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Reports and Financial Statements

For the year ended 30 June 2004

Diabetes Foundation



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Diabetes Foundation

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Diabetes Foundation

Charity information

Trustees

A-M. Felton
Prof. S. Howell
Prof. H. Keen, CBE
J.M. Rich, OBE
C.N. Sommerville

Secretary

J.M. Rich OBE

Charity Registration Number

292317

Company Registration Number

1917779

Registered office

1 Constable's Gate
Winchester
Hampshire SO23 8GE

Auditors

Mazars LLP
Times House
Throwley Way
Sutton
Surrey SM1 4JQ

Bankers

National Westminster
Marylebone and Harley Street
Marylebone High Street
London W1A 1FH

Solicitors

Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Diabetes Foundation

Trustees' report

The Trustees, who are also directors of the Diabetes Foundation, are pleased to submit their annual report and audited financial statements for the year ended 30 June 2004. The Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) in preparing the annual report and financial statements of the Foundation.

Governance

The Foundation is both a registered charity and a company limited by guarantee, and is governed by its Memorandum and Articles of Association.

The members elect or re-elect the Trustees. The Trustees have appointed three Trustees with relevant professional experience to a Grants Committee which recommends suitable recipients for grants.

Trustees

The Trustees who have served during the period from 1 July 2003 to the date of this report have been:-

A-M. Felton	(member of Grants Committee)
Professor S. Howell	(member of Grants Committee)
Professor H. Keen, CBE	(member of Grants Committee)
J.M. Rich, OBE	(Chairman)
C.N. Sommerville	

Trustees' responsibilities

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees have: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Diabetes Foundation

Trustees' report (continued)

Objects of the Foundation

The objects for which the Foundation was established are to support and advance research in the field of Diabetes and particularly juvenile (insulin dependent) Diabetes in the United Kingdom and throughout the world and to provide material of an educational and informational nature to persons who are interested in and affected by Diabetes.

Organisation structure

The members of the Foundation vote upon resolutions for the appointment or reappointment of directors at members meetings. The directors who act as Trustees of the charity are responsible for the management of the activities of the Foundation.

Principal activities

The main charitable activities of the Foundation during the period have been the funding of research by the provision of grants to institutions.

Financial results and state of affairs

Net incoming resources of £144,844 have been achieved for the year (2003:£2,074).

Reserves policy

The Trustees are required to use Restricted Funds in accordance with the wishes of the donors, and seek to do so as soon as practicable after their receipt.

The Trustees have considered the level of unrestricted reserves it is appropriate for the charity to hold. The income from legacies is unpredictable and the Trustees wish to award major grants on a basis which is not dependent on the level of income in a particular year. In view of this they have developed a policy on the appropriate level of reserves which has two components:

- 1 A sum to ensure future non-grant expenditure can be covered. This is set at 150% of the average expenditure excluding grants in the last two years.
- 2 A sum available for grants. This is calculated by assuming that legacies will be used to meet grants by equal instalments over the three years following their inclusion in the financial statements.

	£
The sum calculated for one above is approximately	12,000
The sum calculated for two above (a proportion of the legacies received in the years ended 30 June 2004, 2003 and 2002) is approximately	320,000
	<hr/>
	332,000
	<hr/>

Unrestricted reserves at 30 June 2004 exceed this amount by £147,257. The trustees are taking active steps to increase the number of grant applications.

This policy will be kept under review and modified as appropriate in the light of changing circumstances.

Diabetes Foundation

Trustees' report (continued)

Grant-making policy

The main activity of the Foundation is the distribution of donated income to bona fide research through institutions. The Foundation invites institutional and individual applications for grant funding and will award grants to these applicants according to the level of merit of each application.

The Grants Committee have been disappointed at the poor quality of many applications received and is encouraging an improvement in these applications' quality.

Details of grants awarded are given in note 2 to the financial statements.

Risk management

The trustees continued their policy of keeping the management of risk at the forefront of their decisions.

Financial review

The results for the year are set out on page 6 of the financial statements.

Auditors

A resolution proposing that Mazars LLP be re-appointed as auditors of the company will be put to the Annual General Meeting.

Approved by the Board on 05.10.2004

and signed on their behalf by

Justin M. Rich

Secretary

Diabetes Foundation

Independent auditors' report to the members of Diabetes Foundation

We have audited the financial statements for the year ended 30 June 2004 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of Diabetes Foundation for the purpose of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 30 June 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.


MAZARS LLP
CHARTERED ACCOUNTANTS
and Registered Auditors

Times House
Throwley Way
Sutton, Surrey SM1 4JQ

12 November, 2004 5

Diabetes Foundation

Statement of financial activities For the year ended 30 June 2004

	Notes	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Incoming resources					
Legacies		179,629	-	179,629	132,529
Donations and similar income		3,392	750	4,142	3,501
Interest received		11,513	-	11,513	7,329
Total incoming resources		<u>194,534</u>	<u>750</u>	<u>195,284</u>	<u>143,359</u>
Costs of generating funds					
Fundraising and publicity	3	1,255	-	1,255	375
Charitable expenditure					
Grants payable	2	40,000	875	40,875	133,213
Management and administration	3	8,310	-	8,310	7,697
		<u>49,565</u>	<u>875</u>	<u>50,440</u>	<u>141,285</u>
Net incoming resources		144,969	(125)	144,844	2,074
Total funds at 1 July 2003	6	<u>334,288</u>	<u>875</u>	<u>335,163</u>	<u>333,089</u>
Total funds at 30 June 2004	6	<u>479,257</u>	<u>750</u>	<u>480,007</u>	<u>335,163</u>

All transactions are derived from continuing activities.

