

REPORT & FINANCIAL STATEMENTS 2011



CONTENTS

Foreword from the Chairman and Chief Executive	5
Review of the year	6
Financial summary	26
Structure, governance and management	28
Objectives and performance	30
Our finances 2011	31
Statement of trustees' responsibilities	32
Legal and administrative information	33
Independent auditor's report	35
Financial statements 2011	36

Pages 5–32 constitute the Trustees' Report

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**DIABETES
IS THE
NUMBER
ONE
HEALTH
THREAT
IN THE
UK**
”

FOREWORD



Diabetes is the number one health threat in the UK.

Right now there are 2.9 million people living with the condition. Estimates suggest a further 850,000 people have diabetes but are unaware, or have no confirmed diagnosis.

Another seven million people are at high risk of developing Type 2 diabetes, and the numbers are rising dramatically every year. If current trends continue, by 2025 five million people in the UK will have diabetes.

Contrary to prevailing public belief, diabetes is a serious condition. Each year 75,000 people with diabetes die as a result of the condition or related complications, which is 24,000 more than we would expect. Diabetes is also a leading cause of blindness in people of working age, and a main contributor to kidney failure and amputations. Half of all deaths from diabetes result from cardiovascular disease, including heart attacks and strokes.

The widespread and rapidly growing scale of Type 2 diabetes is alarming, as are treatment and care costs. Last year, NHS spending on all diabetes conditions topped £10 billion. Of this £8 in every £10 went on managing complications that are, with good preventive care, avoidable.

ABOUT DIABETES UK

We are the leading UK charity that cares for, connects with and campaigns for every person affected by or at risk of diabetes. In the coming years our work will become more crucial than ever as the seriousness and scale of the diabetes crisis rapidly deepens. We are tackling the challenge on many fronts, including:

- ▶ Helping people manage their diabetes effectively, by providing reliable, quality advice, information and support.

- ▶ Campaigning for changes and improvements in treatment and care. With the support of people with diabetes and medical professionals, we lobby government for improved services for people with Type 1 and Type 2 diabetes. We also spotlight unacceptable variations in provision across UK health services.
- ▶ Funding pioneering research into care, treatment and prevention, and working towards finding a cure for all types of diabetes.
- ▶ Working to stem the rising tide of Type 2 diabetes by promoting effective risk assessment and early diagnosis, and by communicating how healthy lifestyle choices can help many people avoid or delay its onset.
- ▶ Strengthening the profile and voice of our organisation. We have successfully ramped up our communications work, with quality coverage across broadcast, specialist and social media. Underpinning this is our new brand, clearly expressing who we are and what we do. We have also redesigned our membership magazine *balance* to better meet the needs of people with diabetes.

This report shows what we have achieved over the last year, thanks to the efforts of staff, supporters, volunteers, trustees and advisory councils.

We also set out how we plan to move forward in 2012 by:

- ▶ Improving the lives of people who have diabetes.
- ▶ Encouraging those at high risk to live a more healthy life.
- ▶ Reducing the impact of diabetes on society and the economy.

BARBARA YOUNG,
CHIEF EXECUTIVE, DIABETES UK

PROFESSOR SIR GEORGE ALBERTI
CHAIRMAN, DIABETES UK

DIABETES IN THE UK

The two most common types of diabetes are Type 1 and Type 2, and it is important to understand the differences between them:

TYPE 1 DIABETES develops if the body cannot produce insulin. The condition is not preventable and accounts for 10 per cent of all cases of diabetes. Onset can occur at any age, although late childhood is the most common time of diagnosis, usually with acute symptoms that may require immediate hospital treatment.

More than 300,000 people in the UK have Type 1 diabetes, including 29,000 children and young people.

TYPE 2 DIABETES develops when the body does not produce enough insulin or the insulin produced does not work properly (insulin resistance). It usually develops in adults, and is a progressive condition with symptoms that emerge over time.

It accounts for 85 to 90 per cent of all cases of diabetes and can often be prevented. People have a higher risk of developing Type 2 diabetes if they carry excess body weight and do not take regular physical activity.

Currently there is no cure for Type 1 or Type 2 diabetes.

Diabetes is a serious, potentially life-threatening condition:

- ▶ It can lead to a six to 20-year reduction in a person's average life expectancy.
- ▶ It is the leading cause of blindness in people of working age in the UK.
- ▶ It is the most common cause of kidney failure, leading to dialysis or kidney transplant.
- ▶ It can lead to complications that result in amputation. One hundred lower limb amputations are carried out each week because of diabetes and 80 per cent of these are preventable.
- ▶ Type 1 diabetes can lead to diabetic ketoacidosis (DKA). This is an acute, life-threatening condition requiring urgent medical treatment. This occurs in almost 20 per cent of children and young people at diagnosis with Type 1 diabetes.

Shockingly, standards of care are inconsistent and vary widely across the UK:

- ▶ Around half of people with Type 2 diabetes and two-thirds of people with Type 1 diabetes fail to receive all nine clinically recommended annual tests and investigations.
- ▶ In 2010, the percentage of people with diabetes receiving all nine tests and investigations ranged from six per cent to 69 per cent depending on where they lived.
- ▶ Some 96 per cent of children and young people do not receive the health checks and care interventions that they should.
- ▶ The percentage of young people having episodes of potentially life-threatening DKA varies from none to 30 per cent across paediatric units.

Our mission is to change this state of affairs by campaigning to make diabetes a top health priority.



**JED CUTLER, 17, TYPE 1
DIABETES FOR EIGHT YEARS**

**TOM CUTLER, 50, TYPE 1
DIABETES FOR 39 YEARS**

INVALUABLE CARE & SUPPORT



We provide information, advice and peer support, so people with diabetes can manage their condition effectively and live life to the full. Our services are also available to family members, friends and carers so they can support those with the condition.

OUR SERVICES INCLUDE:

- ▷ The Diabetes UK Careline – the only dedicated diabetes helpline in the UK. Staffed by trained counsellors who can help callers with any diabetes-related question or problem by phone or by email.
- ▷ An advocacy service that gives people with diabetes information to help them understand their legal rights and entitlements.
- ▷ Information in print and online covering all aspects of diabetes to help people with diabetes, their family members and friends. We also provide specialist information for healthcare professionals.
- ▷ Opportunities to network with other people affected by diabetes. We have 332 voluntary groups across the UK, lively and popular online communities, and a telephone and online peer support service.
- ▷ A programme of support events for children and their families. These provide a relaxed and fun environment

in which young people living with Type 1 diabetes and their families get together, share experiences, and receive advice from volunteer healthcare professionals.

2011 HIGHLIGHTS

- ▷ Our Careline counsellors answered almost 35,000 enquiries, dealing with a wide range of practical and emotional issues about diabetes. Evaluation of the service reported a 90 per cent user satisfaction score.
- ▷ We developed a pilot peer support service so specially trained volunteers with first-hand experience of living with diabetes can help others.
- ▷ Our website traffic increased substantially, to around 280,000 visitors a month. And our active digital communities grew too. We have more than 5,000 members engaging in our online forum, 30,000 'likes' on Facebook and around 16,000 Twitter followers.



JACK GEISS, JONATHAN DOWNES, ORLA NICANOVICH AND LAURENCE SCULLY WITH CAMP COUNCELLOR KATE

30,000
'LIKES' ON FACEBOOK

35,000
ENQUIRIES ANSWERED BY
OUR CARELINE COUNSELLORS

9,000
TRACKER APP DOWNLOADS

▷ In September we launched a diabetes tracker app for the iPhone and had 9,000 downloads by the end of the year. This useful tool has unique features that make it easy for people to log and track blood glucose, insulin, carbohydrates and calories.

▷ We ran 13 support events for more than 400 children with Type 1 diabetes and their families.

FUTURE PLANS

▷ We will hold our first national 'Big Event' in July. This day will give people with diabetes, and their family members and friends, the opportunity to connect with others, share experiences, hear about the latest research and attend workshops.

▷ Create an online interactive information and support programme for adults newly diagnosed with Type 2 diabetes.

▷ Streamline and improve our core set of information materials to better meet the needs of all people affected by or at risk of diabetes.

▷ Develop and extend our Peer Support network to provide practical and emotional support.

▷ Set up a Youth Council to help us develop services with and for people with diabetes in the vulnerable 16 to 30 age group.

▷ Research, plan and pilot an online support service for children under 16, co-designed with them and their parents and carers.

▷ Improve and extend our successful Careline and children's support events.

ACTIVELY RESEARCHING FOR A BETTER FUTURE

We are one of the largest funders of diabetes research in the UK. We support pioneering research into cause and prevention, improving care and treatment, and working towards finding a cure.

Our research portfolio, currently valued at £25 million over the next five years, includes between 120 and 130 research projects on all types of diabetes.

We also support a range of research funding schemes including project grants, funding to purchase laboratory equipment and research training opportunities, including PhD studentships and research fellowships aimed at clinicians and scientists.

2011 HIGHLIGHTS

- ▷ We made 49 new research awards with a combined value of almost £6 million.
- ▷ We funded studies such as:
 - ▷ Tackling the Type 1 university challenge. Leaving home and going to university for the first time can be a challenging and stressful time for young people, especially those with Type 1 diabetes. School leavers with Type 1 often find it difficult to control their condition and research has revealed significant shortcomings in the ways that diabetes care is co-ordinated by university medical services. This study, led by Dr Khin Swe Myint at Norfolk and Norwich Hospital will survey patients and health professionals at universities across the UK to establish the obstacles to good diabetes care for young people at university.

