



Our story

Annual report and accounts
2018

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Foreword

As we reflect on a year of huge achievement for people living with and at risk of diabetes, a simple but important truth is powerfully clear: together we achieve more. It's an idea that shines through our story of 2018 time and again.

We're proud to have worked alongside people with diabetes, healthcare professionals and NHS leaders, and to have joined forces with the business community and other charities. Our world-class researchers, life-changing campaigners and fundraisers make it all possible and, vitally, our work continues to be inspired by people whose lives have been affected by diabetes. Together we've changed lives for the better, and that's something we can all be proud of.

Our successful fight to make new flash glucose technology available to more people on the NHS, and to end the postcode lottery for this, showed the power we have when we bring together thousands of determined and passionate campaigners to be heard with one voice.

Since we first brought together and funded Professors Mike Lean and Roy Taylor in 2013, their DiRECT research trial has shown that it's possible for some people to put their Type 2 diabetes into remission. In 2018, the NHS announced it was launching pilot schemes in England and Scotland based on this discovery, meaning thousands more will soon have the chance to benefit.

It comes at a critical moment for our health services across the UK, with growing demands and tighter NHS budgets. In 2018 we worked closely with the Department of Health and NHS England to press for improved care for people with all types of diabetes. When NHS England launched its Long Term Plan with a clear commitment to doing this, we knew we had achieved something critically important for people affected by diabetes.

The Long Term Plan also prioritises the prevention of Type 2 diabetes, a commitment which, thanks to our influencing work, has been reflected in Wales, Scotland and Northern Ireland. Policymakers have listened to our message that the time to act is now.

This report quite rightly focuses on the differences we make to people affected by or at risk of diabetes. But all this work only happens with the generous support of those who donate or fundraise on our behalf. In 2018 we raised more than £1 million above expectations. This is truly an achievement to be celebrated in the current climate, but we know in the coming years we need to be even more ambitious to tackle the diabetes crisis.

Our own fundraising events like Swim22 and the One Million Step Challenge grew significantly in 2018, while the growth in our partnership and philanthropy fundraising has played an important part too. As always, we are indebted to every single person who has supported our work. Thank you.

While we reflect on our successes in 2018, we cannot shy away from how the changing world around us affects the way we provide the support, information and research that people need. At the time of writing, we continue to demand that the government ensures the vital needs of people with diabetes are met when we leave the European Union. We are also alert to economic changes and the public's falling trust in charities, which have an impact on both people's ability, and desire, to give.

We are countering these risks by continuing to put people first in all that we do, and by holding ourselves to the highest standards when it comes to safeguarding, financial transparency and how we deliver our fundraising activity.

We must also be honest with ourselves about areas in which we should be playing a greater role, and ambitious in our plans to tackle them. There is still much more research that needs to be funded, and groups of people we aren't reaching effectively. In 2019 we will face these challenges head on as we launch a new strategy to guide our work and our future impact, and strengthen our resolve to achieve even more for people with and at risk of diabetes.

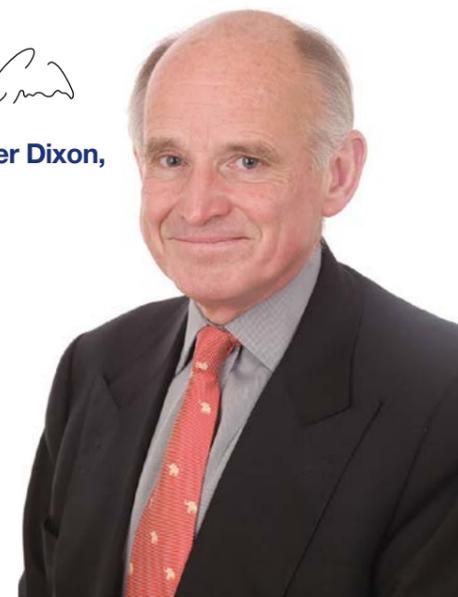
What unites all of the challenges ahead is the fact that we cannot conquer them alone. This is why our role at the heart of the diabetes community in the UK is so important. We remain hopeful, determined and committed to bringing people together and acting collectively, so that we continue to build a world for people where diabetes can do no harm.

Thank you for your support.



Chris Askew,
Chief Executive

Sir Peter Dixon,
Chair



Our **vision**

A world where diabetes can do no harm.

Our **mission**

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

We will do this by:

Listening to and working with people living with diabetes, healthcare professionals and many others to drive change.

Developing, delivering and championing the most effective ways for people to manage their diabetes, or their risk, so they can live their lives with confidence.

Building a strong community of support that finds and shares the knowledge needed to fight diabetes.

Our **values**

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

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



Our strategy

Our strategy sets out how we're tackling the diabetes crisis. It provides focus for our work, to make sure we rise to the challenges we face.

2018 was the fourth year of our current five-year strategy. This report will take you through our 2018 journey, focusing on some of our biggest achievements and the work that has helped us meet our strategic aims.

Our strategy commits us to working in six key areas:

Greater investment in diabetes research

Research changes lives. But lack of funding is holding back progress. It's holding back better care and treatment. And it's stopping us finding a cure.

Each year we commit more of our own funds to research and encourage greater overall investment by developing strategic funding relationships with a range of bodies. We bring together Clinical Studies Groups to help identify the most important areas of research to be funded. We also give a strong voice to people with diabetes, and help to inform research of the future.

A transformation in diabetes care

Good diabetes care cannot be a postcode lottery. We're focussed on giving everyone the consistent, high-quality care that they need. Because we know that with the right support and education to improve self-management, as well as better care, treatment and access to emerging technologies, we can reduce the amount of people developing life-changing complications as a result of their diabetes.

We work to improve diabetes care throughout the UK by working with the health systems in England, Scotland, Northern Ireland and Wales. We also support healthcare professionals and give them the tools they need to drive change. And we continue to transform care in schools for children with Type 1 diabetes.

Reducing obesity and preventing Type 2 diabetes

The rise in Type 2 diabetes has been largely driven by rising levels of obesity. But we can help prevent it, by changing behaviour of both individuals and the nation as a whole.

To slow down this obesity epidemic, we work to expand our reach and help more people find out their risk of Type 2. And we continue to build relationships with companies and charities to help us support people to reduce their risk. We also campaign to influence plans by industry and government to help create a healthier environment to stem obesity and stop Type 2 diabetes in its tracks.

Helping everyone to manage their diabetes

Diabetes is complicated. And every person experiences it differently. We know that everyone takes in information in their own way, and we want to make sure there's something to suit everyone's needs.

We work with the NHS across the UK so that all people with diabetes are offered engaging education opportunities. We continue to develop our services and online information, as well as connect people with diabetes so that they can share advice and give emotional support.

A revolution in understanding and support

Diabetes is serious. But many people don't see it that way. We're determined to change this by putting diabetes in the spotlight and keeping it there. We want to make sure that all people know how to live well with all types of diabetes and to reduce their risk of Type 2.

We influence governments and health bodies to listen and take action. And we continue to develop our case for supporting our cause, to meet our ambitious vision to tackle the diabetes crisis. Because we know that we can't do it alone.

The best people and the best organisation

We know we've not set ourselves an easy task. That's why we need the best possible environment to support everyone who works both for us and with us, whether volunteers or staff.

We attract, keep and develop the best people, with the right skills to help us realise our ambitious strategy. We are committed to strong staff and volunteer engagement and to inspiring leadership. We are, and want to continue to be, a top charity to work for.

We make sure that the right systems are in place and that everyone has access to the best training and tools, so that our campaigners, volunteers, fundraisers and staff can tackle diabetes head on.



Throughout the report, we've highlighted in each section how our work and achievements are meeting this strategy.

Our year in **numbers**

We raised a total of £34.8 million, all thanks to the generosity of our fundraisers, members and partners.

Our helpline provided information and support to **15,727** phone, email and web enquiries.

We now have **1,317** Community Champions across the UK.

Our volunteers gave more than **100,000** hours of their time in 2018.

There were a record-breaking **11.4 million** visits to our website for information and support.

We funded **39** new research projects worth **£6.7 million** over their lifetime.

More than **13,000** people joined our fight for Flash.

Nearly **200,000** people used our Know Your Risk tool to check their risk of Type 2 diabetes.

4,800 swimmers swam **105,600** miles to raise an incredible **£480,000**.

8,422 people each took 1 million steps for us in 2018 – walking a total of over **4.2 million** miles.

Our online forum was visited more than **540,000** times.



Knowledge is power

When you have diabetes, knowledge gives you the power to live well with your condition. We're on a mission to provide world-leading health information in ways that suit everyone. And this year we reached more people than ever before.





Knowledge is **power**

In today's digital world, many of us turn to the internet when we have a health concern or question. We've worked hard to transform our online information, so people find exactly what they need, just when they need it. **In 2018 we had a record-breaking 11.4 million visits to our website.** And through our unique website feature Diabetes & Me, people can save pages and we can suggest relevant, personalised content. People come back time and again, and spend longer on our site.

We used digital channels to reach people with Type 2 in our Be in the Know campaign. It highlighted two common diabetes complications, retinopathy and foot disease, and was part of our work to get diabetes taken more seriously. **With over a million visits to the campaign web pages, Be in the Know changed perceptions.** 62% of people with Type 2 who saw the campaign now consider diabetes to be a serious life-long condition which can have significant impact. That's a rise of 19%.

We also continued to develop our online Learning Zone, to offer unique access to everything you need to know to live well with diabetes. It provides personalised content, and features the experiences of people living with diabetes. **With more than 20,000 registrations in 2018, our Learning Zone is helping thousands of people to understand their diabetes better.**

Our person-centred approach also guided a revamp of our membership scheme. Now, subscribers receive tailored diabetes information and updates, based on their health and interests.

Using technology and insight, we've created new ways to reach people with clear and personalised information. Together with our trusted helpline and active online forum – which celebrated its tenth year in 2018 – we're supporting more people than ever to live well with diabetes.

“It's fantastic,

incredibly useful and easy to use. You can't have access to medical professionals all the time but with Learning Zone there's no reason why you can't answer that burning question at three in the morning.”

Sarah, who lives with Type 2 diabetes and runs a Diabetes UK local group

Read Sarah's full story at www.diabetes.org.uk/impact





Getting together, giving support

Living with diabetes is tough. It never stops, and it can feel confusing, overwhelming and isolating. This year, across the UK, we brought people with diabetes together, to talk, listen, and learn. Our events gave people a deeper understanding and greater confidence about their condition.





Getting **together,** giving support

Living with Diabetes Days helped thousands of people with Type 2 in 2018, through events and resources distributed in Lincolnshire and Devon. Working with the NHS, our foot care events reached hundreds more people with diabetes. Diabetes causes more than 175 amputations in the UK every week and these events are vital to help people reduce their risk of foot complications.

For the first time ever, we shared highlights from our flagship professional conference in a public event. **The day-long Insider conference at ExCel London presented the latest research and developments to more than 200 people affected by diabetes.** It was a great day, and 90% of delegates said they would recommend it.

In Scotland, our Young Leaders gave 16 to 30 year olds with Type 1 the chance to connect with others like them. **The project reached more than 1,300 young people through school talks and the Young, Fun and Type 1 conference.** And at the other end of the UK, we held the first ever meetup for young people with Type 1 in the south west. #TheBig1 included guest speakers, as well as time just to chat.

Finally, we ran a brand new Type 1 and Tech conference in Swansea in November – the first event of its kind in the UK. In another first, the conference was webcast live, more than doubling our audience and giving even more people an insight into new ways of managing life with Type 1 through technology.

In 2018, our events helped thousands of people with diabetes to connect and learn from peers and health experts, and we reviewed and refreshed our Type 1 events for children and families ready to restart them in 2019. Because no-one should feel alone in the challenges they face from diabetes.

“There was a great atmosphere at the event,

which was full of people ready to learn and share information and experiences. Peer support and meeting other people with diabetes is so important, so it's excellent that Diabetes UK can help do this.”

Mel Stephenson-Gray, who lives with Type 1 diabetes, is an athlete and a Diabetes UK ambassador.

