance of the charity, including the recruitment of trustees, the Governance and Nominations Committee has three trustee members and five non-trustee members.

While the approval of strategy and policy is a matter for the Board, it is the Chief Executive and the Executive Team who are charged with the implementation of strategy and policy. To this end, Executive Team members attend meetings of the Board and relevant committees, and regular, less formal, discussion between both groups is encouraged.

Advisory Bodies

Diabetes UK has seven formal Advisory Bodies which inform the work of the charity as part of the charity's stakeholder engagement.

The **Council for People Living with Diabetes** comprises 30 members and includes broadly equal numbers of men and women with Type 1 and Type 2 diabetes, as well as carers of people with diabetes. There are representatives from across the UK and from ethnic minority backgrounds.

The **Council for Healthcare Professionals** comprises 20 members and includes a range of healthcare professionals working in diabetes.

The **National Advisory Councils** in Scotland, Wales and Northern Ireland each comprises a maximum of 20 members drawn from people with Type 1 and Type 2 diabetes, carers, and healthcare professionals. The Councils advise the National Directors and the Board of Trustees.

The **Science and Research Advisory Group** comprises 20 members and reviews the broad field of diabetes research and makes recommendations to the Board on the areas in which the charity should focus its research effort.

The **Involvement Network** is a virtual network of people with an expressed interest in specific areas of the charity's work who are invited to participate in consultations and meetings as one of the ways

that the charity ensures the views of people with diabetes are incorporated into the development of the charity's work.

Employment Policies

Diabetes UK is committed to equality of opportunity for all employees and to employment practices, policies and procedures which ensure that no employee, or potential employee, receives less favourable treatment regardless of age, disability, gender re-assignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity.

Diabetes UK is also committed to the personal development of all staff. We do not discriminate against any group in the provision of learning and development and opportunities, which are provided in a number of ways to suit different learning styles by internal and external training providers.

Subsidiary companies

Diabetes UK has two trading subsidiary companies:

Diabetes UK Services Limited trades in Christmas goods and insurance services, sells advertising, receives sponsorship income and organises lotteries to raise funds for Diabetes UK. The performance of the company continues to be satisfactory, and a profit of £1.3m (2012: profit £0.9m) was generated in 2013 and was donated to Diabetes UK under gift aid. Its results are shown in note 24 on page 67 of the financial statements.

BDA Research Limited exploits the potential value of any intellectual property arising as a result of research funded by Diabetes UK. At 31 December 2013 the company had no research funding commitments but retains an interest in the intellectual property of certain research projects that may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

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 (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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 charitable company's 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.

In approving the Trustees' Annual Report the Trustees confirm they approve the Strategic Report in their capacity as company directors.

On behalf of the Board of Trustees:

Sir Peter Dixon
Chair

8 May 2014

LEGAL AND ADMINISTRATIVE INFORMATION

A company limited by guarantee, registered in England and Wales: registration number 339181

A charity registered in England and Wales (registration number: 215199) and in Scotland (registration number: SC039136)

Member of the International Diabetes Federation

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Patron

Her Majesty the Queen

President

Mr Richard Lane OBE

Vice Presidents

Professor Sir George Alberti
Mrs Barbara Elster
Mrs Anne Felton
Mr John Grumitt
Dr Michael Hall
Sir Michael Hirst
Professor Simon Howell
Professor Harry Keen CBE (died 5 April 2013)
Mrs Judith Rich OBE

Board of Trustees (2013)

Sir Peter Dixon ^{3,4}
(Chair, appointed January 2013)
Mr Julian Baust (Vice-Chair) ^{1,3,4}
Ms Helene Brenchley-King
Ms Sue Browell
Mr Gavin Cookman (re-appointed July 2013) ²
Ms Gill Fine (re-appointed July 2013) ²
Mr Noah Franklin (Treasurer) ^{1,2,3}
Dr Kamila Hawthorne (retired July 2013)
Ms Halima Khan (appointed July 2013)
Professor David McCance
Mr Frank Moxon (retired July 2013) ^{1,4}
Mr Gerald Tosh ^{1,2}
Professor Rhys Williams (appointed October 2013)
Dr Bob Young (appointed June 2013)

