

Annual report 2016

DiABETES UK
KNOW DIABETES. FIGHT DIABETES.



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Foreword

Diabetes is the fastest growing health threat we face today.

Around one in six people in the UK, that's 11.9 million, are at increased risk of developing Type 2 diabetes. Its impact and complications can be devastating, causing blindness, amputations, and early death. And it's on the increase.

It is estimated that by 2025, 5.2 million people will live with diabetes. Today that figure is 4.5 million.

Now, more than ever before, Diabetes UK's work is critical to the health of the UK population. And it will take strong, urgent action to achieve our vision of a world where diabetes can do no harm.

To get there we know we have to change how people think about diabetes. Too many people are not aware of the serious complications diabetes can cause. Too many people do not know that every day 65 people with diabetes die early.

That's why in the last year we've refocused our energies on six key areas of work which we believe will help us better tackle this crisis. You can read about our progress in this report.

We're making sure people with diabetes are getting better care wherever they live. Across all four nations we've made diabetes a priority for the NHS and that means providing people with the knowledge, technology and care they need to live well with their condition.

We know from listening to people with diabetes that it's often the everyday things that makes life even tougher. That's why we campaigned to help people with diabetes who drive. And, as a result, from 2018, drivers will no longer unfairly lose their driving licences because of severe night time hypos (sharp drops in blood glucose).

We fund research that covers all aspects of living with diabetes. One of our highlights from the year was research, funded by us, showing that an artificial pancreas can help pregnant women with Type 1 diabetes manage their blood glucose levels and reduce their chances of complications during pregnancy. You'll meet one of the new mums, Laura, inside and read just what it means to her.

With millions of people like Laura living with diabetes and even more people at risk of Type 2, we know we face a massive task to be able to provide people with the right information, advice and support. One way we're meeting that challenge is through increasing the range of information available on our website, which more people are visiting than ever before. Our online Know Your Risk tool has been completed one million times, enabling people to discover their risk of Type 2 diabetes and learn how to do something about reducing it. Our Helpline, which provides support and advice on a personal level, has also had a record year.

It was also a year of change within the fundraising environment. With the creation of the Fundraising Regulator and the publication of further guidance from the Information Commissioner's Office and other external bodies, we now know more about what we need to do to make sure all our supporters have the best possible experience with us. We are committed to upholding these standards and have made sure our fundraising practices reflect them.

Our ambitious new plans coincided with a move to our new central office, Wells Lawrence House in Whitechapel. The Prime Minister, Theresa May, officially opened the office on World Diabetes Day and got to see how we're tackling the diabetes crisis and some of the care and support we provide to people affected by it.

In 2017 we will keep bringing people together to work in partnership so we can make an even greater investment in diabetes research, achieve a transformation in diabetes care and prevent Type 2 diabetes by helping reduce obesity.

We can only do this because of our supporters, our members, our volunteers, our fundraisers and donors and the Diabetes UK team working across the UK. Together we will create a world where diabetes can do no harm.

Thank you for your support. We couldn't do it without you.



A handwritten signature in black ink, appearing to read 'Chris Askew'.

Chris Askew
Chief Executive



A handwritten signature in black ink, appearing to read 'Peter Dixon'.

Sir Peter Dixon
Chair

Our vision

Our vision is a world where diabetes can do no harm.

Whether it's getting people to realise the seriousness of diabetes, helping more people live well with their condition or building more support, we have a big task on our hands.

But we're committed to the challenge. We're making sure everyone knows what we're working towards, how we're going to do it and why.





Our mission



By bringing people together to work in **partnership**...



We will **support** those living with diabetes...



Prevent Type 2...



Make **research** breakthroughs in diabetes, and ultimately find a cure.

To do this we will:

- Listen to and work with people with diabetes, healthcare professionals and many others to drive change.
- Develop, deliver and champion the most effective ways for people to manage their diabetes, or their risk, so they can live their lives with confidence.
- Build a strong community of support that finds and shares the knowledge needed to fight diabetes.

Our values

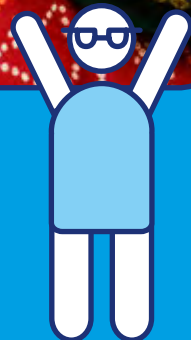
We're driven to know more



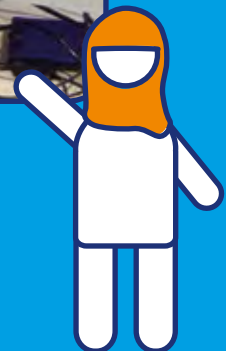
We make change happen



We put people first



We keep things simple



Our year in numbers

6,427 people got on their bike, whipped on their trainers or dived into the pool to take part in fundraising events like Ride London, the Great North Run and Swim22 for us.



Our website was visited nearly **8.4 million** times by people wanting to find out more about diabetes and how we can support them, smashing all previous records and an increase of over 40 per cent from the previous year.



Whether it was helping out at a bucket collection or helping children get the care they need in school, our volunteers gave more than **100,000 hours** of their time for people with diabetes last year.



Over **7,000 people** joined the campaign to make sure OFSTED check schools are following the law in England and keeping children with diabetes and other health conditions safe in school.



Across the UK we're funding **120 different research projects** on all types of diabetes, searching for better treatments, what causes the condition, how to stop it and, ultimately, a cure.



We raised **£29 million** in 2016 to make sure that more and more people know how to live confidently with their diabetes and that everyone is aware of just how serious it can be.



Helping everyone to manage their diabetes

With diabetes there is a lot to know and always something new to learn.

People live with the condition every day, and their experience of it changes over time. We know that:

- Four out of five people don't feel fully in control of their diabetes.
- 69 per cent don't fully understand their diabetes.

That needs to change. We're supporting people to live confidently with their diabetes whatever stage they're at in their life.

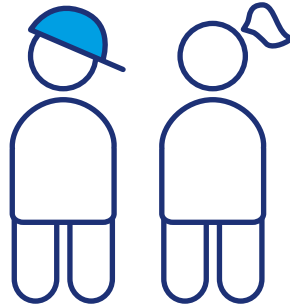
And because living well with diabetes is about more than just healthcare, we're fighting for fair treatment for people with diabetes, whatever challenges they face.

Managing diabetes in schools

With our **Type 1 diabetes: Make the grade** campaign we're making sure children get the care they need in school.

Our information packs and resources have been requested 30,000 times this year, giving schools and parents all the information they need to make sure a child gets the right support, whether that's being prepared for PE or knowing what to do for a hypo.

And when things don't go to plan – like children not being allowed on school trips – we have the **Care in School Helpline**. In 2016 it gave 232 parents or carers information and advice on their rights to help solve any problems they faced with their child's school.



Managing diabetes when things get difficult

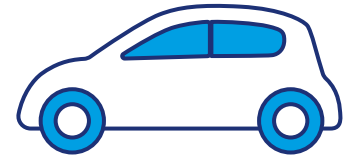
Because there is so much to learn, living with diabetes means always having questions and, for a lot of people, frustrations and anxieties. We're making sure people get the answers they need.

- In 2016 our **Helpline** received 20,551 emails and calls. The team talks through any emotional or psychological problems and helps people cope with whatever diabetes throws at them.
- Living with diabetes can cause practical problems too, commonly discrimination at work or issues with driving, and our staff provided information and advice on rights for people with diabetes to 938 people last year.
- Often hearing from someone else who's been through it and knows a few tips and tricks can reassure people. More than 27,000 people visited our online **Support Forum** in 2016, giving them the chance to connect with others with diabetes and share advice and experiences.



Managing diabetes in everyday life

The success of our campaign to help people who **drive with diabetes** means yet another step forward protecting the rights of those living with the condition. From 2018 people who experience severe hypos while they are asleep will no longer have to worry about losing their driving licences. And in some cases their livelihoods.



Our campaigners also convinced the Government to make it easier for children with diabetes to claim **Disability Living Allowance**, giving families that extra help to cover all the incidental costs of Type 1, like paying for hypo treatments.

Our **local support groups** mean people can get information, advice and peer support in their communities. Run by volunteers, our local groups also campaign to improve care and make sure more people know about diabetes.

Managing diabetes by learning more

Our **Type 1 Events** build confidence and help children, teenagers, families and adults to live with Type 1 with more freedom. Our events have run for over 80 years and in 2016 another 524 people left having learned more about their diabetes and knowing they're not the only ones living with the condition.

With so much to take in, being able to access information when it's convenient is vital. Last year 11,625 people signed up to **Type 2 Diabetes and Me**, online learning which provides people with the information they want, when they need it so they can discover more about their condition.

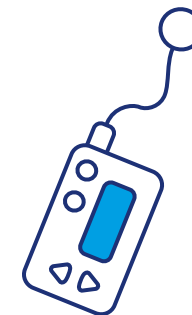
Type 1
events

TYPE 2
DIABETES
AND ME
TRAINING
COURSE



Managing diabetes with technology

Following our lobbying, the Scottish government gave an **extra £10 million** in funding for insulin pumps and Continuous Glucose Monitoring (CGM). This will mean more people with Type 1 will have access to technology that will give them greater detail about what is happening with their diabetes and help them get more balanced blood sugar levels and avoid or reduce the risk of devastating complications.



Managing diabetes in 2017

Parents have told us they need more support in managing school life – like trips away and exams. Following a successful trial, we'll launch new interactive ways to help parents and schools plan and carry out these important parts of school life, so that no child or teenager living with Type 1 misses out.

We're expanding our **online education** so we can help thousands more people learn more about the condition, including, for the first time, tools for people with Type 1 diabetes.

We'll push for OFSTED to check how **schools in England support children with Type 1**, so children and their parents know they are safe. And in Wales we are pressing for legislation to support all children with health conditions in schools.



Meet Ross



Our Taking Control campaign is fighting for everyone to have the chance to learn more about their diabetes on an education course. After deciding he needed to know more, Ross attended a DAFNE (Dose Adjustment For Normal Eating) course and now sees them as an essential part of care.



“I thought I knew everything and that you couldn’t get away from the lows and highs. It was not something I thought I could manage properly.

“But it was such a supportive atmosphere – we had people who’d had diabetes for decades, which was amazing to learn from. You realise you’re not the only one going through this, and it’s ok to sometimes make mistakes – everyone does.

“Since going my blood sugars are way more controlled. There’s been less dangerous hypos, less exhausting highs, lower HbA1c, more testing, more informed diet choices, it’s much easier to concentrate at work and work out at the gym.

“It feels a lot less like an annoyance and more something I can control and still live the life I want.

“The NHS is already under pressure and I can see courses really helping to reduce long-term complications, freeing up doctors and nurses. I think the courses are vital for the wellbeing of diabetics in the UK. It can make such a huge difference, allowing us to live healthier, more fulfilled and less stressful lives. They should be offered to everyone.”



“I was used to feeling tired or having extreme highs or lows. I can now manage it better, enjoy life more and worry less about complications.”

Ross

A transformation in diabetes care

Everyone should have access to the diabetes care they need.

Too often where people live, what type of diabetes they have or their age means they don't get the care and support they deserve.

We challenge and work alongside the NHS so more people get better, more consistent care helping them to live well with their diabetes.

