

THE BUPA FOUNDATION

Limited by Guarantee with Company No. 1414385

Registered as a Charity with Charity No. 277598

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011



Reference and Administrative Information

The Foundation is registered as a charity, No 277598 as 'The Bupa Foundation' It is constituted as a charitable company limited by guarantee No 1414385

The Trustees (who are also the directors for the purposes of the Companies Act 2006) during the year or appointed subsequent to the end of the year were

Name	Appointed	Resigned
Professor P J Kumar (Chair)*		
Dr A J Vallance-Owen (Deputy Chair)		
Dr F Adshead	14 September 2011	
Professor S W Duffy		
Dr J Evans		
Dr D R Forsyth		
Mr C Hasluck		
Dame Deirdre J Hine		28 February 2011
Mr S A John		
Professor A R Kendrick		
Sir M G Marmot	4 July 2011	
Professor T M Marteau	14 September 2011	
Mrs J A Miller	31 May 2012	
Professor H E Montgomery		
Professor J M Popay		28 November 2011
Mr B Savla		
Professor D Stott		30 March 2012
Dr V J Warren		
Professor M J Watkins		

* Professor Parveen Kumar was appointed Chair on 28 February 2011 following the resignation of Dame Deirdre Hine

Secretary:	Mr D J Murray (from 3 January 2012) <i>Mr K R Taylor (resigned 31 December 2011)</i>
Registrar:	Miss T Morris (from 1 June 2012) <i>Mrs L Saunders (resigned 20 July 2012)</i>
Assistant Registrar:	Ms L Maclachlan (from 1 June 2012) <i>Miss T Morris (resigned 30 June 2012)</i>
Registered Office	Bupa House 15-19 Bloomsbury Way London WC1A 2BA
Auditors	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT
Bankers:	HSBC Bank Plc City of London Corporate Office 8 Canada Square London E14 5XL
Solicitors	Stone King LLP 16 St John's Lane London EC1M 4BS

Message from the Chair

2011 has been an exciting and challenging year for The Bupa Foundation (the "Foundation" or the "Charity")

The emphasis this year has been on introducing the Foundation's new remit and developing a bold, new strategy to attract the best researchers and fund promising new researchers so that they can build their credentials to go on to receive larger grants

The scope of the new remit means that we are now investing in four key areas (our "Funding Themes")

- enabling sustained behaviour changes in physical activity and/or nutrition amongst children, families or in the workplace or educational establishments,
- utilising or developing shared-decision making tools for better patient decisions for use amongst disadvantaged or diverse groups,
- promoting and encouraging healthy ageing through physical activity and other behaviour-based and social solutions for the older age group (65+ years), and
- using new technologies to organise and interpret health outcomes data cheaply and effectively - for better design of community health activities and to improve patient decision making

To make sure we reach as many in the research community as possible, in addition to increasing our advertising in traditional formats and online journals the Foundation extended and broadened its marketing plan to include social media channels, such as Twitter and LinkedIn. We also exhibited to 5,000 nurses, researchers and health care professionals at the Royal College of Nursing Congress 2011 in Liverpool – the first time we have taken the Foundation out to the community in this way. The whole campaign was a great success, reaching more than 660,000 people involved in medical research within a few weeks of the launch of the new funding strategy

Seminar

In October 2011 our re-launch seminar at the Royal Society of Medicine, entitled "Motivating change working towards a healthier society", was fully subscribed and its success exceeded all expectations. Our excellent speakers gave us a brilliant overview of the topic, from the history of work on the social determinants of health and the science of behavioural change, to the dynamic components of happiness, of which health is one element. We heard the latest from top people in this area including exciting examples of behavioural change projects that not only work in the real world but are being sustained so well in the long term that there are plans to extend them to other parts of the UK. These ranged from active workplaces in Cornwall to Scottish League football clubs that are running healthy living programmes for supporters. The discussion that followed the debate was our liveliest ever and all too short, leaving plenty for us all to talk about next time.

Communications strategy

I'm delighted to report that our communication strategy was rewarded by a trebling in the number of grant applications. More than 170 applications were submitted for our first grant round alone. After a challenging and extremely rewarding time sifting through the first applications in our new areas we have selected our first few projects for funding.

Association of Medical Research Charities

Our high standards were acknowledged and underlined this year by the award to the Foundation of the quality mark of the Association of Medical Research Charities ("AMRC"). To attain this recognition and win the AMRC Certificate of Best Practice, medical research charities must meet the highest standards of peer review and the key principles of accountability, balance, independence, rotation and impartiality.

The Board

We owe a great deal to the Foundation's past and present Board members for their continuing support. Everything they do is entirely voluntary and this year has been particularly demanding. I cannot thank them enough for their huge dedication and commitment to maintaining the Foundation's tradition of excellence in funding the best research.

