

A young boy and girl in school uniforms are smiling. The boy is in the foreground, wearing a blue sweater over a white collared shirt. The girl is behind him, also in a blue sweater over a white collared shirt. The background is a soft-focus outdoor setting.

DiABETES UK
CARE. CONNECT. CAMPAIGN.

**INSPIRING
CHANGE**
**OUR ANNUAL
REPORT 2014**

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Pages 3 to 34 constitute the Trustees' Report which includes the Strategic Report

Cover: Lewis and his sister Alyssia. Lewis has Type 1 diabetes and worked with us on our Type 1 diabetes: Make the grade campaign

FOREWORD

There's no question that 2014 was a tremendous year for Diabetes UK. Thanks to the generosity of our supporters, we were able to spend more – and, crucially, achieved more – than in any other year of our 80-year history.

We changed the law, so that for the first time schools are legally obliged to give all children with diabetes the care and support they need to thrive and enjoy school. And we made strides in diabetes research, seeing significant progress in artificial pancreas technology and funding four projects that will bring us closer to a future without Type 1 diabetes. Our National Charity Partnership with Tesco raised a spectacular £18 million over the course of 21 months and this money has helped children, parents and families living with diabetes get the support and information they need.

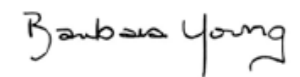
But for all the great achievements over the last year, there is still a long way to go. For too many people living with diabetes, things are still not good enough. Across the UK, the standard of care is variable, and for people with the condition the rates of heart disease, stroke, blindness, lower limb amputation and early death are far too high. And the number of people with the condition is constantly rising: every two minutes, another person receives that life-altering diagnosis.

This means that the number of people with diabetes is projected to rise from 3.9 million today to 5 million in 2025. As well as the heartache this brings to more families, the consequences of this for public health and for our nation's finances would be disastrous.

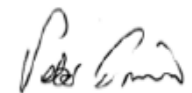
But there is reason to be optimistic. For one thing, our new five-year strategy, Reach for the Stars, sets out our ambitious plans to improve the quality of life for people living with the condition, reduce the complications that people with diabetes face, and prevent people ever being diagnosed with Type 2 diabetes.

There is also a real sense that diabetes is a condition whose time has come. Awareness of diabetes has never been higher, we have a bigger than ever army of volunteers who are doing fantastic work across the UK, and the NHS is starting to focus on the condition as never before. After years of not giving diabetes the attention it so badly needs, we are seeing real progress and it is fantastic that we are now working with NHS England and Public Health England on a Type 2 diabetes prevention programme.

I don't think the future has ever been brighter in terms of the potential to deliver improved health for people with diabetes and turn back the rising tide of Type 2 diabetes. Certainly, 2015 already looks set to be another record-breaking year for Diabetes UK. From innovative new partnerships to ground-breaking research, every supporter makes a difference and together we are making progress towards a future without diabetes. Thank you!



Barbara Young, Chief Executive



Sir Peter Dixon, Chairman

OUR YEAR IN NUMBERS

5.4m
VISITS TO THE
DIABETES UK
WEBSITE

THERE ARE
267
LOCAL GROUPS
AROUND THE UK

11,858
SIGNED UP FOR
TYPE 2 DIABETES
E-LEARNING

WE SENT OUT
20,000
MAKE THE GRADE
INFORMATION
PACKS

WE HAVE
7,181
AMAZING
VOLUNTEERS

WE RAISED
£41.8m
IN 2014

WE SUPPORTED
20,500
PEOPLE
THROUGH OUR
CARELINE

365,000
CHECKED THEIR
RISK ONLINE

WE FUND OVER
130
DIABETES
RESEARCH
PROJECTS

WE HAVE
357
COMMUNITY
CHAMPIONS

WE EDUCATED
MORE THAN
17,000
HEALTHCARE
PROFESSIONALS

20,115
VISITED OUR
WEBSITE FOR
INFORMATION
ABOUT RAMADAN

**NEARLY
A THIRD**
OF OUR INCOME
CAME FROM
GIFTS IN WILLS

16,262
FOUND OUT THEIR
RISK OF TYPE 2
AT A ROADSHOW

WE INVESTED
£7m
IN DIABETES
RESEARCH
IN 2014

THERE ARE OVER
2,400
DIABETES
VOICES

FUNDING GROUND-BREAKING RESEARCH

STRATEGIC REPORT: REVIEW OF THE YEAR AND FUTURE PLANS

We are the UK's leading charitable funder of diabetes research. We drive forward developments in the treatment and prevention of all forms of diabetes, changing lives now and in the future, and providing support for the people and ideas that will transform diabetes care and lead us to a cure.

In 2014 we received more applications for support from diabetes researchers than ever before, and invested £7 million in diabetes research and agreed to support 31 new studies.

Pioneering at-home trial of an artificial pancreas

People who use insulin to manage their diabetes face a daily challenge, often needing several insulin injections or using a pump, and frequent finger prick tests, to keep their blood glucose levels under control.

Cutting-edge research funded by Diabetes UK saw 24 adults with Type 1 diabetes trial an artificial pancreas at home for four weeks – the first time anywhere in the world it has been used for more than a few days without medical supervision. Working overnight, the device uses real-time information to adjust the amount of insulin given by the pump.

The study found that the artificial pancreas considerably improved blood glucose levels. If we were able to repeat this in bigger trials, it could lead to insulin-treated

diabetes becoming a condition that is easier to keep under control, leading to fewer devastating complications.

"Now that we've tested the system at multiple centres, we can see that its benefits apply to a wide range of people. Larger-scale clinical trials of the artificial pancreas will be the next step in helping to translate these exciting findings into an end product that will help to transform the management of diabetes."

Dr Roman Hovorka, lead investigator at the University of Cambridge

"Overnight I can find it hard to predict what will happen with my blood glucose levels. This system got rid of all of the guess work."

Lisa Gaff, participant in artificial pancreas trial

2014 HIGHLIGHTS

- Thanks to our National Charity Partnership with Tesco and co-funding from JDRF, we committed over £4.4 million to four new studies that will help create a life-changing vaccine for Type 1 diabetes and bring us one step closer to a future without the condition.
- We announced our support for a new artificial pancreas trial that will use the device to improve management of Type 2 diabetes for people staying in hospital.

- We invested over £1.3 million to create four new fellowships and three new PhD studentships to support the careers of some of the UK's best early-career researchers.

FUTURE PLANS

Our new five-year strategy will put research at the heart of Diabetes UK, increase nationwide investment in diabetes research and help to develop the research stars of the future. In 2015, we will:

- Launch our new Harry Keen Fellowship, established in recognition of Professor Keen, our former Chair and a clinical pioneer who helped shape the understanding of diabetes and its treatment. The fellowship will help diabetes healthcare professionals develop as independent researchers and support a new generation of experts.
- Bring together key groups of UK diabetes researchers and help them identify priorities for clinical research to drive forward improvements in diabetes care.
- Increase our support for new research project grants, enabling more diabetes scientists and healthcare professionals to advance their research ideas.



WE FUND OVER
120
DIABETES
RESEARCH
PROJECTS

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IN DIABETES
RESEARCH
IN 2014

Dr Roman Hovorka, University of Cambridge, chats to trial participant Lisa Gaff about his artificial pancreas study

PROVIDING INFORMATION, SUPPORT AND INSPIRATION

We give people with diabetes life-changing support and information in the way that best suits them, whether that is over the phone, online or face-to-face. We make sure everyone with diabetes has the chance to live a fulfilling, healthy and happy life, confident in managing their condition.

As experts in diabetes, we give practical advice and support on issues from rights and financial support, to everyday challenges like healthy eating. We tell people what healthcare they should be getting, so they are able to challenge the NHS if they don't receive it. And, crucially, we lend a sympathetic ear for people to talk and share their worries with someone who really understands.

Bringing people together

Our Care Events are a unique opportunity for children, young people and families affected by diabetes to meet others like them, share their experiences and make lifelong friends. At the events, we help people learn more about managing the condition and empower them to become more confident and to live full and active lives with diabetes.

More than 550 people attended our Care Events in 2014. Rob was one of the first to sign up to our pilot event in Sheffield for people with Type 1 diabetes aged 18–30 and came away with new friends, new information and a new attitude towards his condition.

"The chance to meet other young people with Type 1 diabetes helps massively to feel like you're not alone. The event was informative but relaxed, which made it so much easier to talk to healthcare professionals about my diabetes. I'm now carb-counting, which is something I wouldn't have thought about without this event."

Rob Southworth

2014 HIGHLIGHTS

- We rolled out our Living with Diabetes Days nationally – free, one-day events packed with information and advice about living with Type 2 diabetes. There were 1,253 people at our first 16 events, and a massive 97 per cent of them said they felt confident in managing their condition as a result.
- We worked with 26 young adults with Type 1 diabetes from all across the UK to create #Type1Uncut, a YouTube channel of videos about subjects that matter to them.
- We launched Enjoy Food, a programme of events, information and resources to help families with diabetes to shop, cook and eat.
- Our Talk to Someone: Peer Support service connected 1,848 people to others with diabetes by phone, email and live video chats.

FUTURE PLANS

Our new five-year strategy aims to reach more people, operate at a bigger scale and deliver significant impact, tailoring our services to meet the needs of key groups. In 2015, we will:

- Organise brand new events for young adults aged 18–30, and even more events for children and families affected by diabetes.
- Hold more online video chats, including sessions for parents, by parents.
- Expand the Diabetes Support Forum, our online message board for people with diabetes.
- Bring our Living with Diabetes Day events to even more towns and cities across the UK.



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E-LEARNING

Rob Southworth, Care Event attendee, puts what he learned about carb-counting into practice

CAMPAIGNING TO MAKE A DIFFERENCE

Everyone with diabetes should have access to the best-quality care and support but, sadly, at the moment this does not always happen. So we campaign to make this a reality by bringing together people affected by diabetes, opinion leaders and healthcare professionals across the UK to bring about policy change and, ultimately, create real improvements in diabetes care.

Changing the law, changing lives

Diabetes can be tough for anyone, especially children. While some are well-supported at school, this is not always the case and some are even excluded from everyday activities, leaving them isolated and missing out on their education.

