

The British Diabetic Association known as  
Diabetes UK

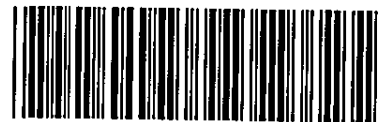
A charity registered in England and Wales (no. 215199)  
and in Scotland (no. SC039136)

## **Report and financial statements**

31 December 2007

Company Number.  
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### Our mission

***To improve the lives of people with diabetes and to work towards a future without diabetes***

### Our vision

- ***To set people free from the restrictions of diabetes***
- ***The highest quality care and information for all***
- ***An end to discrimination and ignorance***
- ***Universal understanding of diabetes and Diabetes UK***
- ***A world without diabetes***

- Diabetes is a medical condition in which the amount of glucose (sugar) in the blood is too high because the body cannot use it properly. If left untreated or if badly controlled, it can lead to heart disease, stroke, kidney disease, blindness and lower limb amputation.
- Diabetes affects six per cent of the world's adult population and its prevalence is doubling every generation.

Globally there are 246 million adults living with diabetes

- Nearly 2.5 million people in the UK have been diagnosed with diabetes, and the numbers are increasing fast. There are also an estimated five hundred thousand people who have diabetes but don't know it.
- Three million people in the UK are expected to be diagnosed with diabetes by 2010.

- Diabetes UK is the leading charity for people with diabetes in the UK. We champion the rights of people with diabetes to ensure they get the standards of healthcare they deserve. We provide information and support to people with diabetes and fund vital medical research into the condition.

## Chair's introduction

Diabetes has a profound impact on health, quality and length of life. People with diabetes have a high risk of heart disease, stroke, blindness, kidney disease and amputations. Aside from the human costs, the costs to the NHS are very high – £5 billion per year amounting to 5 per cent of the NHS budget.

Nearly 2.5 million people in the UK have diabetes, and every five minutes another person is diagnosed.

Diabetes UK is the major charity in the UK in this field and faces significant challenges in responding to these issues. It is determined to face these challenges, to the benefit of people with diabetes.

2007 was the first year of our new three year business plan and was considered the year of change. To this end, the organisation was restructured into new departments focused on our strategic priorities. As a result, we are better equipped to focus on the delivery of the strategic plan, via a new three year business plan. 2008 is very much the year of delivery, and this will include development of new business opportunities and new partnerships responding flexibly to the changes in the NHS in the four nations.

As you will see from the following report, 2007 has been very encouraging, not only in terms of income growth to a total of £29.3m (12.7 per cent year on year), but also in terms of what we have achieved with that money.

In research we continued to implement our new research strategy and, following the successful 'Care and Treatment' call the previous year which was focussed on research that should provide patient benefit within five years, we have launched an even bigger call this year. Research grants awarded increased by £3.6m, a 53 per cent increase over 2006, and covered topics across the board including genetics of diabetes, islet transplantation and structured education.

The Measure Up awareness campaign, aimed at people at risk of Type 2 diabetes, built on the successful launch of the previous year and reached even more people through posters at public transport areas, press coverage and various roadshows and events across the four nations.

We have continued to lead by example in promoting and expanding our twinning activities in Mozambique.

This is a country in which the life expectancy of an individual diagnosed with Type 1 diabetes is nine months in rural areas and three years in urban areas.

Finally, I would like to personally thank the staff of the charity, who, under the leadership of the Chief Executive Douglas Smallwood, have worked hard to achieve our objectives. Thanks and gratitude are also due to the Trustees and to our UK Advisory Council as well as to the thousands of members and volunteers who have tirelessly devoted their time to raising money and providing support and information locally to people with diabetes. Without their support we would not be able to do as much as we do.

This year's report provides an overview of our activities and achievements in 2007 and a snapshot of our ambitions in 2008.



**Prof Simon Howell**

21 May 2008

## Review of the year

### Diabetes in the UK

Nearly three million people in the UK are currently living with diabetes and, of these, over 500,000 are undiagnosed. The number of people diagnosed has risen by 100,000 people in the last twelve months.

Diabetes is one of the greatest health challenges facing the UK today. It is a growing problem and one where real action is needed to support those with the condition immediately.

#### Type 2 diabetes

Another person is diagnosed with Type 2 diabetes every five minutes in the UK. There are currently around 2 million people diagnosed with Type 2 diabetes and over 500,000 are undiagnosed.

#### Type 1 Diabetes

Type 1 diabetes is also on the increase in the UK. There are now around 250,000 people with Type 1 diabetes who live with daily injections of insulin and the threat of sight, kidney, nerve and heart problems.

#### Impact

Diabetes has a profound impact on health, quality and length of life. People who live with diabetes have a high risk of heart disease, stroke, blindness, kidney disease and amputations. It is the leading cause of blindness in the working age population and, across the UK, one thousand people with diabetes start kidney dialysis every year.

Up to 5 per cent of NHS expenditure is spent on diabetes and its complications, accounting for over £5 billion annually or £600,000 per hour. This is more than double the spending in 2004. Much of this figure is

spent on dealing with the complications of diabetes.

Unfortunately it is expected that the number of people diagnosed with diabetes in the UK will increase over the next few years. By 2010 it is estimated that over 5 per cent of the population of England will have diabetes. This is a 15 per cent increase in prevalence between 2001 and 2010, 40 per cent of which is due to an ageing population and 60 per cent due to increasing obesity. Diabetes is a long-term condition for which early identification and good self-management can make all the difference to quality of life. Action is needed to raise awareness and enable those people at high risk to reduce their risk.

Many factors are driving the increase in the number of cases of diabetes. Increasing numbers and failures in care are putting lives at risk. Unless something is done to tackle the causes and the effects of diabetes, it will continue to take a massive and ever increasing toll.

#### Diabetes: Worldwide

- Globally there are 246 million adults living with diabetes,

representing 6 per cent of the adult population and the numbers are increasing by 7 million per year.

- If left unchecked, it is projected that by 2025 there will be nearly 380 million adults with diabetes worldwide. This is more than the current adult population of the African region.
- Prevalence estimates of diabetes, 2007 (Diabetes Atlas IDF)

- UK – 4%
- USA – 9.2%
- Italy – 8.7%
- India – 6.2%
- Netherlands – 7.3%

#### World Diabetes Day

On 14 November 2007 World Diabetes Day was celebrated across the world. The theme was children and young people. Major buildings across the world were lit up in blue including the London Eye and the Shell Building in London, the Gateshead Millennium Bridge, Leicester Town Hall, and Cardiff City Hall. Diabetes UK organised 20 activities lobbying politicians in England, Scotland and the European Union.

A diabetes supplement was carried in *The Times* to 650,000

purchasers and radio, television and national and regional newspapers throughout the United Kingdom carried coverage of diabetes stories in which Diabetes UK staff were extensively quoted and interviewed

Seven hundred and fifty MPs and peers received a parliamentary bulletin and 7,500 supporters were sent an e-newsletter. A food and wine event in London sponsored by SEGRO raised nearly £60,000 and chief executive Douglas

Smallwood and director Mike Hales gave speeches to the Westminster Forum and a Health Service journal conference respectively

## Review of the year – our aims

### Our targets for 2007

**Our vision for the future is more relevant than ever, with increasing numbers of people living with diabetes here in the UK. As in 2006, we set ourselves very specific targets for 2007, in line with this vision and the priorities identified in our new Strategic Plan (2007 – 2011).**

The new strategic priorities are

#### **1. Awareness**

##### **Results through recognition**

To improve awareness and understanding of diabetes and reduce the number of undiagnosed

#### **2. Education**

##### **First point of call for all information needs**

To provide information to and educate people with diabetes, at risk groups and healthcare professionals (HCPs)

#### **3. Care and support**

##### **Best care for all, reaching all, representing all**

To improve the standard of care for people with diabetes and improve self management of diabetes

#### **4. Research**

##### **Defeating diabetes**

To drive the research agenda for diabetes and to provide the evidence-base to improve the care and treatment of diabetes and its complications whilst continuing research into the causes of diabetes and to work towards an eventual cure

The strategic plan is supported by the organisation's first three year business plan for the period to 31 December 2009

The key to maximising our impact is to ensure effectiveness and efficiency. The organisation 'pyramid' overleaf describes the alignment between our mission, strategic priorities and the main activities we must

deliver in order to achieve those priorities. The 'enablers' are those crucial areas of our work which span all our main activities and without which those activities would not be delivered

## Review of the year – our aims (continued)

### Diabetes in the UK – future vision and strategy

This is a robust yet challenging plan that sets out a step change in our results and impact including, by the end of the three years:

Improve  
the lives  
of people  
with diabetes

- Reaching 1.5 million people with diabetes from the current 600,000 with information on diabetes and living with the condition
- Almost halving the number of people who are undiagnosed from 500,000 to 250,000
- Doubling the number of people at high risk of diabetes who are aware of the risk factors (40 per cent)
- Relationships with all primary care organisations (PCOs) across the UK driven by 2,500 trained campaigners
- Improvement in delivery of care by the PCOs brought about by strategic and effective campaigning
- 4,500 volunteers trained over three years
- Commitment to tackle diabetes in every political party manifesto at the next general election

- Launching at least three new business streams
- Becoming a successful advocate on behalf of individuals facing discrimination or inequality
- Nearly doubling the scale of our activity

1. People with diabetes
2. Supporters/carers
3. People at risk of diabetes

#### Awareness

#### Education

#### Results through recognition

Improve awareness and understanding of diabetes  
Reduce number of undiagnosed

#### First point of call for all information needs

Provide information to educate people with diabetes, at risk groups and healthcare professionals (HCPs)

1. Build public profile of Diabetes UK and its work

2. Run campaigns to increase awareness of risks of developing Type 2 diabetes

3. Run events and roadshows for individuals

4. Lobby government to fund diabetes awareness campaigns

1. Create and distribute information for people with diabetes and their carers/supporters, as well as at risk groups

2. Create and distribute information for HCPs

3. Run training conferences for HCPs

4. Provide structured education and training programmes for all stakeholders

5. Create and distribute publications

6. Disseminate findings from new research

7. Lobby government for more education to prevent Type 2 diabetes

Volunteers

Support services

Fundraising

Nations and Regions

## Mission

Work for a future without diabetes

- 4. Medical/ research communities
- 5. Corporate/ government

## Stakeholders

Care and support

Research

**Best care for all, reaching all, representing all**  
Improve standard of care for people with diabetes  
Improve self management of diabetes

**Defeating diabetes**

Increase impact of diabetes research on cause and prevention, care and treatment, and cure

## Priorities

- 1. Run Careline
- 2. Provide care where gaps exist
- 3. Pilot new services, then secure 'rollout' by NHS
- 4. Provide information for HCPs
- 5. Offer advocacy services to people with diabetes
- 6. Offer care support events
- 7. Establish best practice and lobby PCTs to meet them
- 8. Lobby Department of Health to spend more on diabetes care
- 9. Lobby political parties to get diabetes in manifestoes

## Targets

These targets were set after extensive consultation with the groups we work with and on behalf of. We believed (and still do) that these were some of the most important things we should aim for in 2007 and 2008. These targets do not cover all of our work but they gave us a clear focus and specific goals and impact to aim for.