And we're identifying gaps in care all over the country so we can reduce complications and keep driving up the standard of diabetes care for everyone, everywhere.

In England

We have partnered with NHS England to establish the **Diabetes Transformation Programme** which will bring **£40 million** into the areas of care that will make the biggest difference to the lives of people living with diabetes. The funding will:

- Make it easier for people to attend courses.
- Improve diabetes care in hospitals and reduce unnecessary harm.
- Reduce amputations by improving footcare.
- Help local areas provide more consistent care.

In Northern Ireland

Alongside the Government, we've developed a new strategy for diabetes which will benefit the 100,000 people estimated to have diabetes in Northern Ireland. The £1.7 million given to improve care will be spent on footcare, improving care in pregnancy, access to diabetes education courses and insulin pump therapy.

In Scotland

We've identified and are supporting the Health Boards that most need to improve diabetes care. This will benefit the 100,000 people in those areas. As part of this, we're helping community pharmacies to support more people with diabetes. And we've also focussed on health inequalities and care for in-patients with enduring mental health conditions.

In Wales

In Wales, we're trialling a new way of supporting people with their diabetes education. Adopted by the Welsh Government, it includes a new range of films that will be given to everyone with diabetes in Wales as video prescriptions.

Working with parents of children with Type 1 diabetes we've secured an additional £600,000 for paediatric diabetes services in North Wales leading to a significant increase in diabetes paediatric doctors, nurses, and specialists.

With Healthcare Professionals

A transformation in diabetes care will simply not be possible without the dedication and experience of the healthcare professionals who are supporting people with diabetes every day.

Our teams worked with 11,270 healthcare professionals in 2016 to make sure they had the knowledge they needed to provide the best possible care.

Over one million people visited the section of our website dedicated to professionals, while our monthly e-newsletters were read by 35,952 professionals. We continue to host the longest-running diabetes professional conference in the UK, bringing together experts in the field of diabetes to share knowledge, exchange views and ultimately change lives.

A transformation in diabetes care in 2017

- We'll continue to support and challenge local and national decision makers to increase the **quality of diabetes care across the UK**.
- The ways in which people manage their diabetes continue to change, so we are speaking to people with diabetes about what they need to live a good life with diabetes. Our **Future of Diabetes** initiative will chart the changes for the next stage of managing diabetes and inform our future work.
- With much more focus on diabetes education, the **Taking Control** campaign will push Clinical Commissioning Groups to help more people get on a course.
- We'll continue to work with healthcare professionals so they can help create better services for people with diabetes through our **Clinical Champions** and **Tomorrow's Leaders** programmes.
- We'll fight for more NHS funding for **footcare** in all regions as we battle to prevent the 140 unnecessary amputations every week.

Meet Pat

After a series of foot complications, including having a toe amputated, Pat experienced the harsh realities of what can go wrong when you've got diabetes. She responded by campaigning with us for better care in her home town.



“I had a toe amputated following a sore. It would not heal, due to what I feel was a lack of consistency with my care. I’ve also had charcot in both feet (a weakening of bones caused by nerve damage). The first time it took about 18 months to heal. At one point I was told that if the infection did not heal they might have to amputate my foot. Luckily it healed.

“It’s stopped me driving. My husband needs to drive me everywhere, bless him, because I’m still working.

“I didn’t want what happened to me to happen to anyone else so with other members of our local group I joined the Diabetes UK foot campaign.

“I donated one of my shoes to the campaign to highlight foot problems in Southampton.

“A group of us then had a meeting with the local NHS commissioners and I explained how I felt. Following this, there’s been a change in Southampton and we’ve now got a multidisciplinary footcare team.

“I used the service last year and it was really good. I’m really pleased that it’s been developed and is now working in Southampton.”



“I wanted to support campaigns which helped improve diabetes care in my area.”

Pat

Greater investment in diabetes research

From the insulin pen to the artificial pancreas, we know from our past successes that the research we fund has the ability to transform diabetes care and improve lives.

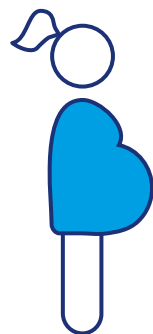
Along with developing new technologies, our researchers are discovering new and better ways to treat all forms of diabetes and uncovering just what causes it and how it works.

Through research we are shaping diabetes care, treatment and prevention now and in the future.

But we desperately need to fund more of it. For every £1 spent in the UK on diabetes care only 0.5p is spent on research. That's why we're going to secure greater investment into diabetes research.

Some of the key discoveries from 2016

Our researchers found that in Type 2 diabetes just a few **insulin-producing beta cells** may fail, rather than all of them. This could help develop therapies that target these beta cell ‘hubs’ and allow the pancreas to start releasing insulin again.



Living with Type 1 gets even more difficult if you're pregnant and complications are more likely. But researchers showed that the **artificial pancreas** drastically improves women's ability to manage their diabetes throughout their pregnancy.

Our team of researchers identified a molecule that's attacked by the **immune system** in people with Type 1 diabetes. This could help identify those at risk of Type 1 and develop new treatments to prevent it.



Our researchers discovered the role of a gut hormone that may be involved in putting Type 2 diabetes into remission after **bariatric surgery** (gastric bypass). This could help to develop safer and better targeted drugs to treat Type 2.

More projects we're investing in

Across the UK we are currently funding over 120 research projects into all types of diabetes.

We're understanding more about the impact gestational diabetes has on both mothers and the future health of their babies.

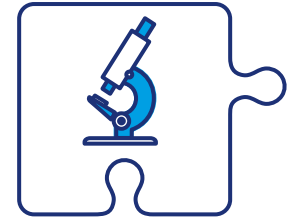
We're developing methods to put Type 2 diabetes into remission – like a low calorie diet or combination of gut hormones.



Greater investment in diabetes research in 2017

- We'll identify the research areas and key clinical studies needed to move prevention, treatment and care forward more quickly by bringing together **leaders in research with people living with diabetes and healthcare professionals**.
- We'll invest in research focusing on what **people living with diabetes** decide are the most important issues. Over 2,500 people had their say last year and in 2017 we'll reveal their **top 10 research priorities**.
- To make the discoveries that are so desperately needed we need the brightest and best scientists choosing to work in diabetes research. That's why we'll invest in the next generation by funding three more **Diabetes UK fellows**.

Meet Laura



Diagnosed at 18 months old, Type 1 diabetes has been a part of Laura's life for longer than she can remember. But diabetes has never stopped her doing anything she wants.

Pregnant again after having a miscarriage, Laura decided to take part in our research investigating if an artificial pancreas could reduce complications in pregnant women with Type 1.

The artificial pancreas consists of three items: a Continuous Glucose Monitor (CGM), an insulin pump and a tablet computer, which communicate wirelessly.



"The devices controlled my blood sugar level when it was quite volatile due to my pregnancy. They successfully kept my levels within the target range with little to no input from myself.

"During the study I effectively felt like I no longer had diabetes due to the artificial pancreas managing my condition and taking away the constant effort and worry.

"We now have a wonderful 17 month old son, Sonny, who we are very proud of. I genuinely believe that without the study we may not have the family that we now have today. I am certainly thankful for the vital research that is being undertaken and the many fantastic people that assisted me along the way."



“I feel privileged and proud to have played my part in this life-changing study.”

Laura

Reducing obesity and preventing Type 2 diabetes



Every three minutes, a person learns they have Type 2 diabetes.

In the UK, 3.2 million people have been diagnosed with Type 2, and 11.9 million are at increased risk of developing it. We also estimate that another one million people have Type 2 diabetes but don't even know it yet. But we know that three in five cases of Type 2 can be delayed – or even prevented. And with over two-thirds of adults overweight, we're making sure people know their risk of Type 2 diabetes and how they can make the changes to lower their chances of developing it.

But preventing Type 2 diabetes is about more than just individuals. That's why we're working to influence society, so that the healthy choice is the easy choice.

Changing the system

If we're going to become a healthier country we need to eat less sugar. So, as part of the **Obesity Health Alliance**, we've been working with Public Health England and the food industry to start reducing the amount of sugar in foods. Together we successfully campaigned for a sugar tax, which the government will introduce as the Soft Drinks Industry Levy.

People at risk of Type 2 diabetes can now be referred to **Healthier You: The NHS Diabetes Prevention Programme** in 75 per cent of areas across England. We worked with NHS England and Public Health England to develop the programme, which gives personalised support to help people reduce their risk. Over 18,000 people were referred into the programme in 2016.

Helping people know their risk

Over 15,000 people across the UK found out their risk of Type 2 diabetes at our **Know Your Risk** roadshows in 2016. Of those, 57 per cent used the advice and information we gave them to eat better and move more.

More people than ever – 290,000 – found out their risk of Type 2 diabetes using our online Know Your Risk tool, while over 20,000 people were supported with our new Know Your Risk packs, helping them to make healthy changes.



Getting people active and eating well

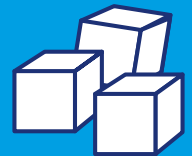
Our **National Charity Partnership** with Tesco and the British Heart Foundation has also helped us make Britain healthier.

- Over 15,000 people signed up to our **Let's Do This Goal Setter**, an online tool helping people make small changes to improve their lifestyle.

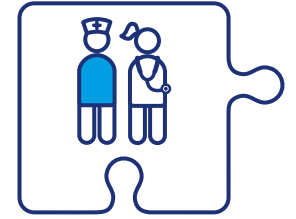
- Our free walking and cycling game, **Beat the Street**, inspired over 145,000 children and their families to clock up 500,000 miles.
- Our **Make, Move & Munch** clubs have provided meals, exercise and guidance on how to cook healthier food for families on a budget to over 3,000 people.
- Over 1,500 people have joined weekly walking, cycling and running groups funded by the partnership.

Reducing obesity and preventing Type 2 diabetes in 2017

- We'll work closely with healthcare professionals to help them identify and support people at risk of developing Type 2 diabetes so 100,000 people can benefit from Healthier You: The NHS Diabetes Prevention Programme.
- We'll be pushing national Governments in Wales, Scotland, and Northern Ireland to make sure prevention of Type 2 diabetes and reducing obesity remains a priority.
- With the Obesity Health Alliance we're aiming to tackle the advertising of unhealthy food, especially to children.
- Our National Charity Partnership prevention programmes with Tesco and the British Heart Foundation will continue to support young families and children to live healthier lives across the UK.
- We'll be reviewing how we reach those at risk of developing Type 2 diabetes, so we can better support more people.
- We'll continue to lobby and work closely with the food and drink industry and create partnerships to ensure the society we live in can help us all to live healthier lives.



Meet Ceri



Ceri was working in Tesco's Merthyr Tydfil store when our National Charity Partnership with the supermarket and the British Heart Foundation inspired her to get more active. The walking club she set up with colleagues has since conquered mountains, raising more than £1,000, and is still going strong.



"I hadn't done any exercise in ages and I didn't want to go to classes or the gym alone. I liked the idea of doing something in a group, where you could go at your own pace and have a laugh and a chat.

"I wanted to do more about my health and having spoken to my colleagues, so did they. So I set up the Walk to Run Club.

