

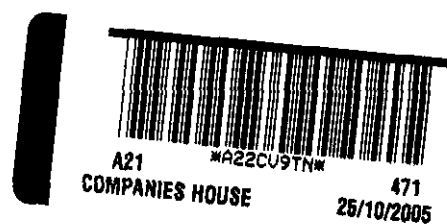
**THE BUPA FOUNDATION**

**(Registered No. 1414385)**

**(Limited by guarantee and registered as a Charity)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2004**



# **THE BUPA FOUNDATION**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 DECEMBER 2004**

The trustees, who act as directors for the purposes of company law, present their report and financial statements for the year ended 31 December 2004.

#### **Governing Instrument**

The company is registered as a charity, No.277598. It is constituted as a charitable company limited by guarantee, No.1414385, under the Memorandum and Articles of Association of the company adopted on 12 February 1979 and amended by Special Resolution on 12 April 1996.

#### **Board of Trustees**

The Board of Trustees is empowered by the Articles of Association of the Charity to act as the Board of Governors of The BUPA Foundation. Whilst The British United Provident Association Limited has the right to appoint up to two thirds of the Trustees, in practice Trustees are appointed by the Board as a whole. The charity's administrative functions are undertaken by The British United Provident Association Limited and the costs of an employee are recharged to the charity.

The Trustees during the year were:

Dame Deirdre J Hine (Chairman) (Appointed 11 February 2004)

Professor H R Anderson

Mr P L Brett

Professor Sir Ara Darzi

Dr J Evans

Professor R Fitzpatrick

Mr C Hasluck (Appointed 01 February 2005)

Professor P A Poole-Wilson

Professor JM Popay (Appointed 01 February 2005)

Dr A J Vallance-Owen

Dr V J Warren

Professor GK Wilcock (Appointed 01 February 2005)

Mr P Jones

**Registered Office:** BUPA House  
15-19 Bloomsbury Way  
London WC1A 2BA

**Auditors:** KPMG LLP  
1, Forest Gate  
Brighton Road  
Crawley RH11 9PT

<b>Bankers:</b>	HSBC plc	NatWest Bank plc
	City of London Corporate Office	PO Box 10720
	8 Canada Square	217 Strand
	London E14 5XL	London WC2R 1AL

**Investment advisers:** BUPA Investments Limited  
BUPA House  
15 - 19, Bloomsbury Way  
London WC1A 2BA

# **THE BUPA FOUNDATION**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 DECEMBER 2004**

#### **Objects**

The current objects ("the Objects") are contained in the Memorandum of Association adopted by Special Resolution on 12 April 1996 which states that they are:

"To prevent, relieve and cure sickness, ill-health and infirmity of every kind (including physical injuries) and to preserve and safeguard health by conducting and commissioning research (the results of such research to be disseminated to the public) for the purpose of the preservation and safeguarding of health and in addition by the award of grants to individuals to undertake such research in furtherance of the Objects."

#### **Operating Review**

The BUPA Foundation continued its policy of donating grants to relevant research bodies, and during 2004 granted £3,051,606 to 31 different projects (2003: £1,222,220 to 12 projects). In October 2002 the company received a written commitment from The British United Provident Association Limited stating it will continue to make an annual Gift Aid payment of at least £1,500,000 up to and including 2005.

#### **Review of financial position**

The net outgoing resources for the year amounted to £300,801 (2003 - Net incoming resources £1,287,509) No Trustees received emoluments during the year (2003: £Nil) for their services to the Charity.

The company's primary asset is the loan with BUPA Investments Limited. It is a money market investment and is deemed secure. This allows the Foundation to maximise their return on cash deposits as BUPA Investments Limited is able to attract higher rates of deposit interest. It is repayable on demand.

#### **Grant making policy**

The charity currently invites applications for medical research grants in the following areas:

- Surgical research and development
- Epidemiology and preventive medicine
- Communication and health information between health professionals and/or patients
- Mental health of the elderly
- Health at work

Applicants are invited to submit their proposals in a specific format. All applications are initially reviewed and scored independently by the Chairman and two members of the Foundation Board.

The best projects are then shortlisted and sent for both external peer review and consideration by the whole Board, prior to discussion of their merit at the Board's grant making meetings.

Projects are funded for between one and three years and successful applicants are asked to submit interim reports on the progress of their work on an annual basis.

The charity also runs an annual thematic competition whereby submissions for grants are invited within a particular field of medicine (exploitation of clinical data sets in 2004) and a proportion of the Foundation's funds are set aside to support the best projects submitted in this area.

As for routine grants, all submissions are initially reviewed and scored independently by the Chairman and two members of the Foundation's Board. A shortlist of projects is then sent for external peer review and consideration by the whole Board, prior to discussion of their merit at a Foundation Board meeting.