¹ Finance Committee member

² Audit & Risk Committee member

³ Remuneration Committee member

⁴ Governance and Nominations
Committee member

Executive Team

Chief Executive

Barbara Young

Director of Communications

Louise Ansari

Director of Fundraising

Paul Amadi

Director of Health Intelligence and Professional Liaison

Simon O'Neill

Director of Human Resources

Deirdre Saliba

Director of Operations

Colette Marshall

Director of Planning and Support Services

Caroline Moore

Director of Policy, Care and Improvement

Bridget Turner

Director of Research

Alasdair Rankin

Advisors

Auditors

Grant Thornton UK LLP

Grant Thornton House
Melton Street
London NW1 2EP

Investment managers

C Hoare & Co
37 Fleet Street
London EC4P 4DQ

Solicitors

Bates Wells & Braithwaite LLP
2-6 Cannon Street
London EC1N 6TD

Bankers

National Westminster Bank PLC
Marylebone & Harley Street Branch
PO Box 2021
10 Marylebone High Street
London W1A 1FH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE BRITISH DIABETIC ASSOCIATION

We have audited the financial statements of the British Diabetic Association for the year ended 31 December 2013 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 43, 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.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2013 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 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.

Carol Rudge

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London

2014

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED GAINS AND
LOSSES) FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	Unrestricted £'000	Restricted £'000	2013 Total £'000	2012 Total £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	18,280	14,349	32,629	21,789
Activities for generating funds: trading	3	3,203	-	3,203	2,877
Investment income	4	171	-	171	198
		21,654	14,349	36,003	24,864
Incoming resources from charitable activities	5	2,706	131	2,837	2,970
Total incoming resources		24,360	14,480	38,840	27,834
RESOURCES EXPENDED					
Cost of generating funds					
Cost of generating voluntary income	7	6,256	-	6,256	4,476
Cost of fundraising trading: cost of goods sold & other	7	2,275	-	2,275	2,244
Investment management costs	7	31	-	31	27
		8,562	-	8,562	6,747
Charitable activities					
Supporting Self Management		3,894	1,875	5,769	5,672
Improving Quality of Care		7,230	102	7,332	7,211
Raising Awareness and Prevention		2,673	2,513	5,186	3,655
Funding Research		2,176	4,286	6,462	5,850
Total Charitable Expenditure		15,973	8,776	24,749	22,388
Governance costs	10	220	-	220	341
Total resources expended	8	24,755	8,776	33,531	29,476
Net income/(expenditure) for the year					
		(395)	5,704	5,309	(1,642)
Gains/(losses) on investments	16	625	-	625	382
Actuarial (losses)/gains on defined benefit pension	28	(18)	-	(18)	514
Net movement in funds		212	5,704	5,916	(746)
Fund balances at the beginning of the financial year		10,335	1,499	11,834	12,580
Fund balances at the end of the financial year	21	10,547	7,203	17,750	11,834

Reconciliation of funds

There are no other unrealised gains or losses which do not appear on the SOFA. All the above results are derived from continuing activities. The notes on pages 52 to 72 form part of these accounts.

BALANCE SHEET AT 31 DECEMBER 2013

	Notes	Group		Diabetes UK	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
Fixed assets					
Tangible assets	15	631	748	631	748
Investments in subsidiary undertakings	24	-	-	40	40
Other investments	16	5,118	4,903	5,118	4,903
		5,749	5,651	5,789	5,691
Current assets					
Stocks		48	51	-	-
Debtors	17	5,752	2,256	6,647	2,906
Cash at bank and in hand		17,021	14,453	15,626	13,208
		22,821	16,760	22,273	16,114
Creditors: amounts falling due within one year	18	(10,648)	(9,223)	(10,140)	(8,617)
Net current assets		12,173	7,537	12,133	7,497
Net assets before provisions		17,922	13,188	17,922	13,188
Provisions for liabilities and charges	19	(172)	(135)	(172)	(135)
Provision: defined benefit pension scheme liability	28	-	(1,219)	-	(1,219)
Net assets		17,750	11,834	17,750	11,834
Funds					
Restricted income funds	20	7,203	1,499	7,203	1,499
Unrestricted income funds					
General funds		9,747	11,252	9,747	11,252
Revaluation reserve		800	302	800	302
Unrestricted funds excluding pension liability		10,547	11,554	10,547	11,554
Pension reserve deficit	28	-	(1,219)	-	(1,219)
Unrestricted funds including pension liability		10,547	10,335	10,547	10,335
Total funds		17,750	11,834	17,750	11,834

