



DiABETES UK
CARE. CONNECT. CAMPAIGN.

**REPORT AND
FINANCIAL
STATEMENTS
2012**

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FOREWORD


Diabetes is the fastest growing health issue of our time. Every four minutes someone learns that they have the condition, and right now in the UK more than 3.8 million people have either Type 1 or Type 2 diabetes. Without urgent action these numbers will rise to five million by 2025.

No one should doubt that all forms of diabetes are serious. For Type 2 diabetes, a balanced diet and regular exercise are the main defences against its onset. For people already diagnosed with Type 1 or Type 2 diabetes, access to a full programme of regular checks and care is crucial. It allows people to manage their condition successfully and live a healthy and positive life.

For many people this simply isn't happening. While the NHS spends more than £10 billion a year on diabetes, four pounds in every five goes on managing complications that, unchecked and untreated in their earliest stages, can lead to lower limb amputation, blindness, kidney failure and stroke.

Most of these are avoidable. During 2012 a report from the Government's independent auditor, the National Audit Office (NAO), confirmed that UK diabetes healthcare is in an inexcusably poor state. It believes absent and inconsistent routine diabetes care results in as many as 24,000 deaths a year in England alone.

Diabetes UK is at the forefront of all these challenges. We work to reduce the impact of diabetes on everyone. That means people with the condition, their families and carers, our health services and the taxpayer.



**3,800,000
PEOPLE HAVE
DIABETES
IN THE UK**

ABOUT DIABETES UK

We are the leading UK charity that cares for, connects with and campaigns for people affected by and at risk of diabetes.

- We provide information, advice and support to help people manage their diabetes, both practically and emotionally and help people with diabetes share experiences.
- Our campaigns promote better diabetes care, and greater awareness of the key signs of both Type 1 and Type 2 diabetes.
- We help stem the rising tide of Type 2 diabetes by promoting a healthy lifestyle, and encourage people at high risk to seek early diagnosis and benefit from prompt treatment.
- We are one of the largest UK funders of diabetes research, leading to better prevention, care, and the final goal, a cure for all forms of diabetes.

For us 2012 was a notable year, all made possible through the hard work and dedicated service of our supporters, volunteers, staff, trustees and advisory council members.

Among our highlights was a doubling of our Healthy Lifestyle Roadshows, the largest growth in volunteer numbers, and a 25 per cent increase in media coverage for our campaigns. We also gave £6m to diabetes research, including funding to further develop 'artificial pancreas' technology for people with Type 1 diabetes. This report presents some of our key achievements during 2012 and our future goals.

On behalf of everyone at Diabetes UK, we would like to thank Professor Sir George Alberti who stepped down as Chairman in 2012. His knowledge and judgement have been invaluable and we are extremely grateful for everything he has done.

There are many ways to be part of Diabetes UK, so please join us. Our support and campaigns must have an even greater impact, reach more people and change more lives. Each new supporter adds to our voice, and gives us greater potential to secure our overriding aim: a better future for everyone affected by diabetes.

Sir Peter Dixon
Chairman

Barbara Young
Chief Executive

REVIEW OF THE YEAR

CARE AND SUPPORT WHEN IT IS NEEDED

We understand that living with either Type 1 or Type 2 diabetes is different for everyone. Together we're a strong, empathetic community willing to give people the support and information they need, at the time they need it.

Our services are there for parents whose children have diabetes, for adults recently diagnosed, or for specific concerns such as workplace discrimination, or dealing with changes in treatment and medication.

Emotional support is equally important, and our staff and volunteers listen as people express feelings of shock or anger, or simply talk about their anxieties and fears. We connect people with others to share experiences.

We also support people when they're getting a rough deal, and get them through the tough times. And when they win through, we're here to celebrate their successes and achievements.

CARELINE ANSWERED

31,816

**CALLS, EMAILS AND
FACEBOOK MESSAGES**

2012 HIGHLIGHTS

- During 2012 our support service Careline answered 31,816 calls, emails and messages. The service, staffed by professional counsellors, offers both practical information and emotional support on any diabetes issue.
- Through the year we hosted 13 care events reaching over 100 families, and an additional 320 children. These life-changing events help young people and families learn more about diabetes, share information and get advice from volunteer professionals including doctors and diabetes specialist nurses.
- In July more than 200 people came to our first Big Event, a one-day information and awareness event for anyone affected by diabetes. And our Midlands regional team piloted new Living with Diabetes Days, working jointly with the NHS in Wolverhampton and Leicester.
- We improved and launched our new range of information leaflets and magazines.
- Our online communities more than doubled in size in 2012. More than 45,000 people engage with us on Facebook and over 50,000 people now follow us on Twitter. We continue to provide support by sharing our knowledge and bringing people together to help each other.
- The Community Champions programme became an Innovation Institute award-winner, for the best example of innovation in the voluntary sector.
- We now have 280 Community Champions from Black, Asian and Minority Ethnic communities. Each is trained to help people in their communities know and reduce their risk through lifestyle changes and to better manage their diabetes. In 2012 they took part in more than 300 events at key locations across the country.

FUTURE PLANS

- Launching a new, interactive online information programme for people recently diagnosed with Type 2 diabetes to help them manage their condition.
- A new programme of Living with Diabetes Days for anyone recently diagnosed with Type 2 diabetes, or who may have been diagnosed for longer, but has little knowledge of their condition and needs the basic information to help them live well.
- Adding a Young Leaders Action Group to our network, with volunteers aged 16 to 30 who will advise us on both our existing and new services we're developing for young people with Type 1 diabetes.
- Expanding and growing our hugely successful Big Event conference.
- Providing an 'Introduction to Diabetes pack to almost a million people recently diagnosed with diabetes.

i CAN

When the DVLA withdrew Martin's driving licence because he'd had a hypo in his car, it was a desperately worrying time for him. As driving was part of his job, his employment was also under threat.

Martin approached our advocacy service for help because, for him, such a sudden hypo without warning symptoms was rare.

The explanation lay in an antibiotic prescribed for a throat infection that carried a risk of lowering blood glucose levels. No one had advised him of this potential side effect. And evidence showed his blood glucose control was normally excellent.

Our support meant Martin wasn't fighting his case alone, and our advocacy service backed him all the way, creating a strong, reasoned argument for the exceptional circumstances of the hypo. At appeal the DVLA reversed their decision, reinstating his licence.

“ I knew that withdrawing my licence was unjust, but taking on a large organisation, it feels like it's just you against the big guys. Having Diabetes UK's help, and knowing they were on my side, made all the difference. ”

Martin Fisher

**97% OF ATTENDEES
TO OUR CARE EVENTS
GAINED CONFIDENCE
IN LIVING WITH
DIABETES**





RESEARCH FOR A BETTER FUTURE

We invest in projects with the greatest potential to improve the lives of people with or at high risk of diabetes. This includes innovative research to help us understand the causes of diabetes, to improve care through new and better treatments, to discover methods of prevention and to secure the ultimate goal of a diabetes cure.

This work is only possible because of our generous supporters, from the determined charity runner to the largest corporate partner. Because of them we can invest around £6 million every year in new and continuing projects. Right now our research portfolio covers around 125 research grants with a combined value of £25 million.

2012 HIGHLIGHTS

- Research inched closer to perfecting an 'artificial pancreas', a groundbreaking scientific development that could revolutionise the management of Type 1 diabetes.

As the name suggests, it mimics the work of a real pancreas. A sensor, worn under the skin, records blood glucose levels minute-by-minute before relaying this information to a pump that automatically releases the right amount of insulin. The blood glucose control it offers is potentially excellent: trials show an average 22 per cent improvement in keeping levels in a safe range.

- We brought our PhD students together to discuss their research with people affected by diabetes from our Grants Advisory Panel, challenging them to think about and communicate the wider implications of their work for people living with the condition.
- We made 45 new research awards, including 12 PhD studentships and two fellowships, including:
 - A grant to help buy highly specialised equipment enabling researchers to monitor chemical and electrical changes in living nerve cells and gain a better understanding of the mechanisms involved in hypoglycaemic unawareness for people with Type 1 and Type 2 diabetes.
 - A five-year research fellowship that will use advanced imaging techniques to study the release of insulin from cells in the pancreas in people with Type 2 diabetes.
 - A three-year project grant to help scientists create and test synthetic versions of skin proteins found in some species of frog, perhaps leading to new treatments that could improve blood glucose control in people with Type 2 diabetes.

