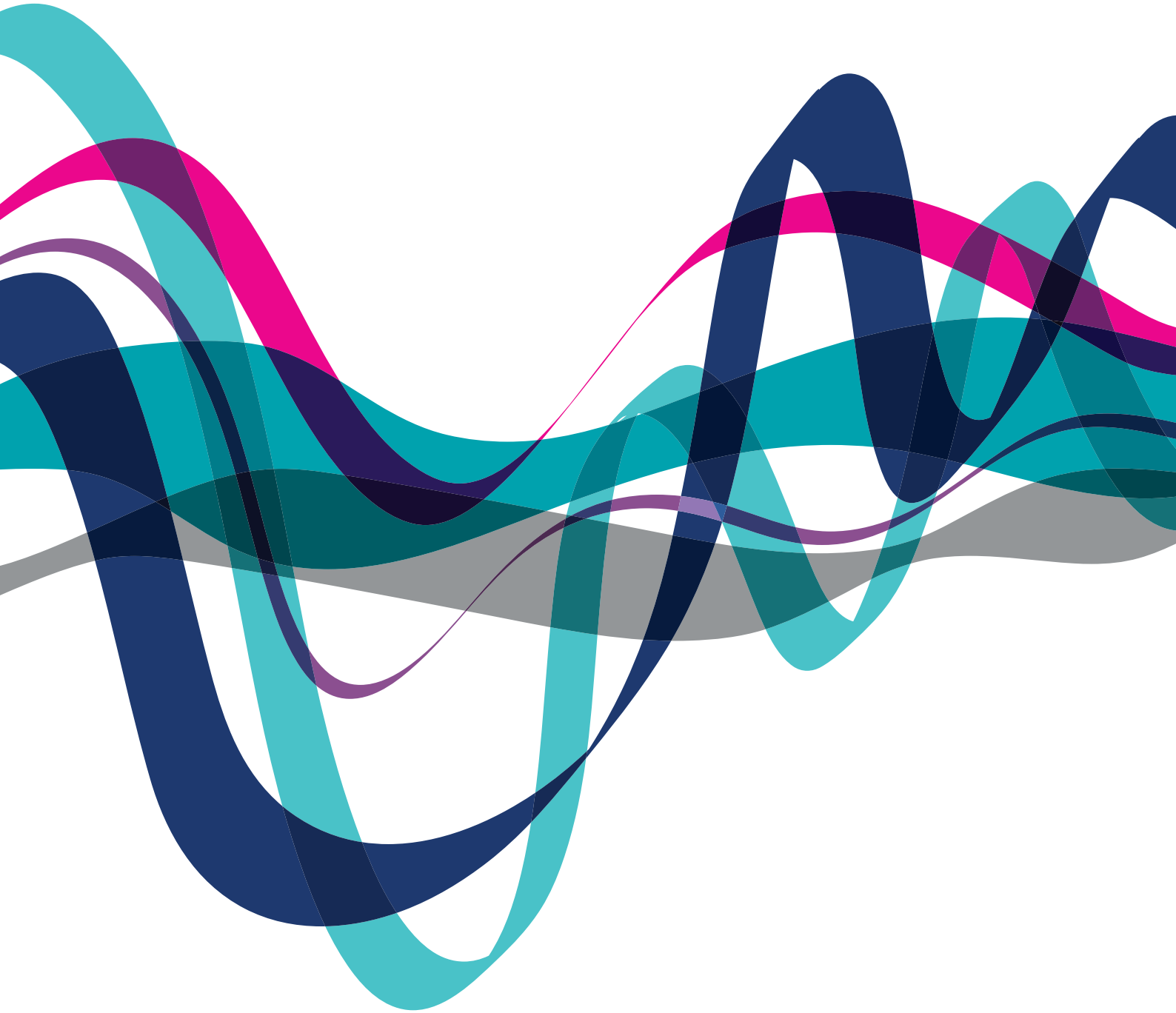
Diabetes UK

Report and financial statements 2009

The British Diabetic Association operating as Diabetes UK



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Chair's introduction

I am delighted to present this review of 2009 – the 75th anniversary year of Diabetes UK. It has been an extremely busy and challenging year, during which we have worked hard to deliver an array of activities to improve the lives of those with diabetes and their families. We achieved this despite the effects of the challenging worldwide financial climate.

On 15 February 1934, a letter from Diabetes UK co-founder HG Wells was printed in *The Times* (see www.diabetes.org.uk/news-090215) to help publicise the creation of what has become a leading health charity (then known as the Diabetic Association). Wells wrote that the organisation's aim was to ensure that everyone in the UK could gain access to insulin, whatever their financial situation. This was a groundbreaking initiative prior to the existence of a national health service. Since then the organisation has championed the needs of people with diabetes, and from the start has believed in providing support to enable active self-management of the condition. My guess is that Wells would be very pleased by the high-quality care now available for many people with diabetes, and also very concerned about those who don't yet receive quality support. Sorting that out is the biggest single thing we can do in response to Wells's vision.

Diabetes is one of the biggest health challenges facing the UK today. More than 2.6 million people in the country are living with diabetes – and with an estimated 400 new diagnoses made every day, it is projected that this number will rise to four million by 2025. Those who live with the condition may face an immense range of complications – including cardiovascular disease, strokes, blindness, kidney disease and amputations – though many of them are preventable. It costs the NHS nearly £10bn a year – approximately 10 per cent of its total budget – to treat diabetes and its related medical conditions.

Diabetes UK is the country's leading charity in its field, and this year we continued to focus on our key strategic priorities: high-quality care for all; raising awareness; improving the information, education, care and support that people with diabetes receive; and carrying out research into preventing and ultimately curing diabetes.

To help us meet our objectives, we have continued our programme, launching Diabetes UK roadshows as part of our Measure Up campaign. The charity visited 110 towns and cities throughout England, Scotland, Northern Ireland and Wales, met more than 750,000 people, and reached an estimated 24 million people through the supporting media campaign.

We undertook a detailed survey of care provision in the UK. Our report *The State of Diabetes Care in the UK 2009* highlights some of the successes in care provision but also demonstrates the failures, and will help direct our work in this area in future.

We continue to be one of the largest funders of diabetes research in the UK, spending £6.8m in 2009 on researching cause and prevention, care and treatment and finding a cure. However, we also look to encourage new ways of working; this year, for example, we announced a new fellowship scheme for allied healthcare professionals to undertake training in clinical or basic science research – a fantastic opportunity for those closely involved in diabetes care to answer research questions they see as relevant.

The external economic environment impacted on our ability to raise funds in 2009, but thanks to our dedicated team of staff, volunteers, members and supporters we were able to meet many of the challenging targets we set ourselves. I thank all of them for their hard work and commitment.

My thanks go to our Chief Executive, Douglas Smallwood, our trustees, advisory councils, working groups and advisory networks, all our staff, and all the other volunteers who give so much time and effort to the cause.

Professor Sir George Alberti
Chair, Diabetes UK
25 May 2010

Diabetes in context

Most health experts agree that the UK is facing a huge increase in the number of people with diabetes. Since 1996 the number of people diagnosed with the condition has increased from 1.4 million to 2.6 million. By 2025 it is estimated that more than four million people will have diabetes. Most of these cases will be Type 2 diabetes, because of our ageing population and the rapidly rising numbers of overweight and obese people.

These figures cause concern, and confirm that diabetes is one of the biggest health challenges facing the UK today. If we are to curb this growing health crisis and see a reduction in the number of people dying from diabetes and its complications, we need to increase awareness of the risks, bring about wholesale changes in lifestyle, improve self-management among people with diabetes and improve access to integrated diabetes care services.

Good diabetes management has been shown to reduce the risk of complications. But when diabetes isn't well managed, it is associated with serious complications such as heart disease, stroke, blindness, kidney disease, nerve damage and amputations, leading to disability and premature death. As well as the cost to the lives of people with diabetes, there is also a substantial financial cost to diabetes care.

Diabetes in the UK

Across the UK, the overall prevalence of diabetes is 4 per cent.

In 2009, the prevalence of diabetes in the adult population across the UK was as follows:

Country	Number of people	Prevalence
England	2,213,138	5.1%
Northern Ireland	65,066	4.5%
Wales	146,173	4.6%
Scotland	209,886	3.9%

Within the adult population of the UK with diabetes, we estimate that 10 per cent have Type 1 diabetes, 90 per cent have Type 2.

Diabetes worldwide

Globally there are 285 million adults living with diabetes, and this is expected to increase to 438 million by 2030.

Diabetes care

Our recent report *The State of Diabetes Care in the UK 2009* (www.diabetes.org.uk/StateofCare09) highlighted some of the successes and failures in diabetes care across the four UK nations.

- **Early identification/prevention.** Three people are diagnosed with diabetes every 10 minutes. Before people develop Type 2 diabetes, they almost always have Impaired Glucose Regulation (IGR). Studies have shown that 60 per cent of people, if given lifestyle intervention at this stage, will not go on to develop Type 2 diabetes. However, there is a lack of awareness of the symptoms of IGR among the newly diagnosed, demonstrating the need for more local risk-factor awareness-raising.

- **Supported self-management.** This is key to enabling a person with diabetes to be more in control of their health, their condition and their life. The provision of education, emotional and psychological support and care and care planning remains limited. Other identified barriers to self-management include lack of information, services and resources (financial and other). Prioritisation and delivery of strategies to support self-management are needed nationally and locally. It is important that healthcare professionals understand more about self-management, so that they can provide the necessary support or guide people to it.
- **Children and young people with diabetes.** Children and young people need access to high-quality clinical care to help them manage their condition day to day and reduce the risk of developing complications in adult life. There are unacceptable variations in the level of support available to help children and young people manage their diabetes at school, and in their access to healthcare; too few receive all the care processes they need to manage their condition, and more must be done to improve the experience of transfer from paediatric to adult services.
- **Treatment and care for adults and management of complications.** While most people with diabetes are receiving key care processes, there are still shortfalls in access to retinal screening, high quality inpatient care and pregnancy services. These and other inequalities – for example, in access to high quality specialist services such as insulin pumps and continuous glucose-monitoring systems – need to be urgently addressed.

Charitable objectives

In 2009 we undertook a wide and diverse range of activities to achieve our charitable objectives for the public benefit. We plan and deliver these activities with a focus on four priority areas, outlined below:

Charitable objective	Priority
1 To provide relief for people with diabetes and its related complications, and for those who care for them	Care
2 To promote the welfare of people with diabetes and its related complications, and of those who care for them	Care Information and education Awareness
3 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	Awareness Information and education
4 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	Research Information and education Awareness

We could not carry out our activities for the public benefit without also focusing on the two areas that support these frontline sectors: our enablers – **fundraising** and **our people**.

Public benefits from our activities

Our charitable objectives limit our work to providing relief for, and promoting the welfare of, people with diabetes and those who care for them. Our objectives do not, however, limit the groups of people to whom we provide education about diabetes and raise awareness of the condition. For example, there are no restrictions on who can join Diabetes UK, phone our Careline to obtain professional support from trained counsellors, or attend a local support group.

Access to some of our services is limited by our capacity to provide them. There is, for example, a limit to the number of care events we can run, since these are delivered by healthcare professionals and trained volunteers. Where an event is oversubscribed, we give priority to applicants who have not attended one before. All our care events are provided to beneficiaries at a heavily subsidised cost; for applicants who cannot meet the cost of an event, we provide information on accessing a range of likely funding sources. We also offer a full or part bursary to those who have been unable to access other funding.

A full explanation of the activities we undertook in 2009 and how they contributed to our aims for the public benefit is given in the following section.

Our aims: Awareness

Diabetes is serious. We want everyone to be aware of this, and will get the message across through our communications, campaigns and partnerships.

Key objectives for 2009

- Increase awareness of Diabetes UK by 10 per cent.
- Secure a stated commitment from major political parties to develop policies that will improve the lives of people with diabetes and work to stem the increase in the growth of the condition.
- Increase our impact on hard-to-reach groups.

Strategies for achieving our key objectives

Media activity, events, parliamentary campaigning and collaborations with other charities and stakeholder organisations offered many opportunities to get our message to a wider audience in 2009.

Activities and achievements in 2009

- In February we teamed up with Cancer Research UK and the British Heart Foundation to support the Department of Health's Change4Life campaign. The Department of Health ran an advertising campaign promoting healthy living and eating. Eight out of 10 mums said the campaign made them think seriously about their children's health.
- In March, we delivered our Measure Up campaign to the residents of Stoke-on-Trent, in partnership with the local NHS PCT. This campaign targeted Stoke's most deprived communities, highlighting the risk factors of Type 2 diabetes. Lloyds Pharmacy noted a significant increase in diabetes tests in the area, with more than 20 tests being carried out every day of the week following the campaign.
- From June to December, three Diabetes UK roadshow vehicles took to the streets of the UK, visiting 110 locations and reaching more than 750,000 people. The vehicles were transformed into interactive display units and gave our trained staff and volunteers the opportunity to talk to members of the public about diabetes and its risk factors and complications, and also to carry out risk assessments.
- Our Get Serious campaign was successfully launched in October. Backed by a large number of celebrities, the campaign generated a huge amount of awareness. People were encouraged to pledge their commitment to the campaign and take further action, such as volunteering or fundraising for Diabetes UK or adopting a healthier lifestyle; 3,500 people signed up in the first 50 days.
- Our media activity continued to play an important role in raising awareness of diabetes in 2009. Media coverage generated an average of 100 million (2008: 99 million) opportunities to see our brand and information every month, while our website was visited by on average 165,000 visitors a month (2008: 139,000).
- In the 2009 People's Choice Best Website of the Year Awards, Diabetes UK's website was voted Best and Most Popular Non Profit site. A total of 259 websites were nominated across 18 categories, and more than 800,000 votes were cast. The Diabetes UK Media Relations Team was a finalist in the 2009 Third Sector Excellence Awards in the category of Communications Team.

