

**BRITISH DIABETIC ASSOCIATION**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1997**



# BRITISH DIABETIC ASSOCIATION

A charity helping people with diabetes and supporting diabetes research

**Patron:** Her Majesty the Queen

**President:** Sir Harry Secombe CBE

## Registered Office

10 Queen Anne Street  
London W1M 0BD

Tel: 0171 323 1531  
Fax: 0171 637 3644

## BDA North West

2nd Floor  
65 Bewsey Street  
Warrington WA2 7JQ

Tel: 01925 653281  
Fax: 01925 653288

## BDA Scotland

4th Floor  
34 West George Street  
Glasgow G2 1DA

Tel: 0141 332 2700  
Fax: 0141 332 4880

## BDA Northern Ireland

John Gibson House  
257 Lisburn Road  
Belfast BT9 7EN

Tel: 01232 666646  
Fax: 01232 666333

## BDA West Midlands

1 Eldon Court  
Eldon Street  
Walsall  
West Midlands WS1 2JP

Tel: 01922 614500  
Fax: 01922 646789

## BDA Wales

Plas Gwynt  
Sophia Close  
Cardiff CF1 9TD

Tel: 01222 668 276  
Fax: 01222 668329

## Auditors

Kidsons Impey  
Registered Auditors  
Chartered Accountants  
Spectrum House  
20-26 Cursitor Street  
London EC4A 1HY

## Investment Managers

BZW Portfolio Management Ltd  
26-28 Mount Row  
London W1A 0EA

## Solicitors

Nabarro Nathanson  
50 Stratton Street  
London W1X 6NX

A company limited by guarantee

Registered in England

Registration number: 339181

Charity registration number: 215199

Member of the International Diabetes Federation

# BRITISH DIABETIC ASSOCIATION

## BOARD OF TRUSTEES AND MANAGEMENT BOARD

at 31 December 1997

### Board of Trustees

Dr Michael Hall (Chairman)  
Professor George Alberti (Vice-Chairman and Chairman  
of Medical and Scientific Section)  
Trevor Guppy (Vice-Chairman)  
Mike Higgins (Honorary Treasurer)  
Sir Michael Hirst (Honorary Secretary)  
Karen Addington  
Dr Patrick Bell (Northern Ireland Committee)  
Professor Steve Bloom (Research Committee)  
Dr Stuart Bootle (Vice-Chairman of Primary Care  
Diabetes UK)  
Dr David Borsey  
Dr Felix Burden (Diabetes Services Advisory  
Committee)  
Barbara Bury  
Pauline Card  
Dorothy Cartwright (Voluntary Groups Section  
Committee)  
Sue Cradock (Education Advisory Committee)  
Paul Doherty  
Anne Felton  
Brian Finney  
Stuart Freel (Membership Advisory Committee)  
Dr Owain Gibby (Welsh Committee)  
Lord Gladwin of Clee  
Dr Richard Holland  
Tim Hoy  
Margaret Hunter  
Dr Ian Jefferson (Children and Young Persons Committee)  
Dr Sally Marshall (Professional Advisory Committee)  
Dr David Matthews (Scottish Committee)  
Sir Humphrey Maud KCMG  
Dr Doreen Rothman  
Professor David Shaw  
Alan Webber  
Tim Westwell (Parents' Advisory Committee)

### Management Board

Professor George Alberti  
Pauline Card  
Michael Cooper (Director General)  
Anne Felton  
Trevor Guppy  
Dr Michael Hall  
Jeremy Henley (Liaison Director)  
Mike Higgins  
Sir Michael Hirst  
Suzanne Lucas (Director of Care)  
Moirá Murphy (Research Director)  
Melvyn Risebrow (Director of Marketing  
and Public Affairs)  
Patrick Stewart (Finance Director)

*Committees or sections of which Trustees are Chairpersons are given in brackets*

# BRITISH DIABETIC ASSOCIATION

## REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees of the British Diabetic Association has pleasure in presenting its report and financial statements for the year ended 31 December 1997.