- ▷ Revolutionary gene therapy for Type 2 diabetes eye complications. Diabetes is the leading cause of blindness among people of working age because raised levels of blood glucose can impair vision by damaging blood vessels in the eye. Drugs that block a protein called VEGF have recently been shown to improve vision in people with diabetes-related eye damage. However they require repeated injections directly into the eye and have the potential to actually damage blood vessels and nerves. This study will test whether a naturally occurring variant of VEGF (VEGF-A165b) can be stimulated to protect eyes from diabetes-related damage with only a single injection.

- ▷ We awarded seven research fellowships and 10 new PhD students.

FUTURE PLANS

- ▷ We will continue to deliver our research strategy *Working together towards a future without diabetes and its complications*.
- ▷ Continue to fund ground-breaking investigator-led research projects for all diabetes conditions.
- ▷ Fund new fellowships that support researchers and scientists at various stages of their research careers.
- ▷ Use the Targeted Research Fund to support pioneering research identified and prioritised by our Science and Research Advisory Group.

£25m

OUR RESEARCH PORTFOLIO VALUE OVER THE NEXT FIVE YEARS

£6m

COMBINED VALUE OF 49 NEW RESEARCH AWARDS

7

RESEARCH FELLOWSHIPS AWARDED

“

My diabetes has never stopped me doing anything and I don't think it ever will. When I'm older I'd like to become a marine biologist, giving me a good reason to surf where I work.

CONEL FREEMAN, 14, TYPE 1
DIABETES FOR SIX YEARS

”



BETTER CAMPAIGNS FOR BETTER CARE

Diabetes UK is a campaigning organisation. We campaign with and for people with diabetes to ensure that everyone affected by the condition gets access to the best treatment and standards of care.

This is every person's right, irrespective of their age, ethnic group, postcode, or the type of diabetes they have.

We lobby and brief key policy and government representatives and influential bodies across the UK. We alert them to shortcomings in diabetes care, and urge them to make the necessary improvements in the commissioning and provision of diabetes care and treatment.



2011 HIGHLIGHTS

- ▶ We developed our Diabetes Watch tool which enables us to assess levels of care. We use it to monitor the substantial variations in standards of diabetes treatment and care. It provides evidence on which to base and target our local and national campaigning. It also provides information about local standards of care for people with diabetes so that they can campaign and advocate locally.
- ▶ We worked with clinicians and people with diabetes to develop a set of 15 essential checks and services based on national health recommendations. This is a useful checklist of all the treatment and care services people with diabetes deserve and should receive. The '15 Healthcare Essentials' campaign launched in September. So far we have delivered more than one million checklists to people with diabetes, NHS trusts and healthcare professionals.
- ▶ We launched our Diabetes Voices project. This gives people with diabetes greater opportunities to influence service provision in their local area. We have recruited and trained 600 volunteers to bolster our campaigning work on the ground. They have lobbied MPs and ministers in support of our campaigns on the NHS bill, the '15 Healthcare Essentials' and other local diabetes care and treatment issues.
- ▶ We have campaigned vigorously for changes to the EU directive on driving. We have succeeded in making the DVLA change the application process for driving licences. This should result in fewer people with diabetes having their licences needlessly revoked, and should speed up the issue of new licences.
- ▶ We successfully ran the 'Pump up the Volume' insulin campaign in Scotland. This resulted in the Deputy First Minister and Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon, announcing more than £1 million of investment to provide insulin pumps to 480 children with Type 1 diabetes and an increase in the provision of pumps for adults.

FUTURE PLANS

- ▶ We will continue to mobilise Diabetes Voices to press for service improvements nationally and locally.
- ▶ Continue to promote the '15 Healthcare Essentials' to all people with diabetes, healthcare professionals and service commissioners.
- ▶ Roll out our 'Putting Feet First' campaign aimed at reducing the many preventable foot amputations.
- ▶ Campaign to tackle the unacceptable shortfalls in the diagnosis and support for children with Type 1 diabetes.
- ▶ Campaign to ensure that all those who are eligible get access to an NHS Health Check to improve early diagnosis of Type 2 diabetes.
- ▶ Develop a service improvement function, providing tools and recommended approaches for service commissioners and providers.

1m
**15 HEALTHCARE ESSENTIALS
CHECKLISTS DELIVERED**

600
**DIABETES VOICES
TRAINED TO INFLUENCE
LOCAL SERVICES**

480
**INSULIN PUMPS PROVIDED
TO CHILDREN IN SCOTLAND**

ENCOURAGING EARLY DIAGNOSIS



We are working hard to reach the seven million people in the UK who are at high risk of developing Type 2 diabetes. We want to help stem the rising tide of the condition by raising awareness of the risks, and encouraging people to eat a balanced diet, maintain a healthy weight, and take part in regular physical activity.

We promote these messages to those at risk at our Healthy Lifestyle Roadshows where our teams visit high streets and workplaces across the UK. They offer advice on healthy eating, shedding weight and getting active. We also invite people to have a free diabetes risk assessment, and refer them to their doctor if they show a moderate to high risk of developing the condition.

We are also working to improve the effectiveness of the NHS Vascular Risk Health Check.

2011 HIGHLIGHTS

- ▶ Our roadshow programme won the prestigious Healthcare and Medical Research award at the Charity Awards 2011.
- ▶ Our roadshow visited 55 locations across England, Northern Ireland, Scotland and Wales. We assessed 11,000 people, calculating their risk of developing Type 2 diabetes. We referred more than 5,000 people to their GP for further tests.
- ▶ 77,000 people completed our risk assessment online.
- ▶ Of roadshow visitors completing our risk assessment, four in five said they intended to eat more healthily, while three in four said they would do more physical activity.



77,000

ONLINE RISK ASSESSMENTS

11,000

ROADSHOW RISK ASSESSMENTS

5,000

PEOPLE REFERRED TO THEIR GP

HEALTHY LIFESTYLE ROADSHOW, LEWISHAM

- ▶ We recruited and trained some 70 staff and 150 volunteers to carry out our roadshow risk assessments. We targeted places where the proportion of people at risk of Type 2 diabetes is higher than average, including towns and cities with high levels of deprivation.
- ▶ We also recruited and trained 25 Diabetes Community Champions in areas with large Black, Asian and Minority Ethnic (BAME) communities who are at high risk of developing Type 2 diabetes.
- ▶ Bupa selected us as their charity partner for the 'Great Run' series across the UK.
- ▶ We ran 25 Diabetes Awareness training courses for local authorities and care homes, training more than 500 staff.

FUTURE PLANS

- ▶ We will almost double the number of roadshows that we run with 35 funded by The Big Lottery Fund and 58 funded by Bupa.
- ▶ Continue to carry out risk assessments and promote healthy lifestyles in areas where there is a high prevalence of people at risk of Type 2 diabetes.
- ▶ Develop a more thorough evaluation of the roadshows so we gain a better insight into the effects of having a risk assessment. Doing so will help us understand our target audience's levers and barriers to healthy lifestyle behaviour change.
- ▶ Report on the shortfalls of the NHS Vascular Risk Health Check, and press for improvement.



120
COMMUNITY CHAMPIONS
WORKING ACROSS LONDON

90
COMMUNITY CHAMPIONS
WILL BE RECRUITED IN 2012

12
COMMUNITY CHAMPION
NETWORKS ACROSS THE UK



TALKING TO COMMUNITIES

We have a strong commitment to communicating diabetes health messages to people from Black, Asian and other minority ethnic groups.

This is because Type 2 diabetes is six times more common in South Asian people, and three times more common in people with African or African-Caribbean heritage than in the White European population. In these minority ethnic groups onset of the condition tends to occur earlier in adulthood, from as young as 25 years for people of South Asian origin.

To help us engage more effectively with people from these diverse groups, we have created a team of special ambassadors we call Diabetes Community Champions.

We recruit these Champions from the ethnic groups we want to reach, and they help us make better contact with faith groups, schools and community elders. They organise talks and risk assessment sessions in local settings and signpost people to their local diabetes healthcare services.

2011 HIGHLIGHTS

- ▶ We have around 120 Community Champions working across London. They have taken part in events such as the Barking Sikh Women's Conference and Tottenham International Women's Day.
- ▶ We received a grant of £116,000 through the first ever Department of Health Volunteering Fund National Awards. We will use the money to help grow our Community Champions network.

FUTURE PLANS

- ▶ We will use the Department of Health grant to develop Community Champion networks in 12 towns and cities: Birmingham, Bradford, Ilford, Knowsley, Leeds, Leicester, Liverpool, Luton, Manchester, Sheffield, Slough and Swindon.
- ▶ Recruit a further 90 Community Champions and target them in areas with high Asian, African and African-Caribbean populations.
- ▶ Recruit people from these communities across the country to take part in the Diabetes Voices programme, to better represent their views and meet their specific needs.

JOHN TITLAURO,
DIABETES UK
VOLUNTEER

EXCEPTIONAL VOLUNTEERS

Our organisation and our staff work hard to tackle the challenge of diabetes, but we do not and will not achieve this alone. Volunteering is at the heart of our charity, and we depend on an extensive network of people who give us their time freely to help us with our work.

We are working with our army of 5,000 volunteers in newer and more diverse ways than ever – as Diabetes Voices, as fundraisers, as Community Champions, as well as through our 332 voluntary groups nationwide.



DIABETES UK
CARE. CONNECT. CAMPAIGN.

5,000
**VOLUNTEERS HELP US
TACKLE THE CHALLENGE
OF DIABETES**

1,000
**EVENTS RUN BY VOLUNTARY
GROUPS IN LOCAL
COMMUNITIES**

332
**VOLUNTARY GROUPS
NATIONWIDE**

2011 HIGHLIGHTS

- ▶ Our voluntary groups ran more than 1,000 events enabling us to reach people with diabetes in local communities.
- ▶ We worked closely with volunteers at our roadshows, with an average of nine volunteers helping at each event. This meant we could engage with more people about their risk of developing Type 2 diabetes. Our volunteers do not simply help us by carrying out work behind the scenes. They are also trained to carry out risk assessments and offer healthy lifestyle advice.
- ▶ We recruited and trained people living with diabetes to help run our Peer Support network, launched in early 2012.
- ▶ Our volunteers played a key role in helping to shape our new brand. Their comments and advice proved invaluable throughout our consultations, resulting in a striking and memorable new identity.