"At the start I couldn't run very far and when I did I would have a tight chest. Now I can run up to four miles easily.

"As a result of the club, eight of us decided we would like to take part in completing the Welsh Three Peaks in 24 hours.

"Even though none of us had ever attempted anything like it before, I found it a great lesson that you can do anything you put your mind to.

"When I started the club we were all novices. But we've been able to maintain the group and physical activity has become a regular part of all our lifestyles.

"I'm really proud of what we've achieved."



“Before the club, many of the group didn’t take part in exercise. Now some of the women have gained confidence and joined other classes like Boxfit and Aqua Aerobics.”

Ceri

A revolution in understanding and support

Even though it's the fastest growing health crisis of our time, just 25 per cent of people believe diabetes is a serious health condition.

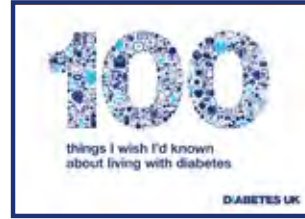
We're changing that by raising the profile of diabetes so people know it's serious and can be life-threatening. And that millions of people live with it every day.

We're also making sure we're supporting people in the way they want and need. We want to reach more people and build better, long-term relationships with them.

In return we hope more people will support, volunteer, campaign and fundraise for us. This is the only way we can support everyone who needs our help and continue to fund vital research into all types of diabetes.

The revolution is underway

All revolutions start with an idea. Ours was the **100 things I wish I'd known about living with diabetes**. It's a book for people with diabetes, by people with diabetes.



They might not have marched on the streets but 120,000 people ordered it.

What's more, 84 per cent of them were contacting us for the first time, meaning over a hundred thousand people were able to learn how we can help and support them.

Over a quarter of the people who ordered the book then used our website, leaflets and guides to find out more about diabetes, while 14 per cent got healthy recipes and expert diabetes nutritional information from our **Enjoy Food** programme.

Our online learning tool **Type 2 Diabetes and Me** was used by 13 per cent and 10 per cent asked for more help from our online communities.

Importantly 52 per cent of people said the book made a difference to how they manage their diabetes and 82 per cent found out something new.



Starting a bigger conversation

We used **Diabetes Week** as another chance to raise awareness of the reality of diabetes with the experiences our supporters shared about their condition. Our volunteers helped us to set the record straight, reaching 2.1 million people on Facebook, Twitter and other digital channels compared to 850,000 in 2015.

During **Hypo Awareness Week** we spoke to 198,000 people on Facebook alone. We talked about what a sharp drop in blood glucose feels like, the signs, what people should do and how to cope with hypo anxiety. For the 38,000 friends and family taking our quiz on recognising hypos we were able to provide hints on treatments and what to do when they happen.

Reaching out and supporting more people across communities would not have been possible without our volunteers. With over 7,000 individual volunteers and 390 local groups we have been able to spread awareness about diabetes.



A revolution in understanding and support in 2017

We'll be busy online and in the media to make sure more people know we're here and can come to us for the help and support they need, when they need it.

We're going to improve our website so thousands more people can find what they need to know quickly and easily.

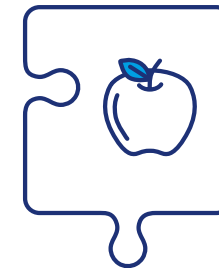
We'll continue to grow our online communities, so that everyone affected by diabetes has a welcoming and supportive space to ask questions, share experiences and learn more.

We'll build on what we've learnt from our longstanding relationship with Tesco and form ambitious partnerships with other organisations so that we have more impact and can make change happen for more people.



Meet Alexandra

Having seen her mum go through kidney dialysis Alexandra Burke has seen the pain diabetes can cause. That's why the X Factor winner and star of Sister Act the musical is helping us make sure everyone knows how serious diabetes is.



“My mum has had Type 2 diabetes for 31 years and it’s been a long journey. It’s really hard for me to see her in pain. But she really is the strongest woman I know. Even when she is in and out of hospital, she always finds a way to smile through it all.

“If you haven’t seen someone going through Type 2 diabetes then you might not appreciate how serious it can be.

“I’m so conscious about what I eat and how I live my life in order not to get Type 2 diabetes. I’m the kind of person who talks about it all the time. It probably annoys some people but I know knowledge is power, and when you’re aware of it you think twice about everything.

“I’m blessed enough in life that sometimes when I speak it can make a headline. If there’s ever a way to help by spreading information, I will always do it. It’s important. We as humans never stop learning.

“People need to be able to know what to do and if they can prevent Type 2, and that’s what makes Diabetes UK’s work so important.”



DIABETES UK
KNOW DIABETES. FIGHT DIABETES.



“If diabetes runs in your family, it is especially important to make looking after yourself a priority.”

DIABETES UK
KNOW DIABETES. FIGHT DIABETES.



Alexandra

The best people and the best organisation



When we talk about ‘we’, we’re talking about the whole diabetes community.

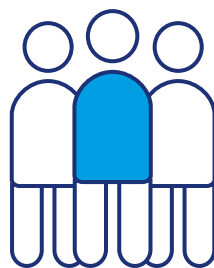
So that’s not just our staff. It’s our members, volunteers, fundraisers and campaigners. It’s healthcare professionals, NHS workers and the organisations we partner with. It’s the people on our forum and social media pages, fingertips at the ready, always there to share the bit of advice that will help someone get through a tough day.

We’ll only achieve a world where diabetes can do no harm, if we do it together.

That’s why we need to make sure everyone in the diabetes community has got the skills, tools and knowledge they need to take us towards our vision.

What the best people achieved in 2016

A lot of our work wouldn't happen without the help of our **volunteers**. They deserve a big thank you from us. They make sure our runners get cheered on at races and help thousands of people each year find out their risk of Type 2. Volunteers provide comfort and support and help our offices run smoothly.



In 2016, 66 **healthcare professionals** shared their expertise with hundreds of children, teenagers, adults and families to help them become more confident dealing with diabetes while having plenty of fun at our Type 1 Events.

Across the UK we have 390 **local support groups** offering understanding, help and support for anyone who has been affected by diabetes. Run by volunteers, our groups also raise awareness, campaign and fundraise.

Our London volunteers alone supported over 150 **diabetes awareness events**, giving over 37,000 people the opportunity to find out more about diabetes, what to do if they're at risk of Type 2 diabetes and where to go for more help if they need it.

And with more than 200 new recruits last year, we now have 1,000 **Community Champions** campaigning and raising awareness in Black, Asian and minority ethnic communities so everyone has the information and knowledge they need.

People are at the heart of Diabetes UK but we also need **effective and efficient systems and resources** that help maximise the impact of our work. The need to move to a new London office, Wells Lawrence House in Whitechapel, in 2016 provided the opportunity to update our ageing IT hardware and equipment. Our new offices are better suited to more efficient and more collaborative working and, we are confident, will help us to be as productive as possible and provide excellence in our service delivery.

We've also been reviewing and strengthening our approach to both **data protection and fundraising**. We've always been driven to deliver our fundraising in the right way and we recognise that our donors are often our service users and volunteers.



The best people in 2017

- We're rolling out our new **peer support training** to all our local groups, so they're geared up to offer even better quality support to new and existing members.
- We will **embed our new values** into the way we recruit, manage and develop our staff so they've got all the skills we need to help us tackle the diabetes crisis.
- We'll be recruiting even more **Community Champions** to help spread the word about diabetes even more widely so that whoever you are, wherever you are, you can find out all you need to know about diabetes.
- 2017 will see the introduction of more **fundraising legislation**. We're already making preparations to ensure that how we communicate with the public and use their data meets our high expectations of quality and compliance.

Our values

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



Meet Amanda

Between travelling, trekking and looking after her two daughters, Amanda is our Highland and Islands regional fundraiser. Living with Type 1 diabetes herself, being surrounded by diabetes has only inspired Amanda more.



“I was diagnosed with Type 1 diabetes in October 1990 at the age of 11. It was a huge learning curve. I’ll never forget my mum and dad pacing the ward learning how to inject by practising into an orange.

“Since I’ve worked for Diabetes UK I’ve learned every single person is different. I didn’t realise how many people really struggle with the condition.

“It can be really emotional at times but I’m all for getting the word out about the serious nature of diabetes.

“I’ve also become aware of the huge difference of care across the UK. The funding for diabetic management tools and technology varies massively and doesn’t seem fair. Everyone with diabetes should be given the same treatments regardless of where they live.

“The schools campaign (Type 1 diabetes: Make the grade) is fantastic. I was literally left to deal with everything on my own at school.

“To mark my 25th year of being diagnosed, I trekked the Great Wall of China and raised more than £25,000.”

“Diabetes has definitely made life harder, but hasn’t stopped me from achieving my goals.”

Amanda



Making it happen

We're never far from people who need us, wherever they might live in the UK.

This is only possible because of our fundraisers and volunteers. Their passion, determination and selflessness makes sure that when someone affected by diabetes needs our support, together, we can be there for them.

Meet just four of the brilliant people who make it happen.



Manjula

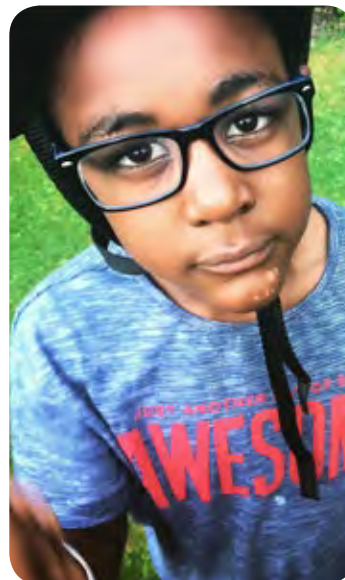


After being diagnosed with Type 2 diabetes, Manjula set out to find out how to live with her condition. Now she helps others do the same as one of our Community Champions.

"I run a monthly support group for people with diabetes.

"Having the condition myself and understanding the difficulties and challenges involved in having to make life changes has motivated me to help others in a similar situation.

"Some people I've helped have had diabetes for 20 years, others have only just been diagnosed. If there is anything they want to talk about, I research it and we do it the next month."



Kai



Kai was five years old when he was diagnosed with Type 1 diabetes. Two years later he spent 20 days of his summer holidays cycling 100 miles to raise money for us. And he's not finished there.

"I decided to do it for Diabetes UK because I want to raise money so that a cure can be found.

"I had to eat a lot! I had to check my blood sugar often and I did get tired. But it didn't stop me.

"My mum had to get up a lot in the night to make sure I wasn't having a hypo.

"I want to do a challenge every summer to raise money for Diabetes UK. This August I am going to complete three triathlons in three weeks."



Tony



Type 2 diabetes runs in Tony's family. Having seen the damage it can do, he was determined to avoid complications and help others to do the same.

"One of my aunts had to go for dialysis three times a week while another has had some toes amputated. I didn't want to go down that route. I control it by eating healthily and with lots of exercise. I've had diabetes for 13 years and still don't need medication.

"I'm a Diabetes UK Community Champion. I spoke to 53 different community groups last year. I help people be more conscious of their eating habits and know the significance of physical activity.

"I am passionate about it. I enjoy doing it. And people do take it on board. One chap formed a cycling group after he heard me talk and is now off Metformin. It feels so good to know I've made a difference."