### Principal aims and activities

The Association's overall aim is to help and care for people with diabetes and those close to them, to represent and campaign for their interests and to fund research into diabetes. The key factors in achieving these aims are:

- helping people who live with diabetes by improving their quality of life
- seeking prevention of and ultimately a cure for diabetes through research
- building relationships and servicing membership
- developing all sources of income
- resourcing through information technology and administrative support
- developing and making the best use of the skills of both staff and volunteers

### Care activities

During 1997 the Careline took an increasing number of calls and adopted the Care Division Enquiry Tracking System as a new way of capturing information that will help to direct the work of the BDA through monitoring the concerns being expressed to the BDA.

Exciting initiatives are underway working with major supermarkets so that the message of healthy eating for people with diabetes can be more widely disseminated.

Following on from St Vincent and COG Diabetes Sub-group report the Health Service Guidelines *Key Features of a Good Diabetes Service* was launched on 14 November 1997 and distributed in January 1998.

The RCP/RCGP/RCN and BDA made a successful joint grant application to the Department of Health to look at evidence-linked clinical guidelines for type 2 diabetes. £142,000 has been granted over two years for guidelines to be produced.

Guidance documents on diabetic retinopathy screening were produced. This pack will help Health Authorities to initiate a formal programme for eye screening and/or evaluating their current systems. The guidance documents cover the two most commonly used methods for retinopathy, screening through local optometrists/ophthalmic medical practitioners or systems based on retinal photography.

### Research

During the year the Association spent almost £5 million on research. A total of 185 projects were being funded throughout the year of which 52 were new projects approved by our funding committees. 65 grants were completed covering all aspects of diabetes research and their findings included:

- further information on how insulin triggers glucose uptake in human muscle
- the BDA MODY family collection facilitated identification of two major genes which cause this rare type of diabetes. This means that people now diagnosed with MODY who have a known gene defect can be given a clear idea of the likely clinical course of their diabetes. This is an example of how basic science can help clinicians in their work
- a world leading biochemist at the University of Dundee, Professor Philip Cohen, and his team identified a major new link in the insulin signalling pathway. Hand in hand with a consortium of five major pharmaceutical companies the team hopes to develop new treatments for type 2 diabetes
- at the other end of the research spectrum, one of our small grants has developed questionnaires tailored to meet the needs of young people at different ages to measure their quality of life. The new questionnaires should help health care professionals to consider psychological issues as well as medical outcomes when caring for children with diabetes.

Following the success of the Warren 2 collection to investigate the genetics of non-insulin dependant diabetes, a Warren Trios collection was started. This collection will be used for further genetic analysis once the results of the analysis of Warren 2 are known. Discussions commenced as to whether we could further facilitate the study of the genetic basis of diabetic complications in addition to our collection of Nabarro and R D Lawrence medal winners (people treated with insulin for 50 and 60 or more years).

### Regionalisation

The five National/Regional Offices of the BDA in Northern Ireland, Scotland, Wales, North West and West Midlands continue to influence the standard and delivery of diabetes care through initiatives and meetings with commissioners and providers of health services. A first for the Association was the assessment of diabetes services for a health board on

# **BRITISH DIABETIC ASSOCIATION**

## **REPORT OF THE BOARD OF TRUSTEES**

(continued)

a fee earning basis. It is planned to offer this service to other health authorities.

The National Lottery Board have funded an exciting initiative to encourage ethnic communities to improve their own diabetes care and awareness. Through the North West Office, small sums of money are granted for community-based initiatives.

National/Regional Offices continue to provide Local Diabetes Services Advisory Group training days for lay people, strengthen links with Area Coordinators and Branches, and have quickly become a source of information and support for people living with diabetes in their regions.

### **Membership and fundraising**

The importance and value of the relationship between the BDA and its members and supporters is once again reflected in the income to the Association. Voluntary sources continue to provide the major part of the Association's income.

Membership has continued the upward trend of recent years and at the end of 1997 stood at 178,000. Continuing the growth of our membership and building and developing our relationships with our members is central to the continued effectiveness of our work and to our fundraising.

During 1997 we have continued to invest in skilled and experienced staff to enable the Association to enhance its fundraising abilities. We believe that this investment is contributing to the creation of the additional resources which will ensure that we will be equipped to meet the challenges ahead.