DEBBIE SHEARRING, DIABETES
UK VOLUNTEER

FUTURE PLANS

- ▶ We will launch the Inspire Awards, a new scheme to celebrate and recognise our volunteers and the work they do.
- ▶ Encourage our volunteers to continue to help roll out our new brand, so helping us connect with more people affected by diabetes.
- ▶ Continue to recruit and train more volunteers with diabetes so we can extend our Peer Support network. Research tells us that people with diabetes want to speak to someone who understands what they are going through. We want to offer more one-to-one support to people who need it.
- ▶ Support our volunteers as they take a more central role in our campaigning work. Whether taking messages from our foot campaign to local trusts, or lobbying local MPs on the '15 Healthcare Essentials', their help has never been so important.

SUPPORTING PROFESSIONALS

We work with healthcare professionals and providers in primary and specialist care, helping them improve services and standards of care so people with diabetes get the integrated care and treatment they deserve.

Our professional membership of more than 6,000 is drawn from a variety of clinical settings. It helps our members keep up-to-date with the latest developments in diabetes. And through a dedicated section on our website, they can share good practice and link to local practitioner networks and supporting services.

2011 HIGHLIGHTS

- ▶ We recruited a further 500 members to our Primary Care Network.
- ▶ Our newly launched diabetes specialist nurse (DSN) consultative group gained nearly 1,000 members.
- ▶ We recruited a further 250 organisations to our Primary Care Network, bringing the total to 2,380.
- ▶ More than 3,000 delegates attended our Diabetes Professional Conference – the UK's leading professional forum for exchanging ideas and sharing information.
- ▶ In partnership with the Health and Social Care Information Centre we were commissioned to deliver the National Diabetes Audit, the largest annual clinical audit in the world.

- ▶ We delivered and promoted the '15 Healthcare Essentials' to around 60,000 clinical professionals, commissioners and providers.
- ▶ We reconstituted our Council of Healthcare Professionals. This will ensure we are authoritative in our work and give support and information to healthcare professionals, wherever they work and in whatever setting.
- ▶ We redesigned *Diabetes Update*, our magazine for healthcare professionals. It now includes more informative content with a refreshed, attractive design and layout.

FUTURE PLANS

- ▶ We will develop our professional membership programme, making sure we offer relevant and appropriate information and support to all healthcare professionals.
- ▶ Create new networks for special interest healthcare professionals, such as podiatrists.
- ▶ Working with our medical advisers, develop stronger links with other diabetes specialist groups, such as the Association of British Clinical Diabetologists (ABCD) and the Primary Care Diabetes Society (PCDS). This will give us collectively a unified stronger voice to secure improvements in diabetes care and treatment.
- ▶ Develop more educational tools for healthcare professionals including an online course on diabetes management in primary care settings.
- ▶ Pilot service improvement initiatives to find out what role the charity can play in directly improving locally delivered services for people with diabetes.



2,380

ORGANISATIONS ARE PART OF OUR PRIMARY CARE NETWORK

3,000

DELEGATES ATTENDED OUR PROFESSIONAL CONFERENCE IN GLASGOW

1,000

PEOPLE JOINED OUR NEW DIABETES SPECIALIST NURSE CONSULTATIVE GROUP

UNWAVERING COMMITMENT

From our corporate donors to our passionate supporters who take on personal challenges, there are many different groups and individuals raising money so that we can continue our important work. We rely on our 300,000 supporters including 332 voluntary groups and an army of 5,000 volunteers. Their donations, time, enthusiasm and dedication are the bedrock of our work.

2011 HIGHLIGHTS

- ▶ Our 300,000 supporters provided not only crucial funds but also an invaluable support network for people with diabetes. Because so many people give us their support and backing, we have a strong voice that helps us campaign effectively for a fairer deal for people living with the condition.
- ▶ People leaving gifts in their wills form an important source of income, and 2011 was a record year. Almost 500 people left gifts in their wills, raising more than £11.6 million.
- ▶ We launched a partnership with the Big Lottery Fund for a two-year programme of Healthy Lifestyle Roadshows. These events take place in 70 of the most deprived areas in the country, helping us reach more people at high risk of Type 2 diabetes.
- ▶ We continued to run a series of Diabetes UK-branded fundraising events across the UK including our London Bridges Challenge held on World Diabetes Day, the Diabetes Week Quiz and Care for a Cuppa tea parties.

▶ We also have the support of great teams and individuals across the UK who organise their own fundraising adventures. From running a marathon and abseiling, to sponsored weight losses, walks and swims, every penny our supporters raise helps us to continue our work.

▶ We set up a Strategic Appeals Committee. This will bring together a group of influential people who will use their skills and networks to help us raise more funds.

▶ Several celebrities declared their support for us, including actors Hannah Waterman and Sue Cleaver, and *X-Factor* star Amelia Lily.

FUTURE PLANS

- ▶ We will launch our partnership with Bupa, becoming their official charity partner for the 'Great Run' series. We expect that 10,000 runners will take part, raising more than £1 million a year for us.
- ▶ Relaunch our membership programme to grow our support base and ensure we represent the voices of even more people affected by diabetes.
- ▶ Use Diabetes Week in June to mobilise supporters and volunteers, encouraging them to "make connections" to raise money for our work.
- ▶ Continue to create an exciting and varied offer of Diabetes UK-branded fundraising events. We will also provide support to individuals and groups undertaking their own fundraising initiatives, whether in their community, at work or in memory of a loved one.

“ The adrenaline rush you get from falling thousands of feet through the sky is incredible and knowing that you are doing it to raise money for Diabetes UK makes it all the more special. ”

EMMA DINNING
- DIABETES UK
FUNDRAISER



£11.6m
LEFT BY 500 PEOPLE
IN THEIR WILLS

300,000
SUPPORTERS PROVIDE
UNWAVERING COMMITMENT
TO RAISE CRUCIAL FUNDS

10,000
RUNNERS WILL TAKE
PART IN THE BUPA
'GREAT RUN' SERIES

KEEPING DIABETES ON THE AGENDA ACROSS THE UK

We have dedicated teams of staff in England, Northern Ireland, Scotland and Wales. They keep diabetes high on the health agendas of each country, ensuring our work takes account of the different health service structures and issues across the UK, and the needs of local populations.

2011 HIGHLIGHTS

- ▶ We were involved in the launch of the *Essex School Protocol Guidelines* – a document that supports pupils with diabetes in Essex schools, with more than 130 attending the launch.
- ▶ The Northern and Yorkshire region held three successful conferences aimed at improving and sharing knowledge and best practice among healthcare professionals and all those working in the delivery of diabetes care.
- ▶ In Swindon we supported an eight-practice pilot project which led to the introduction of patient information packs for people living with diabetes, and funding being sought from the PCT for a new care pathway.
- ▶ In Scotland we secured £50,000 to develop a Peer Support network and £108,000 to support South Asian communities in Glasgow and we were nominated for the Long Term Conditions Alliance Scotland Self Management Project of the Year Award.
- ▶ In Northern Ireland, the Health Minister agreed to publish a new diabetes strategy, and announced funding for 800 more adult insulin pumps, and 300 insulin pumps for children, by 2015.
- ▶ About 20,000 people had their risk of Type 2 diabetes assessed during a two-week campaign run through all 700 pharmacies in Wales in partnership with the Welsh Assembly Government and all Welsh health boards. Six per cent of those assessed needed a referral to their doctor to further explore their risk.

FUTURE PLANS

- ▶ We will publish a report highlighting the variations of diabetes care and treatment across England. Through Diabetes Voices we will lobby ministers and MPs for a strategic plan to improve health services for all people with Type 1 and Type 2 diabetes.
- ▶ Work with over 40 clinical commissioning groups to improve local healthcare across England, identifying specific service improvement objectives in each area.
- ▶ Roll out the 'Putting Feet First' campaign, and hold local health bodies to account, to help reduce preventable, diabetes-related amputations across the UK.
- ▶ Continue our 'Pump up the Volume' campaign in Scotland, ensuring that all Scottish children needing an insulin pump get one.
- ▶ Run a patient information campaign through pharmacies in Scotland.
- ▶ Continue to run the successful risk assessment programme through pharmacies in Wales.
- ▶ Support the Department of Health review group in the development and implementation of a national plan for diabetes in Northern Ireland.
- ▶ Publish a report on standards of patient care in south Belfast and make recommendations to the practices involved.

DIABETES UK
PROFESSIONAL C
DIABETES DIVER
HUBBLES, ACH
Welco
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Diabete
Profess
Confere
2012





Our dedicated teams of staff in England, Northern Ireland, Scotland and Wales keep diabetes high on the health agendas of each country.