The notes on pages 52 to 72 form part of these accounts.

Approved by the Board of Trustees on 8 May 2014 and signed on their behalf by:

Sir Peter Dixon
Chair

Noah Franklin
Treasurer

Registered company no: 339181

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £'000	2012 £'000	
Net cash inflow/(outflow) from operating activities (see note below)	2,262	(187)	
Returns on investments			
Investment income received (net)	31	39	
Interest received	13	15	
Interest on cash asset investments	96	117	
Net cash inflow from returns on investments	140	171	
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(244)	(145)	
Purchase of investments	(1,815)	(760)	
Proceeds from sale of investments	2,225	2,480	
Net cash inflow from investing activities	166	1,575	
Movement in net cash	2,568	1,559	
	At 1 January 2013 £'000	Cash flow £'000	At 31 December 2013 £'000
Analysis of net funds			
Cash at bank and in hand	14,453	2,568	17,021
Cash at 31 December	14,453	2,568	17,021

Notes to the consolidated cash flow statement

	2013 £'000	2012 £'000
Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities		
Net income/(expenditure) for the year per the SOFA	5,309	(1,642)
Depreciation	361	390
Investment income receivable (net)	(140)	(171)
Decrease/(Increase) in stocks	3	(21)
(Increase)/Decrease in debtors	(3,496)	1,023
Increase/(Decrease) in creditors	1,425	396
Increase/(Decrease) in provisions	37	135
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(1,237)	(297)
Net cash inflow/(outflow) from operating activities	2,262	(187)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards using the historical cost convention except for investments, which are stated at market value. The going concern basis of accounting continues to be adopted as the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

The financial statements comply with the requirements of the Charities Act 2011 and are in accordance with applicable accounting standards. They also comply with the requirements of the Statement of Recommended Practice "Reporting and Accounting by Charities" (SORP) issued in March 2005 and updated in 2008 and the Companies Act 2006. No separate income and expenditure account has been included for Diabetes UK because it has no endowment funds. This complies with section 397 of SORP 2005 and section 408 of the Companies Act 2006.

Company status

The charity is a company limited by guarantee. The members of the company are the Trustees (see Trustees' Report for further information).

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its voluntary 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 24. The results of the subsidiary have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of voluntary groups where returns have been received by the date of the preparation of the consolidated financial statements. The number of voluntary group returns received when the financial statements were prepared was 227 out of 316 (72%) (2012: 261 out of 311 (84%)).

INCOMING RESOURCES

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

Legacies

Entitlement is considered to be on the earlier of the date of receipt of finalised estate accounts, the date of payment or where there is sufficient evidence to provide the necessary certainty that the legacy will be received and the value is measurable with sufficient reliability. 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 third party notifies Diabetes UK of the amount of the donations.

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 services and facilities

These are included at the value to the charity where this can be quantified. 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 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.

RESOURCES EXPENDED

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

Cost of generating funds

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

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.

Further detail on the grant making policy is contained in the Trustees' report.

Governance costs

Governance costs are made up of the staff costs for the Governance Team, Board of Trustee costs, UK Advisory Council costs, audit fees and an appropriate allocation of central overhead costs.

Support costs reallocation

Overheads consist of central team costs including information technology, finance and office management functions. Overheads are allocated based on the number of staff involved in each activity.

Tangible fixed assets

All expenditure on fixed assets in excess of £500 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:

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

Investments are shown at market value and any unrealised gain or loss is transferred to reserves.

Stocks

Stocks are valued at the lower of cost and net realisable value. 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.