Beth



Beth's son, Peter, was 13 years old when he died of undiagnosed Type 1 diabetes. Since then, Beth and the rest of the family have worked tirelessly to raise awareness of the signs of diabetes.

"Our campaigning has been focused on saving lives by increasing awareness of late diagnosis Type 1 and the 4Ts, toilet, thirsty, tired, thinner. The money we've raised helps us share Peter's story far and wide.

"If more GPs ask about the 4Ts and more children are tested when they're ill then we're on our way to making a difference.

"We have many messages from families thanking us for raising awareness and telling us they made their GP test their ill child when they were very unwell.

"Knowledge saves lives."

Our supporters

However you choose to support us financially, we couldn't do it without you.

Without our supporters we couldn't keep providing the care, support, campaigns, information and research that change how someone lives with their diabetes. So to everyone who raises money for us or gives to us, thank you. You're making it happen.

Some of our fundraising highlights



Splashing into the record books in 2016 was our swimming challenge, **Swim22**. Over 1,500 swimmers completed the 22 miles in their local pool – the equivalent of the English Channel – raising over £240,000 and dwarfing the previous year's figures of 1,000 participants and £170,000 raised.



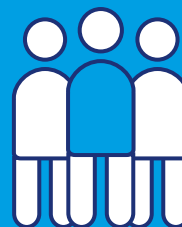
Hot on its heels was our new walking event, the **1 Million Step Challenge** which gave people three months to complete one million steps each. Stepping out for us were 1,410 supporters who, along with getting more active, together raised £40,800.



Tesco's staff from all over the UK left no stone unturned as they danced, sang, and dressed up to raise £8 million for the **National Charity Partnership**.



Thanks to people choosing to support us by remembering us in their wills, we were left over £12 million in **legacies** in 2016.



Not only do our **local groups** offer support, advice and campaign tirelessly, they also raise valuable funds for us.



The unfailing support of our **members** guarantees us a steady income year in, year out. They also help make sure we know exactly what sort of care, support and information we should be providing.



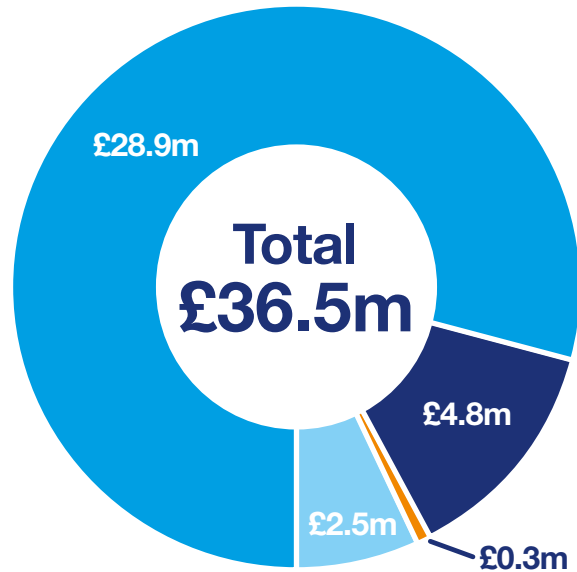
Whether it's from a trust, an individual, or from a corporate partnership, **voluntary donations** make up 79 per cent of our income.



However you choose to support Diabetes UK, thank you for joining the fight for a world where diabetes can do no harm.

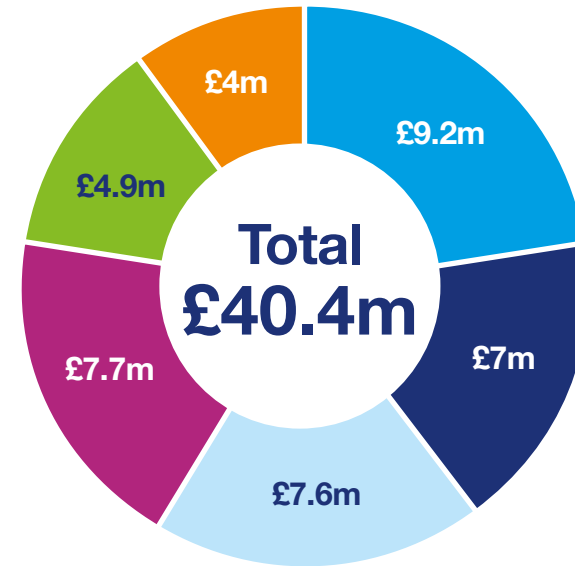
Our numbers

Income



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

Expenditure



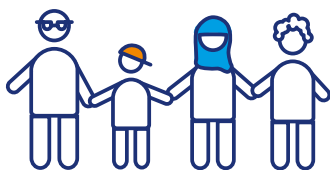
- Expenditure on raising funds
- Expenditure on charitable activities:
 - Research
 - Managing diabetes
 - Transforming care
 - Prevention
 - Understanding and support

Get involved

The simple truth is that without you, we cannot achieve our vision of a world where diabetes can do no harm. Here are some of the many ways you can be part of the fight.

Join us

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



Join us online today and receive all the benefits of membership, including our magazines and the latest information about support, care and research.

www.diabetes.org.uk/membership

Campaign

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



www.diabetes.org.uk/campaigns

Leave a gift

A third of our income is from gifts people leave us in their wills. It makes so much of our work possible. Leaving us a gift in your will means we can continue to be there for people with diabetes when they need us most.



www.diabetes.org.uk/legacies

Volunteer

Our volunteers make things happen. Without them we couldn't run our Type 1 Events, help people learn their risk of Type 2 diabetes, raise awareness in local communities or provide advice and understanding at one of our local groups. We've got so many volunteering opportunities there's bound to be one perfect for you.



www.diabetes.org.uk/volunteer

Fundraise

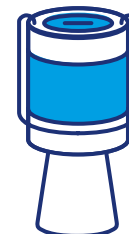
Running, singing, cycling, swimming, coffee making and cake baking are just some of the ways our supporters fundraise for us so we can tackle the diabetes crisis. We've got plenty of other ideas too and we'll be right alongside you however you choose to fundraise.



www.diabetes.org.uk/your-way

Donate

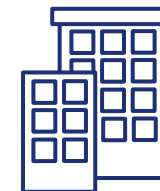
Up and down the country our researchers make discoveries which create better treatments for people with diabetes. By donating to us you'll help fund them and keep their life-changing breakthroughs coming. Eventually it will mean a cure.



www.diabetes.org.uk/donate

Corporate partnerships

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



www.diabetes.org.uk/corporate

Get support



Call our Helpline

Our Helpline is a dedicated diabetes helpline for anyone with diabetes, their family or friends, and people who are worried they might be at risk.



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

Call: 0345 123 2399*, Monday to Friday, 9am–6pm*
Email: helpline@diabetes.org.uk

If you're in Scotland:

Call: 0141 212 8710*, Monday to Friday, 9am–6pm.
Email: helpline.scotland@diabetes.org.uk

Go online

Our website is bursting with useful information and tips to help you learn more about your diabetes.



More friendly advice and help is available from our online Support Forum and Facebook and Twitter communities. They're ready and waiting to answer your questions and point you in the right direction.

Join the conversation:

 www.facebook.com/diabetesuk

 www.twitter.com/DiabetesUK

 forum.diabetes.org.uk

Join a local group

If you love to meet and talk to people face to face, check out your local support group – we run 390 of them up and down the UK.



Our groups are filled with people who've been there, done that and got the Diabetes UK t-shirt. Along with providing support and understanding they're also busy raising awareness, campaigning, fundraising and organising social events.

Find your nearest group:

www.diabetes.org.uk/groups
Call 0345 123 2399*
Email info@diabetes.org.uk

*Calls may be recorded for quality and training purposes.

Commentary on our finances 2016

As is clear from this report, Diabetes UK remains a leading force in tackling the diabetes crisis. Through the continued support and generosity of the public who donate to us and the many organisations we work in partnership with we have had another successful year. We were able to increase our overall expenditure to £40.4 million across a spread of our vital support and research activities, a seven per cent increase on 2015.

We continue to benefit from our partnership with Tesco and the British Heart Foundation and together we hope to raise £30 million over a three year period for our innovative, life-changing work. The three way partnership has generated over £15.5 million to date, bringing in income of £4.2 million (2015: £4.5 million) to Diabetes UK during the year.

Income – changing focus

Total income performed well at £36.5 million which was at a similar level to the prior year. Whilst performance was good we are continuing to look at our income to ensure we can grow to meet our ambitions and 2016 marked a development in focus around our fundraising activities. Driven by our own strategy, to raise understanding of diabetes and build strong engagement with our supporters, we are developing our fundraising approaches to build and strengthen our supporter base and increase understanding of the seriousness of diabetes amongst the general public. In addition, we are absolutely committed to ensuring Diabetes UK is fully compliant with new and anticipated legislation around data protection, something that our new approach embodies. The changes are part of our commitment to create a **revolution in understanding and support** (see page 30) to meet the challenge of the crises in diabetes.

Legacies continue to be an important source of income for us, often from individuals who we have supported in the past. Legacy income was £12.5 million in 2016, nearly a million more than the prior year, in part, thanks to a single legacy of £900,000 just before the year end.

At £16.4 million, income from donations was £1 million lower than in 2015 and we have experienced more modest reductions in income from lotteries, advertising and merchandising.

A number of our activities raise income whilst also directly contributing to our charitable objectives. These include our renowned conferences for healthcare and research professionals, our work with the NHS, our events for children, teenagers and adults with Type 1 diabetes and our publications. Activities of this kind brought in £2.5 million.

Expenditure

Within the overall increase in expenditure to over £40 million were a number of highlights:

- Operational efficiencies made in the activities within **helping everyone manage their diabetes** saw costs in this area decrease by 9 per cent from £8.4 million to £7.6 million with no impact on activity levels, which include a number of our key services and campaigns such as Type 1 Events and Type 2 Diabetes and Me. These savings enabled us to invest in the other charitable activities detailed below.
- Expenditure on **transforming care** includes a broad spectrum of activity working with the NHS, national governments and individual healthcare professionals. Expenditure in this area of support for those affected by diabetes increased by £0.4 million to £7.7 million in 2016.
- **Research** remains a strategic priority for Diabetes UK and, accordingly, we increased investment in research to £7.0 million, up £0.5 million, including grants of over £6.3 million to a number of research institutions to fund specific programmes (see note 12).
- With the continuing rise in Type 2 diabetes we are working with several partners on initiatives to reduce obesity and **prevent Type 2 diabetes**. Expenditure in this hugely important area increased by more than

50 per cent to £5.0 million, including £0.5 million supported by Tesco.

- Investment in raising awareness of diabetes is more critical than ever before and we spent an additional £0.4 million, increasing investment in the **revolution in understanding and support** in 2016 to £4.0 million. A significant proportion of the increased cost related to the *100 Things* book.

Reserves policy

At the end of 2016 Diabetes UK held total reserves of £17.5 million. Of these, £5.8 million related to restricted funds, which is money raised that must be spent on specific activities, with the balance being our general reserves less the current calculated deficit balance on the British Diabetic Association pension scheme.