### **People**

The work of the Association is only possible through the dedicated service it receives from both staff and volunteers. The Board of Trustees would like to place on record their appreciation of the hard work and commitment to the charity's objectives of all staff during 1997. The Board of Trustees also acknowledges with gratitude the work of the many volunteers who willingly and unstintingly give of their time to the considerable benefit of the charity and the people it helps.

### **Subsidiary company**

BDA Trading Limited is a subsidiary company of the Association. It trades mainly in Christmas goods and insurance services and organises lotteries to raise funds for the Association. The profits of BDA Trading Limited are covenanted to the Association.

### **Charitable and political donations**

The Association made no charitable donations during the year outside the scope of its own objects. No donations were made for any political purposes.

### **Employment strategy**

The BDA encourages recruitment of the best person for the job regardless of gender, sexual orientation, marital status, ethnic origin, disability, religious belief or age. Should a situation arise where two shortlisted applicants are thought to be equally suitable for a position and one of them has diabetes, the person with diabetes will be offered the position.

The BDA is committed to the principle of equal opportunity and offers this to all staff in matters of career advancement, providing that they have the ability to perform their duties with or without training where necessary. If a member of staff becomes disabled whilst employed by the Association, retraining will be provided where required.

### **Statement of the trustees' financial responsibilities**

The Association's trustees are responsible for the preparation of financial statements for each year which give a true and fair view of the state of affairs of the Association and the Group as at the end of the financial year and of the surplus or deficit of the Association and the Group for that year. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Association and the group will continue their activities.

# **BRITISH DIABETIC ASSOCIATION**

## **REPORT OF THE BOARD OF TRUSTEES**

(continued)

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

### **Auditors**

The Association's auditors, Kidsons Impey, Chartered Accountants, have intimated their willingness to continue in office, subject to the approval of the members at the Annual General Meeting.

**On behalf of the Board of Trustees:**



**Sir Michael Hirst**  
**Honorary Secretary**

*24th April 1998*

# **BRITISH DIABETIC ASSOCIATION**

## **HONORARY TREASURER'S REPORT**

In 1997 the total income of the British Diabetic Association was £13.2 million. As in previous years the vast majority of this income came from you, our members, and we continue to rely on you to maintain and develop our vital work for all people living with diabetes.

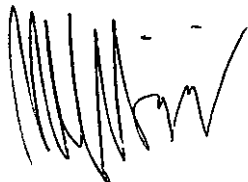
The total income represents an increase of almost 11% over the previous year. With the exception of investment income, all sources of funds showed an increase over the previous year. Income from investments was less than in the previous year, however the capital gain on investments increased by over 65% on the previous year. In addition the Association received grants from the National Lottery of £316,000, details of which are given below.

Total expenditure was just under £13.7 million, a record for the Association. Expenditure on Research was £4.97 million and was 2% more than last year. Expenditure on Social care activities exceeded £5 million. Just over 10% of the income of the Association was spent on fundraising and administration activities.

The overall deficit was slightly over £0.5 million, a considerable reduction on the previous year's deficit of £1.4 million.

The Association acknowledges funding from the National Lotteries Charities Board for several projects. A £256,000 grant has part funded the genetic analysis of our collection of samples from sibling pairs with non insulin dependent diabetes. £55,000 was received in the year from a three year grant of £196,000 to set up a regional development fund to assist initiatives amongst minority ethnic groups in the north-west of England. In addition £5,000 was granted to local branches to support their activities.

**On behalf of the Board of Trustees:**



**Mike Higgins**  
**Honorary Treasurer**

*24th April* 1998

# BRITISH DIABETIC ASSOCIATION

## AUDITORS' REPORT

### Report of the auditors to the members of the British Diabetic Association

We have audited the financial statements on pages 8 to 17, which have been prepared under the accounting policies set out on pages 11 and 12.