In 2014, we fought for children with diabetes to have the legal right to be supported at school. And we won. As a result of our landmark campaign and our determined supporters, the Government passed a new law to make sure that all schools in England provide proper care for children with diabetes. Our *Type 1 diabetes: Make the grade* campaign is helping thousands of children get the support they're entitled to at school, thanks to our lobbying and the practical information and support we've produced for parents and school staff.

Our campaign has already had a life-changing impact on children

like eight-year-old Lewis, who has Type 1 diabetes. Lewis was devastated after missing out on school trips and falling behind in class. He even had to change schools, all because staff didn't have the knowledge or confidence to help him manage his condition properly.

After a hard-fought battle, Lewis is now back in school and getting the education and support he deserves. Thanks to our campaign, children with diabetes are now much less likely to go through what Lewis did.

"All children deserve a caring and nurturing school. I can't express how much the support of great teachers, schools and healthcare professionals mean to children and their families. This is why the Type 1 diabetes: Make the grade campaign is so important." **Zoe, Lewis's mum**

2014 HIGHLIGHTS

- We sent out 20,000 information packs to schools and parents to help children get the right care in school. We also launched our Care in School Helpline in October as a source of support and advocacy. We even trained school staff through our Diabetes in Schools training days.
- Our *Putting Feet First* campaign continued to work with hospital trusts to ensure more had multidisciplinary teams to

reduce amputations and improve foot care. More than 100,000 copies of our *How to spot a foot attack* booklet were distributed, helping people to spot the signs of urgent foot problems and take action.

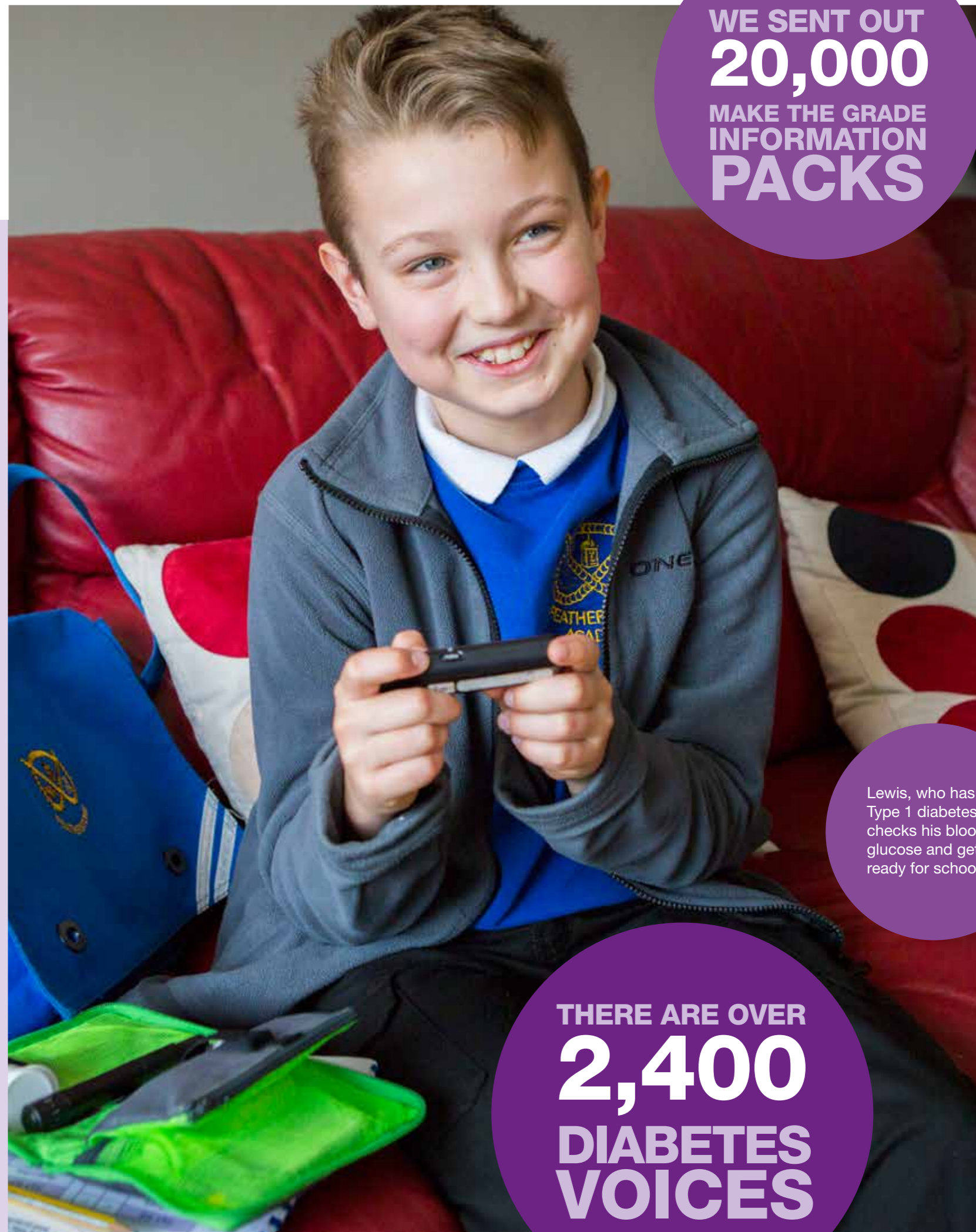
- We campaigned for better uptake of the NHS Health Check, highlighting areas that were doing it well and areas where improvement was needed.

FUTURE PLANS

Over the course of our new five-year strategy, we will continue to influence and drive change to improve care and support for people living with diabetes. In 2015, we will:

- Work with Public Health England and NHS England to develop the National Diabetes Prevention Programme, at scale, and help make sure people at high risk of Type 2 are swiftly referred to evidence-based effective interventions.
- Campaign to improve the quality of annual foot checks.
- Launch a new campaign to increase access to education courses and support, so that people with diabetes can learn about successfully managing their condition.

WE SENT OUT
20,000
MAKE THE GRADE
INFORMATION
PACKS



Lewis, who has Type 1 diabetes, checks his blood glucose and gets ready for school

THERE ARE OVER
2,400
DIABETES
VOICES

LEADING THE WAY IN TYPE 2 DIABETES PREVENTION

A staggering 4.75 million people in the UK are at high risk of developing Type 2 diabetes. It's a condition that can be devastating, but up to 80 per cent of cases could be delayed or prevented by maintaining a healthy weight through a balanced diet and regular physical activity.

We are committed to taking our messages about Type 2 diabetes risk and prevention across the UK, taking our roadshow buses to 97 towns and cities over 148 days last year. We reached thousands of people in these communities, helping them to understand their personal risk of Type 2 diabetes and the steps they need to take to reduce it.

Targeting diabetes locally

Dr Daz Harding has made it her mission to prevent and raise awareness of Type 2 diabetes in Wiltshire. In 2014 she commissioned a series of Diabetes UK roadshows to come to the region for the second year running, reaching nearly 800 people in 10 towns over 10 days.

Almost half (49 per cent) of these people were at high enough risk of developing Type 2 diabetes in the next 10 years to be referred to their GP. Dr Harding is already working on the third series of roadshows.

"Preventing and raising awareness of Type 2 diabetes is a big priority for me and the team in Wiltshire, and one of the ways we are tackling the problem is enlisting the help of the Diabetes UK roadshow. It's been hugely successful so far and I look forward to another series in 2015." **Dr Daz Harding**

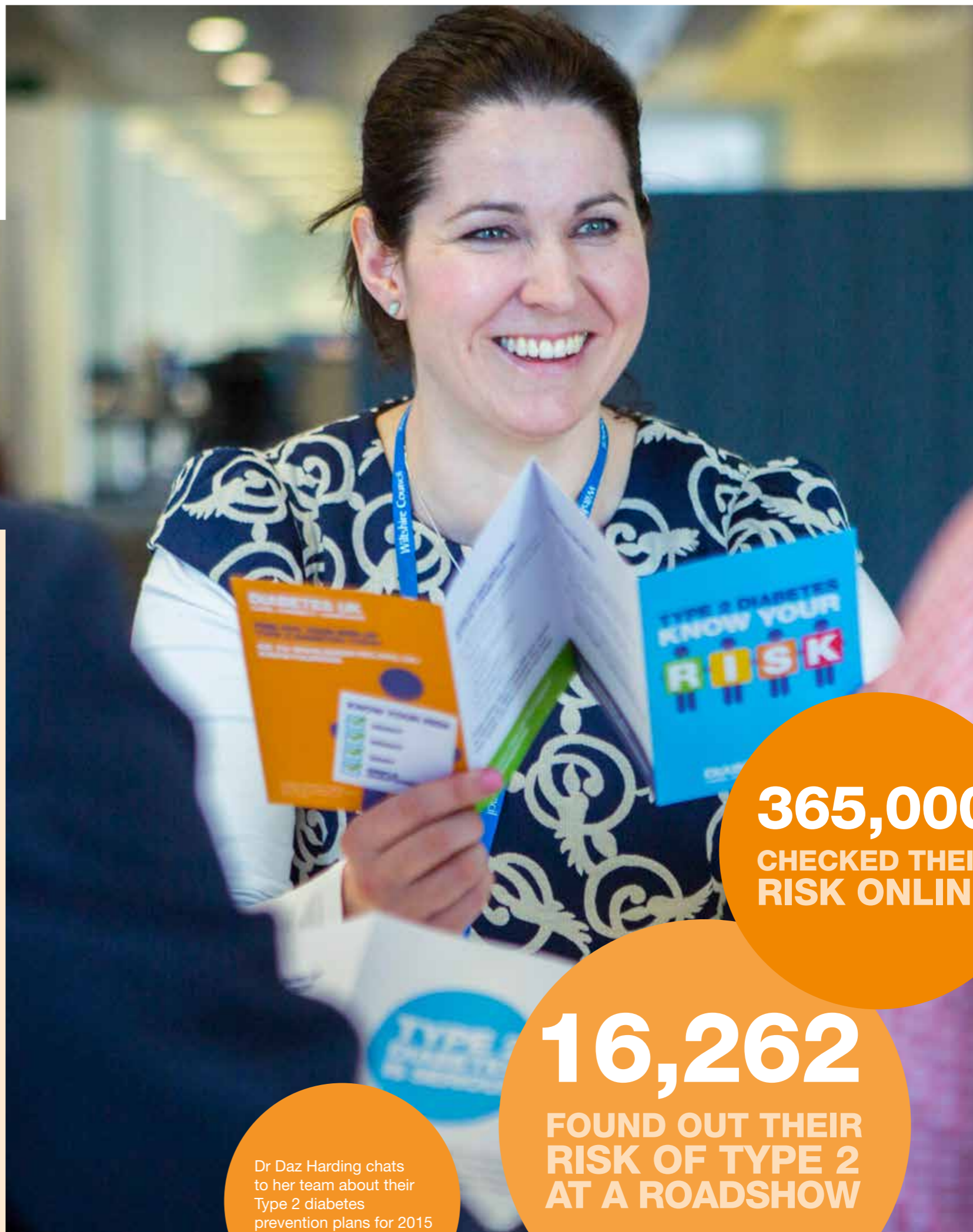
2014 HIGHLIGHTS

- We helped more than **16,000 people** find out their risk of developing Type 2 diabetes at our roadshows. More than half (52 per cent) of those were identified at high or moderate risk and referred to their GP for more advice – that's more than ever before.
- We saw three times as many people using our online risk score – **365,000 people** checked their risk in 2014.
- We were involved in the making of 'The Diabetes Epidemic: Tonight', an ITV1 programme highlighting the UK diabetes crisis, which aired in June. Almost **3 million people** watched it and as a result, **8,000 more people** checked their risk online in two days than we would usually expect.