For our general reserves, that are not restricted or do not relate to our pension scheme, we operate a reserves policy. Reserves are held for a number of practical reasons, including:

- providing working capital to meet upfront expenditure during the year before income is received;
- to give time to restructure the charity should there be a sustained fall in the level of income generated each year, including meeting any expenditure commitments such as research grants awarded; and
- to provide resource for investment, for example, updating technology and service development.

The policy that operated during the year uses two reserves measures: free reserves (unrestricted reserves less tangible fixed assets) and liquid reserves (reserves held as investments plus cash less restricted funds).

The policy requires free reserves to be greater than zero to ensure that, at any point in time, we do not commit more of the charity's funds than we

have secured. Liquid reserves ensure that the charity has sufficient liquidity (cash and investments) to operate effectively and manage any unplanned shortfall in fundraising contributions.

Given our strategic ambition, the changing external environment and our ambition to develop our fundraising approach we plan to review and update our reserves policy during 2017. As at 31 December 2016 the level of free reserves was £9.5 million and the level of liquid reserves £21.3 million. We believe these to be adequate both to fund planned investments and to manage potential financial risk.

Grant-making policy

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

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

Remuneration policy

Our approach to remuneration across the organisation is designed to ensure we can attract and retain the talented and motivated people we need to deliver our strategic goals. We also aim to pay competitively in the not-for-profit sector, within the context of affordability, and we benchmark our salaries against other, similar organisations.

The remuneration of the Chief Executive and other members of the Executive team are approved by the Remuneration Committee, a subset of the Board of Trustees including the Chair of the Board and the Treasurer.

Investment policy

We hold our reserves either as cash on deposit or, for reserves we do not expect to draw down for a number of years, invested in securities as part of an investment portfolio. Our investment policy seeks to produce the best financial return within an acceptable level of risk and also seeks to ensure an appropriate level of assets are available to meet unanticipated cashflow requirements.

We review the amount of reserves held in our portfolio or as cash annually as part of our budget process. The Finance Committee also reviews the underlying principles of our investments annually. During the year the portfolio was managed by C Hoare and Co, who have subsequently been taken over by Cazenove, with the portfolio transferred over in February 2017. Actual return on investments was 10.78 per cent against a benchmark of 14.44 per cent.

In addition, our policy also ensures that cash is held with sufficiently creditworthy institutions and sufficiently diversified to manage risk. The maximum limit with an individual institution is £5 million and we do not commit funds for more than 12 months. Placement in any new institutions must be approved by the Board of Trustees.

Going concern

The trustees have reviewed Diabetes UK'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 Diabetes UK to have adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Audit

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

Objectives and performance

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

A review of the main activities, achievements and benefits of 2016, together with future plans, can be found on pages 13–37.

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 2015–2019

In July 2014, the board agreed a strategy for the charity to cover the period 2015 to 2019. During 2016 this strategy was subjected to further review and we reaffirmed our commitment to the following areas of activity aimed at meeting the growing diabetes crisis. We will:

Help everyone manage their diabetes by:

- working with the NHS across the UK to ensure that all people with diabetes are offered engaging education opportunities
- providing practical support and helping people with diabetes connect with each other to share advice and provide emotional support.

Help transform diabetes care by:

- working directly with healthcare professionals, supporting them to drive change needed to transform diabetes care throughout the UK
- continuing to work with schools to ensure guidance on provision of care for children with Type 1 diabetes is implemented.

Increase investment in diabetes research by:

- committing more of our own funds and develop funding relationships with a range of organisations
- identifying and targeting the most important areas of research to be funded and help inform the research of the future.

Reduce obesity and prevent Type 2 diabetes by:

- helping individuals understand their risk and how to act to reduce that risk
- working with partners to influence industry and government to create a healthier environment.

Start a revolution in understanding and support by:

- working to make sure that diabetes and its effects are more widely understood
- keeping diabetes in the public spotlight, so governments and health bodies listen and take action.

Since the strategy was agreed external changes have presented a number of opportunities we must grasp as we seek to achieve our objectives. For example the greater focus on obesity and the National Diabetes Prevention Programme in England provide us with opportunities to help and support more people with Type 2 diabetes and those at risk of the condition. We are therefore continually working to ensure our strategy maximises these opportunities.

In addition the external environment has presented a number of challenges which are captured in the Risks and Uncertainties section below.

In 2017 we anticipate that income may be affected by changes in practice, in response to regulatory developments applicable to charitable fundraising activity and suppliers.

In this context, the charity is investing in new initiatives to grow future revenue streams. Including these investments, total expenditure in 2017 is expected to be at a similar level to 2016.

Principal risks and uncertainties

Diabetes UK is committed to effective risk management. We have processes that ensure significant risks associated with the delivery and provision of our work and services are recognised, assessed, planned for and appropriately managed. Our approach was strengthened in 2016 as we adopted the Three Lines of Defence Model, a tried and tested framework for identifying, mitigating or managing risk. Risk management also forms an integral part of our planning processes and project methodology, including how we organise events. Our employees and volunteers are encouraged to tell us about risks they identify as they work.

We use risk registers to record the risks identified, their potential impact and likelihood of occurrence and the controls, systems and procedures in place and planned to address the risks. We review risks regularly as part of our performance management. The Executive team discusses new risks and changes to existing risks every month, and holds more in depth reviews of our corporate risk register every quarter. The most significant risks we face are reviewed regularly by the Audit and Risk Committee, and by the Board of Trustees, who have overall responsibility for ensuring we have appropriate systems and processes in place to manage those risks.

The key risks we have focussed on during 2016 concern the following areas:

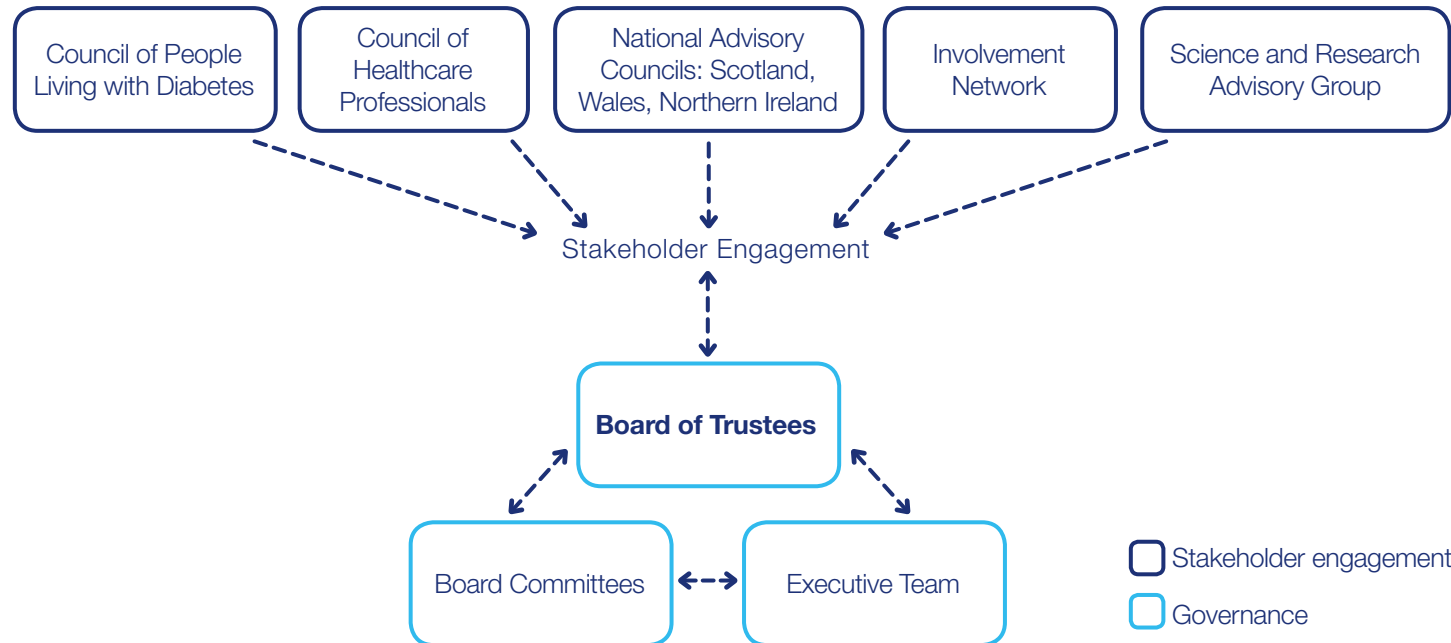
- Income targets not being met. We have reaffirmed an ambitious strategy in 2016 which requires us to grow our income and replace the income we currently receive from Tesco. The programme of activity described in 'Revolution in understanding and support' on page 30 is expected to help income growth in the long term by increasing awareness of the diabetes crisis and the role Diabetes UK has in the fight against diabetes and its effects, however in the short/medium term we are working hard to develop existing sources of funding,

including philanthropy and partnership funding. We have a contingency plan for adjusting planned expenditure should income drop significantly below budget.

- Capacity to deliver our strategy. As part of our 'The best people and the best organisation' strategy, we have launched a programme of work to engage and upskill employees and are implementing a new IT strategy to improve our systems and ensure they are fit for purpose.
- Failure to protect the vulnerable people we work with. Should we make a mistake in this area the impact could be very significant for the person harmed. To ensure our processes are as robust as possible we have an experienced safeguarding manager and training is being rolled out to staff and volunteers.
- Failure to observe due compliance. Following well-publicised concerns about methods used by some charities we have reviewed our approach to contacting the public and taken steps to improve security of the data we hold. Work continues to ensure that our staff and our volunteers adhere to all guidance and legislation in these areas.

Each year we commission independent experts to conduct assurance reviews of controls and process within key areas identified through our risk management process and we act on the recommendations for improvement identified in these reviews. The trustees are satisfied that the systems we have in place manage the charity's exposure to the major risks identified.

Structure, governance and management



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

Our governance structure is designed to ensure that we:

- have strong representation from both people living with Type 1 and Type 2 diabetes and healthcare professionals
- are advised by a breadth of people from across the nations and regions of the United Kingdom
- 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. The process of appointing new trustees 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 focussing on their role and responsibilities and the work and governance of the charity. Trustees are required to abide by a code of conduct that stipulates, amongst 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.

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

All trustees give their time voluntarily and receive no benefits from the charity. However, to ensure that no one is excluded from contributing on financial grounds, Diabetes UK operates a policy of reimbursing trustees for expenses incurred in their role. Any expenses reclaimed by trustees are disclosed in note 14 of the accounts.

Committees of the board

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

- The Finance Committee oversees and regularly reviews all financial aspects of the charity's activities, including its fundraising, 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 including the fundraising arena, and internal policies.
- The Remuneration Committee considers and recommends, for board approval, the annual pay award. The committee also considers and approves, in line with the agreed remuneration policy, the pay package for the Chief Executive and Executive team.
- The Governance and Nominations Committee ensures that Diabetes UK has sound governance. Its role is to monitor compliance with, and periodically review, the governance arrangements of the charity to ensure that it can achieve its charitable aims, strategic priorities and the highest possible standards of governance.
- The Research Committee assesses and approves applications for funding for basic, clinical and health-services research, within the guidelines set by the board and in accordance with the Association of Medical Research Charities' best practice.