## So how did we do?

The next few pages outline how we actually did against these key targets for 2007.

## Main activities

- 1. Understand what diabetes research is already ongoing (both UK and worldwide) and have clear priorities
- 2. Fund diabetes researchers and research projects (and evaluate their outcomes)
- 3. Publish results of research and run research symposia to share results of latest research
- 4. Lobby government to increase spending on diabetes research

## Enablers

Operational excellence

Partnerships

Staff

New initiatives

## Review of the year – our aims (continued)

### Awareness

#### **Aim: To achieve results through recognition**

**To improve awareness and understanding of diabetes and reduce the number of people undiagnosed. We want to increase levels of understanding and awareness of diabetes and Diabetes UK by 50 per cent over three years. This is part of our drive to not only support people who are aware that they have diabetes but also to try and reach the 500,000 others who have diabetes but don't know it.**

#### **What we did in 2007**

- In September we held our second Measure Up awareness campaign, supported by a further educational grant from sanofi-aventis, which built on the success of the impressive campaign held in 2006. Its main aim was to reach the 500,000 people who have diabetes but are unaware of it
- We dramatically increased our press office activity to ensure maximum reach across the UK
- We continued to work in collaboration with our corporate partners – including United Co-op and Specsavers. This allowed us to promote our key messages about diabetes to a much wider audience

#### **Results and Impact**

- The roadshows were very successful. It is estimated that 20,000 people visited the roadshows, 6,746 people were screened and 1,799 people were referred to their GP

- The Measure Up campaign reached more than 33 million people in the UK and resulted in more than 100,000 people at risk of diabetes being tested for the condition. The campaign was also a success politically, with all the major political parties supporting the campaign
- We had two very successful Charity of the Year relationships with the United Co-Op and Specsavers both of whom raised far more than they anticipated for us
- Awareness of Diabetes UK amongst the general public on an unprompted basis stayed static at four per cent in a poll taken before the Measure Up campaign. Prompted awareness however increased to 34 per cent
- The Measure Up campaign from 2006 was awarded the Institute of Sales Promotion Awards gold award in May 2007
- The 2007 campaign featured on 4,160 poster sites throughout the UK with

healthcare professional publication advertisements and cover-wraps in July and national newspaper advertising in September. Nearly 6,000 unique visitors went to the Measure Up website and an average of 7,300 people each month have taken the online Measure Up test between the 2006 and 2007 campaigns – almost 100,000 in total.

- Extensive activities took place with MPs, peers and many celebrities, including actors, writers and television personalities, supporting the campaign
- As well as raising awareness of diabetes and Diabetes UK, the funds raised from our Charity of the Year partnerships will go towards Diabetes UK's work in providing information, education and support for people living with diabetes, including Children's Care Events



## Review of the year – our aims (continued)

### Education

#### **Aim: To be the first point of call for all information needs**

To provide information to and educate people with diabetes, at risk groups and healthcare professionals.

#### **What we did in 2007**

- A major piece of work was carried out looking at the information we produce and the information needed by people with diabetes, this was called the 'Information Initiative' This included an analysis to see what information is needed for people with diabetes but not available, research into information needs, a review of existing resources and pathways to develop new information resources This also involved progress with the information prescription
- Organised the Annual Professional Conference for over 3000 delegates in Glasgow in March
- Arranged conferences across the UK for people living with diabetes and healthcare professionals

#### **Results and impact**

- Information prescription project feedback from the first pilot sites
- Information initiative group put forward their recommendations for new information resources
- Over 1.6m pieces of information were distributed and we had 1.3m visitors to our website in the year
- Review of information will ensure that we can meet the needs of more people with diabetes by tailoring our information more effectively

## Review of the year – our aims (continued)

### Care and support

**Aim: To provide the best care for all, reaching all, representing all**  
**To improve the standard of care for people with diabetes and improve self management of diabetes.**

#### What we did in 2007

- Development of an advocacy team commenced
- We continued to develop our ability to collect and interpret information on the delivery of care using our tool, InfoBank
- Careline was developed with a Scottish line being opened in the Autumn
- Joint work with the National Diabetes Support Team in England to develop resources for HCPs and people with diabetes on supported self care

#### Results and impact

- Seven advocacy packs produced and the service launched in April 2008
- InfoBank exceeded its targeted number of hits for the year
- In excess of 36,000 calls were received by Careline in the year
- Developed tools on Care Planning and commenced work on psychological and emotional support
- Greater focus on supported self care should improve the care people with diabetes

receive, making it more tailored to their individual needs

- More people aware of the level of care they should receive and what is happening in their area, the better they can campaign to improve it to ensure it meets national standards

### Membership and equality

**Aim: To increase and broaden our supporter base**  
**To increase engagement with all people with diabetes through our membership and supporter relationships.**

#### What we did in 2007

The year 2007 saw a slowdown in Diabetes UK's membership growth, in line with other charitable organisations, among which Diabetes UK is a market leader in this field. Late in the year a thorough investigation of the whole question of membership and supportership was undertaken by the Target consultancy which reported in early 2008

Also, late in 2007, the Board of Trustees approved the acquisition of software to form a sophisticated data analysis tool which will greatly enhance the charity's ability to interrogate our existing supporter data. This project will come on stream in Autumn 2008 but is already helping to identify potential prospects among lapsed members, and is showing very good conversion rates

#### Results and impact

- 25,000 people joined Diabetes UK in 2007 and at the year end our membership was just over 178,000.
- We are reaching out to more people with diabetes who need our support and looking at ways to engage with all people with diabetes

## Review of the year – our aims (continued)

### Research

#### Aim: To defeat diabetes

This year, in accordance with the new Research Strategy, Diabetes UK held its first ever survey of our stakeholders about priorities for research. The results were very useful and the research priorities agreed by the Trustees are:

#### Aims

- Research to find a cure for Type 1 and Type 2 diabetes
- Research to prevent diabetes
- Research to prevent the complications of diabetes
- Research to improve the day-to-day management of diabetes

A priority for us, therefore, was to follow the agreed research strategy and research implementation plan to make demonstrable progress towards improving grants management at Diabetes UK. We were also tasked to provide high quality information to our stakeholders about what we are funding and the difference it will make to the lives of people with diabetes including timeframes.

#### What we did in 2007

- In July 2007, we built on the success of the Care and Treatment call in 2006 and launched an even bigger call for research proposals aimed at improving the day-to-day management of diabetes
- We reformatted *Research Matters* and the *Project Directory* to make it more accessible and continued to publish it three times a year, with updates on recently funded emerging projects, about the findings of ongoing work and about the outcomes from completed research

- We removed the ceiling for funding levels for research grants, Fellowships and PhD studentships
- With the help of the Diabetes Foundation, we were able to launch two new Fellowships schemes in Type 1 diabetes: a Post-doctoral Travelling Fellowship and a Post-doctoral Training Fellowship

#### Results and impact

- An expert panel approved six applications aimed at improving the day-to-day management of diabetes resulting in us committing £4.5m of funding. The applications had been assessed on their potential to make a difference to the lives of people with diabetes in the short, medium or long-term, scientific merit and value for money. The call brings our spend in 2007 on research into the care and treatment, cause and prevention and cure of diabetes to £6.2m
- Total commitment to funding research continued to a total of £15.6m in order to make Diabetes UK more competitive with other funding bodies and to make our schemes attractive to those researchers either working in or wishing to work in the field of diabetes. We continue to be one of the biggest funders of research into all types of diabetes in the UK.

- Our publication *Research Matters* has continued to develop. This publication provides a good overview of our research projects for the non-healthcare professional audience.
- The research community will now be aware that Diabetes UK is open and transparent in the way that it makes decisions on research grant applications and that it operates at the highest professional standard, as evidenced by increased numbers of applications for research grants.
- The applications that were awarded funding will impact on the lives of people with diabetes in the short, medium or long-term.
- Diabetes UK is seen as a significant funder of diabetes research and we have an increased ability to attract young researchers into diabetes research through competitive PhD studentship and Fellowship schemes.
- We have, with the help of the Islet Transplant Consortium, persuaded government that islet transplants should be available on the NHS.

To find out more about the significant advances made as a result of research funded by Diabetes UK visit [www.diabetes.org.uk/research](http://www.diabetes.org.uk/research)

## Review of the year – our aims (continued)

**Our enablers – providing us with the resource to deliver in the strategic areas. Income**

**Aim: To increase our income so that we can support the increasing number of people with diabetes in the UK.**

**Raising awareness of the condition so that more people recognise that they are at risk of developing this serious condition; giving them high quality information so that they can manage their diabetes; campaigning for the best care and treatment; and continuing to invest in research.**

### **What we did in 2007**

Examples of what we did in 2007

- We organised a number of events, treks and other sporting events that were supported hugely by our members, their families and friends
- We worked with companies and charitable trusts to generate funds and raise awareness
- We invested significant effort into developing our regular giver base
- We continued to promote our Weekly Lottery, developed a new format for prize draws and trialled face to face fundraising

A detailed breakdown is available on page 14 but here are a few highlights

### **Results and impact**

- Thanks to the generosity of those who remembered us in their wills Diabetes UK received £9.4m from legacies in 2007
- Membership income was consistent year on year at £2.6m
- Individual giving income grew by 17 per cent, which was due to a 42 per cent increase in regular givers, an 11 per cent increase in donations, and a 2 per cent growth in lottery income
- Our dedicated national and regional fundraisers raised over £2.6m with a huge range of local fundraising activities (a growth of 15 per cent)
- Our 389 Voluntary Groups continued to organise events and exhibitions and raised £1.4m
- Total income growth of 12.7 per cent was achieved excluding investment gains
- Overall increase in the number of new individual supporters whilst retaining existing ones
- The investment in national and regional fundraising is paying off with a significant income stream arising from these offices
- Increased income allowed us to undertake new activities
- Total value of active grants (including amounts previously expensed) now exceeds £20m

## Review of the year – our aims (continued)

### Volunteers

**Aim: To provide volunteers with as much support and information as they need to help them carry out volunteering in the most effective ways possible.** Volunteers are at the heart of Diabetes UK and, without the support of our volunteers, Diabetes UK could not carry out its vital work in research, education and care. Diabetes UK carried out an audit of the people engaged with us in 2007. We have a minimum baseline of 15,256 volunteers throughout the UK and they help in many ways from providing peer support, to fundraising from helping with events to campaigning.