Message from the Chair continued

And, finally, I pay tribute to Dame Deirdre Hine, who, after seven years, stood down as Chair of the Foundation in February this year. Under her leadership, the Foundation has flourished to become a respected funder of quality medical research and the projects supported in her time will benefit many. I would like to thank Dame Deirdre for her significant contribution and ongoing legacy of research excellence.

We have embarked on an ambitious and exciting new phase in the Foundation's history. It has always been one of our strengths to respond to the demands of changing times while remaining committed to funding the highest quality health and medical research. In doing so, we truly believe that we can make a difference to the lives of people in Britain and around the world, now and for future generations.

Professor Parveen J Kumar CBE, BSc, MD, FRCP, FRCP (E)
Chair, The Bupa Foundation

Trustees' Report
For the year ended 31 December 2011

Who we are

The Foundation is a leading independent medical and health research charity. The Foundation's objects, as contained in its Memorandum of Association, 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, through the award of grants to individuals to undertake such research in furtherance of the objects."

Our major donor, The British United Provident Association Limited ("Bupa"), currently donates £2.6 million per year (increased to £3 million in 2012) to the Foundation, specified by a Funding Agreement between Bupa and the Foundation.

The Foundation donated approximately £3 million during the year to medical research and healthcare initiatives across varying clinical disciplines ranging, from medicine to public health. Donations are made through four programmes: Medical Research grants, Multi-Country grants, Philip Poole-Wilson Seed Corn grants, and donations made to annual prizes. More information on the Grant rounds and annual prizes can be found on pages 6 and 7.

Our aims in 2011

The Foundation aims to carry out its objects and consider public benefit when endeavouring to support and encourage medical research that will produce long-term benefits that have the potential to improve the health of individuals both within the UK and internationally. It aims to advance the knowledge base in clinical and health science and to advance the translation of Foundation-funded research into health gain.

Our aims in 2011 were to fund the implementation of translational and action orientated research-based solutions, which

- drive tangible action to prevent or alleviate chronic disease or the adverse elements of ageing, and to promote wellbeing,
- lead to the sustained uptake of healthy lifestyles, and
- measurably improve public health to a significant degree,

and research which leads to the development of such solutions.

Our objectives

The Foundation's main objective is to offer grants to fund research, to identify and evaluate solutions with the potential to improve health outcomes at a population-level as well as reducing health inequalities. The Foundation focuses on young children and families, and older adults, albeit that this is not exclusive. Intervention settings include workplaces as well as educational establishments.

The Foundation is dedicated to providing support for research into the prevention, relief and treatment of ill health, for the public good. All projects funded by the Foundation therefore develop, apply or test research-based approaches in community settings, with clear intended impacts on public health.

The Foundation makes funding available across its four Funding Themes.

How the Foundation meets its aims

The Governors hold a Board meeting each September to review and approve its strategy for the next grant year (which is also the Foundation's financial year). The grant rounds and annual prizes themselves are reviewed together with the criteria for each to ensure that the Foundation is providing funding in the most appropriate areas.

Trustees' Report continued
For the year ended 31 December 2011

to ensure that the greatest benefit is afforded to the public. The Board recognises that good quality research applicants are essential to the Foundation meeting its objectives.

In addition, a more in depth strategic review is carried out every five years, using appropriate outcomes and impact studies to support the review. The next outcomes and impacts survey is expected in 2014, followed by a further strategy review in 2015.

During 2011, the Foundation allocated approximately £3 million (2010 £2.3 million) to high-quality research grants through its four programmes. 17 new grants were funded and several additional payments made to existing grant holders.

Grant rounds

Medical Research grants

Projects funded under this heading develop, apply or test research-based approaches in community settings - with clear intended impacts on public health.

Research grant applications are open to clinicians, researchers and health care professionals who are UK residents. Applicants are encouraged to include partnerships with other universities, healthcare organisations, research institutes, charities and community groups on their application.

The Foundation normally considers applications for funding to a maximum of £100,000 per annum for up to three years. Successful applications are those that demonstrate added value (such as potential for co-funding). Funding that is required for a longer period requires a separate application to be made in the third year (although continued support is not guaranteed).

In 2011, 56 applications were received under the Foundation's old remit, of which four were funded, and 177 applications were received under the Foundation's new remit, of which five were funded. The applications under the old and new remits were considered by the Board at separate Board Meetings during the year.

Annual Multi-Country grant

A total grant of up to £600,000 is awarded to fund one multi-country initiative of one to three years duration, under one of our Funding Themes. Advertisements for the multi-country grant are advertised on the Foundation's website (www.bupafoundation.co.uk) and via interactive emails.

For a multi-country application to be considered, the project would need to be carried out in at least two of the following countries: United Kingdom, Spain, Australia, New Zealand, the United States or India. In 2011, 50 applications were received with two being funded.