- We worked closely with Jim Cunningham MP to bring the Schools (Health Support) Bill to Parliament. This bill secured key concessions from the Government to help improve the support that some children with diabetes receive at school. Politicians of all parties raised diabetes issues in Parliament, and a question on the subject was put to Gordon Brown at Prime Minister's Questions. Diabetes UK's effectiveness was noted, with a panel of MPs nominating us for the award of Most Improved Parliamentary Communications in the ComRes Awards.
- With the support of 2008 *X Factor* winner Alexandra Burke we launched the My Voice campaigners' network for under-18s, to provide information and support to encourage young people to campaign for improvements in diabetes services.
- At 31 December 2009 we had 6,129 members from Black and Asian Minority and Ethnic communities (2008: 2,580). This increase is vitally important in enabling us to reach out to groups of people who are traditionally both hard to reach and more at risk of developing diabetes.

Our aims: Information and education

We want to be the first point of call for all information needs, to ensure that healthcare professionals know what standard of care they should be providing, and to improve the level of understanding that people with diabetes have about their condition.

Key objectives for 2009

- Reach 1.25 million people with our information.
- Fifteen per cent of people with diabetes to report that they have received diabetes education.
- Pilot provision of education to healthcare professionals.
- Develop and distribute *Diabetes in General Practice* to 1,100 GP practices.

Activities and achievements in 2009

- In 2009 our information reached more than 1.4 million people (2008: 1.1 million) – our largest ever number. This figure includes people visiting our website, ordering our booklets, calling our Careline or Science Information team or reading our magazines. It also includes people who received a copy of our revamped booklet *Diabetes Care and You* via their GP; with the help of NHS Diabetes we mailed all GP surgeries in England with 30 copies each of the new booklet, to coincide with World Diabetes Day.
- As well as reaching more people than ever before, we now have independent assurance that the information we provide is of the highest quality. In November our information was formally accredited under the Department of Health's Information Standard scheme (www.theinformationstandard.org). This is a new certification scheme for health and social care information in England, and Diabetes UK is a founder member. The scheme's quality mark, shown on our documents from 1 January 2010, provides an easy way to identify quality information and indicates that our material is accurate and reliable, meeting rigorous standards.
- Encouraging self-management through access to education, learning and development is a key priority for Diabetes UK. We have been campaigning both locally and nationally for greater prioritisation of education, information and care planning to improve access to self-management support services. As a result, 36 per cent of those people with diabetes who responded to the Diabetes UK member survey reported that they had attended a course to help them manage their condition, compared with only 10 per cent in 2006. However, 39 per cent of respondents said they would like to attend a course to learn more about how to manage their diabetes, but had been unable to.
- We successfully influenced the NICE public-health guidance *Promoting Young People's Social and Emotional Wellbeing in Secondary Education* to include understanding of the impact the school environment has on the emotional wellbeing of young people. The guidance now contains a recommendation that practitioners working with young people in secondary schools should have the necessary knowledge, understanding and skills to develop young people's social and emotional wellbeing. Training may cover "the issues in relation to different medical conditions (such as diabetes, asthma and epilepsy) to ensure young people with these conditions are not bullied, inappropriately excluded from activities or experience any undue emotional distress".
- Our campaign work with the campaigns team on the issue of the direct-payments health bill led to Diabetes UK's concerns about the policy of personal health budgets being explicitly debated in the House of Lords.

- We successfully piloted Diabetes Awareness Training courses aimed at professionals who regularly come into contact with people living with diabetes, such as school matrons, practice nurses and school catering staff. In 2009 we trained 14 facilitators and 155 individuals, and expect to expand this in 2010. Using experience gained from our Careline, we also developed a new training programme, Managing Emotions in Consultations.
- Our 2009 Annual Professional Conference (APC) very much proved that it is the key event for the diabetes professional. With almost 3,000 people in attendance, the conference delivered a high quality programme suitably backed up by more than 70 exhibitors; 747 delegates completed evaluation forms, 94 per cent of them suggesting they would recommend the APC to other people working in the field, and 90 per cent indicating that they had learned something new at the conference. It is clear that the APC consistently delivers up-to-date lectures on diabetes research and the management of its complications.

Our aims: Care and support

People with diabetes have a need and a right to receive a good standard of care and support. We want to identify and agree what those standards should be and ensure they are delivered.

Key objectives for 2009

- Increase the number of people with diabetes who receive a care plan from 47 per cent to 60 per cent in England, and establish a baseline elsewhere.
- Achieve provision of Diabetes UK services to commissioners.
- Increase the provision of advocacy support and education to inform people and improve diabetes care.
- Increase the number of professional members in primary care.

Activities and achievements in 2009

- The Year of Care project is a partnership between the Department of Health, Diabetes UK, the National Diabetes Support Team and the Health Foundation. The project is at the forefront of developments in mainstream healthcare, exploring how the national policy priorities of care planning and commissioning can be used in practice to empower people with diabetes through genuine choice and individualised care. As part of the programme, we have worked with Primary Care Trusts (PCTs) to help them meet national care planning targets. We produced a practical guide to implementing care planning, which included IT templates to support the process and comprehensive care planning training for healthcare professionals. The Year of Care further encouraged PCTs to help share commissioning best practice and examine the way in which care is provided in local areas. The programme highlighted the effectiveness that sending test results to people with diabetes ahead of their annual review can have in engendering a collaborative consultation. Our members' survey showed that good progress is being made in this area – 39 per cent of people surveyed said they now received their results in advance, and 60 per cent of members said they had discussed their goals for the management of their diabetes in the past year.
- In 2009 we launched a Service Improvement Facilitator pilot project, focusing on the provision of structured education. The role of the facilitator is to liaise with commissioners and others to assist them in developing solutions, or provide them with direction in building their own local education programmes.
- Some of the findings from our report *State of Diabetes Care in the UK 2009* are highlighted on page 4. Below are some of the Care team's 2009 activities that addressed the issues identified.

  Early identification/prevention In conjunction with Leicester University, we developed the 'Diabetes Risk Score' to identify those at high risk across the UK, providing a tool to be used in any local diabetes or vascular risk-assessment programme.

  Supported self-management As part of the Year of Care, Diabetes UK established a comprehensive care planning package of support for healthcare professionals, including quality-assured training, which has been shown to change clinical behaviours.

  Treatment and care for adults and management of complications Diabetes UK launched its position on what diabetes care should be expected in hospitals, making clear recommendations for the improvement of inpatient care. We are also working closely with NHS Diabetes to undertake an audit of inpatient care.

- The findings reported in *State of Diabetes Care in the UK 2009* are wide ranging, covering all aspects of diabetes care, management and support. As well as providing an up-to-date picture of diabetes care across the UK, the report allows our national and regional teams to identify particular issues in their areas and provides a basis for meaningful engagement with NHS organisations on how they develop and run their services for people with diabetes.
- Our advocacy service means we can support people with diabetes who are potentially vulnerable and whose voices may not always be heard. We access information, write letters and make phone calls on behalf of the people who need this support. We also provide guidance in our advocacy packs for those who need support in advocating for themselves.
- Our Careline responded to more than 33,000 enquiries in 2009, providing support and information for people with diabetes and their friends, families, carers and healthcare professionals. The Careline is staffed by trained counsellors who have extensive knowledge of diabetes, and who provide a listening ear and the time to talk things through.
- In 2009 we developed our GP Network, aimed at supporting primary care healthcare professionals working in surgery settings. Surgeries signing up to the scheme receive mailings that provide them with medical information and patient support materials at no cost. This is a way of bringing the charity's new and existing services for the professional primary care healthcare audience under one umbrella product.
- We engaged professional members in our Task and Finish Groups, which looked at six areas of interest: integrated care; insulin pumps; older patients in residential care; Annual Professional Conference organising committee; education for healthcare professionals; and defining a specialist diabetes service.

Our aims: Research

Research is at the forefront of the fight against diabetes. We want to demonstrate progress towards a future without diabetes while continuing to fund research that has the potential to improve the lives of people with the condition. To do this we have developed an effective programme that provides project grants, PhD studentships and fellowships, and gives equal priority to the causes and prevention, care, treatment and cure of diabetes.

Key objectives for 2009

- Continue to fund existing research grants, studentships and fellowships, and fund new research in line with the research strategy.
- Fund at least three new fellowships and at least five new PhD studentships.
- Launch the Allied Health Professional, Nurse and Midwife Research Training Fellowship Scheme.
- Hold a 'Frontiers in Diabetes' meeting in the area of 'cure' for Type 1 diabetes.
- Publish a report with the South Asian Health Foundation (SAHF) on gaps in research relevant to South Asians.
- Continue supporting the National Prevention Research Initiative.

Activities and achievements in 2009

- We continued to support approximately 110 ongoing research projects and agreed funding for a total of 10 new project grants, three equipment grants and 13 small grants.
- To ensure that the best and most promising candidates are trained in diabetes research for the future, we funded two RD Lawrence Fellowships, one clinical training fellowship, one Moffat Travelling Fellowship and nine PhD studentships.
- In November, Diabetes UK held its second Frontiers in Diabetes meeting, which focused on working towards a cure for Type 1 diabetes.
- Finding a definitive cure for Type 1 diabetes is most likely to involve beta-cell replacement or regeneration, as well as control of the underlying immune disorder associated with the condition. We brought together more than 25 international experts in both fields to identify new research opportunities; they reviewed recent scientific progress and discussed collaborative working to allow researchers, Diabetes UK and other research funding bodies to achieve the best possible results in these areas for the benefit of people with diabetes. Outcomes of the meeting will be reported to the international scientific community and people with diabetes early in 2010.
- Diabetes UK and SAHF pinpointed 16 research topics in a new report to highlight gaps in knowledge about diabetes in South Asian people. Type 2 diabetes is up to six times more common in the UK's South Asian population than in its White population, and the report aims to shed light on why this is the case and why people from a South Asian background often have worse outcomes with diabetes-related complications. In June, the two charities launched the report *Diabetes UK and South Asian Health Foundation Recommendations on Diabetes Research Priorities for British South Asians* at a reception at the House of Commons supported by Rt Hon Keith Vaz, MP for Leicester East, and attended by more than 20 MPs and peers as well as other research funders, scientists and healthcare professionals. Progress is now being made to try to find ways to answer some of the key research questions posed, and it has been reported that other research funders and researchers are using the report to guide their work.

- Diabetes UK launched a new fellowship scheme aimed at nurses, midwives and allied healthcare professionals such as podiatrists, dietitians, physiotherapists and psychologists, nurses and midwives who are committed to the care of people living with diabetes and who wish to undertake training in clinical or basic science research at a UK higher-education institution, leading to a PhD. This is an important opportunity for professionals closely involved in day-to-day diabetes care to help answer the research questions they see as being directly relevant to people living with diabetes.
- The fellowship scheme received an unprecedented number of applications, and two awards were made in January 2010. It is vital that funded research meets the needs of people living with diabetes; by providing diabetes research training for nurses, midwives and allied healthcare professionals such as podiatrists, dietitians, physiotherapists and psychologists, we should be able to achieve this to an even greater degree.
- Sixteen new projects were funded in phase three of the National Prevention Research Initiative, to which Diabetes UK contributes. Three of these funded projects centred on Type 2 diabetes and six were related and relevant to risk factors associated with Type 2 diabetes, including physical activity levels and weight control.

Our aims: Enablers – our people

Our volunteers and staff deliver the activities that are so vital to people with diabetes. Through strategic direction and support, we will achieve continuous improvement of performance and capability of individuals, teams and the whole of Diabetes UK.

Key objectives for 2009

- Improve quality of leadership by building talent pipelines and driving forward leadership selection, succession planning and development processes.
- Build staff engagement.
- Improve cross-organisational teamworking and shared learning.
- Implement a volunteering strategy linked to the achievement of our strategic priorities.
- Enable supporters to influence decisions by fully implementing all governance changes introduced in 2008.
- Increase total supporters from 302,750 to 310,000.