#### What we did in 2007

- We trained 88 user representatives and campaigners in how to influence the NHS
- We delivered integrated UK-wide training to 1,543 volunteers which covered a range of issues including giving talks about diabetes, running a voluntary group and supporting the newly diagnosed
- We continued to send out our volunteer newsletter *Get Involved* to all voluntary groups
- We supported the establishment of 15 new voluntary groups
- We looked into finding new ways for volunteers to get involved

#### Results and impact

- 80 per cent of volunteers trained in 2007 feel valued by Diabetes UK
- 82 per cent of attendees at the NHS training feel confident about their ability to influence diabetes services after attending the events
- 84 per cent of volunteers feel Diabetes UK gives them the support and information they need to help them carry out their volunteering
- Our volunteers have supported and contributed to family network days and weekends
- They have raised vital funds and awareness to help us improve the lives of people with diabetes and work towards a future without diabetes

- It is estimated that the value of the work of these volunteers approximates to 657 thousand hours which equates to £12.3m of staff cost (£7.2m hybrid value and £3.6m at minimum wage)

## Review of the year – our aims (continued)

### Nations and Regions

#### **Aim: To influence local healthcare delivery and support people locally**

**Our national and regional structure is a very important way of influencing healthcare delivery and reaching people locally and we have invested a significant amount of time and resource in getting this set up and operating effectively.**

#### **What we did in 2007**

- The roadshows aimed at awareness and screening were rolled out in Wales, Scotland and Northern Ireland as well as England
- Traditional fundraising activities such as Walks in the Park and the Hummingbird Balls were held throughout the nations and there were also some new events such as the hugely successful Fright Nights, raising both vital funds and awareness
- We were one of the major charities taking part in the Great North series of runs and walks and the London marathon, both raising funds and awareness but also stressing a healthy lifestyle
- Family network days, support weekends and youth summits were held across all the nations and regions of Diabetes UK
- Public meetings held jointly with Primary Care Trusts (PCTs) across England enabling thousands of people to attend
- In Scotland we worked with National Health Service Quality Improvement Scotland team (NHS QIS) to complete focus group work alongside the NHS QIS review process to ensure the patients voice was reflected in their findings
- In Scotland we worked to raise awareness of retinopathy screening with RNIB Scotland. The campaign was rolled out across Scotland and focussed on the hard to reach communities
- In Scotland the Better Health Better Care action plan for health in Scotland prioritised long term conditions, such as diabetes. This was as a direct result of our influencing work. We have received a secondee from the NHS to work to increase the NHS's ability to support self management of people with diabetes. He will be working with managed clinical networks, community health partnerships and key clinicians to support them to design services appropriately according to need
- In Wales there was the successful delivery of education to the Wales Somali community using Somali storytelling traditions
- Screening was offered at many of our events including Occupational Health events
- In Northern Ireland we helped secure the full roll out of the retinopathy screening programme to all people living with diabetes across Northern Ireland
- We were asked to write the diabetes standards to the new Northern Ireland Cardio Vascular Service Framework, which includes a commitment to offer quality Structured Patient Education to every person with diabetes in Northern Ireland
- In Northern Ireland we have campaigned for the creation of a Northern Ireland Diabetes Service Framework
- We are on the new Obesity Taskforce in Northern Ireland to represent the voluntary and community sectors
- We are at the heart of developing Diabetes Managed Clinical Networks across Northern Ireland, which has begun the process of improving quality and range of care services for people with diabetes

### Results and impact

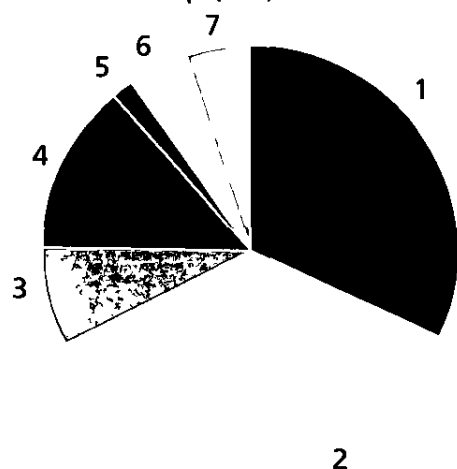
- The Measure Up campaign attracted national TV, radio and newspaper media coverage as well as support from local politicians
- Thousands of people took part in our Walks in the Parks across the UK in 2007
- The charity balls raised thousands of pounds and awareness in diverse communities and corporate organisations of the seriousness of diabetes
- There was much praise for our involvement with NHS QIS leading to a successful launch in March 2008
- The public profile and awareness of both Diabetes UK and the risks of diabetes has improved dramatically in Northern Ireland over the past year
- In Northern Ireland the retinopathy screening programme means that by April 2009 every person with diabetes will have been tested and will be on an annual testing cycle
- The Diabetes Service Framework campaign led to every Health Board and Health Trust in Northern Ireland supporting the call for a Diabetes Service Framework
- Reached millions of people across the UK through the Measure Up campaign – highlighting the dangers of diabetes
- Improved care and education for people with diabetes and healthcare professionals across the UK
- People with diabetes given a voice – by holding their local PCTs accountable for diabetes services at public meetings
- The impact of the Service Framework campaign in Northern Ireland has been publicly acknowledged by the Northern Ireland Health Minister, Chief Medical Officer (CMO) and Trusts CEO's

# Review of the year

## Financial summary

### Where the money came from:

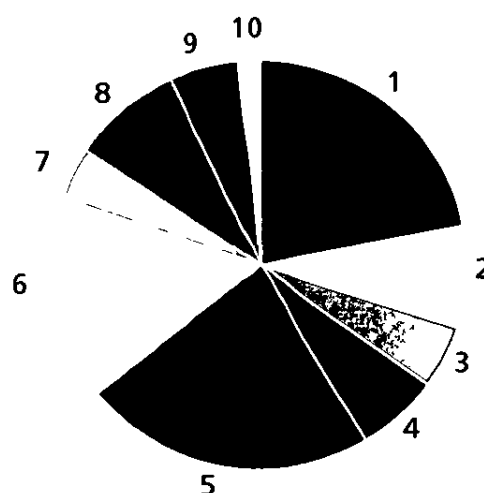
75% of our revenue came from Voluntary Income comprising donations (35%), legacies (32%) and membership (8%)



- 1 ■ Legacies £9.4m
- 2 ■ Donations £10.4m
- 3 ■ Membership £2.3m
- 4 ■ Income from trading £3.9m
- 5 ■ Investment income £0.5m
- 6 ■ Income from conferences £1.4m
- 7 □ Income from publications, care information and grants £1.4m

### Where the money is spent:

69% of our expenditure is spent on care and campaigns (28%), research (22%) and awareness and education (19%)



- 1 ■ Research £6.2m
- 2 ■ Publications £2.2m
- 3 ■ Healthcare and policy £1.4m
- 4 ■ Awareness £1.8m
- 5 ■ Care and campaigns £6.4m
- 6 ■ Fundraising £4.5m
- 7 □ Membership £1.2m
- 8 ■ Trading £2.4m
- 9 ■ Conferences £1.5m
- 10 □ Governance £0.4m



# Review of the year

## Financial review

The total income for the year increased by an impressive £3.3m (12.7 per cent) over the income for 2006. The main area of growth was in voluntary income which grew by £3.1m (16.1 per cent). This growth was in legacies (14.9 per cent) which reached an all time high of £9.4m and in donations (22.8 per cent). The latter growth was due to an investment in recruiting regular givers which yielded a good return and in the year we enjoyed a very good relationship with the United Co-op for whom we were a Charity of the Year. Our trading income which in previous years had shown good growth had a decline in 2007 mainly due to the reduced level of sponsorship.

The cost of generating this voluntary income grew by 9.6 per cent, as recruitment of regular givers is expensive, however because of the relative size of the amounts involved the Return on Investment (the ratio of voluntary income to costs) increased from 3.68 times in 2006 to 3.9 times in 2007.

The income generated from lotteries grew slightly in the year (2.1 per cent) and the cost grew by a slightly smaller amount. However the income

from this source has now reached a plateau.

As in previous years the income generated from cards and publications was less than cost. This is because publications fulfil the joint purpose of generating income and also providing information to people with diabetes. Likewise our conferences are a key way of providing information and support. This year, as in previous years, they were run at a loss on a full cost recovery basis.

The expenditure on our charitable activities has increased by a net £0.5m (2.8 per cent). However this is not a true reflection of the position. Our expenditure on publications, care and information has increased by £1.1m (10.3 per cent). This is a major area of our work which supports our objectives related to care, information, access to services and awareness. In research the expenditure in the year has dropped, however this just reflects the timing of payments. During the year grants totalling £10.3m were awarded which was a substantial increase over previous years (53 per cent). The research creditor and commitment at the end of 2007 is £15.6m compared to

£8.9m at the end of 2006, an increase of 75 per cent. This increase was due in part to an increase in the number and value of grants awarded in the year through the normal grant rounds and also a highly successful targeted call for care with a particular emphasis on treatment of hypoglycaemia.

Overall the year finished with a surplus (£1.46m) in the resources. However this was offset by a loss in the investments and boosted by a reduction in the deficit of our defined benefit scheme. This means that at the end of the year there was a surplus of £1.8m which has bolstered our reserves. The year concluded with free reserves (as defined) of £10.2m (equivalent to 3.6 months of forward expenditure) which will stand the charity in good stead as it continues with its three year business plan to substantially increase the charitable activities.

The cash position at the end of the year was very healthy with £6.8m held. Throughout the year cash is monitored very carefully as timing of events and seasonality can have quite an impact. We have a Key Performance Indicator (KPI) to hold a minimum of one month's cash and this was comfortably adhered to.

## Review of the year – next year

### Where we are heading

**In 2008 we are continuing to focus on delivering our three year business plan to 2009. This plan builds on what we have achieved to date.**

The objective is to work smarter and more effectively and thereby achieve even more for people with diabetes

This strategy review has enabled us to develop the Three Year Business Plan which sets out a step change in our results and impact including, by the end of the three years

- Reaching 1.5 million people (currently 600,000) with information on diabetes and living with diabetes
- Almost halving the number of people who are undiagnosed
- Doubling the awareness of risk factors among people at high risk of diabetes (40 per cent)
- Relationships with 100 per cent of primary care organisations across the UK driven by 2,500 trained campaigners
- 4,500 volunteers trained over three years
- Commitment to tackle diabetes in every major political party manifesto at the next general election
- Launching at least three new business streams
- Becoming a valued and recognised advocate on behalf of individuals facing discrimination or inequality
- Nearly doubling the scale of our activity

The key to maximising our impact is to ensure effectiveness and efficiency. The organisation 'pyramid' (page 4) describes the

alignment between our mission, strategic priorities and the main activities needed to achieve those priorities. The enablers are the crucial areas of our work, which span our main activities and which are essential for their delivery. We have restructured our organisation so there is clear responsibility at director level for each of the key priorities and main enablers.