FUTURE PLANS

- During 2013 we expect to see results from several exciting studies, including projects with a focus on structured education for teenagers with Type 1 diabetes, on the storage of excess glucose in muscle cells and on processes in the brain that control appetite and eating behaviour.
- Funding for a programme of research, supported by Tesco, to help develop a 'vaccine' for Type 1 diabetes.
- Support for new studentships and fellowships that will give scientists the support they need throughout their research careers.
- Awarding our first Alberti Fellowship, allowing NHS staff to work towards a PhD or MD in diabetes research.
- Put into action a new strategy to evaluate the impact of our past research and highlight the difference it has made for people with diabetes.







i RESEARCH

Dr Roman Hovorka and his team published results on an 'artificial pancreas' following trials with volunteers. Their initial findings are encouraging. Our researchers are part of our shared aim to improve diabetes care for future generations.

“ I call the artificial pancreas a ‘bridge to a cure’. It’s a crucial step forward, both for people with diabetes and the scientific community. We wouldn’t have reached this point without Diabetes UK funding. ”

Dr Roman Hovorka,
Cambridge University

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**NEW RESEARCH
AWARDS IN 2012**

RISK ASSESSMENT PREVENTION AND EARLY DIAGNOSIS

Seven million people in the UK are at high risk of developing Type 2 diabetes. It's the country's most pressing health crisis, and yet 80% of Type 2 diabetes cases could be prevented.

We know that having a healthy lifestyle, being active and maintaining a healthy weight, is one of the best ways to reduce the risk of developing Type 2 diabetes.

We want everyone to know their Type 2 diabetes risk. If that risk is high, we're here with encouragement and advice to set people on the right track to a healthier life.

Throughout the year our teams of staff and volunteers tour the UK with our Healthy Lifestyle Roadshow. It's a friendly, one-stop shop packed with information and advice about diabetes including a free risk assessment. For thousands of people it's the first step to turning their health around.

Early diagnosis of diabetes is crucial to long term health. Right now 850,000 people have Type 2 diabetes and don't know it yet. Without care and treatment, they are at serious risk of developing devastating complications. So we also raise awareness of the symptoms of Type 2 diabetes, and urge anyone at high risk, or already displaying symptoms to visit their GP immediately.

95,410
TYPE 2 DIABETES
RISK ASSESSMENTS
DELIVERED IN 2012

2012 HIGHLIGHTS

- We doubled our Healthy Lifestyle Roadshow programme, funded through our partnership with Bupa, who made us their charity partner for the Bupa Great Run series across the country.
- Our roadshow team visited 96 UK towns and cities, carrying out more than 21,000 risk assessments. They found 11,000 people at high risk of developing Type 2 diabetes, and prompted each person to see their doctor for further testing and support.
- We carried out risk assessment events in workplaces such as Arriva Buses, First Capital Connect, EDF Energy, Everything Everywhere, and Honda. And where we found people at high or moderate risk we prompted them to see their doctor without delay.
- 73,613 people completed our online Type 2 diabetes risk-assessment test.
- We campaigned to improve delivery of the NHS health check to ensure everyone between 40 and 75 years of age gets the check.

FUTURE PLANS

- Thanks to funding from our charity partnership with Bupa, our Healthy Lifestyle Roadshow will visit 90 towns and cities across the UK in 2013.
- We will engage with local authorities who become responsible for the NHS health check to ensure more people get the check and can access support to avoid developing Type 2 diabetes.
- We are working with the NHS, local authority and voluntary sector in Leicester city to prevent Type 2 diabetes. Together we'll develop an effective, system-wide pilot scheme to raise awareness of the risk factors, provide risk assessments and screening and the opportunity to lower risk through healthier lifestyle choices.
- Through partnerships with Tesco and Boots, we're taking our Type 2 diabetes risk assessment to the high street. This means many thousands more people will be given the opportunity to find out about their risk and take action to reduce their risk of developing Type 2 diabetes.



i CONNECT

On his 30th birthday, Marc Stokes paid a visit to our Coventry Healthy Lifestyle Roadshow. He admits back then he wasn't in great shape – he was seriously overweight and unfit. With our help he learnt he was at high risk of developing Type 2 diabetes.

Our risk assessment was the motivation he needed. Three years on, Marc's got his weight under control and has even taken up marathon running. Most importantly, his Type 2 diabetes risk is now low.

“ Going to a roadshow was the best birthday present I could have given myself. In truth I knew that I was too heavy and wasn't exercising enough. But I didn't know my health was at serious risk. Diabetes UK gave me the wake-up call I needed to change my lifestyle. ”

Marc Stokes

**72% OF PEOPLE AT
HIGH OR MODERATE RISK
HAVE TAKEN ACTION
AS A RESULT OF GOING TO
A ROADSHOW**



CAMPAIGNING FOR BETTER CARE

We're one voice, speaking for millions of people affected by diabetes. Together we campaign to improve treatment and services so that people with diabetes can receive the care they are entitled to, wherever they live. We campaign to prevent Type 2 diabetes, and raise awareness of the signs and symptoms of Type 1 diabetes.

Throughout 2012 we campaigned on issues that we know are important to people with diabetes, by listening to those who live with the condition every day.

We worked with decision makers and opinion formers locally and nationally to achieve increased awareness of the seriousness of the diabetes challenge, to change policy and practice and to address the unacceptable variations and shortcomings in diabetes care across the UK.

DIABETES VOICES TOOK

941

CAMPAIGNING ACTIONS
WITH MPS, COMMISSIONERS
AND LOCAL INFLUENCERS

2012 HIGHLIGHTS

- We launched our major Children and Young People's campaign in November. The first phase focused on awareness raising and we asked everyone who knows, cares for or looks after a child or young person to learn the '4 Ts' – Toilet, Thirsty, Tired, and Thinner. Recognising these four key signs of Type 1 diabetes, and making sure children are diagnosed and receive the care they need as soon as possible, could save a child from serious illness or death.
- Regular foot checks at home and as part of professional care could prevent up to 100 amputations every week. Our Putting Feet First campaign stresses how regular foot examinations and early treatment of foot problems can avoid the need for devastating surgery.

Thousands of people downloaded our new Touch the Toes Test developed by Ipswich Hospitals Trust. The message is getting through – people have told us that they have become more informed about the importance of looking after their feet.

- We have now distributed over 1.5 million 15 Healthcare Essentials checklists which set out the basic but essential treatment and services every person with diabetes should receive each year. In 2012 we made the checklist available in 12 languages and produced a 'what to do next' guide for those who aren't receiving the basic level of care they're entitled to.
- We recruited 896 people to Diabetes Voices, taking their numbers up to 1,465. Their work is essential to local action. Last year Diabetes Voices lobbied their local hospital chief executives, setting out the benefits of integrated footcare teams. As a result 20 hospitals agreed to make changes.
- We launched our Diabetes Watch online tool, allowing any person in the UK to check how the healthcare provided in their local area compares against the national average.

- We highlighted the patchy roll-out of the NHS health check, which could help detect thousands of people with Type 2 diabetes or those at high risk. Meanwhile, we're running a targeted campaign to encourage people to demand checks and lobbying for wider availability.
- We campaigned about failings in healthcare provision ahead of the first ever National Audit Office report on Government spending on diabetes. The report, and the Public Accounts Committee hearing which followed, echoed our concerns that costs to the NHS will continue to go up, unless levels of care and support for people with diabetes improves.



i CAMPAIGN

Fifteen year old Fintan knows the power of our 4 Ts campaign.

He'd been feeling progressively unwell for months, but no one knew why. Even a doctor said he was just a normal teenager.

But in November our 4 Ts campaign hit the headlines. His family read about it in a national newspaper, spurring them on to demand further tests that confirmed Fintan has Type 1 diabetes.

Now he's getting treatment, Fintan's feeling much healthier and happier. He's making excellent progress, learning how to manage his own insulin injections and blood glucose checks, while setting the pace again in his favourite sport of middle distance running.

“ Without Diabetes UK's 4 Ts campaign, Fintan could have fallen seriously ill, or even died. We're so thankful. ”

Sarah Carey, Fintan's mum

FUTURE PLANS

- Continuing to influence nationally and locally – to improve local services where they don't meet standards.
- Keeping the focus on reducing lower limb amputations, especially highlighting where treatment is good or poor and working with local health services to make improvements.
- Continuing our five year campaign for Children and Young People. In 2013 we'll focus on making sure children have access to the care and services they're entitled to from their healthcare team.
- Continuing to expand and mobilise Diabetes Voices so we can make even more impact in campaigning for local service improvements.

4 TS ANIMATION
REACHED
388,940
PEOPLE ON FACEBOOK

REACHING OUT TO EACH AND EVERY COMMUNITY

People from Black, Asian and minority ethnic groups have a higher risk of developing Type 2 diabetes. The condition is six times more common in South Asian people, and three times more common in people with African or African-Caribbean heritage.

Type 2 diabetes, and its associated complications including blindness, kidney disease and lower limb amputation, also tends to occur much earlier in life in people from these communities. We also know that they can experience greater problems in accessing good quality, culturally sensitive information and services. These factors combined result in some of the poorest diabetes outcomes in the country.