20,000
PEOPLE RISK ASSESSED
THROUGH PHARMACIES
IN WALES

800
MORE INSULIN PUMPS
FOR ADULTS IN NORTHERN
IRELAND BY 2015

480
INSULIN PUMPS PROVIDED
TO CHILDREN IN SCOTLAND

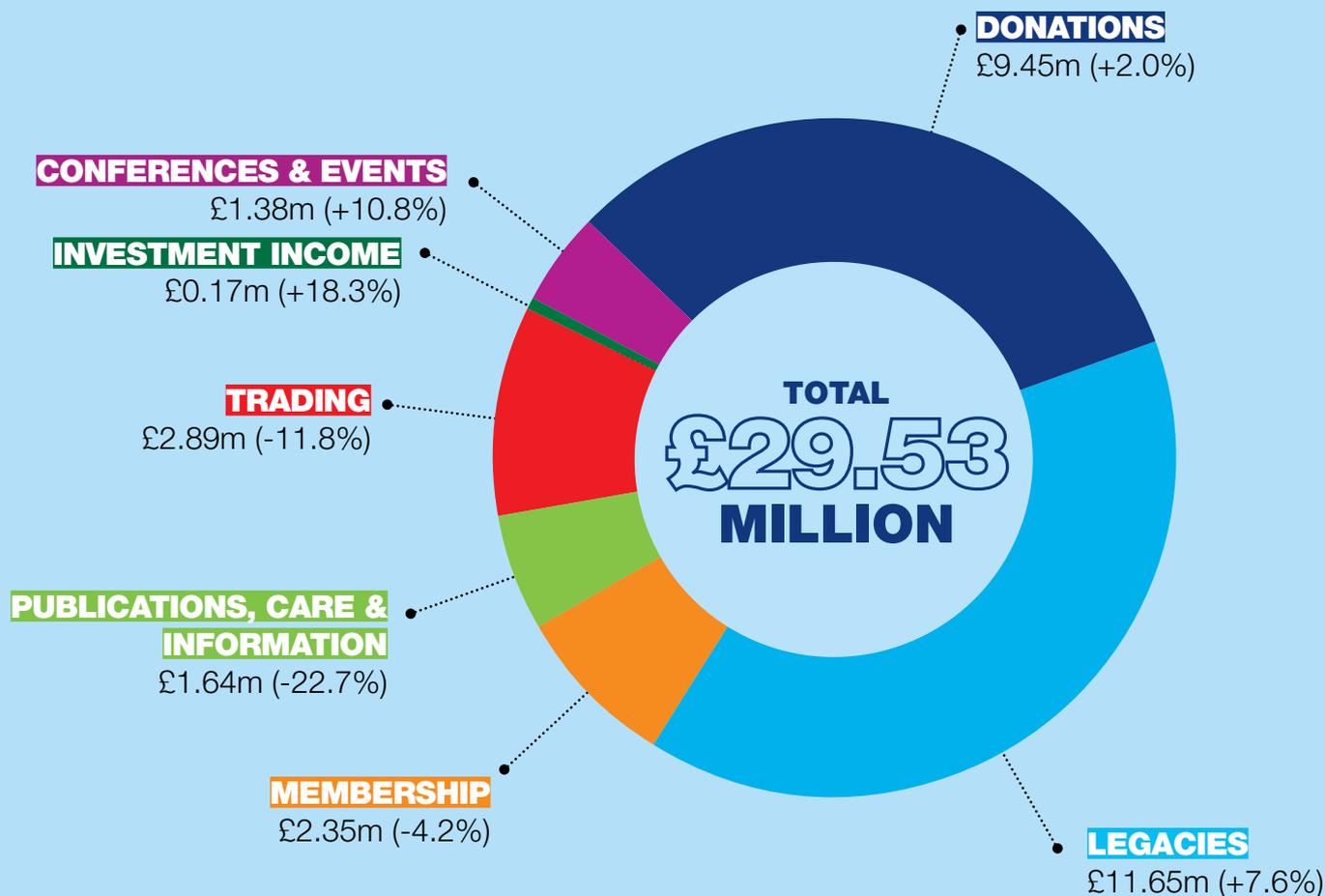


FINANCIAL SUMMARY

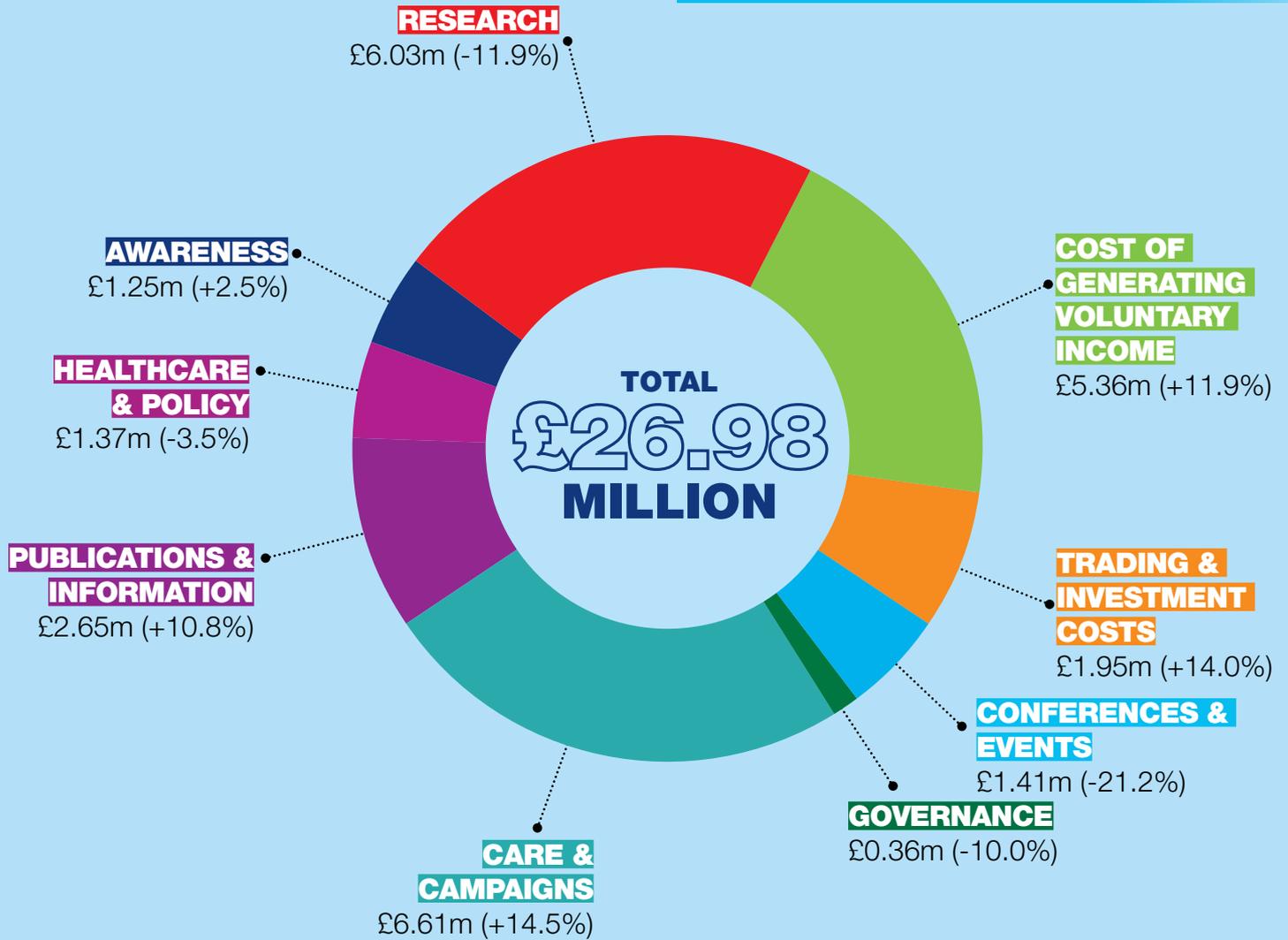
We make sure we spend every penny we receive wisely to support and improve the lives of all people affected by or at risk of diabetes.

Of every £1 raised from donations, 82p funds our services, campaigns, improvement programmes and research. The remaining 18p goes towards raising the next £1.

INCOME



EXPENDITURE



82P

**FROM EVERY POUND DONATED
DIRECTLY FUNDS OUR WORK**

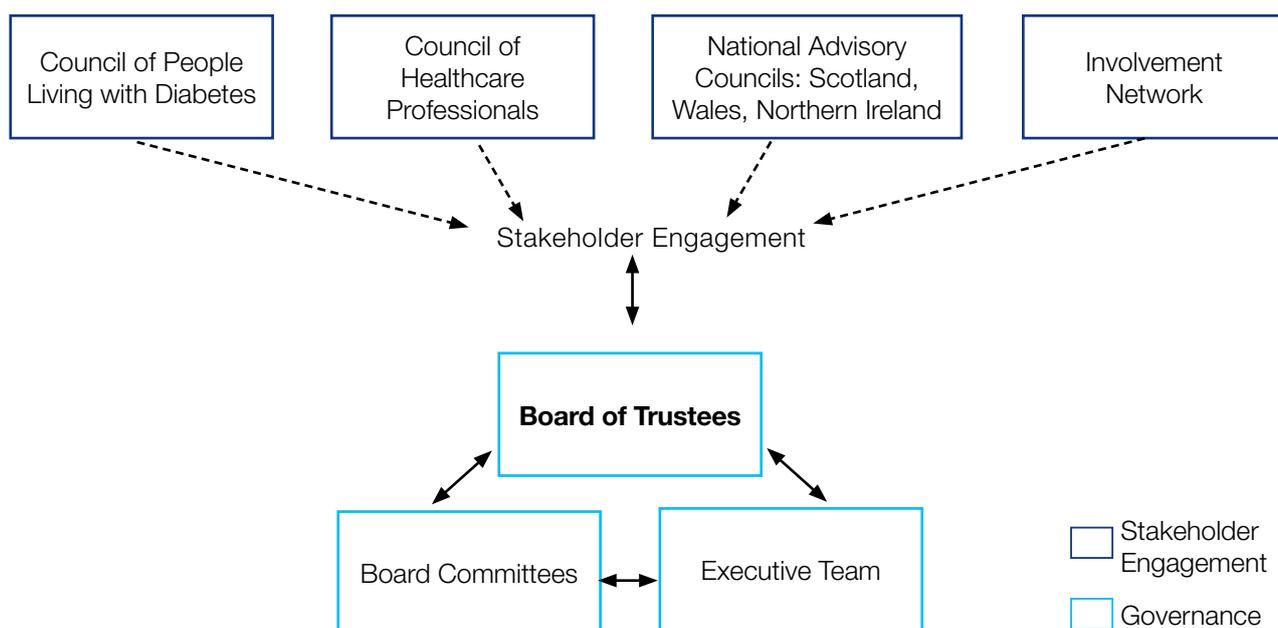
£6m

**SPENT ON PIONEERING
RESEARCH**

500

**SUPPORTERS REMEMBERED
DIABETES UK IN THEIR WILL
HELPING ENSURE A BRIGHTER
FUTURE FOR OTHERS**

STRUCTURE, GOVERNANCE AND MANAGEMENT



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

Our governance structure was designed to ensure that we:

