

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 2012



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)		01 November 2012
Dr F Adshead		
Professor S W Duffy		
Dr J Evans		
Dr D R Forsyth		
Mr C Hasluck		21 March 2013
Mr S A John		
Professor A R Kendrick		
Sir M G Marmot		21 March 2013
Professor T M Marteau		21 March 2013
Mrs J A Miller		
Professor H E Montgomery		
Mr B Savla		
Professor D Stott		30 March 2012
Dr V J Warren		
Professor M J Watkins		
Dr P Zollinger-Read	22 November 2012	

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

Secretary:	Mr D J Murray
Registrar:	Ms T Morris-Spicer
Assistant Registrar	Ms L MacLachlan
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

In the context of troubled world economies, we are facing major challenges in the NHS and the wider healthcare system. The new strategy of The Bupa Foundation (the "Foundation" or the "Charity") for 2012 focuses on preventive medicine, covers the most important issues in public health today. By funding this type of research we aim to provide meaningful guidance to help people of all ages and cultures, in the UK and around the world, to look after their health and take a full and informed part in decisions about their care with their healthcare advisors.

Recent funding cuts in all areas of healthcare research have resulted in an increase in applications to many medical research charities. This year, the Foundation processed over 800 grant and prize applications, reflecting a fourfold increase over the last two years. This shift demonstrates more than ever the importance of our seed corn funding for new researchers, with the help and support of a mentor to guide them through all aspects of their research project. Providing funding at such an important development stage gives young researchers a stepping stone to further their career in research.

Seminar

In October 2012, the Foundation ran a very successful seminar entitled 'Future focussed health'. Eminent speakers from numerous disciplines gave talks on research that can make a real difference to public health. Attendees were inspired by the talks on physical activity, diet and smoking, and left the afternoon motivated to make positive changes to both their own health and the health of others.

Personnel changes

I would personally like to thank Mrs Lee Saunders who stepped down as Registrar earlier this year after 13 years of outstanding service. Under Lee's inspirational leadership, the Foundation has flourished as a respected funder of quality medical research. Our Deputy Chairman Dr Andrew Vallance-Owen has also left us after 17 years, after retiring from his post as Bupa's Group Medical Director earlier in 2012. Andrew has been a great source of advice over the years and remains a great supporter of the Foundation. We are also very sorry to have said goodbye to Professor Jennie Popay and Professor David Stott who, as Governors, generously gave their time to the Foundation.

However, it is with great pleasure, I announce the appointment of Ms Teresa Morris-Spicer as our new Registrar, Dr Paul Zollinger-Read as our new Deputy Chairman and welcome Mrs Judith Miller, who has also joined the Board as a Governor. They add to the expertise of a truly exceptional Board. Without their commitment the Charity could not run as successfully as it does.

Future of the Foundation

It is with regret that I must inform you of the Board's decision to close at the end of 2013. Funding from its major donor, Bupa, has been cut and the Board has therefore deemed it impossible for the Foundation to continue without the funding from Bupa.

All applicants, grant holders and sponsor institutions have been informed of the Board's decision.

On behalf of the Board, I would like to wish our current grant holders all the best with their research projects. Whilst we are bitterly disappointed that the Foundation is closing, we are immensely proud of the work that the Foundation has undertaken since 1979. We believe that the Foundation has funded research that has made a genuine impact on the field of medical research and, more recently, lifestyle change.

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

Trustees' Report

For the year ended 31 December 2012

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 and in addition by 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"), donated £3 million in 2012 to the Foundation, specified in a Funding Agreement between Bupa and the Foundation.

During the year, the Foundation's principal activity was the making of grants to medical research and healthcare initiatives across varying clinical disciplines ranging from medicine to public health. The Foundation donated approximately £1.2 million during the year to such initiatives. Donations were made through four programmes: Medical Research grants, Multi-Country grants, Philip Poole-Wilson Seed Corn grants, and donations made to prize winners at the Foundation's Annual Prize Giving Dinner. More information on the Grant rounds and Prize Giving Dinner can be found on pages 4 and 5.