#### Respective responsibilities of the Board of Trustees and Auditors

As described on pages 4 and 5 the Board of Trustees is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

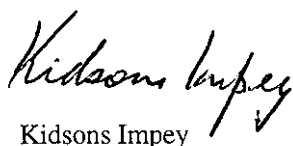
#### Basis of opinion

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

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the charity and the group as at 31 December 1997 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

*24<sup>th</sup> April, 1998*



# BRITISH DIABETIC ASSOCIATION

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 1997

	Notes	Unrestricted funds £'000	Restricted funds £'000	Totals 1997 £'000	Totals 1996 £'000
<b>Incoming resources</b>					
Donations		2,483	1,353	3,836	3,478
Legacies		4,938	151	5,089	4,991
Subscriptions		1,280	2	1,282	1,124
National Lottery income		-	316	316	-
Income from publications & conferences		1,026	159	1,185	859
Net income from trading	4	190	834	1,024	914
Investment income	5	<u>377</u>	<u>56</u>	<u>433</u>	<u>529</u>
		<u>10,294</u>	<u>2,871</u>	<u>13,165</u>	<u>11,895</u>
<b>Resources used</b>					
<i>Direct charitable expenditure</i>					
Research		-	4,970	4,970	4,858
Social care		3,870	1,197	5,067	5,085
Support costs		<u>2,253</u>	<u>-</u>	<u>2,253</u>	<u>2,009</u>
		<u>6,123</u>	<u>6,167</u>	<u>12,290</u>	<u>11,952</u>
<i>Other expenditure</i>					
Fundraising		958	-	958	912
Management & administration		384	-	384	412
Legal costs		<u>37</u>	<u>-</u>	<u>37</u>	<u>66</u>
		<u>1,379</u>	<u>-</u>	<u>1,379</u>	<u>1,390</u>
<b>Total resources used</b>	2	<u>7,502</u>	<u>6,167</u>	<u>13,669</u>	<u>13,342</u>
<b>Net (outgoing)/incoming resources before transfers</b>	3	2,792	(3,296)	(504)	(1,447)
<b>Transfers between funds</b>	12	<u>(2,952)</u>	<u>2,952</u>	<u>-</u>	<u>-</u>
<b>Net outgoing resources</b>		(160)	(344)	(504)	(1,447)
<i>Gains on investments</i>					
Realised		58	13	71	117
Unrealised	8	<u>744</u>	<u>155</u>	<u>899</u>	<u>462</u>
<b>Net movement in funds</b>		642	(176)	466	(868)
Fund balances at 1 January		<u>9,984</u>	<u>1,677</u>	<u>11,661</u>	<u>12,529</u>
<b>Fund balances at 31 December</b>	12,13	<u>10,626</u>	<u>1,501</u>	<u>12,127</u>	<u>11,661</u>

All activities are classed as continuing. The deficit for the year under the historical cost accounting convention is £239,000 (1996 - £1,603,000).

The notes on pages 11 to 17 form part of these accounts.

# BRITISH DIABETIC ASSOCIATION

## BALANCE SHEETS

at 31 December 1997

	Notes	Group		Association	
		1997 £'000	1996 £'000	1997 £'000	1996 £'000
<b>Fixed assets</b>					
Tangible assets	7	1,678	1,508	1,678	1,508
Investments	8	<u>7,360</u>	<u>7,316</u>	<u>7,360</u>	<u>7,316</u>
		<u>9,038</u>	<u>8,824</u>	<u>9,038</u>	<u>8,824</u>
<b>Current assets</b>					
Stocks	9	322	260	-	-
Debtors	10	1,218	936	1,508	911
Investments	8	-	356	-	356
Cash at bank and in hand		<u>3,293</u>	<u>3,131</u>	<u>3,027</u>	<u>3,097</u>
		4,833	4,683	4,535	4,364
<b>Creditors:</b> amounts falling due within one year	11	<u>(1,744)</u>	<u>(1,846)</u>	<u>(1,446)</u>	<u>(1,527)</u>
<b>Net current assets</b>		<u>3,089</u>	<u>2,837</u>	<u>3,089</u>	<u>2,837</u>
<b>Net assets</b>		<u>12,127</u>	<u>11,661</u>	<u>12,127</u>	<u>11,661</u>
<b>Fund balances</b>					
Unrestricted funds	12	10,626	9,984	10,626	9,984
Restricted funds	13	<u>1,501</u>	<u>1,677</u>	<u>1,501</u>	<u>1,677</u>
<b>Total funds</b>	14	<u>12,127</u>	<u>11,661</u>	<u>12,127</u>	<u>11,661</u>

Approved by the Board of Trustees on 24th April 1998 and signed on its behalf by:

*Michael Hirst*

Sir Michael Hirst  
Honorary Secretary

*Mike Higgins*

Mike Higgins  
Honorary Treasurer

The notes on pages 11 to 17 form part of these accounts.