# **THE BUPA FOUNDATION**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 DECEMBER 2004**

#### **Risk management**

The charity undertook a formal risk review exercise towards the end of 2004. All governors were asked to consider the risks facing the charity and add these to an initial list considered at the November Board meeting. A committee of the Board was established at the November meeting to evaluate the risks facing the charity, to identify any actions the charity needed to take to control or limit such risks and to record these risks on the charity's Risk Register. This Register was reviewed by the full Board in February 2005 where it was also agreed that the Register would be reviewed on an annual basis at the Board's meeting in November. It was also noted that risks could be added to or taken off this Register as necessary as they became apparent, or ceased to be risks, throughout the year.

#### **Reserves**

The Trustees have reviewed the Foundation's needs for reserves in line with the guidance issued by the Charity Commission. The financial reserves that have been set aside since the Foundation's formation provide financial stability and the means for the development of the Foundation's principal activities.

*The Governors aim to maintain their reserves at a level sufficient to fund all of the Foundation's financial commitments at any point in time. The Foundation would only allow a deficit to arise where the Foundation had received confirmation that funding to cover the deficit would be received within a period of three months.*

The Foundation's need for working capital reserves is relatively small because of the Foundation's income and expenditure pattern. The annual running costs of the Foundation are expected to amount to approximately £100,000 for 2005. Hence, a very significant proportion of the funds held at the balance sheet date (£279,510) are held for grants.

The Trustees regularly review the amount of funds that the Foundation requires to ensure that they are adequate to fulfil the Foundation's ongoing obligations.

#### **Investment Policy**

The Trustees take a caution approach towards investment adopting a short-term low risk policy.

#### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Registered Office :  
BUPA House  
15 -19 Bloomsbury Way  
London  
WC1A 2BA

4 May 2005

By order of the Board



Dr A J Vallance Owen  
Trustee

## THE BUPA FOUNDATION

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period. In preparing those financial statements, the Trustees are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the Financial Statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

## THE BUPA FOUNDATION

### REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE BUPA FOUNDATION

We have audited the financial statements on pages 6 to 12.

This report is made solely to the charity's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

The trustees, who are also the directors of the BUPA Foundation for the purposes of company law, are responsible for preparing the trustees' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of audit opinion**

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

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 December 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditor  
1st June 2005

Gatwick

**THE BUPA FOUNDATION**  
**(Limited by guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Including Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

	<i>Note</i>	Unrestricted Funds 2004 £	Unrestricted Funds 2003 £
<b>Income and Expenditure</b>			
<b>Incoming Resources</b>			
Gift Aid donation - The British United Provident Association Limited		2,578,500	2,536,300
Donations & Other Income		271	50
Unspent grants paid back	5	136,994	-
Investment Income		181,417	97,880
<b>Total Incoming Resources</b>		<b>2,897,182</b>	<b>2,634,230</b>
<b>Charitable Expenditure</b>			
Grants payable	2	3,051,606	1,222,220
Other charitable expenditure		60,000	60,000
Management and Administration of the Charity	3	86,377	64,501
<b>Total Resources Expended</b>		<b>3,197,983</b>	<b>1,346,721</b>
<b>Net (Expenditure)/Income for the Year</b>		<b>(300,801)</b>	<b>1,287,509</b>
Total Funds brought forward at 1 January		680,311	(607,198)
<b>Total Funds carried forward at 31 December</b>		<b>379,510</b>	<b>680,311</b>

There were no material differences between reported net movement in funds and historical net movement in funds.

The charitable company has no recognised gains or losses other than as stated in the Statement of financial activities.

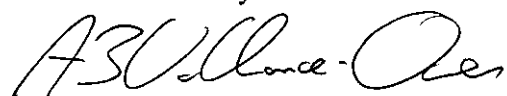
The net incoming resources is all derived from continuing operations.

**THE BUPA FOUNDATION**  
**(Limited by guarantee)**

**BALANCE SHEET AS AT 31 DECEMBER 2004**

	<i>Note</i>	2004	2003
		£	£
<b>Current assets</b>			
Debtors	5	318,411	97,880
Investments	6	3,645,814	3,144,814
Cash in hand and at bank		-	17,043
		<u>3,964,225</u>	<u>3,259,737</u>
<b>Creditors</b>			
Bank Overdraft		(2,953)	-
Amounts falling due within one year :	7	<u>(3,008,644)</u>	<u>(969,026)</u>
<b>Net current assets</b>		<u>952,628</u>	<u>2,290,711</u>
<b>Total assets less current liabilities</b>		952,628	2,290,711
<b>Creditors: amounts falling due after more than one year</b>	7	<u>(573,118)</u>	<u>(1,610,400)</u>
<b>Net assets</b>		<u><u>379,510</u></u>	<u><u>680,311</u></u>
<b>Funds</b>			
Unrestricted funds	1	<u><u>379,510</u></u>	<u><u>680,311</u></u>