Activities and achievements in 2009

- To deliver for people with diabetes, we continued to recruit and retain employees who embrace Diabetes UK's values.
- Diabetes UK's High Potential talent-management programme was accredited by the Institute of Leadership and Management (ILM) in July and will continue to improve the quality of leadership and build talent pipelines for succession planning.
- The annual Employee Forum in September was successfully delivered by the High Potential group and focused on improving staff engagement and cross-organisational teamworking and shared learning.
- Our volunteer network allows us to reach more people and have a far greater impact than would otherwise be possible. Volunteers undertake a huge range of activities to deliver benefits for people with diabetes. For example, volunteers run our network of voluntary groups; campaign alongside us and on our behalf both nationally and locally; represent people with diabetes on groups that influence services locally; help to staff care support events, enabling more than 400 children to attend them in 2009.
- As our volunteers give so much to improving the lives of people with diabetes, we support them as much as we can. In 2009 we provided training for more than 1,850 (2008: 1,459) volunteers on topics such as campaigning, working with the media and awareness-raising. Feedback from volunteers who took part highlighted the benefits of these courses: for example, 89 per cent (2008: 84 per cent) of those who attended campaigning training stated that it increased their confidence as volunteers.
- By the end of 2009 we had 17,238 volunteers (up from 16,741 in 2008).
- There are 354 (2008: 389) Diabetes UK voluntary groups affiliated to Diabetes UK. We undertook research in 2009 to establish the impact that voluntary groups have on attendees. We found that groups are highly valued by attendees, who listed benefits such as meeting like-minded people; sharing experiences; empathy and understanding; education, information and knowledge.
- Our voluntary groups raised £1.2m in 2009 (£2008: £1.6m), of which £0.6m (2008: £0.8m) was donated directly to Diabetes UK.

- We continued to improve the support we give to service-user representatives – the people who get involved to influence local diabetes care. We developed a comprehensive set of web pages to support them, and ran a series of networking days. We also secured funding and began the User Involvement in Local Diabetes Care project, which will help three local NHS PCTs to develop high-quality support for user involvement.
- To ensure that we have user involvement at the heart of our work internally, an Involvement Network was established in 2009. This now has almost 200 members who have helped 13 teams across the organisation via regular email consultation on a wide variety of subjects. These members also attended events such as a Q&A session with Ann Keen MP, the Parliamentary Under Secretary of State for Health Services, at the Houses of Parliament.
- Our supporters now stand at 302,017 (2008: 302,750).

Our aims: Enablers – income

To deliver all the vital activities that make such a difference to the lives of people with diabetes we need to raise funds as effectively and efficiently as we can.

Key objectives for 2009

- Generate £36.7m income to fund our activities.
- Achieve a return on investment of 3:1 on fundraising events.
- Introduce new Supporting Membership scheme.
- Develop a mid-value donor programme.
- Develop a communications strategy for major donors.
- Grow government and trust funding streams significantly.

Activities and achievements in 2009

- Because of the economic downturn, 2009 was a challenging year for fundraisers. We worked harder than ever to maintain the income that is so vital for delivering all the activities that make such a difference to people with diabetes.
- A detailed breakdown of our income and expenditure is on pages 42–63.
    - Our income was £28.8m (2008: £32.9m).
    - Thanks to the generosity of those who remembered us in their wills, Diabetes UK received £9.4m from legacies (2008: £10.9m).
    - Donations were £9.2m (2008: £10.7m).
    - Membership income was £2.4m (2008: £2.3m).
    - Our dedicated national and regional fundraisers raised £3.3m (2008: £4m).
    - Our 354 voluntary groups raised £1.2m (2008: £1.6m).
    - The value of our investments was up £0.5m (2008: down £2.2m).
- In 2009 we saw a significant increase in the numbers of people taking part in events to raise money for Diabetes UK: 950 people took part in the Great North Run (2008: 750) and a further 333 (2008: 190) in the Great Manchester Run. Our swimming events saw an increase in participation, with the Great North Swim on Lake Windermere attracting 137 swimmers.
- We launched the Supporting Membership scheme in 2009. Members are no longer required to pay a fixed annual payment but can instead make a monthly contribution. We have also added a Supporter Members-only section to the website and a flexible offering of publications.
- It was a difficult time to launch Supporting Membership, and the number of new members recruited was lower than planned. However, there are some promising trends, indicating that Supporting Membership is on track for a successful future. For example:
    - of the 18,000 newly acquired members since launch, 45 per cent have opted to pay by monthly direct debit, with the average annual donation increasing from £17 to £39.
    - retention of existing members has been maintained at 85 per cent, with those members increasing their annual contribution from £14 to £20.
- In all, general membership has declined from 167,000 to 161,000, but indications are very promising for future income.

- **Trusts and foundations** Income from charitable trusts and foundations saw considerable growth in 2009, with a total income of £588,000 (2008: £444,000)
- **Corporates** March saw the launch of our major fundraising initiative Care for a Cuppa. With support from Splenda Low Calorie Sugar Alternative, Diabetes UK aimed to raise £150,000 by encouraging people to hold tea parties with family, friends and colleagues. By year end, the campaign had achieved a 600 per cent increase on previous fundraised income and this is set to continue in 2010.
- **Government funding** In 2009 we established a new team to focus on securing grants from statutory sources. The team has developed a successful model to tender for published PCT contracts and raise awareness of Diabetes UK's training services.
- **Major donors** Income from our major donors is a growing source of funds for Diabetes UK and we now have a dedicated team working with these individuals and companies. Sponsorship from SEGRO, one of our corporate partners, enabled us to hold a series of events throughout the year, culminating in a special thank-you evening at the Royal Festival Hall in November. Over £130,000 was secured and, more importantly, this approach has enabled us to increase significantly our influencing and fundraising network.

Our national and regional offices

To maximise our impact on the lives of people with diabetes we maintain a network of three national and seven regional offices. These offices are vital in reaching out locally to people with diabetes and in influencing healthcare delivery across the UK. A lot of the activities described elsewhere in this report are carried out and supported by our national and regional offices; we couldn't, for example, stage our national roadshows without our staff and volunteers from across the UK.

Other significant activities undertaken in 2009 by our national and regional offices to further our charitable aims were:

Scotland: awareness

- In March, Diabetes UK's new Scotland office was officially opened by the Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon. The event was used to showcase the services the Scotland office can offer to people with diabetes, healthcare professionals and key decision-makers in Scotland.
- We secured two Scottish parliamentary debates: in February, a member's debate was held to mark Diabetes UK's 75th anniversary; in September, a debate was held on the issue of insulin pumps.
- The political pressure concerning insulin pumps has continued to grow. In November, the Cabinet Secretary for Health added this as an agenda item to her meeting with Health Board chief executives.
- We held an insulin-pump awareness meeting with more than 50 attendees hearing presentations from people who wear pumps as well as healthcare professionals who deliver pump services.
- In August, we organised a keynote event at the Scottish Parliament's Festival of Politics. In association with the Diabetes Cross Party Group, we delivered a successful event on the theme of 'Diabetes and Time Travel', raising awareness of our 75th anniversary and the history, present and future of diabetes in Scotland. The event was a near sell-out and seen as one of the most original in the 2009 programme.
- Diabetes UK Scotland has been working with the Scottish Government on the drafting of the new diabetes action plan Better Diabetes Care.
- Diabetes UK's National Director was on the expert panel of the Long-Term Conditions Alliance Scotland conference 'Seen and Not Heard'. The conference, which was supported by Diabetes UK's Scotland office, examined the subject of children and long-term conditions. A report is currently being prepared on the outcomes of this conference.

Scotland: information and education

- We hosted a meeting of NHS diabetes educators and facilitated the first ever Scottish DAFNE (Dose Adjustment for Normal Eating) Diabetes Educator Preparation Training event, with 27 new DAFNE educators attending, who came from a range of diabetes centres across the UK.
- During Diabetes Week, we held a week-long programme of activities and an open day when people could find out about a variety of diabetes-related issues. Those attending were able to: receive foot care advice from a senior podiatrist and food advice from a dietitian; talk through issues with diabetes specialist nurses; speak face to face with a Diabetes UK Careline counsellor; obtain a variety of resources such as leaflets, advice packs and access to web-based information.

- The first Scottish Diabetes Education Network conference was organised by the Scottish office and the Scottish Diabetes Group. The conference was attended by more than 80 healthcare professionals and people with diabetes who deliver diabetes education. The event gave us an important opportunity to highlight our involvement with the Scottish Government over the following three months in the public consultation phase of the Scottish Diabetes Action Plan.

Scotland: care and support

- In February a new Insulin Pump Users Interest Group was hosted by Diabetes UK Scotland. Tony Doherty, Service Improvement Advisor, arranged and facilitated this first meeting at which 12 people with diabetes who are campaigning for increased insulin pump provision across Scotland were given the floor and had the chance to meet others in the same situation. It is hoped that this group can be developed into a Scotland-wide Pump Interest Group supported by Diabetes UK Scotland.

Scotland: enablers

- Fundraising events included both Walk and Cycle the Extra Mile attendance at the Edinburgh Marathon and Pedal for Scotland respectively. We held a Hummingbird Golf Tournament at the end of August, and continue to benefit from the successful Hummingbird Ball in October hosted by the Edinburgh voluntary group.
- Our Scotland office was chosen as the Overgate Centre's Charity of the Year. The centre is one of Scotland's busiest retail destinations and hosts the highly successful Diabetes UK Scotland clothes banks.
- Our Scotland office received £20,000 in funding from the Scottish Government to carry out a patient consultation exercise to support the Better Diabetes Care campaign. The survey saw more than 900 people responding, including several focus groups. The consultation exercise has set a benchmark for the patient view of care in Scotland, and forms a significant part of the process for developing a new Action Plan for diabetes care in Scotland.
- The Scottish Government has awarded our Scotland office a grant of £99,500 over 18 months to scope, pilot and roll out the Patient Information Project Scotland. The project is designed to create an interface between patients and the information held about them on Scottish Care Information Diabetes Collaboration database. This will enable patients to have access to their own health record to support self-management and healthcare consultation discussions.

Wales: awareness

- There was a restructuring of the NHS in Wales in 2009. The 22 existing Local Health Boards were replaced with seven new ones. It was a year of change on a number of fronts, with foundations being laid for future work.
- A Statement of Opinion (equivalent to an Early Day Motion) in the National Assembly for Wales calling for improved screening for Type 2 diabetes has attracted the support of 20 Assembly members so far. The Statement was tabled by Peter Black AM after lobbying from Diabetes UK Cymru. Following lobbying on World Diabetes Day, the Welsh Assembly Government also agreed to form an all-party diabetes group in recognition of the seriousness of the condition in Wales.
- During the summer, Diabetes UK Cymru, in partnership with BBC Wales, took its radio bus on the road to six locations in Wales and broadcast to publicise the number of undiagnosed people with diabetes. We aimed to raise awareness of diabetes and emphasise the dangers of Type 2 diabetes by bringing in Kidney Wales, BHF Cymru, RNIB Cymru and the Stroke Association Wales to join us and maximise coverage. In an attempt to track down the estimated 50,000 people in Wales who have undiagnosed Type 2 diabetes, 700 pharmacists throughout the country offered diabetes risk assessments and lifestyle information to members of the public who responded to our campaign – and as a result we tested almost 50,000 people in the week.

Wales: information and education

- BBC Wales made Diabetes UK Cymru Charity of the Year, and produced a short film with us addressing the myth that Type 1 diabetes is more serious than Type 2. The 40-second film was screened 25 times during September and reached an estimated 850,000 people.

Wales: care and support

- In March, the Welsh Assembly Government asked that the Diabetes UK Cymru Professional Forum be elevated to the All Wales Diabetes Forum, which will be the main advisory body for diabetes care in Wales.

Wales: enablers

- Financially, 2009 was a difficult year and income was less than we had hoped. There were, however, memorable highlights, including a marvellous evening at The Albert Hall: a thousand singers, drawn from the best choirs in Wales, chose us as their charity and raised £3,844.

Northern Ireland: awareness

- The media profile of diabetes and Diabetes UK was taken to a new level in 2009 across Northern Ireland. There were regular TV and radio appearances for Diabetes UK's NI Director and an average of 40 newspaper articles every month, mostly generated by the work of our voluntary groups.
- As part of the World Diabetes Day Monument Challenge, several large public buildings in Northern Ireland were illuminated with blue lighting.
- The Health Committee of the Northern Ireland Assembly carried out a major inquiry into obesity. Diabetes UK Northern Ireland made a written submission to the inquiry and was one of only three organisations asked to provide oral evidence. Our evidence was quoted throughout the final report, which will now help shape the Department of Health's future work in tackling obesity in Northern Ireland.
- The Northern Ireland Assembly All Party Group on Diabetes was able to secure a full Assembly debate, attended by the Health Minister, on a motion calling for the modernisation of diabetes care services, including a Diabetes Service Framework. Department of Health officials have subsequently been in discussion with Diabetes UK Northern Ireland to explore how best to respond to the key issues raised.

Northern Ireland: information and education

- Diabetes UK Northern Ireland worked in partnership with health trusts from Northern Ireland and the Republic of Ireland on two major cross-border projects, including looking at developing patient education for children and young people.
- We helped with the development of a DAFNE Education Programme, which will give thousands of people will now have increased access to quality patient education.
- Diabetes UK Northern Ireland, in partnership with DESMOND (Diabetes Education and Self-Management for Ongoing and Newly Diagnosed), has developed a patient education module for people living with diabetes who also have special educational needs. This is a first time such an education course has been developed in the UK. The pilot project will be fully evaluated in 2010 and if successful will be rolled out across the UK.
- A new and much improved *Connect* newsletter was produced in 2009 and issued to more than 10,000 members and supporters.
- Our highly successful Professional Conference was attended by more than 200 healthcare professionals and industry specialists.