Philip Poole-Wilson Seed Corn grants

Titled in honour of a former Governor, Philip Poole-Wilson, the Board meets once a year to review the applications for these grants which hope to facilitate exploratory/pilot research. The total budget was £200,000 to be divided over a variety of applications up to a maximum of £20,000 per proposal. A total of 93 applications were received in 2011 with six funded.

Each application is made either by a researcher beginning their research career or, if a pilot project by an experienced researcher, the project must include a researcher beginning their career on the team, with the project designed to contribute meaningfully to his or her development and training.

High priority is given to applications from young and/or new researchers who have not previously been funded. Philip Poole-Wilson Seed Corn grant applications are open to clinicians, researchers and health care professionals who are UK residents.

Applicants are encouraged to partner with other universities, healthcare organisations, research institutes, charities and community groups where applicable.

**Trustees' Report continued
For the year ended 31 December 2011**

Grant rounds process

The three grant programmes are competitively assessed for their scientific quality and value for money through a transparent selection process

Stage 1 involves the submission of a short form summary of the project. The Foundation looks for proposals that demonstrate originality, meet the criteria detailed in the relevant Foundation objectives, are feasible and are likely to deliver the desired outcomes.

If the stage 1 submission is successful, a full application is requested at stage 2. The full application is sent for expert peer review and is considered by the Board of Governors of the Foundation, making use of the MRC scoring system in the process. The Board will decide on the projects to be funded, informed by peer review reports, applicant responses and other relevant evidence, as appropriate.

Annual prizes

The Bupa Foundation Prizes provide a unique way of recognising and rewarding researchers' previous work as well as either "seeding" follow-on studies, if appropriate, or piloting work in a new direction prompted by the successful project. A total of seven prizes (four winners and three runners up) were given at our Prize Giving dinner in November 2011 totalling £75,000.

One award was presented for each of the following areas, for research and/or development conducted and completed over the past three years:

- 1 Healthy Lives Prize - Enabling sustained behaviour changes in physical activity and/or nutrition amongst children, families or in the workplace
- 2 Patients as Partners Prize - Utilising or developing shared-decision making tools for better patient decisions for use amongst disadvantaged or diverse groups
- 3 Vitality for Life Prize - Promoting and encouraging healthy ageing through physical activity and other behaviour-based and social solutions for the older age groups (65+ years)
- 4 Technology for Healthy Outcomes Prize - Using new technologies to organise and interpret health outcomes data cheaply and effectively for better design of community health activities and improved patient decision making

Both the prizes and the dinner generate publicity and help to raise the profile of the Foundation and its availability to fund high quality research projects. During 2011, a total of 41 applications were received by the Foundation for the four prizes (12 submissions for the Healthy Lives Prize, 14 for the Patients as Partners Prize, seven for the Vitality for Life Prize and eight for the Technology for Healthy Outcomes Prize). Each prize winner was selected by an independent panel of judges.

Annual prizes process

The prizes are judged by panels of experts with skills related to the Foundation's objective on sustained behaviour changes. Foundation Governors with appropriate skills represent the Board on each panel.

How the Foundation benefits the public

The trustees are pleased with the achievements and performance of the Foundation, which demonstrate attainment of the Foundation's objects.

The trustees confirm that they have referred and complied with the guidance contained in the Charity Commission's general guidance on public benefit. This is considered when reviewing the Foundation's aims and objectives and planning future activities, as well as considering grants to be made throughout the year.

**Trustees' Report continued
For the year ended 31 December 2011**

Disseminating Foundation-funded research

The Foundation believes that the results of its research funding should be made widely available to medical communities and the public, including patients. We actively encourage and further the dissemination of Foundation funded research findings. Our Annual Review is published annually in November, providing details of grants and prizes over the past year and details of all funded projects are available on our website (www.bupafoundation.co.uk)

In accepting Foundation grants, researchers agree to assist our efforts to inform the public about results from Foundation funded clinical and health research. We arrange periodic seminars, often in conjunction with the relevant professional bodies, to disseminate the results of Foundation funded research.

Encouraging the application of Foundation-funded research

The Board circulates its annual reviews widely and forwards details of nationally significant Foundation funded and Award projects to interested parties including NHS Trusts, Strategic Health Authorities, Medical Directors of Hospitals, professional bodies etc. as appropriate. During 2011, the Foundation gave greater focus to translational aspects of its funding.

Grant reviews

The Foundation, whilst closely monitoring the progress of individual grants to ensure that benefit is being provided to the public, also undertakes a periodic review to monitor the output and impact of those projects supported by the Foundation. The last review into the output and impact of projects funded by the Foundation between mid 2002 until the end of 2006 was undertaken by Trustee, Professor Jennie Popay, and presented to the September 2008 Foundation Board Meeting. The benefits to the public of projects which have been funded is also a key consideration in the selection process. The 2013 review will be planned at the September 2012 Foundation Board Meeting.

