

A photograph of a woman with short, grey hair, wearing a bright red jacket over a light blue t-shirt. She is smiling broadly and looking towards a person whose back is to the camera. The person has dark hair and is wearing a light blue shirt. The background is slightly blurred, suggesting an outdoor setting. A white rounded rectangle with a blue border is overlaid on the top right of the image, containing the text 'OUR ANNUAL REPORT 2015'.

**OUR ANNUAL
REPORT 2015**

DiABETES UK
CARE. CONNECT. CAMPAIGN.

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FOREWORD



Diabetes is, and continues to be, a major health issue, with someone diagnosed in the UK every two minutes.



As the number of people with diabetes rose to over four million and with millions more remaining unaware that they are at risk, the launch of our new five-year strategy could not have been better timed. This is a condition that is increasingly being described as a health crisis: in the last decade, cases across the UK have gone up by 65 per cent and addressing the problem of diabetes continues to account for 10 per cent of the annual NHS budget.

Now more than ever we must put in place goals to deliver better care and support for those affected by diabetes, deliver effective strategies for preventing Type 2 and achieve the research breakthroughs that will change lives. 2015 was year one of our new strategy which will see us working towards achieving these goals.

We have started to make good headway. We have strengthened our relationships with health systems in all four nations, using our influence to improve care standards, and continued to campaign to get diabetes increasingly recognised by the governments in England, Wales, Scotland and Northern Ireland. We've also looked at alternative ways of providing our information services, because we know that people respond to information and support in different ways.

We've formed significant new partnerships in our bid to engage more people about their risk of Type 2 diabetes, so that fewer people go on to develop it. And we launched our new research strategy which sets out the actions we will take over the next five years to secure UK-wide support for the research that is needed in diabetes.

2015 was however a year of continued challenge. Charity fundraising techniques rightly came under increased public scrutiny and we used this opportunity to look at how we can strengthen our systems and processes, so that we can be confident that we are operating with the integrity and transparency our supporters expect. As a charity that can only achieve good outcomes for people affected by diabetes with the support and generosity of the public, it is so important we get this right.

These fundraising challenges take on greater urgency when set against the backdrop of more and more people needing our support. As ever, we continued to push ourselves to make sure we use our resources to best effect – whether through direct service provision or through working in partnership with others – so that we are able to reach, engage with and support as many people as possible.

Finally, 2015 also saw a change in leadership, with Baroness Barbara Young leaving us as Chief Executive in September. Baroness Young did so much to get diabetes recognised as the serious cause we know it to be, and leaves a strong legacy for us to build on.

As we look forward to 2016 and beyond, we know that we have a great deal to achieve, but we cannot do it without your support. Our incredible networks of volunteers, healthcare professionals and people living with diabetes across the UK enable us to do our best to help those affected. We continue to work hard to prevent it, support those living with it and encourage the research breakthroughs that make such a difference to people's lives.

We thank you for your support.

Sir Peter Dixon
Chairman

Chris Askew
Chief Executive

OUR YEAR IN NUMBERS

11,000

people learnt how to better understand and manage their condition through our Type 2 online education course.

2,700

There are now over Diabetes Voices, our network of local campaigners, speaking out and making a difference to diabetes care in almost every part of the UK.

Together we raised

£37 million

in 2015 in vital funds to make possible our work to support people affected by diabetes.

4,120

amazing people took part in mass fundraising events like the London Marathon.

Our Careline supported **22,361** people who needed encouragement, information or someone to talk to.

We funded

33

new research grants to scientists working to create a better future for people with diabetes.





712 people came to a Care Event where they could meet others going through the same thing and learn new ways to live with their condition.

There were

5.9 million

visits to the Diabetes UK website in 2015 – almost 10 per cent more than the year before – giving people the opportunity to learn more about the condition, what we do and how to get involved.

In 2015 **15,196** people found out their risk of developing Type 2 diabetes at one of our Roadshows – and can now take steps to avoid it.

There are now

321 Diabetes UK local groups and communities full of incredible people campaigning and offering support to people affected by diabetes across the UK – that's 36 more than last year.

Throughout 2015, we educated more than **17,000** healthcare professionals to better work with and support those living with diabetes.



NOT ALONE WITH DIABETES

STRATEGIC REPORT

Review of the year and future plans

Living with diabetes can be a challenge: it's a condition people have to deal with all day, every day and can affect every part of someone's life. We are here to support them and make it easier, no matter their age or stage of their condition.

Careline is one of many ways people affected by diabetes can get support, and in 2015 we were able to reach more people with this service. Charlotte was one of those people, and like many people with diabetes she always has so much to think about and the realisation that she had to take insulin on a flight only struck her at the last minute. Uncertain and anxious about taking it through airport security, she called us. We put her mind at ease and explained exactly what she needed to do so she didn't have to worry.

2015 ACHIEVEMENTS

Our Careline helped its highest number of people this year: 22,361.

2015 was the Care in School Helpline's first full year of service, helping over 180 families get the care their children deserve in school.

We work with young people from across the UK to create YouTube resources called Type1Uncut. In 2015 it was recognised for its impact on young people living with diabetes with a 'Quality in Care' award. These awards recognise, reward and share good practice in diabetes management, education and patient care.

We set up 40 new peer support groups so more people with Type 2 diabetes could support each other by sharing their stories and experiences.

11,000 people registered to educate themselves about managing their Type 2 diabetes via our online course: Type 2 Diabetes and Me.

In 2015, we launched Mobile Membership for those with Type 1 or Type 2 diabetes, or parents of children with Type 1 diabetes. Each month they get tailored, easy to understand advice sent straight to their mobiles on how to best manage the condition, as well as access to our app where they can download all of our latest publications.

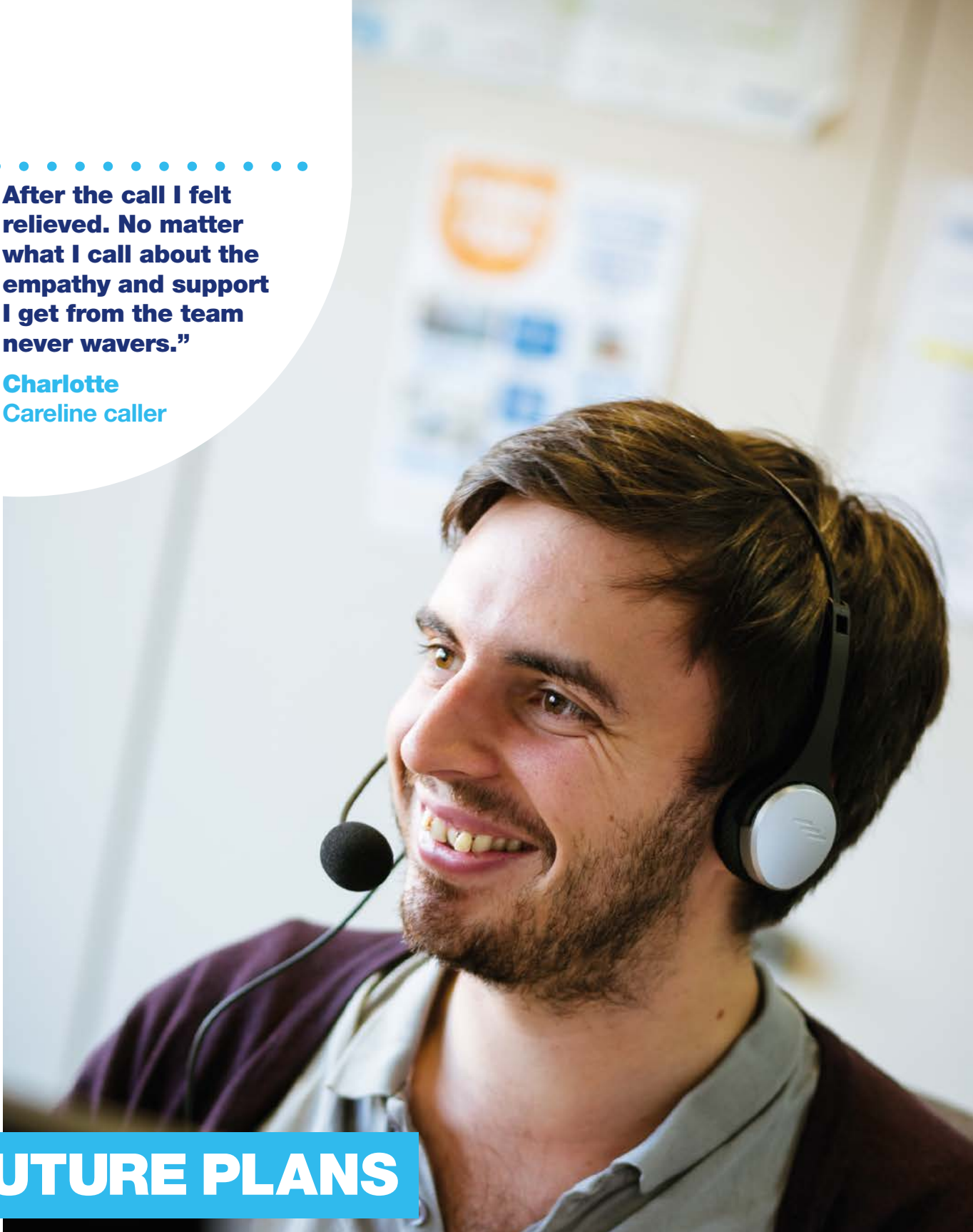
Our Living with Diabetes Days continue to help people around the UK by giving people with Type 2 diabetes the tools and the confidence to live healthier lives. Over 90 per cent of attendees rated them as good or excellent. According to Brenda, they "let you know you could live a normal life with diabetes. Coming away from the day, I felt like a different person!"

Thanks to our partnership with Tesco, we were able to run 14 extra Care Events for those affected by Type 1 diabetes. These enabled us to trial new formats and types of events, such as events targeting the 18–30 age group and one night events for children.



After the call I felt relieved. No matter what I call about the empathy and support I get from the team never wavers.”

Charlotte
Careline caller



FUTURE PLANS

- We will engage more with those affected by Type 1 diabetes. In 2015, we launched packs for those that have been recently diagnosed in Wales so that families feel supported from day one of their diabetes journey, and we will now be rolling them out across the rest of the UK.
- We’ll launch a new Careline webchat service – giving us a new way of connecting with people.
- Our online forum will expand, enabling more people with diabetes to talk to others with the condition.
- We’ll improve our approach to education online by developing specific modules for long term diagnosed and those with Type 1 diabetes.



MEET DAVID

12-year-old David attended a weeklong children's event in 2015.

For David, living with diabetes is pretty tough physically and psychologically. Having to constantly check blood sugars made him feel different. And his mum Juliet, like many concerned parents, was living in fear of what might unfold as he takes his first steps towards adulthood.

His week at the Care Event changed this.

As well as learning practical things like tricks for carb counting, David started to feel normal again. He was reminded that he wasn't "the only one doing this every single day." Juliet felt the weight lift too:



I trusted the wonderful Diabetes UK team to care for David and they were fantastic. I am eternally grateful for the respite they gave me from diabetes for one week... You gave David more confidence and more importantly, he came back with renewed energy and a much better attitude towards his diabetes because he felt less alone. We would go every year if we could!" – **Juliet, David's mum**

712 people attended care events in 2015



that's 40,000 hours of support

and 712 people equipped to manage their child's or their own diabetes



BETTER CARE EVERYWHERE

Quality of care for people with diabetes varies throughout the UK. We want to change that, ensuring the highest standards of care, everywhere. To do this successfully, we work hard to reach decision makers and influence change.

We worked with health boards, health trusts and Clinical Commissioning Groups across the UK to make sure people had access to the 15 healthcare essentials – the basic levels of care for people with diabetes – enabling us to improve our relationships with health systems in all four nations.

And in England, our Dan! campaign saw thousands take to social media to call on the government to change how people prove their eligibility for free prescriptions. Thanks to our campaign the rules were changed, and the thousands of people who had been unfairly charged using the previous system have now been refunded.



2015 ACHIEVEMENTS

We placed 135 shoes in front of the Houses of Parliament to draw the attention of the public – and the government in England – to our Putting Feet First campaign and the fact that diabetes-related amputations have escalated to over 135 per week. The shoes were donated by supporters, celebrities and people who have lost limbs because of diabetes.