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

The Board of Trustees

The governing body of the charity is the Board of Trustees, which consists of a maximum of 12 members. Since July 2011, when the Articles of Association were amended by special resolution, all new trustees have been appointed; prior to that eight trustees were elected and four appointed. The process of appointment is overseen by the Governance and Nominations Committee which ensures that the Board includes trustees with both Type 1 and Type 2 diabetes, healthcare professionals and a mix of gender, skills, geography and experience. On appointment, trustees undertake an induction programme focusing on their role and responsibilities as trustees and the work of and governance of the charity. Trustees are required to abide by a code of conduct that stipulates, among other things, the disclosure of certain financial interests. Trustees

may serve a maximum of two three-year terms, with a possible further two three-year terms following a period of at least three years. Two trustees retired during the year, one trustee was re-elected for a second term and two new trustees were elected, including the Treasurer.

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

All trustees give their time voluntarily and receive no benefits from the charity. However, to ensure that no one is excluded from contributing on financial grounds, Diabetes UK operates a policy of reimbursing trustees for expenses incurred in their role. Any expenses reclaimed by trustees are disclosed in note 12 to the accounts.

Committees of the Board

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

- The Finance Committee oversees and regularly reviews all financial aspects of the charity's activities, including its operational and strategic plans, so as to ensure short- and long-term viability. The Finance Committee ensures that financial guidelines and legal regulatory regimes are adhered to and advises the Board accordingly. The Committee also scrutinises and evaluates the annual budget, before Board approval.
- The Audit and Risk Committee oversees the financial audit and reporting process; reviews the effectiveness of the independent audit process and the charity's management systems and procedures. The Audit and Risk Committee also monitors compliance with external requirements and internal policies.

- The Remuneration Committee agrees the annual pay award for staff and makes recommendations to the Board about the pay package for the Chief Executive and Executive Team.
- The Governance and Nominations Committee ensures that Diabetes UK has sound governance. Its role is to monitor compliance with and review governance arrangements ensuring that the charity can achieve its charitable aims, strategic priorities and the highest possible standards of governance.
- The Research Committee assesses and approves applications for funding for basic, clinical and health-services research, within the guidelines set by the Board and in accordance with the Association of Medical Research Charities' best practice.

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

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

Advisory Bodies

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

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

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

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

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

The **Involvement Network** is a virtual network of people with an expressed interest in specific areas of the charity's

work who are invited to participate in consultations and meetings as one of the ways that the charity ensures the views of people with diabetes are incorporated into the development of the charity's work.

Risk management and internal controls

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

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

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

Subsidiary companies

Diabetes UK has two trading subsidiary companies:

Diabetes UK Services Limited trades in Christmas goods and insurance services, sells advertising, receives sponsorship income and organises lotteries to raise funds for Diabetes UK. The performance of the company continues to be satisfactory, and a profit of £1.0m was generated in 2011 and was donated to Diabetes UK under gift aid. Its results are shown in note 23 on page 53 of the financial statements.

BDA Research Limited exploits the potential value of any intellectual property arising as a result of research funded by Diabetes UK. At 31 December 2011 the company had no research funding commitments but retains an interest in the intellectual property of certain research projects that may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

OBJECTIVES AND PERFORMANCE

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

A review of the main activities, achievements and benefits of 2011 can be found on pages 8-25.

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

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

Our strategy 2011-15

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

Our strategic objectives are to:

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

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

STRATEGIC OUTCOMES

Increased life expectancy

Reduced kidney failure

Reduced undiagnosed

Reduced blindness

Reduced amputations

Reduced rate of increase

ACHIEVED BY

Supporting self management through information, advice and support

Improving quality of care

Funding research into care and treatment, prevention and cure

Raising awareness, early diagnosis, risk assessing and prevention

Fundraising to enable us to achieve more

enabled by

STRATEGIC PROJECTS

Influencing the NHS

Powering Up with Volunteers

Research for a better life

Working with HCPs

Dialogue for Life

More Powerful Voice

Prevention

Fundraising

Transforming the workforce

OUR FINANCES 2011

The charity's consolidated financial statements for the year are on pages 36-58. A summary of financial results for the year is set out below.

Incoming resources

The charity generated income of £29.5m during the year (2010: £29.3m). Voluntary income increased by £1m to £23.4m (2010: £22.5m) largely due to an increase in legacy income which totalled £11.6m (2010: £10.8m). Donations were stable with £9.4m received (2010: £9.3m). Trading income was £2.9m (2010: £3.3m), down on the previous year due to a fall in corporate sponsorship. Income from charitable activities was £3.0m (2010: £3.4m), with fewer grant-funded projects being funded during the year as a result of the constrained financial situation in the NHS and local authorities. Our investment income was £0.17m (2010: £0.14m) and our unrealised loss on investments was £0.35m.

Resources expended

Total expenditure in 2011 was £27m, up 3% on the previous year (2010: £26.3m). We maintained our research funding above £6m and our spending on care and information was £11.9m, up £1m on 2010 (2010: £10.8m). The cost of generating voluntary income increased from £4.8m in 2010 to £5.4m, reflecting an investment in our fundraising activity on which we expect to show a return in future years.

Overall we finished with a surplus of £2.5m in the year (2010: £3.0m) which reflects the unexpected increase in legacy income and also a slower start on the investment plan to deliver our new strategy. For 2012 the charity has budgeted to use this surplus to continue delivery of our new strategy.

Reserves policy

The reserves policy of the charity is to retain a level of reserves sufficient to meet all expenditure commitments for between two and a half and three months of forward expenditure.

Reserves are defined as all cash, investments, current assets and current liabilities held in the name of Diabetes UK and its trading subsidiary and excluding restricted or designated funds. At 31 December 2011 the charity's free reserves of £12.2m represented 4.2 months of forward expenditure. The planned investment in 2012 will reduce the level of reserves by over £2m and by the end of 2013 we expect to be back within policy.

Grant-making policy

Diabetes UK invites applications for funding of projects, fellowships and studentships through advertising in specialist medical and scientific media and on the web. Applicants based at not-for-profit UK-based academic institutions submit proposals which are reviewed against criteria such as relevance to diabetes, scientific merit,

feasibility and value for money. All grant applications are assessed by a minimum of three external peer reviewers before being submitted to the Research Committee. High-level research strategy and objectives are set by the Board of Trustees and the decisions about the funding of specific projects are delegated to the Research Committee.

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

Investment policy

In accordance with the Memorandum and Articles of Association, the trustees have the power to invest in such stocks, funds, shares, securities or other investments as they see fit.

The investment objective of Diabetes UK is to make investments which will provide the opportunity for an overall return on the portfolio and which will as a minimum maintain the purchasing power of the portfolio over time. There is no direct investment in tobacco. We invest in property funds, including global property funds. Equity investments are made through collective vehicles or through direct mechanisms. For bonds and cash, investments are only in products that have an AA or above rating.

Going concern

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

Audit

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

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' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

In so far as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken 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.

On behalf of the Board of Trustees:



Julian Baust
Vice-Chair
6 July 2012

LEGAL AND ADMINISTRATIVE INFORMATION

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

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

Member of the International Diabetes Federation

Central office and Registered office

Macleod House
10 Parkway
London NW1 7AA

020 7424 1000
info@diabetes.org.uk

Diabetes UK Cymru

Argyle House
Castlebridge
Cowbridge Road East
Cardiff CF11 9AB

029 2066 8276
wales@diabetes.org.uk

Diabetes UK Northern Ireland

Bridgewood House
Newforge Business Park
Newforge Lane
Belfast BT9 5NW

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

Diabetes UK Scotland

The Venlaw
349 Bath Street
Glasgow G2 4AA

0141 245 6380
scotland@diabetes.org.uk

Diabetes UK Eastern region

Ground Floor
8 Atlantic Square
Station Road
Witham CM8 2TL

01376 501390
eastern@diabetes.org.uk

Diabetes UK London

Macleod House
10 Parkway
London NW1 7AA

020 7424 1000
info@diabetes.org.uk

Diabetes UK Midlands

1 Eldon Court
Eldon Street
Walsall WS1 2JP

01922 614500
midlands@diabetes.org.uk

Diabetes UK Northern and Yorkshire

Sterling House
22 St Cuthbert's Way
Darlington DL1 1GB

01325 488606
northyorks@diabetes.org.uk

Diabetes UK North West

First Floor, The Boultings
Winwick Street
Warrington WA2 7TT

01925 653281
n.west@diabetes.org.uk

Diabetes UK South East

Blenheim House
1 Blenheim Road
Epsom KT19 9AP

01372 720148
south.east@diabetes.org.uk

Diabetes UK South West

Victoria House
Victoria Street
Taunton
Somerset TA1 3FA

01823 448260
south.west@diabetes.org.uk

Patron

Her Majesty the Queen

President

Mr Richard Lane OBE

Vice Presidents

Professor Sir George Alberti

Mrs Barbara Elster

Mrs Anne Felton

Mr John Grumitt (appointed February 2012)