#### Key objectives for 2008

##### Awareness

- 25 per cent increase in awareness of diabetes risk factors and Diabetes UK
- 200,000 people attending our road-shows and 10,000 people screened at them
- Awareness campaign to reach 85 per cent of the adult population with six opportunities to see our message

##### Information

- Our information to reach one million people
- 20 per cent of people with diabetes receiving education

##### Care and support

- Increase calls to Careline to 50,000 people
- £4.6m in new services to meet unmet needs
- Offer advocacy services to people with diabetes
- Primary Care Organisations (PCOs) across the UK being successfully influenced by us

##### Research

- Commission new research

where need is identified

- Frontier meeting to explore research needed to move forward in prevention of type 2 diabetes

#### Enablers

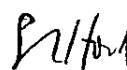
- Income £34.5 million
- Customer service survey showing 90 per cent consider it good or very good
- 16,500 active volunteers
- Grow the supporter base

#### You can help

Diabetes UK only exists because of the generosity of thousands of people and organisations who give money and time in support of our work.

#### Some ways you can help:

- Become a member of Diabetes UK
- Make a donation
- Take part in one of our fundraising events
- Talk to your employer about payroll giving and matched giving
- Join your local Diabetes UK voluntary group
- Encourage your company to make us their Charity of the Year
- Volunteer for one of our care support events
- Remember us in your will
- Gift aid your donations



**Prof Simon Howell**  
21 May 2008

# Legal and administrative information

## Statutory details

Central Office and  
Registered Office  
Macleod House  
10 Parkway  
London NW1 7AA  
**Tel** 020 7424 1000  
**Fax** 020 7424 1001

Diabetes UK Careline  
**Tel** 0845 120 2960

A company limited by guarantee  
Registered in England and Wales  
Registration number 339181  
A charity registered in England  
and Wales (no 215199) and  
in Scotland (no SC039136)  
Member of the International  
Diabetes Federation

### Regional and National Offices

Northern Ireland  
Bridgewood House  
Newforge Business Park  
Newforge Lane  
Belfast BT9 5NW  
**Tel** 028 9066 6646  
**Fax** 028 9066 6333

North West  
First Floor, The Boultings  
Winwick Street  
Warrington WA2 7TT  
**Tel** 01925 653281  
**Fax** 01925 653288

Scotland  
Savoy House  
140 Sauchiehall Street  
Glasgow G2 3DH  
**Tel** 0141 332 2700  
**Fax** 0141 332 4880

Northern & Yorkshire  
Sterling House  
22 St Cuthbert's Way  
Darlington DL1 1GB  
**Tel** 01325 488606  
**Fax** 01325 488816

Wales  
Quebec House Castlebridge  
Cowbridge Road East  
Cardiff CF11 9AB  
**Tel** 029 2066 8276  
**Fax** 029 2066 8329

West Midlands  
1 Eldon Court  
Eldon Street  
Walsall WS1 2JP  
**Tel** 01922 614500  
**Fax** 01922 646789

East Midlands  
Rodney House  
Castle Gate  
Nottingham NG1 7AW  
**Tel** 0115 950 7147  
**Fax** 0115 950 7386

South West  
Victoria House  
Victoria Street  
Taunton TA1 3FA  
**Tel** 01823 324 007  
**Fax** 01823 324 550

Eastern  
Ground Floor  
8 Atlantic Square  
Station Road  
Witham  
Essex CM8 2TL  
**Tel** 01376 501390  
**Fax** 01376 505250

South East  
Blenheim House  
1 Blenheim Road  
Epsom  
Surrey KT19 9AP  
**Tel** 01372 720 148  
**Fax** 01372 731 379

## Legal and administrative information (continued)

### Statutory details

#### Our Patron

Her Majesty The Queen

#### Our President

Mr Jimmy Tarbuck OBE

#### Our Vice-Presidents

Professor Sir George Alberti

Mrs Barbara Elster

Mrs Anne Felton

Dr Michael Hall

Sir Michael Hirst

Professor Harry Keen CBE

Mr Richard Lane OBE

Mrs Judith Rich OBE

#### Our Honorary Vice-Presidents

Mr Gary Mabbutt MBE

Sir Richard Nichols

Sir Steven Redgrave CBE

#### Board of Trustees

Professor Simon Howell (Chair) 1, 3, 4, 5, 6, 8

Mr John Grumitt (Vice-Chair) 2, 3, 7, 8,

Mr Graham Spooner (Treasurer) 1, 2, 3, 6, 7, 8

Ms Renata Drinkwater 4, 7

Ms Alison Finney 4

Mr Peter Gibson (resigned 28 September 2007)

Mrs Helen Husband (resigned 27 December 2007)

Dr David McCance (appointed 12 December 2007)

Mr Frank Moxon (appointed 30 September 2007) 6

Dr Niti Pall<sup>1</sup> (appointed to FSC 19 January 2007) 2, 7

Mr Ian Powell

Ms Lubna Kerr (resigned 28 September 2007 and re-appointed 12 December 2007)

Dr Mayank Shah (resigned 28 September 2007) 2 (appointed to PRSC on 19 January 2007 and resigned 28 September 2007)

Dr James Walker (appointed 12 December 2007)

Professor Mark Walker (resigned 28 September 2007)

1 Finance Subcommittee (FSC) member

2 Performance Review Subcommittee (PRSC) member

3 Remuneration Sub-group member

4 Trustee Subcommittee member

5 Governance Committee member

6 Finance Committee member

7 Performance Audit and Risk Committee member

8 Remuneration Committee member

*Following the adoption*

*of new governance*

*arrangements, all members*

*of the Finance Subcommittee*

*retired on the 9th Jan 2008,*

*Performance Review Sub*

*Committee on 12th*

*December 2007, and the*

*Trustee Subcommittee on*

*28th November 2007. The*

*new members to the Finance*

*Committee, Performance,*

*Audit and Risk Committee,*

*Governance Committee and*

*the Remuneration*

*Committee were appointed*

*on the 19th March 2008*

*Details of the new*

*committees can be found*

*on our website*

#### Executive Team

##### CEO:

Mr Douglas Smallwood

##### Directors:

Ms Estelle Burns (appointed  
20 March 2007)

Dr Ian Frame (appointed  
21 November 2007)

Mrs Dawn Jackson (resigned  
8 March 2007)

Mr Mike Hales (appointed  
21 May 2007 and resigned  
14 April 2008)

Mr Simon O'Neill

Dr Angela Wilson (resigned  
5 October 2007)

Mrs Rosemary Thomas

Miss Penny Mordaunt

#### Advisors

##### Auditors

Grant Thornton UK LLP

Grant Thornton House

Melton Street

London NW1 2EP

##### Investment Managers

UBS AG

1 Curzon Street

London W1J 5 UB

##### Solicitors

Bates Wells & Braithwaite LLP

2-6 Cannon Street

London EC4M 6YH

##### StoneKing

28 Ely Place

London EC1N 6TD

##### Bankers

National Westminster Bank plc

Marylebone & Harley St Branch

PO Box 2021

10 Marylebone High Street

London W1A 1FH

# Report of the Board of Trustees

## Principal aims and activities

The work of Diabetes UK is governed by the Memorandum and Articles of Association, as amended by Special Resolution passed on 29 September 2007

## The objects of Diabetes UK are:

1. To provide relief for people with diabetes and its related complications and to those who care for them
2. To promote the welfare of people with diabetes and its related complications and of those who care for them
3. To advance the understanding of diabetes by education of people with diabetes, the health professionals and others who care for them, and the general public
4. 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

**Diabetes UK's mission is to: *Improve the lives of people with diabetes and to work towards a future without diabetes.***

## Specifically our vision is:

- To set people free from the restrictions of diabetes
- The highest quality care and information for all
- An end to discrimination and ignorance
- Universal understanding of diabetes and of Diabetes UK

## • A world without diabetes

In striving to achieve our mission, Diabetes UK is working to a five year strategic plan 'The Way Ahead' which runs from 2007 – 2011. This plan is framed around four priorities

## These priorities relate to our core work and are:

- To improve awareness and understanding of diabetes
- To provide information and educate people with diabetes, at risk groups and healthcare professionals
- To improve the standard of care for people with diabetes
- To increase the impact of Diabetes UK research on cause and prevention, care and treatment and cure

A copy of the Diabetes UK plan 2007–2011 can be found on our website [www.diabetes.org.uk](http://www.diabetes.org.uk)

## Review of the year

For a review of Diabetes UK's main activities, achievements and developments during the year, please see pages 2–16

## Structure, governance and management

Diabetes UK, the operating name of The British Diabetic Association, was incorporated in 1938 as a company limited by guarantee and is a charity registered with the Charity Commission in England and Wales and with the Office of the Scottish Charity Regulator in Scotland. (The charity is monitoring actively and supports proposals to establish a Charity

Commission in Northern Ireland)

The charity and its activities are governed by Memorandum and Articles of Association and Standing Orders, which were reviewed and subsequently revised in September 2007

The governing body of the charity is the **Board of Trustees**, which consists of eight elected members and, in order to fill any diversity gap, up to four co-opted members. Elections are held annually and voted on by the UK Advisory Council (UKAC), after scrutiny by the Trustee Subcommittee to ensure that each applicant has the necessary skills and experience to lead a UK-wide charity. Co-options, and the election of the Chair and Vice-Chair, are matters reserved to the Board. On appointment, trustees receive an information pack and attend an induction programme which focus on their role and responsibilities as both directors and trustees and the governance and structure of the charity. They are also required to sign-up to a code of conduct, which requires amongst other things the disclosure of certain financial interests. Trustees can serve a maximum of four, three-year terms.

The Board meets seven times per year, including at an 'away weekend' to review strategy and performance (including that of the Board), together with the Chief Executive and his Executive Team.