FUTURE PLANS

Reducing the rise of Type 2 diabetes is vital for people, the NHS and the economy. Our new five-year strategy will aim to influence the system to embed prevention into practice. In 2015:

- Our unique new charity partnership with Tesco and the British Heart Foundation – the first of its kind – will make a major contribution to preventing Type 2 diabetes and cardiovascular disease.
- We will take our roadshow buses to more towns and cities across the UK, including to the heart of hard-to-reach communities, thanks to new funding from Tesco and Royal Mail.
- We will work with Public Health England and NHS England to lead the development of a National Diabetes Prevention Programme in England.



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RISK OF TYPE 2
AT A ROADSHOW

Dr Daz Harding chats to her team about their Type 2 diabetes prevention plans for 2015

ENGAGING WITH ALL COMMUNITIES

Type 2 diabetes affects people from all backgrounds, but people from Black African and African Caribbean background are three times more likely to develop the condition, and it is six times more likely to affect people of South Asian heritage. The risk of being diagnosed at a younger age is also much higher among these communities.

We are committed to reaching people in Black, Asian and minority ethnic communities, providing support that's appropriate and relevant to their needs, and information that's specific to their culture.

Helping Muslims observe Ramadan

Fasting during the month of Ramadan is a central pillar of Islam. But for Muslims with diabetes, observing the fast can be potentially dangerous, and the decision over whether or not to take part can be an agonising one.

After a successful pilot in 2013, we extended our Managing Diabetes During Ramadan project, reaching more people with advice and information in five languages about fasting safely and maintaining good diabetes control during Ramadan. We reached millions of people with our information on healthy living through the media, online and printed resources and face-to-face support.

We couldn't have done this without the support of religious leaders like Imam Yunus Dudhwala, Head of Chaplaincy and Bereavement Services at Barts Health NHS Trust. Imam Yunus promoted our information among Muslim communities leading up to and during Ramadan, making sure people who needed us could access the right information and advice when they needed it.

"Fasting during Ramadan is an extremely important part of the Muslim faith. And the Diabetes UK Ramadan information and guidance is hugely important in helping people with diabetes to honour their faith and observe the month of Ramadan safely."
Imam Yunus Dudhwala

2014 HIGHLIGHTS

- To mark International Women's Day, we worked with the British Heart Foundation and the Commonwealth Countries League to hold a patient empowerment event for women, focusing on the experiences of African Caribbean women with diabetes and heart disease.
- We raised awareness at a series of events at BAPS Shri Swaminarayan Mandir, who chose us as their Charity of the Year.
- We held a joint 'Power to the people' seminar at the Diabetes UK Professional Conference with Lambeth/

Southwark Diabetes Modernisation Initiative, the Health Innovation Network and Lewisham Community Champions to showcase the impact of volunteer programmes in South East London.

FUTURE PLANS

People from Black, Asian and minority ethnic backgrounds are a key group that we'll be targeting as part of our new five-year strategy. In 2015, we will:

- Train more Community Champions – volunteers who educate and raise awareness of diabetes and Diabetes UK to people of Black, Asian or minority ethnic backgrounds.
- Continue to work closely with ethnic media channels to promote our culturally specific materials.
- Roll out our Managing Diabetes During Ramadan project nationally, so we can help more people with diabetes observe Ramadan safely.



WE HAVE
357
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20,115
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INFORMATION
ABOUT RAMADAN

Imam Yunus Dudhwala chats to a patient

WORKING TOGETHER TO IMPROVE CARE

We work closely with healthcare professionals, from those on the front line of primary care to those commissioning and delivering specialist services. We offer the latest insights, news and information on best practice and research so that together, we can improve the lives of people with diabetes and ensure they get the very best care and support to better manage their condition.

Catalysts for change

Evidence shows that strong clinical leadership and effective networks can result in better care for people with diabetes, so in 2014 we recruited 10 specialist healthcare professionals to be Diabetes UK Clinical Champions thanks to funding from Novo Nordisk.

With our support and training, they are promoting the needs of people with diabetes to the NHS and developing local leadership to drive improvements in local care. We are working with our Clinical Champions to tackle the huge variations in services and make sure everyone with diabetes gets the best care possible.

One of our Champions is Professor Satyan M Rajbhandari, a Consultant Diabetologist at Lancashire Teaching Hospital. With our help and training, he brought together influencers from across the NHS, discussed ideas for service improvements with MPs, and launched several projects that will boost diabetes care across the North West.

“Through the Clinical Champions project, I have come to realise that barriers between organisations can be broken with good communication. And with good communication we can demand better clinical care for people with diabetes.” **Professor Satyan M Rajbhandari**

2014 HIGHLIGHTS

- We delivered education to more than 17,000 healthcare professionals. This included more than 5,500 who took our e-learning course, **Diabetes in Healthcare**.
- More than 100 GPs and practice nurses took our pilot **Advanced Diabetes for Primary Care** course, and 93% said they felt more confident treating patients with Type 2 diabetes.
- We developed a new way of providing tailored information for people with diabetes through primary care IT systems – in its pilot phase 50,000 people received one of our new **Information Prescriptions**.

FUTURE PLANS

To deliver our new five-year strategy, we need to work closely with healthcare professionals to improve care for people with diabetes. In 2015, we will:

- Formally launch our **Information Prescriptions**, delivered by healthcare professionals, as personalised information for people with diabetes to help them understand and improve their health targets.
- Expand our **Advanced Diabetes for Primary Care** training to enable even more healthcare professionals to feel confident when treating people with Type 2 diabetes.
- Develop our new consultancy service to help local NHS organisations improve services, reduce costs and deliver better outcomes for people with diabetes.



MORE THAN 50,000 PEOPLE RECEIVED AN INFORMATION PRESCRIPTION

WE EDUCATED MORE THAN 17,000 HEALTHCARE PROFESSIONALS

Professor Satyan M Rajbhandari discusses ideas with a colleague

VOLUNTEERING AT THE HEART OF DIABETES UK

Our army of dedicated volunteers are at the very heart of Diabetes UK. Without them, our messages, support and information wouldn't reach the people who need it most.

In 2014, more than 7,000 people gave their time to support us and people affected by diabetes in their communities. From managing our 267 local groups and promoting our campaigns to running fundraising and networking events, the passion and commitment of our volunteers strengthens our work and enables us to reach and support more people with diabetes.

Helping others to help themselves

We are only able to continue with our work thanks to devoted volunteers like Prakash. Prakash was diagnosed with Type 2 diabetes 17 years ago, and in that time he's turned to Diabetes UK for help and support. When he retired early in 2014, Prakash decided he wanted to give something back.

He has since travelled all corners of London and the east of England, enthusiastically giving his time and expertise. He's helped people discover their risk of Type 2 diabetes at our roadshows; supported people to manage their Type 2 diabetes more confidently at our Living with Diabetes Days; and shared his advice on making healthier food choices as part of our Enjoy Food project.

"When I was first diagnosed, it was hard to understand what I should be doing to manage my diabetes. I thought volunteering was the ideal opportunity for me to be able to help others who have been in a similar situation to me. Diabetes UK makes you realise you are not on your own."

**Prakash Chavda,
Diabetes UK volunteer**

2014 HIGHLIGHTS

- An incredible 2,251 people generously gave up their time for us for the first time.
- In June, 3,000 people helped with our second Big Collection at Tesco stores across the UK. Together, they raised more than £230,000 in a single weekend.
- We celebrated the passion, dedication and achievements of 313 amazing volunteers at our Inspire Awards, which recognise the people who go above and beyond for Diabetes UK.
- We set up 43 new local groups, helping us to reach even more people with diabetes.

FUTURE PLANS

Our volunteers are a vitally important part of Diabetes UK, and are a key part of our new five-year strategy. In 2015, we will:

- Launch more local groups across the UK, with particular emphasis on improving the support available locally to adults with Type 1 diabetes and to parents of children with the condition.
- Establish new groups for young adults and people from Black, Asian and minority ethnic communities.
- Work more closely with volunteers, giving them more knowledge and training, and empowering them to maximise their impact.

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Prakash Chavda,
Diabetes UK volunteer,
prepares for his next
volunteer day

RECOGNISING OUR INCREDIBLE SUPPORTERS

Our supporters are amazing. From corporate partners and trusts, members and regular donors, to those who take on remarkable personal challenges and organise fun-filled events. We rely on their generosity and enthusiasm because without their dedication and hard work, we quite simply wouldn't be able to function.

The financial help we get from our thousands of supporters and fundraisers means we can support more people with diabetes, campaign harder for the care and services people with diabetes need, and fund even more ground-breaking research.