Dr Michael Hall

Sir Michael Hirst

Professor Simon Howell

Professor Harry Keen CBE

Mrs Judith Rich OBE

Board of Trustees

Professor Sir George Alberti

(Chair, re-appointed February 2012) ^{3,4}

Mr Julian Baust (Vice-Chair, elected March 2012) ⁴

Ms Helene Brenchley-King (appointed January 2012)

Ms Sue Browell (re-appointed January 2012)

Mr Gavin Cookman ²

Ms Renata Drinkwater (retired July 2011) ²

Ms Gill Fine ²

Mr Noah Franklin (Treasurer, elected July 2011) ^{1,2,3}

Mr John Grumitt (Vice-Chair, retired March 2012) ^{2,3}

Dr Kamila Hawthorne (elected July 2011)

Professor David McCance (re-elected July 2011)

Mr Frank Moxon

(Acting Treasurer from February–July 2011) ^{1,2,4}

Mr Graham Spooner

(Treasurer, resigned February 2011) ^{1,2,3}

Mr Gerald Tosh (re-appointed January 2012) ¹

Ms Rekha Wadhvani (retired January 2012) ¹

¹ Finance Committee member

² Audit & Risk Committee member

³ Remuneration Committee member

⁴ Governance and Nominations Committee member

Executive Team**Chief Executive**

Barbara Young

Director of Care, Information and Advocacy Services

Simon O'Neill

Director of Communications

Louise Ansari

Acting Director of Engagement

Jon Bodenham

Director of Fundraising

Paul Amadi

Director of Human Resources

Deirdre Saliba

Director of Planning and Support Services

Caroline Moore

Director of Research

Iain Frame

Advisors**Auditors**

Grant Thornton UK LLP

Grant Thornton House

Melton House

London NW1 2EP

Investment managers

C Hoare & Co

37 Fleet Street

London EC4P 4DQ

Solicitors

Bates Wells & Braithwaite LLP

2-6 Cannon Street

London EC1N 6TD

Bankers

National Westminster bank PLC

Marylebone & Harley Street Branch

PO Box 2021

10 Marylebone High Street

London W1A 1FH

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

We have audited the financial statements of The British Diabetic Association for the year ended 31 December 2011 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 32, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2011 and of the group's charitable

company's incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Carol Rudge

Senior Statutory Auditor

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

London

6 July 2012

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (SOFA) FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	20,140	3,306	23,446	22,541
Activities for generating funds: trading	3	2,891	-	2,891	3,279
Investment income	4	164	2	166	141
		23,195	3,308	26,503	25,961
Incoming resources from charitable activities					
Publications, care & information	5	922	160	1,082	1,177
Conferences and events		1,385	-	1,385	1,250
Grants receivable	6	7	549	556	946
		2,314	709	3,023	3,373
Total incoming resources		25,509	4,017	29,526	29,334
RESOURCES EXPENDED					
Cost of generating funds					
Cost of generating voluntary income	2	5,358	-	5,358	4,789
Fundraising trading: cost of goods sold & other	3	1,933	-	1,933	1,684
Investment management costs	4	22	-	22	30
		7,313	-	7,313	6,503
Charitable activities					
Publications, care & information	5	11,132	737	11,869	10,801
Conferences and events		1,124	286	1,410	1,788
Research	8	2,757	3,269	6,026	6,838
		15,013	4,292	19,305	19,427
Governance costs	10	362	-	362	402
Total resources expended	7	22,688	4,292	26,980	26,332
Net incoming/(outgoing) resources before other recognised gains and losses		2,821	(275)	2,546	3,002
Gains/ (losses) on investments	15	(346)	1	(345)	330
Actuarial gains/(losses) on defined benefit pension	27	(1,232)	-	(1,232)	74
Net movement in funds		1,243	(274)	969	3,406
Fund balances at the beginning of the financial year		9,888	1,723	11,611	8,205
Fund balances at the end of the financial year	20	11,131	1,449	12,580	11,611

Reconciliation of funds

There are no other unrealised gains or losses which do not appear on the SOFA. All the above results are derived from continuing activities.

The notes on pages 39 to 58 form part of these accounts.

BALANCE SHEET AT 31 DECEMBER 2011

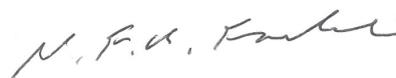
	Notes	Group 2011 £'000	2010 £'000	Diabetes UK 2011 £'000	2010 £'000
Fixed assets					
Tangible assets	14	993	1,114	993	1,114
Investments in subsidiary undertakings	23	-	-	40	40
Other investments	15	6,499	7,791	6,499	7,791
		7,492	8,905	7,532	8,945
Current assets					
Stocks		30	51	-	-
Debtors	16	3,279	5,182	3,945	6,347
Cash at bank and in hand		12,636	7,450	11,702	6,998
		15,945	12,683	15,647	13,345
Creditors: amounts falling due within one year	17	(8,827)	(8,873)	(8,569)	(9,575)
Net current assets		7,118	3,810	7,078	3,770
Net assets before provisions		14,610	12,715	14,610	12,715
Provision: defined benefit pension scheme liability	27	(2,030)	(1,104)	(2,030)	(1,104)
Net assets		12,580	11,611	12,580	11,611
Funds					
Restricted income funds	19	1,449	1,723	1,449	1,723
Unrestricted income funds					
General funds		13,202	10,800	13,202	10,800
Revaluation reserve		(41)	192	(41)	192
Unrestricted funds excluding pension liability		13,161	10,992	13,161	10,992
Pension reserve deficit	27	(2,030)	(1,104)	(2,030)	(1,104)
Unrestricted funds including pension liability		11,131	9,888	11,131	9,888
Total funds		12,580	11,611	12,580	11,611

The notes on pages 39 to 58 form part of these accounts.

Approved by the Board of Trustees on 6 July 2012 and signed on their behalf by:



Julian Baust
Vice-Chair



Noah Franklin
Treasurer

Registered company no: 339181

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £'000		2010 £'000
Net cash inflow from operating activities (see note below)	4,397		(134)
Returns on investments			
Investment income received (net)	47		85
Interest received	33		15
Interest on cash asset investments	64		-
Net cash inflow from returns on investments	144		100
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(303)		(123)
Purchase of investments	(1,312)		(6,834)
Movement on cash in investments	165		-
Proceeds from sale of investments	2,258		7,731
Net cash inflow from investing activities	808		774
Movement in net cash	5,349		740
	At 1 January 2011 £'000	Cash flow £'000	At 31 December 2011 £'000
Analysis of net funds			
Cash at bank and in hand	7,450	5,186	12,636
Cash held as short term investments	95	163	258
Cash at 31 December	7,545	5,349	12,894

Notes to the consolidated cash flow statement

	2011 £'000		2010 £'000
Reconciliation of changes in resources to net cash inflow/ (outflow) from operating activities			
Net (expenditure)/income for the year per the SOFA	2,546		3,002
Depreciation	424		580
Investment income receivable (net)	(144)		(111)
Decrease in stocks	20		4
Decrease/(increase) in debtors	1,903		(1,581)
(Decrease)/increase in creditors	(46)		(1,766)
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(306)		(262)
Net cash inflow from operating activities	4,397		(134)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting policies

Basis of preparation

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

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

As per section 397 of SORP 2005 and section 408 of the Companies Act 2006, the Charity has not prepared a separate SOFA for the Charity.

Company status

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

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its voluntary groups ("Diabetes UK") together with its subsidiary, Diabetes UK Services Limited ("the Group"). A summarised profit and loss account and balance sheet for each subsidiary is given in note 23. The results of subsidiaries have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of voluntary groups where returns have been made prior to the preparation of the consolidated financial statements. The number of voluntary group returns received when the financial statements were prepared was 252 out of 332 (76%) (2010: 261 out of 342 (76%)).

INCOMING RESOURCES

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

Legacies

Entitlement is considered to be on the earlier of the date of receipt of finalised estate accounts, the date of payment or where there is sufficient evidence to provide the necessary certainty that the legacy will be received and the value is measurable with sufficient reliability. In addition, full provision is made for any clawback of legacy payments when notification of such clawbacks is received.

Donations

Where donations have been collected by a third party, these are recognised when the third party notifies Diabetes UK of the amount of the donations.

Membership subscriptions

In general, subscriptions, including life membership subscriptions are credited to income on receipt, as these are considered to be in the nature of donations. The income from the bulk purchase of memberships by Primary Care Trusts (PCTs) is deferred until such time as the memberships are purchased by individuals and activated.

Donated services and facilities

These are included at the value to the charity where this can be quantified. No amounts are included in the financial statements for services donated by volunteers.

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

Grants receivable

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

RESOURCES EXPENDED

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

Costs of generating funds

Costs of generating 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 and includes salaries, direct costs and an appropriate allocation of central overhead costs.

Research grants

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

Governance costs

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

Support costs reallocation

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

Tangible fixed assets

All expenditure on fixed assets in excess of £500 is capitalised.

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

Office equipment, fittings and furniture	7 to 10 years
Computer Hardware	3 to 5 years
Computer Software	3 to 8 years
Motor Vehicles	5 years

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

Investments

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

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of publications held for charitable purposes is expensed as incurred.

Operating leases

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

Retirement benefits

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

Past service costs and the costs of curtailments and settlements are included within support costs.