## Report of the Board of Trustees (continued)

Presentations at Board meetings keep Trustees informed about the operations of the charity and the latest developments in the charity and health sectors

The Board has a number of Subcommittees, each with specific Terms of Reference

- The **Finance Subcommittee** reviews the charity's financial strategy and its policies on reserves, investments and pensions. It also scrutinises the budget and assists the Board in its discussions to approve it, as well as monitoring the charity's financial performance throughout the year and reviewing the financial reporting requirements. This Subcommittee also has a responsibility for the annual audit, forming part of the ad hoc 'audit committee', including discussing with the auditor any matters arising from the audit and reviewing the annual audited financial statements
- The **Performance Review Subcommittee** monitors the performance and impact of the charity (including that of the Chief Executive and of the Board) against the Strategic Plan, internal objectives and external benchmarks. It also reviews the effectiveness of the charity's management systems and procedures and

the performance of areas of the organisation. This Subcommittee also monitors compliance with external requirements and internal policies, forms part of the ad hoc 'audit committee' and acts as a sounding board for the Chief Executive

- The **Remuneration Sub-group** agrees the annual pay award for staff and makes recommendations to the Board about the pay package for the Chief Executive
- The **Trustee Subcommittee's** role is to establish and to evaluate appropriate search, nomination, induction, continuing development and training processes and procedures for members of the Board and UKAC, to evaluate and to monitor the implementation of the Trustee Code of Conduct, to direct the search for members of the Board and the UKAC and to short-list the most suitable candidates using the selection criteria approved by the Board, and to recommend processes for the election of the Officers of the Board
- The **Research Committee** has authority delegated to it under Standing Orders to assess and to approve applications for funding for basic, clinical and health services research according to a Board-approved *Research Strategy*

The membership of Subcommittees (with the exception of the Research Committee) is generally restricted to trustees. However, reflecting its role in the recruitment and training of trustees, the Trustee Subcommittee has three trustee members and three non-trustee members elected from, and by, the UKAC

Whilst the approval of policy is a matter for the Board, it is the **Chief Executive** and his **Executive Team** who are charged with the implementation of policy. To this end, Executive Team members attend meetings of the Board and relevant Subcommittees, regular, less formal discussions between both bodies is also encouraged

The **UK Advisory Council (UKAC)** comprises about 110 representatives of the charity's stakeholder communities – lay, voluntary groups and healthcare professionals. There are also sub-councils (comprising the same members) for England, Northern Ireland, Scotland and Wales, which help the charity to respond effectively to the opportunities and challenges presented by devolution. Elections for the UKAC are held annually, with approximately one-third of the total seats being contested each year, and voted on by the charity's membership

## Report of the Board of Trustees (continued)

On appointment, UKAC members receive an information pack and are invited to attend an induction programme which focus on their role and responsibilities and the governance and structure of the charity. UKAC members can serve a maximum of two, three-year terms.

The role of the UKAC includes to ensure that the Board is aware of the views of the charity's stakeholders, to elect the trustees, to inspire and to motivate the charity's stakeholders to renewed efforts to improve the lives of people with diabetes and to work towards a future without diabetes, to provide a large pool of stakeholders that the Board can call upon for advice at any time, to provide a forum where trustees can be asked to give account of their stewardship of the charity, and to act as the legal members of the company. These responsibilities are discharged in a number of ways, including at the annual meeting of the full UKAC and other more regular meetings of the National and Stakeholder Advisory Councils.

The charity's UK-wide network of 369 **voluntary groups** provide valuable information and emotional and practical support at a local level to people with diabetes, their families, carers and healthcare

professionals. In addition, they continue to play a crucial role in growing the income and profile – and so the impact – of the charity. Although each voluntary group has its own management committee, the *Charter for Diabetes UK Voluntary Groups* provides that they are part of the charity and are therefore bound by the above governance arrangements.

The Board approved on 12 December 2007 the recommendations of the Governance Review Steering Group, which met over the course of the year to consider the charity's governance arrangements, focusing in particular on three areas – effectiveness, representation and value for money. The review included consultations with the Board, the UKAC and the charity's membership, benchmarking of the charity's governance arrangements against those of other organisations (including as a steering group member of the new BoardsCount service), and an assessment of the charity's compliance with the *Code of Good Governance for the Voluntary and Community Sector*. The recommendations of the Steering Group – which will be published on the charity's website – will be implemented in full during 2008.

If you would like any further

information about the charity's structure, governance or management, please contact the Governance Team at [governance@diabetes.org.uk](mailto:governance@diabetes.org.uk)

### Risk management

During the year the trustees have considered and identified the major risks to which the charity is exposed. This involved identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, identifying the controls, systems and procedures that are in place and any further actions required to address the risks. The highest risk identified is that of changes to the external environment, in particular changes to the NHS.

The charity's systems of internal controls are designed to provide reasonable but not absolute assurance against material misstatement or loss. The trustees are satisfied that the systems in place manage our exposure to the major risks.

During the year the charity has continued to develop its formal risk management process. The risk register continues to be reviewed twice a year by the Performance Review Subcommittee and in addition in 2007 an internal audit firm was appointed to review the risk register and develop a rolling two year programme

## **Report of the Board of Trustees** (continued)

to regularly review the controls and report to the Performance Review Subcommittee. In addition to this there was a review of management controls carried out in 2005 and the Finance Subcommittee regularly reviews progress against the actions recommended. Through this process, management have assured the trustees that the appropriate systems are in place.

### **Reserves policy**

The reserves policy of the charity is to retain a level of reserves sufficient to meet all expenditure commitments (including research and pension contributions but excluding FRS 17 pension deficit funding) for between two and three months of forward expenditure.

Reserves are defined as all cash, investments, current assets and current liabilities held in the name of Diabetes UK and its trading subsidiary (Diabetes UK Services Limited) and excluding restricted or designated funds. At 31 December 2007 the charity's reserves of £10.2m represented 3.6 months of forward expenditure. The reserves policy is reviewed annually.

### **Investment policy**

In accordance with the Memorandum and Articles of Association, the trustees have the power to invest in such

stocks, funds, shares, securities or other investments as they see fit.

The investment objective of Diabetes UK is to make investments, which will provide the opportunity for an overall return on the portfolio and which will as a minimum maintain the purchasing power of the portfolio over time. There should be no direct investment in tobacco. Property and equity investments should be via collective vehicles only. For bonds and cash, investments should only be in products that have an AA or above rating.

UBS AG were appointed in 2006 and retained as investment manager to Diabetes UK with an investment objective to achieve a total return on the equities portfolio of 5 per cent above the prevailing rate of inflation over the economic cycle. At 31 December 2007, the relative weightings in the portfolio were cash and fixed interest securities 39 per cent, equity and equity related investments 58 per cent and 3 per cent in a property fund. Performance in 2007 did not achieve the objective outlined.

### **Grant making policy**

Diabetes UK invites applications for funding of projects through advertising in specialist medical and scientific media and on the

web. Applicants based in academic institutions submit proposals in a specific format. The applications are reviewed against criteria such as scientific rigour, feasibility, value for money and relevance to diabetes. All grant applications are subject to a minimum of three peer reviews before being submitted to the Research Committee. High-level research strategy and objectives are set by the Board of Trustees and the funding of specific projects is delegated to the Research Committee. The research strategy is available on our website [www.diabetes.org.uk](http://www.diabetes.org.uk).

Projects are monitored routinely via a required annual report to ensure continued funding is appropriate and, subject to satisfactory performance and compliance with the contractual terms, the funding of most projects continues for two or three years. The terms and conditions of all our grants give the charity the right to suspend payment of the grant if the report is not received. A system has been put in place to ensure that all annual reports are received. If a report is not received payment is suspended and once the report is received it is reviewed to ensure that it is following the objectives of the grant.

Diabetes UK offers fellowships and studentships to carry out diabetes research. Applicants



## Report of the Board of Trustees (continued)

for fellowships are invited for interview by an expert panel which makes the funding decision and reports to the Research Committee. A member of the Research Committee is also a member of the panel.

Diabetes UK requests a copy of the final report on each piece of research and a summary of the results are made publicly available as appropriate. Diabetes UK may also invite applications in specific areas from time to time to support its policy and care objectives.

Because of the nature of the condition and its effects, Diabetes UK believes that the ethical and humane use of animals is essential in medical and scientific research to further the treatment, prevention and cure of diabetes. Diabetes UK funded projects must strictly observe Home Office regulations and comply with the organisation's conditions for researchers on the care and handling of animals as outlined in our Ethical considerations policy. Each grant application is carefully reviewed by the Diabetes UK Research Committee and animals are only used if no alternative method is available.

Further to wide ranging consultation with members and with due attention to ethical considerations, Diabetes UK

has decided to support stem cell research, both publicly and financially through our research grant programme.

Copies of Diabetes UK's full position statements on animal research and stem cell research can be found on our website or are available from our offices on request.

### **Subsidiary companies**

Diabetes UK has two 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 £1.5m was generated in 2007 and was donated to Diabetes UK under gift aid.

BDA Research Limited exploits the potential value of any intellectual property which arises as a result of research funded by Diabetes UK. At 31 December 2007, the company had no research funding commitments, but retains an interest in the intellectual property of certain research projects which may provide future benefits. Any profits made by the company are donated to Diabetes UK under gift aid.

### **Charitable and political donations**

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

### **People**

The work of Diabetes UK is only possible through the dedicated service it receives from both staff and volunteers. We would like to place on record our appreciation of the hard work and commitment of all staff to the objectives of Diabetes UK during 2007. We also acknowledge with gratitude the work of the many volunteers who willingly and unstintingly give their time to the considerable benefit of Diabetes UK and the people

it helps. Our volunteers raise funds in a wide variety of ways from collecting with tins, through to sponsored events. The value of work performed by our volunteers is £12.3m.

In 2006 voluntary groups raised £1.3m and spent £1.4m, including remittances to Central Office. At 31 December 2007 cash held by voluntary groups totalled £1.6m.

### **Employment strategy**

Diabetes UK encourages the recruitment of the best person for the job regardless of gender, marital status, ethnic origin, disability, religious belief or age.

## Report of the Board of Trustees (continued)

Should a situation arise where two short listed 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

Diabetes UK 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 Diabetes UK, retraining will be provided where appropriate.

### 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' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the 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,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the

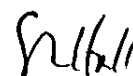
charitable company's auditors are unaware and

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

A resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

On behalf of the Board of Trustees



**Professor Simon Howell**

**Chair**

**21 May 2008**

# Report of the independent auditor to the members of The British Diabetic Association

We have audited the group and parent charitable company financial statements (the 'financial statements') of The British Diabetic Association for the year ended 31 December 2007 which comprise the principal accounting policies, the consolidated statement of financial activities, the group and charitable company balance sheets, the consolidated cash flow statement and notes. These financial statements have been prepared under the accounting policies set out therein.