So it's vital that our messages reach people in every community.

To help us do this effectively, we have a team of 280 Community Champions who come from many ethnic backgrounds including Bangladeshi, Gujarati, Guyanese, Jamaican, Nigerian, Pakistani and Somali.

These specialist volunteers are our ambassadors in their own communities. They are trained to raise awareness of Type 2 diabetes; and to help people reduce their risk of developing the condition. They also give advice on how to better manage the condition to those who have already been diagnosed, to minimise their risk of developing complications.

Community Champions raise awareness in faith groups, community centres, sheltered housing and schools, often in different community languages. They also hold information stands at key festivals and events. Our Champions are a real asset – they take part in our wider work, including delivering our Healthy Lifestyle Roadshows, and open doors to help us build relationships in communities we might not otherwise reach.

WE NOW HAVE

280

COMMUNITY CHAMPIONS

2012 HIGHLIGHTS

- The Community Champions programme won an Innovation Institute award for the most innovative work in the voluntary sector, which recognised the excellent work undertaken by Community Champions across the country.
- Helped by our team of volunteers who gave more than 500 hours of their time, we reached more than 2,000 people from South Asian communities in Glasgow through our Diabetes and Me project. The aim is to support and encourage good diabetes self-management by providing sound, reliable information tools and advice.
- Our Community Champions hosted over 300 events across London, Birmingham, Leicester, Luton, Slough, Ilford and Swindon. Each raised awareness of Type 2 diabetes, and helped us reach new and diverse audiences.
- We increased the amount of information available in other languages, including our 15 Healthcare Essentials checklists which now appear in 12 different languages.
- During Black History Month we supported film screenings and events to raise awareness of diabetes in London.
- World Diabetes Day coincided with Diwali and to mark the occasion the BAPS Shri Swaminarayan Mandir, the Hindu Temple in Neasden, which is one of the largest temples in Europe, was lit up in blue to mark the day.

FUTURE PLANS

- We are working with the NHS, local authority and voluntary sector in Leicester city to prevent Type 2 diabetes. Together we'll develop an effective, targeted pilot scheme to raise awareness of the risk factors, provide risk assessment and screening and the opportunity to lower risk through healthier lifestyle choices.
- We will recruit more Community Champions, extending their work across the UK to Manchester, Liverpool, Newcastle, Middlesbrough, Leeds and Bradford, as well as expanding our work in London to cover Lewisham and Ealing.
- We will make sure that even more of the information on our website and leaflets are available in a wide range of languages.
- We will be commissioning a series of short films for use in raising awareness amongst specific communities and young people from Black, Asian and minority ethnic communities.

i KNOW

Susan Haynes-Elcock is a keen cook who lives in Wolverhampton. She was diagnosed with Type 2 diabetes in 2008. At the time, she didn't have any information about how to manage the condition, or how it might affect what she could eat.

“At the time I felt like I was in a bit of a black hole and had no support. Then my hospital pointed me in the direction of Diabetes UK. I was able to get so much help and information – it was really encouraging.

I realised so many other people must face similar challenges – especially relating to their diet. So I trained to become a Community Champion. I'm able to offer practical support, and I can share my knowledge about food and cookery in my community too.”





“ At the time I felt like I was in a bit of a black hole and had no support. Then my hospital pointed me in the direction of Diabetes UK. I was able to get so much help and information – it was really encouraging. ”



OUR SUPPORTERS
RAISED
£25,100,000
IN 2012

WE OWE EVERYTHING TO OUR AMAZING SUPPORTERS

We can never say thank you enough to our 300,000 supporters and our 315 voluntary groups across the UK.

As we receive no funding from government, we're wholly dependent on our supporters down to the very last pound.

From dynamic individuals to dedicated corporate partners, we rely on their generous donations to keep running our campaigns, lobbying work, research projects and care and support services.

The enthusiasm and energy of our supporters inspires us all.

2012 HIGHLIGHTS

- 7,878 fundraisers ran for Diabetes UK at one of the dozens of Bupa Great Run events around the UK. Through them we raised £600,000, money we used to double our Healthy Lifestyle Roadshow programme.
- Legacies comprise over a third of our income. This generosity makes it possible for us to continue supporting and caring for people with diabetes, and rolling back the frontiers of diabetes science and medical knowledge.
- During 2012, we received £10.4million from people who generously remembered us in their will.
- Almost 300,000 individual donors and members contributed over £12 million to support the work of Diabetes UK.

FUTURE PLANS


- Diabetes UK has been chosen by Tesco as their new National Charity Partner. The partnership will aim to raise up to £10 million, which will be used to make life changing differences to the lives of adults and children affected by all types of diabetes. And it will mean we can reach more people with important information about the condition. By working together, we will:
 - Provide life-changing support to around a million people who are just diagnosed, or already living, with the condition, helping them to feel better equipped to manage their diabetes.
 - Run an awareness campaign and major risk assessment programme that could help thousands of people avoid a Type 2 diabetes diagnosis, by reducing their risk.
 - Fund research into a 'vaccine' that makes a future without Type 1 diabetes a possibility.
- A new partnership with Boots will allow us to reach tens of thousands more people with our Type 2 diabetes risk assessment. Our free risk assessment is available in all Boots pharmacies from January 2013.
- Our partnership with Bupa has been extended with Diabetes UK named as the nominated partner for the Bupa Great Run Series for 2013 and 2014. The funding will continue to support our Roadshow programme as well as new services and projects for people with diabetes over the coming years.
- We'll continue to offer exciting, challenging and inspiring fundraising events throughout the year, and provide support to individuals and groups along the way.

i FUNDRAISE

Nikki Fothergill was one of our 2012 half-marathon heroes, taking on the Bupa Great North Run for the third time, having previously completed the course in 2008 and 2010.

Nikki's mum had Type 2 diabetes for nearly 30 years, and sadly she passed away in April 2012 from complications related to her condition. While training so soon after bereavement was tough, Nikki persevered through both the emotional and physical pain.





“ I ran in memory of mum.
Knowing I was running
to help other people
just like her gave me
something to strive for. ”

Nikki Fothergill

PARTNERS TO PROFESSIONALS

We want to work with healthcare professionals contributing to diabetes treatment and care. That's why we offer professional membership and specialist networks, with access to our conferences, updates and publications.

Through us, around 10,000 professionals have a regular source of news on best practice, new treatments or care, medical alerts and the latest research findings.

Having healthcare practitioners as members helps us too. We work closely with our Council of Healthcare Professionals, which keeps us updated on developments in the NHS, especially those affecting diabetes services. Their experience and insight makes sure that we're in the best position to support others in delivering quality care for people with diabetes. Front-line clinicians also play a crucial role in helping us connect to people with diabetes, often by using our advice and information materials in their work, or by recommending our services and support to their patients.

We offer professional membership to anyone working in diabetes healthcare or research, welcoming people employed in primary or specialist care, medical academics and those who manage or commission services. What unites us is our shared passion to improve diabetes treatment and care, and provide the best services possible.

2012 HIGHLIGHTS

- Our professional membership reached 6,000, and a further 3,800 professionals are now part of our specialist networks for primary care or diabetes specialist nurses.
- More than 3,000 delegates attended our yearly Diabetes Professional Conference, the biggest event of its kind in the UK. This year a record 92 per cent of delegates rated the conference content either good or excellent.
- Almost 400 primary care professionals attended a series of conferences in our Northern and Yorkshire region, with sessions on our footcare campaign, new therapies and psychology. Attendee evaluations were so positive we'll be running more conferences next year.
- We played an instrumental role in establishing and developing clinical and patient engagement in the National Diabetes Audit for adults and paediatric diabetes care. We worked with our partner organisations to enhance the impact of the audit in bringing forward improvement.
- We have been delighted to respond to requests from practice nurses and diabetes teams for information about the Putting Feet First campaign to inform people with diabetes about looking after their diabetes and their feet. In 2012 we distributed over 250,000 foot care guides.

FUTURE PLANS

- Our Midlands office will host their second National Diabetes in Pregnancy conference, the only one of its kind in the UK, and building on the success of their first event attended by 250 healthcare professionals.
- Regional and national offices will continue to run professional local diabetes education conferences to inform clinicians about care and practice.
- We'll be supporting and promoting the Young Diabetologists and Endocrinologists Forum, to help develop the doctors beginning their careers in specialist diabetes care.
- Working closely with our Council of Healthcare Professionals and other professional associations, we will be developing our educational resources and events.



**WE SUPPORT
10,000
HEALTHCARE PROFESSIONALS
THROUGH OUR MEMBERSHIP
AND SPECIALIST NETWORKS**

WE DISTRIBUTED OVER
250,000
FOOT CARE GUIDES





i CARE

Rupindar Sahuta is a specialist diabetes dietician in Hounslow. Together with her team she delivers over 50 patient education courses about diabetes management every year.