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

Whilst 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.

In line with Charity Commission guidance *Charity fundraising: a guide to trustee duties (CC20)*, Diabetes UK has a framework in place to ensure there is effective governance around our vital fundraising activities. Regular reports are made to Finance Committee, Audit and Risk Committee and board on fundraising performance, compliance and plans to ensure trustees have good visibility of our activities. In addition, the board have nominated a trustee (Julian Baust) with responsibility for taking an overview of fundraising governance, which is in line with best practice.

Advisory bodies

Diabetes UK has seven formal advisory councils, which inform the work of the charity as part of the charity's stakeholder engagement.

The **Council for People Living with Diabetes** comprises a maximum of 30 members. We aspire to make the council as representative and diverse as possible so that it reflects our stakeholders.

The **Council for Healthcare Professionals** comprises 23 members and includes a range of healthcare professionals working in diabetes.

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

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

The **Involvement Network** is a virtual network of people with an

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

Employment policies

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

Diabetes UK is also committed to the learning and career development of its staff. We support the ongoing development of individuals and teams through a diverse offer of formal and informal learning options.

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 £1.7 million was generated in 2016 (2015: profit £1.7 million) and was donated to Diabetes UK under gift aid. Its results are shown in note 26b to the financial statements.

BDA Research Limited exploits the potential value of any intellectual property arising from research funded by Diabetes UK. At 31 December 2016, the company has 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.

Public benefit

The directors and trustees of Diabetes UK have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in administering Diabetes UK, in determining achievements against aims they had set for 2016, and in planning activities in 2017.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. 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 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 company 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, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the trustees is aware:

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

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

Approved by the Board of Trustees of Diabetes UK on 11 May 2017 including in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:

Sir Peter Dixon
Chair

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

Principal Office and Registered Office

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

Diabetes UK Cymru

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029 2066 8276
wales@diabetes.org.uk

Diabetes UK Northern Ireland

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Newforge Business Park
Newforge Lane
Belfast BT9 5NW
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n.ireland@diabetes.org.uk

Diabetes Scotland

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0141 245 6380
scotland@diabetes.org.uk

Diabetes UK Eastern Region

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Diabetes UK Midlands

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Diabetes UK North West

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n.west@diabetes.org.uk

Diabetes UK South East

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Epsom KT19 9AP
01372 720148
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Diabetes UK South West

Victoria House
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01823 448260
south.west@diabetes.org.uk

Patron

Her Majesty the Queen

Vice Presidents

Professor Sir George Alberti
Mrs Barbara Elster
Mrs Anne Felton
Mr John Grumitt
Dr Michael Hall
Sir Michael Hirst
Professor Simon Howell
Mrs Judith Rich OBE

Board of Trustees

Sir Peter Dixon (Chair) ^{3, 4}
Mr Julian Baust (Vice-Chair) ^{1, 3, 4, 5}
Sir Harry Burns
Mr Noah Franklin (Treasurer) ^{1, 2, 3}
Professor Wasim Hanif ³
Mr Gareth Hoskin ²
Ms Halima Khan (retired 30 June 2016)
Mr James McCall ^{1, 2}
Ms Helen McCallum ²
Professor Rhys Williams ⁴
Ms Janice Watson ¹
Dr Bob Young

¹ Finance Committee member

² Audit & Risk Committee member

³ Remuneration Committee member

⁴ Governance and Nominations Committee member

⁵ Lead Trustee for Fundraising Governance

Executive Team

Chief Executive

Chris Askew

Director of Prevention

Louise Ansari (until 26 May 2016)

Interim Director of Prevention

Helen Dickens (from 1 May 2016)

Director of Engagement & Fundraising

Kath Abrahams (from 11 January 2016)

Director of Health Intelligence & Professional Liaison

Simon O'Neill

Interim Director of Human Resources

Jon Forde

Director of Operations

Colette Marshall

Director of Corporate Services

Mark Woodbridge (until 15 August 2016)

Graham Galvin (from 5 December 2016)

Director of Policy, Care and Improvement

Bridget Turner

Director of Research

Alasdair Rankin (until 4 January 2016)

Elizabeth Robertson (from 4 April 2016)

Advisors

Clinical Advisor

Dr Gerry Rayman MD FRCP Consultant Physician and Diabetologist
Ipswich Hospital NHS Trust

Auditors

Crowe Clark Whitehill
10 Salisbury Square
London
EC4Y 8EH

Investment Managers

Cazenove Capital
12 Moorgate
London EC2R 6DA

Solicitors

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

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

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 2016 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Statement of Cash Flows and the related notes numbered 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

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

Opinion on the other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 or 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 adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

N. Hashemi

Naziar Hashemi

Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

24/5/17

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Financial statements 2016

Consolidated statement of financial activities (incorporating income and expenditure account and statement of total recognised gains and losses) for the year ended 31 December 2016.

	Notes	2016		2015			
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£'000	£'000	£'000	Restated £'000	£'000	Restated £'000
INCOME FROM:							
Donations and legacies	3	21,025	7,882	28,907	21,919	7,046	28,965
Other trading activities	4	4,808	-	4,808	4,089	-	4,089
Income from investments	5	309	-	309	251	-	251
Income from charitable activities	6	1,710	740	2,450	3,723	-	3,723
Total income		27,852	8,622	36,474	29,982	7,046	37,028
EXPENDITURE ON:							
Expenditure on raising funds	8	8,455	726	9,181	7,996	960	8,956
Expenditure on charitable activities							
Research	9	3,062	3,893	6,955	4,791	1,671	6,462
Managing diabetes	9	5,706	1,879	7,585	5,690	2,664	8,354
Transforming care	9	7,004	697	7,701	6,562	690	7,252
Prevention	9	1,781	3,205	4,986	1,762	1,322	3,084
Understanding and support	9	2,189	1,825	4,014	1,884	1,692	3,576
Total Expenditure	9	28,197	12,225	40,422	28,685	8,999	37,684
Net gains on investments	17	960	-	960	430	-	430
Net (expenditure)/ income for the year		615	(3,603)	(2,988)	1,727	(1,953)	(226)
Transfers between funds	22	78	(78)	-	-	-	-
Other recognised (losses)/ gains							
Actuarial (losses)/gains on defined benefit pension scheme	30	(2,227)	-	(2,227)	369	-	369
Net movement in funds		(1,534)	(3,681)	(5,215)	2,096	(1,953)	143
Fund balances at the beginning of the financial year		13,218	9,513	22,731	11,122	11,466	22,588
Fund balances at the end of the financial year	23	11,684	5,832	17,516	13,218	9,513	22,731

Balance sheet at 31 December 2016

	Notes	Group		Diabetes UK	
		2016	2015	2016	2015
		£'000	Restated £'000	£'000	Restated £'000
Fixed assets					
Tangible assets	16	2,195	516	2,195	516
Investments in subsidiary undertakings	26	-	-	40	40
Other Investments	17	21,660	24,517	21,660	24,517
		<u>23,855</u>	<u>25,033</u>	<u>23,895</u>	<u>25,073</u>
Current assets					
Stock		88	100	-	-
Debtors	18	3,265	3,561	4,704	4,641
Cash at bank and in hand		5,516	4,369	4,895	4,199
		<u>8,869</u>	<u>8,030</u>	<u>9,599</u>	<u>8,840</u>
Creditors: amounts falling due within one year	19	(12,708)	(9,668)	(13,478)	(10,518)
Net current assets		<u>(3,839)</u>	<u>(1,638)</u>	<u>(3,879)</u>	<u>(1,678)</u>
Net assets before provisions		20,016	23,395	20,016	23,395
Provisions for liabilities and charges	21	(137)	(533)	(137)	(533)
Provision: defined benefit pension scheme liability	30	(2,363)	(131)	(2,363)	(131)
Net assets		<u>17,516</u>	<u>22,731</u>	<u>17,516</u>	<u>22,731</u>
The funds of the charity					
Restricted funds	22	5,832	9,513	5,832	9,513
Unrestricted funds					
General funds		14,047	13,349	14,047	13,349
Pension reserve deficit	30	(2,363)	(131)	(2,363)	(131)
Unrestricted funds including pension liability		<u>11,684</u>	<u>13,218</u>	<u>11,684</u>	<u>13,218</u>
Total funds		<u>17,516</u>	<u>22,731</u>	<u>17,516</u>	<u>22,731</u>

Approved by the Board of Trustees on 11 May 2017 and signed on their behalf by:

Sir Peter Dixon
Chair

Noah Franklin
Treasurer

Registered company no:
339181

Consolidated statement of cash flows for the year ended 31 December 2016

	2016	2015
		Restated
	£'000	£'000
Cash flows from operating activities:		
Net cash (used in) operating activities (Note 1)	(931)	(18)
Cash flows from investing activities:		
Dividends and interest from investments	309	251
Proceeds from the sale of tangible fixed assets	13	-
Purchase of tangible fixed assets	(2,061)	(60)
Proceeds from the sale of investments	5,155	3,421
Purchase of investments	(4,480)	(3,292)
Purchase of cash deposits	3,142	(3,737)
Net cash provided by/(used in) investing activities	2,078	(3,417)
Change in cash and cash equivalents in the reporting period	1,147	(3,435)
Cash and cash equivalents at 1 January 2016	4,369	7,804
Cash and cash equivalents at 31 December 2016	5,516	4,369

Note 1 to the consolidated statement of cash flows

	2016	2015
		Restated
	£'000	£'000
Reconciliation of changes in resources to net cash (outflow) from operating activities		
Net expenditure for the year per the SOFA	(2,988)	(226)
Adjustments for:		
Depreciation charges	291	277
Gains on investments	(960)	(430)
Dividends and interest from investments	(309)	(251)
Loss on the sale of fixed assets	78	-
Decrease/(increase) in stocks	12	(62)
Decrease in debtors	296	1,435
Increase/(decrease) in creditors	3,040	(733)
Decrease in provisions	(396)	(45)
Difference between payments to defined benefit pension scheme and amount charged to expenditure	5	17
Net cash (used in) operating activities	(931)	(18)

The charity has taken advantage of the exemptions in FRS 102 from the requirement to present a charity only Cash Flow Statement.

1 Charity information

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

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and UK Generally Accepted Practice as it applies from 1 January 2015.

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

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

Basis of consolidation

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

Diabetes UK includes the income and expenditure of local groups where returns have been made prior to the preparation of the consolidated financial statements. 281 of the 390 local groups were required to submit a return. Of these 219 (78 per cent) had been received when the financial statements were prepared (2015: 69 per cent).

In line with Charities SORP (FRS 102) a separate charity SOFA has been prepared and is disclosed in note 26.

Going concern

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

Critical accounting judgements and key sources of estimation uncertainty

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are:

Pensions liabilities – The charity recognises its liability to its defined benefit scheme which involves a number of estimates as disclosed in note 30.

Legacies – These are recognised when evidence of entitlement exists and the charity is able to measure reliably. Recognition is therefore sometimes in advance of receiving the cash.