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

## Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Annual

Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chair's introduction, the Review of the year, the Financial summary 2007, the Legal and administrative information and the Report of the Board of Trustees. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

## Report of the independent auditor to the members of the British Diabetic Association (continued)

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

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31 December 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 December 2007

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants

23 May 2008

# Consolidated statement of financial activities

(incorporating the income and expenditure account)  
for the year ended 31 December 2007

	Notes	Unrestricted £'000	Restricted £'000	Total 2007 £'000	Total 2006 £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	17,893	4,250	22,143	19,080
Activities for generating funds trading	3,7	3,877	-	3,877	4,256
Investment income	8	514	35	549	402
<b>Total</b>		<b>22,284</b>	<b>4,285</b>	<b>26,569</b>	<b>23,738</b>
<b>Incoming resources from charitable activities</b>					
Publications, care and information	4	898	-	898	844
Conferences	5	1,353	-	1,353	1,169
Grants	6	-	471	471	174
<b>Other income</b>		-	-	-	55
<b>Total incoming resources</b>		<b>24,535</b>	<b>4,756</b>	<b>29,291</b>	<b>25,980</b>
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Costs of generating voluntary income	2	5,679	-	5,679	5,180
Fundraising trading costs of goods sold and other costs	3,7	2,379	-	2,379	2,354
Investment management costs		19	-	19	24
<b>Charitable activities</b>					
Research	10	1,627	4,536	6,163	6,643
Publications, care and information	4	11,296	423	11,719	10,625
Conferences	5	1,470	-	1,470	1,564
<b>Governance costs</b>	12	403	-	403	354
<b>Total resources expended</b>	9	<b>22,873</b>	<b>4,959</b>	<b>27,832</b>	<b>26,744</b>
<b>Net income/(expenditure) for the year</b>	13	<b>1,662</b>	<b>(203)</b>	<b>1,459</b>	<b>(764)</b>
(Losses)/gains on investments	17	(384)	(30)	(414)	835
Actuarial gain/ (losses) on defined benefit pension scheme	25	714	-	714	599
<b>Net movement in funds</b>		1,992	(233)	1,759	670
Fund balances at 1 January		8,417	1,550	9,967	9,297
<b>Fund balances at 31 December</b>		<b>10,409</b>	<b>1,317</b>	<b>11,726</b>	<b>9,967</b>

All activities are classed as continuing. The net surplus for the year under the historical cost accounting convention is £3,456,000 (2006 – £165,000 net expenditure).

See note 26

The notes on pages 30 to 48 form part of these accounts

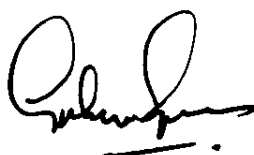
## Balance sheet

	Notes	Group 2007 £'000	2006 £'000	Diabetes UK 2007 £'000	2006 £'000
<b>Fixed assets</b>					
Tangible assets	16	1,254	1,468	1,254	1,468
Other investments	17	9,567	9,869	9,567	9,869
Investments in subsidiaries	17	-	-	40	40
		10,821	11,337	10,861	11,377
<b>Current assets</b>					
Stocks		31	38	-	-
Debtors	18	4,523	3,360	5,521	4,464
Cash at bank and in hand		6,809	5,457	6,508	4,270
		11,363	8,855	12,029	8,734
<b>Creditors: amounts falling due within one year</b>	19	(9,405)	(8,228)	(10,111)	(8,147)
<b>Net current assets</b>		1,958	627	1,918	587
<b>Net assets before provision</b>		12,779	11,964	12,779	11,964
Provision Defined benefit pension scheme liability	25	(1,053)	(1,997)	(1,053)	(1,997)
<b>Net assets after provision</b>		11,726	9,967	11,726	9,967
<b>Funds</b>					
Unrestricted funds excluding pension liability (revaluation reserve deficit £151,000 (2006 £1,460,000))		11,462	10,414	11,462	10,414
Pension reserve deficit	25	(1,053)	(1,997)	(1,053)	(1,997)
Unrestricted funds including pension liability		10,409	8,417	10,409	8,417
Restricted funds	20	1,317	1,550	1,317	1,550
<b>Total funds</b>	21	11,726	9,967	11,726	9,967

Approved by the Board of Trustees on 21 May 2008 and signed on their behalf by



**Simon Howell**  
Chair



**Graham Spooner**  
Treasurer

The notes on pages 30 to 48 form part of these accounts

## Consolidated cash flow statement for the year ended 31 December 2007

	2007 £'000	2006 £'000
<b>Net cash inflow from operating activities</b> (see note below)	1,216	909
<i>Returns on investments</i>		
Investment income	386	316
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(250)	(464)
Purchase of investments	(8,168)	-
Proceeds from sale of fixed asset investments	8,168	500
<b>Net cash inflow from investing activities</b>	(250)	36
<b>Increase in net cash</b>	1,352	1,261
<b>Reconciliation of movements in cash with movements in net funds</b>		
Increase in cash	1,352	1,261
Cash at 1 January	5,457	4,196
<b>Cash at 31 December</b>	6,809	5,457

### Notes to the consolidated cash flow statement

#### *Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities*

	2007 £'000	2006 £'000
Net (expenditure)/income for the year	1,459	(764)
Depreciation	464	474
Investment income	(549)	(402)
Investment management fee	46	21
Increase/(decrease) in stocks	7	(20)
Increase/(decrease) in debtors	(1,163)	(950)
Increase/(decrease) in creditors	1,177	2,685
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(225)	(135)
<b>Net cash inflow from operating activities</b>	<b>1,216</b>	<b>909</b>

The notes on pages 30 to 48 form part of these accounts

# Notes to the financial statements for the year ended 31 December 2007

## 1 Accounting policies

### Basis of accounting

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

The financial statements reflect the requirements of the Statement of Recommended Practice *'Reporting and Accounting by Charities'* (SORP) issued in March 2005 and the Companies Act 1985. No separate income and expenditure account has been included for Diabetes UK because it has no endowment funds.

As per section 397 of SORP 2005 the Charity has not prepared a separate Statement of Financial Activities (SOFA) for the Charity.

### Company status

The Charity is a company limited by guarantee. The members of the company are the UK Advisory Council (see Trustees' Report for further information).

### Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its voluntary groups ('Diabetes UK') together with its subsidiaries, BDA Research Limited and Diabetes UK Services Limited ('the Group')

A summarised profit and loss account and balance sheet for each trading subsidiary is given in note 24. The results of subsidiaries have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of voluntary groups where returns have been made prior to the preparation of the consolidated financial statements.

The number of voluntary group returns received when the financial statements were prepared was 316 out of 369 (86%).

### Incoming resources

#### Donations

In general, donations are credited to income on receipt. Where donations have been collected by a third party, these are recognised when the third party notifies Diabetes UK of the amount of the donations.

#### Gifts in kind

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.

#### Donated services and facilities

These are included at the value to the charity where this can be quantified. No amounts are

included in the financial statements for services donated by volunteers.

### Subscriptions

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

### Legacies

Legacies are credited to income when receivable. A legacy is considered to be receivable on the earlier of the date of receipt of finalised estate accounts or the date of payment. Full provision is made for any clawback of legacy payments when notification of such clawbacks is received.

### Grants receivable

Grants receivable are credited to income as these become receivable. Grants receivable are included within donations. Details of statutory grants are shown in Note 6.

### Resources expended

#### Costs of generating funds and charitable activities

Costs of generating 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.



# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 1 Accounting policies

#### 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 up front. At the year end Diabetes UK had creditors of £6,080,000 for research grants payable in 2008 but which have been expensed in 2007 (2006 £4,261,000).

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

#### Governance costs

Governance costs are made up of the staff costs for the Governance Team, Board of Trustee costs, UK Advisory Council costs and audit fees plus their portion of attributable overheads.

#### Support costs reallocation

Attributable overheads consist of central office costs including rent, rates, insurance, non-recoverable VAT, depreciation and staff costs relating to the

information technology, personnel, finance and office management functions.

Overheads are allocated to departments based on the number of staff involved in each activity.

#### 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

**General computer equipment and software** – 4 to 5 years

**Database equipment and software** – 8 years

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

#### Investments

Investments are shown at market value and any unrealised gain or loss is transferred to reserves.

#### 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 against income on a straight line basis over the term of the lease.

Where events make such a contract onerous, a liability is recognised for all payments over the lease term.

#### 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. Past service costs and the costs of curtailments and settlements are included within support costs.

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

The defined benefit scheme is funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations,

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 1 Accounting policies (continued)

#### Retirement benefits (continued)

by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value.

The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the charity

has a legal or constructive obligation to settle the liability.

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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

#### 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.

The trustees may exercise their discretion to set aside part of an unrestricted fund for designated purposes. The trustees have not chosen to designate any funds.

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 2 Voluntary income

	Unrestricted	Restricted	Total	Total
	£'000	£'000	2007	2006
			£'000	£'000
Legacies	8,386	1,035	9,421	8,196
Donations	7,136	3,215	10,351	8,432
Membership	2,343	-	2,343	2,359
Donated services and facilities	28	-	28	93
<b>Total</b>	<b>17,893</b>	<b>4,250</b>	<b>22,143</b>	<b>19,080</b>

### Cost of generating voluntary income

	Unrestricted	Restricted	Total	Total
	£'000	£'000	2007	2006
			£'000	£'000
Legacies	70	-	70	52
Donations	4,421	-	4,421	3,584
Membership	1,160	-	1,160	1,451
Donated services and facilities	28	-	28	93
<b>Total</b>	<b>5,679</b>	<b>-</b>	<b>5,679</b>	<b>5,180</b>

### 3 Income from activities for generating funds: trading

	Unrestricted	Restricted	Total	Total
	£'000	£'000	2007	2006
			£'000	£'000
Lotteries	1,724	-	1,724	1,689
Corporate	920	-	920	1,310
Advertising	517	-	517	547
Affinity products	252	-	252	240
Cards and publications	464	-	464	470
<b>Total</b>	<b>3,877</b>	<b>-</b>	<b>3,877</b>	<b>4,256</b>

### Cost of activities for generating funds: trading

	Unrestricted	Restricted	Total	Total
	£'000	£'000	2007	2006
			£'000	£'000
Lotteries	1,181	-	1,181	1,018
Corporate	397	-	397	337
Advertising	162	-	162	150
Affinity products	107	-	107	252
Cards and publications	532	-	532	597
<b>Total</b>	<b>2,379</b>	<b>-</b>	<b>2,379</b>	<b>2,354</b>

# Notes to the financial statements

for the year ended 31 December 2007 (continued)