“ We want our patients to leave our course empowered to manage their diabetes. To do that they need good quality information and support. That’s why we always include Diabetes UK information in our patient packs and tell them to become members. ”

Rupindar Sahuta



WE HAVE AN ARMY OF

1,430

DIABETES VOICES

LET'S HEAR IT FOR OUR INSPIRING VOLUNTEERS

We're hugely fortunate to have the loyal support of a superb army of volunteers. They are with us in all of the work we do.

Diabetes UK is here to care, connect and campaign. And our volunteers allow us to do just that. Throughout the UK our 315 voluntary groups provide local care and support; our Community Champions help connect us to new and diverse audiences; and our Diabetes Voices take our campaign messages and turn them into action.

Many of our activities depend on volunteer help to make them a success. From our fundraising walks and outdoor events to our care weekends and holidays for children and families, and our Healthy Lifestyle Roadshows.

We regularly seek the advice and opinion of our volunteers, and their views have a big influence on our plans and development. They share our future ambitions.

No charity could ask for a better, more devoted group of individuals.

2012 HIGHLIGHTS

- We welcomed 1,500 new volunteers to our organisation, taking our total number of volunteers to 5,500.
- Throughout the year our volunteers gave an outstanding 54,793 hours of their time.
- New volunteers took on roles in many different parts of the charity: 896 people became Diabetes Voices, our on the ground campaigning arm, 504 became event volunteers and 223 trained as risk assessors to support our Healthy Lifestyle Roadshows.
- We launched the Inspire Awards, to reward and recognise excellence in volunteering at Diabetes UK.

FUTURE PLANS

- We will recruit 8,000 volunteers to help us raise millions of pounds through our charity partnership with Tesco.
- We will work with our voluntary groups to update our Groups Charter. This will mean our groups are better equipped to provide support in their local communities.
- We will benchmark our overall performance against the Investing in Volunteers national standard of good practice.
- We will provide more opportunities for Diabetes Voices to campaign for improvements to diabetes services, both across the country and in their local area.
- We will provide even better training for teams across Diabetes UK who work with volunteers, to improve services and offer a better volunteering experience.
- We will increase our overall number of volunteers, expand our networks and make sure there are even more opportunities available for people who want to volunteer with Diabetes UK.

i SUPPORT

Our volunteers are the heart and soul of our work and Inspire Award winner Alex is no exception. Alex volunteers at fundraising events in the East Midlands, where she is also a founding chair of the Nottingham Type 1 voluntary group. Alex has travelled the country providing support and advice to others looking to set up a voluntary group.

She gives talks about diabetes in the local community and volunteers at our Healthy Lifestyle roadshows where she provides risk assessments to people at risk of Type 2 diabetes.

“ I know first hand that the support Diabetes UK provides changes lives. So it’s really fantastic to be a part of this charity. I really feel that I’m a part of Diabetes UK. ”

Alex Wild

WE NOW HAVE
5,744
VOLUNTEERS
.....
315
VOLUNTARY GROUPS



WE HAVE THE RIGHT TEAMS ACROSS THE UK

We have teams across England, and in Northern Ireland, Scotland and Wales dedicated to providing support and services to people with diabetes, and keeping the profile of diabetes high across the UK. They make sure our work takes into account the different health agendas and health service structures of each nation, as well as the needs of local populations.

ENGLAND

- Our Midlands office ran a series of public engagement events with key stakeholders from primary care trusts and clinical commissioning groups to help them better understand patient needs and foster a positive information exchange between professionals and people living with the condition. These events informed and influenced local commissioning strategy.
- Our Eastern region worked together with East Anglia digital screening team to deliver almost 100,000 Healthcare Essentials checklists to people with diabetes in their annual eye screening invitation. The team also engaged local pharmacists in the campaign, delivering thousands of checklists in prescription dispensary bags.

NORTHERN IRELAND

- Our campaigning helped secure £2.5 million from the Department of Health for 1,100 insulin pumps. This investment represents the largest single investment in diabetes services in Northern Ireland and is the outcome of a two year campaign for a more effective pump service.
- We successfully lobbied government for a review of diabetes services in Northern Ireland, and in the summer of 2012 the Department of Health began the review process. Diabetes UK has been setting the agenda within the review group and we expect this to lead to a new Northern Ireland diabetes strategy in 2013.

SCOTLAND

- Following our Pump up the Volume campaign, the Scottish Government announced £1 million of funding for insulin pumps for under-18s, and a further £1.5 million to triple the number of pumps available to insulin-dependent adults in Scotland.
- We joined with the Scottish Government to launch Chat, Click, Call. The campaign encourages people to talk to their pharmacist about managing diabetes, to use the NHS Scotland website mydiabetesmyway.scot.nhs.uk, and to call the Diabetes UK Careline for care and support.

WALES

- Following our lobbying work, we welcomed the Welsh Government's promise to give diabetes a higher priority, with a dedicated National Service Advisory Group (NSAG) and a new Diabetes Delivery Plan. The Welsh Government also specifically committed to better diabetes education, more integrated patient services to improve treatment and care and help people manage their condition at home.
- We publicly supported the family of a patient with diabetes who died at Bronglais Hospital. Following an independent report from Health Inspectorate Wales (HIW), many health boards are taking action to improve hypoglycaemia management in hospitals. HIW is also strengthening its future investigations regime, to give greater attention to diabetes in-patient care.

FINANCIAL SUMMARY

**EVERY £1
DONATED
ACHIEVES
SOMETHING
EXTRAORDINARY**

Our income at £27.8m was down from 2011 mostly due to £1.2m less being received in legacies. In 2011, we had one exceptionally large legacy.

We were delighted to spend £2.5m more in 2012 than 2011, in line with our policy to reduce our level of reserves by investing in both services and growth. This planned increase in spend boosted our work in supporting self management by 14%, improving quality of care by 5% and raising awareness and prevention by 36%. We also invested an additional £0.4m in fundraising to increase our income for future years. A slight drop in research funding by 3% was due to a delay in agreement of a planned research award which will be corrected in 2013.

Our reserves at the end of 2012, stood at £16.1m. We have plans in place for the investment of reserves over the level of our reserve policy (£7.5m) over the next three years to further develop services and support for people with diabetes and to increase the charity's support and funding for the future.

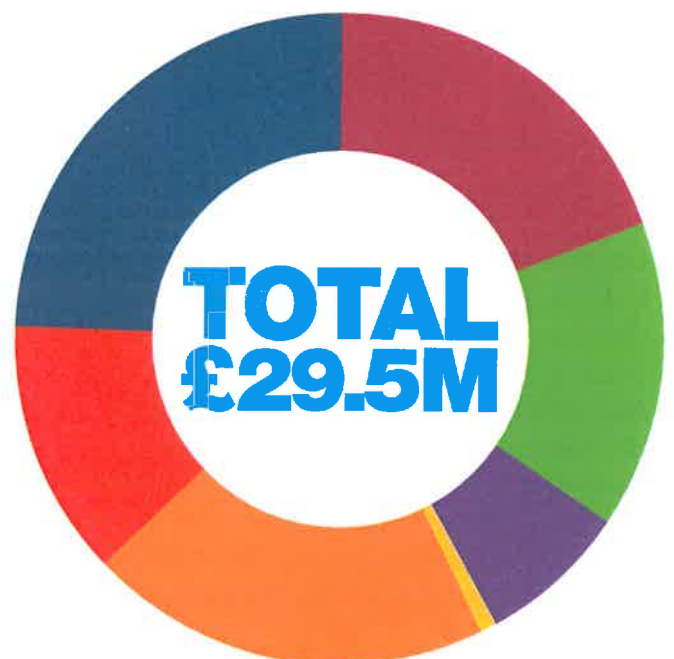
INCOME

■ Donation and membership	£11.4m
■ Legacies	£10.3m
■ Investment and trading	£3.1m
■ Charitable activities	£3.0m