Northern Ireland: care and support

- During 2008/09 we worked closely with the Northern Ireland Department of Health to secure additional funds to support increased access to patient education in the Belfast and South Eastern Health Trusts.
- Three diabetes standards were included in the final version of the new Cardiovascular Service Framework for Northern Ireland. Importantly, one of these standards centres on the provision of patient education for every person newly diagnosed with diabetes in Northern Ireland.
- Diabetes UK Northern Ireland was a key partner in the Diabetic Retinopathy Screening Programme for Northern Ireland. The programme has been rolled out across Northern Ireland so that every person with diabetes in the country is now offered an eye-screening test every year.
- Three Children's and Family Care Events were delivered in 2009 for newly diagnosed children and their families, with more than 150 attendees.
- Two Living with Diabetes events were held in partnership with the Western Health Trust. It was the first time a health trust in Northern Ireland has worked with a voluntary organisation to provide direct support and advice to people living with diabetes.
- Advocacy Support Diabetes UK Northern Ireland supported a local member who had been denied a taxi licence because of his insulin treatment. A judicial review was lodged with the Belfast High Court and detailed legal and medical evidence was gathered and presented to the court.

Northern Ireland: enablers

- Our 2009 fundraising target of £340,000 was exceeded, with a final income of more than £400,000. Events included a schools' PE for Diabetes Day, a 75th Anniversary Awards Ball, and a Charity of the Year for local councils. In addition, collections were held at football matches and community parades.

England: awareness

- We held a number of Living with Diabetes days across England. These events, aimed at educating and helping people living with diabetes, included information on self-management, foot care, diet and other aspects of the condition, and were generally funded externally. Our West Midlands office worked with Wolverhampton and Sandwell PCTs to attract 700 people to events funded by the PCTs.
- Awareness was also raised in many other ways, including giving talks at schools and Asian clubs, lectures in universities and engagement with people who have learning difficulties. Our Northern & Yorkshire region held a Meet the Professor Day to showcase our research and other valuable work.
- Our 75th anniversary thank-you events were a way of celebrating what we have achieved and an opportunity to promote the charity and its work. Volunteer feedback was positive: they felt the events helped them understand the importance of supporting us and working together, and welcomed the suggestion of further events.

England: information and education

- Education has taken on a wide variety of forms appropriate to the needs of different regions. In the South East, following the death in custody of someone with diabetes, we worked with Kent Police to help introduce new training procedures that will raise awareness of the condition in the police force. We trained a number of healthcare professionals and worked with major employers and schools, delivering a wide range of information and training.
- Two hundred healthcare professionals attended the New Clinical Solutions in Diabetes Care conference at the University of Huddersfield. The conference was organised for the first time as a collaboration between Diabetes UK Northern & Yorkshire, the University of York and the University of Huddersfield.

England: care and support

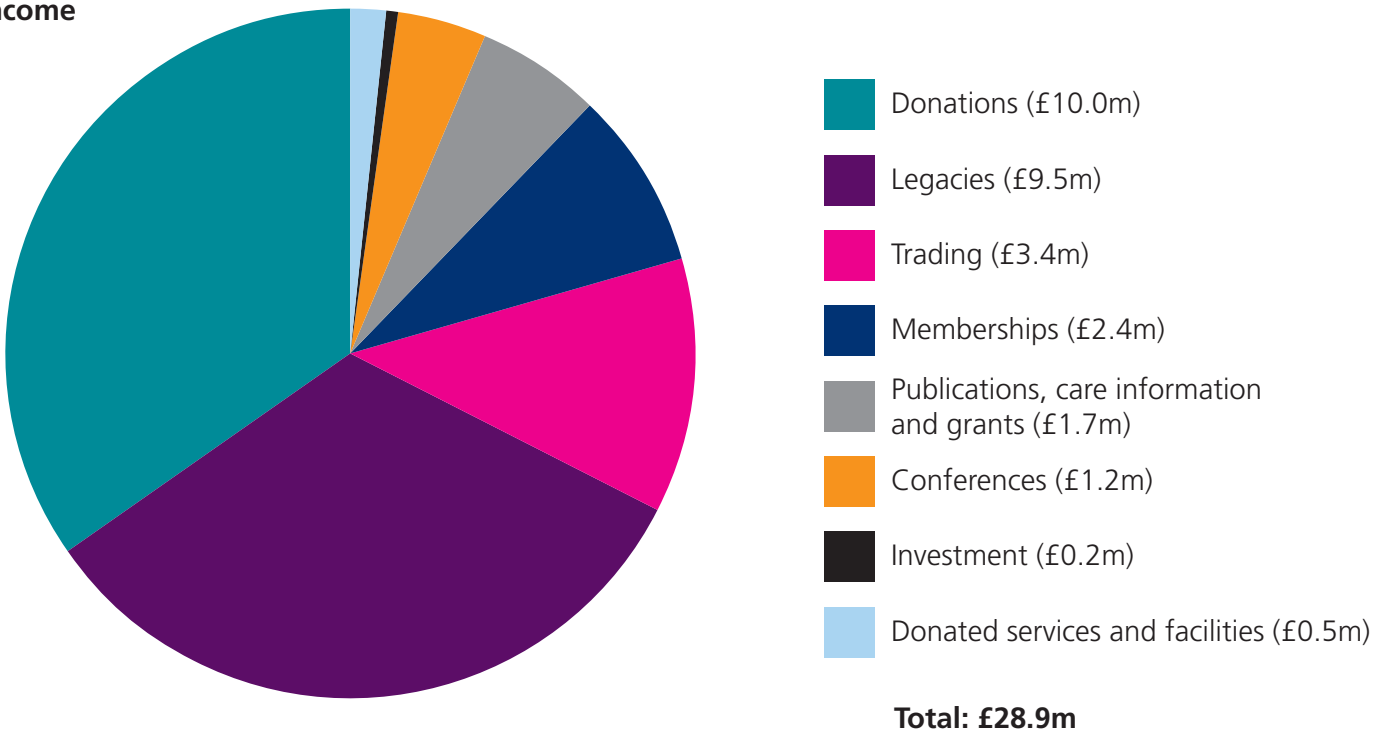
- Ensuring that people receive the best care and support has been a strong focus in 2009. Examples include: the Care Home conference organised by the West Midlands office for 120 care homes across the PCT; the introduction of an NVQ Level 3 in Care, with the objective of increasing care through staff education; and the work of the South East office with NHS Berkshire West on a care-home training event for 60 people. However, PCT influencing and engagement has been central and foremost in working towards improving care and support at a strategic level. Virtually every PCT in England is now in some form of dialogue or close working relationship with Diabetes UK. In London in 2008 we had virtually no contact with the PCTs; by the close of 2009 we had contacts in all but one of them, and had a seat on 29 out of 31 networks. We were actively involved in service redesign and sat on various partnership groups and networks that influence services.

England: enablers

- Volunteers underpin much of the work in the English regions. For example, volunteers are trained to give awareness talks in schools and other organisations.
- The development of the Mersey User Involvement Forum is one example of how we are taking forward user involvement to great effect.
- Volunteers have been particularly important in helping us fundraise. The Great North Run saw almost a thousand members and supporters of Diabetes UK take to the streets to raise awareness and funds – complete with crazy hairstyles in our charity colours. In fact, despite the difficult economic climate, regions such as South West and Eastern met or even exceeded their fundraising targets. It is this combination – generating the support of our volunteers and an interesting spectrum of work for them to become involved in – that enables such successes to happen.

Financial summary

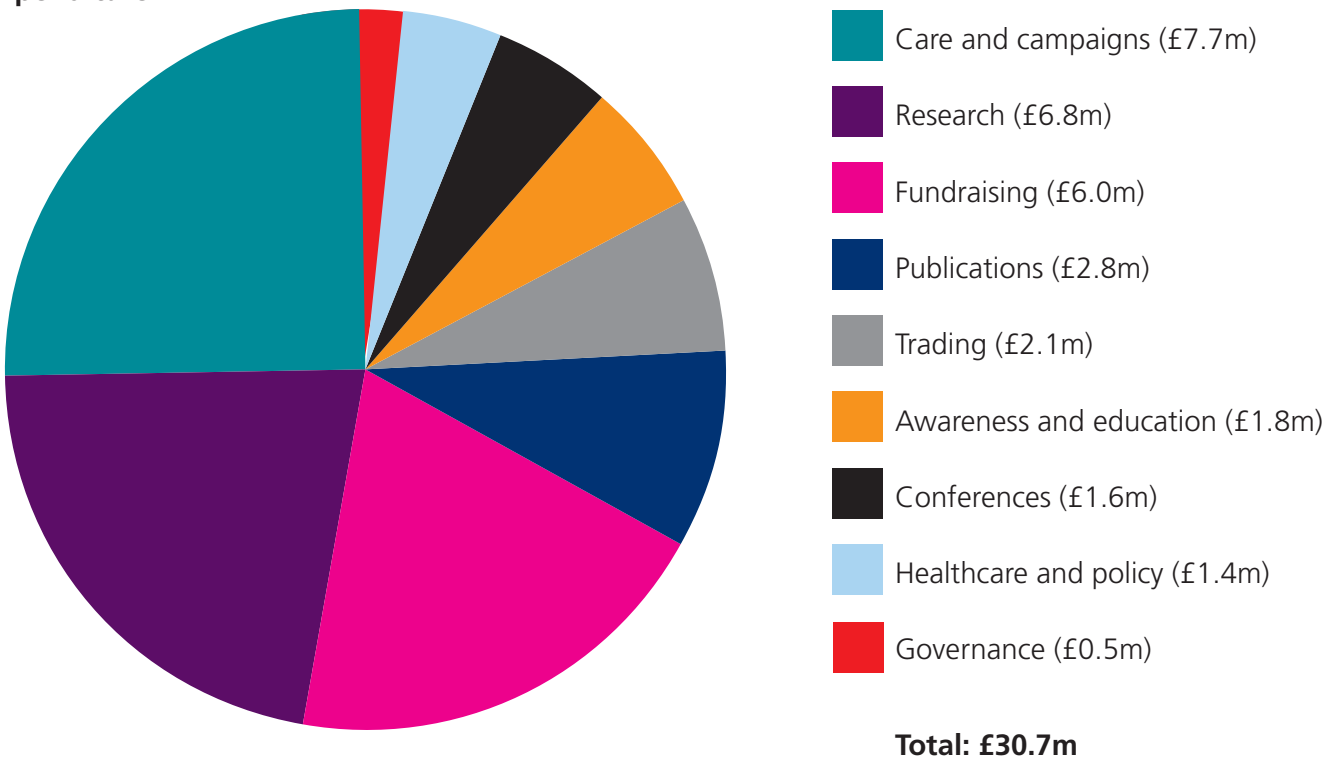
Income



Total: £28.9m

78% of our revenue came from Voluntary Income, comprising donations (35%) legacies (33%), membership (8%) and donated services and facilities (1.7%).

Expenditure



Total: £30.7m

Our main areas of expenditure on charitable activities were care and campaigns (25%), research (22%), and awareness and education, including conferences and publications (20%).

Financial review

In 2009 Diabetes UK was unfortunately not immune to the effects of the economic recession. Our total income for 2009 was £28.9m (2008: £32.9m) – a decrease of £4m (12 per cent) compared with 2008. This reduction in income can be explained by three key areas: legacy income, project income and investment income. £1.4m of the decrease is due to a drop in legacy income from £10.9m in 2008 to £9.5m in 2009 – this was not unexpected, given the recent falls in house prices. In 2008 we were able to secure income for two large projects: a £1m grant from HBOS Foundation to support our roadshow programme and £1.1m from NHS London for a Measure Up campaign in London. In 2009, however, it was not possible to find other large project funding to replace that income. Lastly, our investment income was £743,000 in 2008, but largely due to the collapse in interest rates this dropped to £189,000 in 2009.

The cost of generating voluntary income in 2009 was £6.0m (£5.9m in 2008), which shows a decrease in return on investment from 4.2:1 to 3.7:1. However, since the cost of generating income from the sources that have reduced in 2009 is relatively low, the return on investment has held up reasonably well.

The investment portfolio made a gain of £547,000 in 2009 compared to a loss of £2.2m in 2008. This is broadly in line with the stock market.

Total expenditure in 2009 was £30.7m (2008: £32m) – a decrease of £1.3m (4 per cent) compared to 2008. Our expenditure on charitable activities decreased by £1.2m (5.2 per cent). Despite the drop in income for the year we were able to support our expenditure levels to a considerable extent by the use of £817,000 from the restricted reserves related to projects that took place in 2009, and by running a deficit on unrestricted funds of £1m. This still enabled the organisation to finish the year with free reserves of £5.9m (2.4 months of forward expenditure) – within our reserves policy of two to three months of forward expenditure.

Overall we finished the year with a deficit of £1.8m before investment gains (£547,000) and movements on the defined benefit pension scheme (£1.3m deficit).

Our cash position at the end of the year remained healthy at £6.7m (up from £5m in 2008).

Our strategy for 2010

In 2010 we will be focusing on three new strategic priorities. We are confident that planning and delivering against these priorities will increase the impact of our work on people with diabetes, their carers and those at risk of developing diabetes.

Our priorities for 2010–2014

1. **Quality care for all**
   - Ensure that everyone diagnosed with diabetes receives the most effective care.
   - Ensure that all public and private institutions act inclusively for those living with diabetes and do not tolerate discrimination of any kind.
2. **Healthy lifestyle**
   - Encourage lifestyle changes, in partnership with the Government, the NHS, the media and other civil society agencies, to prevent:
     - the development of complications with Type 1 and Type 2 diabetes
     - the development of Type 2 diabetes.
3. **Research for a better life**
   - Continue to fund as a priority research aimed at 'care and treatment' and 'cause and prevention', and also increase funding of research to find a cure for diabetes.
   - Increase the number of basic and clinical researchers funded by Diabetes UK to research into the above areas.
   - Ensure that the care and treatment of people with diabetes benefits as directly and quickly as possible from groundbreaking research, whether funded by Diabetes UK or others.