On 14 February 2013, the trustees took the decision to cease the charitable activities of the Foundation following the cessation of funding for the sole donor, Bupa. As the trustees intend to liquidate the charity following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Our aims in 2012

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 2012 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/or research which leads to the development of such solutions.

Our objectives

The Foundation's main objective is 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. Population groups of particular interest, although not exclusive, are young children and families, and older adults. 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.

**Trustees' Report continued
For the year ended 31 December 2012**

The Foundation makes funding available across four key areas (our "Funding Themes")

- 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

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 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.

During 2012, the Foundation made available approximately £2.6 million (2011: £3 million) to high-quality research grants through its four programmes. 13 grants were fully funded.

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 2012, 29 applications were received, of which three were funded.

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 HTML 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 2012, 96 applications were received with one 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 285 applications were received in 2012 with nine funded.

**Trustees' Report continued
For the year ended 31 December 2012**

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/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

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 four prizes and one runner-up prize were given at our Prize Giving dinner in November 2012 totalling £65,000

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 2012, a total of 78 applications were received by the Foundation for the four prizes (23 submissions for the Healthy Lives Prize, 12 for the Patients as Partners Prize, 14 for the Vitality for Life Prize and nine 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 Foundation continued its policy of making grants to good quality research bodies where it was hoped research could be best disseminated. During 2012, the Foundation granted £1,179,727 to 13 different projects (2011 granted £2,972,442 to 17 different projects). The total number of grant applications considered by the Foundation Board during 2012 were 410 applications, with 13 approved (2011 133 applications, 17 approved).

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 to 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.

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/Award projects to interested parties including NHS Trusts, Strategic Health Authorities, Medical Directors of Hospitals, professional bodies etc as appropriate. During 2012, the Foundation continued to give 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. In light of the Board's decision to close the Foundation, no further reviews will be carried out.

Our aims for 2013

The Foundation's main objective is 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 received £1.5m of funding from Bupa for the period from 1 January 2013 to 30 June 2013. The Board was informed that no further funding would be provided by Bupa for subsequent periods.

The Board took the decision to close the Foundation due to the loss of funding from its major donor. As a consequence, the Foundation's main aims for 2013 will be to ensure that the current projects funded by Foundation grants can be continued with the correct level of support and to find an appropriate destination for any residual funds that the Foundation may have once it has met all of its existing liabilities.

The satisfactory handover of existing grant administration together with finding the best use of the Foundation's assets will be the main focus of the Foundation during 2013.

Trustees' Report continued
For the year ended 31 December 2012

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 (2011 42). 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 1.

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 there were fifteen Trustees. At the date the accounts were approved, there were twelve 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 explains 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. Should there be a requirement for training then a training process would be put in place to enable Trustees to fulfil their role in the Foundation.

Organisational structure

The Foundation is run by a Board of Trustees that are also Directors under the Companies Act 2006. The Board met five times during 2012 to consider the following:

- applications for research grants,
- applications for multi-country grants,
- applications for the Philip Poole-Wilson Seed Corn grants, and
- the impact of Bupa's 2020 strategy on the Foundation

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 2012**

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

Following a review of the Foundation's risk register in early 2012, a revised risk register 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 risk register incorporates an indication as to whether the controls in place for each individual risk are 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.

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.

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.

Trustees' Report continued
For the year ended 31 December 2012

Financial review

Review of financial position

The net incoming resources for the year amounted to £1,659,424 (2011 outgoing £3,203,185) No Trustees received emoluments during the year (2011 £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 £1,179,727, 20 new grants were funded and 3 additional payments were made to existing grant holders (2011 £2,972,442 to 17 new and several top ups)

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 2013 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 2012 closing free reserves were £1,823,913 (2011 £164,489) 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

Principal funding sources

The Foundation receives the majority of its funds from Bupa Bupa has taken the decision to cease funding the Foundation and in light of this the Foundation Board deemed it impossible to continue and have been making arrangements to wind up the Foundation before the end of 2013

Plans for Future Periods

The satisfactory handover of existing grant administration together with finding the best use of the Foundation's assets will be the main focus of the Foundation during 2013

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

The Bupa Foundation

Registered Number 1414385

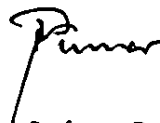
**Trustees' Report continued
For the year ended 31 December 2012**

Auditors

The Foundation's Board has taken the decision to place the Charity into liquidation before the end of 2013. As a consequence, no resolution for the appointment of auditors will be proposed at the 2013 Annual General Meeting.

