

1917779

DIABETES FOUNDATION

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

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Legal and administrative information

Central Office and Registered Office

10 Parkway
London NW1 7AA
Tel 020 74241000
Fax 020 74241001

Charity registration number 292317
Company registration number 1917779

Trustees

R Lane OBE (resigned 31 December 2010)
Dr M Shah (resigned 31 December 2010)
C N Sommerville (Chair) (resigned 31 December 2010)
Barbara Young (appointed 31 December 2010)

Company Secretary

C Moore

Bankers

Natwest Plc
Marylebone & Harley Street Branch
PO Box 2021
10 Marylebone High Street
London NW1 2EP

Auditors

Grant Thornton UK LLP
Chartered Accountants
Grant Thornton House
Melton Street
London NW1 2EP

Trustees' report for the year ended 31 December 2010

The trustees present their report and the audited financial statements for the year ended 31 December 2010

This is the last set of financial statements for the Diabetes Foundation as all activities and net assets transferred to the British Diabetic Association on 31st December 2010. The background to this change is discussed below under Governance changes

Structure, governance and management

The Foundation is both a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles of Association. All significant decisions are made at Trustee meetings. The management of its activities is the responsibility of its Trustees, all of whom act voluntarily. It does not employ any staff.

Under its Articles of Association the sole member of the Foundation is Diabetes UK, and the Trustees are appointed and may be removed by resolution of Diabetes UK.

Trustees

The trustees who have served during the year are:

R Lane OBE (resigned 31 December 2010)
Dr M Shah (resigned 31 December 2010)
C N Sommerville (Chair) (resigned 31 December 2010)
Barbara Young (appointed 31 December 2010)

The Foundation has not adopted a formal policy for training of the Trustees. Each Trustee undertakes specific training, as appropriate, on an ongoing basis.

Governance changes

Following a review of the Diabetes Foundation, including the circumstances around its original establishment, how it became part of the Diabetes UK Group and its declining income (£64,000 2010, £191,000 2009), it was established that the Foundation no longer served a purpose as a separate entity and should be merged with Diabetes UK.

This proposal was approved by the Board of the Foundation at its meeting on 23 June 2010 and by the Board of Diabetes UK at its meeting on 18 June 2010. It was agreed that the merger be carried out by transferring all the assets of the Foundation to Diabetes UK on 31 December 2010, subject to the liabilities of the Foundation, and that the Foundation should continue as an inactive body with amended Articles of Association, with the Chief Executive of Diabetes UK as the sole trustee until the merger can be completed. The Trustees of the Foundation signed and approved the necessary resolutions and Transfer Deed on 9 November 2010 and the Trustees of Diabetes UK did the same at its meeting on 9 November 2010. The existing trustees of the Foundation resigned on 31 December 2010 and Barbara Young was appointed sole trustee on 31 December 2010.

All necessary documentation has been filed with Companies House and the Charity Commission.

The net assets appear as a restricted fund within the Diabetes UK accounts to be spent solely on research.

Objectives, activities and grant making policy

The objects of the Foundation are to support and advance research in the field of diabetes and particularly in that of 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. Its activities are the application of its resources in making grants to fund research into diabetes. The Trustees' grant making policy is to support research projects, with a preference for research into juvenile type 1 diabetes, that are properly peer reviewed, considering applications whether from Diabetes UK or other sources.

Achievements and performance

During the year the Foundation approved funding for four new research projects, with total grants funded (new and existing) of £346,913. Of this amount, all was distributed during the year. The projects were chosen to meet the Foundation's objectives above.

Financial results and state of affairs

The Foundation received £57,984 of legacy income in the year to 31 December 2010 (2009: £183,851).
The net outgoing resources for the year were £287,927 (2009: £57,586).
The results for the year are set out in the SOFA on page 7 of the financial statements.

As noted above, the net assets of the Foundation were transferred to the British Diabetic Association on 31 December 2010. The transfer of funds of £129,631 comprised of cash of £203,641 and creditors of £74,010. As a result of the transfer, the Foundation has no assets as shown in the balance sheet.

Risk management

The Trustees have continued their policy of keeping the management of risk at the forefront of their decisions. The principal risk which they have identified is the failure to attract or identify suitable applicants for research grants in sufficient quantity and of sufficient quality to enable them to make the best use of the Foundation's incoming resources. They have addressed this risk by adopting the grant-making policy above.

Trustees' report for the year ended 31 December 2010
(continued)

Public benefit

In reviewing our aims and objectives and setting the charity's priorities each year we have regard to the Charity Commission's general guidance on public benefit.