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.

The assets funding the defined benefit scheme are held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A liability is recognised to the extent that the charity has a legal or constructive obligation to settle the liability.

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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

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.

2. Voluntary income

	2013 Total £'000	2012 Total £'000
Incoming resources		
Legacies	11,473	10,395
Membership, donations and fundraising	21,125	11,350
Donated services and facilities	31	44
Total	32,629	21,789

Income from membership, donations and fundraising includes £8.8m (2012: £NIL) raised through the Tesco partnership.

3. Activities for generating funds: trading

	2013 Total £'000	2012 Total £'000
Incoming resources		
Lotteries	1,769	1,720
Advertising	367	480
Corporate sponsorship	389	301
Merchandising	678	376
Total	3,203	2,877

All trading activity was undertaken by a subsidiary undertaking.

4. Investment income

	2013 Total £'000	2012 Total £'000
Incoming resources		
Dividends from listed securities	62	66
Interest on cash at bank	109	132
Total	171	198

5. Incoming resources from charitable activities

	Notes	2013 Total £'000	2012 Total £'000
Conferences		1,238	1,285
Grants receivable	6	631	620
Care holidays		111	115
Professional membership		180	252
Publications		677	698
Total		2,837	2,970
Supporting Self Management		285	255
Improving Quality of Care		2,410	2,390
Raising Awareness		104	296
Funding Research		38	29
Total		2,837	2,970

6. Grants receivable

	2013 Total £'000	2012 Total £'000
During the year Grants were received from the following sources:		
Various grants given for Young Diabetologists Forum	111	207
DOH Innovation, Excellence and Strategic Development Fund	94	28
Scottish Government Health Directorate	75	-
Yorkshire & Humber Public Health Observatory	50	-
NHS Diabetes and Kidney Care	46	-
Health & Social Care Alliance Scotland	46	76
Volunteering Fund: Health & Social Care (ECORYS)	36	49
Ealing PCT	31	-
Lambeth and Southwark Diabetes Modernisation Initiative	21	-
Big Lottery Fund	-	210
Scottish Diabetes Group	-	50
Others less than £20,000	121	-
Total grants receivable from Charitable activities	631	620
Other	-	-
Total grants receivable	631	620

7. Cost of generating funds

	2013 Total £'000	2012 Total £'000
Voluntary Income		
Legacies	252	303
Membership, donations and fundraising	5,978	4,129
Donated services and facilities	26	44
Total	6,256	4,476
Fundraising Trading		
Lotteries	1,376	1,503
Advertising	51	81
Corporate	270	297
Merchandising	578	363
Total	2,275	2,244
Investment management costs	31	27
Total	8,562	6,747

£1.0m of the cost of generating voluntary income related to the Tesco partnership (2012: £NIL).

8. Analysis of total resources expended

	Activities undertaken directly £'000	Activities undertaken by grant funding £'000	Support costs £'000	2013 Total £'000	2012 Total £'000
Cost of generating funds					
Cost of generating voluntary income	5,329	-	927	6,256	4,476
Trading costs	2,275	-	-	2,275	2,244
Investment management costs	31	-	-	31	27
Cost of Charitable activities					
Supporting Self Management	5,061	-	708	5,769	5,672
Improving Quality of Care	6,227	-	1,105	7,332	7,211
Raising Awareness and Prevention	4,762	-	424	5,186	3,655
Funding Research	339	6,055	68	6,462	5,850
Governance costs	195	-	25	220	341
Total	24,219	6,055	3,257	33,531	29,476

£2.8m of cost of charitable activities related to the Tesco partnership (2012: £NIL).