## 4 Publications, care and information

	Unrestricted £'000	Restricted £'000	Total 2007 £'000	Total 2006 £'000
<b>Incoming resources</b>				
Diabetic Medicine	514	-	514	456
Care support	143	-	143	104
Professional membership	224	-	224	230
Publications income in regions/nations	17	-	17	54
<b>Total</b>	<b>898</b>	<b>-</b>	<b>898</b>	<b>844</b>
<b>Resources expended</b>				
Publications and information	2,171	-	2,171	1,903
Healthcare and policy	1,396	-	1,396	1,311
Awareness	1,783	-	1,783	1,523
Volunteer support	543	-	543	676
Careline	667	-	667	715
Care support holidays	652	-	652	755
Professional membership	169	-	169	98
Other care and campaigns	3,915	423	4,338	3,644
<b>Total</b>	<b>11,296</b>	<b>423</b>	<b>11,719</b>	<b>10,625</b>

## 5 Conferences

	Unrestricted £'000	Restricted £'000	Total 2007 £'000	Total 2006 £'000
<b>Incoming resources</b>				
Central conferences	1,209	-	1,209	1,087
Regional conferences	144	-	144	82
<b>Total</b>	<b>1,353</b>	<b>-</b>	<b>1,353</b>	<b>1,169</b>
<b>Resources expended</b>				
Central conferences	1,339	-	1,339	1,435
Regional conferences	131	-	131	129
<b>Total</b>	<b>1,470</b>	<b>-</b>	<b>1,470</b>	<b>1,564</b>

## Notes to the financial statements

### for the year ended 31 December 2007 (continued)

#### 6 Grants receivable arise from the following sources:

	<b>Total 2007 £'000</b>	<b>Total 2006 £'000</b>
Department of Health – The 3D Project – Diabetes Diagnosis Discussion	-	8
Department of Health – Supporting User Involvement Project	-	17
North Bradford Primary Health Care Trust – User Involvement Project	-	51
Department for Education and Skills – Safeguarding Co-ordinator	39	52
Gardee Rafik – Ethnic Minority and Patient Carer Project	-	13
Lloyds TSB Foundation	-	6
Columba 1400 Project	(5)	2
National Assembly of Wales – National Service Framework Project	-	9
Strule/Erne LHSCG – Education Support People with Diabetes	-	12
Bradford & Airedale Primary Care Trust – National Diabetes Support Team	203	-
Food Standards Agency	34	-
Department of Health – Year of Care Project	110	-
Health Foundation – Year of Care Project	25	-
Various Groups – Young Diabetologists Forum	21	-
NHS Health Board – Scotland – Ethnic Care Project	14	-
Scottish Executive Health Dept – Scotland Careline Project	30	-
Others less than £1000	-	4
<b>Total</b>	<b>471</b>	<b>174</b>

#### 7 Income from and costs of trading

	<b>2007 £'000</b>	<b>2006 £'000</b>
Turnover of subsidiary undertakings (see note 24)	1,998	2,414
Other income of subsidiary undertakings (see note 24)	1,862	1,816
Primary purpose charitable trading income	17	26
<b>Total income from trading</b>	<b>3,877</b>	<b>4,256</b>
Costs of subsidiary undertakings (see note 24)	2,369	2,341
Primary purpose charitable trading costs	10	13
<b>Total trading costs</b>	<b>2,379</b>	<b>2,354</b>

Primary purpose charitable trading income relates to income from the sale of publications through the voluntary group network

#### 8 Investment income

	<b>2007 £'000</b>	<b>2006 £'000</b>
Listed securities	166	221
Interest on cash asset investments	122	86
Interest on cash at bank	261	95
<b>Total</b>	<b>549</b>	<b>402</b>

# Notes to the financial statements

for the year ended 31 December 2007 (continued)

## 9 Analysis of total resources used

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2007 £'000	Total 2006 £'000
<b>Cost of generating funds</b>					
Cost of generating voluntary income	4,243	-	1,436	5,679	5,180
Trading costs	2,379	-	-	2,379	2,354
Investment management cost	19	-	-	19	24
<b>Cost of charitable activities</b>					
Research – grants funding of activity	246	5,701	216	6,163	6,643

### Publications, care and information cost sub groups:

Publications and information	1,835	-	336	2,171	1,903
Healthcare and policy	860	-	536	1,396	1,311
Awareness	1,397	-	386	1,783	1,523
Other care and campaigning	4,195	-	2,174	6,369	5,888
Conferences	1,289	-	181	1,470	1,564
Governance	326	-	77	403	354
<b>Total</b>	<b>16,789</b>	<b>5,701</b>	<b>5,342</b>	<b>27,832</b>	<b>26,744</b>

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 10 Research grants

The top 20 grant receiving institutions were

	2007 £
1 University of Newcastle	1,018,242
2 University of Cambridge	756,627
3 Medical Research Council National Prevention Research Initiative	394,155
4 University of Dundee	361,613
5 Sheffield NHS Trust	284,756
6 Kings College London	270,914
7 University of Bristol	235,970
8 University of Sheffield	197,329
9 University of East Anglia	140,193
10 University of Liverpool	127,417
11 University of Edinburgh	118,323
12 University of Birmingham	116,081
13 University of Newcastle Upon Tyne	106,799
14 University College of London	102,212
15 Colderdale & Kirklees NHS Trust	100,000
16 Tower Hamlets NHS Trust	100,000
17 North Tyne NHS Trust	100,000
18 Peninsula Medical School	90,678
19 University of Southampton	79,779
20 Imperial College of Medicine	75,369
<b>Sub total</b>	<b>4,776,457</b>

Other grants	924,921
Administration/support costs	462,251
<b>Total</b>	<b>6,163,629</b>

### Analysis of grants to institutions

	2007 £'000	2006 £'000
Care and treatment	3,084	2,199
Cause and prevention	2,590	3,740
Cure	27	214
Administration/support costs	462	490
<b>Total</b>	<b>6,163</b>	<b>6,643</b>

### Grants reconciliation

	2007 £'000	2006 £'000
Creditor at 1 January	4,261	2,156
Grants awarded in the year	4,879	3,339
Liabilities arising on existing grants	822	2,814
Payments in year	(3,882)	(4,048)
<b>Creditor at 31 December</b>	<b>6,080</b>	<b>4,261</b>

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 11 Support costs allocations

	Operations £'000	Finance £'000	Human Resources £'000	IT £'000	CEO £'000	Total 2007 £'000	Total 2006 £'000
Cost of generating voluntary income	479	187	406	226	138	1,436	1,685
Research	72	28	61	34	21	216	180
Publications, Care & Information	1,145	446	969	541	331	3,432	2,651
Conferences	60	24	51	29	17	181	129
Governance	26	10	22	12	7	77	78
<b>Total</b>	<b>1,782</b>	<b>695</b>	<b>1,509</b>	<b>842</b>	<b>514</b>	<b>5,342</b>	<b>4,723</b>

### 12 Governance costs

	2007 £'000	2006 £'000
Trustee costs	24	31
External audit	40	37
Support costs	77	78
Advisory Council Expenses	88	64
Company Secretariat	174	144
<b>Total</b>	<b>403</b>	<b>354</b>

### 13 Net income/(expenditure) for the year is stated after charging:

	2007 £'000	2006 £'000
Depreciation (see note 16)	464	474
Auditors remuneration		
Statutory audit	40	37
Further assurance services	5	5
Other non-audit	7	8
Non-recoverable VAT	485	367
Operating leases		
Property	799	730
Other	19	22



## Notes to the financial statements

### for the year ended 31 December 2007 (continued)

<b>14 Staff costs</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	6,643	6,088
Social security costs	634	628
Other pension costs	708	650
<b>Total</b>	<b>7,985</b>	<b>7,366</b>

<b>Staff numbers</b>	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
Voluntary income	72	62
Publications, care & information	125	128
Conferences	8	6
Research	6	7
Support	38	29
Governance	5	5
<b>Total</b>	<b>254</b>	<b>237</b>

Average full-time equivalent number of employees during the year 226 (2006 – 216)

#### Pension costs

Pension costs comprise £396k (2006 £338k) in respect of defined contribution pension schemes and £312k (2006 £312k) in respect of the defined benefit pension scheme. The components of the defined pension scheme costs are as follows

#### Analysis of the amount charged to charitable activities

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	-	-
Past service cost	-	-
Curtailments and settlements	-	-
<b>Total operating charge</b>	<b>-</b>	<b>-</b>

<b>Number of employees whose remuneration fell within the following ranges</b>	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
£60,000 – £70,000	3	3
£70,000 – £80,000	1	-
£80,000 – £90,000	-	-
£90,000 – £100,000	1	1

Payments to defined contribution pension schemes in respect of the above staff amounted to £26,893 in the year. As at the year end, the defined benefit pension scheme was closed and no benefits were accruing to the above staff.

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 15 Trustees emoluments and reimbursed expenses

Trustees have not been remunerated in the year (2006 Nil) A total of 7 trustees (2006 8) have been reimbursed for expenses in relation to trustee meetings at a cost of £3,923 (2006 – £9,733) Including these amounts total expenses reimbursed to trustees were £15,589 (2006 – £22,292) All amounts were for reimbursement of travel and subsistence costs

During the year ended 31 December 2007 the charity awarded grants of £114,288 (2006 £0) for projects to which members of the Board of Trustees were connected These members of the Board of trustees did not participate in the decisions to award the respective grants

Trustee	Details of Research Grant	£
Professor Mark Walker (University of Newcastle)	Does decreased mitochondrial DNA copy number with ageing impair pancreatic b-cell function?	52,056
Valarie Holmes & David McCance (Queens University Belfast )	Interactive DVD to increase awareness of reproductive health issues and preconception care in women with diabetes	62,232

Professor Mark Walker served on the Board of Trustees until 29 September 2007, the grant was awarded in November 2007 David McCance was appointed to the Board of Trustees on 12 December 2007, the grant was awarded in December 2007

Members of the Research Committee which is independent of, but reports to, the Board of Trustees may receive grant funding However they may not participate in any decisions that relate either to funding of research projects where they have an interest or to funding of their institutions

### 16 Tangible fixed assets

Group and Diabetes UK	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Total £'000
<b>Cost</b>			
1 January	1,082	1,504	2,586
Additions	23	227	250
Disposals	-	(40)	(40)
31 December	1,105	1,691	2,796
<b>Depreciation</b>			
1 January	(632)	(486)	(1,118)
Charge for the year	(164)	(300)	(464)
Disposals	-	40	40
31 December	(796)	(746)	(1,542)
<b>Net book value</b>			
31 December 2007	309	945	1,254
31 December 2006	450	1,018	1,468

All tangible fixed assets are used for or to support charitable purposes At the year end there were contracted capital commitments of £58,667 (2006 – Nil)