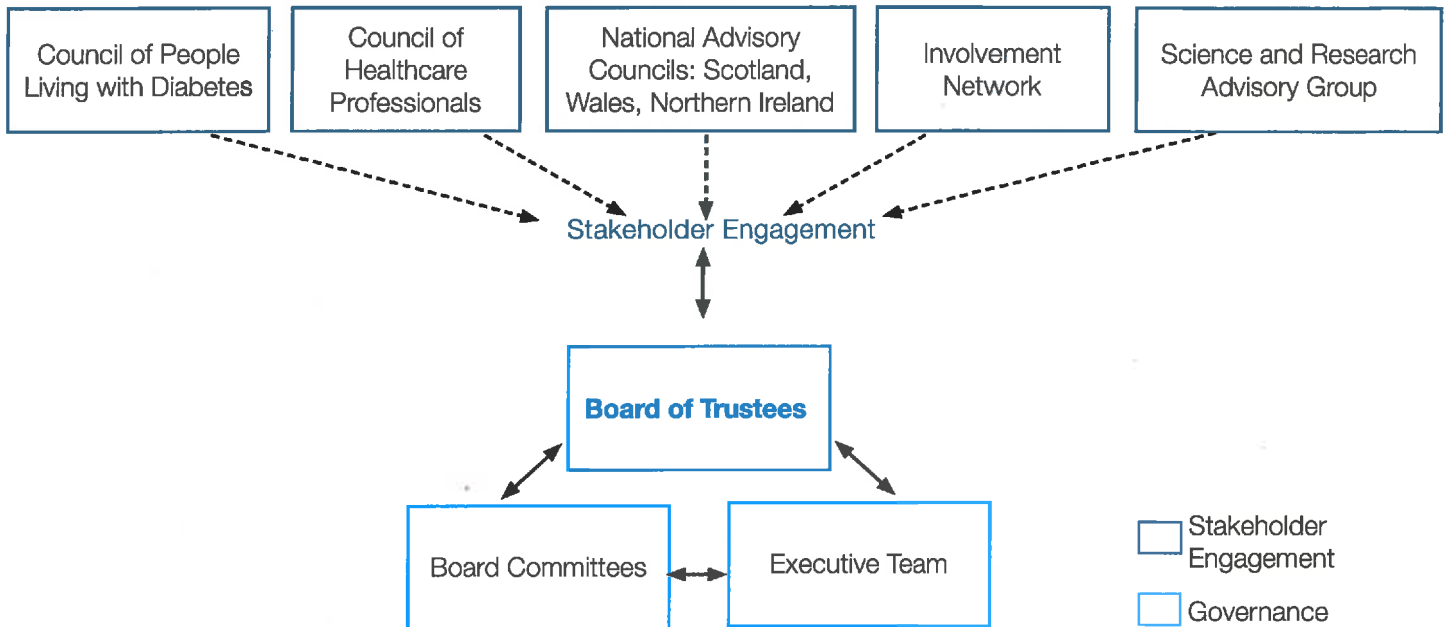


EXPENDITURE

■ Research	£5.9m
■ Raising awareness and prevention	£3.7m
■ Improving quality of care	£7.2m
■ Supporting self management	£5.7m
■ Cost of generating voluntary income	£4.5m
■ Trading and investment costs	£2.2m
■ Governance	£0.3m



STRUCTURE, GOVERNANCE AND MANAGEMENT



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

Our governance structure was designed to ensure that we:

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

The Board of Trustees

The governing body of the charity is the Board of Trustees, which consists of a maximum of 12 members. 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 as trustees 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 a period of at least three years.

Two trustees retired during the year, two trustees were re-appointed for a second term and one new trustee was appointed. In addition, Professor Sir George Alberti, Chair of the Board, was reappointed in February 2012 to serve a one-year term; he retired from the Board at the end of the year, and was succeeded by Sir Peter Dixon on 1 January 2013. In March 2012, Julian Baust was elected by the Board from among its members to serve a three-year term as Vice-Chair, following the retirement of the outgoing Vice-Chair, John Grumitt.

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 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 and 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 review governance arrangements ensuring that the charity can achieve its charitable aims, strategic priorities and the highest possible standards of governance.
- The Research Committee assesses and approves applications for funding for basic, clinical and health-services research, within the guidelines set by the Board and in accordance with the Association of Medical Research Charities' best practice.

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

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

Advisory Bodies

Diabetes UK has seven formal Advisory Bodies 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.

Risk management and internal controls

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

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

on investment and 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.

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 £0.88m (2011: profit £1.01m) was generated in 2012 and was donated to Diabetes UK under gift aid. Its results are shown in note 24 on page 73 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 2012 the company had no research funding commitments but retains an interest in the intellectual property of certain research projects that may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

OBJECTIVES AND PERFORMANCE

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

A review of the main activities, achievements and benefits of 2012, together with future plans, can be found on pages 1–41.

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

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

Our strategy 2011–15

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

Our strategic objectives are to:

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

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

OUR STRATEGY 2011–2015



OUR FINANCES 2012

The charity's consolidated financial statements for the year are on pages 55–78. A summary of financial results for the year is set out below.

Incoming resources

The charity generated income of £27.8m during the year (2011: £29.5m). The decrease in income compared to the previous year is largely due to legacy income which totalled £10.4m (2011: £11.6m) - a decrease of £1.2m. This is mostly explained by the receipt of a particularly large legacy in 2011. Trading income remained stable at £2.9m (2011: £2.9m). Income from charitable activities rose marginally to £3.0m (2011: £2.9m). Our investment income was stable at £0.2m (2011: £0.2m) and we recorded an unrealised gain on investments of £0.4m (2011: a loss of £0.3m).

Resources expended

Total expenditure in 2012 was £29.5m, up 9% on the previous year (2011: £27.0m). This was a planned increase, with expenditure on charitable activities increasing by £1.8m to £22.4m (2011: £20.5m). Expenditure on 'supporting self management' increased by 14%, on 'improving quality of care' by 5%, and on 'raising awareness and prevention' by 36%. The significant increase in expenditure in this third strand of our strategy is largely due to increased spend on Risk Assessment Roadshows funded by income from our new partnership with Bupa and the Great Runs. Research funding fell slightly by 3% due to delayed agreement of a planned award. This expenditure will now be incurred in 2013 and we remain committed to maintaining our level of research funding over time. The cost of generating voluntary income increased from £4.1m in 2011 to £4.5m, reflecting a planned investment in our fundraising activity from which we expect to show a return in future years.

Overall we finished with a deficit of £1.6m in the year (2011: a surplus of £2.5m) which reflects our current policy of reducing reserves through capacity building in our charitable activities as well

as investment in our ability to generate voluntary income in the future. For 2013 the charity has budgeted to continue this policy.

The 2011 comparative figures have been reclassified to better reflect the charity's strategy. The overall surplus has not been affected. Note 1 provides additional information about these changes.

Reserves policy

In November 2012 the Board of Trustees reviewed and revised Diabetes UK's reserves policy and the way that reserves are calculated. As a result of the changes agreed, the trustees believe that the resources of the charity will be put to maximum use for the benefit of people living with diabetes and those at risk.

The new reserves policy is based on the likely need to cover current risks and future opportunities rather than on reserving two and a half to three months of forward expenditure, as was previously the case. The new reserves policy is 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.

Reserves are calculated by excluding from total funds all restricted and designated funds, then adjusting for operational funding requirements (tangible assets and net current assets other than cash surplus to operational requirements).

At 31 December 2012 reserves according to the new calculation amounted to £16.1m (2011: £15.2m). The equivalent figures from the previous method of calculation are £10.8m (2011: £12.2m.) The increase in reserves using the new calculation is due to investment performance and changes to working capital which more than compensated for the net operating deficit of £1.6m. Reserves in surplus of the £7.5m policy described above are available for use in maintaining our charitable activities in a sustainable long term fashion. Any proposed use of the surplus reserves will be approved by the Board as part of the annual planning process.

The Board has agreed a plan to reduce reserves back to the policy target of £7.5m. This will take place across the next three years and the budget for 2013 was set on the basis that £3.5m will be drawn from reserves.

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

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

Investment policy

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 money market deposits, treasury bills or similar with maturities not exceeding six months. Counter party limits and security ratings will be set by the Finance Committee.

Current holdings in equity and property funds will be realised when market conditions are favourable and in line with the expected reduction in reserves.