Swimming for victory

Seven-year-old Amelie has lived with the daily challenges of Type 1 diabetes for five years. After taking up to four injections of insulin a day for years, Amelie was fitted with an insulin pump, giving her new freedom and making it easier to manage her condition. Last year, she became one of our fundraising heroes and took part in Swim22 – swimming the 22-mile length of the English Channel over three months in her local pool. With the support of her family, Amelie raised more than £2,000!

"I used to have lots of injections but now I am on an insulin pump, it's much better. I did Swim22 to raise money to cure diabetes one day, and help boys and girls like me."

Amelie, aged seven

2014 HIGHLIGHTS

- **Our 21-month National Charity Partnership with Tesco raised a phenomenal £18 million. This money will help us to continue our life-changing work, including funding pioneering research into a vaccine for Type 1 diabetes, supporting people who are newly diagnosed with Type 2 diabetes, and helping children with Type 1 to be healthier and happier at school.**

- **Our Weekly Lottery programme generated an amazing £1.6 million, which is funding vital work to support people with diabetes.**

- **Nearly a third of our income came from supporters who left a gift in their will. We are so grateful for every gift we receive, all of which goes towards helping people affected by diabetes.**

FUTURE PLANS

Our new five-year strategy is ambitious, and we will only achieve it by working harder and raising even more money. In 2015, we will:

- **Launch a new membership package, giving people with diabetes and parents of children who have Type 1 diabetes tailored information on a monthly basis, direct to their phone.**

- **Expand our Swim22 event to inspire even more people to take part, raising more money and helping us to reach more people with diabetes.**

- **Set up new fundraising groups throughout the UK, providing new and exciting ways for people to raise money in their local communities.**



Amelie, 7-year-old Swim22 fundraiser, loves to swim

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IN 2014**

WORKING ACROSS THE UK

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

NORTHERN IRELAND

- Thanks to Diabetes UK Northern Ireland's on-going involvement in the Integrated Care Partnerships (ICPs), our 4 Ts campaign was successfully re-launched across all five Trust areas in Northern Ireland. Working with ICPs and the education authorities, 4 Ts posters and leaflets were distributed to every primary school, library, GP surgery and emergency department in Northern Ireland, increasing awareness of the campaign and the profile of Diabetes UK.
- We co-wrote 'What Diabetes Care to Expect in Schools' with the Department for Education in Northern Ireland. Copies were distributed during a World Diabetes Day event in Parliament Buildings at Stormont and sent to every school and hospital diabetes clinic. The five Education and Library Boards recorded their thanks to Diabetes UK Northern Ireland and the Paediatric Diabetes Specialist Nurse Group for their

significant help in producing the new school and parent resource.

- In 2014 Diabetes UK Northern Ireland initiated a multidisciplinary regional diabetic foot strategy working group. Input from the Public Health Agency and the Health and Social Care Board led to a programme of work to develop draft guidelines and pathways, a regional workshop to gain consensus and a finished document to be delivered in June 2015. The Assistant Director of Commissioning is supporting this work by inserting a quality standard on diabetic foot services into the 2015/16 Service Budget Agreement.

WALES

- We partnered with Dr James Pearson and Professor Susan Wong, diabetes researchers at Cardiff University, to host our first ever Diabetes Live event and so give our supporters the opportunity to learn about how they can support and get involved in research. The event was very successful and was attended by Wales' Health Minister Mark Drakeford.
- Individuals and local groups spent over 4,900 hours volunteering to increase our outreach across Wales. They raised awareness of diabetes, its symptoms and the risk factors of Type 2 diabetes. From speaking to local media to taking part in

roadshows, health awareness events and group meetings, they have helped us to reach out to local communities across the country.

- We ran two successful family events, attended by around 30 families, where children and parents got the chance to learn more about their diabetes and meet other families who are also living with the condition. As a result, we increased the number of family groups across Wales and gave more families the chance to feed in to the work that we are doing to improve diabetes services for children and young people.
- We successfully campaigned for the creation of a new role - clinical lead for diabetes services for Wales. We will work closely with Dr Julia Platts to ensure that care and services are improved for people living with diabetes in Wales, and support her in leading the diabetes community in Wales in the implementation of the Together for Health Diabetes Delivery Plan.

SCOTLAND

- Diabetes Scotland lobbied relentlessly to ensure that the Scottish Government's Diabetes Improvement Plan, which followed the three-year Diabetes Action Plan 2010, would be published. We surveyed more than 1,000 healthcare professionals and people living with diabetes

to ensure that the Scottish Government's vision of person-centred care would reflect the real needs of the diabetes community. Following the publication of the Plan in November 2014, we redoubled our efforts to ensure the Scottish Government delivers on its commitment to improve care and support for people with diabetes across Scotland.

- We piloted Diabetes at your Finger Tips (DEFT), a new way of getting diabetes information to older people from Black, Asian and minority ethnic communities in Glasgow. The programme was delivered through eight community groups in Glasgow and empowered 122 people over the age of 60 from South Asian, African, Caribbean and Chinese backgrounds to more confidently manage their Type 2 diabetes. Supporting and educating people through e-learning and other interactive tools, participants benefitted not only from learning about diabetes but also new technology.
- Diabetes Scotland partnered with Edinburgh International Science Festival to deliver a series of healthy living workshops to school children. *Live For It!* is an interactive, fun way to engage with children through a series of workshops designed to increase understanding about Type 1 diabetes, reduce stigma in schools, and increase understanding about the link

between a healthy lifestyle and prevention of Type 2 diabetes. In 2014, the *Live For It!* programme reached 1,191 pupils from 18 schools in Glasgow and Edinburgh.

ENGLAND

- Regional teams across England continue to promote the 15 Healthcare Essentials campaign at every opportunity, ensuring that people with diabetes are aware of the checks and services they should be getting. We have formed strong relationships with eye screening services across the country to distribute our 15 Healthcare Essentials checklists in all appointment letters, reaching hundreds of thousands of people.
- We piloted our new peer support programme, Type 2 Together, in the West Midlands and the East of England, bringing people living with Type 2 diabetes together in towns across those regions to share information and support, and learn to better manage their condition.
- In the London region, we ran a joint workshop with the Strategic Clinical Network for Mental Health, to start the process of looking at psychological support for those with diabetes and building a best practice tool kit.
- As part of our *Putting Feet First* campaigning in the South East, we developed and ran two educational foot care events in Fareham and Milton Keynes. These were aimed at people with diabetes, without foot care problems, with the aim of helping them to avoid developing problems with their feet. The events included various talks and workshops, including a session by an expert patient, and were attended by a total of 150 people.



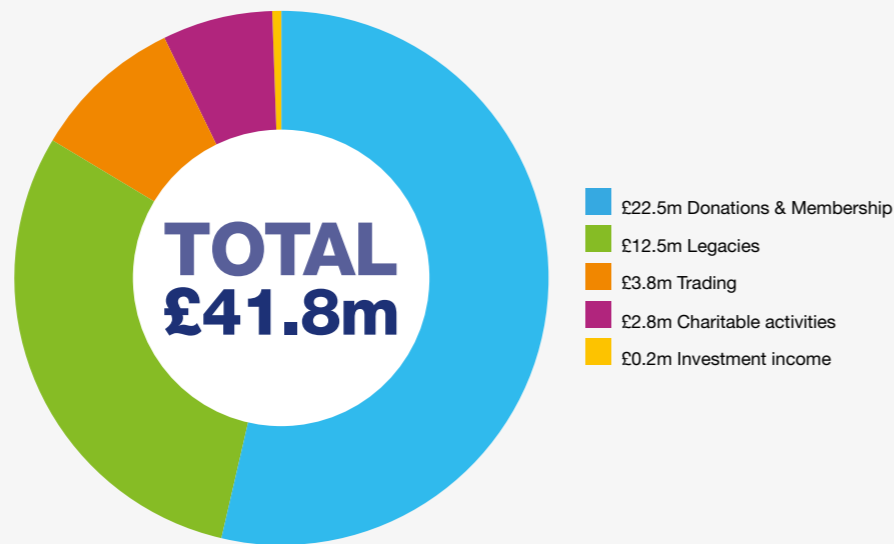
INCOME AND EXPENDITURE

At £41.8 million, our income was £3 million higher than 2013 due to an increase across fundraising, legacy and trading activities resulting from the investments made in recent years.

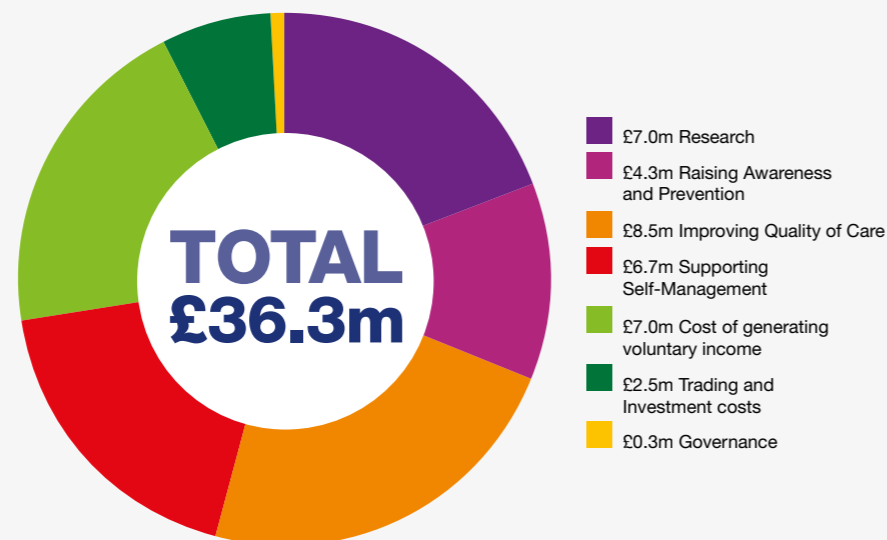
We were delighted to spend £2.8 million more in 2014 than 2013. The surplus arising from the partnership with Tesco of £4.1 million will be utilised over the next four years in line with a specified programme of activity to which these funds are dedicated. The planned increase in overall spending resulted in increases in the level of our work; research funding by 9 per cent, supporting self-management by 17 per cent and improving quality of care by 16 per cent. In 2013 a special Type 2 diabetes risk awareness campaign was funded by Tesco and this was not repeated in 2014 resulting in a reduction in raising awareness expenditure of £1.5 million.