We held similar Putting Feet First events in Southampton, leading to the local Clinical Commissioning Group committing to improve footcare for people with diabetes in the area, by introducing a dedicated Diabetes Foot Protection Team.

Diabetes UK Northern Ireland was actively involved in helping The Northern Healthcare and Social Care Trust raise £850,000 for DESMOND (an NHS training course for people with Type 2 diabetes). We also secured five years of funding for DAFNE (a Type 1 diabetes education course).

In 2015, we launched the Diabetes Service Redesign and Improvement Consultancy to offer local services a tailored approach to improving diabetes care and health outcomes.

The ThinkGlucose programme aims to improve inpatient care of people with diabetes in England. In 2015, we partnered with NHS Wales and the Welsh Diabetes Clinical Lead to bring it to Wales.

We persuaded the NHS in Wales to conduct a review of all diabetes paediatric units, which led to a boost in funding for the recruitment of paediatric Diabetes Specialist Nurses and more psychological services.

Throughout 2015 we expanded our network of Diabetes Voices and we now have people campaigning in 100 per cent of Health Boards in Northern Ireland, Scotland and Wales and 98 per cent of Clinical Commissioning Groups in England.



• • • • •
We have had major successes improving support at school for children with diabetes.

FUTURE PLANS

- Our Tomorrow's Leaders and Clinical Champions course gives senior diabetes specialist nurses and clinicians from across the UK the skills and confidence to lead improvements in diabetes care. We'll be training twice as many people in 2016.
- Diabetes Scotland has been working with the Diabeter clinic in The Netherlands and NHS Greater Glasgow and Clyde to share knowledge and experience. Our ambition is to launch a dedicated service for people with Type 1 diabetes in Scotland, which we will continue to campaign for in 2016.
- We have had major successes improving support at school for children with diabetes in England. In 2016, we will aim to do the same in Wales by bringing together children's and health charities to lobby the Welsh government to start making changes.
- We have been in negotiation with the Department of Health, Public Health Agency, lead commissioner and lead clinicians from across Northern Ireland to create an action plan that will set out the priorities for diabetes in the nation over the next five years. In 2016, we will begin to implement this plan.



MEET CLAIRE

Diabetes Voices are our army on the ground: volunteers dedicated to making the lives of people with diabetes better by raising awareness, campaigning and influencing change in local communities. Every Diabetes Voice draws on their own experience of the condition, but is united by the same aim.

One individual who symbolises the incredible work our Diabetes Voices do is Claire. For seven years, Claire and the rest of her local group have been campaigning to improve diabetes care for people on Tyneside. That has culminated in the opening of a 'one-stop shop' for diabetes care, giving anyone with diabetes the opportunity to attend regular check-ups such as eye and foot screenings, blood tests, or podiatry sessions all under one roof. Thanks to this hub for health and to Claire's work, people in the area have more support, making it less likely that they will experience diabetes related complications.



“ Making this happen was like nailing jelly to a tree but this will save lives as people are less likely to fall through the net.”

– Claire, Diabetes Voice



Over 2,700 members of Diabetes Voices nationwide



campaigning on the key issues in diabetes care

and improving services for everyone



REDUCING THE RISK OF TYPE 2 DIABETES

11.9 million people in the UK are currently at risk of developing Type 2 diabetes, but more than half of those people could delay or even prevent a diagnosis.

The statistics surrounding Type 2 diabetes and its rising prevalence in our lives are staggering, but our Know Your Risk programme continues to reach thousands of people across the UK with our important messages around prevention of Type 2 diabetes.

We know we need to reach more, given the numbers of people at risk and knowing that more than half of those people could delay or prevent a diagnosis in the first place.

So we are working in partnership with major institutions and organisations – Public Health England, the NHS, Tesco and the British Heart Foundation for example – to engage with families and communities across the UK. These partnerships show our commitment to this issue, knowing that we can reach more people by working together with relevant organisations.

2015 ACHIEVEMENTS

In 2015 we worked with NHS England and Public Health England to develop the NHS Diabetes Prevention Programme. This partnership has the potential to help people in England who are at high risk delay – in some cases even prevent – Type 2 diabetes, and is being watched by the rest of the UK with interest.

Our Know Your Risk volunteers helped over 15,000 people find out their risk of Type 2 diabetes at one of our events, while our online tool was used over 240,000 times.

This means that in total, nearly 1 million people have now discovered their risk of developing Type 2 diabetes and how they can do something about it.

2015 saw the start of a three year National Charity Partnership with Tesco and the British

Heart Foundation. Together, we hope to raise £30 million to inspire millions of people to make changes that will reduce their risk of Type 2 diabetes and cardiovascular disease.

As part of this partnership, we raised £7.3 million in its first year, and began to deliver activity on the ground. For example, more than 22,000 East Londoners clocked up 103,000 miles by walking, running or cycling for Beat the Street, an initiative designed to encourage people to get active.

In Scotland, we have been running targeted programmes such as DEFT (Diabetes at your Finger Tips). This project supports people from Black, Asian and Minority Ethnic communities to both manage their diabetes, and reduce their risk of developing it.



FUTURE PLANS

- As part of our National Charity Partnership with Tesco and the British Heart Foundation, we will launch Let's Do This, a campaign that will help women between the ages of 20 and 45 make small adjustments in their daily lives to improve their health. In total, we'll visit 15 areas in the UK, with events that will inspire 500,000 people to eat better and to be more active. We will also run Beat the Street and Holiday Lunch clubs that will aim to support an extra 200,000 people to get moving.
- In 2016 we'll campaign hard for the government and industry to take action to tackle Type 2 diabetes, with the overall aim of working to shift behaviour – and improve the health – of those at risk.
- We'll be working with the health systems to support people at risk in Wales, Scotland and Northern Ireland too.

- In Northern Ireland, we'll deliver prevention activity to people who need it most – whether it be in their place of work, community pharmacies, or the high street through our roadshow programme.
- The NHS Diabetes Prevention Programme will begin the first wave of a national roll out in England this year, allowing us to reach more people with information on how to reduce their risk of Type 2 diabetes.
- Having already run a pilot in over 700 pharmacies in Wales, we are planning to continue working with Public Health Wales to fully roll out our risk assessment programme across the country giving people more opportunities to be able to find out their risk of Type 2 diabetes and do something about it.
- In Scotland, we'll be delivering Know Your Risk roadshows, helping people to find out their risk of Type 2 diabetes and what they can do to reduce it.

MEET TRACY

Tracy's family has a history of Type 2 diabetes; her mother was diagnosed when she was in her early 30's and unfortunately passed away in 2012 as a result of diabetes related complications. She was 59 years old.

Seeing her mother's health decline was the catalyst Tracy needed to make reducing the risk for both herself and her family her big priority. So Tracy decided to start running, giving herself the goal of achieving 10k by her 40th birthday.

Struggling to run, Tracy first took part in Swim22 – raising money for Diabetes UK so that no one else had to lose a family member as she had. Since then, she has taken part in two 10k runs, and is now planning to run the Cardiff half marathon – all in aid of Diabetes UK.



I have always felt diabetes was inevitable for me and I am learning that I have a say in this by my lifestyle choices. My goal is to fundraise and help Diabetes UK help others realise the same."

– Tracy, Fundraiser for Diabetes UK

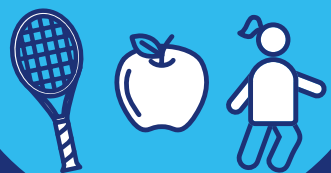


We delivered 163 Roadshow days



reaching 15,196 people

all of whom can now do something about their risk of Type 2 diabetes



BREAKING BOUNDARIES THROUGH RESEARCH

We are the largest research funder in the UK dedicated to diabetes alone, and have been a pioneer of research into all forms of diabetes for over 80 years.

In 2015 we launched our five year Research Strategy setting out our goals to improve care, prevent diabetes and its complications, and find a cure. These are big goals, but we are optimistic that together, we can make them a reality.

2015 was the first year of this strategy and we took some positive steps towards reaching our goals. We launched the first ever network of Clinical Studies Groups for diabetes, uniting leading researchers in key areas with people living with diabetes and healthcare professionals, to create a roadmap for new research. They will identify areas and key clinical studies needed to move care forward, and will see us working in partnership with JDRF and the British Society for Paediatric Endocrinology and Diabetes.

We awarded our first Harry Keen Intermediate Clinical Fellowship in honour of Professor Harry Keen. Professor Keen was a champion of people with diabetes, reshaping 20th Century understanding and revolutionising treatment of the condition. The fellowship offers outstanding medically and clinically qualified professionals the opportunity to establish themselves as independent diabetes researchers.



2015 ACHIEVEMENTS

We developed two distinct streams in our small grant scheme: one for medically qualified scientists (led by the Academy of Medical Sciences), the other for basic scientists. These enable us to support early-career researchers with funding to help them go on to secure their first substantial grant from Diabetes UK or other funders.

We were awarded 'Best practice in medical and health research peer review' – the gold standard – after an audit by the Association for Medical Charities.

We awarded 33 new grants last year, all to scientists who are working towards transforming lives and creating a better future for people living with diabetes. 22 of those projects are potentially beneficial to people with Type 2 diabetes, and 20 for Type 1 diabetes. For example, Professor Lucy Walker at University College London is investigating a specific type of immune cell that might trigger Type 1 diabetes, in the hope of developing therapies to stop it.



• • • • • • • • • •

We will continue our investment into the brightest and best diabetes clinical researchers of the future.

FUTURE PLANS

- With the top 10 research priorities of people with Type 1 diabetes already identified, we are setting out to do the same for people with Type 2 diabetes. We will make sure the concerns and priorities of people with Type 2, their carers and healthcare professionals are heard – and acted upon – by diabetes researchers and UK research funders through the Priority Setting Partnership that we are leading in partnership with the James Lind Alliance.
- We will continue to develop new Clinical Studies Groups. These groups will identify priority research areas and the key clinical studies needed to move forward our understanding of diabetes.
- We're very excited to be supporting Dr Salem, one of the future stars of diabetes research, and in 2016 we will award our second Harry Keen Intermediate Clinical Fellowship, continuing our investment into the brightest and best diabetes clinical researchers of the future.

MEET DR SALEM

The very first Harry Keen fellowship was awarded to Dr Victoria Salem, at Imperial College, London. The five year fellowship, costing £870,000 was made possible by our National Charity Partnership with Tesco.

Nearly two in three people are overweight or obese in the UK and as a consequence, millions of people are at risk of developing Type 2 diabetes over the next decade. Bariatric surgery (gastric bypass) isn't available to everyone, but it has proven to be an effective treatment for obesity and diabetes, causing dramatic weight loss and even triggering remission of Type 2 diabetes. As yet, we don't know why, but we do know that this surgery causes a rise of three hormones in the gut.

Dr. Salem's initial research has shown that treating mice with a mixture of these hormones produces the same remission and weight loss effects as the surgery. The next stage of her research, supported by the fellowship, will be to question why these hormones have such a drastic effect, looking at the underlying biology at play.

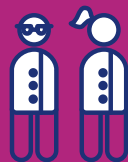
The answers will guide the development of safer, better-targeted drugs to treat Type 2 diabetes and obesity without the need for major surgery.



I feel hugely privileged – I've got this responsibility to produce research that's really going to make a difference to people with diabetes – hopefully within my lifetime."

– Dr Salem, Harry Keen fellow

We funded 33 new research grants



to scientists working towards a better future

for everyone affected by diabetes



GROWING THE IMPACT OF OUR WORK



Helping another family who are going through what we did is one of the most rewarding things to come from what we initially saw as only a negative event.”

Simon
Chair of Diabetes UK
Tunbridge Wells Area
Parents Support Group

Diabetes UK works to transform the lives of thousands of people affected by diabetes every single day. But we cannot do this alone, without our incredible supporters on the ground – supporters such as the networks of healthcare professionals we work with, local community groups and volunteers all over the country.

Volunteers like Simon. When Simon's daughter was diagnosed with Type 1 diabetes in 2011, his local group was a great place to find mutual support from other families going through the same highs and lows that diabetes brings. The support he got from the group inspired him to get involved and use his professional skills in IT and project management to help. In 2015 he became Chair of the Diabetes UK Tunbridge Wells Area Parents Support Group.