Our key deliverables

The following strategic priorities have been used to develop a set of key deliverables for 2010:

Quality care for all

- A definition of good-quality integrated care, including how this should be delivered.
- An assessment of current standards of care for all sections of the community, for each NHS organisation.
- Discussions will have taken place with every NHS organisation regarding an improvement in at least one area of care, and where possible an agreed work plan to do this.
- A cross-organisational work plan to overcome at least one major area of inequality or discrimination that affects the quality of life of people with diabetes.
- Influencing care policy across the UK.
- An annual conference for 3,000 healthcare professionals.
- A portfolio of information available to download online (including previously charged-for information) to support people living with diabetes in all stages of diagnosis and healthcare professionals.
- A well-marketed Careline service responding to 33,000 or more enquiries every year.
- Diabetes support events attended by 350 children and 100 families living with diabetes.

Healthy lifestyle

- Baseline and success metrics for the Eat Better, Move More campaign.
- A total of 79 refocused roadshows, with risk assessments being undertaken at all of them; increased use of volunteers to deliver the events; cooking demonstrations or dance sessions incorporated into at least five roadshows.
- Development of a buddy service to support the newly diagnosed, to be ready for launch in 2011.
- Deliver two campaigns aimed at public bodies to ensure that appropriate public resources are committed to issues of relevance to people with diabetes and those at risk of diabetes, as prioritised during the year.

Research for a better life

- A research strategy for 2011–2016 to include measurable targets for research for the short, medium and long term over the next five years, linked to Diabetes UK's mission and five-year priorities.
- A high quality research portfolio (of new applications scoring four or more, out of five, 100 per cent of annual reports demonstrating scientific progress).
- Proactive funding of new avenues of research to improve services, service delivery and self-management.
- Promote and build on the outcomes of the second Frontiers Meeting, focusing on research into a cure for Type 1 diabetes (for example, joint fellowships, a research professorship).
- Continued support for careers of clinicians and basic scientists in diabetes research through effective use of studentship and fellowship grants, networking events and other activities.

Other key deliverables

These include deliverables that address or underpin all three strategic objectives:

- A robust volunteer plan, to provide a committed, engaged and supported team of volunteers.
- An NHS organisations engagement plan.
- Total income of £28,206,000 or more.
- A consistent communications strategy reaching 80 million or more people a month and a further 150,000 online visitors per month.
- A service-based planning and support services function to underpin delivery of the organisational priorities.

Principal aims and objectives

The work of Diabetes UK is governed by the Memorandum and Articles of Association, as amended by Special Resolution passed on 26 September 2009.

The objectives of Diabetes UK are to:

- Provide relief for people with diabetes and its related complications and for those who care for them.
- Promote the welfare of people with diabetes and its related complications and of those who care for them.
- Advance the understanding of diabetes by education of people with diabetes, the healthcare professionals and others who care for them, and the general public.
- 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.

Diabetes UK's mission is:

to improve the lives of people with diabetes and to work towards a future without diabetes.

Specifically our vision is:

- to set people free from the restrictions of diabetes
- the highest quality care and information for all
- an end to discrimination and ignorance
- universal understanding of diabetes and of Diabetes UK
- a world without diabetes.

In 2009 our vision and core work were underpinned by four priorities:

- to improve awareness and understanding of diabetes
- to provide information and educate people with diabetes, at-risk groups and healthcare professionals
- to improve the standard of care for people with diabetes
- to increase the impact of Diabetes UK-funded research on cause and prevention, care and treatment and cure.

From 2010 we will be working with a focus on three new priorities:

- quality care for all
- healthy lifestyle
- research for a better life.

More details of these new priorities and what they mean for our strategy in 2010 and beyond can be found on pages 26–27.

Making sure our work delivers for the public benefit

We review the aims, objectives and activities of Diabetes UK each year during a board away-weekend. We also review the performance of the charity in carrying out its activities and delivering its intended benefits over the preceding 12 months. 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.

We focus on ensuring that the activities we undertake are in line with our charitable objectives and aims for the public benefit.

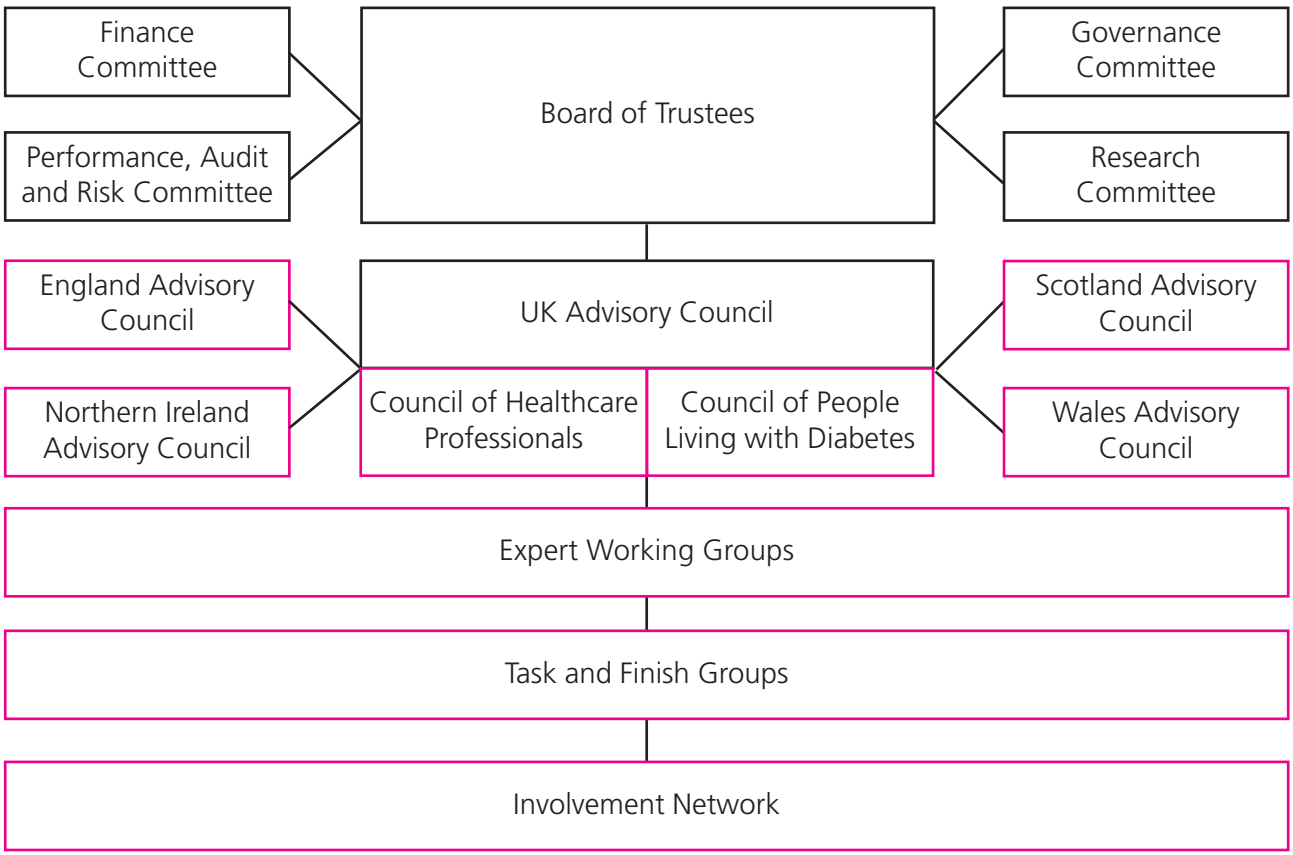
Structure, governance and management

Diabetes UK (the operating name of the British Diabetic Association) was incorporated as a company limited by guarantee in 1938 and is governed by Memorandum and Articles of Association and Standing Orders. Diabetes UK operates from offices in all four nations of the United Kingdom and its registered office at Macleod House, 10 Parkway, London NW1 7AA. 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 healthcare professionals and people living with diabetes
- are advised by a breadth of people
- have a cohesive, well-supported UK Advisory Council
- give our supporters a clear, influential role
- have flexible mechanisms for engaging our leading supporters.

Our governance structure



Key

Governance Advisory

The Board of Trustees

The governing body of the charity is the Board of Trustees, which consists of a maximum of 12 members of whom eight are elected and up to four may be appointed to fill any gaps in skills or representation. Elections are normally held annually at the UK Advisory Council Conference, and the Governance Committee is responsible for scrutinising the process and ensuring that applicants have the skills and experience needed to lead a charity. On appointment, trustees receive an induction pack and attend an induction programme focusing on their role and responsibilities and the structure and governance of the charity. They are required to abide by a code of conduct that stipulates, among other things, the disclosure of certain financial interests. Trustees may serve a maximum of two three-year terms, with a possible further two three-year terms following a period of at least three years. The appointment and election of the Chair and Vice-Chair of the Board of Trustees are matters reserved for the Board. There were no elections in 2009 but the appointment of four new Trustees was ratified and a new Chair appointed.

The Board meets regularly throughout the year, including at an away-weekend 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. Expenses reclaimed by Trustees are disclosed in note 13 to the accounts.

Committees of the Board

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

- **The Finance Committee** oversees and regularly reviews all financial aspects of the charity's activities, including its operational and strategic plans, so as to ensure short- and long-term viability. The Finance Committee ensures that financial guidelines and legal regulatory regimes are adhered to and advises the Board accordingly. The Committee also scrutinises and evaluates the draft annual budget, before Board approval.
- **The Performance 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; assesses the performance of areas of the organisation. The Performance Audit and Risk Committee also monitors compliance with external requirements and internal policies, and acts as a sounding board for the Chief Executive. From 1 January 2010, monitoring of the charity's performance and impact will be the responsibility of the full Board. Risk and audit will be the responsibility of the Audit and Risk Committee.
- **The Remuneration Committee** agrees the annual pay award for staff and makes recommendations to the Board about the pay package for the Chief Executive and Executive Team.
- **The Governance Committee** ensures that Diabetes UK has sound governance. Its role is to: establish and oversee search, nomination, induction, continuing development and training processes and procedures for members of the Board and UK Advisory Council (UKAC); evaluate and monitor the implementation of the Trustee Code of Conduct; direct the search for members of the Board and the UKAC and shortlist the most suitable candidates using selection criteria approved by the Board; and recommend processes for the election of the officers of the Board. The Governance Committee also assesses the performance of committees of the Board.
- **The Research Committee** has authority to assess and approve applications for funding for basic, clinical and health-services research.

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 and in the recruitment and training of trustees, the Governance Committee has two trustee members and four non-trustee members elected from, and by, the UKAC.

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

UK Advisory Council (UKAC)

The rights and responsibilities of legal membership of the British Diabetic Association (BDA) (as opposed to membership of the charity) were restricted in 2006 to those UKAC members who consented to become legal members. All UKAC members appointed from 2007 were required as part of their role to become legal members. The principal right associated with legal membership is to attend and to vote at the Annual General Meeting. All legal members are asked to guarantee that, in the event of the BDA being wound up, each will contribute £1 to the BDA's assets.

In addition to the Board members who are ex officio members, the UKAC consists of 50 members and is responsible for:

- electing and holding to account the Board of Trustees
- advising on the charity's overall strategic direction
- acting as legal members of the charitable company
- leading the expert working groups and national advisory councils
- maintaining effective communication between the Board and individuals on the expert working groups and national advisory councils.

The UKAC has two councils: the Council of People Living with Diabetes (CPD), which has 30 members, and the Council of Healthcare Professionals (CHP), which has 20 members. The two councils meet together as a unified UKAC at least once a year.

UKAC members serve both on the relevant stakeholder advisory council (CPD or CHP) and on a national advisory council. There are four national advisory councils, one for each of the home nations, to which the UKAC members are automatically appointed, depending on their place of residence or work. (See below for further details.)

The UKAC is supported by expert working groups and task and finish groups. These are standing, influential bodies with specific remits to represent Diabetes UK's stakeholders and advise the charity based on professional or personal knowledge and experience. There are three expert working groups, consisting principally of healthcare professionals, and various task and finish groups comprising both healthcare professionals and people with diabetes. Cross-membership is strongly encouraged where appropriate.

The Involvement Network is an informal pool of people with an expressed interest in specific areas, who are invited to participate in task and finish groups, focus groups and consultations.

National Advisory Councils

A total of 24 seats on the UKAC have been ring-fenced to draw members from specific national and regional areas:

- England: 8 (England North: 4, England South: 4)
- Scotland: 8 (CPD: 4, CHP: 4)
- Wales: 4 (CPD: 2, CHP: 2)
- Northern Ireland: 4 (CPD: 2, CHP: 2)

The remaining 26 seats on the UKAC are elected/appointed UK-wide on the basis of personal experience, volunteering experience and working-group representation.

National advisory council chairs and vice-chairs are elected by national advisory council members. National advisory councils, with national offices, determine the frequency and format of their meetings.