The strong financial results for 2014 leave the charity in a healthy position with free reserves of £15.8 million. We plan to increase our expenditure again, by 18% in 2015, to help address the growing challenge of diabetes. Over the next five years further growth in expenditure will bring our reserves in line with our target of £7.5 million, starting with £1.2 million planned to be drawn from reserves in 2015.

INCOME 2014



EXPENDITURE 2014



THANK YOU

We would like to say a huge thank you to everyone who supported Diabetes UK in 2014. It is only through the generosity of our supporters that we are able to continue making a difference to those affected by diabetes. Our work is supported by thousands of people and organisations so it is not possible to mention them all. However, we would like to give particular thanks to the following corporate, trust and individual supporters who have given a significant contribution, donation or gift in kind and made a considerable impact on the lives of people with diabetes.

Abbott
Boots
Bunzl
Bupa
Eli Lilly
Janssen
Lifescan
Novo Nordisk
Royal Mail
Sanofi
Takeda
Tesco
Truvia
Weight Watchers

BAPS Charities
The Blgrave Trust
Edwin George Robinson Charitable Trust
The Elizabeth & Prince Zaiger Trust
The Foster Wood Foundation
The Gerald Micklem Charitable Trust
The G.J.W Turner Trust
The Jordan Charitable Foundation

The Lidbury Family Trust
Miss M.J.M. Smith Trust
The Moffat Charitable Trust
Pilkington Charities Fund
The Souter Charitable Trust
The Swire Charitable Trust

Mr C G Johnson
Mr David Craggs
David and Christine Thorp
Ian and Linda Coull
Kip Bertram
Mrs P M Hibbert
Mr Ravi Anand
Lady Ashcroft

Diabetes UK Groups

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

Aylesbury Vale Diabetes UK Group
Bromley Diabetes UK Group
Caithness Diabetes UK Group
Chelmsford & District Diabetes UK Group
Chesterfield and North Derbyshire Diabetes UK Group
Crewe & South Cheshire Diabetes UK Group
Edinburgh Diabetes UK Group
Fermanagh Diabetes UK Group
Guernsey Diabetes UK Group
Ilford & District Diabetes UK Group
Limavady Diabetes UK Group
Market Harborough Diabetes UK Group
Newry & Mourne Diabetes UK Group
Newtownabbey Diabetes UK Group
North Norfolk Diabetes UK Group
Northampton Diabetes UK Group
Sheffield Diabetes UK Group
Shrewsbury Diabetes UK Group
Solihull Diabetes UK Group

South Devon Diabetes UK Group
Tenby & District Diabetes UK Group
The Manx Diabetic Group

Our Members

Our members are at the heart of everything we do and without their support and generosity we would not be able to fund essential care, services and research to help improve the lives of people with diabetes. We would like to thank everyone who joined us as a member or renewed their membership in 2014.

Legacies

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

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

GET INVOLVED

VOLUNTEER

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

CAMPAIGN

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

JOIN US

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

FUNDRAISE

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

LEAVE A GIFT

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

CORPORATE PARTNERS

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

GET SUPPORT

Call our Careline

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

Go online

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

Join a local group

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

Get support from peers

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

OUR FINANCES 2014

The charity's consolidated financial statements for the year are on pages 40 to 63. A summary of financial results for the year is set out below. The Board has agreed to increase our expenditure to help address the growing challenge of diabetes. This will bring reserves into line with our reserves policy of £7.5m over the next four years.

Incoming resources

The charity generated income of £41.8m during the year (2013: £38.8m), an increase of £3m (8%). The second year of our Tesco Charity Partnership accounts for £9.2m (2013: £8.8m) of income generated. There has also been an increase in legacy income of £1.0m to £12.5m (2013: £11.5m) and an increase across other fundraising activities of £1.5m resulting from investment in fundraising in recent years. Trading income rose to £3.8m (2013: £3.2m). Income from charitable activities and income from investments was stable at £2.8m (2013: £2.8m) and £0.2m (2013: £0.2m) respectively.

Resources expended

Total expenditure in 2014 was £36.3m, up 8% on the previous year (2013: £33.5m), this includes Charity Partnership expenditure of £3.9m (2013: £2.8m). Expenditure on charitable activities has increased by £1.9m to £26.6m (2013: £24.7m). The split of this increase is:

- 'Supporting self management' increased by 17% to £6.7m, representing expenditure from both core funding and Charity Partnership.
- 'Improving quality of care' increased by 16% to £8.5m.
- 'Raising awareness' has decreased as planned by 17% to £4.3m. Our Charity Partnership expenditure was high in 2013 due to a large awareness campaign, this expenditure fell from £2.0m in 2013 to £0.5m in 2014.
- Funding of research increased by 9% to £7.0m, as a result of the first year of Charity Partnership funded grants of £0.9m invested in Type 1 research.

The costs of generating voluntary income has increased by 11% to £7m (2013: £6.3m). To ensure

that the level of voluntary income continues to grow, additional investment in fundraising activities was undertaken from which we expect to show a return in future years.

The overall surplus was £4.8m (2013: £5.9m). This includes a £4.1m (2013: £6.1m) surplus arising from our Charity Partnership which will fund a specified programme of activity over the next 4 years.

Excluding the impact of our Charity Partnership there is a surplus of £0.7m (2013: deficit of £0.1m). The 2014 surplus was as a result of higher than anticipated legacy income. Our ongoing policy is to reduce reserves through growing our charitable activities as well as investment in our ability to generate voluntary income in the future.

Reserves policy

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

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

Under this policy reserves are calculated at £15.8m (2013: £14.4m). This is based on the liquidity (Investments and Cash) less funds not available for reserves (cash float and restricted funds).

This leaves the Charity able to invest in strategic development in the coming years and the Board has agreed to continue to increase our expenditure to help address the growing challenge of diabetes. This will bring reserves in line with our reserves policy of £7.5m over the next four years. The budget for 2015 was set on the basis that £1.2m will be drawn from reserves.

CALL 0345 123 2399*

**EMAIL
INFO@DIABETES.ORG.UK**

**GO TO
WWW.DIABETES.ORG.UK**

*Calls may be recorded for training purposes.

Planned Reserves

Planned Reserves	2015	2016	2017	2018	2019
£m	14.6	12.4	11.0	9.1	7.5

Grant-making policy

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

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

Investment policy

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

Going concern

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

Audit

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

OBJECTIVES AND PERFORMANCE

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

A review of the main activities, achievements and benefits of 2014, together with future plans, can be found on pages 6–23.

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

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

Our strategy 2015–19

In July 2014 the Board agreed the charity's strategy for 2015–2019.

Diabetes UK has demonstrated some real successes in providing support for people with diabetes and improving the quality of healthcare and we now have brought to the core of our strategy for the next five years a commitment to increase our reach and our impact dramatically in the face of the scale of the growth in diabetes.

We want people with diabetes to have better quality of life, better health and fewer complications, and to prevent people getting Type 2 diabetes. By 2019, we will:

- Work towards solutions to diabetes care, prevention and cure through our own research commitment and help increase the overall investment in UK diabetes research.
- Support and serve more people with diabetes and their families in a targeted way, especially people from minority and deprived communities, with a particular emphasis on providing education and emotional support for people to manage their condition effectively. We will develop partnerships to help support more older people, people with mental health issues and young people with Type 1.
- Have more local health systems adopting good practice models of integrated care, delivering education for self-management and making hospitals safer places for people with diabetes. We will help people get better primary care.
- We will make a real contribution to reducing the rise of Type 2 diabetes, through improving the NHS healthcheck and meantime by offering risk assessments in a range of settings.

PRINCIPAL RISKS AND UNCERTAINTY

RISK MANAGEMENT AND INTERNAL CONTROLS

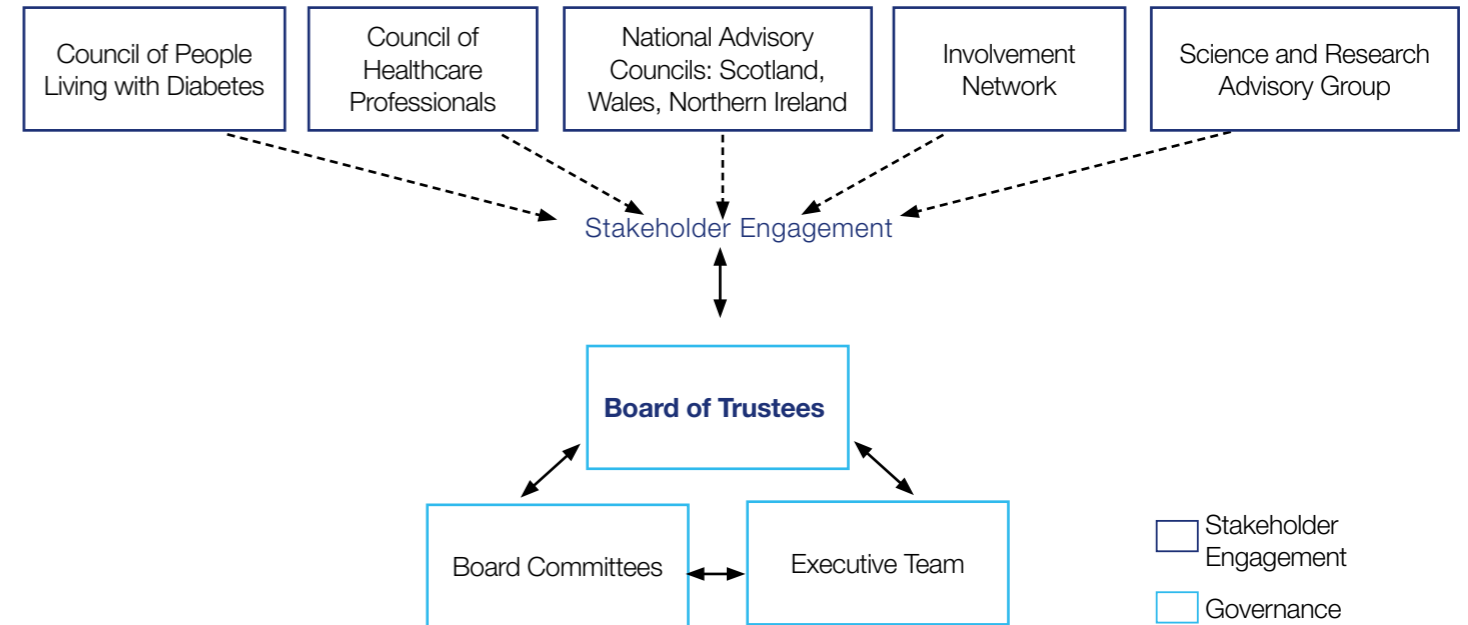
The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, including financial controls. The systems of internal control are designed to provide reasonable assurance against material financial misstatement or loss to the charity.