These financial statements were approved by the Board of Trustees on 4 May 2005 and were signed on its behalf by



Dr A J Vallance Owen

Trustee

The accounting policies and notes on pages 8 to 12 form part of these Financial Statements



**THE BUPA FOUNDATION**  
**(Limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**1. STATEMENT OF ACCOUNTING POLICIES**

**(a) Status of the company**

The company is limited by guarantee and does not have share capital. The maximum liability of each member is £1. The Company is a registered charity and as such is exempt from the Income and Corporation Taxes Act 1988 on its charitable activities.

**(b) Basis of preparation**

The financial statements have been prepared in accordance with the Companies Act 1985. The accounts have also been prepared in accordance with applicable Accounting Standards and under the historical cost convention modified to include the revaluation of investments at market value. The accounts also comply with The Statement of Recommended Practice ("SORP") "Accounting and Reporting by Charities" issued in October 2000.

**(c) Cash flow statement**

Under Financial Reporting Standard No: 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

**(d) Incoming resources**

Income represents Gift Aid receipts, other donations and the return of unspent grants. Investment income includes interest accounted for on an accruals basis. Donations and other income are accounted for on a received basis. Gift Aid is accounted for on an accruals basis.

**(e) Charitable expenditure**

Grants payable are made for the provision of finance for the prevention, relief and cure of sickness and ill-health in accordance with the Company's charitable objectives.

Other direct expenditure on charitable objectives relate to awards in recognition of excellence in medical research and healthcare.

Management and Administration comprise costs for the running of the charity itself as an organisation.

Irrecoverable VAT is reflected within the relevant expenditure heading in the Statement of financial activities.

**(f) Investments**

Investments are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluations during the year are shown in the Statement of financial activities.

**THE BUPA FOUNDATION**  
**(Limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**(g) Liabilities**

Liabilities are recognised in the period in which they are awarded by the Trustees. Liabilities are recognised when either a legal or constructive obligation exists. Grants payable over a period longer than one year are recognised in full in the period when the grant is approved by the trustees.

**(h) Unrestricted funds**

These are funds which may be used for any charitable purpose within the objects of the charity.

**THE BUPA FOUNDATION****(Limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS - continued****2. Grants**

	2004	2003
	£	£
Princess Alexandra Eye Hospital (Prof Dhillon)	58,192	-
Institute of Child Health (Prof A Pierro)	11,074	-
University of Aberdeen (Dr J N'Dow)	179,857	-
University of Oxford (Dr A McPherson)	98,921	-
University of Wales, Swansea (Prof R Williams)	152,504	-
University of Bristol (Dr D Kessler)	295,568	-
University of Oxford (Mr R Illing)	9,071	-
Institute of Child Health, Bristol (Dr J Hamilton-Shield)	118,652	-
St Georges' Hospital Med School (Dr P Oakeshott)	145,876	-
London Ideas Genetics (Dr A Barnicoat)	12,415	-
Bart's & The Royal London QMSMD (Prof N J Wald)	105,000	-
Nuffield Orthopaedic Centre Oxford (Dr D Beard)	44,292	-
Sheffield Children's Hospital NHS Trust (Dr H Davies)	146,563	-
Nuffield Orthopaedic Centre Oxford (Dr R T Steffen)	47,024	-
Institute of Child Health (Prof Pierro)	180,492	-
St George's Hospital Medical School (Prof D G Cook)	187,442	-
University College London (Dr A Hayward)	93,183	-
University of Western Australia (Dr J Finn)	62,684	-
University of Western Australia (Prof L Fritschi)	22,000	-
Monash University (Prof D L Healy)	170,000	-
University of Nottingham (Pr W L Irving)	99,106	-
University of Leicester (Dr C W McGrother)	104,120	-
University of Cambridge (Prof Danesh)	161,862	-
Addenbrookes Hospital Cambridge (Mr P N Hall)	85,301	-
Bart's & The London QMSMD (Prof N J Wald)	24,363	-
University of Oxford (Dr P Rothwell)	161,544	-
University of Manchester (Dr L Brabin)	153,040	-
Poole Hospital NHS Trust (Prof P Thomas)	41,726	-
Manchester University (Prof D B Henson)	74,434	-
Hammersmith Hospital (Mr N Pannay & Dr B Cloke)	5,720	-
Adjustment	(420)	-
University of Bath (Dr C Eccleston)	-	130,831
University of Birmingham (Dr A Metcalfe)	-	99,950
University of Leicester (Dr A M Brooke)	-	50,000
University College London (Ms C Moore)	-	108,336
Bart's (Dr J Zarewska)	-	83,911
Royal Free & University College (Dr E Murray)	-	45,215
University of Warwick (Prof J Dale)	-	99,988
Imperial College London (Mr G Hanna)	-	213,239
University of Wolverhampton (Dr Shickle)	-	16,241
University of Nottingham (Prof Bath)	-	185,755
Imperial College of Science (Prof Habib)	-	161,904
University of Aberdeen (Dr Counsell)	-	26,850
	<u>3,051,606</u>	<u>1,222,220</u>