Read Mel's full story at www.diabetes.org.uk/impact



Our research is changing lives



Our research makes a real difference to people with diabetes. In 2018 we saw more long-term studies begin to make major changes to everyday care.





Our research is **changing lives**

The DiRECT trial, funded by Diabetes UK, has shown that some people can put Type 2 diabetes into remission with a low-calorie weight management programme. **It's been a life-changing result from our largest ever research investment into one study.**

Inspired by DiRECT, in 2018 NHS England announced a remission pilot scheme, while NHS Scotland is rolling out similar programmes across the country. This means more people with Type 2 will get the chance of remission and being medication-free.

The artificial pancreas took another step towards becoming part of routine care in 2018. It's technology we've championed from the start; a continuous blood glucose monitor linked to an insulin pump that manages blood glucose levels.

All previous trials of the artificial pancreas have been in people with Type 1 diabetes. But in 2018, our researchers showed that it could also help people with Type 2 in hospital. It improved blood sugar control without any higher risk of hypos. This is especially important, as being in hospital is a risky time, when medication errors are common.

Finally, a gold standard for long-term treatment of neonatal diabetes was confirmed in 2018. This rare form of the condition is diagnosed in babies and caused by a faulty gene.

Some time ago, findings from our research prompted a change to treatment for one type of neonatal diabetes. People with this type were able to switch from insulin injections to sulphonylurea tablets, but its suitability in the long-term wasn't clear.

So, our scientists assessed a group who'd been taking sulphonylureas for at least 10 years. They found blood sugar control was excellent and complications were rare. **It's a result that will mean easier and painless treatment, and better health for people with this particular condition.**

The impact made by these studies in 2018 follows years of hard work by our funded scientists. With your support, we can fund even more studies and keep making discoveries that change lives.

“Within just a few weeks of switching treatment,

it became obvious that Jack's blood sugar levels were really stable. He had stopped collapsing on the floor and he suddenly started smiling and laughing. For us, it really was a miracle.”

Emma, whose son Jack lives with neonatal diabetes

Read Emma and Jack's full story at www.diabetes.org.uk/impact





We're raising standards in **care**

Diabetes care in the UK too often falls short. But by working with people at the heart of healthcare, we're sparking profound improvements in local and national services. This gives people with diabetes a better quality of life and prevents dangerous and costly complications.





We're raising standards in **care**

The prospect of a new Long Term Plan for the NHS in England represented a great opportunity to increase commitments in the prevention and care of diabetes. We acted swiftly, making our case to decision-makers through the media, in parliament and in private.

The result is the biggest ever central NHS budget for diabetes, including doubling the size of the Type 2 Diabetes Prevention Programme, ensuring diabetes inpatient and foot care teams are in all hospitals, piloting Type 2 remission programmes and making sure flash glucose monitoring is available fairly and in all areas. We also played a role in improving care locally, such as in Coventry and Warwickshire, where we guided local spending decisions of the Diabetes Transformation Fund.

In Northern Ireland, our continued work with the Diabetes Network led to a commitment of £2.6 million to support the delivery of the Diabetes Strategic Framework priorities. And in Wales we worked with the Baldwin family to persuade the National Assembly for Wales' Petitions Committee to make recommendations that will improve early diagnosis of Type 1 diabetes.

Our award-winning leadership programmes – Clinical Champions and Tomorrow's Leaders – energise and equip NHS health professionals to drive change in diabetes practice. For instance, one of our 2018 graduates established new eye screening clinics in Wales, which have helped to cut national diabetes-related sight loss by half compared to 2007 figures.

In 2018 we developed these programmes even more, launching a new leadership initiative for primary care professionals, and delivering the next generation of ChangeLabs – where improvement ideas are generated and developed.

In 2018 our events for healthcare professionals informed thousands of NHS and social care staff, on topics from food to foot care. **Highlights included our flagship Diabetes UK Professional Conference in London attended by more than 3,000 people**, and the seventh National Diabetes in Pregnancy Conference attended by 400 midwifery staff.

High standards of care are crucial in helping people with diabetes to live well. We improved diabetes care, by influencing policy, supporting leaders, raising healthcare capability and supporting change. And we will continue to do so.



For more than a decade, **Sanofi** has helped us make an impact with projects including the Inpatient Care programme and our events for healthcare professionals. Since 2012, Sanofi has been the headline sponsor of the Diabetes UK Professional Conference, where healthcare professionals come together to hear about developments in care and the latest research – sharing knowledge and changing lives.



Novo Nordisk has been helping us raise standards in diabetes care since 2014, when we established our Clinical Champions programme. Year on year our partnership continues to grow, and we now deliver four leadership programmes for healthcare professionals that have a direct impact on the lives of thousands of people living with diabetes across the UK.

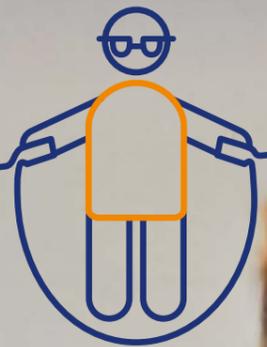
“Tomorrow’s Leaders was the **catalyst** for me.

It gave me the confidence to knock on doors and believe I can make change, by thinking outside the box. The ChangeLab then enabled me to engage the team and young people who use the service. Changing the way we reach out to young people has led us to engage better with many who were lost in the system.”

Katy Gerrard, a Diabetes Specialist Nurse and Tomorrow’s Leader at Derby Hospital

Read Katy’s full story at www.diabetes.org.uk/impact

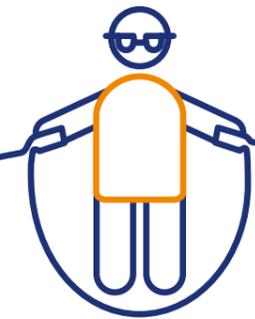




Preventing Type 2 diabetes

The number of people with Type 2 diabetes is rising fast. But more than half of all cases could be prevented. There's an urgent need for governments, industry, communities and individuals to make changes to the way we live. In 2018 we helped thousands to reduce their risk and we pressed governments to do more to tackle the rise in obesity and Type 2 diabetes.





Preventing Type 2 diabetes

We know that eating a healthy diet is important. But it's not always easy, particularly if you don't know what's in your food. **In 2018, nearly 7,000 people signed our Food Upfront petition, demanding clear and consistent food labelling when you eat out.**

We delivered our petition to the Prime Minister in May and one month later the government published chapter two of their childhood obesity plan. It made several welcome pledges around the marketing of unhealthy foods, and included a consultation on compulsory calorie labelling in restaurants, cafes and takeaways. We responded, informed by the views of more than 2,000 of our campaigners.

Our work with the devolved governments made important progress too. In Wales, health leaders committed to a national strategy with targets to tackle obesity. While in Scotland we joined with others to develop a national policy for Type 2 diabetes and secured a commitment of £42 million for prevention.

Nationwide, we helped people know their risk of Type 2 and understand how to reduce it. **Nearly 200,000 people used our online checker in 2018 and hundreds more came along to events up and down the country.**

Black and South Asian people are at higher risk of Type 2, so we took our prevention work to a diverse audience. In Wales, events were held for people of minority ethnic backgrounds while in Belfast, 40 volunteers from seven ethnic groups joined us to take Know Your Risk into their communities.

Whether it was on a personal level or fighting for a healthier society, we helped more people reduce their risk of Type 2 diabetes in 2018.



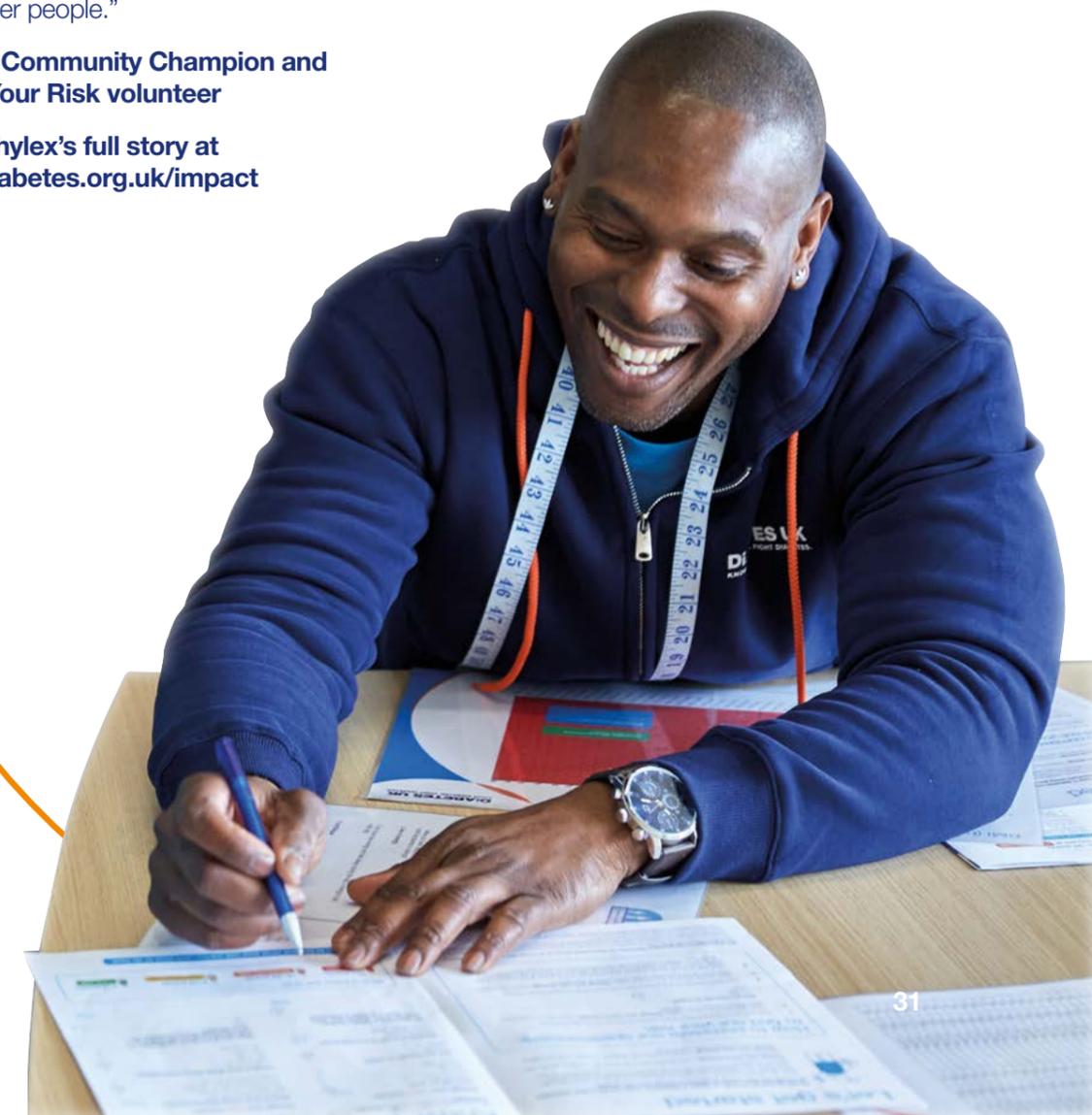
We are working with **Merck** on a prevention project called Awareness to Action. The project will be crucial in helping the South Asian community aged 25 to 39 find out and reduce their risk of Type 2 diabetes. And thanks to their support, this project will be used to create a framework to deliver similar projects for other at risk communities in the future.

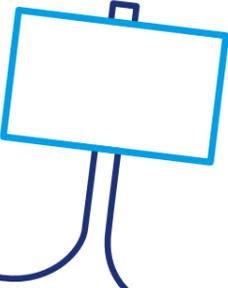
“If it wasn't for my mum, I would have Type 2 diabetes by now.

I couldn't save her, but I can save myself and save other people.”

Phylex, Community Champion and Know Your Risk volunteer

Read Phylex's full story at www.diabetes.org.uk/impact





Making life easier

Having diabetes affects daily life in a huge number of different ways. We understand the obstacles diabetes can bring and we work to reduce them. We don't stop campaigning until we get the results people with diabetes need.