**BRITISH DIABETIC ASSOCIATION**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 December 1997

	1997 £'000	1996 £'000
<b>Net cash flow from operating activities</b> (see note below)	<u>(645)</u>	<u>(1,140)</u>
<i>Investing activities</i>		
Purchase of tangible fixed assets	(495)	(298)
Proceeds from sale of investments	1,280	2,766
Proceeds from sale of fixed assets	<u>22</u>	<u>43</u>
<b>Net cash flow from investing activities</b>	<u>807</u>	<u>2,511</u>
Change in cash at bank and in hand	162	1,371
Cash at bank and in hand at 1 January	<u>3,131</u>	<u>1,760</u>
<b>Cash at bank and in hand at 31 December</b>	<u>3,293</u>	<u>3,131</u>

**Note to consolidated cash flow statement**

*Reconciliation of changes in resources to  
net cash flow from operating activities*

Net outgoing resources	(504)	(1,447)
Depreciation	305	254
(Increase) in stocks	(62)	-
(Increase) in debtors	(282)	(95)
(Decrease)/increase in creditors	<u>(102)</u>	<u>148</u>
	<u>(645)</u>	<u>(1,140)</u>

**BRITISH DIABETIC ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 1997

**1 Accounting policies**

**Basis of accounting**

The financial statements are prepared in accordance with applicable accounting standards using the historical cost convention adjusted for investments, which are stated at market value.

The financial statements reflect the requirements of the revised Statement of Recommended Practice Accounting for Charities (SORP). The Association complied with best practice at the time of preparing these financial statements. No separate income and expenditure account has been included because the Association has no endowment funds.

**Basis of consolidation**

The consolidated financial statements comprise the British Diabetic Association, its branches (the 'Association') and its trading subsidiary, BDA Trading Limited (the 'Group'). A summarised profit and loss account and balance sheet of BDA Trading Limited are given in note 4. The Association includes the income and expenditure of branches where returns have been made prior to the preparation of consolidated financial statements. Estimates have been included for branches where no return or a late return has been received. Such estimates do not have a material impact on the financial statements.

**Tangible fixed assets**

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 & fixtures	7-10 years
Computer equipment & software	4 or 5 years
Motor vehicles	4 years

Leasehold premises are not depreciated since the unexpired term of the lease is more than 900 years and, in the opinion of the trustees, the annual charge would not be material having regard to its economic life.

**Investments**

Investments are shown at market value, any unrealised gain or loss being transferred to reserves.

**Stocks**

Stocks, which consist mainly of publications, are valued at the lower of cost and net realisable value.

**Donations, subscriptions and legacies**

Donations, subscriptions and legacies are credited to income when received.

**Research grants**

Research grants are charged against income in the year in which they fall due for payment. Future commitments will be matched from future income streams.

**Support costs**

Support costs include membership services and costs relating to public awareness of diabetes and related issues.

# BRITISH DIABETIC ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997

(continued)

### 1 Accounting policies (continued)

#### Management and administration, attributable overheads and staff costs

Attributable overheads consist of central office costs including rent, rates, insurance, non-recoverable VAT, depreciation and the staff of the information technology, personnel, finance and office management functions. Overheads are allocated to departments reflecting the number of staff involved supporting each activity. Management and administration costs include salaries and related costs of central administration plus their portion of attributable overheads.

#### Pension costs

Pension costs for the defined contribution scheme are charged against income as they fall due for payment. Pension costs for the defined benefit scheme are charged against income so as to spread the cost of pensions over the employees' working lives with the Association.