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

By order of the Board



Professor Parveen Kumar
Chair

17th June 2013

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. (As explained in note 1, the trustees do not believe that it is appropriate to prepare these financial statements on a going concern basis)

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 2012 set out on pages 13 to 21. 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 11, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 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.

Emphasis of matter – non-going concern basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

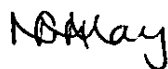
Opinion on other matter prescribed by the Companies Act 2006

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.



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

21 June 2013

Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 December 2012

	Note	Unrestricted Funds 2012 £	Unrestricted Funds 2011 £
Incoming Resources			
Voluntary Income	2	3,111,550	115,135
Investment Income		10,329	-
Total Incoming Resources		3,121,879	115,135
Resources Expended			
Charitable Activities	3	1,435,471	3,283,456
Governance	4	26,984	34,864
Total Resources Expended		1,462,455	3,318,320
Net Movement in Funds for the Year		1,659,424	(3,203,185)
Total Funds brought forward at 1 January		164,489	3,367,674
Total Funds carried forward at 31 December		1,823,913	164,489

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 2012

	Note	2012		2011	
		£	£	£	£
Tangible fixed assets	8		-		1,218
Current assets					
Cash in hand and at Bank		5,192,950		4,747,589	
Current liabilities					
Creditors amounts falling due within one year	9	(3,369,037)		(4,150,609)	
Net current assets			1,823,913		596,980
Total assets less current liabilities			1,823,913		598,198
Creditors amounts falling due after more than one year	9		-		(433,709)
Net assets			1,823,913		164,489
The funds of the charity					
Unrestricted income funds			1,823,913		164,489

These financial statements were approved by the Board of Trustees on 17th June 2013 and were signed on its behalf by



Professor Parveen Kumar
Trustee

The accounting policies and notes on pages 16 to 21 form part of these Financial Statements

Cashflow Statement for the year ended 31 December 2012

	Note	2012 £	2011 £
Reconciliation of total funds to net cash flow from charitable activities			
Net income/ (expenditure) for the year		1,659,424	(3,203,185)
Returns on investment and servicing of finance		(10,329)	-
Depreciation	8	1,218	8,432
Decrease in debtors		-	2,600,000
(Decrease)/ Increase in creditors		(1,215,281)	1,306,129
Net cash inflow from charitable activities		435,032	711,376
Cash flow statement			
Net cash inflow from charitable activities		435,032	711,376
Returns on investment and servicing of finance			
Interest received		10,329	-
Increase in cash in the year		445,361	711,376
Reconciliation of net cash flow to movement in net debt			
Movement in net cash in the year		445,361	711,376
Net cash at the start of the year		4,747,589	4,036,213
Net cash at the end of the year		5,192,950	4,747,589

Notes to the Financial Statements for the year ended 31 December 2012

1 Statement of Accounting Policies

(a) Basis of preparation

In previous years, the financial statements have been prepared on a going concern basis. However, on 14 February 2013 the trustees took the decision to cease the charitable activities of the Foundation following the cessation of funding from the sole donor, Bupa. As they intend to liquidate the charity following the settlement of the remaining net assets, the trustees have not prepared the financial statements on a going concern basis and all creditors have been reclassified as payable within one year. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

(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 prizes awarded at the annual Foundation Prize Giving dinner (see below) plus the costs of organising this event.

(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) 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.