Diabetes Foundation exists to support and advance research in the field of diabetes, particularly juvenile (insulin dependent) diabetes in the United Kingdom and throughout the world. We also provide material of an educational and informational nature to persons who are interested in or affected by diabetes.

The beneficiaries of our activities are people with diabetes and healthcare professionals in the UK and overseas. There is no restriction placed on who can benefit from the Foundation's activities.

All Trustees give their time voluntarily and receive no benefits from the charity. The charity operates a policy that ensures trustees are reimbursed for expenses incurred in their role to ensure that no one is excluded from contributing on financial grounds. Any expenses reclaimed by trustees are disclosed in note 4 to the accounts.

The Foundation has concluded that no detriment or harm should be suffered from its activities.

The researchers carrying out the research are expected to publish and make freely available the results of their research.

Plans for future periods

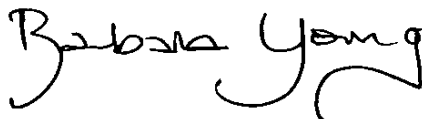
As the foundation board has transferred its operations and assets to the British Diabetic Association, its plans for 2011 are limited to overseeing the administration of the dormant charity.

Auditors

As the activities of the Diabetes Foundation have been transferred to the British Diabetic Association as at 31st December 2010, Grant Thornton UK LLP are not required to offer themselves for reappointment as auditors in accordance with section 487 (2) of the Companies Act 2006.

Approved by the Board on 23rd May 2011 and signed on its behalf by

Barbara Young
Trustee



Statement of trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditor's report to the member of Diabetes Foundation

We have audited the financial statements of Diabetes Foundation for the year ended 31 December 2010 which comprise the statement of financial activities the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members 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 the charitable company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement as set out on page 5, 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.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether the information given in the Trustees' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

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 2010 and of its income, resources and application of resources, including its income and expenditure for the year then ended, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006 and

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor Chartered Accountants
London

24 May 2011

Statement of financial activities (SOFA) for the year ended 31 December 2010

	Notes	Year ended 31 December 2010			Year ended 31 December 2009
		Unrestricted £	Restricted £	Total £	Total £
Incoming resources					
Legacies		57 984		57 984	183 851
Donations		3 456	1 500	4 956	4 338
Interest on cash at bank		833		833	2 569
Total incoming resources		62 273	1 500	63 773	190 758
Resources expended					
Charitable activities					
Research	2	347 629		347 629	242 312
Governance costs	4	4 071	-	4 071	6 032
Total resources expended		351 700	-	351 700	248,344
Net resources expended before transfer of deed by gift	8	(289 427)	1 500	(287 927)	(57 586)
Other resources expended by deed of gift dated 31st December 2010	2	(128 131)	(1 500)	(129 631)	-
Total funds brought forward	8	417 558	-	417 558	475 144
Total funds at the end of the period	8	-	-	-	417 558

There is no difference between the results above and their historical cost equivalents. All the income and expenditure shown above relates to activities that have now been discontinued. From 31st December 2010 the activities are undertaken by the British Diabetic Association.

The notes on pages 9 to 11 form part of these financial statements.

Balance sheet at 31 December 2010

	Notes	2010 £	2009 £
Current assets			
Debtors	5	-	9 176
Cash at bank and in hand			<u>412 598</u>
		-	421 774
Creditors amount falling due within one year	6	<u>-</u>	<u>(4 216)</u>
Net assets		<u></u>	<u>417,558</u>
Funds			
Restricted income funds	7		
Unrestricted income funds general	7		417 558
Total funds	8	<u></u>	<u>417,558</u>

The financial statements on pages 7 to 11 were approved by the Board of Trustees on 23rd May 2011 and signed on its behalf by

Barbara Young
Trustee
Registered company no 1917779

Barbara Young

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards using the historical cost convention

The financial statements comply with the requirements of the Charities Act 1993 and are in accordance with applicable accounting standards. They also comply with the requirements of the Statement of Recommended Practice Reporting and Accounting by Charities (SORP) issued in March 2005 and the Companies Act 2006

The entity is no longer active and all assets and liabilities were transferred to the parent undertaking Diabetes UK, on the 31st December 2010

Company status

The Chanty is a company limited by guarantee. The sole member of the Chanty is Diabetes UK

INCOMING RESOURCES

All income is accounted for when the Chanty has entitlement: there is certainty of receipt and the amount is measurable

Legacies

Entitlement is considered to be on the earlier of the date of receipt of finalised estate accounts, the date of payment, or when there is sufficient evidence that the legacy will be received and the value is measurable with sufficient reliability. Full provision is made for any claw back of legacy payments when notification of such claw backs is received