#### Funds

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

### 2 Analysis of total resources used

	Staff £'000	Other £'000	Depreciation £'000	Total £'000
<b>1997</b>				
<b>Direct charitable expenditure</b>				
Research	204	4,748	18	4,970
Social care	1,749	3,147	171	5,067
Support costs	<u>544</u>	<u>1,648</u>	<u>61</u>	<u>2,253</u>
	2,497	9,543	250	12,290
<b>Other expenditure</b>				
Fundraising	332	582	44	958
Management & administration	155	218	11	384
Legal costs	<u>-</u>	<u>37</u>	<u>-</u>	<u>37</u>
<b>Total resources used</b>	<u>2,984</u>	<u>10,380</u>	<u>305</u>	<u>13,669</u>
<b>1996</b>				
<b>Direct charitable expenditure</b>				
Research	169	4,674	15	4,858
Social care	1,553	3,392	140	5,085
Support costs	<u>599</u>	<u>1,352</u>	<u>58</u>	<u>2,009</u>
	2,321	9,418	213	11,952
<b>Other expenditure</b>				
Fundraising	297	586	29	912
Management & administration	156	244	12	412
Legal costs	<u>-</u>	<u>66</u>	<u>-</u>	<u>66</u>
<b>Total resources used</b>	<u>2,774</u>	<u>10,314</u>	<u>254</u>	<u>13,342</u>

**BRITISH DIABETIC ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 1997**  
(continued)

3	<b>Net outgoing resources</b>	<b>1997</b> <b>£'000</b>	<b>1996</b> <b>£'000</b>
	Net outgoing resources are stated after charging:		
	Depreciation	305	254
	Auditors' remuneration - audit	17	15
	- non audit	8	10
	Legal costs	37	66
	Non-recoverable VAT	278	273
	Operating leases - property	50	50
	- other	<u>101</u>	<u>32</u>

4 **Net income from trading**

The Association has one non-dormant wholly owned subsidiary, BDA Trading Limited, which is incorporated in the UK and registered in England, the accounts of which are audited and filed at Companies House. A summary of its financial position is given below:

<b>Profit and loss account of BDA Trading Limited for the year ended 31 December</b>	<b>1997</b> <b>£'000</b>	<b>1996</b> <b>£'000</b>
Turnover	765	1,473
Cost of sales	<u>(435)</u>	<u>(1,029)</u>
Gross profit	330	444
Other operating income	992	802
Distribution costs	(171)	(189)
Administration expenses	<u>(127)</u>	<u>(143)</u>
Profit on ordinary activities before taxation	1,024	914
Profit donated to the Association	<u>(1,024)</u>	<u>(914)</u>
Net income	<u>-</u>	<u>-</u>

The profit donated to the Association includes £834,000 (1996 - £554,000) in respect of the profit from lotteries, which is restricted as to its use.

<b>Summarised balance sheet of BDA Trading Limited as at 31 December</b>	<b>1997</b> <b>£'000</b>	<b>1996</b> <b>£'000</b>
Current assets	819	547
Creditors: amounts falling due within one year	<u>(819)</u>	<u>(547)</u>
Net assets	<u>-</u>	<u>-</u>
Called up share capital	<u>-</u>	<u>-</u>

The Association's investment in BDA Trading Limited is three ordinary shares of £1 each, being the whole issued share capital of that company. BDA Trading Limited has net assets and called up share capital of £3 as at 31 December 1997 (1996 - £3).

# BRITISH DIABETIC ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997

(continued)

5	<b>Investment income</b>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>
	Listed securities	345	464
	Bank and other interest	<u>88</u>	<u>65</u>
		<u>433</u>	<u>529</u>

6	<b>Staff costs</b>		
	Wages and salaries	2,571	2,382
	Social security costs	243	223
	Other pension costs	<u>170</u>	<u>169</u>
		<u>2,984</u>	<u>2,774</u>

Average number of employees during the year: 133 (1996 - 127).

Number of employees whose remuneration fell within the following ranges:	<b>Number</b>	<b>Number</b>
£40,001 - £50,000	2	1
£50,001 - £60,000	<u>1</u>	<u>1</u>

Trustees have not been remunerated during the year. A total of 25 trustees have been reimbursed for expenses in relation to trustee meetings at a cost of £8,500. Total expenses reimbursed to trustees were £25,300.