INCOME

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

Legacies

Income from legacies is recognised where evidence of entitlement exists, the value is measurable with sufficient reliability, and on the earlier of the date of receipt of finalised estate accounts, the date of payment or where

there is sufficient evidence that the legacy will probably be received. In addition, full provision is made for any clawback of legacy payments when notification of such clawbacks is received.

Donations

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

Membership subscriptions

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

Donated goods, services and facilities

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

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

Grants receivable

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

EXPENDITURE

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

Cost of raising funds

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

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

Charitable activities

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

Research grants

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

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

Support and the governance costs reallocation

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

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

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

Retirement benefits

For the defined benefit scheme the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year,

adjusted to reflect variations from that cost. Current service costs, interest costs and expected return on assets are included within charitable expenditure, allocated on a headcount basis by department.

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

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

Taxation

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

ASSETS AND LIABILITIES

Tangible fixed assets

All expenditure on fixed assets in excess of £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:

Leasehold improvements	10 years
Office equipment, fittings and furniture	7 to 10 years
Computer hardware	3 to 5 years
Computer software	3 to 8 years
Motor vehicles	5 years

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

Investments

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

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

Stocks

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

Operating leases

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

Pension liability

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

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

Funds

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

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

Financial instruments

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

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

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

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

Prior year adjustments

Where material prior year errors are identified, the prior year figures and opening fund balances are adjusted to reflect this. An explanation of the prior year adjustment is provided in the funds note (note 22) and prior year adjustment note (note 33).

3 Donations and legacies

	2016 Total £'000	2015 Total £'000
Incoming resources		
Legacies	12,531	11,608
Donations	16,376	17,357
Total	28,907	28,965

Income from donations comprises £4.2m (2015: £4.5m) raised through the Charity Partnership with Tesco and £12.2m (2015: £12.8m) raised from membership, donations and fundraising.

4 Other trading activities

	2016 Total £'000	2015 Total £'000
Incoming resources		
Lotteries	2,304	2,409
Advertising	379	446
Corporate sponsorship	1,535	633
Consultancy	23	-
Merchandising	567	601
Total	4,808	4,089

From 2016 exhibition sponsorship is managed by Diabetes UK Services Limited. This explains the increase in corporate sponsorship within other trading activities and a reduction in conference income within income from charitable activities as shown in note 6.

5 Income from investments

	2016 Total £'000	2015 Total £'000
Incoming resources		
Dividends from listed securities	165	130
Interest on cash at bank	144	121
Total	309	251

6 Income from charitable activities

	2016 Total	2015 Total Restated
	£'000	£'000
Conferences	490	1,474
Service delivery	1,268	1,253
Type 1 Events	72	108
Professional membership	177	155
Publications	443	733
Total	2,450	3,723
Research	175	116
Managing diabetes	218	694
Transforming care	1,745	2,527
Prevention	244	255
Understanding and support	68	131
Total	2,450	3,723

The allocation of income to activities and charitable objectives was revised in 2016 to reflect current practices. The 2015 figures were restated using the same approach to provide more meaningful comparatives.

7 Government grants

	2016 Total £'000	2015 Total £'000
Significant government grants used to fund Diabetes projects and recognised in the accounts are:		
Health and Social Care Information Centre	-	233
Health and Social Care Volunteering Fund	97	84
Scottish Government	153	71
Big Lottery Fund	19	-
NHS Southwark Clinical Commissioning Group	35	-
NHS Waltham Forest Clinical Commissioning Group	-	55
NHS Nottingham City Clinical Commissioning Group	-	41
NHS England	73	21
Public Health England	75	-
Kirklees Council	17	-
	469	505

8 Expenditure on raising funds

	2016 Total	2015 Total Restated
	£'000	£'000
Voluntary income		
Legacies	299	284
Donations	5,940	5,991
	6,239	6,275
Fundraising trading		
Lotteries	1,239	1,665
Advertising	222	161
Corporate sponsorship	772	298
Merchandising	641	500
	2,874	2,624
Investment management costs	68	57
Total	9,181	8,956

9 Analysis of total expenditure

	Activities undertaken directly	Activities undertaken by grant funding	Support and Governance costs	2016 Total	2015 Total Restated
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	7,972	-	1,209	9,181	8,956
Expenditure on charitable activities					
Research	563	6,291	101	6,955	6,462
Managing diabetes	6,222	-	1,363	7,585	8,354
Transforming care	6,288	-	1,413	7,701	7,252
Prevention	4,481	-	505	4,986	3,084
Understanding and support	3,559	-	455	4,014	3,576
	29,085	6,291	5,046	40,422	37,684

The allocation of expenditure to activities and charitable objectives was revised in 2016 to reflect current practices. The 2015 figures were restated using the same approach to provide more meaningful comparatives.

10 Support costs allocations

	Governance £'000	Facilities £'000	Finance £'000	Human Resources £'000	IT £'000	2016 Total £'000	2015 Total £'000
Expenditure on raising funds	50	247	238	234	440	1,209	1,189
Expenditure on charitable activities							
Research	4	20	20	20	37	101	104
Managing diabetes	57	276	269	264	497	1,363	1,447
Transforming care	59	286	279	274	515	1,413	1,498
Prevention	21	102	100	98	184	505	517
Understanding and support	19	92	90	88	166	455	411
Total	210	1,023	996	978	1,839	5,046	5,166

11 Governance costs

	2016 £'000	2015 £'000
Trustee costs	14	26
Advisory council expenses	23	35
Governance and stakeholder support costs	124	116
External audit	49	49
Total	210	226

12 Grant funding

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

	2016
	£'000
Cardiff University	396
Imperial College	363
King's College Hospital NHS Foundation Trust	102
King's College London	999
Queen's University Belfast	114
University College London	223
University of Bristol	285
University of Cambridge	202
University of Dundee	372
University of Edinburgh	140
University of Exeter	576
University of Glasgow	669
University of Leeds	173
University of Lincoln	165
University of Manchester	270
University of Newcastle	233
University of Oxford	433
University of Southampton	283
University of York	134
	<hr/>
	6,132
Grants to other institutions	159
Total grants to institutions	6,291
	<hr/>
Direct administration costs	563
Support costs	101
Total	6,955

	2016	2015
	£'000	Restated
	£'000	£'000
Analysis of grant by area of research:		
Prevention	1,549	1,223
Care	4,406	4,131
Cure	336	558
Direct administration and support costs	563	446
Support costs	101	104
	<hr/>	<hr/>
Total	6,955	6,462

	2016	2015
	£'000	Restated
	£'000	£'000
Grants reconciliation		
Creditor at the beginning of the year	6,369	6,189
Grants awarded in the year	1,747	2,108
Liabilities arising on existing grants	4,544	3,444
Payments in the year	(5,363)	(5,372)
Creditor at the end of the year	7,297	6,369

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

	2016	2015
	£'000	£'000
Net incoming resources for the year is stated after charging:		
Depreciation (see note 16)	291	277
Auditors remuneration		
– external audit: group statutory audit	40	40
– external audit: other	9	9
– tax advice	9	4
– other assurance	3	19
Non-recoverable VAT	1,110	1,269
Operating leases		
– property	1,828	765
– other	10	30

14 Transactions with trustees

Trustees have not been remunerated in the year (2015: £NIL). A total of seven trustees (2015: 8) have been reimbursed directly for expenses in relation to trustee meetings or had such expenses met by payments made to third parties at a total cost of £19,077 (2015: £13,462). All amounts were for reimbursement of travel and subsistence costs.

15 Staff costs

	2016	2015
	£'000	£'000
Salaries	13,021	12,075
Social security costs	1,375	1,220
Other pension costs	725	694
Redundancy and termination payments	72	45
Total	15,193	14,034

	2016	2015
	number	number
Average headcount		
Fundraising	84	92
Charitable activity	273	247
Support	39	39
Governance	3	3
Total	399	381

Pension costs

Pension costs comprise £721,028 (2015: £694,252) in respect of defined contribution pension schemes and £NIL. (2015: £NIL) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:

	2016 number	2015 number
£60,001 - £70,000	5	5
£70,001 - £80,000	5	4
£80,001 - £90,000	1	2
£90,001 - £100,000	-	1
£100,001 - 110,000	1	1
£130,001 - 140,000	1	-

The key management personnel (of the charity) comprise the trustees (unremunerated, see note 14), the Chief Executive Officer, and the Executive Team. The total employee benefits of the key management personnel (of the charity) were £878,268 (2015: £1,005,999).

16 Tangible fixed assets

Group and Diabetes UK	Leasehold improvements	Office equipment, fittings and furniture	Computer equipment and software	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2016	-	1,452	1,195	299	2,946
Additions	1,067	316	678	-	2,061
Disposals	-	(337)	(611)	-	(948)
At 31 December 2016	1,067	1,431	1,262	299	4,059
Depreciation					
At 1 January 2016	-	(1,388)	(743)	(299)	(2,430)
Charge for the year	(27)	(27)	(237)	-	(291)
Disposals	-	309	548	-	857
At 31 December 2016	(27)	(1,106)	(432)	(299)	(1,864)
Net book value					
At 31 December 2016	1,040	325	830	-	2,195
At 31 December 2015	-	64	452	-	516

The high value of additions in 2016 is attributable to purchases required to fit-out and furnish the new central office which was occupied from September 2016. All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2015: £NIL).

17 Investments

Group and Diabetes UK	2016 £'000	2015 £'000
Market value at 1 January 2016	24,517	20,479
Acquisitions at cost	4,480	3,292
Disposal proceeds	(5,155)	(3,421)
Gains on investments	960	430
Net movement in cash and short term deposits	(3,142)	3,737
Market value at 31 December 2016	21,660	24,517
Represented by:		
Listed securities	5,663	6,766
Property funds	877	915
Bonds	3,569	2,143
Cash on deposits	11,551	14,693
	21,660	24,517
Historical Cost of investments at 31 December 2016	21,706	23,400

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

Investments which comprised more than 5% of the total market value of non-cash investments at 31 December 2016 were:

	2016 £'000	2015 £'000
Aberdeen Ethical World Fund 1	-	1,036
Barclays Captial US 1–3 Year Treasury Bond	-	563
COIF Property Fund	861	884
Jupiter Responsible Income Fund	999	-
Kames Ethical Equity Fund	1,050	1,075
Standard Life UK Ethical Fund	-	1,054
UBS ETF MSCI Europe Socially Responsible	-	782
UBS ETF MSCI North America Socially Responsible	-	1,434
UBS ETF MSCI UK IMI SRI GBP	1,092	-
UBS ETF MSCI USA Socially Responsible	1,627	-
United Kingdom Gilt I/L 0.125%	823	-
United Kingdom Gilt TSY 3.25	533	-

18 Debtors: amount falling due within one year

	Group		Diabetes UK	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	399	432	164	163
Donation due from subsidiary undertaking	-	-	1,673	1,738
Other amounts due from subsidiary undertakings	-	-	167	-
Other debtors	584	551	583	552
Prepayments	689	755	689	749
Accrued income	1,593	1,823	1,428	1,439
	<u>3,265</u>	<u>3,561</u>	<u>4,704</u>	<u>4,641</u>

19 Creditors: amount falling due within one year

	Group		Diabetes UK	
	2016	2015	2016	2015
	Restated	Restated	Restated	Restated
	£'000	£'000	£'000	£'000
Trade creditors	805	394	790	389
Amounts due to subsidiary undertakings	-	-	953	1,068
Taxation and social security	365	339	365	339
Other creditors	184	274	179	271
Accruals	3,461	1,608	3,393	1,473
Deferred income	596	684	501	609
Research grants creditor	7,297	6,369	7,297	6,369
	<u>12,708</u>	<u>9,668</u>	<u>13,478</u>	<u>10,518</u>

20 Deferred income

	Group		Diabetes UK	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Balance as at 1 January 2016	684	976	609	794
Income deferred in the current year	378	763	282	738
Release from prior year	(466)	(1,055)	(390)	(923)
Balance as at 31 December 2016	<u>596</u>	<u>684</u>	<u>501</u>	<u>609</u>

Income received in advance to fund activities due to take place in 2017 has been deferred where this is consistent with the terms of the funding agreement.