9. Support costs allocations

	Facilities £'000	Finance £'000	Human Resources £'000	IT £'000	2013 Total £'000	2012 Total £'000
Cost of generating voluntary income	353	140	199	235	927	853
Cost of Charitable activities						
Supporting Self Management	270	107	152	179	708	676
Improving Quality of Care	421	167	237	280	1,105	1,067
Raising Awareness and Prevention	162	64	91	107	424	437
Funding Research	26	10	15	17	68	77
Governance costs	10	4	5	6	25	36
Total	1,242	492	699	824	3,257	3,146

10. Governance costs

	2013 Total £'000	2012 Total £'000
Trustee costs	27	58
Advisory Council Expenses	26	47
Governance and Stakeholder Support Costs	122	167
External Audit	45	69
Total	220	341

11. Grant funding

The institutions receiving grant funding in the year in excess of £100,000 were: 2013
£'000

King's College London	857
University of Cambridge	271
University of Dundee	514
Imperial College	539
Peninsula Medical School	130
University of Newcastle	250
University of Glasgow	268
University of Ulster	162
University of Oxford	258
University of Bristol	275
University of Southampton	193
University of Warwick	151
Queen's University Belfast	236
St George's Hospital	107

Sub total **4,211**
Other grants 1,844

Total Grants **6,055**
Direct administration and support costs 407

Total **6,462**

Analysis of grant by area of research 2013
£'000 2012
£'000

Care and treatment	2,607	2,281
Cause, prevention and cure	3,448	3,017
Direct administration and support costs	407	552

Total **6,462** **5,850**

	2013 £'000	2012 £'000
Grants reconciliation		
Creditor at the beginning of the year	5,703	5,080
Grants awarded in the year	2,086	2,651
Liabilities arising on existing grants	3,969	2,647
Payments in the year	(5,515)	(4,675)
Creditor at the end of the year	6,243	5,703

12. Net incoming resources for the year:

	2013 £'000	2012 £'000
Net incoming resources for the year is stated after charging:		
Depreciation (see note 15)	361	390
Auditors remuneration		
- statutory audit	45	42
- statutory audit prior year	-	27
- other non-audit	10	-
Non-recoverable VAT	636	667
Operating leases		
- property	767	764
- other	29	29

13. Transactions with trustees

Trustees have not been remunerated in the year (2012 Nil). A total of 8 trustees (2012: 10) have been reimbursed for expenses in relation to trustee meetings at a total cost of £11,107 (2012: £10,716). All amounts were for reimbursement of travel and subsistence costs.

Dr Bob Young is engaged as Clinical Lead for the National Diabetes Audit (NDA). For this work Diabetes UK pays the Salford Royal NHS Foundation Trust for one day a week of Dr Young's time.

Diabetes UK has a contract via the HSCIC who sub-contract Diabetes UK to provide clinical input, including the Clinical leads, for the NDA.

Professor David McCance is a co-applicant on a grant held by Dr Valerie Holmes at Queen's University of Belfast, the purpose of which is to design, develop and pilot an interactive DVD to increase awareness of reproductive health issues and preconception care in women with diabetes. The total amount awarded over 5 years is £202,373. His involvement is to work 1 hour a week on the grant, sitting on a multidisciplinary steering group to advise the researchers on design and content as a physician specialising in diabetes and pregnancy. For this, he receives no salary.

14. Staff costs

	2013 £'000	2012 £'000
Salaries	9,908	9,042
Social security costs	1,020	930
Other pension costs	782	822
Total	11,710	10,794
Staff numbers	number	number
Fundraising	89	72
Charitable activity	205	197
Support	31	34
Governance	2	4
Total	327	307

The average full-time equivalent number of employees during the year was: 302 (2012: 289).

Pension costs

Pension costs comprise £445,259 (2012: £485,427) in respect of defined contribution pension schemes and £337,200 (2012: £337,200) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:	2013 number	2012 number
£60,000 - £70,000	4	1
£70,000 - £80,000	3	1
£80,000 - £100,000	3	3
£100,000 - £120,000	1	1

Payments to defined contribution pension schemes in respect of the above staff amounted to £73,874 (2012: £34,019) in the year. As at the year end, the defined benefit pension scheme was closed and no benefits were accruing to the above staff.