Going concern

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

Audit

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

In so far as each of the trustees is aware:

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

9 May 2013

LEGAL AND ADMINISTRATIVE INFORMATION

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

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

Member of the International Diabetes Federation

Central office and Registered office

Macleod House
10 Parkway
London NW1 7AA

020 7424 1000
info@diabetes.org.uk

Diabetes UK Cymru

Argyle House
Castlebridge
Cowbridge Road East
Cardiff CF11 9AB

029 2066 8276
wales@diabetes.org.uk

Diabetes UK Northern Ireland

Bridgewood House
Newforge Business Park
Newforge Lane
Belfast BT9 5NW

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

Diabetes UK Scotland

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Glasgow G2 4AA

0141 245 6380
scotland@diabetes.org.uk

Diabetes UK Eastern Region

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Station Road
Witham CM8 2TL

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eastern@diabetes.org.uk

Diabetes UK London

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10 Parkway
London NW1 7AA

020 7424 1000
info@diabetes.org.uk

Diabetes UK Midlands

6th Floor Suite
Tameway Tower
48 Bridge Street
Walsall WS1 1JZ

01922 614500
midlands@diabetes.org.uk

Diabetes UK Northern and Yorkshire

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22 St Cuthbert's Way
Darlington DL1 1GB

01325 488606
northyorks@diabetes.org.uk

Diabetes UK North West

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Warrington WA2 7TT

01925 653281
n.west@diabetes.org.uk

Diabetes UK South East

Blenheim House
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Epsom KT19 9AP

01372 720148
south.east@diabetes.org.uk

Diabetes UK South West

Victoria House
Victoria Street
Taunton
Somerset TA1 3FA

01823 448260
south.west@diabetes.org.uk

Patron

Her Majesty the Queen

President

Mr Richard Lane OBE

Vice Presidents

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

Board of Trustees

Sir Peter Dixon ^{3,4}
(Chair, appointed January 2013)
Professor Sir George Alberti ^{3,4}
(Chair, retired December 2012)
Mr Julian Baust (Vice-Chair, elected March 2012) ^{1,3,4}

Ms Helene Brenchley-King (appointed January 2012)
Ms Sue Browell (re-appointed January 2012)
Mr Gavin Cookman ²
Ms Gill Fine ²

Mr Noah Franklin (Treasurer) ^{1,2,3}
Mr John Grumitt (Vice-Chair, retired March 2012) ^{2,3}
Dr Kamila Hawthorne
Professor David McCance
Mr Frank Moxon ^{1,4}
Mr Gerald Tosh (re-appointed January 2012) ^{1,2}
Ms Rekha Wadhvani (retired January 2012) ¹

¹ Finance Committee member

² Audit & Risk Committee member

³ Remuneration Committee member

⁴ Governance and Nominations Committee member

Executive Team

Chief Executive

Barbara Young

Director of 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 Planning and Support Services

Caroline Moore

Director of Policy, Care & 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
10 Marylebone High Street
London W1A 1FH

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

We have audited the financial statements of The British Diabetic Association for the year ended 31 December 2012 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 49, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2012 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 matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Carol Rudge

Senior Statutory Auditor

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

London

9 May 2013

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Unrestricted £'000	Restricted £'000	2012 Total £'000	Restated 2011 Total £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	17,667	4,122	21,789	23,488
Activities for generating funds: trading	3	2,877	-	2,877	2,946
Investment income	4	198	-	198	166
		20,742	4,122	24,864	26,600
Incoming resources from charitable activities	5	2,603	367	2,970	2,926
Total incoming resources		23,345	4,489	27,834	29,526
RESOURCES EXPENDED					
Cost of generating funds					
Cost of generating voluntary income	7	4,476	-	4,476	4,113
Cost of fundraising trading: cost of goods sold & other	7	2,244	-	2,244	2,008
Investment management costs	7	27	-	27	22
		6,747	-	6,747	6,143
Charitable activities					
Supporting Self Management		5,385	287	5,672	4,961
Improving Quality of Care		7,032	179	7,211	6,859
Raising Awareness and Prevention		2,855	800	3,655	2,681
Funding Research		2,677	3,173	5,850	6,002
Total Charitable Expenditure		17,949	4,439	22,388	20,503
Governance costs	10	341	-	341	334
Total resources expended	8	25,037	4,439	29,476	26,980
Net (expenditure) / income for the year		(1,692)	50	(1,642)	2,546
Gains/(losses) on investments	16	382	-	382	(345)
Actuarial gains/(losses) on defined benefit pension	28	514	-	514	(1,232)
Net movement in funds		(796)	50	(746)	969
Fund balances at the beginning of the financial year		11,131	1,449	12,580	11,611
Fund balances at the end of the financial year	21	10,335	1,499	11,834	12,580

Reconciliation of funds

There are no other unrealised gains or losses which do not appear on the SOFA. All the above results are derived from continuing activities. The notes on pages 58 to 78 form part of these accounts.

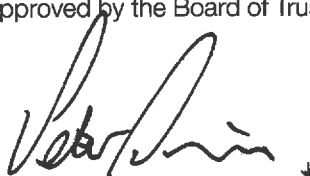
The 2011 comparatives have been reclassified to better reflect the charity's strategy, there is no impact on the overall surplus for that year. Note 1 provides further clarification.

BALANCE SHEET AT 31 DECEMBER 2012

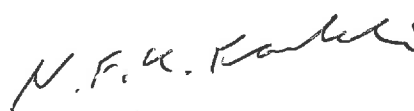
	Notes	Group		Diabetes UK	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Tangible assets	15	748	993	748	993
Investments in subsidiary undertakings	24	-	-	40	40
Other investments	16	4,903	6,499	4,903	6,499
		5,651	7,492	5,691	7,532
Current assets					
Stocks		51	30	-	-
Debtors	17	2,256	3,279	2,906	3,945
Cash at bank and in hand		14,453	12,636	13,208	11,702
		16,760	15,945	16,114	15,647
Creditors: amounts falling due within one year	18	(9,223)	(8,827)	(8,617)	(8,569)
Net current assets		7,537	7,118	7,497	7,078
Net assets before provisions		13,188	14,610	13,188	14,610
Provisions for liabilities and charges	19	(135)	-	(135)	-
Provision: defined benefit pension scheme liability	28	(1,219)	(2,030)	(1,219)	(2,030)
Net assets		11,834	12,580	11,834	12,580
Funds					
Restricted income funds	20	1,499	1,449	1,499	1,449
Unrestricted income funds					
General funds		11,252	13,202	11,252	13,202
Revaluation reserve		302	(41)	302	(41)
Unrestricted funds excluding pension liability		11,554	13,161	11,554	13,161
Pension reserve deficit	28	(1,219)	(2,030)	(1,219)	(2,030)
Unrestricted funds including pension liability		10,335	11,131	10,335	11,131
Total funds		11,834	12,580	11,834	12,580

The notes on pages 58 to 78 form part of these accounts.

Approved by the Board of Trustees on 09 May 2013 and signed on their behalf by:



Sir Peter Dixon
Chair



Noah Franklin
Treasurer

Registered company no: 339181

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £'000	2011 £'000
Net cash (outflow)/inflow from operating activities (see note below)	(187)	4,397
Returns on investments		
Investment income received (net)	39	47
Interest received	15	33
Interest on cash asset investments	117	64
Net cash inflow from returns on investments	171	144
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(145)	(303)
Purchase of investments	(760)	(1,312)
Movement on cash in investments	-	165
Proceeds from sale of investments	2,480	2,258
Net cash inflow from investing activities	1,575	808
Movement in net cash	1,559	5,349

	At 1 January 2012 £'000	Tfr to Cash at bank and in hand £'000	Cash flow £'000	At 31 December 2012 £'000
Analysis of net funds				
Cash at bank and in hand	12,636	258	1,559	14,453
Cash held as short term investments	258	(258)	-	-
Cash at 31 December	12,894	-	1,559	14,453

Notes to the consolidated cash flow statement

	2012 £'000	2011 £'000
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Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities

Net (expenditure)/income for the year per the SOFA	(1,642)	2,546
Depreciation	390	424
Investment income receivable (net)	(171)	(144)
(Increase)/Decrease in stocks	(21)	20
Decrease in debtors	1,023	1,903
Increase/(Decrease) in creditors	396	(46)
Increase/(Decrease) in provisions	135	-
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(297)	(306)
Net cash (outflow)/inflow from operating activities	(187)	4,397

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

Basis of preparation

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

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

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

Company status

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

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its voluntary groups ("Diabetes UK") together with its subsidiary, Diabetes UK Services Limited ("the Group"). A summarised profit and loss account and balance sheet for 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 voluntary groups where returns have been made prior to the preparation of the consolidated financial statements. The number of voluntary group returns received when the financial statements were prepared was 261 out of 311 (84%) (2011: 252 out of 332 (76%)).

INCOMING RESOURCES

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

Legacies

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

Donations

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

Membership subscriptions

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

Donated services and facilities

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

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

Grants receivable

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

RESOURCES EXPENDED

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

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, 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.

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

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

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

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

Provision is made in full for the estimated cost of unfunded pensions payable to a small number of

retired former employees. The provision is re-estimated each year, based on the pensions in payment, estimated future increments and changes in the pensioners' circumstances.

Funds

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

Taxation

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

Restatement of comparatives

The trustees have changed the classification of resources expended in the Statement of Financial Activities so that expenditure is aligned more closely with the charity's strategy and to provide more clarity on the purpose of the expenditure. The new classifications of spend on charitable activities are 'Supporting Self Management', 'Improving Quality of Care', 'Raising Awareness and Prevention' and 'Funding Research'. As a result of this reclassification, certain resources expended have now been classified as resources expended on charitable activities instead of as cost of generating funds. As a result of the reclassification of activities described above, certain incoming resources previously classified as incoming resources from charitable activities have now been classified as Incoming resources from generated funds.