2015 ACHIEVEMENTS

Thanks to Enjoy Food, cooking for people with diabetes is easier than ever. We saw almost 3 million visits to the website, where people were able to find over 300 different, healthy, tasty recipes.

We've invested in building relationships with local community and faith groups, Clinical Commissioning Groups and authorities. Thanks to those connections, we've been at 3,000 events (including targeted roadshows) this year.

On World Diabetes Day 2015, we launched Taking Control: a campaign that makes sure everyone is given the chance to learn about their diabetes so they can manage it with confidence.

The investment of time and skills from our continually growing team of volunteers meant that in 2015, we were able to establish 36 new local groups across the UK, bringing our total to 321.

We're reaching more people with diabetes with our information prescriptions – a personalised sheet that allows patients to work with their healthcare professional to set goals and make a plan for their health in a way that is easy to understand. Over 13,000 patients then came to our website where they have had access to information about improving their diet, getting more active and understanding their condition.

Our Diabetes UK Professional Conference was a major success, attracting over 3,300 attendees, including Diabetes Specialist Nurses, dietitians, GPs and diabetologists. It's the largest diabetes conference in the UK and we won the Association of British Professional Conference Organisers (APBCO) Excellence Award for Best In-House Conference Organiser.



FUTURE PLANS

- We will ramp up our Enjoy Food programme with a specific focus on people with Type 1 diabetes, offering them even more resources as well as creating tailored content.
- We will maintain the growth of local and community volunteer groups as well as developing more individual volunteering opportunities. It is our goal that every major community, and every family with Type 1 diabetes has access to a group.
- We aim to reach 20 per cent more people with diabetes through clinicians by increasing education of – and engagement with – healthcare professionals.
- 2016 will see the launch of our 100 Things campaign. Made possible by our partnership with Tesco, ‘100 things I wish I’d known about living with diabetes’ is a collection of the most useful tips for people living with diabetes, written by people with diabetes.

MEET SAAD

Saad was a student at De Montfort University in Leicester. He is also a Diabetes UK Community Champion; one of a growing group of individuals we have trained who are dedicated to raising awareness of diabetes in local Black, Asian and Minority Ethnic communities.

The programme is a three year partnership with De Montfort where students train to become Community Champions. When Saad signed up, we were aiming to train 100 Champions through the project over three years. Since we are already well on our way to 50, we've become more ambitious across our whole programme, aiming for 1,000 people to qualify by the end of 2016.

Saad has since graduated, but is continuing his work as a Diabetes UK Community Champion, attending and organising events to raise awareness of Type 2 diabetes, highlighting risk factors and signposting to local services that can improve self-management and prevention of the condition.



I realised how little it was talked about and how much of a growing problem it is. But most of all, I have learnt just how much difference it makes to go out there and raise awareness."

– Saad, Community Champion

There are 321 local groups and communities across the UK



that's 321 groups committed to supporting each other

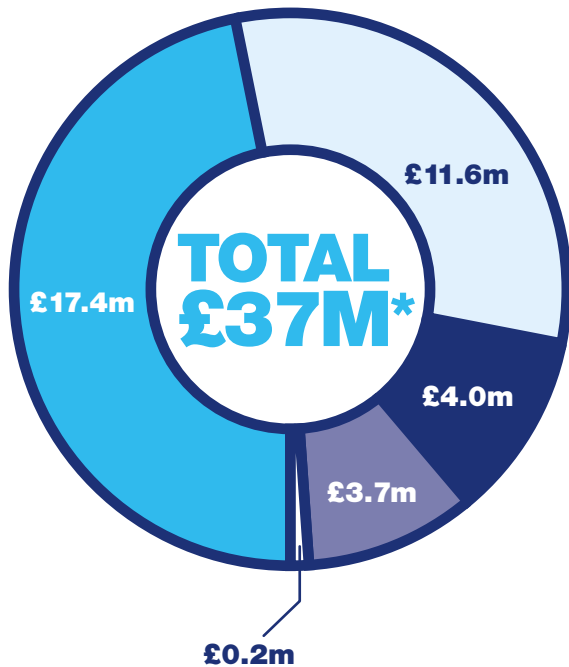
and fundraising, campaigning and raising awareness for Diabetes UK



OUR NUMBERS

Income, excluding the charity partnerships, remains stable at just over £32 million in an increasingly challenging external environment.

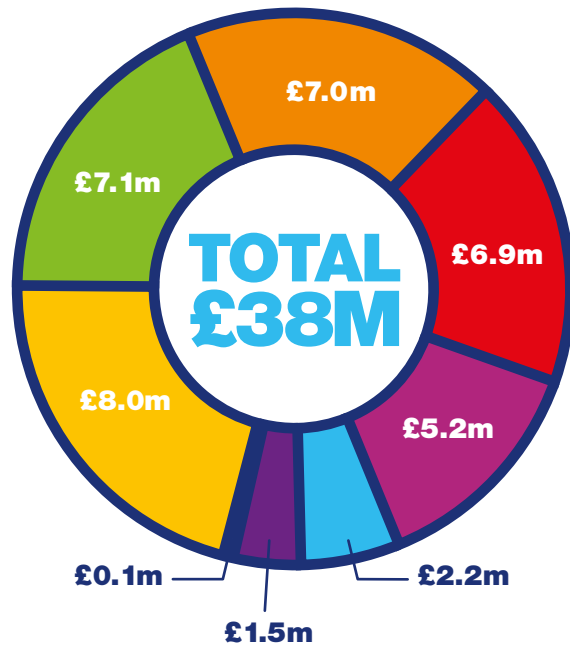
INCOME



- Donation and membership
- Trading
- Legacies
- Charitable activities
- Investment Income

*Figure includes income from charity partnerships

EXPENDITURE



- Better care everywhere
- Growing the impact of our work
- Raising voluntary income
- Not alone with diabetes
- Research
- Trading
- Reducing the risk of Type 2
- Investment management

PLANNED RESERVES

Reserves are currently in excess of our target. The Board has agreed to invest the reserves currently above target levels to both grow future income and help address the growing challenge of diabetes. The 2016 budget was set on the basis that £4.1m will be drawn from Free Reserves and Liquid Reserves will fall by £3.1m.

INSPIRING THE INCREDIBLE

Our supporters continue to do incredible things and looking ahead to 2016, there is no greater motivation for us than some of the amazing stories that have defined our 2015.

**THANK YOU TO ALL OUR
AMAZING
VOLUNTEERS**



This year, volunteer Julia Tyson has helped 1,000 people find out their risk of developing Type 2 diabetes.

And she shows no signs of slowing down: "Helping Diabetes UK and people with diabetes is my mission and whatever I do I still don't think it is enough as the need is so great."

Following the tragic death of her son Peter due to undiagnosed Type 1 diabetes; Beth Baldwin has dedicated herself to honouring his memory by fundraising for Diabetes UK and campaigning for greater awareness of the condition and demonstrating how to spot the symptoms in children. For her tireless work, she was awarded a

Pride of Britain Fundraiser for Wales award.





On 17 February, our Patron Her Majesty The Queen attended a Royal Gala in St. James's Palace to pay tribute to Diabetes UK's 80 years of combating diabetes and supporting generations of people with the condition.



At the start line of the 2015 Morrisons half marathon stood Richard Keating, a podiatrist from South London. He wanted to make more people aware of the complications that can arise from diabetes in foot health so he ran 13.1 miles for Diabetes UK dressed as a large foot.



Ila Shah's husband Nanubhai died in 2012 having had diabetes for 20 years. This hasn't stopped Ila, now 72 and a grandmother of five, from organising walks involving hundreds of people that have raised over £12,000 for Diabetes UK.



After a skiing accident, doctors told Adam Gorrill, who has Type 1 diabetes that he might never run again. Adam wasn't convinced by the prognosis and, 18 months later, he completed a coast-to-coast ironman in aid of Diabetes UK.



GET INVOLVED

Join Us

By becoming a supporting member you can provide invaluable support for all the work we do now and in the future. And if you are a healthcare professional, a professional membership can make your job easier if you support patients with diabetes or are involved in diabetes research. Memberships come with many benefits, including our magazines and up to the minute information about support, care and research.

Campaign

Our campaigns have caught the eye of the public and influenced change everywhere, from communities to government. If you want to help people with diabetes by changing the system, you can find out about all of our campaigns on our website.

Leave a gift

We are both humbled and honoured that people choose to think of our work when writing their wills and every gift we receive brings us closer to a future without diabetes.

Fundraise

The crazy, fun, and inventive ideas our supporters have come up with over the years have raised invaluable funds for Diabetes UK. However you want to play your part, the money you raise will make a huge impact.

Corporate Partners

We build unique, tailored partnerships with companies that are mutually beneficial. Through partnering with Diabetes UK you will help to keep raising awareness and improve support for people with diabetes. If you would like to join us, we would love to hear from you.

Volunteer

If you are passionate about taking a stand against diabetes, there are all sorts of ways to get involved. Hundreds of people across the UK are flying the flag for us by raising awareness in local communities, offering support and raising funds. Join them.

Donate

Diabetes touches the lives of over 4 million people in the UK – if you aren't directly affected by the condition, you probably know someone who is.

Your donation will help us continue our work to prevent and, one day, cure the condition.

GET SUPPORT

Call our Careline

Whether you are coming to terms with a diagnosis or have specific questions on topics such as food, medication or travelling, we can help. Our team of specialists is here to answer your questions, offer support, or just to chat when you need to speak to someone who understands diabetes.

Go online

If you want to learn more about diabetes, our website is packed full of information and helpful tips. And if you want to meet and talk to others with diabetes, our Diabetes Support forum and online communities like Facebook and Twitter are a great place to share stories and experiences. Join in at:

 www.facebook.com/diabetesuk

 www.twitter.com/DiabetesUK

Join a local group

If you want to meet people face to face, we run plenty of local support groups up and down the UK that campaign and raise funds and awareness.



Call 0345 123 2399*



Email info@diabetes.org.uk



Go to www.diabetes.org.uk

*Calls may be recorded for quality and training purposes

THANK YOU

78 per cent of our income comes from voluntary donations and for that, we want to say thank you. We would like to give our particular thanks to the following corporate, trust and individual supporters who have given a significant donation or gift in kind.

The Foster Wood Foundation
The Lidbury Family Trust
The Gerald Micklem Charitable Trust
The Edwin George Robinson Charitable Trust
The Elizabeth and Prince Zaiger Trust
The Jordan Charitable Foundation
The Souter Charitable Trust
The Swire Charitable Trust
The Charles Wolfson Charitable Trust
Masonic Samaritan Fund
The Freemasons' Grand Charity
The Roger Whitfield Foundation
The Frances and Augustus Newman Foundation
The Childwick Trust
Garry Davies
Javon Charitable Trust
The Orr Mackintosh Foundation
Wilmington Trust
The Catherine Cookson Charitable Trust
Colton Trust Ltd
The Weinstock Fund
The George John and Sheilah Livanos Charitable Trust
The Marjorie and Edgar Knight Charitable Trust
Sir Samuel Scott of Yews Trust
Donald Forrester Trust
The Eucalyptus Charitable Foundation
The Henry Lumley Charitable Trust
The Simon Gibson Charitable Trust
Kip and Alison Bertram
The Lord Leonard and Lady Estelle Wolfson Foundation
Clive and Sylvia Richards Charity
The Desmond Foundation
Mr Ravi Anand
Mr David Craggs
Moffat Charitable Trust
Edwin George Robinson Charitable Trust
David and Christine Thorp
Mr Andrew Smith

The generosity of our supporters never ceases to amaze or inspire us and this year was no different. Our deepest thanks go to every single one.

Local Groups

We are grateful to all of our local groups across the UK who continue to offer their support. A number of local groups have kindly supported our work this year with gifts over £5,000. These groups include:

Bromley Diabetes UK Group
Caithness Diabetes UK Group
Chelmsford Diabetes UK Group
Chesterfield and North Derbyshire Diabetes UK Group
Dungannon Diabetes UK Group
Edinburgh Diabetes UK Group
Fermanagh Diabetes UK Group
High Wycombe and District Diabetes UK Group
Ilford and District Diabetes UK Group
Lincoln Diabetes UK Group
Market Harborough Diabetes UK Group
North Norfolk Diabetes UK Group
Northampton Diabetes UK Group
Orkney and Kirkwall Diabetes UK Group
Sheffield Diabetes UK Group
Shrewsbury Diabetes UK Group
South Gloucestershire Diabetes UK Group
Sutton Coldfield Diabetes UK Group
Tenby and District Diabetes UK Group
The Manx Diabetic Group
Weston-Super-Mare Diabetes UK Group
York and District Diabetes UK Group

Members

The generosity of our members helps fund the full spectrum of our activities from providing essential care and services for people affected by diabetes to research into the condition. Their support helps us influence change now and lay plans for the future. We would like to thank everyone who signed up as a member in 2015, as well as those who renewed their membership.