Making life easier

We campaigned for a decade to change driving laws, and in January new rules were introduced in the UK. The old rules meant that anyone who had two severe episodes of low blood sugar – known as hypos – in a year lost their licence. This even included having a hypo when asleep and meant hundreds of people a year lost their licence unfairly.

The new rules no longer count hypos when people are sleeping, and anyone who does lose their licence can reapply for it sooner. This meant the number of people losing their licence because of severe hypos was significantly reduced in 2018.

Our lobbying also resulted in an amendment to a new law in Wales which will mean better support for children with diabetes in schools.

It follows similar legislation in England that we secured in 2013. Too often children with diabetes are excluded from different parts of school life and sometimes their parents are even required to go into school to provide care themselves.

We're now working with the Welsh Government to make sure that when the new rules are rolled out in 2020, schools have the right guidance to ensure that every one of the 1,400 children with Type 1 diabetes in Wales gets the right support. We want each child to get an individual plan that outlines the support they need and makes clear how the school will provide it.

We are aiming to make a similar impact with our Food Upfront campaign. People with diabetes need to know what's in their food but every day people are left to guess what they're eating because of a lack of clear labelling.

That's why thousands of people signed our petition and contacted their MP, calling on the government and companies to make food labelling clear, consistent and compulsory.

Just those simple changes will make popping out for a sandwich so much easier. Whether the changes are simple everyday things or new laws that have the power to change lives, each year our campaigns and policy work make life with diabetes less complicated.

“We were lucky to have a receptive, proactive and motivated team of school staff,

but all over Wales there are parents and children who have not had similar support. Every child in Wales deserves the safe, supported and inclusive school environment experienced by Oli, with the same access to opportunities as every one of their peers.”

Nicky, mum to Oli, who lives with Type 1 diabetes

Read Nicky and Oli's full story at www.diabetes.org.uk/impact





The fight for **Flash**

Thanks to the collective voice of people with diabetes, at the end of 2017 flash glucose monitoring was approved for use on the NHS in England. Despite this, few people with Type 1 diabetes could get access. This prompted a year of campaigning, and more than 13,000 of you joined us to fight for Flash across the UK in 2018.





The fight for **Flash**

A flash glucose monitor, often just called Flash, is a quick, easy way to check your blood sugar, giving you more information and fewer painful finger pricks. You wear a blood sugar monitor on your skin, and scan it to check your levels.

It's revolutionary for many people with Type 1. But many local decision makers still wouldn't fund Flash in their area and it quickly became clear that in England and Scotland it was turning into a postcode lottery.

We refused to put up with that. Our regional teams and volunteers swung into action to raise the profile of this problem and apply pressure. **More than 2,300 campaigners joined us to contact their MP, and more than 3,000 emailed their local NHS managers.**

People with Type 1 shared their stories in the media across the country. A Flash Mob grabbed attention in Dorset. Volunteers and staff made the case at the heart of the system, speaking at local and national government committees.

Momentum was building and change started to happen. Gradually more local commissioners prioritised Flash. Then, NHS England announced nationwide access from April 2019 according to certain criteria and prescribing was approved across Scotland.

With Wales and Northern Ireland already on board, this means tens of thousands of people with Type 1 diabetes could now benefit from Flash on the NHS.

Together, our voices are powerful, and fight for Flash has achieved so much for so many. But we won't stop there. We need to make sure that all those who could benefit from Flash can access it. And beyond Flash, we'll work tirelessly to make sure everyone can benefit from technologies they need to live well with their condition.



Roche joined forces with a small group of diabetes technology companies to support the development of the Diabetes Technology Pathway. The pathway ensures the appropriate uptake of technologies and helps people with diabetes avoid complications through better access to technology.

“Flash is the best new technology that's come around for a long time.

I'm really proud the Flash campaign got this far, and forced a decision that needed to be made. Without it, I doubt we would have got Flash on prescription and I wouldn't be able to use it the way I do now.”

Neil, who lives with Type 1 and joined our Fight for Flash campaign

Read Neil's full story at www.diabetes.org.uk/impact



Making it happen: partnerships

Diabetes is a health crisis that's far too big for us to tackle alone. By collaborating with the public and private sectors and with other charities, we increase our reach and influence and raise vital funds to support our work. Together with our partners we help more people living with and at risk of diabetes, impacting lives and achieving national change.



Making it happen: partnerships

Our Health Charity Partnership with Tesco, the British Heart Foundation and Cancer Research UK launched in January 2018. Together we are combining our experience to improve the health of the nation by making the healthy choice the easy choice for Tesco colleagues and customers.

This five-year partnership has already raised an impressive £2 million for Diabetes UK and has touched thousands of lives across the UK.

We were also able to talk about diabetes and raise our profile with thousands of golf fans in the summer. Thanks to our loyal supporter, and rock star, Mike Rutherford and his wife Angie, **we became a charity partner for the 2018 BMW PGA Championship.** Fundraising was to the fore, as we generated more than £230,000 through programme sales, sideshow golf contests and the European Tour's first ever gala dinner.

Support from Sanofi enabled us to carry out an investigation into hospital care for people with diabetes. At the moment, people living with the condition who are hospitalised feel unsafe, experience unnecessary harm and poorer health outcomes. This has to stop. The Improving Inpatient Care programme and the Making hospitals safe for people with diabetes report is supported by a grant from Sanofi¹. The report uncovers current challenges and identifies good practice, and will underpin our efforts to promote improved patient care across the UK.

Finally, **we are proud to take a leading role in the Richmond Group of Charities**, chaired by our Chief Executive Chris Askew. The collaboration of 14 leading health and social care charities uses its collective voice as a powerful influence in policymaking. Together, in 2018, we worked with public sector bodies to drive innovations in prevention and care. In addition, we made our collective case at the highest level of the government and NHS, to prioritise and improve services for people with long-term conditions.

These are just some examples of our success through partnerships in 2018. We want to thank all of the organisations and people who supported and worked with us in 2018. By joining forces we bring closer the day when diabetes can do no harm.

¹ The Programme and Report operate independently, and Sanofi has no control over their contents.

“Tesco has teamed up with Diabetes UK and two other leading charities to help tackle the nation’s biggest health challenges.

The partnership brings together the skills and expertise of Diabetes UK and Tesco to help develop a leading workplace health programme for Tesco, align communication campaigns and raise vital funds for Diabetes UK.”

Alec Brown, Head of Community and Local Communications, Tesco

Barry and Dilshan, colleagues at Tesco





Making it happen: volunteers

Thank you to everyone who gave their time and skills to Diabetes UK in 2018. Volunteers took our work and messages into their communities across the UK, raising awareness and knowledge among those who need us most. They helped us get our voice heard by politicians. They shaped future research, raised funds, and more.



Making it happen: **volunteers**

More than 5,000 people and 367 groups dedicated 100,000 hours to our work. Elsewhere in the report we've shown how thousands of our campaigners stood up for what they believe in. And how our Young Leaders in Scotland have boosted the confidence of their peers with Type 1 diabetes.

Community Champions also work with their peers, helping us reach more people in black and minority ethnic communities. They use their knowledge and understanding, along with training we give them, to help their friends and neighbours reduce their risk of, or manage their Type 2 diabetes better.

More than 150 Community Champions joined us in 2018, bringing the total to 1,317, helping us reach even more people affected by diabetes.

Another team of volunteers having a big impact are the members of our Clinical Studies Groups. These are people living with diabetes, scientists and health professionals working together to identify gaps in global diabetes research. They've informed four of our new priority research funding areas: mental health, managing diabetes in menopause, healthy ageing and prevention of complications in high risk groups.

Taskforce volunteering allows people to get involved in specific projects for a set period. In 2018 one of our first taskforces, in Liverpool, trained gym staff to spot the signs and take action when someone has a hypo. Now people with diabetes can exercise with more confidence in several gyms across the city.

However you helped us, thank you for volunteering with Diabetes UK in 2018. Your action may have made a life-changing difference to someone, and together we made it a year to be proud of.



Thanks to the **Janssen Pharmaceutical Companies of Johnson & Johnson** over the last three years. With their support, our Community Champions have built relationships with clinical commissioning groups and worked across the UK, in areas including Bolton, London, Swansea, Cardiff, Birmingham, and Slough, to reach even more people living with or at risk of Type 2 diabetes.

“**Volunteering is in my blood.**”

Being a Community Champion gave me the confidence to get out there and talk to people. You just feel so good that you've helped even one person.”

Rohit, who lives with Type 2 diabetes, is a Community Champion and Clinical Studies Group member

Read Rohit's full story at www.diabetes.org.uk/impact





Making it happen: fundraisers

The difference we make is only possible because of our supporters. Your donations, membership and fundraising makes our work possible and we want to say a big thank you to everyone who helped us in 2018. These pages share just some of our fundraising highlights of the year. Your generosity means we can fight for a world where diabetes can do no harm.



Rowers leave us in awe

Hugo Thompson became the first person with Type 1 diabetes to row the Atlantic, after he and three friends, John Morgan, Joel Wood and Monty Williams, reached Antigua 55 days after setting off from the Canary Islands. Team Oarstruck completed the 3,000 mile adventure despite no prior rowing experience, raising more than £30,000.

Memories of Matt

More than 800 people attended the latest festival run by former players of Cromer Park FC, to remember their team-mate and friend, Matt Sell. The festival, in its fifth year, has now raised more than £40,000 thanks to football matches, live music, bouncy castles and their legendary raffles.

Photo credit: Romford Recorder

One big pool party

Swim22 keeps getting bigger and better. In 2018, 4,800 swimmers took to their local pools to complete 22 miles – the distance of the English Channel – between February and May. Along with helping people get a bit fitter, all those lengths added up to raise more than £480,000.

Building a better future

Chris Ryder's daughter, Anna, was diagnosed with Type 1 diabetes in 2018. "It was only when faced with the reality of how it affected my own family that I began to understand the full implications" Chris explained. In June he and his colleagues at Ryder Architecture raised more than £2,500 with a 26 mile hike in the Highlands.

Plenty to sing about

Staff at the law firm Squire Patton Boggs in Leeds bungee jumped, ran, hiked, cycled and sang to raise £20,000 in 2018. Liz Graham, a partner at the firm, said: "We chose Diabetes UK because it is such a great cause. We wanted to support the charity's work, as well as raise awareness of the condition."

Remembering Liam

Since Trevor Scarman lost his son, Liam, to complications of Type 1 diabetes, he has spent his time fundraising and helping people learn more about the condition. In 2018, Trevor and the rest of Liam's family and friends donated £5,471 as they gathered in his local pub to celebrate his life.

Magnificent Maeve

Following her Type 1 diabetes diagnosis, Maeve was determined to learn as much as possible about it from our website. She also felt the best way to come to terms with diabetes was to raise money for us, so organised a sponsored keep fit class at her local gym in Larne, raising £1,300.

Miles and miles and miles

Yorkshire couple, Liz and Graham Waddington, raised £1,681 by walking from Land's End to John O'Groats. The pair completed the 1,200 mile walk over three months, carrying their own equipment. Graham said: "This is my way of proving that diabetes doesn't have to stop you leading an adventurous life."

Thank you

Scotland the brave

Braving the worst weather Scotland could throw at them, 96 walkers donned their tartan and completed Kiltwalks in Edinburgh, Glasgow, Aberdeen and Edinburgh. Whatever the weather, there was no rain on the parade of donations, with our walkers raising more than £30,000.



No bridge too far for walkers

Every year, our London Bridges Challenge brings thousands of people from all over the UK to London to cross 12 bridges and walk 10 miles. In 2018 more than 4,000 people raised over £390,000 and, for a day, filled the city with smiling faces in blue t-shirts.



Runners on a hot streak

It was the hottest London Marathon on record but the 124 people who ran for us refused to wilt. As temperatures soared, so did their fundraising as together they raised £257,000.



Cyclists saddle up

From the 100 miles of Ride London to a 24 hour race from London to Paris, hundreds of cyclists got on their bikes and rode for us in 2018. Ignoring tired legs and numb bums, they pedalled to a fundraising total of more than £180,000.