Diabetes UK operates robust risk management processes and risks are identified and managed at a directorate, project and corporate level. Risk registers are used to detail the risks identified, their potential impact and likelihood of occurrence and the controls, systems and procedures in place and planned to mitigate the risks.

Major risks to which Diabetes UK is exposed are reviewed on a twice-yearly basis by the Audit and Risk Committee, and annually by the Board. Risks we have focused on during 2014 concern our income targets not being met and staff capacity to deliver our ambitious programme of work. To address these risks we have continued to invest in fundraising and other key areas of the charity to build capacity, capability and income. However, we have a contingency plan for adjusting planned expenditure should income drop significantly below budget.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT



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 Articles of Association and Standing Orders. Diabetes UK operates from offices in all four nations of the United Kingdom and its registered office in London. Diabetes UK is registered with the Charity Commission in England and Wales and with the Office of the Scottish Charity Regulator in Scotland.

Our governance structure is designed to ensure that we:

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

The Board of Trustees

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

Three trustees retired during the year. Two trustees were appointed during 2014.

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

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

Committees of the Board

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

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

Membership of committees (with the exception of the Research Committee) is generally restricted to trustees. However, reflecting its role in relation to governance of the charity, including the recruitment of trustees, the Governance and Nominations Committee has three trustee members and three non-trustee members. Whilst the approval of strategy and policy is a matter for the Board, it is the Chief Executive and the Executive Team who are charged with the implementation of strategy and policy. To this end, Executive Team members attend meetings of the Board and relevant committees, and regular, less formal, discussion between both groups is encouraged.

Advisory Bodies

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

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

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

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

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

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

Employment Policies

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

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

Subsidiary companies

Diabetes UK has two trading subsidiary companies:

Diabetes UK Services Limited trades in Christmas goods and insurance services, sells advertising, receives sponsorship income and organises lotteries to raise funds for Diabetes UK. The performance of the company continues to be satisfactory, and a profit of £1.3m (2013: profit £1.3m) was generated in 2014 and was donated to Diabetes UK under gift aid. Its results are shown in note 24 on page 58 of the financial statements.

BDA Research Limited exploits the potential value of any intellectual property arising as a result of research funded by Diabetes UK. At 31 December 2014 the company had no research funding commitments but retains an interest in the intellectual property of certain research projects that may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

In so far as each of the trustees is aware:

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

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

On behalf of the Board of Trustees:

Sir Peter Dixon
Chair

21 May 2014

LEGAL AND ADMINISTRATIVE INFORMATION

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

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

Member of the International Diabetes Federation

Central office and Registered office

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Diabetes UK Northern Ireland

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Diabetes UK Scotland

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Victoria Street
Taunton
Somerset TA1 3FA

01823 448260
south.west@diabetes.org.uk

Patron

Her Majesty the Queen

President

Mr Richard Lane OBE

Vice Presidents

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

Board of Trustees

Sir Peter Dixon (Chair) ^{3,4}
Mr Julian Baust (Vice-Chair) ^{1,3,4}
Ms Helene Brenchley-King
Ms Sue Browell
Mr Gavin Cookman (retired November 2014) ²
Ms Gill Fine (retired April 2014) ²
Mr Noah Franklin (Treasurer) ^{1,2,3}
Ms Halima Khan
Mr James McCall (appointed June 2014) ¹
Ms Helen McCallum (appointed April 2014) ²
Professor David McCance (retired June 2014)
Mr Gerald Tosh ^{1,2}
Professor Rhys Williams
Dr Bob Young

¹ Finance Committee member

² Audit & Risk Committee member

³ Remuneration Committee member

⁴ Governance and Nominations Committee member

Executive Team

Chief Executive

Barbara Young

Director of Communications

Louise Ansari

Director of Fundraising

Paul Amadi

Director of Health Intelligence & Professional Liaison

Simon O'Neill

Director of Human Resources

Deirdre Saliba

Director of Operations

Colette Marshall

Director of Corporate Services

Mark Woodbridge

Director of Policy, Care and Improvement

Bridget Turner

Director of Research

Alasdair Rankin

Advisors

Auditors

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

Investment managers

C Hoare & Co
37 Fleet Street
London EC4P 4DQ

Solicitors

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

Bankers

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

Barclays Bank PLC
One Churchill Place
London
E14 5HP

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

We have audited the financial statements of The British Diabetic Association for the year ended 31 December 2014 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 34, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Carol Rudge
Senior Statutory Auditor

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

London

21 May 2015

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

FINANCIAL STATEMENTS 2014

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Charity Partnership (note 2)			2014	2013
		Unrestricted £'000	Restricted £'000	Restricted £'000	Total £'000	Total £'000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	23,308	3,776	8,009	35,093	32,629
Activities for generating funds: trading	3	3,779	-	-	3,779	3,203
Investment income	4	176	-	-	176	171
		27,263	3,776	8,009	39,048	36,003
Incoming resources from charitable activities	5	2,760	-	-	2,760	2,837
Total incoming resources		30,023	3,776	8,009	41,808	38,840
RESOURCES EXPENDED						
Cost of generating funds						
Cost of generating voluntary income	7	6,017	-	986	7,003	6,256
Cost of fundraising trading: cost of goods sold	7	2,414	-	-	2,414	2,275
Investment management costs		33	-	-	33	31
		8,464	-	986	9,450	8,562
Charitable activities						
Supporting Self Management		5,092	502	1,139	6,733	5,769
Improving Quality of Care		8,160	-	347	8,507	7,332
Raising Awareness and Prevention		3,469	367	502	4,338	5,186
Funding Research		3,367	2,765	914	7,046	6,462
Total Charitable Expenditure		20,088	3,634	2,902	26,624	24,749
Governance costs	10	270	-	-	270	220
Total resources expended	8	28,822	3,634	3,888	36,344	33,531
Net income for the year		1,201	142	4,121	5,464	5,309
Gains on investments	16	315	-	-	315	625
Actuarial losses on defined benefit pension	28	(941)	-	-	(941)	(18)
Net movement in funds		575	142	4,121	4,838	5,916
Fund balances at the beginning of the financial year		10,547	1,142	6,061	17,750	11,834
Fund balances at the end of the financial year	21	11,122	1,284	10,182	22,588	17,750

Reconciliation of funds

There are no unrealised gains or losses which do not appear on the SOFA. All the above results are derived from continuing activities. The notes on pages 43 to 63 form part of these accounts.

BALANCE SHEET at 31 DECEMBER 2014

	Notes	Group		Diabetes UK	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Fixed assets					
Tangible assets	15	733	631	733	631
Investments in subsidiary undertakings	24	-	-	40	40
Other investments	16	9,523	5,118	9,523	5,118
		10,256	5,749	10,296	5,789
Current assets					
Stock		38	48	-	-
Debtors	17	4,996	5,752	5,930	6,647
Cash at bank and in hand		18,760	17,021	18,117	15,626
		23,794	22,821	24,047	22,273
Creditors: amounts falling due within one year	18	(10,401)	(10,648)	(10,694)	(10,140)
Net current assets		13,393	12,173	13,353	12,133
Net assets before provisions		23,649	17,922	23,649	17,922
Provisions for liabilities and charges	19	(578)	(172)	(578)	(172)
Provision: defined benefit pension scheme liability	28	(483)	-	(483)	-
Net assets		22,588	17,750	22,588	17,750
Funds					
Restricted funds	20	11,466	7,203	11,466	7,203
Unrestricted funds					
General funds		10,417	9,747	10,417	9,747
Revaluation reserve		1,188	800	1,188	800
Unrestricted funds excluding pension liability		11,605	10,547	11,605	10,547
Pension reserve deficit	28	(483)	-	(483)	-
Unrestricted funds including pension liability		11,122	10,547	11,122	10,547
Total funds		22,588	17,750	22,588	17,750

The Notes on pages 43 to 63 form part of these accounts.

Approved by the Board of Trustees on 21 May 2015 and signed on their behalf by:

Peter Dixon
Chair

Noah Franklin
Treasurer

Registered company no: 339181

Consolidated cash flow statement for the year ended 31 December 2014

	2014 £'000	2013 £'000	
Net cash inflow from operating activities (see note below)	6,097	2,262	
Returns on investments			
Investment income received (net)	24	31	
Interest received	63	13	
Interest on cash asset investments	56	96	
Net cash inflow from returns on investments	143	140	
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(411)	(244)	
Purchase of investments	(4,656)	(1,815)	
Proceeds from sale of investments	566	2,225	
Net cash (outflow)/inflow from investing activities	(4,501)	166	
Movement in net cash	1,739	2,568	
	At 1 January 2014 £'000	Cash flow £'000	At 31 December 2014 £'000
Analysis of net funds			
Cash at bank and in hand	17,021	1,739	18,760
Total	17,021	1,739	18,760

Notes to the consolidated cash flow statement

	2014 £'000	2013 £'000
--	---------------	---------------

Reconciliation of changes in resources to net cash inflow from operating activities

	2014	2013
Net income for the year per the SOFA	5,464	5,309
Depreciation	309	361
Investment income receivable (net)	(143)	(140)
Decrease in stocks	10	3
Decrease/(Increase) in debtors	756	(3,496)
(Decrease)/Increase in creditors	(247)	1,425
Increase in provisions	406	37
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(458)	(1,237)
Net cash inflow from operating activities	6,097	2,262

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

Basis of preparation

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

The financial statements comply with the requirements of the Charities Act 2011 and are in accordance with applicable accounting standards. They also comply with the requirements of the Statement of Recommended Practice "Reporting and Accounting by Charities" (SORP) issued in March 2005 and updated in 2008 and the Companies Act 2006. No separate income and expenditure account has been included for Diabetes UK because it has no endowment funds. The Charity Partnership is separately disclosed on the statement of financial activities to allow the reader to understand the impact of the project.