Our aims for 2012

The Foundation's main objective is and will continue to be to offer grants to fund research into identifying and evaluating solutions with the potential to improve health outcomes at a population-level as well as reducing health inequalities.

The Foundation aims to make funding available for the following areas during 2012:

- achieving sustained behaviour changes in relation to smoking, diet, physical activity and/or alcohol consumption,
- facilitating wellbeing and preventing mental ill health,
- improving patient decision-making through, for example, shared decision-making interventions, and
- improving the design of community health activities by using new technologies to cost-effectively organise and interpret health outcome data.

The Foundation remains committed to supporting high quality medical research and funding as many significant projects within its specified areas of interest as possible, through its programme of grants and prizes.

It is also committed to improving the quality of the reports it receives in respect of the projects it has already funded, both to ensure that the results of the research it has supported are disseminated as widely as possible within the medical community and to monitor the progress and effectiveness of each project.

Trustees' Report continued
For the year ended 31 December 2011

Our structure, governance and management

Governing document

The Foundation 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, as amended by Special Resolution on 12 April 1996 and 10 November 2008

Status of the company

The Foundation is limited by guarantee and does not have share capital. The maximum liability of each of the 42 members is £1 (2010 39). Individuals who have served on the Board of Governors, or been Officers of the Foundation are, subject to invite by the current Governors, appointed lifetime members of The Foundation. The Foundation is a registered charity and as such is exempt from the Income and Corporation Taxes Act 1988 on its charitable activities.

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 Foundation. Whilst The British United Provident Association Limited ("Bupa") has the right to appoint up to two thirds of the Trustees, in practice Trustees are appointed by the Board as a whole. A list of Trustees can be found on page 2.

The Foundation's Articles of Association require one-third of the Governors to retire at each AGM and be eligible for re-election. Any Governors appointed by the Board to fill a casual vacancy shall hold office until the close of the next AGM, at which point they would be eligible for re-election.

At the end of the financial year and at the date the accounts were approved, there were sixteen Trustees.

Recruitment and appointment of Trustees

If, on review or upon the resignation of an existing Trustee, the Board considers it necessary to enhance the skills present on the Board, individuals with the appropriate skill sets are discussed. The Board authorises the Chair to approach those individuals considered appropriate with an invitation to join the Board. The appointment of an individual as a Trustee would be formally approved at the beginning of the Trustee's first Board meeting.

Induction and training of Trustees

When an individual accepts an invitation to join the Board, the Secretary or Registrar forwards copies of the Foundation's previous Board minutes, Charity Commission publications setting out the duties and responsibilities of a Trustee and explain the role and work of the Foundation to the new Board member in writing.

Trustees strive to keep up to date with current issues relating to charitable activities and specific developments in medical research. The Trustees provide expertise across a range of research and clinical areas and consequently do not require specific medical training. Trustees are provided with requisite training as the need arises.

Organisational structure

The Foundation is run by a Board of Trustees that are also Directors under the Companies Act 2006. The Board met four times during 2011 to consider the following:

- applications for research grants,
- applications for multi-country grants, and
- applications for the Philip Poole-Wilson Seed Corn grants

The Board is supported by a management team consisting of the Registrar, Assistant Registrar and Grants Officer. Additional administrative support is sourced when required. The management team are responsible for the day to day running of the Foundation and, whilst reporting to the Board as a whole, maintain regular communication with the Chair.

**Trustees' Report continued
For the year ended 31 December 2011**

Given the length of time between Board meetings, the Chair is usually authorised by the Board to take decisions on matters between meetings, a report of such decisions being formally reported to the Board at the next meeting

The Registrar and Secretary support the Chair in the setting of meeting agendas and are responsible for circulating board papers in advance of all the Board meetings, which are usually sent three weeks prior to a meeting to provide sufficient time for the Board to read and review the materials

The Registrar acts as the point of contact for the Foundation for the majority of queries within the medical community, liaising directly with the Chair or the Secretary, where necessary, to address any issues requiring resolution between meetings

Membership of the AMRC

The Foundation is a member of the AMRC and follows best practice in maintaining the independence of research funding and ensuring that sponsored researchers and research institutions abide by best practice in research ethics. This also enables the Foundation to have access to expert advice on the UK research environment as well as to standard policies such as, amongst others, research governance

Relationship with Bupa

The Foundation's management team are employees of Bupa who have been seconded to the Foundation. The costs of the management team are paid for by Bupa and recharged to the Foundation annually. Bupa provides additional in-kind support when required, such as a Secretary to support the smooth running of Board meetings. Whilst Bupa has the right to appoint up to two thirds of the Trustees, it has not exercised this right during, at least, the last twenty years.