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

The defined benefit scheme is funded, with the assets held separately from the group in separate trustee administered

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

For defined contribution schemes the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

Funds

The funds of Diabetes UK consist of unrestricted and restricted amounts. Diabetes UK may use unrestricted amounts at its discretion. Restricted funds represent income contributions which are restricted to a particular purpose in accordance with the wishes of the donor.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

2. Voluntary income

	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
Incoming resources				
Legacies	11,147	500	11,647	10,824
Donations	6,600	2,806	9,406	9,257
Membership	2,348	-	2,348	2,447
Donated services and facilities	45	-	45	13
Total	20,140	3,306	23,446	22,541
Resources expended				
Legacies	132	-	132	83
Donations	4,501	-	4,501	3,774
Membership	680	-	680	919
Donated services and facilities	45	-	45	13
Total	5,358	-	5,358	4,789

3. Activities for generating funds: trading

	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
Incoming resources				
Lotteries	1,717	-	1,717	1,708
Corporate	262	-	262	569
Advertising	422	-	422	477
Affinity products	192	-	192	155
Cards and publications	298	-	298	370
Total	2,891	-	2,891	3,279
Resources expended				
Lotteries	1,116	-	1,116	912
Corporate	481	-	481	383
Advertising	66	-	66	99
Affinity products	59	-	59	21
Cards and publications	211	-	211	269
Total	1,933	-	1,933	1,684

All trading activity was undertaken by a subsidiary undertaking.

4. Investment income

	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
Incoming resources				
Dividends from listed securities	69	-	69	125
Interest on cash asset investments	-	-	-	1
Interest on cash at bank	95	2	97	15
Total	164	2	166	141
Resources expended				
Investment management costs	22	-	22	30
Total	22	-	22	30

5. Publications, care & information

	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
Incoming resources				
Diabetic Medicine	521	-	521	547
Care support	37	107	144	259
Professional membership	175	-	175	164
Publications	189	53	242	207
Total	922	160	1,082	1,177
Resources expended				
Publications and information	2,648	-	2,648	2,385
Healthcare and policy	1,113	252	1,365	1,418
Awareness	1,251	-	1,251	1,216
Careline	571	-	571	604
Care support holidays	536	56	592	569
Wales, Scotland and Northern Ireland care and campaigns	1,675	253	1,928	1,623
English local care and campaigns	1,749	4	1,753	1,524
Voluntary groups care support	170	-	170	164
Other care and campaigns	1,419	172	1,591	1,298
Total	11,132	737	11,869	10,801

6. Grants receivable

	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
Grants receivable arise from the following sources:				
Bradford & Airedale Primary Care Trust - Year of Care	-	20	20	241
NDST - Year of Care Project	-	-	-	54
Various Groups - Young Diabetologists Forum	-	215	215	251
Edinburgh Science Fair	-	32	32	-
Scottish Executive Careline Grant	-	-	-	40
Scottish Executive PIPS	-	26	26	74
Community Champions project	-	-	-	15
Long term Conditions Alliance Scotland	-	-	-	58
Charles Wolfson Trust	-	-	-	144
Big Lottery	-	214	214	-
The Health Foundation	-	-	-	40
NHS Diabetes User Involvement System Grant	-	22	22	-
Others less than £10,000	7	20	27	29
Total grants receivable	7	549	556	946

7. Analysis of total resources used

	Activities undertaken directly £'000	Activities undertaken by grant funding £'000	Support costs £'000	2011 Total £'000	2010 Total £'000
Cost of generating funds					
Cost of generating voluntary income	4,456	-	902	5,358	4,789
Trading costs	1,933	-	-	1,933	1,684
Investment management costs	22	-	-	22	30
Cost of Charitable activities					
Publications, Care & information cost sub groups:					
Publications and information	2,258	-	390	2,648	2,385
Healthcare and policy	1,044	-	321	1,365	1,418
Awareness	1,054	-	197	1,251	1,216
Careline	443	-	128	571	604
Care support holidays	526	-	66	592	569
Wales, Scotland and Northern Ireland care and campaigns	1,539	-	389	1,928	1,623
English local care and campaigns	1,522	-	231	1,753	1,524
Voluntary groups care support	122	-	48	170	164
Other care and campaigns	1,450	-	141	1,591	1,298
	9,958	-	1,911	11,869	10,801
Conferences	1,319	-	91	1,410	1,788
Research	351	5,605	70	6,026	6,838
Governance	310	-	52	362	402
Total	18,349	5,605	3,026	26,980	26,332

8. Research grants

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

	2011	
	£'000	
King's College London	926	
University of Cambridge	520	
University of Newcastle Upon Tyne	488	
University of Dundee	461	
Imperial College	367	
Peninsula Medical School	308	
University of Glasgow	243	
University of Ulster	200	
University of Bristol	190	
Cardiff University	180	
University College London	164	
Queen's University Belfast	139	
Sheffield Children's NHS Foundation	122	
King's College Hospital NHS Trust	116	
University of Leicester	100	
Sub total	4,524	
Other grants	1,081	
Direct administration and support costs	421	
Total	6,026	
	2011	2010
	£'000	£'000
Analysis of grant by area of research		
Care and treatment	2,413	2,777
Cause, prevention and cure	3,192	3,628
Direct administration and support costs	421	433
Total	6,026	6,838
Grants reconciliation		
Creditor at the beginning of the year	5,083	5,565
Grants awarded in the year	2,371	1,999
Liabilities arising on existing grants	3,036	4,470
Payments in the year	(5,410)	(6,951)
Creditor at the end of the year	5,080	5,083

9. Support costs allocations

	Facilities	Finance	Human Resources	IT	Total 2011	Total 2010
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of generating voluntary income	385	164	207	146	902	864
Research	30	13	16	11	70	87
Publications, Care & Information	815	347	439	310	1,911	2,306
Conferences and events	39	17	21	14	91	131
Governance	22	9	12	9	52	103
Total	1,291	550	695	490	3,026	3,491

10. Governance costs

	2011	2010
	£'000	£'000
Trustee costs	14	12
External audit	46	45
Administration costs	62	96
Advisory Council Expenses	95	66
Company Secretariat	145	183
Total	362	402

11. Net incoming resources for the year:

	2011	2010
	£'000	£'000
Net incoming resources for the year is stated after charging:		
Depreciation (see note 14)	424	580
Auditor's remuneration		
- statutory audit	46	45
- other non-audit	2	12
Non-recoverable VAT	470	417
Operating leases		
- property	795	787
- other	17	21

12. Transactions with trustees

Trustees have not been remunerated in the year (2010 Nil). A total of 12 trustees (2010: 12) have been reimbursed for expenses in relation to trustee meetings at a total cost of £11,070 (2010: £12,000). All amounts were for reimbursement of travel and subsistence costs.

Professor Stephanie Amiel, wife of the Chair, Professor Sir George Alberti, is the supervisor of an on-going Clinical Training Fellowship awarded to King's College London in 2010 at a total cost of £210,264, the purpose of which is to validate a protocol that measures both appetite control and cognitive function in people with insulin resistance. The award was made by the Clinical Training Fellowship Interview Panel and Professor Alberti was not involved in the decision making process.

In 2011 a small research grant was awarded to Dr Jenny Myers at the University of Manchester at a total cost of £12,400, the purpose of which is to assess the potential and acceptability of amniotic erythropoietin levels in late pregnancy to identify pregnant women with Type 1 diabetes at low risk of stillbirth. Professor David McCance, Trustee, is a co-applicant on this award. Professor McCance will be involved in the recruitment and consent of women with Type 1 diabetes and will co-ordinate the collection of amniotic fluid samples at caesarean section. For this he receives no salary.

13. Staff Costs

	2011 £'000	2010 £'000
Salaries	8,461	7,931
Social security costs	888	879
Other pension costs	870	831
Total	10,219	9,641

	2011 number	2010 number
Staff numbers		
Voluntary income	99	94
Publications, care and information	137	114
Conferences	2	2
Research	7	6
Support	41	46
Governance	4	4
Total	290	266

The average full-time equivalent number of employees during the year was: 267 (2010: 246).

Pension costs

Pension costs comprise £533,000 (2010: £494,000) in respect of defined contribution pension schemes and £337,200 (2010: £337,000) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:

	2011 Number	2010 Number
£60,000 - £70,000	3	3
£70,000 - £80,000	2	2
£80,000 - £100,000	1	1
£100,000 - £120,000	1	0

Payments to defined contribution pension schemes in respect of the above staff amounted to £42,850 (2010: £35,000) in the year. As at the year end, the defined benefit pension scheme was closed and no benefits were accruing to the above staff.

14. Tangible fixed assets

Group and Diabetes UK

	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Motor vehicles £'000	Total 2011 £'000
Cost				
At 1 January 2011	1,340	2,565	299	4,204
Additions	60	243	-	303
At 31 December 2011	1,400	2,808	299	4,507
Depreciation				
At 1 January 2011	(1,120)	(1,875)	(95)	(3,090)
Charge for the year	(72)	(292)	(60)	(424)
At 31 December 2011	(1,192)	(2,167)	(155)	(3,514)
Net book value				
At 31 December 2011	208	641	144	993
At 31 December 2010	220	690	204	1,114

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2010: nil).