Thank you

We hugely appreciate your generosity in donating your time and money. Each one of our supporters is helping people living with and affected by diabetes every day.

We'd like to give an extra thank you to the individuals, corporate partners and trusts, including those who wish to remain anonymous, who have given us a significant donation. And to those who have left, or plan to leave us a gift in their Will.

It's made a huge difference, so thank you.

Corporate partners

Astrazeneca
BHR Pharmaceuticals
Boots UK Limited
Britvic PLC
Bunzl PLC
The Challaram Foundation
Janssen-Cilag Ltd
Merck KGaA
Next PLC
Novo Nordisk Ltd
Roche Diabetes Care
Sanofi
Tesco PLC

Individuals

Kip and Alison Bertram
Oisin Crawley
David Dupont
Nick and Carly Mahoney
Ben and Alice Rolfe
Mike and Angie Rutherford
Francois Tarrisse
David and Christine Thorp

Trusts and Foundations

The Charles Wolfson Charitable Trust
The European Tour Foundation
Eveson Charitable Trust
The Foster Wood Foundation
The Henry Lumley Charitable Trust
The Jordan Charitable Foundation
The Lidbury Family Trust
The Marjorie and Edgar Knight Charitable Trust
Masonic Charitable Foundation
Medtronic Foundation
Miss M.J.M. Smith's Trust
Sir Samuel Scott of Yews Trust
The Simon Gibson Charitable Trust
The Souter Charitable Trust
Sport England

Local and national statutory funders

We would also like to thank our local and national statutory funders for helping us make a real difference across the country to those living with both Type 1 and Type 2 diabetes, and those at high risk of Type 2.



Our future plans for 2019

In 2019 we'll reach the end of our current strategy, evaluate the progress we've made, and publish our plans for the next five years. We'll aim to build on our successes and to address areas in which we've fallen short of our ambitions and where there are new opportunities to make a difference where it is most needed.

Our research funding has long been one of our strengths, with our discoveries changing lives all over the world. In 2019, we're funding ambitious research to understand the immune attack that causes Type 1 diabetes and find treatments to stop it.

The task ahead is not a simple one. Type 2 diabetes incidence has doubled in the past 20 years and the care of people with diabetes remains inconsistent. We haven't reached enough of the people who could benefit most from our support, like minority ethnic groups, and younger people.

But now, more than at any time recently, there are significant opportunities to make a huge impact for people with, or at risk of, diabetes. As such, fuelled by more hard work to grow our income, we'll focus on transforming our impact in four priority areas in 2019.



Emotional and psychological support

For our Future of Diabetes report, thousands of people told us that diabetes makes them feel anxious, depressed and isolated. Because of this clear call for extra help, in 2019 we'll make sure we're doing everything we can to help people with diabetes get more emotional support. We'll fight for more and better psychological care on the NHS and we'll educate frontline health professionals to recognise the emotional aspects of everyday life with diabetes. No one should have to deal with this alone.



Prevention of Type 2 diabetes

Urgent action is needed to help millions of people prevent or delay Type 2. In 2019 we'll maintain pressure on governments in Wales, Scotland, England and Northern Ireland to cement and deliver their prevention plans. We'll engage with thousands more people through our online Know Your Risk tool. We'll partner with companies and charities to expand our reach and we'll test ways to understand and talk to more of the people who need us most.



Remission of Type 2 diabetes

It's time to make remission of Type 2 a reality for as many people as possible. Our research has shown it transforms lives. In 2019 we'll make sure our information contains the latest knowledge on remission, including new results from our researchers, and we'll be guided by the evidence as we work with the NHS in piloting and expanding remission services.



Digital learning

Fewer than three in five people with diabetes are meeting their targets for treatment. And we know that the more people know about diabetes, the better they can manage it. That's why we're committed to providing online health education that is the best in its class. Our website is already more popular than ever, and in 2019 we'll demonstrate how our digital information is making an even bigger difference to the lives of people with diabetes. We'll use that insight to make our digital offer even better and we'll provide new content for parents, carers and healthcare professionals.

Get involved

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

Corporate partners

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

partnershipenquiries@diabetes.org.uk

Philanthropy, Trusts and Foundations

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

philanthropy@diabetes.org.uk

Donate

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

www.diabetes.org.uk/donate

Challenge

Challenge yourself to take part in our fundraising events. Whether it's walking, running or swimming we have a range of activities that are fun and inspiring. The funds raised help us continue to make a difference.

Join us

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

Campaign

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

Volunteer

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

Leave a gift

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



For more information on any of these, you can go to

www.diabetes.org.uk/how-to-help



Get support

Talk to us

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

Our team can provide you with advice on practical issues like driving or problems at work, or they can talk through any social, emotional or psychological difficulties you might be having. And if you're having a bad day and you just need to chat with someone who understands diabetes, they'll be there for you too.

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

Email: helpline@diabetes.org.uk

If you're in Scotland:

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

Email: helpline.scotland@diabetes.org.uk

Go online

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

Join the conversation:

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

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

 forum.diabetes.org.uk

Join a local group

If you love to meet and talk to people face to face, check out your local support group – we run more than 360 of them up and down the UK. Our groups are filled with people who've been there, done that and got the Diabetes UK t-shirt. Along with providing support and understanding they're also busy raising awareness, campaigning, fundraising and organising social events.

Find your nearest group:

www.diabetes.org.uk/groups

Call: 0345 123 2399

Email: info@diabetes.org.uk





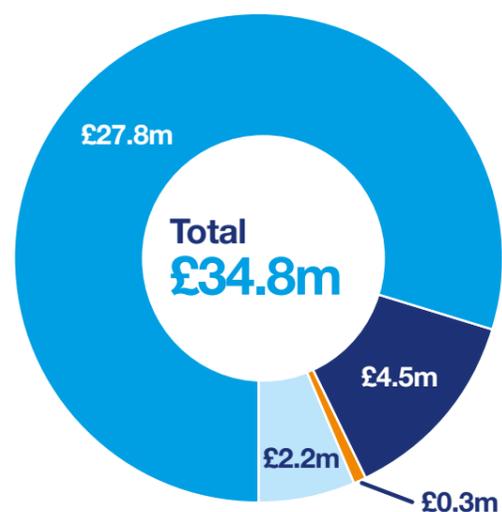
Our **finances** and how we're run





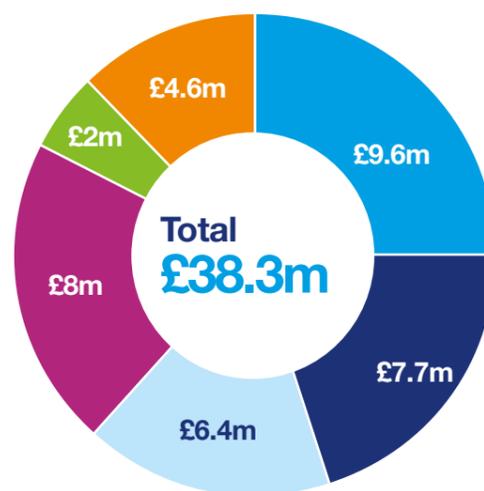
Our **finances** and how we're run

Income



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

Expenditure



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

As part of our strategy to address the continued health crisis in diabetes we planned to have a deficit in 2018, utilising funds raised in previous years. This deficit totals £3.5m and is made up of £2.8m of restricted funds, and a further £0.7m from our unrestricted reserves.

Our financial performance

We continue to be the number one UK charity for people affected by diabetes, leading the fight against the growing crisis. Thanks to our generous supporters and partners, we've had another successful year of income generation, and maintained our wide range of services.

Income

In 2018 we launched a health and fundraising partnership between ourselves, Tesco, the British Heart Foundation (BHF) and Cancer Research UK, which generated £2 million for Diabetes UK in its first year. We also received a closing payment of £0.6 million from our previous charity partnership with Tesco and the BHF. Our total income in 2018 was £34.8 million, compared to £40.6 million in 2017. The difference between the two years reflects the transition period between the old and new Tesco partnerships, and an exceptional legacy gift received in 2017. We remain very grateful to those who leave us gifts in their Wills.

While our income in other areas was broadly as planned, we continue to be affected by a challenging fundraising climate. This includes the impact of the General Data Protection Regulations, which came into force in 2018, on how we can contact people. To adapt, we are shifting the balance of our fundraising activities; moving away from forms of fundraising that no longer perform well. This change in approach is likely to take several years to show a significant impact on our income.

Activities that generate income while directly meeting our charitable objectives brought in around £2.2 million in 2018. These include our conferences, our work with the NHS, Type 1 diabetes events, and publications.



Expenditure

With expenditure at £38.3 million, we have spent £0.6m less in 2018 than the previous year. This is due to some programmes of activity funded by our previous partnership with Tesco coming to a close. The remaining Tesco Charity Partnership restricted funds will be spent by the middle of 2019. In 2018 we have continued to invest in new strategic programmes such as our online education project (Learning Zone) and the Revolution in Understanding and Support programme.

We work hard to ensure that the money we spend on fundraising is used effectively and generates as much income as possible in current and future years. Our fundraising costs in 2018 were very similar to 2017. Our unrestricted income has risen slightly over the same period.

Research remains a strategic priority for us, and we have increased our expenditure in diabetes research, both directly and by partnering with other organisations. In 2018, we provided record breaking funding of over £6.7 million directly to research institutions throughout the UK (see note 12 of the Financial Statements), of which £2.3 million were new grants awarded.

Our support services and campaigns are critical areas of activity in helping everyone **manage** their diabetes. Expenditure in this area is lower in 2018 than in 2017, due to the planned wind-down of programmes funded by our previous Tesco partnership.

We aim to **transform diabetes care** and work with the NHS, national governments and individual healthcare professionals to achieve this. Following internal structural changes in 2017, we have spent more on this work in 2018.

Prevention of Type 2 diabetes continues to be a strategic priority, however expenditure fell this year as our Tesco funded programmes came to an end. We anticipate a return to higher levels of expenditure in future years as the programme gains momentum.

Our strategic work to highlight the seriousness of diabetes, be a trusted source of **support**, and increase income to fight the growing health crisis is crucial. Investment in this area increased to £4.6 million and is planned to rise again in 2019.

Our approach to investments

We hold our reserves as either cash on deposit or, for reserves we do not expect to draw down for a number of years, in securities as part of an investment portfolio. Our investment policy aims to produce the best financial return within an acceptable level of risk and also to ensure an appropriate level of assets are available to meet unanticipated cash flow requirements. We review the amount of reserves held in our portfolio or as cash annually as part of our budget process. Our Finance Committee also reviews the underlying principles of our investments on an annual basis.

After competitive tender, we opted to move the management of our portfolio to a new investment manager, with the bulk of the portfolio transferred by the year end. The portfolio made an unrealised loss in the year of £0.7 million due to short term volatility in the markets, with the fall in value more favourable than benchmark, although annual performance was lower than the long term target of inflation (CPI) plus 3%.

Our policy on cash placement ensures that cash is held with creditworthy institutions who are sufficiently diversified to manage risk. We work to limit holdings with an individual institution at £5 million and we do not commit funds for more than 12 months. Placement in any new institutions must be approved by the Finance Committee.

Our approach to reserves management

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

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

The continued health crisis in diabetes has meant that we have deliberately sought to increase expenditure and utilise some of our reserves in the short term to create additional impact towards our mission. This has been done through a careful consideration of the risk of fluctuation in our fundraised income and with a commitment for a comprehensive review of our target range as part of the strategy work that is being conducted in 2019.

As at 31 December 2018 Diabetes UK total reserves were £16.6m, of which £2.5 million were restricted under trust law to specific use (see below). Our general reserves stood at £13.7 million, which equates to our unrestricted funds excluding fixed assets and our pension deficit. We are confident our pension is well-funded and is not therefore deducted when calculating available reserves. As shown in note 25 to the financial statements, Diabetes UK has £11.7 million research grant commitments which are not deducted from our reserves level.