The above restatements of comparative figures do not affect the overall 2011 surplus.

2. Voluntary income

	2012 Total	Restated 2011 Total
	£'000	£'000
Incoming resources		
Legacies	10,395	11,647
Membership, donations and fundraising	11,350	11,796
Donated services and facilities	44	45
Total	21,789	23,488

3. Activities for generating funds: trading

	2012 Total	Restated 2011 Total
	£'000	£'000
Incoming resources		
Lotteries	1,720	1,717
Advertising	480	422
Corporate sponsorship	301	345
Merchandising	376	462
Total	2,877	2,946

All trading activity was undertaken by a subsidiary undertaking.

4. Investment income

	2012 Total	2011 Total
	£'000	£'000
Incoming resources		
Dividends from listed securities	66	69
Interest on cash at bank	132	97
Total	198	166

5. Incoming resources from charitable activities

	Notes	2012 Total £'000	Restated 2011 Total £'000
Conferences		1,285	1,378
Grants receivable	6	620	548
Care holidays		115	143
Professional membership		252	175
Publications		698	682
Total		2,970	2,926
Supporting Self Management		255	114
Improving Quality of Care		2,390	2,456
Raising Awareness and Prevention		296	50
Funding Research		29	306
Total		2,970	2,926

6. Grants receivable

	2012 Total £'000	Restated 2011 Total £'000
During the year Grants were received from the following sources:		
Big Lottery Fund	210	214
Bradford & Airedale Primary Care Trust - Year of Care	-	20
DOH Health & Social Care Volunteering Fund	49	-
DOH Innovation, Excellence & Strategic Development Fund	28	-
Edinburgh Science Fair	-	32
Health & Social Care Alliance Scotland	76	-
NHS Diabetes User Involvement System Grant	-	22
Scottish Diabetes Group	50	-
Scottish Executive PIPs	-	26
Various grants given for Young Diabetologists Forum	207	215
Others less than £10,000	-	19
Total	620	548

7. Cost of generating funds

	2012 Total £'000	Restated 2011 Total £'000
Voluntary Income		
Legacies	303	260
Membership, donations and fundraising	4,129	3,808
Donated services and facilities	44	45
Total	4,476	4,113
Fundraising Trading		
Lotteries	1,503	1,172
Advertising	81	66
Corporate	297	480
Merchandising	363	290
Total	2,244	2,008
Investment management costs	27	22
Total	6,747	6,143

8. Analysis of total resources expended

	Activities undertaken directly £'000	Activities undertaken by grant funding £'000	Support costs £'000	2012 Total £'000	Restated 2011 Total £'000
Cost of generating funds					
Cost of generating voluntary income	3,623	-	853	4,476	4,113
Trading costs	2,244	-	-	2,244	2,008
Investment management costs	27	-	-	27	22
Cost of Charitable activities					
Supporting Self Management	4,996	-	676	5,672	4,961
Improving Quality of Care	6,144	-	1,067	7,211	6,859
Raising Awareness and Prevention	3,218	-	437	3,655	2,681
Funding Research	475	5,298	77	5,850	6,002
Governance costs	305	-	36	341	334
Total	21,032	5,298	3,146	29,476	26,980

9. Support costs allocations

	Facilities £'000	Finance £'000	Human Resources £'000	IT £'000	2012 Total £'000	Restated 2011 Total £'000
Cost of generating voluntary income	329	115	208	201	853	759
Cost of Charitable activities						
Supporting Self Management	261	91	165	159	676	491
Improving Quality of Care	412	144	260	251	1,067	949
Raising Awareness and Prevention	169	58	107	103	437	301
Funding Research	30	10	19	18	77	58
Governance costs	14	5	9	8	36	48
Total	1,215	423	768	740	3,146	2,606

10. Governance costs

	2012 Total £'000	Restated 2011 Total £'000
Trustee costs	58	22
Advisory Council Expenses	47	54
Governance and Stakeholder Support Costs	167	212
External Audit	69	46
Total	341	334

11. Grant funding

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

	2012	
	£'000	
Imperial College London	757	
King's College London	486	
UK Biobank	365	
University of Bristol	351	
University of Dundee	423	
University of Newcastle	322	
University of Cambridge	307	
University of Oxford	257	
University of Glasgow	190	
University of Warwick	163	
Peninsular Medical School	195	
South Tees Hospital NHS Trust	113	
University of Southampton	149	
King's College Hospital	102	
Sub total	4,180	
Other grants	1,118	
Total Grants	5,298	
Direct administration and support costs	552	
Total	5,850	
	2012	2011
Analysis of grant by area of research	£'000	£'000
Care and treatment	2,281	2,328
Cause, prevention and cure	3,017	3,079
Direct administration and support costs	552	619
Total	5,850	6,026
	2012	2011
Grants reconciliation	£'000	£'000
Creditor at the beginning of the year	5,080	5,083
Grants awarded in the year	2,651	2,371
Liabilities arising on existing grants	2,647	3,036
Payments in year	(4,675)	(5,410)
Creditor at the end of the year	5,703	5,080

12. Net incoming resources for the year:

	2012 £'000	2011 £'000
Net incoming resources for the year is stated after charging:		
Depreciation (see note 15)	390	424
Auditors remuneration		
- statutory audit	42	46
- statutory audit prior year	27	0
- other non-audit	0	2
Non-recoverable VAT	667	470
Operating leases		
- property	764	795
- other	29	17

13. Transactions with trustees

Trustees have not been remunerated in the year (2011 Nil). A total of 10 trustees (2011: 12) have been reimbursed for expenses in relation to trustee meetings at a total cost of £10,716 (2011: £11,070). All amounts were for reimbursement of travel and subsistence costs.

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

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

14. Staff costs

	2012 £'000	2011 £'000
Salaries	9,042	8,461
Social security costs	930	888
Other pension costs	822	870
Total	10,794	10,219

Staff numbers	2012 number	2011 number
Fundraising	72	99
Charitable activity	197	146
Support	34	41
Governance	4	4
Total	307	290

The average full-time equivalent number of employees during the year was: 289 (2011: 267).

Pension costs

Pension costs comprise £485,427 (2011: £533,000) in respect of defined contribution pension schemes and £337,200 (2011: £337,200) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:	2012 number	2011 number
£60,000 - £70,000	1	3
£70,000 - £80,000	1	2
£80,000 - £100,000	3	1
£100,000 - £120,000	1	1

Payments to defined contribution pension schemes in respect of the above staff amounted to £34,019 (2011: £42,850) 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 2012 £'000
Cost				
At 1 January 2012	1,400	2,808	299	4,507
Additions	11	134	-	145
At December 2012	1,411	2,942	299	4,652
Depreciation				
At 1 January 2012	(1,192)	(2,167)	(155)	(3,514)
Charge for the year	(58)	(272)	(60)	(390)
At 31 December 2012	(1,250)	(2,439)	(215)	(3,904)
Net book value				
At 31 December 2012	161	503	84	748
At 31 December 2011	208	641	144	993

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2011: nil).

16. Investments

	2012 £'000	2011 £'000
Group and Diabetes UK		
Market value at 1 January	6,499	7,791
Acquisitions at cost	760	1,312
Disposal proceeds	(2,480)	(2,259)
Gains/(losses) on investments	382	(345)
Transferred to Cash at Bank and in Hand	(258)	-
Market value at 31 December	4,903	6,499
Represented by:		
Listed securities	4,800	4,107
Property funds	103	133
Treasury bills & deposits	-	2,001
Cash	-	258
	4,903	6,499
Historical Cost at 31 December	4,601	6,540

Investments which comprised more than 5% of the total market value of investments at 31 December 2012 were:

	2012 £'000	2011 £'000
Aberdeen Ethical World Fund 1	483	-
Aquila Risk Parity 12 Fund GBP	251	-
iShares Dow Jones Global Sustainability Screened ETF	431	-
Jupiter Responsible Income Fund	429	678
Jupiter Ecology Fund	320	-
Kames Ethical Equity Fund	567	369
Kames Ethical Corporate Bond Fund B	402	-
Standard Life UK Ethical Fund	603	486
Treasury bills & deposits	-	2,001
UK Govt Treasury Stock 3.75 07/09/2020	-	365

17. Debtors: amount falling due within one year

Group and Diabetes UK	Group		Diabetes UK	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade debtors	888	749	710	631
Donation due from subsidiary undertaking	-	-	876	1,008
Other amounts due from subsidiary undertaking	-	-	272	235
Other debtors	473	161	239	161
Prepayments and accrued income	895	2,369	809	1,910
	2,256	3,279	2,906	3,945

18. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	278	370	246	364
Taxation and social security	570	376	405	376
Other creditors	66	110	66	104
Accruals and deferred income	2,606	2,891	2,197	2,645
Research grants creditor	5,703	5,080	5,703	5,080
	9,223	8,827	8,617	8,569

19. Provisions for liabilities and charges

	Total 2012 £'000	Total 2011 £'000
Balance brought forward at 1 January 2012	-	-
Amount paid to third parties in respect of provision	-	-
Amount released to the SOFA in the period	-	-
Dilapidation provision created	135	-
Balance carried forward at 31 December 2012	135	-

During the year a dilapidation provision was established to cover future payments to be made in respect of the Charity's 13 leased properties to make good damages arising over the period of occupation. The amount of likely payments, due at the end of each lease, was estimated and provision has been made for the proportion of the cost relating to the period of occupation before the balance sheet date. The leases will expire over the next 8 years.