Risk management and internal controls

The trustees acknowledge their responsibility for Diabetes UK's system of internal control and for reviewing its effectiveness. The trustees recognise that our systems of internal controls are designed to provide reasonable but not absolute assurance against material misstatement or loss.

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

During the year we have continued to enhance our formal risk-management process, with training provided to directors and heads of teams. We employ an external firm of internal auditors to perform an annual review of the controls over the core financial system in addition to a review of controls within each of the risk areas identified as significant over a three-year period. During the year a series of recommendations have been issued and have either been implemented, or are in the process of being implemented. The Trustees are satisfied that the systems in place manage our exposure to the major risks identified.

Reserves policy

The reserves policy of the charity is to retain a level of reserves sufficient to meet all expenditure commitments (including research and pension contributions but excluding FRS17 pension deficit funding) for between two and three months of forward expenditure.

Reserves are defined as all cash, investments, current assets and current liabilities held in the name of Diabetes UK and its trading subsidiary (Diabetes UK Services Limited) and excluding restricted or designated funds. At 31 December 2009 the charity's free reserves of £5.9 million represented 2.4 months of forward expenditure. The reserves policy is reviewed annually.

Investment policy

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

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

UBS AG was appointed in 2006 and is currently retained as investment manager to Diabetes UK. At 31 December 2009, the relative weightings in the portfolio were cash and fixed-interest securities (49 per cent); equity and equity-related investments (49 per cent) and a property fund (2 per cent).

Policy on pharmaceutical industry sponsorship

Diabetes UK seeks to ensure that those we work with and the ways that we work with them are consistent with our organisational values. All relationships are based on the principles of integrity and openness, maintenance of independence, equality in partnership and mutual benefit for all concerned.

Diabetes UK will not accept more than 5 per cent of total income per annum from one corporate partner with a vested interest in diabetes, nor more than 20 per cent of total income per annum from commercial organisations with a vested interest in diabetes, so as not to compromise our integrity.

Grant-making policy

Diabetes UK invites applications for funding of projects, fellowships and studentships through advertising in specialist medical and scientific media and on the web. Applicants based at not-for-profit UK-based academic institutions submit proposals using the appropriate application form. The applications are reviewed against criteria such as relevance to diabetes, scientific merit, feasibility and value for money. All grant applications are assessed by a minimum of three external peer reviewers before being submitted to the Research Committee. High-level research strategy and objectives are set by the Board of Trustees and the decisions about the funding of specific projects are delegated to the Research Committee. Our research strategy is available on our website www.diabetes.org.uk/research_strategy

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

Diabetes UK may also invite applications in specific areas from time to time to support its policy and care objectives as well as its research strategy.

All funded research is monitored routinely via annual reports to ensure continued funding is appropriate and subject to satisfactory performance and compliance with the contractual grant conditions. The funding of most projects continues for up to five years, and a final report detailing progress is required at the end of each project. The terms and conditions of all Diabetes UK grants give the charity the right to suspend payment of the grant if a satisfactory annual or final report is not received. If a satisfactory report is not received, payment is suspended until a report is received to ensure that the project is following the objectives of the grant. Diabetes UK publicly disseminates the results of funded results as appropriate.

Because of the nature of diabetes and its effects, Diabetes UK believes that under some circumstances the ethical and humane use of animals is appropriate and essential in medical and scientific research to further the treatment, prevention and cure of diabetes and its complications. All Diabetes UK-funded projects involving animals must adhere strictly to Home Office regulations for the welfare of all animals involved, and also comply with Diabetes UK's conditions concerning the care and handling of animals

as outlined in the Diabetes UK grant conditions. Each grant application is also carefully reviewed by the Diabetes UK Research Committee and is peer reviewed by other external national and international experts to ensure that animals are only used if no alternative method is available.

Further to wide-ranging consultation with members and with due attention to ethical considerations, Diabetes UK has decided to support stem-cell research, both publicly and financially through our research grant programme.

Copies of Diabetes UK's full position statements on animal research and stem-cell research can be found on our website (www.diabetes.org.uk/position) or are available from our offices on request.

Subsidiary companies

Diabetes UK has three 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 its profit of £1.15m was donated to Diabetes UK under gift aid.

BDA Research Limited exploits the potential value of any intellectual property arising as a result of research funded by Diabetes UK. At 31 December 2009 the company had no research funding commitments but retains an interest in the intellectual property of certain research projects that may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

Diabetes Foundation's objectives are to establish and advance research in the field of diabetes and particularly juvenile (insulin-dependent) diabetes. A total of £109,000 was raised by Diabetes Foundation in 2009.

Charitable and political donations

Diabetes UK made no charitable donations during the year outside the scope of its own objects. No donations were made for any political purposes.

People

The work of Diabetes UK is only possible through the dedicated service it receives from both staff and volunteers. We would like to place on record our appreciation of the hard work and commitment of all staff to the objectives of Diabetes UK during 2009, particularly in the latter half of the year where regrettably we had to restructure, resulting in a number of staff being made redundant. The degree of change undergone by Diabetes UK placed significant strain and responsibility on all those involved, and the dedication to the delivery of Diabetes UK's services was assiduous.

Diabetes UK believes that communicating effectively with its employees in all aspects of its work, particularly regarding the economic and financial factors affecting its performance, is important to its future success. The senior management team meets each month and there are regular meetings with trade union representatives to review the organisation's performance.

We also acknowledge with gratitude the work of the many volunteers who willingly and unstintingly give their time to the considerable benefit of Diabetes UK and the people it helps. Our volunteers raise funds in a wide variety of ways, from collecting with tins to sponsored events. The value of work performed by our volunteers is £13m.

In 2009 the voluntary groups raised a total of £1.2m (2008: £1.6m) of which £0.6m (2008: £0.8m) was donated directly to Diabetes UK. The total cash held by the groups at 31 December 2009 was £1.6m (2008: £1.6m).

Employment strategy

Diabetes UK recognises its responsibilities in this key area of working life and is continually taking steps to balance society and employee needs with its objectives. It has a wide and varied employee base with significant numbers of female employees, many at senior management level, as well as a significant number of employees who come from ethnic minority groups. Diabetes UK's operational working practices and policies continue to comply with the Disability Discrimination Act 1995.

Diabetes UK encourages the recruitment of the best person for the job, regardless of gender, marital status, ethnic origin, disability, religious belief or age. Should a situation arise where two shortlisted applicants are thought to be equally suitable for a position and one of them has diabetes, the person with diabetes will be offered the position.

Diabetes UK is committed to the principle of equal opportunity for all staff in matters of employment, training, career development and promotion on the basis of their abilities and aptitudes. Diabetes UK applies employment policies which are fair and equitable for all employees and which ensure that entry into, and progression within, Diabetes UK is determined solely by application of job criteria and personal ability and competency.

Full and fair consideration (having regard to the person's particular aptitudes and abilities) is given to applications for employment and career development of disabled persons. Diabetes UK's learning and development policies make it clear that the organisation will take all steps practicable to ensure that employees who become disabled during the time they are employed by Diabetes UK are able to perform their duties.

Environmental policy

Diabetes UK recognises the need to consider its wider environmental impact. Improving its environmental sustainability can bring benefits to the organisation which will allow it to meet its core objectives more effectively.

Our environmental sustainability policy covers:

- a commitment to awareness
- procurement
- energy efficiency
- elimination of waste
- conservation of water
- transport
- individual behaviour.

Statement of trustees' responsibilities

The trustees (who are also directors of The British Diabetics Association for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate and proper accounting records that 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 and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

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

Audit

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

On behalf of the Board of Trustees:

John Grumitt
Vice Chair
25 May 2010

Central office and Registered office

Macleod House
10 Parkway
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020 7424 1000
info@diabetes.org.uk

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

A charity registered in England and Wales (registration number: 215199) and in Scotland (registration number: SC039136)
Member of the International Diabetes Federation

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Patron

Her Majesty the Queen

President

Mr Richard Lane OBE

Vice Presidents

Professor Sir George Alberti
Mrs Barbara Elster
Mrs Anne Felton
Dr Michael Hall
Sir Michael Hirst
Professor Simon Howell
Professor Harry Keen CBE
Mrs Judith Rich OBE

Board of Trustees

Professor Sir George Alberti
(appointed 23/01/09; Chair from 28/02/09) [3, 4]
Professor Simon Howell (retired 28/02/09)
Ms Sue Browell (appointed 23/01/09)
Ms Renata Drinkwater [2]
Ms Alison Finney
Mr John Grumitt (Vice Chair) [2, 3]
Dr David McCance
Mr Frank Moxon [1]
Dr Niti Pall [2]
Mr Ian W Powell [1, 4]
Mr Graham Spooner (Treasurer) [1, 2, 3]
Mr Gerald Tosh (appointed 23/01/09)
Ms Rekha Wadhwani [1] (appointed 23/01/09)

[1] Finance Committee member
[2] Performance Audit & Risk Committee member
[3] Remuneration Committee member
[4] Governance Committee member

Executive Team

Chief Executive
Douglas Smallwood

Director of Care, Information & Advocacy Services
Simon O'Neill

Director of Engagement
Paul Watkins

Director of Human Resources
Deirdre Saliba

Director of Planning & Support Services
Caroline Moore

Director of Relationships & Marketing
Andy James

Director of Research
Iain Frame

Advisors

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Grant Thornton UK LLP
Grant Thornton House
Melton House
London NW1 2EP

Investment managers
UBS AG
1 Curzon Street
London W1J 5UB

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

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

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

We have audited the group and parent charitable company financial statements (the 'financial statements') of the British Diabetic Association for the year ended 31 December 2009 which comprise the principal accounting policies, the consolidated statement of financial activities, the consolidated and parent company balance sheets, the consolidated cashflow statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Trustees' Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chair's introduction. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Carol Rudge

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

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

London

Consolidated statement of financial activities (SOFA) for the year ended 31 December 2009

	Notes	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	18,158	4,196	22,354	24,859
Gift of Diabetes Foundation		–	–	–	367
Activities for generating funds: trading	3	3,439	–	3,439	4,185
Investment income	4	186	3	189	743
		21,783	4,199	25,982	30,154
Incoming resources from charitable activities:					
Publications, care & information	5	1,161	–	1,161	1,104
Conferences	6	1,200	–	1,200	1,296
Grants receivable and royalties	7	83	450	533	393
		2,444	450	2,894	2,793
Total incoming resources		**24,227**	**4,649**	**28,876**	**32,947**
RESOURCES EXPENDED					
Cost of generating funds					
Cost of generating voluntary income	2	5,975	3	5,978	5,882
Fundraising trading: cost of goods sold & other	3	2,108	–	2,108	2,309
Investment management costs	4	28	–	28	20
		8,111	3	8,114	8,211
Charitable activities					
Publications, care & information	5	12,535	1,156	13,691	16,211
Conferences	6	1,312	316	1,628	1,490
Research	9	2,820	3,987	6,807	5,617
		16,667	**5,459**	**22,126**	**23,318**
Governance costs	11	476	4	480	516
Total resources expended	8	**25,254**	**5,466**	**30,720**	**32,045**
Net incoming/(outgoing) resources before other recognised gains and losses		(1,027)	(817)	(1,844)	902
Gains/ (losses) on investments	16	512	35	547	(2,195)
Actuarial gains/(losses) on defined benefit pension	28	(1,283)	–	(1,283)	352
Net movement in funds		(1,798)	(782)	(2,580)	(941)
Fund balances at the beginning of the financial year (restated)		7,876	2,909	10,785	11,726
Fund balances at the end of the financial year	20	**6,078**	**2,127**	**8,205**	**10,785**

Reconciliation of funds

There are no other unrealised gains or losses which do not appear on the SOFA. All the above results are derived from continuing activities. The net expenditure for the year under the historical cost accounting convention is £1,297,000 (2008: £1,142,000 net expenditure). The notes on pages 45 to 63 form part of these accounts.

Balance sheet at 31 December 2009

	Notes	Group		Diabetes UK	
		2009	2008	2009	2008
		£'000	£'000	£'000	£'000
			Restated		Restated
Fixed assets					
Tangible assets	15	1,571	1,313	1,571	1,313
Investments in subsidiary undertakings	24	–	–	40	40
Other investments	16	8,358	11,741	8,358	11,741
		9,929	13,054	9,969	13,094
Current assets					
Stocks		55	64	–	–
Debtors	17	3,601	4,833	4,269	6,356
Cash at bank and in hand		6,699	5,067	5,572	4,306
		10,355	9,964	9,841	10,662
Creditors: amounts falling due within one year	18	(10,137)	(11,802)	(10,082)	(13,016)
Net current assets		**(218)**	**(1,838)**	**(241)**	**(2,354)**
Net assets before provision		**10,147**	**11,216**	**9,728**	**10,740**
Provisions for liabilities and charges	19	(502)	–	(502)	–
Provision: defined benefit pension scheme liability	28	(1,440)	(431)	(1,440)	(431)
Net assets		**8,205**	**10,785**	**7,786**	**10,309**
Funds					
Restricted income funds	20	2,127	2,909	1,708	2,433
Unrestricted income funds					
General funds		7,093	8,307	7,093	8,307
Revaluation reserve		425	–	425	–
Unrestricted funds excluding pension liability		7,518	8,307	7,518	8,307
Pension reserve deficit	28	(1,440)	(431)	(1,440)	(431)
Unrestricted funds including pension liability		6,078	7,876	6,078	7,876
Total funds		**8,205**	**10,785**	**7,786**	**10,309**

The notes on pages 45 to 63 form part of these accounts.