Legacies

In 2015, many people remembered us in their wills by setting aside donations for Diabetes UK. We are deeply thankful for this support. It provides almost a third of the Charity's income and is crucial to improving the lives of people affected by diabetes and shaping a future untainted by the condition.



COMMENTARY ON OUR FINANCES 2015

The Charity's consolidated financial statements for the year are on pages 41 to 65. A summary of financial results for the year is set out below.

Diabetes UK has delivered more help to more people with diabetes than ever before thanks to a combination of generous support of its many donors with the added boost of Tesco Charity Partnership funding.

The two very successful partnerships with Tesco have focused on prevention of Type 2 diabetes

and complications caused by diabetes such as cardiovascular disease. These partnerships provided 22% of our income in 2014 and 12% in 2015. The changes in Tesco Partnership income and expenditure account for the most significant movements in our financial results between 2014 and 2015.

To understand the impact on the accounts, and to demonstrate the underlying health of the finances of Diabetes UK, the Tesco financials have been split out in the table below.

	Charity Excluding Tesco £m	Tesco Charity P'ship 1 £m	Tesco Charity P'ship 2 £m	Total £m
2015				
Income	32.5	0.8	3.7	37.0
Expenditure	(32.3)	(3.7)	(2.0)	(38.0)
Net Inc/(Exp)	0.2	(2.9)	1.7	(1.0)
2014				
Income	32.6	9.2	0.0	41.8
Expenditure	(32.4)	(3.9)	0.0	(36.3)
Net Inc/(Exp)	0.2	5.3	0.0	5.5
Difference				
Income	(0.1)	(8.4)	3.7	(4.8)
Expenditure	0.1	0.2	(2.0)	(1.7)
Net Inc/(Exp)	0.0	(8.2)	1.7	(6.5)

The finances of Diabetes UK are being carefully managed to maximise the impact of the Tesco Partnership funding whilst retaining a balanced long funding position. This will ensure Diabetes UK's programme of work can be smoothly managed through to the end of the Tesco Partnership in 2019.

Charity Excluding Tesco Charity Partnership Funds

The table above shows the Charity excluding Tesco income reduced by £0.1m in 2015. This resulted from a fall in legacy income from a record level

in 2014 of £12.5m to £11.6m in 2015, in line with historic levels. This was above the budgeted position of £10.9m. Legacy income is an extremely important source of funding for our work accounting for 31% of our total income.

The fundraising environment is tough for charities with both the negative media coverage around charity fundraising and the lack of economic growth in the UK. Against this background Diabetes UK has done well to show income growth, excluding legacies discussed above, of £0.8m to £20.9m which is just below the planned income of £21.3m.

Expenditure, excluding Tesco funding, decreased marginally to £32.3m and this resulted in a break even position for activity not funded through the Tesco Partnerships. Together with a strong reserves position, explained below, this demonstrates the sound underlying financial position of Diabetes UK.

Tesco Charity Partnership 1: Tesco and Diabetes UK – Fundraising 2013 to 2014

This raised £18.9m of which £9.2m was received in 2014 and £0.8m in 2015. Expenditure was £3.9m in 2014, £3.7m in 2015 and a balance of £7.2m will be spent on planned programme activities from 2016 to 2019.

Tesco Partnership 2: Tesco, British Heart Foundation and Diabetes UK – Fundraising from 2015 to 2017

This partnership is targeted to raise £30m over three years. The programme work and funding are jointly shared by British Heart Foundation and Diabetes UK and 50% of the total amount will pass through the accounts of Diabetes UK. In 2015 this partnership raised £7.3m.

Recognised in the 2015 Diabetes UK accounts is £3.7m income, and £2.0m expenditure, leaving a balance of £1.7m which will be spent on planned programme activities from 2016 to 2017.

Resources expended

Total expenditure in 2015 was £38.0m, up £1.7m, 5% on the previous year. Key movements in expenditure on charitable activities are:

- **Research** expenditure has decreased by £0.5m. This is due to the timing of expenditure on Tesco funded grants. 2014 included £0.8m for the first year of four grants funded by Tesco. Due to the timing of the award of these grants expenditure in 2015 is only £0.3m with the remainder of the second year of expenditure falling in 2016. Research funded by other income streams remains stable.
- **Not alone with diabetes** costs of activity relating to engaging and supporting individuals at all stages of their life has increased by 4% to £7.0m.

2015 is the first year of a new strategy and this has resulted in the reclassification of expenditure relating to the areas of charitable activity below which has impacted on the movements between the years:

- **Better care everywhere** costs in this area relating to ensuring a consistently high quality of care across the UK have decreased by £0.7m, (8%), as 2014 figures were unusually high.
- **Reducing the risk of Type 2 diabetes** this is a new categorisation and expenditure has increased by £0.6m (67%) as a result of the activity undertaken as part of the Tesco Charity Partnership agreement which has prevention as its focus.
- **Growing the impact of our work** expenditure has increased by £1.7m (49%) due to a Tesco Funded awareness campaign (no similar activity in 2014) and increased web based activity.

The costs of raising funds have remained static at £9.4m (2014: £9.5m). The Charity continues to invest in fundraising activities to grow future income streams to grow programme work. In 2015, £2.1m was invested in attracting new supporters who we hope will continue to donate for many years to come.

Reserves

Reserves are held at an appropriate level in relation to the financial risks and to ensure that funds are available to manage unexpected challenges. A four year plan sets out how the Charity will manage appropriate reserve levels to most effectively deliver its activities and strategy over the longer term.

The total funds held by Diabetes UK are £22.4m and of these £0.5m are tangible fixed assets and £9.5m is restricted to particular areas of work. These funds are not available for the general purposes of the Charity.

Diabetes UK uses two reserves measures:

1. **Free Reserves:** to ensure underlying financial health.
2. **Liquid Reserves:** to ensure sufficient liquidity is available to manage shorter term financial risks.

Free Reserves are the unrestricted funds that are freely available to spend on any of the Charity's purposes. This is the standard reserves measure used by most charities. The figures for the calculation come straight from the balance sheet: General Reserves less Tangible Assets.

The target is for Free Reserves to be greater than zero to ensure that, at any point in time, we do not commit more of the Charity's funds than we have secured. The 2015 Free Reserves are £12.4m (2014: £10.9m).

Liquid Reserves ensure that the Charity has sufficient liquidity (cash and investments) to operate effectively and manage any unplanned shortfall in fundraising contributions. The calculation is: Cash plus Investments less Restricted Funds. The target for this measure is currently set at £8.2m and Liquid Reserves for 2015 are £19.4m (2014: £16.8m).

The Board has agreed to invest the reserves currently held above the target levels to both grow future income and help address the growing challenge of diabetes. The Reserves will be reduced in line with the target over the next four years. The budget for 2016 was set on the basis that £4.1m will be drawn from Free Reserves and Liquid Reserves will fall by £3.1m.

Planned Reserves

	2016	2017	2018	2019
Free Reserves	8.0	6.0	3.7	2.3
Liquid Reserves	15.7	14.2	11.3	9.9

The reserves policy will be reviewed on an annual basis drawing on an updated corporate risk register and business plans. This will occur as part of the business planning cycle when a reserve policy target can be established for the following financial year. Exceptionally, the policy may require adjustment during the year if there are material changes to the corporate risks Diabetes UK faces or to its business plans. Any use of reserves must be approved by the Board.

Grant-making policy

Diabetes UK invites applications for funding of projects, fellowships and studentships through advertising in specialist medical and scientific media and on the web. Applicants based at not-for-profit UK-based academic or NHS

institutions submit proposals which are reviewed against criteria such as relevance to diabetes, scientific merit, feasibility and value for money. All grant applications are assessed by a minimum of three external peer reviewers before being submitted to the Research Committee or Panel. High-level research strategy and objectives are set by the Board of Trustees and the decisions about the funding of specific projects are delegated to the Research Committee.

Diabetes UK offers fellowships and studentships to carry out diabetes research. Applicants for fellowships are invited for interview by an expert panel which makes the funding decision. At least one member of the Research Committee sits on each fellowship panel. Funding decisions for studentships are decided by a panel, consisting of Research Committee members.

Investment policy

Investments are held to cover reserves for the management of risk and for future investment opportunities. The investment policy seeks to produce the best financial return within an acceptable level of risk. An appropriate level of assets should be available to meet unanticipated cashflow requirements.

Any funds expected to be held for over five years are placed in an Investment Portfolio. The level to be held is reviewed annually as part of the budget process. The investment principals of this portfolio will be set by the Finance Committee and are reviewed annually. The portfolio is managed by C Hoare & Co and is held in tradable assets which will be realisable within five working days. The neutral position of the fund is 66% Equities, 21% Fixed Interest, 8% Alternative Assets and 5% Cash. The budgeted return was 4% and the actual return was 5.4% against the benchmark of 2.7%.

The remaining cash is placed with individual institutions and held on term deposits to maximise interest received within an acceptable level of risk. The maximum limit with an individual institution is £5m and the maximum placement period is 12 months. At each meeting the Finance Committee review the appropriate limits for individual institutions and the placement of the cash and the availability of working capital. The placement in any new institutions is approved by the Trustee Board.

Going concern

The Trustees have reviewed the Charity's activities, financial position and risk management policies together with the factors likely to affect future development, including the impact of economic uncertainties on voluntary income. They have concluded that it is reasonable to expect the Charity to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Audit

Crowe Clark Whitehill LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

OBJECTIVES AND PERFORMANCE

Diabetes UK undertakes a wide range of activities, all of which aim to further its charitable purposes for the public benefit. In reviewing our aims and objectives and setting our priorities each year, we have regard to the Charity Commission's general guidance on public benefit.

A review of the main activities, achievements and benefits of 2015, together with future plans, can be found on pages 4–20.

The objectives of the Charity, as set out in its Articles of Association are:

- to provide relief for people with diabetes and its related complications, and for those who care for them
- to promote the welfare of people with diabetes and its related complications, and of those who care for them
- to advance the understanding of diabetes through the education of people with diabetes and the healthcare professionals and others who care for them, and the general public
- to promote and fund research related to the causes, prevention and cure of diabetes and into improvements in the management of the condition and its complications; and to publish the useful results of any such research.

Our strategy 2015–19

In July 2014, the Board agreed a new strategy for the Charity to cover the period 2015 to 2019.

Diabetes UK has demonstrated some real successes in providing support for people with diabetes and improving the quality of healthcare and we now have brought to the core of our strategy for the next four years a commitment to increase our reach and our impact dramatically in the face of the scale of the growth in diabetes. We want people with diabetes to have a better quality of life, better health and fewer complications, and to prevent people getting Type 2 diabetes.

By 2019, we will:

- work towards solutions in diabetes care, prevention and cure through our own research commitment and help increase the overall investment in UK diabetes research
- support and serve more people with diabetes and their families in a targeted way, especially people from minority and deprived communities, with a particular emphasis on providing education and emotional support for people to manage their condition effectively. We will develop partnerships to help support more older people, people with mental health issues and young people with Type 1 diabetes
- have more local health systems adopting good practice models of integrated care, delivering education for self-management and making hospitals safer places for people with diabetes. We will help people to get better primary care
- we will make a real contribution to reducing the rise of Type 2 diabetes, through improving the NHS health check and meantime by offering risk assessments in a range of settings.

Since the strategy was agreed external changes have presented a number of opportunities we must grasp as we seek to achieve our objectives. For example, the greater focus on obesity and the NHS Diabetes Prevention Programme in England provides us with opportunities to help and support more people with diabetes and those at risk of the condition. We are therefore continually working to ensure our strategy maximises these opportunities.

In 2016 we are planning to grow income excluding Tesco to £33.2m and grow Tesco Charity Partnership income to £5.3m, giving total income growth of £1.5m to £38.5m.