Notes to the Financial Statements continued

2 Voluntary Income

	2012 £	2011 £
Public Donations	10	56,468
Bupa	3,050,000	-
Donated Services and Facilities (analysed in note 5)	61,540	58,667
	<u>3,111,550</u>	<u>115,135</u>

3 Charitable Activities

	2012 £	2011 £
Dr Andreas Roposch - Institute of Child Health	-	36,886
Dr R Lindfield (London School of Hygiene and Tropical Medicines)	-	4,200
Prof J Rhodes (University of Manchester)	-	19,698
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
Prof C Dayan (University of Cardiff)	41,233	-
Prof C Hughes (Queens University of Belfast)	29,384	-
Prof H Spiby (University of Nottingham)	196,912	-
Prof F Cappuccio (University of Warwick)	56,215	-
Prof P Whincup (St George's University of London)	973	-
Prof Ahren (Royal Free Hospital)	29,015	-
Prof P Oakshotts (St George's University of London)	2,500	-
Lancaster University	1,934	-
Smart e-bikes (University of Brighton)	5,000	-
Prof P Whincup (St George's University of London)	17,685	-
Prof C Hughes (Queens University of Belfast)	46,075	-
Medical Research Grants	<u>426,926</u>	<u>1,666,034</u>
Associate Prof C Ni Mhurchu (University of Auckland)	-	90,265
Dr Eve (University of Birmingham)	-	359,359
Prof M Hanson (University of Southampton)	307,165	-
Prof K McPherson (National Heart Forum)	249,449	-
Multi Country Grants	<u>556,614</u>	<u>449,624</u>
Alzheimer's Society Grant	-	757,365
Phillip Poole-Wilson 2011 Seed Corn Fund	-	99,419
Phillip Poole-Wilson 2012 Seed Corn Fund	196,187	-
Phillip Poole-Wilson Grants	<u>196,187</u>	<u>99,419</u>
Total Grants awarded in the year (note 10)	<u>1,179,727</u>	<u>2,972,442</u>

Notes to the Financial Statements continued
Charitable Activities continued

	2012 £	2011 £
Grants Refunded during the year	(86,026)	-
Grants Written Off during the year (note 10)	(51,369)	(112,705)
Other Direct Charitable Expenditure		
Prize Giving Dinner (note 12)	124,211	141,364
Seminar	7,762	6,093
Total Other Direct Charitable Expenditure	131,973	147,457
Support Costs		
Advertising	20,928	28,708
Depreciation	1,218	8,432
Grant Tracker	9,101	26,028
Other Costs	5,880	20,858
Rental Costs	35,675	35,737
Specialist Staff Services	25,865	22,930
Staff Administration Costs	162,499	133,569
Total Support Costs	261,166	276,262
Total Charitable Activities	1,435,471	3,283,456

4 Governance

	2012 £	2011 £
Consultants and Legal Fees	5,430	4,192
External Audit Fee	9,600	10,326
Other Expenses	3,333	9,729
Printing	6,765	4,560
Subscriptions	1,856	6,057
	26,984	34,864

5. Donated Goods and Services

	2012 £	2011 £
Specialist Staff Services	25,865	22,930
Rental Costs	35,675	35,737
	61,540	58,667

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)

Notes to the Financial Statements continued

6 Other Operating Costs

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

	2012 £	2011 £
Gross wages and salaries	130,360	103,880
Employer's National Insurance contributions	14,538	11,820
Employer's pension contributions	17,601	17,869
	<u>162,499</u>	<u>133,569</u>

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

	2012 £	2011 £
Auditors' Remuneration – Audit of these financial statements	<u>9,600</u>	<u>10,326</u>

During the year the Foundation employed 3 full time employees (2011 3 full time) There has been no employee earning in excess of £60,000 during the current or prior year

7. Trustees' Expenses

A total of eight Trustees (2011 eight) were reimbursed expenses of £2,681 (2011 £4,526) during the year in respect of travel and subsistence, £2,060 (2011 £4,029) in respect of governance and £621 (2011 £497) 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 (2011 £Nil) for their services to the Charity