The Trustees recognise that Bupa is essential to the Foundation. The Foundation is keen to ensure that the relationship with Bupa is actively and appropriately maintained at all times.

Risk management

The Board was due to undertake its annual review of the risks facing the Foundation in November 2011. However, it was noted that a thorough review of the Foundation's risk management processes and the way in which risks were presented to the Board was necessary and accordingly this would take place early in 2012.

The results of the review undertaken confirmed that management had correctly identified the major risks facing the Foundation and that the controls that were in place were considered appropriate. Nonetheless, a new approach to risk was adopted by the Foundation's management, looking at risk appetite and tolerance to a greater level of detail. The risk register was refreshed in line with the new approach and was presented to the Board for review in May 2012.

The Board reviewed the Foundation's Risk Register noting the four main categories of risk facing the Foundation: operational, financial, strategic and external, and compliance. Risks were identified within these main categories and included in the risk register. The revised risk register, whilst still 'scoring' risk based on impact and likelihood, utilised a slightly different approach which incorporated an indication as to whether the controls in place for each individual risk were in line with the Board's risk appetite.

The Board recognises that there is a significant risk associated with a loss of funding from the Foundation's sole funder, Bupa. Whilst the Foundation enters into a Funding Agreement with Bupa for each financial year, it is accepted that this may not mitigate against the economic environment rapidly declining.

In order to ensure that projects funded by the Foundation will receive the funding committed to, regardless of external factors, the total grant amount is recognised in the year it is committed to. As such, should unforeseen circumstances prevail, the existing commitments can be maintained whilst providing the Foundation with an opportunity to assess a reduced programme going forward.

The Foundation holds funds on deposit with its sole bank, HSBC. The Foundation takes a prudent approach to funds on deposit and would endeavour to avert the potential loss, by dividing or moving funds on deposit if required.

Trustees' Report continued
For the year ended 31 December 2011

The Board has agreed that all measures that could be taken to minimise the risks facing the Foundation have been adopted

Grant making policy

The Foundation has established a grant making policy to achieve its objects for the public benefit by inviting applications for research grants which comply with the Foundation's four Funding Themes

Applicants are invited to submit their proposals in a specific format. All full applications are initially reviewed, scored independently by two members of the Foundation Board, and sent for external peer review. The highest scoring projects are short listed and considered by the Board as a whole, prior to discussion of their merit at the Board meeting at which the grants are discussed. 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 interim and annual basis.

Financial review

Review of financial position

The net outgoing resources for the year amounted to £3,203,185 (2010 incoming £49,718). It should be noted that the funding from Bupa for 2011 was recorded in 2010 as the funding had been confirmed prior to year end. The proposed funding from Bupa for 2012 had not yet been received and is not reflected in the 2011 financial statements. No Trustees received emoluments during the year (2010 £Nil) for their services to the Foundation. From the total funds carried forward and the incoming resources during the year the Foundation awarded grants payable of £2,972,442, 17 new grants were funded and several additional payments made to existing grant holders (2010 £2,335,526).

In accordance with the latest Statement of Recommended Practice "Accounting and Reporting by Charities" issued in April 2005 the Foundation recognises income promised but not received.

Reserves policy

The Trustees aim to maintain their reserves at a level sufficient to fund all of the Foundation's financial commitments at any point in time. Management accounts are prepared for each meeting of the Trustees which provide an update on the reserves position of the Foundation. If the reserves position is lower than considered necessary or there is a threat that the position will fall to an unacceptable level within the next three months, the Trustees will take action to remedy this.

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 continue to amount to approximately £240,000 for 2012. These costs will be fully covered by the Bupa donation and interest, if any, earned on the funds placed on deposit by the Foundation.

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. The potential for the loss of funding from Bupa was addressed by a review of the Foundation's Risk Register.

The 2011 closing free reserves were £164,489 (2010 £3,367,674 the majority was committed for 2011 grant awards). 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.

Investment policy

The Trustees take a risk averse approach to its investments. Upon receipt of Bupa's donation, funds are held in a bank account accruing interest at market rate. This account is a low risk, instant access account which ensures that the Foundation's assets are appropriately maintained.

**Trustees' Report continued
For the year ended 31 December 2011**

Principal funding sources

The Foundation receives the majority of its funds from Bupa. In 2012, the Foundation received a written commitment from Bupa stating it would continue to support the Foundation. Although there is a commitment from Bupa to make future donations, the Foundation is an entirely separate and independent organisation from Bupa.

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the Annual General Meeting.

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

13 September 2012

By order of the Board



Professor Parveen Kumar
Chair

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and Financial Statements

The Trustees are responsible for preparing the Trustees' Annual Report and 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 of the excess of income over expenditure for that period. In preparing these 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 UK 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 charitable company will continue its activities

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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

Independent auditor's report to the members of The Bupa Foundation

We have audited the financial statements of The Bupa Foundation for the year ended 31 December 2011 set out on pages 15 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, 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.