Last year the trustees agreed a liquidity measure for the minimum tolerable level of reserves of £12 million unrestricted cash and investments. This interim policy update was made in the knowledge that we were embarking on renewing our overall strategy and we would be reviewing our financial approach as part of this. Trustees are satisfied with the current reserves position, the existing plan to bring our reserves level down to maximise our impact and our commitment to bring income into alignment with expenditure over time.

Restricted reserves

Restricted reserves totalled £2.4 million (see note 22), the majority of which are funds from our previous Tesco partnership. We have budgeted to spend these down over the next six months.

Pensions

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

In the past, we also provided a defined benefit scheme. It closed to new entrants and further accruals in August 2004. The scheme remains subject to a formal triennial funding valuation, with the most recently completed as at 31 December 2016. This showed a funding shortfall of £0.3 million, as a result of which a one-off payment of £0.3 million was made in 2017. For financial reporting purposes, the actuary carries out a separate annual valuation in accordance with FRS 102: Employee Benefits, in which different funding assumptions are applied. The FRS 102 valuation as at 31 December 2018 showed a deficit of £1.4 million (2017: £1.6 million), and is further explained in note 30 to the financial statements.

Going concern

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

Audit

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

Risks and uncertainties

We are committed to effective risk management and have adopted the Three Lines of Defence Model (which is known internally as Keeping Safe, Legal and Healthy), a tried and tested framework, to ensure significant risks associated with the delivery and provision of our work and services are appropriately managed.

Risk management also forms an integral part of our planning processes and project methodology. This includes how we organise events and puts in place measures so that our employees and volunteers are encouraged to tell us about risks they identify as they work.

The Executive team discusses new risks and changes to existing risks on a regular basis, and holds more in depth quarterly reviews of our corporate risk register. The most significant risks we face are reviewed by the Audit and Risk Committee, and by the Board of Trustees, who have overall responsibility for ensuring we have appropriate systems and processes in place to manage those risks.

The key risks we have focussed on during 2018 concern the following areas:

- **Making the best strategic choices to maximise our impact.** We are currently working on our new strategy which starts in January 2020. We are developing our strategy using a strongly consultative model that has taken in the views of a range of stakeholders and puts people living with diabetes at the heart of our approach. The strategy needs to be ambitious and make the best use of our assets to ensure the impact of Diabetes UK is maximised.
- **Engagement with those affected by diabetes.** It is vitally important that the needs of people with diabetes are met and that they view us as a reliable advocate. Our strategy development work includes consideration of how we can strengthen, broaden and deepen our already close links to people with diabetes so that our work continues to reflect their views and different challenges.
- **Working effectively with other agencies to maximise our impact.** Diabetes UK cannot create a world where diabetes can do no harm alone. It is vital that we have close links with key organisations, such as the NHS and are able to react to the financial pressures it faces.
- **Income targets not being met.** Without income growth it will be more difficult to deliver an ambitious strategy. We continue to invest in fundraising. This involves developing new and innovative ways to generate income, for example making use of research intellectual property, and developing donation income through increasing engagement in events such as Swim22, developing new partnerships and providing an enhanced supporter experience.

Our external auditors perform additional assurance reviews of controls and processes within key areas of risk management each year. The auditors issue recommendations for improvement which we have either implemented, or are in the process of implementing. The Board of Trustees is satisfied that the systems we have in place manage the charity's exposure to the major risks identified.

Our approach to modern slavery and our supply chain

We are committed to continuously improving our processes to combat slavery and human trafficking in our business and supply chain. We carry out due diligence on our suppliers and will formalise a refreshed procurement approach in 2019 with additional procedures for suppliers considered to be higher risk. This will ensure we only select suppliers who comply with our high standards and policies. Our full statement is available on our website.

How we're organised and governed

The novelist HG Wells and physician Dr RD Lawrence – both of whom had diabetes – were the co-founders of The Diabetic Association in 1934. Its mission statement was “to promote the study, the diffusion of knowledge and the proper treatment of diabetes in this country”. We changed our name 20 years later to The British Diabetic Association. This remains our legal name, though we have operated as Diabetes UK since 2000.

Diabetes UK is a company limited by guarantee, is registered with the Charity Commission in England and Wales and with the Office of the Scottish Regulator in Scotland. We work in England, Wales, Scotland and Northern Ireland, and adapt our services to regional and local circumstances and need.

Our Board of Trustees

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

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

Trustees act as the company directors of our organisation as well as having legal duties and responsibilities under charity law.

The Board delegates responsibility for operational management to our Chief Executive, who leads the Executive team of seven senior staff. Each Executive team member heads up a directorate covering our key functions.

We currently have 14 trustees, which is the maximum permitted. They have a broad range of skills and experience, including those living with diabetes or caring for someone with diabetes, and healthcare professionals. All of our trustees support and work with us on a voluntary basis to ensure that we are doing everything we can to create a world where diabetes can do no harm.

Trustees usually serve an initial term of up to three years and may be reappointed for two further terms of up to three years. No trustee may serve for more than a continuous period of nine years. Trustees are recruited through a variety of means, including open advertising. We strive to maintain an appropriate balance of skills and experience, and will use targeted recruitment searches when necessary. Our Governance and Nominations Committee – a sub-committee of the Board – oversees the recruitment process.

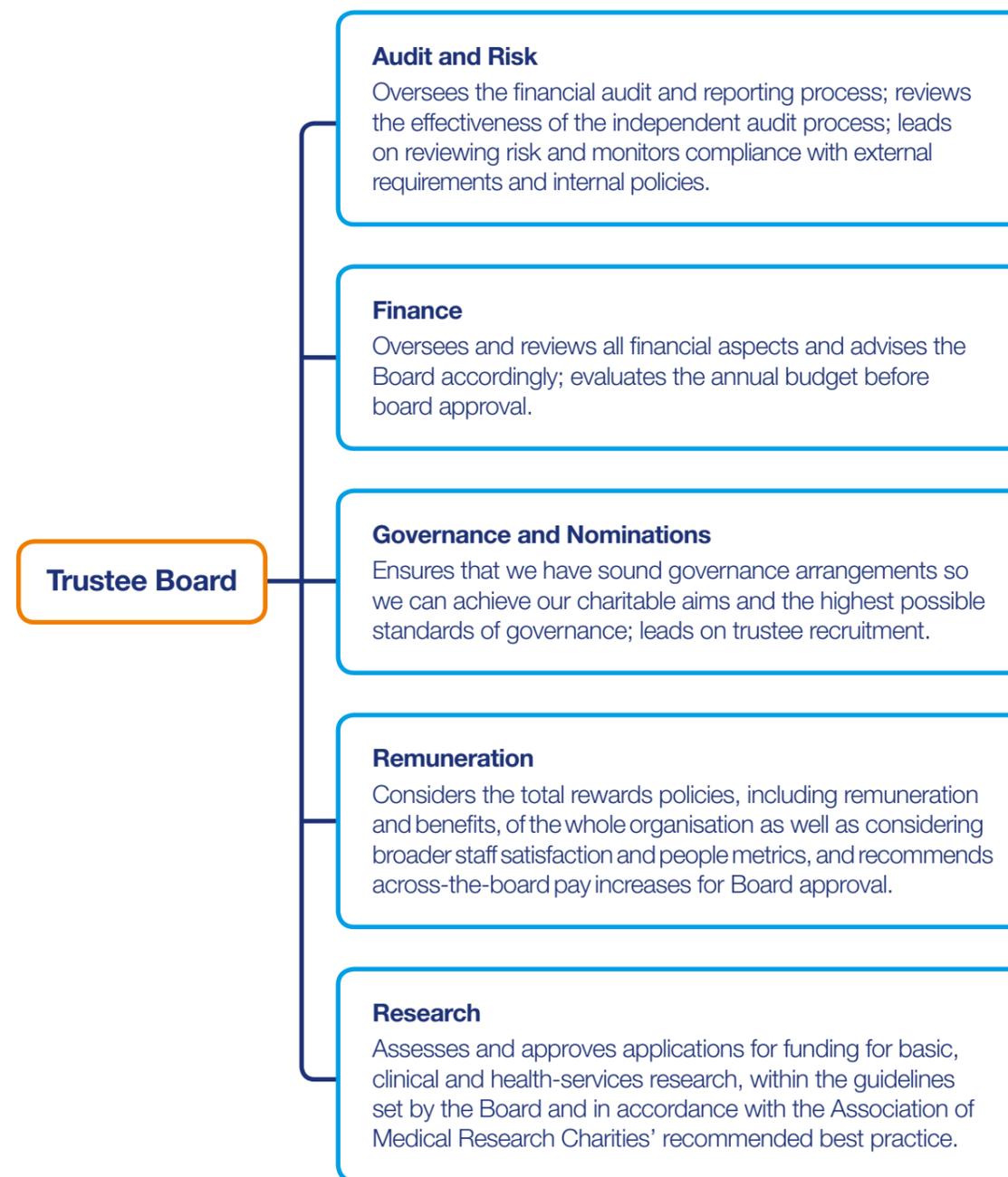
Our induction programme for new trustees includes sessions with our Chief Executive and members of the Executive team, where trustees can learn about every aspect of our work. New trustees also meet on a one-to-one basis with the Chair of the Board, and receive a welcome pack of information.

Following publication of the Charity Governance Code in July 2017, our Governance and Nominations Committee and the Board evaluated performance against each of the principles of the Code. Most outcomes are broadly met, and the trustees adopted the code. The principles and outcomes will be revisited regularly.

Board meetings

The Board usually meets around six times a year. This includes an annual away day, when trustees get together with the Executive team for an in-depth review of key strategic issues. In 2018 the away day began with a session on safeguarding issues and then focussed on scenario planning and our approach to setting a new strategy for 2020 onwards. We also explored emerging themes and planning for maximum impact in 2019, the final year of our current strategy

The Board delegates some areas of its work to sub-committees, as shown below:



Membership of our sub-committees is made up of trustees, with most serving on at least one. The two exceptions are our Governance and Nominations Committee, which during 2018 had two non-trustee members, including the Chair, as well as trustees. Our Research Committee, given the very technical nature of its work, is made up of non-trustee members with specialist knowledge across the fields of our research.

Stakeholder engagement – our advisory groups

We benefit enormously from a number of advisory groups, who help us work towards our vision for a world where diabetes can do no harm:

- The Council of People Living with Diabetes (CPD) helps inform our work so that we focus on what really matters to people living with diabetes. There are around 25 members, drawn from all four UK nations. Members include people with direct experience of Type 1 and Type 2 diabetes, carers, and parents of children with diabetes.
- The Council of Healthcare Professionals (CHP) helps us provide support and advice to the wider community of healthcare professionals working in a range of disciplines and settings. There are around 20 members drawn from all four UK nations.
- Our trustees often attend meetings of CPD and CHP as observers.
- National Advisory Councils in Scotland, Wales and Northern Ireland provide experience and expertise to our national directors. Members include people with Type 1 and Type 2 diabetes and healthcare professionals.
- Science and Research Advisory Group helps us review research in our field and recommendation to the Board strategic areas which will have the most benefit. Members include professionals and lay people.

We are very grateful to all the members of our advisory groups for their contribution to our work.

How we organise our work

We have seven directorates, each led by an Executive team member.



Subsidiaries and related parties

We have a wholly owned trading subsidiary – Diabetes UK Services Limited. Its principal activities relate to corporate sponsorship, merchandising, advertising space and the lottery. The accounts for the subsidiary are consolidated in the accounts presented on pages 90 to 115.

The company's performance continues to be satisfactory and the taxable profit of £1.1 million (2017: £1.3 million) will be donated to Diabetes UK under Gift Aid.

How our work delivers public benefit

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

Our vision is a world where diabetes can do no harm. We believe that through the work we carry out to tackle the diabetes crisis, we meet the public benefit requirement. We provide information, advice and support to people with all types of diabetes so they can learn to live well with their condition. We continue to commit more of our own funds to research – building our knowledge of diabetes, developing improved treatments and, one day, finding a cure.