During the year an insurance premium of £2,180 was incurred by the Association in respect of trustees' liability.

7	<b>Fixed tangible assets</b>	<b>Office</b>	<b>Computer</b>	<b>Long</b>	<b>Motor</b>	<b>Total</b>
	<b>Group and Association</b>	<b>equipment,</b>	<b>equipment</b>	<b>leasehold</b>	<b>vehicles</b>	<b>£'000</b>
		<b>£'000</b>	<b>&amp; software</b>	<b>property</b>	<b>£'000</b>	<b>£'000</b>
	<b>Cost</b>					
	1 January	474	1,003	880	54	2,411
	Additions	14	481	-	-	495
	Disposals	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(54)</u>	<u>(62)</u>
	31 December	<u>488</u>	<u>1,476</u>	<u>880</u>	<u>-</u>	<u>2,844</u>
	<b>Depreciation</b>					
	1 January	218	653	-	32	903
	Charge for year	57	248	-	-	305
	Disposals	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>(32)</u>	<u>(42)</u>
	31 December	<u>275</u>	<u>891</u>	<u>-</u>	<u>-</u>	<u>1,166</u>
	<b>Net book value</b>					
	31 December 1997	<u>213</u>	<u>585</u>	<u>880</u>	<u>-</u>	<u>1,678</u>
	31 December 1996	<u>256</u>	<u>350</u>	<u>880</u>	<u>22</u>	<u>1,508</u>

All tangible fixed assets are used for or to support charitable purposes. There were no capital commitments contracted for as at 31 December 1997 (1996 - £nil).

# BRITISH DIABETIC ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997  
(continued)

8	<b>Investments</b>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Group and Association</b>		
	Market value at 1 January	7,672	9,859
	Disposals at book value at 1 January	(1,211)	(2,649)
	Net gain on revaluation	<u>899</u>	<u>462</u>
	Market value at 31 December	<u>7,360</u>	<u>7,672</u>
	Historical cost at 31 December	<u>5,247</u>	<u>6,264</u>
	<b>Representing:</b>		
	Listed securities	7,360	7,592
	Deposits	<u>-</u>	<u>80</u>
		<u>7,360</u>	<u>7,672</u>
	Shown on the balance sheet as:		
	Fixed assets	7,360	7,316
	Current assets	<u>-</u>	<u>356</u>
		<u>7,360</u>	<u>7,672</u>
	Investments which comprise more than 5% of total market value of investments at 31 December 1997 were:		
			<b>£'000</b>
	Aquila UK Equity Income Units		4,339
	Treasury 11.5% Stock 2001/4		584

9	<b>Stocks</b>	<b>Group</b>		<b>Association</b>	
		<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Goods for resale	<u>322</u>	<u>260</u>	<u>-</u>	<u>-</u>

Core publications and promotional items are provided free of charge to the public. At 31 December 1997 the cost of these, which is not included above, amounted to approximately £109,000 (1996 - £139,000).

10	<b>Debtors: amounts falling due within one year</b>	<b>Group</b>		<b>Association</b>	
		<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Trade debtors	217	252	-	-
	Prepayments & accrued income	733	440	733	440
	Amount due from subsidiary undertaking	-	-	521	227
	VAT & income tax	50	45	50	45
	Other debtors	<u>218</u>	<u>199</u>	<u>204</u>	<u>199</u>
		<u>1,218</u>	<u>936</u>	<u>1,508</u>	<u>911</u>



**BRITISH DIABETIC ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 1997 (continued)

11	<b>Creditors:</b> amounts falling due within one year	<b>Group</b>		<b>Association</b>	
		<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Trade creditors	461	146	-	-
	Amount due to subsidiary undertaking	-	-	201	170
	Taxation & social security	94	376	76	73
	Accruals and deferred income	553	595	534	595
	Other creditors	<u>636</u>	<u>729</u>	<u>635</u>	<u>689</u>
		<u>1,744</u>	<u>1,846</u>	<u>1,446</u>	<u>1,527</u>