Approved by the Board of Trustees on 25 May 2010 and signed on their behalf by:

John Grumitt
Vice Chair

Graham Spooner
Treasurer

Consolidated cashflow statement for the year ended 31 December 2009

	2009 £'000	2008 £'000
Net cash inflow from operating activities (see note below)	(1,667)	2,039
Returns on investments		
Investment income received	184	386
Interest received	31	369
Net cash inflow from returns on investments	**215**	**755**
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(792)	(567)
Purchase of investments	(2,982)	(11,402)
Proceeds from sale of fixed asset investments	6,912	7,033
Net cash inflow from investing activities	**3,138**	**(4,936)**
Acquisitions and disposals		
Cash at bank and in hand acquired with gift of Diabetes Foundation	–	400
Net cash inflow from acquisitions	**–**	**400**
Movement in net cash	**1,686**	**(1,742)**

	At 1 January 2009 £'000	Cashflow £'000	At 31 December 2009 £'000
Analysis of net funds			
Cash at bank and in hand	5,067	1,632	6,699
Cash held as short-term investments	52	54	106
	5,119	**1,686**	**6,805**

Notes to the consolidated cashflow statement

	2009 £'000	2008 £'000
Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities		
Net (expenditure)/income for the year per the SOFA	(1,844)	902
Depreciation	534	496
Loss on disposal of fixed assets	–	12
Gift of Diabetes Foundation	–	(367)
Investment income receivable (net)	(161)	(723)
Decrease/(increase) in stocks	9	(33)
Decrease/(increase) in debtors	1,232	(326)
(Decrease)/increase in creditors	(1,163)	2,348
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(274)	(270)
Net cash inflow from operating activities	**(1,667)**	**2,039**

Notes to the financial statements for the year ended 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards using the historical cost convention except for investments, which are stated at market value.

The financial statements comply with the requirements of the Charities Act 1993 and are in accordance with applicable accounting standards. They also comply with the requirements of the Statement of Recommended Practice 'Reporting and Accounting by Charities' (SORP) issued in March 2005 and updated in 2008 and the Companies Act 2006. No separate income and expenditure account has been included for Diabetes UK because it has no endowment funds.

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

Company status

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

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its voluntary groups (Diabetes UK) together with its subsidiaries, Diabetes UK Services Limited and Diabetes Foundation (the Group). A summarised profit and loss account and balance sheet for each subsidiary is given in note 24. The results of subsidiaries have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of voluntary groups where returns have been made prior to the preparation of the consolidated financial statements. The number of voluntary group returns received when the financial statements were prepared was 303 out of 354 (86 per cent) (2008: 313 out of 389 (80 per cent)).

INCOMING RESOURCES

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

Legacies

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

Donations

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

Membership subscriptions

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

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

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

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

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

Costs of generating funds
Costs of generating funds comprise the costs incurred in fundraising, commercial trading activities and investment management. Fundraising costs include salaries, direct costs and an appropriate allocation of central overhead costs.

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

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

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

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

Tangible fixed assets
All expenditure on fixed assets in excess of £500 is capitalised.
The charge for depreciation is calculated to write off fixed assets by equal instalments over their expected useful lives. These are estimated to be:

Office equipment, fittings and furniture	7 to 10 years
General computer equipment and software	4 to 5 years
Database equipment and software	3 to 8 years
Motor vehicles	5 years

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

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

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

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

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

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

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

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

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

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

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

Taxation
Diabetes UK has charitable status and is thus exempt from taxation of its income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No material tax charges have arisen in its subsidiaries and no provision is required for deferred taxation.

2. Voluntary income

	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Incoming resources				
Legacies	8,494	989	9,483	10,881
Donations	6,825	3,207	10,032	11,303
Membership	2,378	–	2,378	2,293
Donated services and facilities	461	–	461	382
Total	**18,158**	**4,196**	**22,354**	**24,859**
Resources expended				
Legacies	113	3	116	111
Donations	4,122	–	4,122	3,946
Membership	1,279	–	1,279	1,443
Donated services and facilities	461	–	461	382
Total	**5,975**	**3**	**5,978**	**5,882**

3. Activities for generating funds: trading

	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Incoming resources				
Lotteries	1,542	–	1,542	1,587
Corporate	800	–	800	1,648
Advertising	505	–	505	468
Affinity products	212	–	212	112
Cards and publications	380	–	380	370
Total	**3,439**	**–**	**3,439**	**4,185**
Resources expended				
Lotteries	993	–	993	1,102
Corporate	621	–	621	709
Advertising	258	–	258	222
Affinity products	64	–	64	65
Cards and publications	172	–	172	211
Total	**2,108**	**–**	**2,108**	**2,309**

All trading activity was undertaken by a subsidiary undertaking.

4. Investment income

	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Incoming resources				
Dividends from listed securities	157	–	157	164
Interest on cash asset investments	1	–	1	206
Interest on cash at bank	28	3	31	373
Total	**186**	**3**	**189**	**743**
Resources expended				
Investment management costs	28	–	28	20
Total	**28**	**–**	**28**	**20**

5. Publications, care & information

	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Incoming resources				
Diabetic Medicine	512	–	512	567
Care support	290	–	290	243
Professional membership	173	–	173	190
Publications	186	–	186	104
Total	**1,161**	**–**	**1,161**	**1,104**
Resources expended				
Publications and information	2,759	–	2,759	2,198
Healthcare and policy	1,180	269	1,449	1,382
Awareness	1,702	88	1,790	3,739
Careline	600	102	702	818
Care support holidays	521	248	769	773
Other care and campaigns	5,773	449	6,222	7,301
Total	**12,535**	**1,156**	**13,691**	**16,211**

6. Conferences

	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Incoming resources				
Central conferences	1,157	–	1,157	1,219
Regional conferences	43	–	43	77
Total	**1,200**	**–**	**1,200**	**1,296**
Resources expended				
Central conferences	1,255	316	1,571	1,382
Regional conferences	57	–	57	108
Total	**1,312**	**316**	**1,628**	**1,490**

7. Grants receivable and royalties

	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Grants receivable arise from the following sources:				
Department for Education and Skills – Safeguarding Co–ordinator	–	–	–	11
NDST – Year of Care Project	41	–	41	92
Food Standards Agency	–	–	–	11
Health Foundation – Year of Care Project	–	–	–	85
Various Groups – Young Diabetologists Forum	–	166	166	185
Takeda UK	4	–	4	–
Bradford & Airedale Primary Care Trust – Year of Care	–	284	284	–
Imperial Innovations	33	–	33	–
Others less than £10,000	5	–	5	9
Total grants receivable	**83**	**450**	**533**	**393**

8. Analysis of total resources used

	Activities undertaken directly £'000	Activities undertaken by grant funding £'000	Support costs £'000	2009 Total £'000	2008 Total £'000
Cost of generating funds					
Cost of generating voluntary income	5,155	–	823	5,978	5,882
Trading costs	2,108	–	–	2,108	2,309
Investment management costs	28	–	–	28	20
Cost of charitable activities					
Publications, care & information cost sub groups:					
Publications and information	2,320	–	439	2,759	2,198
Healthcare and policy	1,181	–	268	1,449	1,382
Awareness	1,499	–	291	1,790	3,739
Other care and campaigns	6,072	–	1,621	7,693	8,892
	11,072	–	2,619	13,691	16,211
Conferences	1,498	–	130	1,628	1,490
Research	306	6,385	116	6,807	5,617
Governance	399	–	81	480	516
Total	**20,566**	**6,385**	**3,769**	**30,720**	**32,045**

9. Research grants

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

	2009 £'000
Sheffield NHS Trust	497
University of Newcastle	448
University of Cambridge	447
Medical Research Council	388
University of Edinburgh	311
King's College London	256
University of Dundee	217
University of Oxford	176
University of Glasgow	148
University of Liverpool	141
University of Southampton	131
University of Leicester NHS Trust	118
Queen's University Belfast	111
University of Sheffield	108
University of Nottingham	100
Subtotal	3,597
Other grants	2,788
Direct administration and support costs	422
Total	**6,807**

	2009 £'000	2008 £'000
Analysis of grant by area of research		
Care and treatment	3,186	1,651
Cause and prevention	3,090	3,211
Cure	109	170
Direct administration and support costs	422	585
Total	**6,807**	**5,617**
Grants reconciliation		
Creditor at the beginning of the year	6,818	6,080
Grants awarded in the year	1,509	2,598
Liabilities arising on gift of Diabetes Foundation	–	45
Liabilities arising on existing grants	5,015	2,434
Payments in year	(7,777)	(4,339)
Creditor at the end of the year	**5,565**	**6,818**

10. Support costs allocations

	Facilities	Finance	Human Resources	IT	2009 Total	2008 Total Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of generating voluntary income	333	138	256	94	821	984
Research	47	20	37	13	117	84
Publications, care & information	1,060	441	817	301	2,619	2,722
Conferences	53	22	41	15	131	118
Governance	33	14	25	9	81	76
Total	**1,526**	**635**	**1,176**	**432**	**3,769**	**3,984**

11. Governance costs

	2009	2008
	£'000	£'000
Trustee costs	14	13
External audit	44	46
Support costs	81	76
Advisory Council expenses	80	99
Company Secretariat	261	282
Total	**480**	**516**

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

	2009	2008
	£'000	£'000
Depreciation (see note 15)	534	496
Loss on disposal of fixed assets	–	12
Auditor's remuneration		
statutory audit	44	46
further assurance services	–	11
other non-audit	19	7
Non-recoverable VAT	359	558
Operating leases		
property	891	804
other	7	24

13. Transactions with trustees

Trustees have not been remunerated in the year (2008 Nil). A total of 9 trustees (2008: 8) have been reimbursed for expenses in relation to trustee meetings at a cost of £2,000 (2008: £4,000). Total expenses in relation to trustees were £13,000 (2008: £16,000). All amounts were for reimbursement of travel and subsistence costs.

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

14. Staff costs

	2009 £'000	2008 £'000
Salaries	9,298	8,643
Social security costs	960	999
Other pension costs	926	811
Total	**11,184**	**10,453**

	2009 number	2008 number
Staff numbers		
Voluntary income	128	122
Publications, care & information	108	108
Conferences	5	6
Research	6	6
Support	41	41
Governance	7	6
Total	**295**	**289**

The average full-time equivalent number of employees during the year was 277 (2008: 268).

Pension costs
Pension costs comprise £589,000 (2008: £499,000) in respect of defined contribution pension schemes and £337,000 (2008: £312,000) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:

	2009 Number	2008 Number
£60,000 - £70,000	3	4
£70,000 - 80,000	–	1
£90,000 - 100,000	1	1

Payments to defined contribution pension schemes in respect of the above staff amounted to £28,000 (2008: £45,000) in the year. As at the year end, the defined benefit pension scheme was closed and no benefits were accruing to the above staff.

15. Tangible fixed assets

Group and Diabetes UK

	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Motor vehicles £'000	Total 2009 £'000
Cost				
At 1 January 2009	1,252	2,051	–	3,303
Additions	67	464	299	830
Disposals	–	(52)	–	(52)
At 31 December 2009	1,319	2,463	299	4,081
Depreciation				
At 1 January 2009	(957)	(1,033)	–	(1,990)
Charge for the year	(87)	(450)	(35)	(572)
Disposals	–	52	–	52
At 31 December 2009	(1,044)	(1,431)	(35)	(2,510)
Net book value				
31 December 2009	**275**	**1,032**	**264**	**1,571**
31 December 2008	295	1,018	–	1,313

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2008: £150,000).

16. Investments

	2009 £'000	2008 £'000
Group and Diabetes UK		
Market value at 1 January	11,741	9,567
Acquisitions at cost	2,982	11,402
Disposal proceeds	(6,912)	(7,033)
Gains/ (losses) on investments	547	(2,195)
Market value at 31 December	**8,358**	**11,741**
Historical cost at 31 December	**7,933**	**11,741**
Represented by:		
Listed securities	4,063	3,368
Property funds	191	272
Treasury bills	3,998	8,049
Cash	106	52
	8,358	**11,741**

Investments which comprised more than 5% of the total market value of investments at 31 December 2009 were:

	2009 £'000	2008 £'000
M & G Securities Ltd, Charity Inc – UK Unit Trust	685	628
AXA Framlington Equity Income GBP	–	689
Henderson UK & Europe Funds	–	664
Standard Life Inv Equity Inc UK	–	749
Rathbone Income Fund SHS GBP	–	638
Treasury bills	3,998	8,049

17. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade debtors	1,035	871	963	800
Donation due from subsidiary undertaking	–	–	1,156	1,918
Other amounts due from subsidiary undertakings	–	–	–	64
Other debtors	695	709	695	709
Prepayments and accrued income	1,871	3,253	1,455	2,865
Total	**3,601**	**4,833**	**4,269**	**6,356**

18. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade creditors	453	442	492	443
Amounts due to subsidiary undertakings	–	–	90	1,557
Taxation and social security	655	190	655	180
Other creditors	215	434	215	434
Accruals and deferred income	3,249	3,918	3,065	3,584
Research grants creditor	5,565	6,818	5,565	6,818
Total	**10,137**	**11,802**	**10,082**	**13,016**

19. Provisions for liabilities and charges

	Group		Diabetes UK	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Provisions	502	–	502	–
	502	**–**	**502**	**–**

The provision related to a potential payment of £502k. The charity is in the process of reviewing certain records and concluding its work in this area and so at this state the amount and timing of the payment is uncertain. However, the charity expects to be able to determine the exact amount and timing of settlement by 30 June 2010.