Total expenditure will grow by £8.9m to £47m, our highest ever level.

Principal risks and uncertainties

Diabetes UK is committed to effective risk management. We have designed processes to ensure that all significant risks associated with the delivery and provision of our work and services are recognised, assessed, planned for and appropriately managed. Risk management forms an integral part of our planning processes and project methodology and we also identify and manage significant risks as part of our everyday activity, including as we organise events. All of our employees and volunteers are encouraged to tell us about risks they identify as they work.

We use risk registers to record the risks identified, their potential impact and likelihood of occurrence and the controls, systems and procedures in place and planned to address the risks. We review risks regularly as part of our performance management. The Executive Team discusses new risks and changes to existing risks every month, and holds more in depth reviews of our corporate risk register every quarter. The most significant risks we face are reviewed twice-yearly by the Audit and Risk Committee, and annually by the Board of Trustees, who have overall responsibility for ensuring we have appropriate systems and processes in place to manage those risks.

The key risks we were focusing on during 2015 concern the following areas:

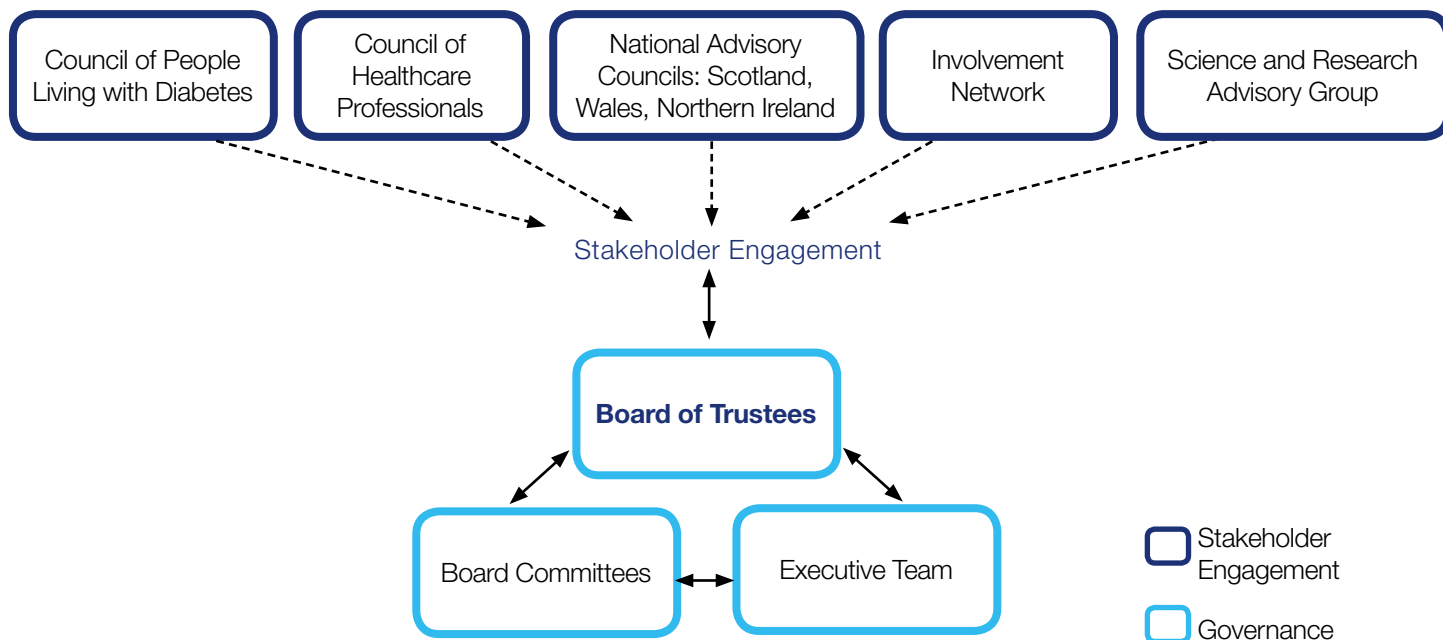
- Income targets not being met. We have an ambitious strategy which requires us to grow our income and we must also replace the income we currently receive from Tesco so we can continue with some of our activities. We are working to develop new sources of

funding, including institutional funding. However, we have a contingency plan for adjusting planned expenditure should income drop significantly below budget.

- Capacity to deliver our strategy. We have launched a programme of work to engage and upskill employees and are implementing a new IT strategy to improve our systems and ensure they are fit for purpose.
- Protection of the vulnerable people we work with. Should we make a mistake in this area the impact could be very significant for the person harmed. To ensure our processes are as robust as possible we have appointed an experienced safeguarding manager and training is being rolled out to staff and volunteers.
- Compliance. Following well-publicised concerns about methods used by fundraisers we have reviewed our approach to contacting the public and taken steps to improve security of the data we hold. Work is ongoing to ensure that our staff, third party agencies, and our volunteers adhere to all guidance, legislation and quality standards in these areas.

We also employ an external firm of internal auditors to perform an annual review of the controls over our core financial system and a review of controls within each of the risk areas identified as part of the internal audit plan for the year. The auditors issue recommendations for improvement which we have either implemented, or are in the process of implementing. The Trustees are satisfied that the systems we have in place manage the Charity's exposure to the major risks identified.

STRUCTURE, GOVERNANCE AND MANAGEMENT



Diabetes UK (the operating name of the British Diabetic Association) was incorporated as a company limited by guarantee in 1938 and is governed by a Memorandum and Articles of Association and Standing Orders. Diabetes UK operates from offices in all four nations of the United Kingdom and its registered office in London. Diabetes UK is registered with the Charity Commission in England and Wales and with the Office of the Scottish Charity Regulator in Scotland.

Our governance structure is designed to ensure that we:

- have strong representation from both people living with Type 1 and Type 2 diabetes and healthcare professionals
- are advised by a breadth of people
- have active, well-supported Advisory Councils
- give our supporters and beneficiaries a clear, influential role
- have flexible mechanisms for engaging our supporters.

The Board of Trustees

The governing body of the Charity is the Board of Trustees, which consists of a maximum of 12 members. All new Trustees are appointed;

the process of appointment is overseen by the Governance and Nominations Committee, which ensures that the Board includes Trustees with both Type 1 and Type 2 diabetes, healthcare professionals and a mix of gender, skills, geography and experience. On appointment, Trustees undertake an induction programme focusing on their role and responsibilities and the work and governance of the Charity. Trustees are required to abide by a code of conduct that stipulates, amongst other things, the disclosure of certain financial interests. Trustees may serve a maximum of two three-year terms, with a possible further two three-year terms following a period of at least three years.

The Board meets regularly throughout the year, including at an away day to review strategy and performance (including that of the Board) with the Chief Executive and the Executive Team.

All Trustees give their time voluntarily and receive no benefits from the Charity. However, to ensure that no one is excluded from contributing on financial grounds, Diabetes UK operates a policy of reimbursing Trustees for expenses incurred in their role. Any expenses reclaimed by Trustees are disclosed in note 14 of the accounts.

Committees of the Board

The Board has a number of committees, each with specific terms of reference prescribed by the Standing Orders.

- The Finance Committee oversees and regularly reviews all financial aspects of the Charity's activities, including its operational and strategic plans, so as to ensure short and long-term viability. The Finance Committee ensures that financial guidelines and legal regulatory regimes are adhered to and advises the Board accordingly. The Committee also scrutinises and evaluates the annual budget, before Board approval.
- The Audit and Risk Committee oversees the financial audit and reporting process; reviews the effectiveness of the independent audit process and the Charity's management systems and procedures. The Audit and Risk Committee also monitors compliance with external requirements and internal policies.
- The Remuneration Committee considers and recommends, for Board approval, the annual pay award. The Committee also considers and approves, in line with the agreed remuneration policy, the pay package for the Chief Executive and Executive Team.
- The Governance and Nominations Committee ensures that Diabetes UK has sound governance. Its role is to monitor compliance with, and periodically review, the governance arrangements of the Charity to ensure that it can achieve its charitable aims, strategic priorities and the highest possible standards of governance.
- The Research Committee assesses and approves applications for funding for basic, clinical and health-services research, within the guidelines set by the Board and in accordance with the Association of Medical Research Charities' best practice.

Membership of committees (with the exception of the Research Committee) is generally restricted to Trustees. However, reflecting its role in relation to governance of the Charity, including the recruitment of Trustees, the Governance and Nominations Committee has three Trustee members and three non-Trustee members.

Whilst the approval of strategy and policy is a matter for the Board, it is the Chief Executive and the Executive Team who are charged with the implementation of strategy and policy. To this end,

Executive Team members attend meetings of the Board and relevant committees, and regular, less formal, discussion between both groups is encouraged.

Advisory Bodies

Diabetes UK has seven formal Advisory Councils which inform the work of the Charity as part of the Charity's stakeholder engagement.

The **Council for People Living with Diabetes** comprises 30 members and includes broadly equal numbers of men and women with Type 1 and Type 2 diabetes, as well as carers of people with diabetes. There are representatives from across the UK and from ethnic minority backgrounds.

The **Council for Healthcare Professionals** comprises 20 members and includes a range of healthcare professionals working in diabetes.

The **National Advisory Councils** in Scotland, Wales and Northern Ireland each comprises a maximum of 20 members drawn from people with Type 1 and Type 2 diabetes, carers, and healthcare professionals. The Councils advise the National Directors and the Board of Trustees.

The **Science and Research Advisory Group** comprises 20 members and reviews the broad field of diabetes research and makes recommendations to the Board on the areas in which the Charity should focus its research effort.

The **Involvement Network** is a virtual network of people with an expressed interest in specific areas of the Charity's work. They are invited to participate in consultations and meetings as one of the ways that the Charity ensures the views of people with diabetes are incorporated into the development of the Charity's work.

Employment Policies

Diabetes UK is committed to equality of opportunity for all employees and to employment practices, policies and procedures which ensure that no employee, or potential employee, receives less favourable treatment regardless of age, disability, gender identity or expression, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity.

Diabetes UK is also committed to the learning and career development of its staff. We support the ongoing development of individuals and teams through a diverse offer of formal and informal learning options.

Subsidiary companies

Diabetes UK has two trading subsidiary companies:

Diabetes UK Services Limited trades in Christmas goods and insurance services, sells advertising, receives sponsorship income and organises lotteries to raise funds for Diabetes UK. The performance of the company continues to be satisfactory, and a profit of £1.7m was generated in 2015 (2014: profit £1.3m) and was donated to Diabetes UK under gift aid. Its results are shown in note 26b on page 60 of the financial statements.

BDA Research Limited exploits the potential value of any intellectual property arising as a result of research funded by Diabetes UK. At 31 December 2015 the company had no research funding commitments but retains an interest in the intellectual property of certain research projects that may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

Public Benefit

The Directors and Trustees of Diabetes UK have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in administering Diabetes UK, in determining achievements against aims they had set for 2015, and in planning activities in 2016.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The British Diabetic Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. 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 the Group and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Group 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 judgments 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, 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and the group 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 auditor is unaware
- the Trustees have taken all steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees of Diabetes UK on 12 May 2016 including in their capacity as company directors, the Strategic Report contained therein, and signed on its behalf by Sir Peter Dixon, Chair.