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 charitable company's affairs as at 31 December 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information 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 requires us to report to you if, in our opinion:

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



J Da Costa (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 December 2011

	Note	Unrestricted Funds 2011 £	Unrestricted Funds 2010 £
Incoming Resources			
Voluntary Income	2	115,135	2,600,000
Investment Income		-	5,833
Total Incoming Resources		115,135	2,605,833
 Resources Expended			
Charitable Activities	3	3,283,456	2,523,027
Governance	4	34,864	33,088
Total Resources Expended		3,318,320	2,556,115
 Net Movement in Funds for the Year		(3,203,185)	49,718
 Total Funds brought forward at 1 January		3,367,674	3,317,956
 Total Funds carried forward at 31 December		164,489	3,367,674

The Foundation has no recognised gains or losses other than as stated in the Statement of Financial Activities

All funds are unrestricted All amounts relate to continuing operations

Balance Sheet as at 31 December 2011

	Note	2011	2010
		£	£
Tangible fixed assets	10	1,218	9,650
Current assets			
Cash in hand and at Bank		4,747,589	4,036,213
Debtors	9	-	2,600,000
		<u>4,747,589</u>	<u>6,636,213</u>
Current liabilities			
Creditors amounts falling due within one year	11	(4,150,609)	(2,990,546)
Net current assets		<u>596,980</u>	<u>3,645,667</u>
Total assets less current liabilities		598,198	3,655,317
Creditors amounts falling due after more than one year	11	(433,709)	(287,643)
Net assets		<u>164,489</u>	<u>3,367,674</u>
The funds of the charity			
Unrestricted income funds		<u>164,489</u>	<u>3,367,674</u>

These financial statements were approved by the Board of Trustees on 13 September 2012 and were signed on its behalf by



Professor Parveen Kumar
Trustee

The accounting policies and notes on pages 18 to 23 form part of these Financial Statements

Cashflow Statement for the year ended 31 December 2011

	Note	2011	2010
		£	£
Reconciliation of total funds to net cash flow from charitable activities			
Net (expenditure)/ income for the year		(3,203,185)	49,718
Returns on investment and servicing of finance		-	(5,833)
Depreciation	10	8,432	16,228
Decrease in debtors		2,600,000	2,099
Increase/ (decrease) in creditors		1,306,129	(250,825)
Net cash inflow/ (outflow) from charitable activities		711,376	(188,613)
Cash flow statement			
Net cash inflow/ (outflow) from charitable activities		711,376	(188,613)
Returns on investment and servicing of finance			
Interest received		-	5,833
Capital expenditure			
Purchase of tangible fixed assets		-	(517)
Increase/ (decrease) in cash in the year		711,376	(183,297)
Reconciliation of net cash flow to movement in net debt			
Movement in net cash in the year		711,376	(183,297)
Net cash at the start of the year		4,036,213	4,219,510
Net cash at the end of the year		4,747,589	4,036,213

Notes to the Financial Statements for the year ended 31 December 2011**1. Statement of Accounting Policies****(a) Basis of preparation**

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006. Following year end the 2012 funding was agreed with Bupa. 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 April 2005. The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

(b) Incoming resources

Income represents Bupa donation receipts, other donations and legacy income. All income is accounted for on a receivable basis in accordance with the conditions of the SORP.

(c) 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 objectives and activities. These are accounted for when they are confirmed to the beneficiary.

Administration costs relate to the staff costs incurred in the running of the charity.

Governance costs relate to the expenses incurred by Trustees in order to attend Board meetings and other professional fees as broken down in note 4.

Awards costs relate to the annual prizes awarded plus advertising and administration costs.

(d) Donated Goods and Services

Donated goods and services represent Bupa specialist staff services and rental costs which have not been directly charged to the Foundation.

(e) 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.

(f) Unrestricted funds

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

(g) Foundation prizes

Each year the Foundation makes a number of awards to recognise excellence in medical research and health care. They are presented in November each year, at the Foundation Prize Giving dinner, usually held in Lincoln's Inn, London. The prize is £15,000 for each award. £5,000 is paid direct to the individual or team members and £10,000 will be used to further the award winner's study in the field of medical research.

(h) Tangible fixed assets and depreciation

Tangible assets are stated at cost and are depreciated so as to write off the cost by equal instalments over their estimated economic lives, as follows: Computer software - 3 years.