15. Tangible fixed assets

	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Motor vehicles £'000	Total 2013 £'000
Group and Diabetes UK				
Cost				
At 1 January 2013	1,411	2,942	299	4,652
Additions	26	218	-	244
At 31 December 2013	1,437	3,160	299	4,896
Depreciation				
At 1 January 2013	(1,250)	(2,439)	(215)	(3,904)
Charge for the year	(53)	(248)	(60)	(361)
At 31 December 2013	(1,303)	(2,687)	(275)	(4,265)
Net book value				
At 31 December 2013	134	473	24	631
At 31 December 2012	161	503	84	748

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2012: nil).

16. Investments

	2013 £'000	2012 £'000
Group and Diabetes UK		
Market value at 1 January	4,903	6,499
Acquisitions at cost	1,815	760
Disposal proceeds	(2,225)	(2,480)
Gains/(losses) on investments	625	382
Transferred to Cash at Bank and in Hand	-	(258)
Market value at 31 December	5,118	4,903
Represented by:		
Listed securities	5,047	4,800
Property funds	71	103
	5,118	4,903
Historical Cost at 31 December	4,318	4,601

Investments which comprised more than 5% of the total market value of investments at 31 December 2013 were:

	2013 £'000	2012 £'000
Aberdeen Ethical World Fund 1	375	483
Aquila Risk Parity 12 Fund GBP	-	251
iShares Dow Jones Global Sustainability Screened ETF	386	431
Jupiter Responsible Income Fund	418	429
Jupiter Ecology Fund	413	320
Kames Ethical Equity Fund	618	567
Kames Ethical Corporate Bond Fund B	224	402
Standard Life UK Ethical Fund	615	603
COIF Property Fund	261	-
UBS ETF MSCI Pacific Socially Responsible	386	-

17. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	1,057	888	728	710
Donation due from subsidiary undertaking	-	-	1,314	876
Other amounts due from subsidiary undertaking	-	-	114	272
Other debtors	526	473	394	239
Prepayments and accrued income	4,169	895	4,097	809
	5,752	2,256	6,647	2,906

Accrued income includes £2.6m of Tesco partnership income which was received after the year end.

18. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade creditors	160	278	164	246
Taxation and social security	310	570	310	405
Other creditors	118	66	119	66
Accruals and deferred income	3,817	2,606	3,304	2,197
Research grants creditor	6,243	5,703	6,243	5,703
	10,648	9,223	10,140	8,617

19. Provisions for liabilities and charges

	Total 2013 £'000	Total 2012 £'000
Balance brought forward at 1 January 2013	135	-
Dilapidation charge in the year	37	135
	172	135

20. Funds

Group and Diabetes UK	At 1 January 2013 £'000	Incoming funds £'000	Outgoing funds £'000	Transfers and gains/ (losses) £'000	At 31 December 2013 £'000
General funds	11,252	24,985	(25,992)	(498)	9,747
Revaluation reserve	302	-	-	498	800
Pension reserve (see note 28)	(1,219)	-	1,237	(18)	-
Total unrestricted funds	10,335	24,985	(24,755)	(18)	10,547
Restricted funds					
Diabetes Foundation	132	-	-	-	132
Research funds	593	3,979	(3,979)	-	593
Care and information funds	378	603	(742)	-	239
Geographical funds	-	878	(742)	-	136
Children funds	68	202	(255)	-	15
Tesco partnership	-	8,818	(2,757)	-	6,061
Warren Memorial fund	328	-	(301)	-	27
Total restricted funds	1,499	14,480	(8,776)	-	7,203
Total of unrestricted and restricted funds	11,834	39,465	(33,531)	(18)	17,750

The Diabetes Foundation fund represents the net assets of the Diabetes Foundation when it merged with Diabetes UK on 31st December 2010. These are held to support and advance research in the field of diabetes and particularly in that of juvenile (insulin dependent) diabetes. The research funds represent funds received and used to meet the direct costs of maintaining the research programme. 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 Children funds are restricted funds to be used to meet additional costs of holidays, parent/child weekends and other youth activities. The Tesco partnership funds are restricted to a planned programme of activities over the next four years. The Warren Memorial fund is restricted to expenditure on projects which commemorate the names of Alec and Beryl Warren.