Donations

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

RESOURCES EXPENDED

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

Costs of generating funds

Costs of generating funds comprise the costs incurred in fundraising and publicity. Fundraising costs include direct costs and an appropriate allocation of central overhead costs

Research grants

The Chanty contracts with a range of institutions to fund specific research projects. It operates an annual review process whereby grants are reviewed to ensure progress is being made and the research programme complies with expectations before continuing payment is confirmed. As a result of this the first year of each research grant is recognised upfront, except where the grant is for one year only, when the final payment for that first year is not recognised until the final report is received

Governance costs

Governance costs are made up of the Board of Trustee costs, audit fees and an appropriate allocation of central overheads

Support costs reallocation

Support costs have been allocated to grants activity as this represents the most significant area to the Chanty

Funds

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

Taxation

The Chanty has charitable status and is thus exempt from taxation of its income and gains falling within Section 478 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives

Cash Flow Statement

The Chanty is exempt from producing a cash flow statement due to it being a wholly owned subsidiary and therefore consolidated within the parent charity's financial statements which themselves include a cash flow statement

2 Resources expended

Notes	Year ended 31 December 2010			Year ended
	Grant funded activity £	Support costs £	Total £	31 December 2009 Total £
Charitable activities				
Research	346 913	716	347 629	242 312
Support costs can be analysed as follows			Year ended 31 December 2010 £	Year ended 31 December 2009 £
Administration and computer equipment				-
Other costs			716	763
			716	763
Other resources expended by deed of gift			Year ended 31 December 2010 £	Year ended 31 December 2009 £
Transfer of funds to the British Diabetic Association			129 631	-

The transfer of funds of £129 631 to the British Diabetic Association comprises of cash of £203 641 and creditors of £74 010

3 Grants

Grants made in the year were issued to the following institutions

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
The Sweet Project	70 000	70 000
Juvenile Diabetes Research Fund	50 000	50 000
University of Cambridge		50 000
University of Manchester	61 394	69 049
University of Bristol	90 519	
University of Dundee	25 000	
Kings College London	25 000	
Newcastle University	25,000	
Royal Victoria Infirmary		2 500
	<u>346 913</u>	<u>241 549</u>

Reconciliation of grants payable

At the beginning of the period	216	64 091
Grants awarded	346 913	241 549
Payments in the period	(347 129)	(305 424)
At the end of the period	<u>216</u>	<u>216</u>

4 Governance

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
External audit	4 010	3 912
Trustee Indemnity Insurance		1,254
Other	<u>61</u>	<u>866</u>
	<u>4 071</u>	<u>6,032</u>

Total Trustees reimbursed expenses amounting to £61 (2009 £490) were claimed by 1 (2009 2) Trustees during the period relating to travel expenses. No remuneration was paid or is payable to the Trustees in the year (2009 £nil).

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

5 Debtors

	2010 £	2009 £
Legacies receivable	-	9,176
Prepayments	-	-
Debtors	<u>-</u>	<u>9 176</u>

6 Creditors amounts due within one year

	2010 £	2009 £
Grants payable		216
Accruals		<u>4 000</u>
Total creditors amounts due within one year		<u>4,216</u>

7 Statement of funds

	At 1 January 2010 £	Incoming funds £	Resources expended £	Other resources expended by deed of gift £	At 31 December 2010 £
Restricted funds					
Lesley & Lillian Manning		1 500		(1 500)	
Total restricted funds	-	1 500	-	(1 500)	
Unrestricted funds					
General fund	417 558	62 273	(351 700)	(128 131)	
Total unrestricted funds	<u>417 558</u>	<u>62 273</u>	<u>(351 700)</u>	<u>(128 131)</u>	
Total funds	<u>417 558</u>	<u>63 773</u>	<u>(351,700)</u>	<u>(129 631)</u>	

8 Analysis of net assets between funds

	Current assets £	Current liabilities £	Total £
Fund balances at 31 December 2010 are represented by:			
Restricted funds	-	-	
Unrestricted funds			
General	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

9 Commitments

At 31 December 2010 Diabetes Foundation had committed to the following expenditure in respect of research grants

	2010 £	2009 £
2010 SWEET project		70 000
Bristol University		65 519
University of Manchester		61 394
2011 Bristol University		66 939
	<u>-</u>	<u>263 852</u>

10 Ultimate parent undertaking and related party transactions

The Charity's ultimate parent undertaking is the British Diabetic Association a company registered in England which operates as Diabetes UK and is a charity and which is the sole member of the charity. Its liability is limited to £1. The group accounts are available on www.diabetes.org.uk

The Charity has taken advantage of the exemption conferred by Financial Reporting Standard No 8 not to disclose transactions with Diabetes UK on the basis that consolidated group accounts are publicly available.