Notes to the Financial Statements continued

8 Tangible Assets

	Fixtures, fittings and equipment
	£
Cost	
As at 1 January 2012	48,727
Additions for the year	-
As at 31 December 2012	<u>48,727</u>
Depreciation	
As at 1 January 2012	(47,509)
Charge for the year	(1,218)
As at 31 December 2012	<u>(48,727)</u>
Net Book Value	
As at 31 December 2012	<u>-</u>
As at 1 January 2012	<u>1,218</u>

9 Creditors

	2012 £	2011 £
Amounts falling due within one year		
Grants Payable (note 10)	2,452,986	3,307,308
Other creditors	885,801	773,301
Accruals	30,250	70,000
	<u>3,369,037</u>	<u>4,150,609</u>
Amounts falling due after more than one year		
Grants Payable	<u>-</u>	<u>433,709</u>

From the Grants Payable falling due after more than one year none are payable in more than five years

10 Grants Payable

	2012 £	2011 £
Grants Payable at the start of the year	3,741,017	2,579,466
Grants Awarded in the year (note 3)	1,179,727	2,972,442
Grants Written Off (note 3)	(51,369)	(112,705)
Grants Paid during the year	<u>(2,416,389)</u>	<u>(1,698,186)</u>
Grants Payable at the end of the year	<u>2,452,986</u>	<u>3,741,017</u>
Grants at the end of year are payable as follows.		
Within one year	2,452,986	3,307,308
After one year	<u>-</u>	<u>433,709</u>
	<u>2,452,986</u>	<u>3,741,017</u>

Notes to the Financial Statements continued

11. 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 Governor who may have an interest in a grant application will withdraw from the meeting while the grant application is discussed. During 2012, the following grant applications gave rise to potential conflicts of interest and were therefore managed in accordance with the Foundation's conflicts of interest policy:

- Professor Parveen Kumar and Professor Stephen Duffy in connection with Dr David Wald's project entitled "Investigation of text message reminders on adherence to cardiac treatment – a randomised trial"
- Professor Anthony Kendrick in connection with Dr Emma Stack's project entitled "The prediction, assessment and prevention of falls among people with Parkinson's disease and cognitive co-morbidity"
- Professor Anthony Kendrick in connection with Professor Mark Hanson's project entitled "Achieving sustainable health behaviour change in adolescents"
- Professor Stephen Duffy in connection with Professor Klim McPherson's project entitled "A model for good health: Modelling the effect of salt reduction on future burden of disease in 30 countries"
- Professor Anthony Kendrick in connection with Dr Stuart Clarke's project entitled "Optimising sample collection to detect carriage of *Streptococcus pneumoniae* and other pathogenic bacteria in the upper respiratory tract – a pilot study"

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

During 2012, the Charity had transactions with Bupa amounting to £112,500 (2011: £134,579). These represented services paid for by Bupa on behalf of the Charity. As at the year end, £885,801 (2011: £773,301) remains outstanding to Bupa.

During 2012, the Charity received payment of the £3,050,000 donations from Bupa (2011: £2,600,000 which was recorded as a debtor in 2010).

12. Prize Giving Dinner

	2012 £	2011 £
Foundation prize winners		
Miss J Macklin (Liverpool Nursery Nutrition Programme)	-	15,000
Myaction (Westminster Vascular Prevention Programme)	-	5,000
Mrs A Cowan (Leeds Community Healthcare NHS Trust)	-	15,000
Brook (My Contraception Tool)	-	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)	-	5,000
Dr Ian Lewis - Vitality for Life Winner	5,000	-
Tenovus - Vitality for Life Winner	10,000	-
London School of Hygiene and Tropical Medicine - Healthy Lives Winner	15,000	-
University of York - Healthy Lives Prize	5,000	-
Dr Nick Selby - Technology for Healthy Outcomes Winner	15,000	-
University of Leeds - Patients as Partners Winner	15,000	-
	<hr/> 65,000	<hr/> 75,000
Advertising and Administration Costs	59,211	66,364
Total cost of Prize Giving Dinner	<hr/> 124,211	<hr/> 141,364