**12 Unrestricted funds**

The unrestricted funds of the Association include General and Branch Funds. The movement in the year is as follows:

	<b>Balance at 1 January 1997 £'000</b>	<b>Incoming funds £'000</b>	<b>Funds used £'000</b>	<b>Unrealised gain £'000</b>	<b>Transfers £'000</b>	<b>Balance at 31 December 1997 £'000</b>
General funds	8,043	9,190	(6,803)	744	(2,433)	8,741
Branch funds	<u>1,941</u>	<u>1,162</u>	<u>(699)</u>	<u>-</u>	<u>(519)</u>	<u>1,885</u>
	<u>9,984</u>	<u>10,352</u>	<u>(7,502)</u>	<u>744</u>	<u>(2,952)</u>	<u>10,626</u>

Incoming funds comprise incoming resources of £10,294,000 and realised gains on investments of £58,000, as shown on page 8.

**13 Restricted funds**

The income funds of the Association include restricted funds arising from a legacy held on trust and applied for specific purposes as well as funds received for restricted purposes. The movements during the year were as follows:

	<b>Balance at 1 January 1997 £'000</b>	<b>Incoming funds £'000</b>	<b>Funds used £'000</b>	<b>Unrealised gain £'000</b>	<b>Transfers £'000</b>	<b>Balance at 31 December 1997 £'000</b>
Research funds	-	2,214	(4,570)	-	2,356	-
Youth & Family funds	-	328	(804)	-	476	-
Care funds	-	273	(393)	-	120	-
Warren Memorial fund	<u>1,677</u>	<u>69</u>	<u>(400)</u>	<u>155</u>	<u>-</u>	<u>1,501</u>
	<u>1,677</u>	<u>2,884</u>	<u>(6,167)</u>	<u>155</u>	<u>2,952</u>	<u>1,501</u>

Incoming funds comprise incoming resources of £2,871,000 and realised gains on investments of £13,000, as shown on page 8.

The Research funds represent funds received and used to meet the direct costs of maintaining the research programme. The Youth & Family funds are restricted funds to be used to meet the additional costs of holidays, parent/child weekends and other youth activities. The Care funds are restricted to meeting the costs of maintaining the Association's care activities. The Warren Memorial fund is restricted to expenditure on projects which commemorate the names of Alec and Beryl Warren.

# BRITISH DIABETIC ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997

(continued)

14	<b>Total funds</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Total funds are invested as follows:</b>			
	Tangible fixed assets	1,678	-	1,678
	Fixed asset investment	5,859	1,501	7,360
	Current assets	4,833	-	4,833
	Current liabilities	<u>(1,744)</u>	<u>-</u>	<u>(1,744)</u>
	Total net assets	<u>10,626</u>	<u>1,501</u>	<u>12,127</u>
	Unrealised gains on investments included above	<u>1,853</u>	<u>260</u>	<u>2,113</u>

### 15 Pensions

The Association operates defined benefit and defined contribution pension schemes. The assets of both schemes are held separately from those of the Association, being invested with an insurance company.

The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of this scheme was at 1 January 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of salary increases. It was assumed that the fund will earn an investment yield of 8% per annum and pensionable salaries will increase by 6% per annum. The latest actuarial valuation of the scheme's assets was £472,000. After allowing for future increases in earnings, this represented 88% of the benefits that had accrued to members at that date. The pension fund trustees are of the opinion that due to the age profile of the membership no further contributions are required to make up this actuarial deficit.

16	<b>Operating lease commitments</b>	<b>Property</b>		<b>Other</b>	
		<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	On leases expiring:				
	Within one year	27	50	-	-
	Between two and five years	23	50	101	59
	After five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>42</u>
		<u>50</u>	<u>100</u>	<u>101</u>	<u>101</u>

### 17 Research commitments

At 31 December 1997 the Association was committed to expenditure on research grants amounting to £6,066,000 (1996 - £6,127,000). These commitments, which will be matched from future income streams, fall due as follows:

	<b>£'000</b>
1998	3,551
1999	1,768
2000	645
2001	<u>102</u>
	<u>6,066</u>