As well as working to improve overall diabetes care across the four UK nations and supporting healthcare professionals, we provide a range of direct services. These include:

- a confidential helpline, staffed by trained counsellors to support people affected by diabetes
- online practical information and advice on managing diabetes or for those at risk of Type 2 diabetes
- resources to support parents and schools, and a Diabetes in Schools online forum.

How we fundraise

We are almost entirely reliant on donations to fund our work. This year we received donations from more than 164,000 people. Without the generosity of the public we would not be able to continue our support for people with, at risk of, and affected by diabetes.

We strive to always give our supporters an excellent experience of engaging with us. And we believe it's essential that we are open about how we raise our funds, and about the broad range of ways people can support our work.

We are committed to adhering to the Code of Fundraising Practice. We are registered with the Fundraising Regulator and are a member of the Institute of Fundraising and the Direct Marketing Association.

Our supporters raise money for us in many different ways, including fundraising in their local communities and through our local groups. We also develop opportunities for people to fundraise by participating in events such as the London Marathon, and our own activities such as Swim22 and the London Bridges Walk.

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

We work with a number of corporate partners, and see partnership as a crucial route to achieving our mission. We're also supported by a number of charitable trusts and foundations, as well as philanthropic gifts from major donors.

Some of our fundraising activity is conducted on our behalf by carefully selected professional fundraising agencies. We work with an agency to carry out door-to-door and private site fundraising as this is a cost-effective way for us to manage this activity. We also work with agencies to telephone existing supporters (where we have permission) to talk about their donation and, on some occasions, to ask for a further donation. Of the 159,000 individuals contacted 212 complaints were received. We respond individually to every complaint to ensure we resolve, learn and take action to prevent further occurrences of the same issue happening in the future.

We work very closely with our agencies to ensure they represent our work and our organisation to the very highest standards. We have delivered training on how to identify and protect people in vulnerable circumstances. And we regularly monitor our agencies through a range of methods, to ensure that everyone who works on our behalf adheres to our high standards. Monitoring methods include call listening, shadowing and mystery shopping.

We have a controls framework in place to ensure that we have effective governance arrangements for our vital fundraising activities. The Board receives regular reports on performance, compliance and plans. These are supported by more detailed reports on our fundraising performance compliance to our Audit and Risk Committee and consideration of financial performance by our Finance Committee. Additionally, we have reviewed in detail and reported on the controls we have in place relating to each area of accountability covered in the Charity Commission's guidance set out in CC20 Charity fundraising: a guide to trustee duties. The Board has also nominated one trustee to be responsible for taking an overview of fundraising governance.

Our staff

Diabetes UK is committed to equality of opportunity for all employees and to employment practices, policies and procedures that ensure no employee or potential employee receives less favourable treatment as a result of protected characteristics. This commitment is supported by a range of policies including Equality and Diversity and our Code of Conduct. We ensure that where colleagues have identified the need for reasonable adjustments we give these our thorough consideration and implement them where it is reasonably possible to do so. This includes checking with job applicants about how we can best support them to participate in our recruitment and selection processes and in any learning and development events. In addition, we offer a range of flexible working options in terms of working hours and locations and support colleagues who have agreed Access to Work contracts. We encourage all colleagues to agree a personal development plan with their line managers and offer a range of development opportunities throughout the year. Access to learning and development is based on relevance to individual needs and the requirements of a colleague's role.

At Diabetes UK we have regular meetings with both trade union representatives, through our Joint Consultative Committee, and our Colleague Forum. The Colleague Forum is made up of staff representatives from each of our directorates. These meetings are opportunities to talk with colleague representatives on charity-wide matters and proposed changes and to learn more about topics that are important to them. All new colleagues attend a two-day induction event where they learn about our organisational strategy and the work we are doing, meet our Chief Executive and learn more about diabetes. This is supplemented by a local induction plan of meetings, e-learning and events such as monthly 'knowing diabetes' sessions.

Colleagues have regular 1:1 meetings with their managers and we encourage managers to run regular team, department and directorate meetings to help colleagues understand how they contribute to our work and the progress their directorate is making against agreed plans. Additionally, we run an annual survey to understand what the charity seeks to achieve and their role in this. We have an intranet which is regularly updated with organisational information and we provide a summary of key articles to colleagues every two weeks in an e-newsletter. The intranet includes information about Executive team meetings and decisions, our progress against plans and our organisational strategy.

Our directors and assistant directors review our performance against our annual plan on a quarterly basis and we run quarterly town hall events to update colleagues on our progress. This is on top of an annual town hall event that sets out our plans for the year ahead and confirms our financial position for the previous year and the year to come.

Our approach to remuneration is designed to ensure we can attract and retain talented and motivated people across our organisation with the right experience and skills. We also aim to pay competitively, within the context of affordability, and benchmark our salaries and benefits against other similar organisations. We have a simple and transparent job evaluation process, using an externally recognised benchmarking tool, to set our pay bands. We also have a recognition scheme in place and a range of benefits that support our staff.

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

Our approach to grant-making

High-level research strategy and objectives are set by the Board and the decisions about the funding of specific projects are delegated to the Research Committee.

We invite applications for funding of research projects, early-career small grants, fellowships and studentships through advertising to the research community via email and on relevant websites. Applicants based at not-for-profit UK-based academic or NHS institutions submit proposals. These are then 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 the Fellowship and Studentship Panels as appropriate.

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

Statement of trustees' responsibilities

The trustees (who are also directors of The British Diabetic Association for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP)
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- state whether FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” has been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Insofar as each of the trustees is aware:

- there is no relevant audit information of which the charitable company’s auditor is unaware
- the trustees have taken all steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees of Diabetes UK on 23 May 2019 including in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



Sir Peter Dixon
Chair

Patrons, trustees, officers and professional advisors

Patron

Her Majesty The Queen

Ambassadors

Richard Lane OBE

Professor Sir George Alberti

Mrs Barbara Elster BEM (sadly passed away on 10 February 2019)

Mrs Anne Felton

Mr John Grumitt

Dr Michael Hall

Sir Michael Hirst

Professor Simon Howell

Mrs Judith Rich OBE

Board of Trustees and membership of sub committees

Sir Peter Dixon (Chair)

Governance & Nominations
Remuneration (Chair)

Julian Baust (Vice-Chair)

Finance
Remuneration
Board representative
British Diabetic Association Pension
and Life Assurance Scheme

Noah Franklin (Treasurer)

Audit & Risk
Finance (Chair)
Remuneration

Professor Sir Harry Burns

Rosie Cunningham-Thomas

Professor Wasim Hanif
Governance & Nominations

Gareth Hoskin

Audit & Risk (Chair)

Ian King

Finance

Helen McCallum

Audit & Risk
Governance & Nominations
(from 6 December 2018)

Bob Swindell

Professor Wendy Thomson CBE

Audit & Risk (from 3 May 2018)

Professor Rhys Williams

Governance & Nominations

Janice Watson

Finance

Dr Bob Young

Non-trustee members

We thank all the members of the Research Committee for the expert advice they provide and the following non-trustee members of the Governance & Nominations Committee:

Caroline Lor (Chair to 6 December 2018, then member)

Anne Heal (member to 6 December 2018, then Chair)

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

Simon Hartley (Chair)

Colette Marshall

Simon O'Neill

Peter Shorrick

Senior management (the Executive team)

Chief Executive

Chris Askew

Director of Engagement & Fundraising

Kath Abrahams

Director of Health Intelligence & Professional Liaison

Simon O'Neill

Director of People and Organisational Development

Adrian Blair

Director of Operations

Colette Marshall

Director of Corporate Services

Graham Galvin (Company Secretary)

Director of Policy, Campaigns and Improvement

Bridget Turner

Director of Research

Dr Elizabeth Robertson

Bankers and professional advisors

Bankers

Barclays Bank Plc
One Churchill Place
London E14 5HP

Auditor

Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Investment managers

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

Cazenove Capital Management
12 Moorgate
London EC2R 6DA

Legal advisors

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

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

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

Withers LLP
20 Old Bailey,
London EC4M 7AN



Diabetes UK offices

Registered office address

Diabetes UK

Wells Lawrence House
126 Back Church Lane
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Tel: 0345 123 2399
info@diabetes.org.uk

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Diabetes UK Cymru

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wales@diabetes.org.uk

Diabetes UK Northern Ireland

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Diabetes UK South West

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south.west@diabetes.org.uk

Diabetes UK Northern & Yorkshire

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Tel: 01325 488606
northyorks@diabetes.org.uk

Diabetes UK Eastern

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

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

Independent auditor's report to the members and trustees of The British Diabetic Association

Opinion

We have audited the financial statements of The British Diabetic Association for the year ended 31 December 2018 which comprise Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 79 and 80, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi

Senior Statutory Auditor
For and on behalf of **Crowe U.K. LLP**,
Statutory Auditor, London.

24/5/19



Consolidated statement of financial activities (incorporating income and expenditure account and statement of total recognised gains and losses) for the year ended 31 December 2018.

	Notes	2018			2017		
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Income from:							
Donations and legacies	3	24,000	3,782	27,782	23,674	9,841	33,515
Other trading activities	4	4,536	-	4,536	4,520	-	4,520
Income from investments	5	262	-	262	236	-	236
Income from charitable activities	6	1,723	534	2,257	1,804	567	2,371
Total income		30,521	4,316	34,837	30,234	10,408	40,642
Expenditure on:							
Expenditure on raising funds	8	9,205	350	9,555	8,763	724	9,487
Expenditure on charitable activities							
Research	9	4,058	3,620	7,678	1,782	5,474	7,256
Managing diabetes	9	5,171	1,229	6,400	6,371	619	6,990
Transforming care	9	7,011	991	8,002	6,323	827	7,150
Prevention	9	1,646	434	2,080	1,772	1,972	3,744
Understanding and support	9	4,127	455	4,582	3,809	449	4,258
Total expenditure	9	31,218	7,079	38,297	28,820	10,065	38,885
Net (loss)/gains on investments	17	(712)	-	(712)	702	-	702
Net (expenditure)/income for the year		(1,409)	(2,763)	(4,172)	2,116	343	2,459
Transfers between funds	22	272	(272)	-	693	(693)	-
Other recognised gains							
Actuarial gains on defined benefit pension	30	256	-	256	546	-	546
Net movement in funds		(881)	(3,035)	(3,916)	3,355	(350)	3,005
Fund balances at the beginning of the financial year		15,039	5,482	20,521	11,684	5,832	17,516
Fund balances at the end of the financial year	22/23	14,158	2,447	16,605	15,039	5,482	20,521

There are no unrealised gains or losses which do not appear on the Statement of Financial Activities (SOFA). All the above results are derived from continuing activities. The notes on pages 93 to 115 form part of these accounts.

Balance sheet at 31 December 2018

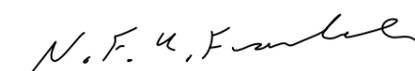
	Notes	Group		Diabetes UK	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed assets					
Tangible assets	16	1,800	2,173	1,800	2,173
Investments in subsidiary undertakings	26	-	-	40	40
Other investments	17	16,745	19,526	16,745	19,526
		18,545	21,699	18,585	21,739
Current assets					
Stock		61	150	-	-
Debtors	18	3,567	5,633	6,313	5,353
Cash at bank and in hand		7,231	7,467	4,235	6,940
		10,859	13,250	10,548	12,293
Creditors: amounts falling due within one year	19	(11,201)	(12,596)	(10,930)	(13,015)
Net current assets		(342)	654	(382)	(722)
Net assets before provisions					
Provision: for liabilities and charges	21	(223)	(239)	(223)	(239)
Provision: defined benefit pension scheme liability	30	(1,375)	(1,593)	(1,375)	(1,593)
Net assets		16,605	20,521	16,605	19,185
Funds					
Restricted funds	22/23	2,446	5,482	2,446	5,482
Unrestricted funds					
General funds		15,534	16,632	15,534	15,296
Pension reserve deficit	30	(1,375)	(1,593)	(1,375)	(1,593)
Unrestricted funds including pension liability		14,159	15,039	14,159	13,703
Total funds		16,605	20,521	16,605	19,185

The notes on pages 93 to 115 form part of these accounts. The net movement in funds for the financial year dealt with in the financial statements of the parent company was -£2,580k (2017: £1,669k).