(j) Taxation

The Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2. Voluntary Income

	2011 £	2010 £
Public Donations	56,468	-
Bupa	-	2,600,000
Donated Services and Facilities (analysed in note 5)	58,667	-
	115,135	2,600,000

3. Charitable Activities

	2011 £	2010 £
Dr Tuffrey-Wijne (St George Hospital)	-	600
Dr Andreas Roposch - Institute of Child Health	36,886	3,536
Prof Janet Lord (Birmingham University)	-	277,668
Dr P Bain (Imperial College London)	-	137,907
Mr X Griffin (University of Warwick)	-	88,621
Dr Chin (Institute of Child Health)	-	189,379
Dr Ruoling Chen (University of Wolverhampton)	-	104,708
Dr R Lindfield (London School of Hygiene and Tropical Medicines)	4,200	126,156
Dr A Goldman (University College London)	-	176,882
Dr V Strange (Institute of Education)	-	99,183
Dr A Heawood (University of Bristol)	-	70,889
Dr D Young (John Radcliffe Hospital)	-	193,056
Dr A Rudnicka (St George University)	-	40,158
Dr C Kirwan (University Hospital of South Manchester)	-	134,346
Dr L Voss (Peninsula College of Medicine)	-	100,000
Prof S Homer-Vanniasinkam (Northwick Park Institute)	-	95,677
Prof J Rhodes (University of Manchester)	19,698	153,065
Prof M Prince (Kings College London)	-	15,000
Mr Nigel Hall (Southampton General Hospital)	18,500	-
Prof M Griffin (Newcastle University)	138,727	-
Dr S Clarke (University of Southampton)	260,666	-
Prof P Whincup (St George's University of London)	94,345	-
Dr B Jani (University of Glasgow)	96,207	-
Dr C Shaw (University of Birmingham)	104,950	-
Prof G Elwyn (Cardiff University)	283,251	-
Prof S Newman (City University)	237,974	-
Prof S Harridge (King's College London)	210,914	-
Prof A Lucassen (University of Southampton)	159,716	-
Medical Research Grants	1,666,034	2,006,831
Associate Prof C Ni Mhurchu (University of Auckland)	90,265	-
Dr Eve (University of Birmingham)	359,359	-
Multi Country Grants	449,624	-
Alzheimer's Society Grant	757,365	-
Phillip Poole-Wilson 2009 Seed Corn Fund	-	182,381
Phillip Poole-Wilson 2010 Seed Corn Fund	-	146,314
Phillip Poole-Wilson 2011 Seed Corn Fund	99,419	-
Phillip Poole-Wilson Grants	99,419	328,695
Total Grants awarded in the year (note 12)	2,972,442	2,335,526

Charitable Activities continued

	2011 £	2010 £
Grants Refunded during the year (note 12)	(112,705)	(80,762)
Other Direct Charitable Expenditure		
Annual Prizes (note 14)	141,364	126,117
Seminar	6,093	-
Total Other Direct Charitable Expenditure	<u>147,457</u>	<u>126,117</u>
Support Costs		
Advertising	28,708	21,196
Depreciation	8,432	16,228
Grant Tracker	26,028	5,554
Other Costs	20,858	-
Rental Costs	35,737	-
Specialist Staff Services	22,930	-
Staff Administration Costs	133,569	99,168
Total Support Costs	<u>276,262</u>	<u>142,146</u>
Total Charitable Activities	<u>3,283,456</u>	<u>2,523,027</u>

4. Governance

	2011 £	2010 £
Consultants	4,192	-
External Audit Fee	10,326	9,923
Other Expenses	9,729	12,481
Printing	4,560	6,711
Subscriptions	6,057	3,973
	<u>34,864</u>	<u>33,088</u>

5. Donated Services and Facilities

	2011 £	2010 £
Specialist Staff Services	22,930	-
Rental Costs	35,737	-
	<u>58,667</u>	<u>-</u>

Donated services represent the cost of specialist staff services and rental costs which have not been directly charged to the Foundation by Bupa. In addition, Bupa provides the Foundation with other services such as IT support which cannot be readily quantified (IT costs for the maintenance of the Foundation's grants tracker are paid by the Foundation and are included in support costs.)

6. Contingent Asset

In 2008 the Foundation paid for a tax liability arising on a loan made to Bupa Investments Limited in 2007 of £1,697,000, at 30% of £509,100. The loan interest earned during 2007 of £219,080 led to a further corporation tax charge for the period of £65,724 at 30%. The total corporation tax charge was £574,824 and this was accrued in the year ended 31 December 2007. The Foundation is continuing to work with legal advisors to address this matter with HM Revenue and Customs to seek a tax refund as the legislation was not intended to penalise arrangements such as those the Foundation had in place with Bupa Investments Limited. There has been no update in terms of tax law arising on this. There have been changes affecting the substantial donors legislation, however these are not retrospective.

7. Other Operating Costs

The staff costs recharged to the Charity during the year were as follows

	2011 £	2010 £
Gross wages and salaries	103,880	75,431
Employer's National Insurance contributions	11,820	8,113
Employer's pension contributions	17,869	14,979
	<u>133,569</u>	<u>98,523</u>

During the year the Foundation employed 3 full time employees (2010: 2 full time, 2 part time). There has been no employee earning in excess of £60,000 during the current or prior year.