LEGAL AND ADMINISTRATIVE INFORMATION

A company limited by guarantee, registered in England and Wales: registration number 339181

A Charity registered in England and Wales (registration number: 215199) and in Scotland (registration number: SC039136)

Member of the International Diabetes Federation

Central office and Registered office

Macleod House
10 Parkway
London NW1 7AA
0345 123 2399
info@diabetes.org.uk

Diabetes UK Cymru

Castlebridge 2
15 Cowbridge Road East
Cardiff CF11 9AB
029 2066 8276
wales@diabetes.org.uk

Diabetes UK Northern Ireland

Bridgewood House
Newforge Business Park
Newforge Lane
Belfast BT9 5NW
028 9066 6646
n.ireland@diabetes.org.uk

Diabetes Scotland

The Venlaw
349 Bath Street
Glasgow G2 4AA
0141 245 6380
scotland@diabetes.org.uk

Diabetes UK Eastern Region

Ground Floor
8 Atlantic Square
Station Road
Witham CM8 2TL
01376 501390
eastern@diabetes.org.uk

Diabetes UK London

Macleod House
10 Parkway
London NW1 7AA
0345 123 2399
info@diabetes.org.uk

Diabetes UK Midlands

6th Floor Suite
Tameway Tower
48 Bridge Street
Walsall WS1 1JZ
01922 614500
midlands@diabetes.org.uk

Diabetes UK Northern and Yorkshire

Business Central (Office 1.3)
2 Union Square
Central Park
Darlington
DL1 1GL
01325 488606
northyorks@diabetes.org.uk

Diabetes UK North West

First Floor, The Boultings
Winwick Street
Warrington WA2 7TT
01925 653281
n.west@diabetes.org.uk

Diabetes UK South East

Blenheim House
1 Blenheim Road
Epsom KT19 9AP
01372 720148
south.east@diabetes.org.uk

Diabetes UK South West

Victoria House
Victoria Street
Taunton
Somerset TA1 3FA
01823 448260
south.west@diabetes.org.uk

Patron

Her Majesty the Queen

President

Mr Richard Lane OBE (retired 30 November 2015)

Vice Presidents

Professor Sir George Alberti

Mrs Barbara Elster

Mrs Anne Felton

Mr John Grumitt

Dr Michael Hall

Sir Michael Hirst

Professor Simon Howell

Mrs Judith Rich OBE

Board of Trustees

Sir Peter Dixon ^{3,4}

Mr Julian Baust (Vice-Chair) ^{1,3,4}

Ms Sue Browell (retired January 2015)

Sir Harry Burns (appointed February 2016)

Mr Noah Franklin (Treasurer) ^{1,2,3}

Professor Wasim Hanif (appointed May 2015) ⁴

Mr Gareth Hoskin (appointed January 2015) ²

Ms Halima Khan

Mr James McCall ^{1,2}

Ms Helen McCallum ²

Mr Gerald Tosh ^{1,2} (retired January 2015)

Professor Rhys Williams

Ms Janice Watson (appointed January 2015) ¹

Dr Bob Young

Executive Team

Chief Executive

Barbara Young (until September 2015)

Chris Askew (from September 2015)

Director of Prevention of Type 2 diabetes

Louise Ansari

Director of Engagement and Fundraising

Kath Abrahams

Director of Fundraising

Paul Amadi (until May 2015)

Director of Health Intelligence & Professional Liaison

Simon O'Neill

Director of Human Resources

Deirdre Saliba (until June 2015)

Jon Forde (from June 2015)

Director of Operations

Colette Marshall

Director of Corporate Services

Mark Woodbridge

Director of Policy, Care and Improvement

Bridget Turner

Director of Research

Elizabeth Robertson

Dr Alasdair Rankin (until December 2015)

Director of Communications

Richard Evans (until January 2016)

Advisors

Auditors

Crowe Clark

Whitehill

10 Salisbury Square

London EC4Y 8EH

Investment managers

C Hoare & Co

37 Fleet Street

London EC4P 4DQ

Solicitors

Bates Wells & Braithwaite LLP

2-6 Cannon Street

London EC1N 6TD

Bankers

Barclays Bank PLC

1 Churchill Place

London E14 5HP

¹ Finance Committee member

² Audit & Risk Committee member

³ Remuneration Committee member

⁴ Governance and Nominations Committee member

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE BRITISH DIABETIC ASSOCIATION

We have audited the financial statements of The British Diabetic Association for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows, and the related notes numbered 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and to the Charitable Company's Trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 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 auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Charitable Company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charitable Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Charitable Company's affairs as at 31 December 2015 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Trustee's 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 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

FINANCIAL STATEMENTS 2015

Consolidated statement of financial activities (incorporating income and expenditure account and statement of total recognised gains and losses) for the year ended 31 December 2015

	Notes			2015		2014	
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME FROM:							
Donations and Legacies	3	21,919	7,046	28,965	23,308	11,785	35,093
Other Trading activities	4	4,089	-	4,089	3,779	-	3,779
Income from Investments	5	251	-	251	176	-	176
Income from Charitable activities	6	3,723	-	3,723	2,760	-	2,760
Total income		29,982	7,046	37,028	30,023	11,785	41,808
EXPENDITURE ON:							
Expenditure on raising funds	8	8,409	960	9,369	8,517	986	9,503
Expenditure on Charitable activities							
Research	9	5,171	1,671	6,842	3,407	3,679	7,086
Not alone with diabetes	9	4,378	2,664	7,042	5,130	1,641	6,771
Better care everywhere	9	7,326	690	8,016	8,480	347	8,827
Reducing the risk of Type 2 diabetes	9	215	1,322	1,537	890	-	890
Growing the impact of our work	9	3,521	1,692	5,213	2,603	869	3,472
Total Expenditure	9	29,020	8,999	38,019	29,027	7,522	36,549
Net Gains on investments	17	430	-	430	315	-	315
Net income / (expenditure) for the year		1,392	(1,953)	(561)	1,311	4,263	5,574
Actuarial gains/(losses) on defined benefit pension	30	369	-	369	(736)	-	(736)
Net movement in funds		1,761	(1,953)	(192)	575	4,263	4,838
Fund balances at the beginning of the financial year		11,122	11,466	22,588	10,547	7,203	17,750
Fund balances at the end of the financial year	23	12,883	9,513	22,396	11,122	11,466	22,588

Reconciliation of funds

There are no unrealised gains or losses which do not appear on the SOFA. All the above results are derived from continuing activities.

Consolidated and Charity Balance Sheets at 31 December 2015

	Notes	Group		Diabetes UK	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	16	516	733	516	733
Investments in subsidiary undertakings	26	-	-	40	40
Other Investments	17	24,517	20,479	24,517	20,479
		<u>25,033</u>	<u>21,212</u>	<u>25,073</u>	<u>21,252</u>
Current assets					
Stock		100	38	-	-
Debtors	18	3,561	4,996	4,641	5,930
Cash at bank and in hand		4,369	7,804	4,199	7,161
		<u>8,030</u>	<u>12,838</u>	<u>8,840</u>	<u>13,091</u>
Creditors: amounts falling due within one year	19	(10,003)	(10,401)	(10,853)	(10,694)
Net current assets		<u>(1,973)</u>	<u>2,437</u>	<u>(2,013)</u>	<u>2,397</u>
Net assets before provisions		23,060	23,649	23,060	23,649
Provisions for liabilities and charges	21	(533)	(578)	(533)	(578)
Provision: defined benefit pension scheme liability	30	(131)	(483)	(131)	(483)
Net assets		<u>22,396</u>	<u>22,588</u>	<u>22,396</u>	<u>22,588</u>
Funds					
Restricted funds	22	9,513	11,466	9,513	11,466
Unrestricted funds					
General funds		13,014	11,605	13,014	11,605
Pension reserve deficit	30	(131)	(483)	(131)	(483)
Unrestricted funds including pension liability		<u>12,883</u>	<u>11,122</u>	<u>12,883</u>	<u>11,122</u>
Total funds		<u>22,396</u>	<u>22,588</u>	<u>22,396</u>	<u>22,588</u>

The Notes on pages 44 to 65 form part of these accounts.

Approved by the Board of Trustees on 12 May 2016 and signed on their behalf by:

Sir Peter Dixon

Chair

Noah Franklin

Treasurer

Consolidated Statement of Cash flows for the year ended 31 December 2015

	2015 £'000	2014 £'000
Cash flows from operating activities:		
Net cash (used in) provided by operating activities (Note A)	(18)	6,097
Cash flows from investing activities:		
Dividends and interest from investments	251	143
Purchase of tangible fixed assets	(60)	(411)
Proceeds from sale of investments	3,421	566
Purchase of investments	(3,292)	(4,656)
Purchase of cash deposits	(3,737)	-
Net cash (used in) investing activities	(3,417)	(4,358)
Cash flows from financing activities:		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by (used in) financing activities	-	-
Change in cash and cash equivalents in the reporting period	(3,435)	1,739
Cash and cash equivalents at 1 January	7,804	6,065
Cash and cash equivalents at 31 December	4,369	7,804
Note A to the consolidated cash flow statement		
	2015	2014
	£'000	£'000
Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities		
Net (expenditure)/income for the year per the SOFA	(561)	5,574
Adjustments for:		
Depreciation charges	277	309
(Gains)/losses on investments	(430)	(315)
Dividends and interest from investments	(251)	(143)
(Increase)/decrease in stocks	(62)	10
(Increase)/decrease in debtors	1,435	756
Increase/(decrease) in creditors	(398)	(247)
Increase/(decrease) in provisions	(45)	406
Difference between payments to defined benefit pension scheme and amount charged to expenditure	17	(253)
Net cash (used in) provided by operating activities	(18)	6,097

The Charity has taken advantage of the exemptions in FRS102 from the requirement to present a charity only Cash Flow Statement.

1. Charity information

The Charity is a private company (registered number 339181), which is incorporated and domiciled in the UK. The address of the registered office is Macleod House, 10 Parkway, London NW1 7AA.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and UK Generally Accepted Practice as it applies from 1 January 2015.

Diabetes UK meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its voluntary groups ("Diabetes UK") together with its subsidiary, Diabetes UK Services Limited ("the Group"). A summarised profit and loss account and balance sheet for the subsidiary is given in note 26. The results of the subsidiary have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of local groups where returns have been made prior to the preparation of the consolidated financial statements. The number of local group returns received when the financial statements were prepared was 223 out of 321 (69%) (2014: 210 out of 269 (78%)).

In line with SORP FRS102 a separate charity SOFA has been prepared and is disclosed in note 26.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required. In their estimation, two presentational adjustments were required because

of the change to accounting for defined benefit schemes and investments. The impact of the change to the defined benefit scheme accounting was to increase the prior year expenditure by £205,000 and reduce the actuarial loss on the defined benefit pension by £205,000 as shown on the Statement of Financial Activities. The net affect of the change is zero and therefore did not change the value of funds held at 31 December 2014. The impact of the change to the investments was to remove the revaluation reserve; revaluation reserves for investments are not permitted under FRS102 as movements are recognised within income and expenditure. Investment revaluations are now shown against the general reserve. The Trustees considered all other changes to accounting policies immaterial to the financial statements.

Going Concern

As detailed in the financial commentary in the Trustees' Report the Trustees, having reviewed the Charity's activities and financial position, consider the going concern basis of accounting to be appropriate.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are:

Dilapidation provision – The Charity has provided for its possible liability in relation to its leasehold property as estimated by third party surveyors. See note 21.

Pensions liabilities – The Charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 30.

Legacies – These are recognised when evidence of entitlement exists and the Charity is able to measure reliably. Recognition is therefore sometimes in advance of receiving the cash.

INCOME

All income is accounted for when the Charity has entitlement, there is probability of receipt and the amount is measurable.

Legacies

Income from legacies is recognised where evidence of entitlement exists, the value is measurable with sufficient reliability, and on the earlier of the date of receipt of finalised estate

accounts, the date of payment or where there is sufficient evidence that the legacy will probably be received. In addition, full provision is made for any clawback of legacy payments when notification of such clawbacks is received.

Donations

Where donations have been collected by a third party, these are recognised when the value is measurable with sufficient reliability through the third party systems.

Membership subscriptions

In general, subscriptions, including life membership subscriptions are credited to income on receipt, as these are considered to be in the nature of donations.

Donated goods, services and facilities

These are included at the value to the Charity where this can be quantified. In accordance with FRS 102 and the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers.

Where possible, gifts in kind are valued at their market value on date of receipt. If no market value is available, gifts in kind are valued at their estimated value to the Charity.

Grants receivable

Grants receivable are credited to income as these become receivable, except in situations where they are related to performance, in which case these are accrued as the Charity earns the right through performance.

EXPENDITURE

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

Costs of raising funds

Costs of raising funds comprise the costs incurred in fundraising, commercial trading activities and investment management.

Fundraising costs include salaries, direct costs and an appropriate allocation of central overhead costs.

Charitable activities

Expenditure is allocated to the relevant charitable activities on a basis consistent with resource use against the strategic plan and includes salaries, direct costs and an appropriate allocation of central overhead costs.

Research grants

Diabetes UK contracts with a range of institutions to fund specific research projects. Payment is conditional on the performance of key tasks and where such tasks remain incomplete, payment is withheld. Diabetes UK 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.