15. Investments

	2011 £'000	2010 £'000
Group and Diabetes UK		
Market value at 1 January	7,791	8,358
Acquisitions at cost	1,312	6,834
Disposal proceeds	(2,258)	(7,731)
(Losses)/gains on investments	(346)	330
Market value at 31 December	6,499	7,791
Represented by:		
Listed securities	4,107	4,547
Property funds	133	149
Treasury bills & deposits	2,001	3,000
Cash	258	95
Total	6,499	7,791
Historical Cost at 31 December	6,540	7,599

Investments which comprised more than 5% of the total market value of investments at 31 December 2011 were:

	2011 £'000	2010 £'000
M & G Securities Ltd, Charity Inc - UK Unit Trust	-	734
Jupiter Ecology Fund	-	456
UK Govt Treasury Stock 3.75 07/09/2020	365	-
Jupiter Responsible Income Fund	678	-
Standard Life UK Ethical Fund	486	-
Kames Ethical Equity Fund	369	-
Treasury bills & deposits	2,001	3,000

16. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	749	940	631	873
Donation due from subsidiary undertaking	-	-	1,008	1,555
Other amounts due from subsidiary undertaking	-	-	235	-
Other debtors	161	1,459	161	1,459
Prepayments and accrued income	2,369	2,783	1,910	2,460
Total	3,279	5,182	3,945	6,347

17. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	370	466	364	465
Amounts due to subsidiary undertakings	-	-	-	879
Taxation and social security	376	543	376	543
Other creditors	110	238	104	236
Accruals and deferred income	2,891	2,543	2,645	2,369
Research grants creditor	5,080	5,083	5,080	5,083
Total	8,827	8,873	8,569	9,575

18. Provisions for liabilities and charges

	2011	2010
	£'000	£'000
Balance brought forward at 1 January	-	502
Amount paid to third parties in respect of provision	-	(153)
Amount released to the SOFA in the period	-	(349)
Balance carried forward at 31 December	-	-

19. Funds

Group and Diabetes UK

	At 1 January 2011	Incoming funds	Outgoing funds	Transfers and gains/ (losses)	At 31 December 2011
	£'000	£'000	£'000	£'000	£'000
General funds	10,800	25,509	(22,688)	(419)	13,202
Revaluation reserve	192	-	-	(233)	(41)
Pension reserve (see note 27)	(1,104)	-	-	(926)	(2,030)
Total unrestricted funds	9,888	25,509	(22,688)	(1,578)	11,131
Restricted funds					
Diabetes Foundation	131	-	-	1	132
Research funds	714	3,009	(3,152)	-	571
Care and information funds	504	597	(751)	-	350
Geographical funds	-	185	(185)	-	-
Children funds	46	226	(204)	-	68
Warren Memorial Fund	328	-	-	-	328
Total restricted funds	1,723	4,017	(4,292)	1	1,449
Total of unrestricted and restricted funds	11,611	29,526	(26,980)	(1,577)	12,580

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

20. Total funds

Total funds are invested as follows:

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	993	-	993
Fixed asset investments	6,171	328	6,499
Current assets	14,824	1,121	15,945
Current liabilities	(8,827)	-	(8,827)
Defined benefit pension scheme liability	(2,030)	-	(2,030)
Total net assets	11,131	1,449	12,580

Diabetes UK

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	993	-	993
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	6,171	328	6,499
Current assets	14,291	1,121	15,412
Current liabilities	(8,334)	-	(8,334)
Defined benefit pension scheme liability	(2,030)	-	(2,030)
Total net assets	11,131	1,449	12,580

21. Operating lease commitments

	Property		Other	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Annual lease commitments under non-cancellable operating leases expiring:				
within one year	13	17	5	9
between two and five years	674	74	12	12
after five years	108	696	-	-
	795	787	17	21

22. Commitments to spend - research grants

At 31 December 2011 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £7,639,000 (2010: £7,229,000). 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.

	2011 £'000	2010 £'000
2011	-	2,523
2012	3,738	2,823
2013	2,662	1,672
2014	990	104
2015	249	107
	7,639	7,229

23. Subsidiary undertakings

	2011 £'000	2010 £'000
Investment in subsidiary undertakings	40	40

Diabetes UK has two wholly owned subsidiaries, BDA Research Limited and Diabetes UK Services Limited which are incorporated in the UK and registered in England. The financial statements of Diabetes UK Services are audited and filed at Companies House. BDA Research Limited did not carry out any business activity in the year. Their financial position is summarised below.

All activities and net assets of Diabetes Foundation transferred to the British Diabetic Association on 31st December 2010. The transfer of funds of £129,631 to the British Diabetic Association comprised of cash of £203,641 and creditors of £74,010.

Profit and loss accounts for the year ended 31 December 2011

	Diabetes Foundation		Diabetes UK Services Limited	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Turnover			1,063	1,423
Expenditure			(459)	(533)
Other operating income (net)			403	665
Interest receivable			1	-
Profit on ordinary activities before and after taxation			1,008	1,555
Profit donated to Diabetes UK			(1,008)	(1,555)
Net income			-	-
Incoming resources	-	64		
Resources expended	-	(352)		
Net incoming resources	-	(288)		

Summarised Balance Sheets as at 31 December

Current assets	-	-	1,540	1,772
Creditors: amounts falling due within one year.	-	-	(1,500)	(1,732)
Net assets	-	-	40	40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company.

BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2011 (2010: £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 2011 (2010: £40,003).

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

	2011 £'000	2010 £'000
Net income/(expenditure)	2,546	3,002
Gain on sale of investments calculated under the historical cost accounting convention	233	97
Surplus/(loss) under the historical cost accounting convention	2,779	3,099

25. Members

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

26. Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £4.73 million (2010: approximately £6.37 million)

27. 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 £533,000 (2010: £494,000). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association Pension and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accrual on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 68 current and former employees with entitlements to preserved benefits. Pensions in payment are secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before the cessation of accrual.

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

A full actuarial valuation was carried out as at 1 January 2011 in accordance with the scheme funding requirements of the Pensions act 2004 and the funding of the scheme is agreed between the charity and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

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

The next valuation is due at 1 January 2014.

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

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

	2011 £'000	2010 £'000	2009 £'000
Fair value of scheme assets	5,855	5,528	5,372
Present value of scheme liabilities	(7,885)	(6,632)	(6,812)
Deficit in scheme	(2,030)	(1,104)	(1,440)

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 project unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

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

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

	2011 £'000	2010 £'000
Scheme liabilities at 1 January	6,632	6,812
Interest cost	356	366
Actuarial losses	976	87
Benefits paid	(79)	(633)
Scheme liabilities at 31 December	7,885	6,632

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

	2011 £'000	2010 £'000
Fair value of scheme assets at 1 January	5,528	5,372
Expected return of scheme assets	325	291
Actuarial gains (losses)	(256)	161
Contributions by employer	337	337
Benefits paid	(79)	(633)
Fair value of scheme assets at 31 December	5,855	5,528

The actual return on the scheme assets over the period ended 31 December 2011 was £69,000 (2010: £452,000).

Total expense recognised in SOFA

	2011	2010
	£'000	£'000
Interest cost	356	366
Expected return of scheme assets	(325)	(291)
Total expense recognised in SOFA	31	75

Statement of recognised gains and losses

	2011	2010
	£'000	£'000
Difference between expected and actual return on scheme assets: (loss)/ gain	(256)	161
Experience gains and losses arising on the scheme liabilities: (loss)/ gain	(118)	337
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: (loss)/ gain	(858)	(424)
Total amount recognised in the statement of recognised gains and losses: (loss)/ gain	(1,232)	74

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £(1,893,000) (2010: £(661,000)).

Assets

	2011	2010	2009
	£'000	£'000	£'000
Equities	2,451	2,239	1,644
With profits policy	3,376	3,261	3,674
Cash	28	28	54
Total Assets	5,855	5,528	5,372

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's investment strategy are documented in the scheme's Statement of Investment Principles.

Assumptions

	2011	2010	2009
	% per annum	% per annum	% per annum
Inflation (RPI)	3.10	3.50	3.50
Rate of discount	4.70	5.40	5.70
Allowance for pension in payment increases of RPI or 5% if less	3.10	3.50	3.50
Allowance for revaluation of deferred pensions at RPI or 5% if less	n/a	3.50	3.50
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 December 2011 are 100% of the standard tables PNxA00 with year of Birth improvements in accordance with the Long Cohort improvement tables with a 1% improvement underpin for males and females.

These imply the following life expectancies:

Male retiring at age 62 in 2010	27.0
Female retiring at age 62 in 2010	29.5
Male retiring at age 62 in 2030	29.1
Female retiring at age 62 in 2030	31.5

Expected long term rates of return

The long term expected return on cash is set to be slightly below the yield on long dated government bonds. The long term expected rate of return on equities is based upon long dated government bond yields with an allowance for out-performance. The long term return on with profits policy has been set by considering the bonus strategy of the with profits fund.

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

	2011 % per annum	2010 % per annum
Equities	6.90	7.20
Cash	3.70	5.00
With profits policy	5.00	4.00
Overall for scheme	5.76	5.66

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

Assumption	Change in assumption	Approximate impact on scheme liabilities
Discount rate	Increase/ decrease of 0.5% pa	Decrease/ increase by 12.0%
Rate of inflation	Increase/ decrease of 0.5% pa	Increase/ decrease by 9%
Rate of mortality	1 year increase in life expectancy	Increase by 1.6%

Duration of the liabilities and expected benefits payable

It is estimated that the average duration of the scheme liabilities is 23 years. The benefits payable by the scheme are expected to be payable as follows:

Expected Benefit payments	£'000
Year 1	230
Year 2	270
Year 3	180
Year 4	210
Year 5	410
Year 6	180
Year 7	450
Year 8	600
Year 9	380
Year 10	520

Amounts for the current and previous four periods

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	5,855	5,528	5,372	5,176	5,516
Present value of scheme liabilities	7,885	6,632	6,812	5,607	6,569
Surplus (deficit) in scheme	(2,030)	(1,104)	(1,440)	(431)	(1,053)
Experience adjustment on scheme assets	(256)	161	302	(489)	78
Experience adjustment on scheme liabilities	(118)	337	(152)	349	18

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 January 2012 is £337,200.

**DIABETES IS A
MAJOR CAUSE
OF AMPUTATION,
BLINDNESS,
KIDNEY FAILURE
AND STROKE.**

**IT CONSUMES
MORE THAN
10 PER CENT
OF THE NHS
BUDGET.**

**IT DOESN'T
HAVE TO BE
THIS WAY.**

DiABETES UK
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Macleod House, 10 Parkway, London NW1 7AA
Tel 020 7424 1000 **Email** info@diabetes.org.uk
Fax 020 7424 1001 **Web** www.diabetes.org.uk

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