The net outgoing resources for the financial year is stated after charging

	2011 £	2010 £
Auditors' Remuneration – Audit of these financial statements	<u>10,326</u>	<u>9,923</u>

8. Trustees' Expenses

A total of eight Trustees (2010: ten) were reimbursed expenses of £4,526 (2010: £5,110) during the year in respect of travel and subsistence, £4,029 (2010: £3,009) in respect of governance and £497 (2010: £2,101) in respect of charitable activities.

Indemnity insurance for the Trustees is covered by the Bupa Group's directors and officers insurance. The cost of this is not separately identifiable.

No Trustees received emoluments during the year (2010: £Nil) for their services to the Charity.

9. Debtors

	2011 £	2010 £
Amounts falling due within one year.		
Bupa	-	2,600,000
	<u>-</u>	<u>2,600,000</u>

10. Tangible Assets**Fixtures, fittings and equipment**

£

Cost

As at 1 January 2011	48,727
Additions for the year	-
As at 31 December 2011	<u>48,727</u>

Depreciation

As at 1 January 2011	(39,077)
Charge for the year	(8,432)
As at 31 December 2011	<u>(47,509)</u>

Net Book Value

As at 31 December 2011	<u>1,218</u>
As at 1 January 2011	<u>9,650</u>

11. Creditors

2011	2010
£	£

Amounts falling due within one year:

Grants Payable (note 12)	3,307,308	2,291,823
Other creditors	773,302	638,723
Accruals	70,000	60,000
	<u>4,150,609</u>	<u>2,990,546</u>

Amounts falling due after more than one year:

Grants Payable	<u>433,709</u>	<u>287,643</u>
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From the Grants Payable falling due after more than one year none are payable in more than five years

12. Grants Payable

2011	2010
£	£

Grants Payable at the start of the year	2,579,466	2,869,248
Grants Awarded in the year (note 3)	2,972,442	2,335,526
Grants Refunded during the year (note 3)	(112,705)	(80,762)
Grants Paid during the year	(1,698,186)	(2,544,546)

Grants Payable at the end of the year	<u>3,741,017</u>	<u>2,579,466</u>
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Grants at the end of year are payable as follows:

Within one year	3,307,308	2,291,823
After one year	<u>433,709</u>	<u>287,643</u>
	<u>3,741,017</u>	<u>2,579,466</u>

13. Related Party Transactions

Given the nature of the Foundation and the fact that medical research is quite specialised, conflicts of interest may occur. The Board has implemented a clear conflicts of interest policy, 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 2011, by virtue of their connection with King's College London, Professor Hugh Montgomery abstained from any discussions in connection with Professor Stephen Harridge project entitled "Defining the benchmark for optimal human ageing".

Transactions during the year and year end balances with the Bupa Group of companies are as follows:

During 2011, the Charity had transactions with Bupa amounting to £134,579 (2010: £103,957). These represented services paid for by Bupa on behalf of the Charity. As at the year end, £773,302 (2010: £638,723) remains outstanding to Bupa.

During 2011, the Charity received payment of the £2,600,000 donations from Bupa which was recorded as a debtor in 2010 (2010: £2,600,000).

14. Annual Prizes

	2011 £	2010 £
Foundation prize winners		
Dr Rodrigo Floto (University of Cambridge)	-	15,000
Dr Shaheen Shah (The London School of Hygiene and Tropical Medicine)	-	15,000
Ms Tracey Moon, Evelina Children's Hospital St Thomas' Hospital London	-	15,000
Prof Gary Smith, Queen Alexander Hospital, Portsmouth	-	15,000
Mrs Jill Richards, Solent Healthcare	-	15,000
Prof Greg Atkinson, Liverpool John Moores University	-	15,000
Mr Tariq Muhammad, Pharmacy Plus Ltd	-	15,000
Mrs J Shirtliffe, EACH – runner up	-	5,000
Dr Crofts, Southmead Hospital, Bristol – runner up	-	5,000
Miss J Macklin (Liverpool Nursery Nutrition Programme)	15,000	-
Myaction (Westminster Vascular Prevention Programme) – runner up	5,000	-
Mrs A Cowan (Leeds Community Healthcare NHS Trust)	15,000	-
Brook (My Contraception Tool) – runner up	5,000	-
Dr S Houston (University of Roehampton)	15,000	-
Dr A Corfield (Royal Alexandra Hospital)	15,000	-
Dr T Wooley (Department of Military Anaesthesia) – runner up	5,000	-
	75,000	115,000
 Advertising and Administration Costs	 56,364	 76,117
Accrual	10,000	(65,000)
	141,364	126,117