**THE BUPA FOUNDATION**  
**(Limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**3. Management and Administration of the Charity**

The net incoming resources for the financial year is stated after charging:

	2004	2003
	£	£
Auditors' Remuneration - Audit	<u>5,170</u>	<u>2,938</u>

The administrative costs recharged to the charity during the year were as follows:

	2004	2003
	£	£
Gross wages and salaries	29,690	28,282
Employer's National Insurance contributions	2,292	2,162
Employer's pension contributions	<u>5,043</u>	<u>4,808</u>
	<u>37,025</u>	<u>35,252</u>

No Trustees received emoluments during the year (2003: £Nil) for their services to the Charity.

**4. Trustees' expenses**

A total of three Trustees (2003: 3) were reimbursed expenses of £2,946 (2003: £1,393) during the year in respect of travel and subsistence.

Indemnity insurance for the trustees is covered by BUPA Group's directors and officers insurance.

The cost of this is not able to be separately identified.

**5. Debtors**

	2004	2003
	£	£
<b>Amounts falling due within one year:</b>		
Unspent grant paid back	136,994	-
Accrued income	<u>181,417</u>	<u>97,880</u>
	<u>318,411</u>	<u>97,880</u>

The unspent grant paid back relates to the return of a grant awarded to Papworth Hospital in 1998 which no longer has need of the funds.

**6. Investments**

	2004	2003
	£	£
Short term deposit with BUPA Investments Limited	<u>3,645,814</u>	<u>3,144,814</u>

**THE BUPA FOUNDATION**  
**(Limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**7. Creditors**

	2004	2003
	£	£
<b>Amounts falling due within one year :</b>		
Grants payable	2,792,418	821,357
Other creditors	211,056	141,793
Auditors' Remuneration	5,170	5,876
	<u>3,008,644</u>	<u>969,026</u>
<b>Amounts falling due after more than one year :</b>		
Grants payable	<u>573,118</u>	<u>1,610,400</u>

**8. Related Party Transactions**

Given the nature of the BUPA Foundation and the fact that medical research is quite specialised, conflicts of interest may occur. The Board has put a clear conflicts of interest policy in place, which includes the provision that any trustee who may have an interest in a grant application will withdraw from the meeting while the grant application is discussed.

During 2002, the charity awarded grants of £103,039, payable over three years, to University College London (Dr J S Rahi). The previous Chairman's wife, Professor Catherine Peckham, was named as a co-investigator on this grant application as the Head of Dr Rahi's Department. The final instalment of this grant was paid during the year.

During 2002, the charity awarded grants of £43,038, payable over two years, to University of Oxford (Dr A Pollard). Professor Ray Fitzpatrick, a trustee of the charity, was named as a co-investigator on this project as the Head of Dr Pollard's Department. The final instalment of this grant was paid during the year.

During 2003, the charity awarded a grant of £213,239, payable over three years, to Mr G Hanna who worked in Professor Sir Ara Darzi's Division, but not Department, at Imperial College London. As at the year end, £146,051 remains outstanding.

During 2004, the charity awarded a grant of £98,921, payable over two years, to Dr A McPherson, who worked within the Department of Primary Care, within Professor Ray Fitzpatrick's Division, at the University of Oxford.

During 2004, the charity awarded a grant of £187,442, payable over three years, to Professor D G Cook, who worked in the same Department as Professor Ross Anderson, a trustee of the charity, at St George's Medical School.

Transactions during the year and year end balances with the BUPA group of companies are as follows:

During 2004, the charity had transactions with The British United Provident Association Limited amounting to £59,663. These represented services paid for by The British United Provident Association Limited on behalf of the charity. As at the year end, £141,458 remains outstanding.

During 2004, the charity received donations from BUPA Investments Limited of £2,578,500. BUPA Investments Limited also holds money on deposit on behalf of the Foundation. As at the year end, the total amount deposited with BUPA Investments Limited was £3,645,814. Interest on this balance accrues at a daily rate equal to the London Inter Bank Investment Deposit (LIBID).