Further detail on the grant making policy is contained in the Trustees' report.

Support and Governance costs reallocation

Support costs consist of central team costs including governance, information technology, finance and office management functions.

Governance costs are made up of the staff costs for the Governance Team, Board of Trustees costs, UK Advisory Council costs and audit fees.

Support and Governance costs are allocated to activities based on the number of staff involved in each activity.

Retirement benefits

For the defined benefit scheme the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. Current service costs, interest costs and expected return on assets are included within charitable expenditure, allocated on a headcount basis by department.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the SOFA under the heading of actuarial gains and losses on defined benefit pension scheme.

For defined contribution schemes the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the contributions payable in the year, allocated between activities and to unrestricted and restricted funds on the same basis as other employee-related costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Diabetes UK 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. No material tax charges have arisen in its subsidiaries and no provision is required for deferred taxation.

Tangible fixed assets

All expenditure on fixed assets in excess of £500 is capitalised.

The charge for depreciation is calculated to write off fixed assets by equal instalments over their expected useful lives. These are estimated to be:

Office equipment, fittings and furniture	7 to 10 years
Computer hardware	3 to 5 years
Computer software	3 to 8 years
Motor vehicles	5 years

Where any assets are impaired in value, provisions are made to reduce the book value of such assets to the recoverable amount.

Investments

The investments in the subsidiary undertakings are stated at cost less impairment; all other investments are stated at market value.

The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investment cash is held for investment purposes only. It is the intention of the Trustees that fixed asset investments will not be drawn upon within the following year.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of publications held for charitable purposes is expensed as incurred.

Operating leases

Rental payments under operating leases are charged to the SOFA on a straight line basis over the term of the lease.

Pension liability

The Charity recognises its liability to its defined benefit pension scheme, to the extent that the Charity has a legal or constructive obligation to settle the liability, which involves a number of estimations as disclosed in note 30.

Provision is made in full for the estimated cost of unfunded pensions payable to a small number of retired former employees. The provision is re-estimated each year, based on the pensions in payment, estimated future increments and changes in the pensioners' circumstances.

Provisions – dilapidations

The Charity has provided for its possible liability in relation to its leasehold property which has been estimated based on information provided by third party surveyors, values in the leases and life of the lease.

Funds

The funds of Diabetes UK consist of unrestricted and restricted amounts. Diabetes UK 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.

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Volunteers

Diabetes UK has a committed volunteer base. Volunteers contribute in many ways, for example running local groups to support people with diabetes in their community, fundraising and organising events.

3. Donations and legacies

	2015	2014
	Total	Total
Incoming resources	£'000	£'000
Legacies	11,608	12,461
Donations	17,357	22,632
Total	28,965	35,093

Income from donations comprises £4.5m (2014: £9.2m) raised through the Charity Partnership with Tesco and £12.8m (2014:£13.4m) raised from membership, donations and fundraising.

4. Other trading activities

	2015	2014
	Total	Total
Incoming resources	£'000	£'000
Lotteries	2,409	2,112
Advertising	446	460
Corporate sponsorship	633	631
Merchandising	601	576
Total	4,089	3,779

All trading activity was undertaken by a subsidiary undertaking.

5. Income from Investments

	2015	2014
	Total	Total
Incoming resources	£'000	£'000
Dividends from listed securities	130	57
Interest on cash at bank	121	119
Total	251	176

6. Income from charitable activities

	2015	2014
	Total	Total
	£'000	£'000
By source:		
Conferences	1,474	1,190
Grants receivable	1,253	568
Care holidays	108	121
Professional membership	155	176
Publications	733	705
	<hr/>	<hr/>
Total by source	3,723	2,760
	<hr/>	<hr/>
By charitable activity:		
Research	14	16
Not alone with diabetes	649	463
Better care everywhere	1,895	2,061
Reducing the risk of Type 2 diabetes	161	74
Growing the impact of our work	1,004	146
	<hr/>	<hr/>
Total by charitable activity	3,723	2,760
	<hr/>	<hr/>

7. Government grants

	2015	2014
	Total	Total
	£'000	£'000
Significant government grants used to fund diabetes projects and recognised in the accounts are:		
Health and Social Care Information Centre	233	-
Health and Social Care Volunteering Fund	96	-
Scottish Government	71	138
NHS Waltham Forest Clinical Commissioning Group	55	-
NHS Nottingham City Clinical Commissioning Group	41	-
NHS England	21	-
NHS Ealing Clinical Commissioning Group	-	42
NHS Leicester City Clinical Commissioning Group	-	28
	<hr/>	<hr/>
	517	208
	<hr/>	<hr/>
Other grants	736	360
	<hr/>	<hr/>
Total grants receivable	1,253	568
	<hr/>	<hr/>

8. Expenditure on raising funds

	2015	2014
	Total	Total
	£'000	£'000
Voluntary Income		
Legacies	202	255
Donations	6,897	6,801
	7,099	7,056
Fundraising Trading		
Lotteries	1,578	1,553
Advertising	-	25
Corporate	171	288
Merchandising	464	548
	2,213	2,414
Investment management costs	57	33
Total	9,369	9,503

9. Analysis of total expenditure

	Activities undertaken directly	Activities of the Charity Partnership	Activities undertaken by grant funding	Support and Governance costs	2015 Total	2014 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	7,094	674	-	1,601	9,369	9,503
Expenditure on charitable activities						
Research	851	338	5,549	104	6,842	7,086
Not alone with diabetes	4,141	1,817	-	1,084	7,042	6,771
Better care everywhere	6,415	-	-	1,601	8,016	8,827
Reducing the risk of Type 2 diabetes	3	1,276	-	258	1,537	890
Growing the impact of our work	3,504	1,191	-	518	5,213	3,472
	22,008	5,296	5,549	5,166	38,019	36,549

10. Support costs allocations

	Governance £'000	Facilities £'000	Finance £'000	Human Resources £'000	IT £'000	2015 Total £'000	2014 Total £'000
Expenditure on raising funds	70	495	303	310	423	1,601	1,126
Expenditure on charitable activities							
Research	5	32	20	20	27	104	126
Not alone with diabetes	47	335	205	210	287	1,084	820
Better care everywhere	70	495	303	310	423	1,601	1,373
Reducing the risk of Type 2 diabetes	11	80	49	50	68	258	141
Growing the impact of our work	23	160	98	100	137	518	418
Total	226	1,597	978	1,000	1,365	5,166	4,004

11. Governance costs

	2015 £'000	2014 £'000
Trustee costs	26	38
Advisory council expenses	35	28
Governance and stakeholder support costs	116	159
External audit (including group statutory audit, £40k)	49	45
Total	226	270

12. Grant funding

The institutions receiving grant funding in the year in excess of £100,000 were:

	2015	
	£'000	
Imperial College London	638	
King's College London	885	
Queen's University Belfast	158	
Royal Surrey County Hospital	138	
University College London	346	
University of Bristol	280	
University of Cambridge	309	
University of Dundee	324	
University of Edinburgh	164	
University of Exeter	375	
University of Glasgow	589	
University of Manchester	216	
University of Oxford	555	
University of Ulster	106	
University of Warwick	153	
University of York	112	
	<hr/>	
	5,348	
Grants to other institutions	539	
	<hr/>	
Total grants to institutions	5,887	
Total grants to individuals	-	
Direct administration costs	851	
Support costs	104	
	<hr/>	
Total	6,842	
	<hr/>	
	2015	2014
	£'000	£'000
Analysis of grant by area of research:		
Prevention	1,218	1,350
Care	4,113	4,558
Cure	556	616
Direct administration costs	851	436
Support costs	104	86
	<hr/>	<hr/>
Total	6,842	7,046
	<hr/>	<hr/>
	2015	2014
	£'000	£'000
Grants reconciliation		
Creditor at the beginning of the year	6,189	6,243
Grants awarded in the year	2,108	2,724
Liabilities arising on existing grants	3,779	3,800
Payments in the year	(5,272)	(6,578)
	<hr/>	<hr/>
Creditor at the end of the year	6,804	6,189
	<hr/>	<hr/>

13. Net incoming resources for the year is stated after charging:

	2015	2014
	£'000	£'000
Depreciation (see note 16)	277	309
Auditors remuneration		
- external audit: group statutory	40	45
- external audit: other	9	-
- tax advice	4	5
- internal audit	19	18
Non-recoverable VAT	1,269	912
Operating leases		
- property	765	773
- other	30	29

Non-recoverable VAT is higher due to the increase in non-business activity which increases the VAT that is outside the scope of the VAT legislation and cannot be recovered.

14. Transactions with Trustees

Trustees have not been remunerated in the year (2014: NIL). A total of 8 trustees (2014: 8) have been reimbursed directly for expenses in relation to trustee meetings or had such expenses met by payments made to third parties at a total cost of £13,462 (2014: £10,155). All amounts were for reimbursement of travel and subsistence costs.

15. Staff Costs

	2015	2014
	£'000	£'000
Salaries	12,075	10,812
Social security costs	1,220	1,140
Other pension costs	694	845
Redundancy, termination or ex gratia payments	45	58
Total	14,034	12,855

Redundancy, termination and ex gratia payments were incurred as part of the ongoing development of the business.

	2015	2014
Staff numbers	number	number
Fundraising	92	93
Charitable activity	247	217
Support	39	33
Governance	3	3
Total	381	346

Pension costs

Pension costs comprise £694,252 (2014: £591,631) in respect of defined contribution pension schemes and £NIL (2014: £252,900) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:

	2015	2014
	number	number
£60,001 – £70,000	5	4
£70,001 – £80,000	4	5
£80,001 – £90,000	2	-
£90,001 – £100,000	1	1
£100,001 – £110,000	1	1
£110,001 – £120,000	-	1

Payments to defined contribution pension schemes in respect of the above staff amounted to £90,593 (2014: £85,549) in the year. As at the year end, the defined benefit pension scheme was closed and no benefits were accruing to the above staff.

The key management personnel (of the Charity) comprise the Trustees, the Chief Executive Officer, and the Executive Team. The total employee benefits of the key management personnel (of the Charity) (excluding Trustees) was £902,763 (2014: £824,669), Trustees £NIL (2014: £NIL).

16. Tangible fixed assets

Group and Diabetes UK	Office equipment fittings and furniture £'000	Computer equipment and software £'000	Motor vehicles £'000	Total 2015 £'000
Cost				
At 1 January 2015	1,446	1,141	299	2,886
Additions	6	54	-	60
Disposals	-	-	-	-
At 31 December 2015	1,452	1,195	299	2,946
Depreciation				
At 1 January 2015	(1,353)	(501)	(299)	(2,153)
Charge for the year	(35)	(242)	-	(277)
Disposals	-	-	-	-
At 31 December 2015	(1,388)	(743)	(299)	(2,430)
Net book value				
At 31 December 2015	64	452	-	516
At 31 December 2014	93	640	-	733

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2014: NIL).

17. Investments

	2015	2014
Group and Diabetes UK	£'000	£'000
Market value at 1 January	9,523	5,118
Acquisitions at cost	3,292	4,656
Disposal proceeds	(3,421)	(566)
Gains on investments	430	315
	<hr/>	<hr/>
Market value at 31 December of non-cash investments	9,824	9,523
Cash on deposit	14,693	10,956
Market value at 31 December of total investments	<hr/> <hr/>	<hr/> <hr/>
	24,517	20,479
Represented by:		
Listed securities	6,766	7,147
Property funds	915	826
Bonds	2,143	1,550
Cash on deposit	14,693	10,956
	<hr/>	<hr/>
	24,517	20,479
	<hr/>	<hr/>
Historical cost of non-cash investments at 31 December	8,707	8,335

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market price, using the bid price.