Approved by the Board of Trustees on 23 May 2019 and signed on their behalf by:



Sir Peter Dixon
Chair



Noah Franklin
Treasurer

Registered company no: 339181

Consolidated statement of cash flows for the year ended 31 December 2018

	2018 £'000	2017 £'000
Cash flows from operating activities:		
Net cash used in operating activities (note 1 below)	(2,506)	(710)
Cash flows from investing activities:		
Dividends and interest from investments	262	236
Proceeds from the sale of tangible fixed assets	20	20
Purchase of tangible fixed assets	(81)	(431)
Proceeds from the sale of investments	10,810	2,496
Purchase of investments	(10,830)	(3,353)
Purchase of cash deposits	2,089	3,693
Net cash provided by investing activities	2,270	2,661
Change in cash and cash equivalents in the reporting period	(236)	1,951
Cash and cash equivalents at 1 January	7,467	5,516
Cash and cash equivalents at 31 December	7,231	7,467

Note 1 to the consolidated statement of cash flows

	2018 £'000	2017 £'000
Reconciliation of changes in resources to net cash (outflow) from operating activities		
Net (expenditure)/income for the year per the SOFA	(4,172)	2,459
Adjustments for:		
Depreciation charges	452	448
Loss/(gain) on investments	712	(702)
Dividends and interest from investments	(262)	(236)
Gain on the sale of fixed assets	(18)	(15)
Decrease/(increase) in stock	89	(62)
Decrease/(increase) in debtors	2,066	(2,368)
(Decrease) in creditors	(1,395)	(112)
Decrease/(increase) in provisions	16	(102)
Difference between payments to defined benefit pension scheme and amount charged to expenditure	38	(224)
Net cash used in operating activities	(2,506)	(710)

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

1 Charity information

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

2 Accounting Policies

Basis of preparation

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

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

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

Basis of consolidation

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

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

Going Concern

As detailed in the financial commentary in the Trustees' Annual Report the trustees, having reviewed the charity's activities and financial position, consider the going concern basis of accounting to be appropriate.

Critical accounting judgments and key sources of estimation uncertainty

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

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

Income

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

Legacies

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

Donations

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

Membership subscriptions

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

Donated goods, services and facilities

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

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

Grants receivable

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

Expenditure

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

Costs of raising funds

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

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

Charitable activities

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

Research grants

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

Support and Governance costs reallocation

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

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

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

Retirement benefits

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

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

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

Taxation

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

Assets and Liabilities

Tangible fixed assets

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

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

Leasehold Improvements: 10 years

Office equipment, fittings and furniture: 7 to 10 years

Computer hardware: 3 to 5 years

Computer software: 3 to 8 years

Motor vehicles: 5 years

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

Investments

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

The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investment cash is held for investment purposes only. It is the intention of the trustees that fixed asset investments will not be drawn upon within the following year.

Stocks

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

Operating leases

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

Pension liability

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

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

Funds

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

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

Financial instruments

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

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

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

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

3 Donations and legacies

	2018 Total £'000	2017 Total £'000
Incoming resources		
Legacies	13,401	16,763
Donations	14,381	16,752
Total	27,782	33,515

Income from donations comprises £0.6m (2017: £4.7m) raised through the three year charity partnership with Tesco and British Heart Foundation which has now come to an end, and £13.8m (2017: £12.1m) raised from membership, donations and fundraising.

4 Other trading activities

	2018 Total £'000	2017 Total £'000
Incoming resources		
Lotteries	1,804	2,085
Advertising	196	412
Corporate sponsorship	1,746	1,401
Consultancy	-	13
Merchandising	647	592
Commercial research	101	-
Service charges	42	17
Total	4,536	4,520

5 Income from investments

	2018 Total £'000	2017 Total £'000
Dividends from listed securities	192	188
Interest on cash at bank	70	48
Total	262	236

6 Income from charitable activities

	2018 Total £'000	2017 Total £'000
Conferences	462	542
Service delivery	1,084	1,062
Care holidays	-	70
Professional membership	174	175
Publications	402	461
Rental	135	61
Total	2,257	2,371
Research	204	159
Managing diabetes	165	249
Transforming care	1,658	1,758
Prevention	129	144
Understanding and support	101	61
Total	2,257	2,371

7 Government grants

	2018 Total £'000	2017 Total £'000
Significant government grants used to fund diabetes projects and recognised in the accounts are:		
Heath and Social Care Volunteering Fund	-	82
Scottish Government	14	28
Big Lottery Fund	31	4
Health & Social Care Board – Northern Ireland	4	4
Sport England	60	-
NHS England	-	35
	109	153

These amounts are included within Note 6 above.

8 Expenditure on raising funds

	2018 Total £'000	2017 Total £'000
Voluntary income		
Legacies	371	339
Donations	6,071	6,141
	6,442	6,480
Fundraising trading		
Lotteries	889	1,051
Advertising	153	213
Corporate sponsorship	1,082	876
Merchandising	925	798
	3,049	2,938
Investment management costs	64	69
Total	9,555	9,487

9 Analysis of total expenditure

	Activities undertaken directly	Activities undertaken by grant funding	Support and governance costs	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	8,480	-	1,075	9,555	9,487
Expenditure on charitable activities					
Research	839	6,692	147	7,678	7,256
Managing diabetes	5,228	-	1,172	6,400	6,990
Transforming care	6,585	-	1,417	8,002	7,150
Prevention	1,689	-	391	2,080	3,744
Understanding and support	3,898	-	684	4,582	4,258
	26,719	6,692	4,886	38,297	38,885

10 Support costs allocations

	Governance £'000	Facilities £'000	Finance £'000	Human resources £'000	IT £'000	2018 Total £'000	2017 Total £'000
Expenditure on raising funds	42	201	174	279	379	1,075	1,234
Expenditure on charitable activities							
Research	6	27	24	38	52	147	161
Managing diabetes	45	219	190	305	413	1,172	1,341
Transforming care	55	265	230	369	498	1,417	1,449
Prevention	15	73	63	102	138	391	483
Understanding and support	26	128	111	178	241	684	697
Total	189	913	792	1,271	1,721	4,886	5,365

11 Governance costs

	2018 £'000	2017 £'000
Trustee costs	10	15
Advisory council expenses	7	11
Governance and stakeholder support costs	121	102
External audit	51	51
Total	189	179

12 Grant funding

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

	2018 £'000
University of Exeter	970
Imperial College London	541
King's College London	466
University College London	437
University of Dundee	387
University of Bristol	351
University of Leeds	348
University of Edinburgh	334
University of Oxford	259
Cardiff University	246
University of Manchester	232
University of Glasgow	226
University of Newcastle	210
Queen's University Belfast	186
Queen Mary University of London	150
University of Southampton	143
University of East Anglia	142
University of York	127
University of Ulster	126
Academy of Medical Sciences	121
University of Cambridge	115
University of Lincoln	111
University of Birmingham	100
	<hr/>
	6,328
Grants to other institutions	400
Write back of grant creditor to reflect underspends	(36)
Total Grants to Institutions	6,692
	<hr/>
Direct administration costs	839
Support costs	147
Total	7,678

	2018 £'000	2017 £'000
Analysis of grant by area of research:		
Prevention	880	1,782
Care	5,195	3,958
Cure	617	686
Direct administration costs	839	669
Support costs	147	161
Total	7,678	7,256

	2018 £'000	2017 £'000
Grants reconciliation		
Creditor at the beginning of the year	8,312	7,297
Grants awarded in the year	2,286	2,553
Liabilities arising on existing grants	4,442	4,028
Write back of grant to reflect underspends	(36)	(74)
Payments in the year	(7,172)	(5,492)
Creditor at the end of the year	7,832	8,312

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

	2018 £'000	2017 £'000
Depreciation (see note 16)	452	448
Auditors remuneration		
external audit: group statutory audit	42	41
external audit: other	9	10
tax advice	10	4
additional assurance	15	6
project management	-	11
Non-recoverable VAT	706	711
Operating leases		
property	1,210	1,252
other	11	9

14 Transactions with trustees

Trustees have not been remunerated for their work as trustees during the year (2017: £NIL). However, Dr Bob Young worked as an independent contractor as a National Diabetes Audit Clinical Lead for which he received payment of £22,625 (2017: £27,269). This was paid under the statutory power to pay trustees as set out at s185 of the Charities Act 2011. The payment satisfied the conditions under the Act and was also in line with Charity Commission Guidance "Trustee Expenses and Payments" (CC11).

A total of seven trustees (2017: 7) have been reimbursed directly for expenses or had such expenses met by payments made to third parties at a total cost of £6,054 (2017: £7,919). All amounts were for reimbursement of travel and subsistence costs in relation to attendance at Board of Trustees and advisory council duties.

15 Staff costs

	2018 £'000	2017 £'000
Salaries	13,409	12,882
Social security costs	1,359	1,331
Other pension costs	728	714
Redundancy and termination payments	27	63
Total	15,523	14,990

Redundancy and termination payments include £16,000 (2017: £22,000) of ex-gratia payments which were agreed as part of severance packages to five (2017: nine) individuals. As at the year end, £4,000 (2017: £14,000) of redundancy and termination payments were unpaid. These will be paid in 2019.

Average headcount	2018 number	2017 number
Fundraising	75	78
Charitable activity	263	266
Support	46	43
Governance	2	2
Total	386	389

Pension costs

Pension costs comprise £727,836 (2016: £713,455) in respect of defined contribution pension schemes and £NIL (2017: £NIL) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:	2018 number	2017 number
£60,001 – £70,000	12	6
£70,001 – £80,000	2	3
£80,001 – £90,000	1	1
£90,001 – £100,000	4	3
£100,001 – £110,000	-	-
£110,001 – £120,000	1	1
£130,001 – £140,000	1	1

The key management personnel (of the charity) comprise the trustees (unremunerated for their role as trustees, see note 14), the Chief Executive, and the Executive team. The total employee benefits of the key management personnel (of the charity) were £952,487 (2017: £897,492).

16 Tangible fixed assets

Group and Diabetes UK	Leasehold improvements £'000	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2018	1,067	423	1,658	199	3,347
Additions	-	-	81	-	81
Disposals	-	(55)	(98)	(199)	(352)
At 31 December 2018	1,067	368	1,641	-	3,076
Depreciation					
At 1 January 2018	(134)	(140)	(701)	(199)	(1,174)
Charge for the year	(106)	(37)	(309)	-	(452)
Disposals	-	53	98	199	350
At 31 December 2018	(240)	(124)	(912)	-	(1,276)
Net book value					
At 31 December 2018	827	244	729	-	1,800
At 31 December 2017	933	283	957	-	2,173

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2017: £NIL).

17 Investments

Group and Diabetes UK	2018 £'000	2017 £'000
Market value at 1 January	19,526	21,660
Acquisitions at cost	10,830	3,353
Disposal proceeds	(10,810)	(2,496)
Loss/(gain) on investments	(712)	702
Net movement in cash and short term deposits	(2,089)	(3,693)
Market value at 31 December	16,745	19,526
Represented by:		
Listed securities	6,905	7,263
Property funds	914	890
Bonds	3,157	3,515
Cash on deposits	5,769	7,858
	16,745	19,526
Historical Cost of investments at 31 December	16,895	17,728

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

Investments which comprised more than 5% of the total market value of non-cash investments at 31 December 2018 were:	2018 £'000	2017 £'000
COIF Property Fund	904	880
Kames Ethical Equity Fund	-	1,192
UBS ETF MSCI North America Socially Responsible	-	1,794
UBS ETF MSCI UK IMI SRI GBP	-	1,202
United Kingdom Gilt I/L 0.125%	-	835
UBS ETF – MSCI EMU Socially	-	742
MU Lyxor US TIPS (DR) UCITS ETF	-	707

18 Debtors: amount falling due within one year

	Group		Diabetes UK	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	495	440	195	127
Donation due from subsidiary undertaking	-	-	1,138	-
Other amounts due from subsidiary undertakings	-	-	1,988	172
Other debtors	234	537	234	537
Prepayments	732	677	732	677
Accrued income	2,106	3,979	2,026	3,840
	3,567	5,633	6,313	5,353

19 Creditors: amount falling due within one year

	Group		Diabetes UK	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	838	796	800	794
Amounts due to subsidiary undertakings	-	-	-	678
Taxation and social security	372	355	372	355
Other creditors	4	149	4	144
Accruals	1,562	2,573	1,539	2,448
Deferred income	593	411	383	284
Research grants creditor	7,832	8,312	7,832	8,312
	11,201	12,596	10,930	13,015

20 Deferred income

	Group		Diabetes UK	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Balance as at 1 January	411	596	284	501
Income deferred in the current year	470	348	260	220
Release from prior year	(288)	(533)	(161)	(437)
Balance as at 31 December	593	411	383	284

Income received in advance to fund activities due to take place in 2019 has been deferred where this is consistent with the terms of the funding agreement.