21. Total funds

Total funds are invested as follows:

Group	Unrestricted funds £'000	Restricted funds £'000	Total Funds £'000
Tangible fixed assets	631	-	631
Fixed asset investments	5,091	27	5,118
Current assets	15,645	7,176	22,821
Current liabilities	(10,648)	-	(10,648)
Provisions	(172)	-	(172)
Total net assets	10,547	7,203	17,750

Diabetes UK	Unrestricted funds £'000	Restricted funds £'000	Total Funds £'000
Tangible fixed assets	631	-	631
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	5,091	27	5,118
Current assets	15,097	7,176	22,273
Current liabilities	(10,140)	-	(10,140)
Provisions	(172)	-	(172)
Total net assets	10,547	7,203	17,750

22. Operating lease commitments

	Property		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Annual lease commitments under non-cancellable operating leases expiring:				
within one year	19	39	4	-
between two and five years	680	657	25	29
after five years	68	68	-	-
	767	764	29	29

23. Commitments to spend - research grants

At 31 December 2013 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £9,922,000 (2012: £10,604,000). 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.

	2013 £'000	2012 £'000
2013	-	4,518
2014	4,309	3,709
2015	3,311	1,643
2016	1,732	630
2017	537	104
2018	33	-
	9,922	10,604

24. Subsidiary undertakings

	2013 £'000	2012 £'000
Investment in subsidiary undertakings	40	40

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. The financial statements of Diabetes UK Services are audited and filed at Companies House. Their financial position is summarised below. BDA Research Limited did not carry out any business activity in the year.

Profit and loss accounts for the year ended 31 December 2013	Diabetes UK Services Limited	
	2013 £'000	2012 £'000
Turnover	1,297	962
Expenditure	(585)	(436)
Other operating income (net)	597	345
Interest receivable	5	5
Profit on ordinary activities before and after taxation	1,314	876
Profit donated to Diabetes UK	(1,314)	(876)
Net income	-	-

Summarised Balance Sheets as at 31 December 2013

	2013 £'000	2012 £'000
Current assets	1,981	1,792
Creditors: amounts falling due within one year.	(1,941)	(1,752)
Net assets	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 2013 (2012: £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 2013 (2012: £40,003).

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

	2013 £'000	2012 £'000
Net income/(expenditure)	5,309	(1,642)
Gain on sale of investments calculated under the historical cost accounting convention	127	39
Surplus/(loss) under the historical cost accounting convention	5,436	(1,603)

26. Members

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

27. 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 £4.92 million (2012: approximately £5.15 million).

28. 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 £445,259. (2012: £485,427). 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 accrual on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 63 current and former employees with entitlements to preserved benefits. Pensions in payment are 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 1 January 2011 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 surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The triennial actuarial valuation showed a deficit of £1,701,000. The charity has agreed with the trustees that it will aim to eliminate the deficit over a period of 4 years and 11 months from 1 January 2012, by the payment of monthly contributions of £28,100 in respect of the deficit. In addition and in accordance with the actuarial valuation, the charity has agreed with the trustees that it will meet management and administration expenses of the scheme and levies to the Pension Protection Fund as they fall due.

The next valuation is due as at 1 January 2014.

For the purpose of FRS17, the actuarial valuation as at 1 January 2011 was carried out by a qualified independent actuary and has been updated on an approximate basis to 31 December 2013.

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

	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	7,788	6,597	5,855
Present value of scheme liabilities	(7,501)	(7,816)	(7,885)
Surplus/(deficit) in the scheme	287	(1,219)	(2,030)

In line with our accountancy policy the surplus arising in the year is not recognised on the balance sheet.

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.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out benefits at the balance sheet date with a suitable insurer. This represents the amount that would be required to settle the scheme liabilities rather than the charity continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme at 1 January 2011 was £9,751,000 compared with assets at the same date of £5,365,000.