20. Funds

Group

	At 1 January 2009 £'000	Transfers between funds £'000	At January 2009 Restated £'000	Incoming funds £'000	Funds used £'000	Transfers and gains/ (losses) £'000	At 31 December 2009 £'000
General funds	8,738	(431)	8,307	24,227	(25,528)	87	7,093
Revaluation reserve	–	–	–	–	–	425	425
Pension reserve (see note 28)	(431)	–	(431)	–	274	(1,283)	(1,440)
Total unrestricted funds	**8,307**	**(431)**	**7,876**	**24,227**	**(25,254)**	**(771)**	**6,078**
Restricted funds							
Diabetes Foundation	476	–	476	191	(248)	–	419
Research	593	173	766	3,211	(3,241)	–	736
Care and information	845	215	1,060	745	(1,146)	–	659
Geographical	–	43	43	307	(350)	–	–
Children	–	–	–	195	(195)	–	–
Warren Memorial Fund	564	–	564	–	(286)	35	313
Total restricted funds	**2,478**	**431**	**2,909**	**4,649**	**(5,466)**	**35**	**2,127**
Total of unrestricted and restricted funds	**10,785**	**–**	**10,785**	**28,876**	**(30,720)**	**(736)**	**8,205**

Diabetes UK

	At 1 January 2009 £'000	Transfers between funds £'000	At January 2009 Restated £'000	Incoming funds £'000	Funds used £'000	Transfers and gains/ (losses) £'000	At 31 December 2009 £'000
General funds	8,738	(431)	8,307	24,227	(25,528)	87	7,093
Revaluation reserve	–	–	–	–	–	425	425
Pension reserve (see note 28)	(431)	–	(431)	–	274	(1,283)	(1,440)
Total unrestricted funds	**8,307**	**(431)**	**7,876**	**24,227**	**(25,254)**	**(771)**	**6,078**
Restricted funds							
Research	593	173	766	3,211	(3,241)	–	736
Care and information	845	215	1,060	745	(1,146)	–	659
Geographical	–	43	43	307	(350)	–	–
Children	–	–	–	195	(195)	–	–
Warren Memorial Fund	564	–	564	–	(286)	35	313
Total restricted funds	**2,002**	**431**	**2,433**	**4,458**	**(5,218)**	**35**	**1,708**
Total of unrestricted and restricted funds	**10,309**	**–**	**10,309**	**28,685**	**(30,472)**	**(736)**	**7,786**

20. Funds (cont)

Other adjustments include gains on investment funds recognised within general funds £512,000 and the Warren Fund £35,000, and adjustments to the pension reserve (£1,283,000).

The Diabetes Foundation fund represents the reserves of Diabetes Foundation, whose objectives are 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 maintaining the 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.

In the year ended 31st December 2009, a prior year adjustment was made to the opening balances of reserves. This was done to more accurately reflect the allocation of restricted and unrestricted funds, which was deemed to be inaccurate in prior periods. The effect that this has had on the fund balances for the year ended 31st December 2008 is to increase restricted funds by £431,000 and decrease unrestricted funds by £431,000.

21. Total funds – Group and Diabetes UK

Total funds are invested as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,571	–	1,571
Fixed asset investments	8,045	313	8,358
Current assets	8,541	1,814	10,355
Current liabilities	(10,639)	–	(10,639)
Defined benefit pension scheme liability	(1,440)	–	(1,440)
Total net assets	**6,078**	**2,127**	**8,205**

22. Operating lease commitments

	Property		Other	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Annual lease commitments under non–cancellable operating leases expiring:				
Within one year	42	27	1	13
Between two and five years	78	98	16	–
After five years	691	646	–	–
Total	**811**	**771**	**17**	**13**

23. Commitments to spend – research grants

At 31 December 2009 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £8,792,000 (2008: £10,033,000). 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.

	2009 £'000	2008 £'000
2009	–	4,546
2010	5,177	3,813
2011	2,699	1,450
2012	916	224
2013	–	–
Total	**8,792**	**10,033**

24. Subsidiary undertakings

	2009	2008
	£'000	£'000
Investment in subsidiary undertakings	40	40

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

Profit and loss accounts for the year ended 31 December 2009

	Diabetes Foundation		Diabetes UK Services Limited	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Turnover			1,852	2,542
Expenditure			(996)	(853)
Other operating income (net)			300	221
Interest receivable			–	6
Profit on ordinary activities before and after taxation			1,156	1,916
Profit donated to Diabetes UK			(1,156)	(1,916)
Net income			**–**	**–**
Incoming resources	191	250		
Resources expended	(248)	(141)		
Net incoming resources	**(57)**	**109**		
Summarised Balance Sheets as at 31 December				
Current assets	422	547	1,376	2,284
Creditors: amounts falling due within one year	(4)	(71)	(1,336)	(2,244)
Net assets	**418**	**476**	**40**	**40**

Note: the results for the Diabetes Foundation are for the year ended 31 December 2009 and the six-month period ended 31 December 2008.

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 2009 (2008: £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 2009 (2008: £40,003).

Diabetes UK's investment in Diabetes Foundation is £nil.

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

	2009	2008
	£'000	£'000
Net income/(expenditure)	(1,844)	902
Gain on sale of investments calculated under the historicalcost accounting convention	972	(2,044)
Surplus/(loss) under the historical cost accounting convention	(872)	(1,142)

26. Members

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

27. Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £5.32 million (2008: approximately £5.99 million).

28. Pensions

Defined contribution scheme

The charity contributes towards a defined contribution scheme. The cost of this scheme is charged to the SOFA and amounted to £585,000 (2008: £499,000). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accrual on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long–term pension liabilities for some 71 current and former employees with entitlements to preserved benefits. Pensions in payment are secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before the cessation of accrual.

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

A full actuarial valuation was carried out as at 1 January 2008 in accordance with the scheme funding requirements of the Pensions act 2004 and the funding of the scheme is agreed between the charity and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £2,598,000. The charity has agreed with the trustees that it will aim to eliminate the deficit over a period of 10 years from 1 January 2008 by the payment of annual contributions of £337,200. In addition, the employer has agreed with the trustees that it will meet the expenses of the scheme and levies to the Pension Protection Fund.The next valuation is due at 1 January 2011.

For the purpose of FRS17, the actuarial valuation as at 1 January 2009 was carried out by a qualified independent actuary and has been updated on an approximate basis to 31 December 2009.

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

	2009	2008	2007
	£'000	£'000	£'000
Fair value of scheme assets	5,372	5,176	5,516
Present value of scheme liabilities	(6,812)	(5,607)	(6,569)
Deficit in scheme	**(1,440)**	**(431)**	**(1,053)**

The present value of scheme liabilities is measured by discounting the best estimate of future cashflows to be paid out by the scheme, using the project unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

28. Pensions (cont)

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out benefits at the balancesheet date with a suitable insurer. This represents the amount that would be required to settle the scheme liabilities rather than the charity continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme at 1 January 2008 was £10,877,000 compared with assets at the same date of £5,262,000.

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

	2009 £'000	2008 £'000
Scheme liabilities at 1 January	5,607	6,569
Interest cost	328	385
Actuarial losses (gains)	1,585	(841)
Benefits paid	(708)	(506)
Scheme liabilities at 31 December	**6,812**	**5,607**

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

	2009 £'000	2008 £'000
Fair value of scheme assets at 1 January	5,176	5,516
Expected return of scheme assets	265	343
Actuarial gains (losses)	302	(489)
Contributions by employer	337	312
Benefits paid	(708)	(506)
Fair value of scheme assets at 31 December	**5,372**	**5,176**

The actual return on the scheme assets over the period ended 31 December 2009 was £567,000 (2008: £(146,000)).

Total expense recognised in SOFA

	2009 £'000	2008 £'000
Interest cost	328	385
Expected return of scheme assets	(265)	(343)
Total expense recognised in SOFA	**63**	**42**

Statement of recognised gains and losses

	2009 £'000	2008 £'000
Difference between expected and actual return on scheme assets: gain/ (loss)	302	(489)
Experience gains and losses arising on the scheme liabilities: (loss)/ gain	(152)	349
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: (loss)/ gain	(1,433)	492
Total amount recognised in the statement of recognised gains and losses: gain	**(1,283)**	**352**

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £(735,000) (2008: £548,000).

28. Pensions (cont)

Assets

	2009	2008	2007
	£'000	£'000	£'000
Equities	1,644	933	1,025
With profits policy	3,674	4,190	4,490
Cash	54	53	1
Total assets	**5,372**	**5,176**	**5,516**

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

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

Assumptions

	2009	2008	2007
	% per annum	% per annum	% per annum
Inflation (RPI)	3.50	2.90	3.20
Rate of discount	5.70	6.30	5.90
Allowance for pension in payment increases of RPI or 5% if less	3.50	2.90	3.20
Allowance for revaluation of deferred pensions at RPI or 5% if less	3.50	2.90	3.20
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 December 2009 are 100% of the standard tables PNxA00 with year of birth improvements in accordance with the Long Cohort improvement tables with a 1% improvement underpin for males and females.

These imply the following life expectancies:

Male retiring at age 62 in 2029	28.9 years
Female retiring at age 62 in 2029	31.3 years
Male retiring at age 62 in 2009	26.7 years
Female retiring at age 62 in 2009	29.3 years

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to UK long dated government bond yields at the balance sheet date. The long-term expected return on cash is set to be 0.5% lower than this. The long-term expected rate of return on equities is based on UK long dated government bond yields with an allowance for out performance. The long-term expected rate of return on the with profits policy has been set by consideration of the bonus strategy of the with profit funds.

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

	2009	2008
	% per annum	% per annum
Equities	7.20	7.40
Cash	3.40	0.00
With profits policy	5.00	5.80
Overall for scheme	5.38	6.10

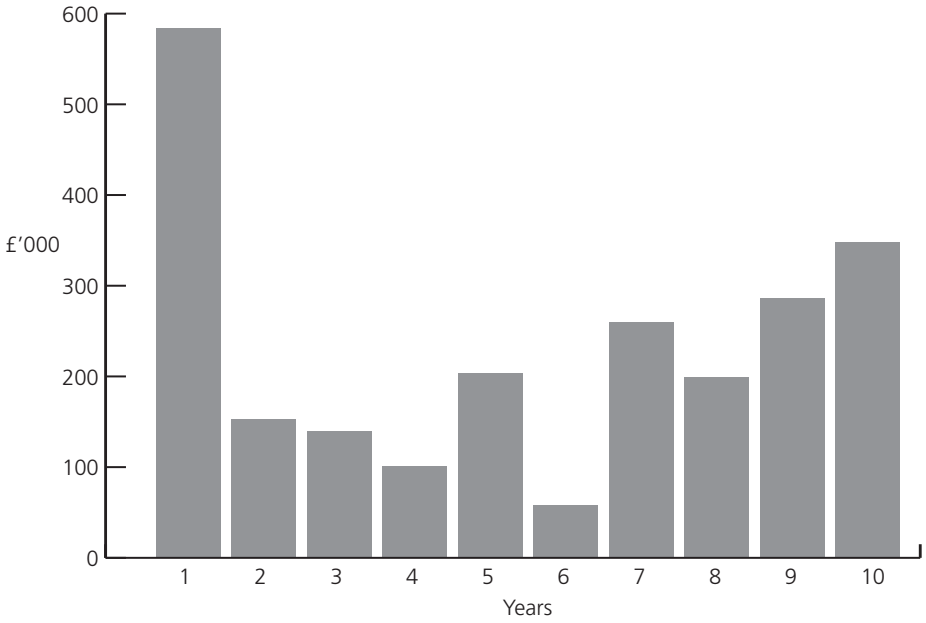
28. Pensions (cont)

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

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

Duration of the liabilities and expected benefits payable

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



Amounts for the current and previous four periods

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Fair value of assets	5,372	5,176	5,516	5,084	4,575
Present value of scheme liabilities	6,812	5,607	6,569	7,081	7,306
Surplus (deficit) in scheme	(1,440)	(431)	(1,053)	(1,997)	(2,731)
Experience adjustment on scheme assets	302	(489)	78	149	22
Experience adjustment on scheme liabilities	(152)	349	18	17	321

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 January 2010 is £337,200.

Legacies

We were sad to hear of the deaths of the following people during the year but we are very grateful to have been remembered in their wills.

Addison, Marion
Adsett, Gordon
Alderson, Hugh
Allan, Margaret
Amatt, Florence
Anderson, Dorothy
Anderson, Frances
Arbuthnott, Richard
Archer, Victor
Arnhard, Mary
Arscott, Ian
Ashford, Esther
Atkinson, Vera
Auld, Sylvia
Backhouse, Leslie
Barnard, Michael
Bastin, Patricia
Bayly, Richard
Beighton, Betty
Bell, Alma
Benjamin, Korah
Bennett, Anthony
Bennett, Geoffrey
Bennett, George
Bentley, John
Berry, Veronica
Bierman, Olive
Black, Duncan
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Hatton, Ann
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