21 Provisions for liabilities and charges

	Pensioner costs £'000	Dilapidation provision £'000	Total 2018 £'000	Total 2017 £'000
Balance brought forward at 1 January	47	192	239	137
New provision	-	-	-	99
Increase to provision	-	18	18	35
Payments made	(9)	-	(9)	(15)
Release of provision	-	(25)	(25)	(17)
Balance carried forward at 31 December	38	185	223	239

The pensioner cost provision is for future pensioner salaries that are estimated to be fully utilised by 2024. The dilapidation provision provides for the expected cost of returning our rented offices to the condition in which Diabetes UK occupied the properties. This expenditure is a condition of the lease agreements and provisions are expected to be utilised at the end of the lease agreements which range from 2019 to 2027.

22 Funds

Group – current year

	At 1 January 2018 £'000	Incoming funds £'000	Outgoing funds £'000	(Loss)/gains	Transfers	At 31 December 2018 £'000
General funds	15,296	26,092	(28,131)	(712)	2,989	15,534
Diabetes UK Services Limited	1,336	4,429	(3,048)	-	(2,717)	-
Pension reserve (see note 30)	(1,593)	-	(38)	256	-	(1,375)
Total unrestricted funds	15,039	30,521	(31,217)	(456)	272	14,159
Restricted funds						
Diabetes foundation	115	-	(115)	-	-	-
Research funds	120	2,763	(2,468)	-	(269)	146
Care and information funds	43	279	(228)	-	-	94
Geographical funds	500	605	(962)	-	(3)	140
Children funds	1	18	-	-	-	19
Charity partnership	4,692	591	(3,277)	-	-	2,006
Prevention	-	60	(19)	-	-	41
Warren memorial fund	11	-	(11)	-	-	-
Total restricted funds	5,482	4,316	(7,080)	-	(272)	2,446
Total of unrestricted and restricted funds	20,521	34,837	(38,297)	(456)	-	16,605

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 charity partnership funds are funds raised through our previous partnerships with Tesco which are currently being spent on agreed programmes. Our new partnership with Tesco generates unrestricted funds. The children funds are restricted funds to be used to meet additional cost of holidays, parent/child weekends and other youth activities.

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

Group – Prior year comparative

	At 1 January 2017 £'000	Incoming funds £'000	Outgoing funds £'000	Gains/ (losses)	Transfers	At 31 December 2017 £'000
General funds	14,047	25,788	(25,822)	702	581	15,296
Diabetes UK Services Limited	-	4,446	(2,938)	-	(172)	1,336
Pension reserve (see note 30)	(2,363)	-	(60)	546	284	(1,593)
Total unrestricted funds	11,684	30,234	(28,820)	1,248	693	15,039
Restricted funds						
Diabetes foundation	132	-	(17)	-	-	115
Research funds	539	3,813	(4,136)	-	(96)	120
Care and information funds	472	447	(279)	-	(597)	43
Geographical funds	69	1,313	(882)	-	-	500
Children funds	1	34	(34)	-	-	1
Charity partnership	4,533	4,776	(4,617)	-	-	4,692
Prevention	59	25	(84)	-	-	-
Warren memorial fund	27	-	(16)	-	-	11
Total restricted funds	5,832	10,408	(10,065)	-	(693)	5,482
Total of unrestricted and restricted funds	17,516	40,642	(38,885)	1,248	-	20,521

23 Total funds

Total funds are invested as follows:

Current year

Group	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Tangible fixed assets	1,800	-	1,800
Fixed asset investments	16,745	-	16,745
Net current liabilities	(2,788)	2,446	(342)
Provisions	(1,598)	-	(1,598)
Total net assets	14,159	2,446	16,605

Diabetes UK

Group	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Tangible fixed assets	1,800	-	1,800
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	16,745	-	16,745
Net current liabilities	(2,828)	2,446	(382)
Provisions	(1,598)	-	(1,598)
Total net assets	14,159	2,446	16,605

Prior year comparative

Group	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Tangible fixed assets	2,173	-	2,173
Fixed asset investments	19,526	-	19,526
Net current assets	(4,828)	5,482	654
Provisions	(1,832)	-	(1,832)
Total net assets	15,039	5,482	20,521

Diabetes UK

Group	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Tangible fixed assets	2,173	-	2,173
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	19,526	-	19,526
Net current liabilities	(6,204)	5,482	(722)
Provisions	(1,832)	-	(1,832)
Total net assets	13,703	5,482	19,185

24 Operating leases – commitments and contracted income

	Other		Property	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Total lease commitments due under non-cancellable operating leases:				
within one year	8	5	1,337	1,373
between two and three years	13	-	2,442	2,534
between four and five years	-	-	2,017	2,252
after five years	-	-	1,832	2,723
	21	5	7,628	8,882

	Property	
	2018	2017
	£'000	£'000
Total lease income due under non-cancellable operating leases:		
within one year	158	88
between two and three years	316	316
between four and five years	184	316
after five years	-	26
	658	746

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

25 Commitments to spend – research grants

At 31 December 2018 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £11,742,000 (2017: £12,327,000).

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.

	2018	2017
	£'000	£'000
within one year	4,738	5,329
between two and three years	6,282	6,071
between four and five years	722	927
	11,742	12,327

26 Subsidiary undertakings

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

(a) Investment in subsidiary

	2018	2017
	£'000	£'000
Investment in subsidiary undertakings	40	40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company. BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2018 (2017: £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 2018 (2017: £40,003).

(b) Summary of results of consolidated entities

	Diabetes UK	Diabetes UK Services Limited	Intercompany Transactions	Total
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
Income				
Donations and legacies	30,257	-	(2,475)	27,782
Other trading activities	350	4,428	(242)	4,536
Income from investments	261	1	-	262
Income from charitable activities	2,257	-	-	2,257
	33,125	4,429	(2,717)	34,837
Expenditure				
Expenditure on raising funds	(6,507)	(3,048)	-	(9,555)
Expenditure on charitable activities	(28,742)	-	-	(28,742)
Donation to Diabetes UK	-	(2,475)	2,475	-
Service charge	-	(242)	242	-
	(35,249)	(5,765)	2,717	(38,297)
Net loss on investments	(712)	-	-	(712)
Actuarial gains on defined benefit pension	256	-	-	256
Net movement in funds	(2,580)	(1,336)	-	(3,916)

(c) Financial position of consolidated entities

	Diabetes UK	Diabetes UK Services Limited	Intercompany Balances	Total
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
Fixed assets	18,585	-	(40)	18,545
Current assets	10,548	3,437	(3,126)	10,859
Creditors due within one year	(10,930)	(3,397)	3,126	(11,201)
Provisions	(1,598)	-	-	(1,598)
Net assets	16,605	40	(40)	16,605

27 Result for the year under the historical cost accounting convention

	2018	2017
	£'000	£'000
Net (expenditure)/income	(3,460)	1,757
Gain on sale of investments calculated under the historical cost accounting convention	1,146	210
(Deficit)/surplus under the historical cost accounting convention	(2,314)	1,967

28 Members

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

29 Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £8.4 million (2017: approximately £7.9 million).

30 Pensions

Defined contribution scheme

The charity contributes towards a defined contribution scheme. The cost of this scheme is charged to the SOFA and amounted to £727,836. (2017: £713,455). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accruals on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 53 current and former employees with entitlements to preserved benefits. Pensions in payment are currently secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before accrual ceased and the length of service in the scheme.

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

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

This valuation revealed a funding shortfall of £276,000. In respect of this shortfall in the Scheme as at 31 December 2016, the Charity agreed to pay a one-off contributions of £284,500. The Charity expects to pay no contributions in 2019.

The next valuation is due as at 31 December 2019 and it should be available in summer 2020.

The results of the most recent formal actuarial valuation as at 31 December 2016 have been updated to 31 December 2018 by a qualified independent actuary.

	2018 £'000	2017 £'000
Fair value of scheme assets	12,114	12,478
Present value of scheme liabilities	(13,489)	(14,071)
Deficit in scheme	(1,375)	(1,593)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme, using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above. The main factor contributing to the reduction in the deficit is the increase in the discount rate used to value scheme liabilities following a rise in corporate bond yields over the year offset by an investment loss on scheme assets.

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

	2018 £'000	2017 £'000
Scheme liabilities at 1 January	14,071	14,509
Interest cost	335	361
Actuarial (gains)/ losses	(726)	64
Benefits paid	(191)	(863)
Scheme liabilities at 31 December	13,489	14,071

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

	2018 £'000	2017 £'000
Fair value of scheme assets at 1 January	12,478	12,146
Interest income	297	301
(Loss)/return on scheme assets, excluding interest income	(470)	610
Benefits paid	(191)	(863)
Contribution by employer	-	284
Fair value of scheme assets at 31 December	12,114	12,478

The actual loss on the scheme assets over the period ended 31 December 2018 was £173,000 (2017: gain £911,000).

Total expense recognised in SOFA

	2018 £'000	2017 £'000
Interest cost	335	361
Interest income	(297)	(301)
Total expense recognised in SOFA	38	60

Other comprehensive income

	2018 £'000	2017 £'000
Actuarial gain/(loss) on defined benefit obligation	726	(64)
Actual return on assets less interest income	(470)	610
Total gain recognised in other comprehensive income	256	546

Assets	2018	2017
	£'000	£'000
Equities	1,947	2,118
Diversified growth funds	2,663	3,204
Liability driven investment	1,414	964
With profits policy	2,498	2,414
Annuities	3,306	3,492
Cash	286	286
Total Assets	12,114	12,478

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

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

Assumptions	2018	2017
	% per annum	% per annum
Inflation (RPI)	3.40	3.40
Rate of discount	2.70	2.40
Allowance for pension in payment increases at the lower of RPI or 5%	3.30	3.30
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.40	2.40
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum

The mortality assumptions adopted at 31 December 2018 are based on the S2PXA CMI Model 2017 [1.25%].

These imply the following life expectancies:

	2018	2017
Male retiring at aged 62 in 2018	24.7	24.8
Female retiring at aged 62 in 2018	26.7	26.7
Male retiring at aged 62 in 2037	26.2	26.3
Female retiring at aged 62 in 2037	28.3	28.3

31 Related party transactions

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

During the year the 2017 gift aid of £1,336k was remitted from the subsidiary to the charity, and at 31 December the subsidiary had a balance of £3,126k (2017: £172k) owing. This consists of the 2018 gift aid payment (£1,138k), 2018 service charge (£242k) and the general processing account which largely represents cash held on deposit on behalf of the charity (£1,746k).

32 Financial instruments

Financial assets measured at fair value through income and expenditure

	2018	2017
	£'000	£'000
Non cash investments	10,976	11,668

Financial assets measured at amortised cost

Cash	7,231	7,467
Cash investments	5,769	7,858
Trade debtors	495	440
Other debtors	234	537
Accrued income	2,106	3,979
	15,835	20,281

Financial liabilities measured at amortised cost

Trade creditors	838	796
Other creditors	4	149
Accruals	1,562	2,573
Research grant creditors	7,832	8,312
	10,236	11,830

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



Working for a world where diabetes can do no harm

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