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

	2013 £'000	2012 £'000
Scheme liabilities at 1 January	7,816	7,885
Interest cost	357	367
Past service cost	(900)	-
Actuarial losses (gains)	347	(300)
Benefits paid	(119)	(136)
Scheme liabilities at 31 December	7,501	7,816

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

	2013 £'000	2012 £'000
Fair value of scheme assets at 1 January	6,597	5,855
Expected return of scheme assets	366	327
Actuarial gains/(losses)	607	214
Contributions by employer	337	337
Benefits paid	(119)	(136)
Fair value of scheme assets at 31 December	7,788	6,597

The actual return on the scheme assets over the period ended 31 December 2013 was £973,000 (2012: £541,000).

Total expense recognised in SOFA

	2013 £'000	2012 £'000
Interest cost	357	367
Expected return of scheme assets	(366)	(327)
Past service costs	(900)	-
Restriction on expected return	9	-
Total expense recognised in SOFA	(900)	40

Statement of recognised gains and losses

	2013 £'000	2012 £'000
Difference between expected and actual return on scheme assets : gain/(loss)	607	214
Experience gains and losses arising on the scheme liabilities: (loss)	(20)	(30)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain/(loss)	(327)	330
Limit on recognition of assets	(278)	-
Total amount recognised in the statement of recognised gains and losses: (loss)/gain	(18)	514

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £(1,119,000) (2012: £(1,379,000)).

Assets

	2013 £'000	2012 £'000	2011 £'000
Equities	4,296	3,154	2,451
With profits policy	3,464	3,415	3,376
Cash	28	28	28
Total Assets	7,788	6,597	5,855

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

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

	2013 % per annum	2012 % per annum	2011 % per annum
Inflation (RPI)	3.70	3.00	3.10
Rate of discount	4.50	4.60	4.70
Allowance for pension in payment increases at the lower of RPI or 5%	3.50	3.00	3.10
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.70	2.10	2.20
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum	None

The mortality assumptions adopted at 31 December 2013 are based on the PNMA00/PNFA00 CMI Model 2013 [1.25%]. These imply the following life expectancies:

	2013	2012
Male retiring at aged 62 in 2013	26.0	27.1
Female retiring at aged 62 in 2013	28.1	29.7
Male retiring at aged 62 in 2033	28.0	29.2
Female retiring at aged 62 in 2033	30.1	31.6

Expected long term rates of return

The overall expected return on assets assumption of 6.89% pa as at 31 December 2013 has been derived by calculating the weighted average of the expected rate of return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

- equities, current FTSE All Share dividend yield plus RPI inflation plus an allowance of 1.2% pa real dividend growth (net of expenses);
- with Profits fund, the latest available declared bonus at the valuation date;
- cash, current Bank of England base rate

The expected long term rates of return applicable at the start of each period are as follows:

	2013 % per annum	2012 % per annum
Equities	8.20	6.20
Cash	0.50	2.30
With profits policy	5.32	5.00
Overall for scheme	6.89	5.49

Analysis of the sensitivity of the value of the scheme liabilities to the principal assumptions

	Change in assumption	Approximate impact on scheme liabilities
Discount Rate	Increase/ decrease of 0.5% pa	Decrease/ increase by 10.0%
Rate of inflation	Increase/ decrease of 0.5% pa	Increase/ decrease by 4.1%
Rate of mortality	1 year increase in life expectancy	Increase by 1.5%

Duration of the liabilities and expected benefits payable

It is estimated that the average duration of the scheme liabilities is 22 years. The benefits payable by the scheme are expected to be payable as follows:

<u>Expected Benefit payments</u>	<u>£'000</u>
Year 1	490
Year 2	40
Year 3	540
Year 4	120
Year 5	540
Year 6	190
Year 7	310
Year 8	330
Year 9	240
Year 10	840

Amounts for the current and previous four periods

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	7,788	6,597	5,855	5,528	5,372
Present value of scheme liabilities	7,501	7,816	7,885	6,632	6,812
Surplus (deficit) in scheme	287	(1,219)	(2,030)	(1,104)	(1,440)
Experience adjustment on scheme assets	607	214	(256)	161	302
Experience adjustment on scheme liabilities	(7)	(30)	(118)	337	(152)

The amount of contributions to be paid by the employer to the scheme for the period beginning 1 January 2014 is £337,200.

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*Calls may be recorded for quality and training purposes.

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