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

Company status

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

Basis of consolidation

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

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

statements. The number of local group returns received when the financial statements were prepared was 210 out of 269 (78%) (2013: 227 out of 316 (72%).

INCOMING RESOURCES

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

Legacies

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

Donations

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

Membership subscriptions

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

Donated services and facilities

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

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

Grants receivable

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

RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and includes irrecoverable VAT where applicable. This year expenditure includes provision for untaken leave as at 31 December 2014.

Cost 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 against the strategic plan and includes salaries, direct costs and an appropriate allocation of central overhead costs.

Research grants

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

Governance costs

Governance Costs are made up of the staff costs for the Governance Team, Board of Trustee costs, UK Advisory Council costs 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
Computer Hardware	3 to 5 years
Computer Software	3 to 8 years
Motor Vehicles	5 years

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

Investments

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

Stocks

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

Operating leases

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

Retirement benefits

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

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

The assets funding the defined benefit scheme are held separately from the group in separate trustee administered funds. Full actuarial valuations, by a

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

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

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

Funds

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

Taxation

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

2. Voluntary income

	2014 Total £'000	2013 Total £'000
Incoming resources		
Legacies	12,461	11,473
Membership, donations and fundraising	22,614	21,125
Donated services and facilities	18	31
Total	35,093	32,629

Income from membership, donations and fundraising includes £9.2m (2013: £8.8m) raised through the Charity Partnership with Tesco, of which £8m is restricted.

3. Activities for generating funds: trading

	2014 Total £'000	2013 Total £'000
Incoming resources		
Lotteries	2,112	1,769
Advertising	460	367
Corporate sponsorship	631	389
Merchandising	576	678
Total	3,779	3,203

All trading activity was undertaken by a subsidiary undertaking.

4. Investment income

	2014 Total £'000	2013 Total £'000
Incoming resources		
Dividends from listed securities	57	62
Interest on cash at bank	119	109
Total	176	171

5. Incoming resources from charitable activities

	2014 Total £'000	2013 Total £'000
Conferences	1,190	1,238
Grants receivable	568	631
Care holidays	121	111
Professional membership	176	180
Publications	705	677
Total	2,760	2,837

Supporting Self Management	463	285
Improving Quality of Care	2,098	2,410
Raising Awareness	183	104
Funding Research	16	38
Total	2,760	2,837

6. Grants receivable

	2014 Total £'000	2013 Total £'000
During the year Grants were received from the following sources:		
Various grants given for Young Diabetologists Forum	123	111
NHS Ealing	42	-
NHS Leicester City	28	-
DOH Innovation, Excellence & Strategic Development Fund	-	94
Scottish Government Health Directorate	138	75
Yorkshire & Humber Public Health Observatory	-	50
NHS Diabetes and Kidney Care	-	46
Health & Social Care Alliance Scotland	35	46
Volunteering Fund: Health & Social Care (ECORYS)	-	36
Ealing PCT	-	31
Lambeth and Southwark Diabetes Modernisation Initiative	-	21
Nesta	108	-
Others £20,000 or less	94	121
Total grants receivable from Charitable activities	568	631

7. Cost of generating funds

	2014 Total £'000	2013 Total £'000
Voluntary Income		
Legacies	255	252
Membership, donations and fundraising	6,730	5,978
Donated services and facilities	18	26
Total	7,003	6,256
Fundraising Trading		
Lotteries	1,553	1,376
Advertising	25	51
Corporate	288	270
Merchandising	548	578
Total	2,414	2,275
Investment management costs	33	31
Total	9,450	8,562

8. Analysis of total resources expended

	Activities undertaken directly £'000	Activities of the Charity Partnership £'000	Activities undertaken by grant funding £'000	Support costs £'000	2014 Total £'000	2013 Total £'000
Cost of generating funds						
Cost of generating voluntary income	4,944	986	-	1,073	7,003	6,256
Trading costs	2,414	-	-	-	2,414	2,275
Investment management costs	33	-	-	-	33	31
Cost of Charitable activities						
Supporting Self Management	4,812	1,139	-	782	6,733	5,769
Improving Quality of Care	6,873	347	-	1,287	8,507	7,332
Raising Awareness and Prevention	3,301	502	-	535	4,338	5,186
Funding Research	436	914	5,610	86	7,046	6,462
Governance costs	234	-	-	36	270	220
Total	23,047	3,888	5,610	3,799	36,344	33,531

9. Support costs allocations

	Facilities £'000	Finance £'000	Human Resources £'000	IT £'000	2014 Total £'000	2013 Total £'000
Cost of generating voluntary income	444	113	229	287	1,073	927
Cost of Charitable activities						
Supporting Self Management	324	82	167	209	782	708
Improving Quality of Care	533	135	275	344	1,287	1,105
Raising Awareness and Prevention	222	56	114	143	535	424
Funding Research	36	9	18	23	86	68
Governance costs	15	4	8	9	36	25
Total	1,574	399	811	1,015	3,799	3,257

10. Governance costs

	2014 Total £'000	2013 Total £'000
Trustee Costs	38	27
Advisory Council Expenses	28	26
Governance and Stakeholder Support Costs	159	122
External Audit	45	45
Total	270	220

The cost increase is due to the inclusion of internal audit fees and Trustee recruitment costs.

11. Grant funding

The institutions receiving grant funding in the year in excess of £100,000 were:	2014 £'000	
Cardiff University	326	
Imperial College London	640	
King's College London	1,320	
Newcastle University	340	
Queen's University Belfast	137	
University College London	129	
University of Aberdeen	155	
University of Bristol	505	
University of Cambridge	528	
University of Dundee	322	
University of Exeter	263	
University of Glasgow	742	
University of Manchester	169	
University of Oxford	294	
University of Ulster	228	
Sub total	6,098	
Other grants	426	
Total Grants	6,524	
Direct administration and support costs	522	
Total	7,046	

Analysis of grant by area of research	2014 £'000	2013 £'000
Care and treatment	3,550	2,607
Cause, prevention and cure	2,974	3,448
Direct administration and support costs	522	407
Total	7,046	6,462

Grants reconciliation	2014 £'000	2013 £'000
Creditor at the beginning of the year	6,243	5,703
Grants awarded in the year	2,724	2,086
Liabilities arising on existing grants	3,800	3,969
Payments in the year	(6,578)	(5,515)
Creditor at the end of the year	6,189	6,243

12. Net incoming resources for the year:

	2014 £'000	2013 £'000
Net incoming resources for the year is stated after charging:		
Depreciation (see note 15)	309	361
Auditors remuneration		
- statutory audit	45	45
- other non-audit	5	10
Non-recoverable VAT	912	636
Operating leases		
- property	773	767
- other	29	29

Non-recoverable VAT is higher due to the increase in 'non-business' activity which increases the VAT that is outside the scope of the VAT legislation and cannot be recovered.

13. Transactions with trustees

Trustees have not been remunerated in the year (2013: nil). A total of 8 trustees (2013: 8) have been reimbursed for expenses in relation to trustee meetings at a total cost of £10,155 (2013: £11,107). All amounts were for reimbursement of travel and subsistence costs.

14. Staff costs

	2014 £'000	2013 £'000
Salaries	10,870	9,908
Social security costs	1,140	1,020
Other pension costs	845	782
Total	12,855	11,710

Staff numbers

	2014 number	2013 number
Fundraising	93	89
Charitable activity	217	205
Support	33	31
Governance	3	2
Total	346	327

The average full-time equivalent number of employees during the year was: 327 (2013: 302).

Pension costs

Pension costs comprise £591,631 (2013: £445,259) in respect of defined contribution pension schemes and £252,900 (2013: £337,200) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:	2014 number	2013 number
£60,001 - £70,000	4	4
£70,001 - £80,000	5	3
£80,001 - £90,000	-	2
£90,001 - £100,000	1	-
£100,001 - 110,000	1	1
£110,001 - 120,000	1	1

Payments to defined contribution pension schemes in respect of the above staff amounted to £85,549 (2013: £73,874) 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 2014 £'000
Cost				
At 1 January 2014	1,437	3,160	299	4,896
Additions	9	402	-	411
Disposals	-	(2,421)	-	(2,421)
At 31 December 2014	1,446	1,141	299	2,886

Depreciation

At 1 January 2014	(1,303)	(2,687)	(275)	(4,265)
Charge for the year	(50)	(235)	(24)	(309)
Disposals	-	2,421	-	2,421
At 31 December 2014	(1,353)	(501)	(299)	(2,153)

Net book value

At 31 December 2014	93	640	-	733
At 31 December 2013	134	473	24	631

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2013: nil).

16. Investments

	2014 £'000	2013 £'000
Group and Diabetes UK		
Market value at 1 January	5,118	4,903
Acquisitions at cost	4,656	1,815
Disposal proceeds	(566)	(2,225)
Gains on investments	315	625
Market value at 31 December	9,523	5,118
Represented by:		
Listed securities	7,147	5,047
Property funds	826	71
Bonds	1,550	-
	9,523	5,118
Historical Cost at 31 December	8,335	4,318

The Trustees approved additional investment during the year, transferring funds out of low yielding cash deposits. Investments were purchased in October and November.

Investments which comprised more than 5% of the total market value of investments at 31 December 2014 were:

	2014 £'000	2013 £'000
Aberdeen Ethical World Fund 1	433	375
iShares Dow Jones Global Sustainability Screened ETF	471	386
Jupiter Responsible Income Fund	972	418
Jupiter Ecology Fund	463	413
Kames Ethical Equity Fund	1,023	618
Kames Ethical Corporate Bond Fund B	-	224
Standard Life UK Ethical Fund	993	615
COIF Property Fund	562	261
UBS ETF MSCI Pacific Socially Responsible	869	386
UBS ETF MSCI North America Socially Responsible	716	-
Barclays Captial US 1-3 Year Treasury Bond	508	-

17. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	418	1,057	105	728
Donation due from subsidiary undertaking	-	-	1,337	1,314
Other amounts due from subsidiary undertaking	-	-	-	114
Other debtors	1,273	526	1,273	394
Prepayments and accrued income	3,305	4,169	3,215	4,097
	4,996	5,752	5,930	6,647

Accrued income includes £2.4m (2013: £2.6m) of Charity Partnership income which was not received until after the year end.

18. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade creditors	730	160	720	164
Amounts due to subsidiary undertakings	-	-	787	-
Taxation and social security	335	310	335	310
Other creditors	52	118	52	119
Accruals and deferred income	3,095	3,817	2,611	3,304
Research grants creditor	6,189	6,243	6,189	6,243
	10,401	10,648	10,694	10,140

19. Provisions for liabilities and charges

	Dilapidation Provision £'000	Closed Local Groups £'000	Total 2014 £'000	Total 2013 £'000
Balance brought forward at 1 January 2014	172	-	172	135
New provision	-	103	103	37
Increase to provision	303	-	303	-
Balance carried forward at 31 December 2014	475	103	578	172

The dilapidation provision has been increased to reflect the likely vacation of Diabetes UK offices.

20. Funds

Group and Diabetes UK

	At 1 January 2014 £'000	Incoming funds £'000	Outgoing funds £'000	Gains/ Losses £'000	At 31 December 2014 £'000
General funds	9,747	30,023	(29,280)	(73)	10,417
Revaluation reserve	800	-	-	388	1,188
Pension reserve (see note 28)	-	-	458	(941)	(483)
Total unrestricted funds	10,547	30,023	(28,822)	(626)	11,122
Restricted funds					
Diabetes Foundation	132	-	-	-	132
Research funds	593	2,747	(2,765)	-	575
Care and information funds	239	561	(437)	-	363
Geographical funds	136	356	(305)	-	187
Children funds	15	112	(127)	-	-
Charity Partnership	6,061	8,009	(3,888)	-	10,182
Warren Memorial fund	27	-	-	-	27
Total restricted funds	7,203	11,785	(7,522)	-	11,466
Total of unrestricted and restricted funds	17,750	41,808	(36,344)	(626)	22,588

The Diabetes Foundation fund represents the net assets of the Diabetes Foundation when it merged with Diabetes UK on 31st December 2010. These are held to support and advance research in the field of Diabetes and particularly in that of Juvenile (insulin dependent) Diabetes. The research funds represent funds received and used to meet the direct costs of maintaining the research programme. The care and information funds are restricted to meeting the costs of providing care and information. The geographical funds are restricted to use in specified areas of the UK. The Children funds are restricted funds to be used to meet additional cost of holidays, parent/child weekends and other youth activities. The Warren Memorial fund is restricted to expenditure on projects which commemorate the names of Alec and Beryl Warren. The Charity Partnership represents restricted funds raised by Tesco to be used on an agreed programme of activity. This fund is separately disclosed in the statement of financial activities on page 40.

21. Total funds

Total funds are invested as follows:

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	706	27	733
Fixed asset investments	9,523	-	9,523
Current assets	12,355	11,439	23,794
Current liabilities	(10,401)	-	(10,401)
Provisions	(1,061)	-	(1,061)
Total net assets	11,122	11,466	22,588

Diabetes UK	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	706	27	733
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	9,523	-	9,523
Current assets	12,608	11,439	24,047
Current liabilities	(10,694)	-	(10,694)
Provisions	(1,061)	-	(1,061)
Total net assets	11,122	11,466	22,588

22. Operating lease commitments

	Property 2014 £'000	2013 £'000	Other 2014 £'000	2013 £'000
Annual lease commitments under non-cancellable operating leases expiring:				
within one year	59	19	8	4
between two and five years	709	680	14	25
after five years	0	68	22	-
	768	767	44	29

23. Commitments to spend - research grants

At 31 December 2014 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £9,525,000 (2013: £9,922,000). 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.

	2014 £'000	2013 £'000
2014	-	4,309
2015	4,168	3,311
2016	3,216	1,732
2017	1,546	537
2018	521	33
2019	74	-
	9,525	9,922

24. Subsidiary undertakings

	2014 £'000	2013 £'000
Investment in subsidiary undertakings	40	40

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

Profit and loss accounts for the year ended 31 December 2014	Diabetes UK Services Limited	
	2014 £'000	2013 £'000
Turnover	1,526	1,297
Expenditure	(645)	(585)
Other operating income (net)	452	597
Interest receivable	4	5
Profit on ordinary activities before and after taxation	1,337	1,314
Profit donated to Diabetes UK	(1,337)	(1,314)
Net income	-	-

Summarised Balance Sheets as at 31 December 2014

	2014	2013
Current assets	1,873	1,981
Creditors: amounts falling due within one year.	(1,833)	(1,941)
Net assets	40	40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company. BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2014 (2013: £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 2014 (2013: £40,003).

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

	2014 £'000	2013 £'000
Net income	5,464	5,309
(Loss)/gain on sale of investments calculated under the historical cost accounting convention	(73)	127
Surplus under the historical cost accounting convention	5,391	5,436

26. Members

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

27. Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £9.1 million (2013: approximately £4.92 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 £591,631 (2013: £445,259). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

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

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

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

This actuarial valuation showed a deficit of £239,000. The charity has agreed with the trustees that it will aim to eliminate the deficit over a period of 9 months from 1 January 2014, by the payment of monthly contributions of £28,100 in respect of the deficit.

The next valuation is due at as at 31 December 2016.

For the purpose of FRS17, the actuarial valuation as at 31 December 2013 was carried out by a qualified independent actuary and has been updated on an approximate basis to 31 December 2014.

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

	2014 £'000	2013 £'000	2012 £'000
Fair value of scheme assets	8,317	7,788	6,597
Present value of scheme liabilities	(8,800)	(7,501)	(7,816)
Surplus/(deficit) in the scheme	(483)	287	(1,219)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme, using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above. The major factor in the movement from a 2013 £0.3m surplus to a 2014 £0.5m deficit was a reduction in the rate of discount from 4.5% in 2013 to 3.6% in 2014. This 0.9% movement was a result of a reduction in yields on "high quality" corporate bonds and this has increased the net liability by approximately £1.5m. The overall movement in the net liability has been reduced to £0.8m by the impact of the contributions of £0.2m together with movements in other assumptions.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out benefits at the balance sheet date with a suitable insurer. This represents the amount that would be required to settle the scheme liabilities rather than the Charity continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme at 31 December 2013 was £11,546,000 compared with assets at the same date of £7,804,000.

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

	2014 £'000	2013 £'000
Scheme liabilities at 1 January	7,501	7,816
Interest cost	333	357
Past service cost	-	(900)
Actuarial losses	1,171	347
Benefits paid	(205)	(119)
Scheme liabilities at 31 December	8,800	7,501

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

	2014 £'000	2013 £'000
Fair value of scheme assets at 1 January	7,788	6,597
Expected return of scheme assets	538	366
Actuarial (losses)/gains	(57)	607
Contributions by employer	253	337
Benefits paid	(205)	(119)
Fair value of scheme assets at 31 December	8,317	7,788

The actual return on the scheme assets over the period ended 31 December 2014 was £466,000 (2013: £973,000).

Total expense recognised in SOFA

	2014 £'000	2013 £'000
Interest cost	(333)	357
Expected return of scheme assets	538	(366)
Past service costs	-	(900)
Restriction on expected return	-	9
Total expense recognised in SOFA	205	(900)

Statement of recognised gains and losses

	2014 £'000	2013 £'000
Difference between expected and actual return on scheme assets : (loss)/gain	(57)	607
Experience gains and losses arising on the scheme liabilities: gain/(loss)	172	(20)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: (loss)	(1,343)	(327)
Limit on recognition of assets	287	(278)
Total amount recognised in the statement of recognised losses: (loss)	(941)	(18)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a loss of £2,060,000 (2013: loss of £1,119,000).

Assets

	2014 £'000	2013 £'000	2012 £'000
Equities	4,942	4,296	3,154
With profits policy	3,331	3,464	3,415
Cash	44	28	28
Total Assets	8,317	7,788	6,597

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

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

Assumptions

	2014 % per annum	2013 % per annum	2012 % per annum
Inflation (RPI)	3.40	3.70	3.00
Rate of discount	3.60	4.50	4.60
Allowance for pension in payment increases at the lower of RPI or 5%	3.30	3.50	3.00
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.40	2.70	2.10
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum	80% of HMRC maximum

The mortality assumptions adopted at 31 December 2014 are based on the PNMA00/ PNFA00 CMI Model 2014 [1.25%].

These imply the following life expectancies:

	2014	2013
Male retiring at aged 62 in 2013	26.1	26.0
Female retiring at aged 62 in 2013	28.2	28.1
Male retiring at aged 62 in 2033	27.9	28.0
Female retiring at aged 62 in 2033	30.2	30.1

Expected long term rates of return

The overall expected return on assets assumption of 6.87% pa as at 31 December 2014 has been derived by calculating the weighted average of the expected rate of return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

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

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

	2014 % per annum	2013 % per annum
Equities	8.00	8.20
Cash	0.50	0.50
With profits policy	5.30	5.32
Overall for scheme	6.87	6.89

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

	Change in assumption	Approximate impact on scheme liabilities
Discount Rate	Increase/ decrease of 0.5% pa	Decrease by 10.0%/increase by 11.5%
Rate of inflation	Increase/ decrease of 0.5% pa	Increase by 4.4%/decrease by 4.7%
Rate of mortality	1 year increase in life expectancy	Increase by 1.9%

Duration of the liabilities and expected benefits payable

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

Expected Benefit payments	£'000
Year 1	110
Year 2	470
Year 3	270
Year 4	490
Year 5	670
Year 6	360
Year 7	520
Year 8	1380
Year 9	810
Year 10	1620

Amounts for the current and previous four periods

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of assets	8,317	7,788	6,597	5,855	5,528
Present value of scheme liabilities	8,800	7,501	7,816	7,885	6,632
(Deficit)/surplus in scheme	(483)	287	(1,219)	(2,030)	(1,104)
Experience adjustment on scheme assets	(57)	607	214	(256)	161
Experience adjustment on scheme liabilities	172	(7)	(30)	(118)	337

No contributions are to be paid by the employer to the scheme for the period beginning 1 January 2015.

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*Calls may be recorded for quality and training purposes.

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