All recognised gains and losses are included in the statement of financial activities.

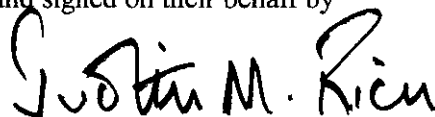
Diabetes Foundation

Balance sheet at 30 June 2004

	Notes	2004 £	2003 £
Current assets			
Debtors	4	2,144	1,883
Cash at bank and in hand		567,305	426,638
		<u>569,449</u>	<u>428,521</u>
Creditors: Amounts falling due within one year	5	(89,442)	(93,358)
Net current assets		<u>480,007</u>	<u>335,163</u>
Income funds			
Unrestricted funds	6	479,257	334,288
Restricted funds	6 & 7	750	875
Total funds		<u>480,007</u>	<u>335,163</u>

Approved by the Board on 05.10.2004

and signed on their behalf by



JUDITH M RICH
Chairman

Diabetes Foundation

Notes to the financial statements For the year ended 30 June 2004

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements, have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities", (SORP 2000) applicable accounting standards and the Companies Act 1985.

1.2 Company status

The Foundation is both a registered charity and a company limited by guarantee. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member of the company.

1.3 Incoming resources

Incoming resources are accounted for on a receivable basis, when the Charity becomes legally entitled to the income, and the amount can be quantified with reasonable accuracy.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

1.4 Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Foundation.

Restricted funds are funds subject to specific restrictive conditions imposed by funders or by the purpose of the appeal.

All income and expenditure is shown in the Statement of Financial Activities.

1.5 Resources expended

Fundraising and publicity costs are those incurred in encouraging donations to the charity.

Management and administration costs are those incurred in connection with the management of the Foundation's assets, organisational administration and compliance with constitutional and statutory requirements.

Grants payable are recognised as liabilities once the trustees have approved the recommendation of the Grants Committee to pay grants.

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Notes to the financial statements For the year ended 30 June 2004

2 Grants

	2004 £	2003 £
Grants consist of the following:		
Peninsular Medical School Plymouth	-	40,000
Kings College London	-	50,000
Diabetes UK	800	3,458
Calderdale Fund	75	14,755
International Insulin Foundation	40,000	25,000
	<u>40,875</u>	<u>133,213</u>

3 Expenditure

	2004 £	2003 £
Fundraising and Publicity		
Advertisements	1,255	375
Management and Administration of the charity		
Office and administration costs	3,501	1,828
Audit fees	2,761	3,264
Trustee Indemnity Insurance	2,048	1,691
Legal Fees	-	914
	<u>9,565</u>	<u>7,697</u>

Travel and office expenses of £1,471 (2003: £534) were claimed by two trustees during the year. No remuneration was paid or is payable to trustees for the year.

The payment of Trustee Indemnity Insurance has been approved by the Charity Commission.

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Notes to the financial statements For the year ended 30 June 2004

4 Debtors

	2004	2003
	£	£
Taxation receivable	810	810
Legacies receivable	-	600
Prepayments	-	473
Interest Receivable	1,334	
	<u>2,144</u>	<u>1,883</u>

5 Creditors

	2004	2003
	£	£
Accruals	3,942	3,358
Grants payable	85,500	90,000
	<u>89,442</u>	<u>93,358</u>

6 Statement of funds

	Balance brought forward 2003 £	Income £	Expenditure £	Balance carried forward 2004 £
Unrestricted General Fund	<u>334,288</u>	<u>194,534</u>	<u>(49,565)</u>	<u>479,257</u>
Restricted funds:				
North East Fund	-	700	-	700
Dundee Senior Citizens	800	-	(800)	-
Oxford Children's Fund	75	50	(75)	50
Total restricted funds	<u>875</u>	<u>750</u>	<u>(875)</u>	<u>750</u>
Total funds	<u>335,163</u>	<u>195,284</u>	<u>(50,440)</u>	<u>480,007</u>

7 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 30 June 2004 are represented by:			
Current assets	568,699	750	569,449
Current liabilities	(89,442)	-	(89,442)
	<u>479,257</u>	<u>750</u>	<u>480,007</u>

Diabetes Foundation

Notes to the financial statements For the year ended 30 June 2004

8 Outstanding claim

The financial statements for the year ended 30 June 2003 indicated that the Trustees were reviewing the courses of action open to them in relation to funds held in bank accounts which had been frozen by the Charity Commission. As a result of this review, and on the basis of legal advice, the Trustees decided not to take any further action in relation to these funds, which therefore have not been included in the financial statements for the year to 30 June 2004.