20. Funds

Group and Diabetes UK

	At 1 January 2012 £'000	Incoming funds £'000	Outgoing funds £'000	Transfers and gains/ (losses) £'000	At 31 December 2012 £'000
General funds	13,202	23,345	(25,037)	(258)	11,252
Revaluation reserve	(41)	-	-	343	302
Pension reserve (see note 28)	(2,030)	-	-	811	(1,219)
Total unrestricted funds	11,131	23,345	(25,037)	896	10,335
Restricted funds					
Diabetes Foundation	132	-	-	-	132
Research funds	571	3,196	(3,174)	-	593
Care and information funds	350	1,088	(1,060)	-	378
Geographical funds	-	55	(55)	-	-
Children funds	68	150	(150)	-	68
Warren Memorial fund	328	-	-	-	328
Total restricted funds	1,449	4,489	(4,439)	-	1,499
Total of unrestricted and restricted funds	12,580	27,834	(29,476)	896	11,834

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

21. Total funds

Total funds are invested as follows:

Group	Unrestricted funds £'000	Restricted funds £'000	Total Funds £'000
Tangible fixed assets	748	-	748
Fixed asset investments	4,575	328	4,903
Current assets	15,589	1,171	16,760
Current liabilities	(9,223)	-	(9,223)
Provisions	(135)	-	(135)
Defined benefit pension scheme liability	(1,219)	-	(1,219)
Total net assets	10,335	1,499	11,834

Diabetes UK	Unrestricted funds £'000	Restricted funds £'000	Total Funds £'000
Tangible fixed assets	748	-	748
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	4,575	328	4,903
Current assets	14,943	1,171	16,114
Current liabilities	(8,617)	-	(8,617)
Provisions	(135)	-	(135)
Defined benefit pension scheme liability	(1,219)	-	(1,219)
Total net assets	10,335	1,499	11,834

22. Operating lease commitments

	Property		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Annual lease commitments under non-cancellable operating leases expiring:				
within one year	39	13	-	5
between two and five years	657	674	29	12
after five years	68	108	-	-
	764	795	29	17

23. Commitments to spend - research grants

At 31 December 2012 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £10,604,000 (2011: £7,639,000). 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.

	2012 £'000	2011 £'000
2012	-	3,738
2013	4,518	2,662
2014	3,709	990
2015	1,643	249
2016	630	-
2017	104	-
	10,604	7,639

24. Subsidiary undertakings

	2012 £'000	2011 £'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. Their financial position is summarised below. BDA Research Limited did not carry out any business activity in the year.

Profit and loss accounts for the year ended 31 December 2012	Diabetes UK Services Limited	
	2012 £'000	2011 £'000
Turnover	962	1,063
Expenditure	(436)	(459)
Other operating income (net)	345	403
Interest receivable	5	1
Profit on ordinary activities before and after taxation	876	1,008
Profit donated to Diabetes UK	(876)	(1,008)
Net income	-	-

Summarised Balance Sheets as at 31 December

Current assets	1,792	1,540
Creditors: amounts falling due within one year.	(1,752)	(1,500)
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 2012 (2011: £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 2012 (2011: £40,003).

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

	2012 £'000	2011 £'000
Net (expenditure) /income	(1,642)	2,546
Gain on sale of investments calculated under the historical Cost accounting convention	39	233
(Loss)/surplus under the historical cost accounting convention	(1,603)	2,779

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 £5.15 million (2011: approximately £4.73 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 £485,427. (2011: £533,000). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accrual on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 67 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 1 January 2011 in accordance with the scheme funding requirements of the Pensions act 2004 and the funding of the scheme is agreed between the charity and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The triennial actuarial valuation showed a deficit of £1,701,000. The charity has agreed with the trustees that it will aim to eliminate the deficit over a period of 4 years and 11 months from 1 January 2012, by the payment of monthly contributions of £28,100 in respect of the deficit. In addition and in accordance with the actuarial valuation, the Charity has agreed with the trustees that it will meet management and administration expenses of the scheme and levies to the Pension Protection Fund as they fall due.

The next valuation is due at 1 January 2014.

For the purpose of FRS17, the actuarial valuation as at 1 January was carried out by a qualified independent actuary and has been updated on an approximate basis to 31 December 2012.

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

	2012 £'000	2011 £'000	2010 £'000
Fair value of scheme assets	6,597	5,855	5,528
Present value of scheme liabilities	(7,816)	(7,885)	(6,632)
Deficit	(1,219)	(2,030)	(1,104)

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.

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 1 January 2011 was £9,751,000 compared with assets at the same date of £5,365,000.

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

	2012 £'000	2011 £'000
Scheme liabilities at 1 January	7,885	6,632
Interest cost	367	356
Actuarial losses (gains)	(300)	976
Benefits paid	(136)	(79)
Scheme liabilities at 31 December	7,816	7,885

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

	2012 £'000	2011 £'000
Fair value of scheme assets at 1 January	5,855	5,528
Expected return of scheme assets	327	325
Actuarial gains/(losses)	214	(256)
Contributions by employer	337	337
Benefits paid	(136)	(79)
Fair value of scheme assets at 31 December	6,597	5,855

The actual return on the scheme assets over the period ended 31 December 2012 was £541,000 (2011: £69,000).

Total expense recognised in SOFA

	2012 £'000	2011 £'000
Interest cost	367	356
Expected return of scheme assets	(327)	(325)
Total expense recognised in SOFA	40	31

Statement of recognised gains and losses

	2012 £'000	2011 £'000
Difference between expected and actual return on scheme assets : gain/(loss)	214	(256)
Experience gains and losses arising on the scheme liabilities: (loss)	(30)	(118)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain/(loss)	330	(858)
Total amount recognised in the statement of recognised gains and losses: gain/(loss)	514	(1,232)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £(1,379,000) (2011: £(1,893,000)).

Assets

	2012 £'000	2011 £'000	2010 £'000
Equities	3,154	2,451	2,239
With profits policy	3,415	3,376	3,261
Cash	28	28	28
Total Assets	6,597	5,855	5,528

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

	2012 % per annum	2011 % per annum	2010 % per annum
Inflation (RPI)	3.00	3.10	3.50
Rate of discount	4.60	4.70	5.40
Allowance for pension in payment increases at the lower of RPI or 5%	3.00	3.10	3.50
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	n/a	n/a	3.50
Allowance for commutation of pension for cash at retirement			
Present value of scheme liabilities	80% of Post A Day	None	None

The mortality assumptions adopted at 31 December 2012 are 100% of the standard tables PNxA00 with year of Birth for males and females, projected using Long Cohort improvement tables underpinned by 1% p.a. improvement.

These imply the following life expectancies:

Male retiring at aged 62 in 2012	27.1
Female retiring at aged 62 in 2012	29.7
Male retiring at aged 62 in 2032	29.2
Female retiring at aged 62 in 2032	31.6

Expected long term rates of return

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

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

	2012 % per annum	2011 % per annum
Equities	6.20	6.90
Cash	5.00	3.70
With profits policy	2.30	5.00
Overall for scheme	5.49	5.76

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/ increase by 11.0%
Rate of inflation	Increase/ decrease of 0.5% pa	Increase/ decrease by 4.8%
Rate of mortality	1 year increase in life expectancy	Increase by 1.4%

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	257
Year 2	161
Year 3	212
Year 4	398
Year 5	184
Year 6	435
Year 7	591
Year 8	376
Year 9	509
Year 10	1284

Amounts for the current and previous four periods

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	6,597	5,855	5,528	5,372	5,176
Present value of scheme liabilities	7,816	7,885	6,632	6,812	5,607
Surplus (deficit) in scheme	(1,219)	(2,030)	(1,104)	(1,440)	(431)
Experience adjustment on scheme assets	214	(256)	161	302	(489)
Experience adjustment on scheme liabilities	(30)	(118)	337	(152)	349

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 January 2013 is £337,200.