21 Provisions for liabilities and charges

	Pensioner Costs	Dilapidation Provision	Closed Local Groups	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000
Balance brought forward at 1 January 2016	-	430	103	533	578
New provision	64	-	-	64	-
Increase to provision	1	-	-	1	-
Payments made	(9)	(254)	(90)	(353)	-
Release of provision	-	(95)	(13)	(108)	(45)
Balance carried forward at 31 December 2016	56	81	-	137	533

During the year the provision for future pensioner costs was reclassified from other creditors to provisions.

22 Funds

Group	At 1 January 2016 £'000 Restated	Incoming funds £'000	Outgoing funds £'000	Gains/(losses)	Transfers	At 31 December 2016 £'000
General funds	13,349	27,852	(28,192)	960	78	14,047
	-	-	-	-	-	-
Pension reserve (see note 30)	(131)		(5)	(2,227)	-	(2,363)
Total unrestricted funds	13,218	27,852	(28,197)	(1,267)	78	11,684
Restricted funds						
Diabetes Foundation	132	-	-	-	-	132
Research funds	535	3,035	(2,959)	-	(72)	539
Care and information funds	363	504	(389)	-	(6)	472
Geographical funds	-	751	(682)	-	-	69
Children funds	11	33	(43)	-	-	1
Charity Partnership Prevention	8,445	4,152	(8,064)	-	-	4,533
Warren Memorial Fund	27	-	-	-	-	27
Total restricted funds	9,513	8,622	(12,225)	-	(78)	5,832
Total of unrestricted and restricted funds	22,731	36,474	(40,422)	(1,267)	-	17,516

The accounts have been restated to incorporate a prior year adjustment the nature of which is disclosed in note 33. The impact of the adjustment is to increase opening general funds from £12,883,000 to £13,218,000 – an increase of £335,000.

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

23 Total funds

Total funds are invested as follows:

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	2,195	-	2,195
Fixed asset investments	21,660	-	21,660
Net current assets	(9,671)	5,832	(3,839)
Provisions	(2,500)	-	(2,500)
			<hr/>
Total net assets	11,684	5,832	17,516

Diabetes UK	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	2,195	-	2,195
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	21,660	-	21,660
Net current assets	(9,711)	5,832	(3,879)
Provisions	(2,500)	-	(2,500)
			<hr/>
Total net assets	11,684	5,832	17,516

24 Operating lease commitments

	Property		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Total lease commitments under non-cancellable operating leases:				
within one year	935	510	9	2
between one and two years	2,935	-	5	-
between two and five years	4,148	352	-	24
after five years	3,577	-	-	-
	<u>11,595</u>	<u>862</u>	<u>14</u>	<u>26</u>

25 Commitments to spend – research grants

At 31 December 2016 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £11,461,000 (2015: £11,062,000). 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.

	2016 £'000	2015 £'000
2016	168	4,963
2017	4,742	3,872
2018	3,629	1,671
2019	1,946	511
2020	779	45
2021	185	-
2022	12	-
	<u>11,461</u>	<u>11,062</u>

26 Subsidiary undertakings

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

(a) Investment in subsidiary

	2016	2015
	£'000	£'000
Investment in subsidiary undertakings	40	40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company. BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2016 (2015: £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 2016 (2015: £40,003).

(b) Summary of results of consolidated entities

	Diabetes UK	Diabetes UK Services Limited	Intercompany Transactions	Total
	2016	2016	2016	2016
	£'000	£'000	£'000	£'000
Income				
Donations and legacies	30,580	-	(1,673)	28,907
Other trading activities	263	4,712	(167)	4,808
Income from investments	306	3	-	309
Income from charitable activities	2,450	-	-	2,450
	33,599	4,715	(1,840)	36,474
Expenditure				
Expenditure on raising funds	(6,306)	(2,875)	-	(9,181)
Expenditure on charitable activities	(31,241)	-	-	(31,241)
Donation to Diabetes UK	-	(1,673)	1,673	-
Service charge	-	(167)	167	-
	(37,547)	(4,715)	1,840	(40,422)
Net gains on investments	960	-	-	960
Actuarial losses on defined benefit pension	(2,227)	-	-	(2,227)
	(5,215)	-	-	(5,215)
Net movement in funds	(5,215)	-	-	(5,215)

(c) Financial position of consolidated entities

	Diabetes UK	Diabetes UK	Intercompany	Total
	2016	2016	2016	2016
	£'000	£'000	£'000	£'000
Fixed assets	23,895	-	(40)	23,855
Current assets	9,599	2,063	(2,793)	8,869
Creditors due within one year	(13,478)	(2,023)	2,793	(12,708)
Provisions	(2,500)	-	-	(2,500)
Net assets	17,516	40	(40)	17,516

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

	2016	2015
	£'000	Restated
	£'000	£'000
Net (expenditure)	(3,948)	(656)
Gain on sale of investments calculated under the historical cost accounting convention	945	501
(Deficit)/surplus under the historical cost accounting convention	(3,003)	(155)

28 Members

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

29 Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £7.2 million (2015: approximately £5.3 million).

30 Pensions

Defined contribution scheme

The charity contributes towards a defined contribution scheme. The cost of this scheme is charged to the SOFA and amounted to £725,343. (2015: £694,252). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accruals on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 61 current and former employees with entitlements to preserved benefits. Pensions in payment are currently secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before accrual ceased and the length of service in the scheme.

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

A full actuarial valuation was carried out as at 31 December 2013 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the charity and the trustees in line with those requirements. These in particular require the funding position to be calculated using prudent, as opposed to best estimate, actuarial assumptions.

This valuation revealed a funding shortfall of £239,000. In respect of this shortfall in the scheme as at 31 December 2013, the charity agreed to pay contributions of £28,100 per month until 30 September 2014.

The next valuation is due as at 31 December 2016 and it should be available in summer 2017.

The results of the most recent formal actuarial valuation as at 31 December 2013 have been updated to 31 December 2016 by a qualified independent actuary.

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

	2016	2015
	£'000	£'000
Fair value of scheme assets	12,146	11,233
Present value of scheme liabilities	(14,509)	(11,364)
(Deficit) in scheme	<u>(2,363)</u>	<u>(131)</u>

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme, using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above. The main factor contributing to the deterioration is changes in assumptions which have significantly increased the defined benefit obligation. This is primarily due to a lower discount rate following falls in corporate bond yields over the year.

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

	2016	2015
	£'000	£'000
Scheme liabilities at 1 January 2016	11,364	11,671
Interest cost	428	417
Actuarial losses/(gains)	2,936	(549)
Benefits paid	(219)	(175)
Scheme liabilities at 31 December 2016	<u>14,509</u>	<u>11,364</u>

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

	2016	2015
	£'000	£'000
Fair value of scheme assets at 1 January 2016	11,233	11,188
Interest income	423	400
Return on scheme assets, excluding interest income	709	(180)
Benefits paid	(219)	(175)
Contribution by employer	-	-
Fair value of scheme assets at 31 December 2016	<u>12,146</u>	<u>11,233</u>

The actual return on the scheme assets over the period ended 31 December 2016 was £1,132,000 (2015: £220,000).

Total expense recognised in SOFA

	2016 £'000	2015 £'000
Interest cost	428	417
Expected return of scheme assets	-	-
Interest income	(423)	(400)
Restriction on expected return	-	-
Total expense recognised in SOFA	5	17

Other Comprehensive Income

	2016 £'000	2015 £'000
Difference between expected and actual return on scheme assets : (loss)/ gain	(2,936)	549
Actual return on assets less interest income	709	(180)
Total (loss)/gain recognised in Other Comprehensive Income	(2,227)	369

Assets

	2016 £'000	2015 £'000
Equities	5,579	4,973
With profits policy	3,175	3,346
Annuities	3,392	2,914
Total assets	12,146	11,233

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

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

Assumptions

	2016 % per annum	2015 % per annum
Inflation (RPI)	3.60	3.40
Rate of discount	2.60	3.80
Allowance for pension in payment increases at the lower of RPI or 5%	3.50	3.30
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.60	2.40
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum

The mortality assumptions adopted at 31 December 2016 are based on the S2PXA CMI Model 2015 [1.25 per cent]. These imply the following life expectancies:

	2016	2015
Male retiring at aged 62 in 2016	24.9	25.9
Female retiring at aged 62 in 2016	27.1	28.0
Male retiring at aged 62 in 2036	26.8	27.7
Female retiring at aged 62 in 2036	29.0	30.0

31 Related party transactions

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

Gift aid: During the year the 2016 gift aid of £1,738,000 was remitted from the subsidiary to the charity, and at 31 December the subsidiary had a balance of £1,673,000 owing to the charity for the 2016 gift aid and £167,000 owing for the 2016 service charge.

Balance: At 31 December the charity owed the subsidiary £953,000 (£1,068,000) representing the net of income and expenditure processed on behalf of the subsidiary.

32 Financial instruments

	2016	2015
	£'000	Restated £'000
Financial assets measured at fair value through income and expenditure		
Non cash investments	10,109	9,824
Financial assets measured at amortised cost		
Cash	5,516	4,369
Cash investments	11,551	14,693
Trade debtors	399	432
Other debtors	584	551
Accrued income	1,593	1,823
	19,643	21,868
Financial liabilities measured at amortised cost		
Trade creditors	805	394
Other creditors	184	274
Accruals	3,461	1,473
Research grant creditors	7,297	6,369
	11,747	8,510

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

33 Prior year adjustment

The accounts have been restated to correct the overstatement of research grant expenditure for the year to 31 December 2015 and the overstatement of the research grant creditor as at 31 December 2015. This error was identified during an extensive reconciliation of the Diabetes UK grant database to financial systems.

	1 January 2016	31 December 2015
	£'000	£'000
Reconciliation of funds		
Unrestricted funds	12,883	12,883
Reduction in expenditure on charitable activities – research grants	335	-
Restated unrestricted funds	13,218	12,883
Restricted funds	9,513	9,513
Total funds	22,731	22,396
	-	2015
Reconciliation of 2015 surplus for the year		
2015 deficit as previously stated	-	£'000 (192)
Reduction in expenditure on charitable activities – research grants	-	335
2015 surplus as restated	-	143

“Taking part in your study has completely transformed my life. It’s given our family hope for the future.”

Laura

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*Calls may be recorded for quality and training purposes.
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