Investments which comprised more than 5% of the total market value of investments at 31 December 2015 were:

	2015	2014
	£'000	£'000
Aberdeen Ethical World Fund 1	1,036	433
Kames Ethical Equity Fund	1,075	1,023
Standard Life UK Ethical Fund	1,054	993
COIF Property Fund	884	562
UBS ETF MSCI Europe Socially Responsible	782	-
UBS ETF MSCI North America Socially Responsible	1,434	716
Barclays Capital US 1-3 Year Treasury Bond	563	508
iShares Dow Jones Global Sustainability Screened ETF	-	471
Jupiter Responsible Income Fund	-	972
Jupiter Ecology Fund	-	463
UBS ETF MSCI Pacific Socially Responsible	-	869

18. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	432	418	163	105
Donation due from subsidiary undertaking	-	-	1,738	1,337
Other debtors	551	1,273	552	1,273
Prepayments and accrued income	2,578	3,305	2,188	3,215
	<hr/>	<hr/>	<hr/>	<hr/>
	3,561	4,996	4,641	5,930

19. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors	394	730	389	720
Amounts due to subsidiary undertakings	-	-	1,068	787
Taxation and social security	339	335	339	335
Other creditors	274	52	271	52
Accruals and deferred income	2,192	3,095	1,982	2,611
Research grants creditor	6,804	6,189	6,804	6,189
	<hr/>	<hr/>	<hr/>	<hr/>
	10,003	10,401	10,853	10,694

20. Deferred Income

	Group		Diabetes UK	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Balance as at 1 January	976	1,446	794	1,203
Income deferred in the current year	763	612	738	481
Release from prior year	(1,055)	(1,082)	(923)	(890)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December	684	976	609	794

Income received in advance to fund activities due to take place in 2016 has been deferred where this is consistent with the terms of the funding agreement.

21. Provisions for liabilities and charges

	Dilapidation Provision £'000	Closed Local Groups £'000	Total 2015 £'000	Total 2014 £'000
Balance brought forward at 1 January 2015	475	103	578	172
New provision	-	-	-	103
Increase to provision	-	-	-	303
Release of provision	(45)	-	(45)	-
Balance carried forward at 31 December 2015	430	103	533	578

22. Funds

Group

	At 1 January 2015 £'000	Incoming funds £'000	Outgoing funds £'000	Gains/losses £'000	At 31 December 2015 £'000
General funds	11,605	29,982	(29,003)	430	13,014
Pension reserve (see note 30)	(483)	-	(17)	369	(131)
Total unrestricted funds	11,122	29,982	(29,020)	799	12,883
Restricted funds					
Diabetes Foundation	132	-	-	-	132
Research funds	575	1,274	(1,314)	-	535
Care and information funds	363	26	(26)	-	363
Geographical funds	187	1,030	(1,217)	-	-
Children funds	-	233	(222)	-	11
Charity Partnership	10,182	4,483	(6,220)	-	8,445
Warren Memorial fund	27	-	-	-	27
Total restricted funds	11,466	7,046	(8,999)	-	9,513
Total of unrestricted and restricted funds	22,588	37,028	(38,019)	799	22,396

The Diabetes Foundation fund represents the net assets of the Diabetes Foundation when it merged with Diabetes UK on 31 December 2010. These are held to support and advance research in the field of diabetes and particularly in that of juvenile (insulin dependent) diabetes.

The research funds represent funds received and used to meet the direct costs of maintaining the research programme. The care and information funds are restricted to meeting the costs of providing care and information. The geographical funds are restricted to use in specified areas of the UK. The children funds are restricted funds to be used to meet additional cost of holidays, parent/child weekends and other youth activities. The Warren Memorial fund is restricted to expenditure on projects which commemorate the names of Alec and Beryl Warren.

23. Total funds

Total funds are invested as follows:

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	489	27	516
Fixed asset investments	24,517	-	24,517
Net current liabilities	(11,459)	9,486	(1,973)
Provisions	(664)	-	(664)
Total net assets	12,883	9,513	22,396

Diabetes UK

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	489	27	516
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	24,517	-	24,517
Net current liabilities	(11,499)	9,486	(2,013)
Provisions	(664)	-	(664)
Total net assets	12,883	9,513	22,396

24. Operating lease commitments

	Property 2015 £'000	2014 £'000	Other 2015 £'000	2014 £'000
Annual lease commitments under non-cancellable operating leases expiring:				
within 1 year	510	-	2	17
between 2 and 5 years	352	1,434	24	12
after 5 years	-	192	-	-
	862	1,626	26	29

25. Commitments to spend – research grants

At 31 December 2015 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £11,062,000 (2014: £9,525,000). These contracts are subject to an annual review process at which future funding is determined. Diabetes UK recognises grant expenditure on an annual basis as explained in note 1.

	2015	2014
	£'000	£'000
2015	-	4,168
2016	4,963	3,216
2017	3,872	1,546
2018	1,671	521
2019	511	74
2020	45	-
	<hr/> 11,062	<hr/> 9,525

26. Subsidiary undertakings

Diabetes UK has two wholly owned subsidiaries, BDA Research Limited and Diabetes UK Services Limited which are incorporated in the UK and registered in England. The financial statements of Diabetes UK Services are audited and filed at Companies House. BDA Research Limited did not carry out any business activity in the year.

	2015	2014
	£'000	£'000
(a) Investment in subsidiary	<hr/> 40	<hr/> 40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company. BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2015 (2014: £2).

Diabetes UK's investment in Diabetes UK Services Limited is 40,003 ordinary shares of £1 each, being the whole of the issued share capital of that company. Diabetes UK Services Limited has net assets and called up share capital of £40,003 as at 31 December 2015 (2014: £40,003).

(b) Summary of results of consolidated entities

	Diabetes UK	Diabetes UK Services Limited	Intercompany Transactions	Total
	2015	2015	2015	2015
	£'000	£'000	£'000	£'000
Income				
Donations and Legacies	30,703	-	(1,738)	28,965
Other Trading Activities	185	3,904	-	4,089
Income from Investments	249	2	-	251
Income from Charitable Activities	3,677	46	-	3,723
	34,814	3,952	(1,738)	37,028
Expenditure				
Expenditure on Raising Funds	(7,155)	(2,214)	-	(9,369)
Expenditure on Charitable Activities	(28,650)	-	-	(28,650)
Donation to Diabetes UK	-	(1,738)	1,738	-
	(35,805)	(3,952)	1,738	(38,019)
Net gains on investments	430	-	-	430
Actuarial gains/(losses) on defined benefit pension	369	-	-	369
Net movement in funds	(192)	-	-	(192)

(c) Financial position of consolidated entities

	Diabetes UK	Diabetes UK Services Limited	Intercompany Transactions	Total
	2015	2015	2015	2015
	£'000	£'000	£'000	£'000
Fixed assets	25,073	-	(40)	25,033
Current assets	8,840	1,998	(2,808)	8,030
Creditors due within 1 year	(10,853)	(1,958)	2,808	(10,003)
Provisions	(664)	-	-	(664)
Net assets	22,396	40	(40)	22,396

27. Result for the year under the historical cost accounting convention

	2015 £'000	2014 £'000
Net income	(991)	5,464
Gain/(loss) on sale of investments calculated under the historical cost accounting convention	501	(73)
	<hr/>	<hr/>
(Deficit)/surplus under the historical cost accounting convention	(490)	5,391

28. Members

The legal members of the company are the Trustees as explained in the Trustees' report. The liability of the members is limited to £1 per member.

29. Legacies

The value of legacies notified to the Charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £5.3 million (2014: approximately £9.1 million).

30. Pensions

Defined contribution scheme

The Charity contributes towards a defined contribution scheme. The cost of this scheme is charged to the SOFA and amounted to £694,252. (2014: £591,631). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accruals on 31 August 2004. This is a separate Trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 61 current and former employees with entitlements to preserved benefits. Pensions in payment are currently secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before accrual ceased and the length of service in the scheme.

The Trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the Trustees is determined by the scheme's trust documentation.

A full actuarial valuation was carried out as at 31 December 2013 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the Charity and the Trustees in line with those requirements. These in particular require the funding position to be calculated using prudent, as opposed to best estimate, actuarial assumptions.

This valuation revealed a funding shortfall of £239,000. In respect of this shortfall in the Scheme as at 31 December 2013, the Charity agreed to pay contributions of £28,100 per month until 30 September 2014. The Charity expects to pay no contributions to the Scheme during the accounting year beginning 1 January 2016.

The next valuation is due at as at 31 December 2016.

The results of the most recent formal actuarial valuation as at 31 December 2013 have been updated to 31 December 2015 by a qualified independent actuary.

Present value of scheme liabilities, fair value of assets and deficit.

	2015	2014
	£'000	£'000
Fair value of scheme assets	11,233	11,188
Present value of scheme liabilities	(11,364)	(11,671)
(Deficit) in scheme	(131)	(483)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme, using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above. The main factor contributing to the improvement is changes to assumptions, which has decreased the value of the defined benefit obligation. This is primarily due to a higher discount rate following increases in corporate bond yields over the year.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out benefits at the balance sheet date with a suitable insurer. This represents the amount that would be required to settle the scheme liabilities rather than the Charity continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the Trustees of the pension scheme at 31 December 2013 was £11,546,000 compared with assets at the same date of £7,804,000.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2015	2014
	£'000	£'000
Scheme liabilities at 1 January	11,671	10,024
Interest cost	417	446
Actuarial (gains)/ losses	(549)	1,406
Benefits paid	(175)	(205)
Scheme liabilities at 31 December	11,364	11,671

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2015	2014
	£'000	£'000
Fair value of scheme assets at 1 January	11,188	10,311
Interest income	400	446
Return on scheme assets, excluding interest income	(180)	383
Benefits paid	(175)	(205)
Contribution by employer	-	253
Fair value of scheme assets at 31 December	11,233	11,188

The actual return on the scheme assets over the period ended 31 December 2015 was £220,000 (2014: £829,000).

Total expense recognised in SOFA

	2015	2014
	£'000	£'000
Interest cost	(417)	(446)
Interest income	400	446
Total expense recognised in SOFA	<u>(17)</u>	<u>-</u>

Other comprehensive Income

	2015	2014
	£'000	£'000
Difference between expected and actual return on scheme assets: gain/ (loss)	549	(1,406)
Actual return on assets less interest income	(180)	383
Limit on recognition of assets	-	287
Total amount recognised in Other Comprehensive Income	<u>369</u>	<u>(736)</u>

Assets

	2015	Restated
	£'000	£'000
Equities	4,973	4,942
With profits policy	3,346	3,400
Annuities	2,914	2,871
Cash	-	(25)
Total Assets	<u>11,233</u>	<u>11,188</u>

None of the fair values of the assets shown above include any of the Charity's own financial instruments, any property occupied by the Company or any other assets used by the Company.

It is the policy of the Trustees and the Charity to review the investment strategy at the time of each funding valuation. The Trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

Assumptions

	2015	2014
	% per annum	% per annum
Inflation (RPI)	3.40	3.40
Rate of discount	3.80	3.60
Allowance for pension in payment increases at the lower of RPI or 5%	3.30	3.30
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.40	2.40
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum

The mortality assumptions adopted at 31 December 2015 are based on the PNMA00/ PNFA00 CMI Model 2015 [1.25%].

These imply the following life expectancies:

	2015	2014
Male retiring at aged 62 in 2015	25.9	26.1
Female retiring at aged 62 in 2015	28.0	28.2
Male retiring at aged 62 in 2035	27.7	27.9
Female retiring at aged 62 in 2035	30.0	30.2

31. Related party transactions

There have been no related party transactions that require disclosure other than transactions with the subsidiary company, Diabetes UK Services Limited. These are detailed below:

Gift aid: During the year the 2014 gift aid of £1,337k was remitted from the subsidiary to the Charity, and at 31 December the subsidiary had a balance of £1,738k owing to the Charity for the 2015 gift aid.

Balance: At 31 December the Charity owed the subsidiary £1,068k (£787k) representing the net of income and expenditure processed on behalf of the subsidiary.

32. Financial Instruments

	2015 £'000	2014 £'000
Financial assets measured at fair value through income and expenditure		
Non cash investments	9,824	9,523
Financial assets measured at amortised cost		
Cash	4,369	7,804
Cash investments	14,693	10,956
Trade debtors	432	418
Other debtors	551	1,273
Accrued income	1,823	2,329
	<u>21,868</u>	<u>22,780</u>
Financial liabilities measured at amortised cost		
Trade creditors	394	730
Other creditors	274	52
Accruals	1,508	2,304
Research grant creditors	6,804	6,189
	<u>8,980</u>	<u>9,275</u>

The Charity has taken advantage of the exemptions in FRS 102 from the requirement to present certain disclosures about the Charity's financial instruments.

Diabetes UK

Macleod House
10 Parkway
London
NW1 7AA

Call 0345 123 2399*

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