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 17 Investments

Group and Diabetes UK	Listed Securities £'000	Property Fund £'000	Cash £'000	Total 2007 £'000	Total 2006 £'000
Market value at 1 January	8,005	-	1,864	9,869	9,469
Disposals	(6,958)	-	(1,202)	(8,160)	(500)
Additions	4,968	300	2,900	8,168	-
Interest and dividends	-	-	158	158	86
Fees	-	-	(46)	(46)	(21)
Realised gain/(loss) on disposal	(8)	-	-	(8)	0
Net gain/(loss) on revaluation	(414)	-	-	(414)	835
Market value at 31 December	5,593	300	3,674	9,567	9,869
Historical cost at 31 December	5,744	300	3,674	9,718	8,409

<b>Investment in subsidiary undertakings – Diabetes UK (Note 24)</b>	40	40
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Investments which comprised more than 5% of the total market value of investments at 31 December 2007 were

	2007 £'000	2006 £'000
M & G Investments, Charifund	927	5,600
BGI Sterling Liquidity Plus Fund	-	2,404
AXA Framlington Equity Income Fund	1,314	-
JO Hambro Equity Fund	1,221	-
Standard Life Investment UK Equity High Income Fund	1,097	-
Rathbone Income Fund	1,033	-
Barclays Money Market Deposit	-	1,865
UBS Cash	773	-
UBS Money Market Deposit	2,918	-

(Losses)/gains on investments comprise

	2007 £'000	2006 £'000
Realised Losses	(122)	-
Realised Gains	114	-
Unrealised Losses	(414)	(54)
Unrealised gain	-	889
	(422)	835

### 18 Debtors: amount falling due within one year

	Group		Diabetes UK	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade debtors	1,075	1,056	1,030	711
Prepayments and accrued income	2,282	1,512	1,796	1,054
Donation due from subsidiary undertakings	-	-	1,529	1,907
Taxation and social security	-	-	-	-
Other debtors	1,166	792	1,166	792
	4,523	3,360	5,521	4,464

# Notes to the financial statements

(continued)

## 19 Creditors: amount falling due within one year

	Group		Diabetes UK	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts due to subsidiary undertakings	-	-	896	674
Taxation and social security	50	306	50	306
Accruals	1,666	1,597	1,477	1,369
Deferred income	844	1,317	844	792
Research grants creditor	6,080	4,261	6,080	4,261
Other creditors	765	747	764	745
	9,405	8,228	10,111	8,147

### Deferred income

	Group		Diabetes UK	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Exhibition fees	770	701	770	701
Sponsorship	-	525	-	-
Delegate fees	55	53	55	53
Others	19	38	19	38
	844	1,317	844	792

Deferred income represents income relating to future periods and does not include amounts classified as deferred income in the prior year

## 20 Restricted income funds

The movement in restricted funds in the year is as follows

	Research funds	Care & information funds	Children funds	Warren memorial fund	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2007	702	115	-	733	1,550
Incoming Funds	4,019	557	145	35	4,756
Funds Used	(4,019)	(756)	(145)	(39)	(4,959)
Investment (loss)/gain	-	-	-	(30)	(30)
At 1 December 2007	702	(84)	-	699	1,317
At 31 December 2006	702	115	-	733	1,550

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

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 21 Total funds – Group and Diabetes UK

Total funds are invested as follows:	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,254	-	1,254
Fixed asset investments	8,868	699	9,567
Current assets	10,745	618	11,363
Current liabilities	(9,405)	-	(9,405)
Defined benefit pension scheme liability	(1,053)	-	(1,053)
<b>Total net assets</b>	<b>10,409</b>	<b>1,317</b>	<b>11,726</b>

### 22 Operating lease commitments

	Property		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Annual lease commitments on leases expiring				
Within one year	27	11	-	-
Between two and five years	76	72	13	22
After five years	677	636	-	-
	<b>780</b>	<b>719</b>	<b>13</b>	<b>22</b>

### 23 Commitments to spend – research grants

At 31 December 2007 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £9,559,000 (2006 £4,674,000). 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 the accounting policies note.

	2007 £'000's	2006 £'000's
2007	-	1,351
2008	2,933	2,090
2009	4,139	856
2010	1,645	238
2011	612	139
2012	230	-
	<b>9,559</b>	<b>4,674</b>

# Notes to the financial statements

(continued)

## 24 Subsidiary undertakings

Diabetes UK has two wholly owned trading 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. Their financial position is summarised below.

Profit and loss accounts for the year ended 31 December 2007	BDA Research Limited		Diabetes UK Services Limited	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Turnover	-	-	1,998	2,414
Cost of sales	-	-	(198)	(308)
Gross Profit	-	-	1,800	2,106
Distribution costs	-	-	(297)	(388)
Administration expenses	-	-	(433)	(434)
Other operating income	-	-	1,862	1,816
Investment income	-	-	37	17
Other operating costs	-	-	(1,440)	(1,210)
Profit on ordinary activities before and after taxation	-	-	1,529	1,907
Profit donated to Diabetes UK	-	-	(1,529)	(1,907)
Net income	-	-	-	-

Summarised balance sheets as at 31 December 2007	BDA Research Limited		Diabetes UK Services Limited	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Current assets	-	-	1,932	2,703
Creditors amounts falling due within one year	-	-	(1,892)	(2,663)
Net assets	-	-	40	40
Shareholders' funds	-	-	40	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 2006 (2006-£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 2007 (2006-£40,003).

## 25 Pensions

### Defined benefit pension scheme

#### British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association Pension and Life Assurance Scheme, a defined benefit arrangement which closed to future accrual on 31 August 2004. This disclosure is based upon a full actuarial valuation of the scheme, carried out by a qualified independent actuary as at 1 January 2005 and updated on an approximate basis to 31 December 2007.

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 25 Pensions (continued)

#### Contributions

The contributions made by the employer over the financial year were £312,000, equivalent to £26,000 per month. The contribution rate is to continue until reviewed following the triennial valuation of the scheme due as at 1 January 2008. The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2007 is £312,000.

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

	2007	2006	2005
	£'000	£'000	£'000
Fair value of scheme assets	5,516	5,084	4,575
Present value of scheme liabilities	6,569	7,081	7,306
Net (liability)/asset to be recognised	(1,053)	(1,997)	(2,731)

As all actuarial gains and losses are recognised, the deficits shown above are those recognised in the balance sheet.

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

	Period ending 31/12/2007	Period ending 31/12/2006
	£'000	£'000
Scheme liabilities at start of period	7,081	7,306
Current service cost	-	-
Interest cost	362	348
Contributions by scheme participants	-	-
Actuarial (gains)/losses	(636)	(450)
Benefits paid	(238)	(123)
Past service costs	-	-
Curtailments	-	-
Settlements	-	-
Scheme liabilities at end of period	6,569	7,081

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

	Period ending 31/12/2007	Period ending 31/12/2006
	£'000	£'000
Fair value of scheme assets at start of period	5,084	4,575
Expected return on scheme assets	280	171
Actuarial gains (losses)	78	149
Contributions by employer	312	312
Contributions by scheme participants	-	-
Benefits paid	(238)	(123)
Settlements	-	-
Fair value of scheme assets at end of period	5,516	5,084

# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 25 Pensions (continued)

The actual return on the scheme assets over the period ending 31 December 2007 was £358,000

#### Total expense recognised in SOFA

	Period ending 31/12/2007 £'000	Period ending 31/12/2006 £'000
Current service cost	-	-
Interest cost	362	348
Expected return of scheme assets	(280)	(171)
Past service costs	-	-
Curtailments	-	-
Settlements	-	-
<b>Total expense recognised in SOFA</b>	<b>82</b>	<b>177</b>

#### Statement of recognised gains and losses

	Period ending 31/12/2007 £'000	Period ending 31/12/2006 £'000
Difference between expected and actual return on scheme assets gain (loss)	78	149
Experience gains and losses arising on the scheme liabilities gain (loss)	18	17
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities gain (loss)	618	433
<b>Total amount recognised in the statement of recognised gains and losses: gain (loss)</b>	<b>714</b>	<b>599</b>

#### Assets

	31/12/2007 £'000	31/12/2006 £'000	31/12/2005 £'000
Equities	1,025	682	297
Bonds	-	-	-
With Profits Policy	4,490	4,402	4,278
Cash	1	-	-
<b>Total assets</b>	<b>5,516</b>	<b>5,084</b>	<b>4,575</b>

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

#### Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions

	31/12/2007 % per annum	31/12/2006 % per annum	31/12/2005 % per annum
Retail Price Inflation (RPI)	3 20	3 10	2 90
Rate of discount	5 90	5 20	4 80
Increases to pensions in payment	3 20	3 10	2 90
Revaluation of deferred pensions	3 20	3 10	2 90
Allowance for commutation of pension for cash at retirement	nil	nil	nil



# Notes to the financial statements

## for the year ended 31 December 2007 (continued)

### 25 Pensions (continued)

The mortality assumptions adopted at 31 December 2007 imply the following residual life expectancies at age 62

Male currently aged 40	26.0
Female currently aged 40	28.8
Male currently aged 62	24.7
Female currently aged 62	27.7

### Expected long term rates of return

The expected returns on gilts and bonds are determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities is determined by setting an appropriate risk premium above gilt and bond yields, having regard to market conditions at the balance sheet date. The expected rate of return on the with profits policy has been set by consideration of the bonus strategy of the with profits fund.

The expected long term rates of return applicable at the start of each period are as follows

	31/12/2007 % per annum	31/12/2006 % per annum
Equities	6.50	6.05
Bonds	-	-
With Profits Policy	5.30	3.50
Overall for scheme	5.46	3.67

### Amounts for the current and previous four periods

	31/12/2007 £'000	31/12/2006 £'000	31/12/2005 £'000
Fair value of assets	5,516	5,084	4,575
Present value of scheme liabilities	6,569	7,081	7,306
Surplus (deficit) in scheme	(1,053)	(1,997)	(2,731)
Experience adjustment on scheme assets	78	149	22
Experience adjustment on scheme liabilities	18	17	321
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	618	433	(943)
	31/12/2004 £'000	31/12/2003 £'000	
Fair value of assets	4,184	3,626	
Present value of scheme liabilities	6,390	5,785	
Surplus (deficit) in scheme	(2,206)	(2,159)	
Experience adjustment on scheme assets	13	(139)	
Experience adjustment on scheme liabilities	(182)	268	
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(157)	(320)	

## Notes to the financial statements

### for the year ended 31 December 2007 (continued)

#### 26 Result for the year under the historical cost accounting convention

	2007	2006
	£'000	£'000
Net income/(expenditure)	1,459	(764)
Gain on sale of investments calculated under the historical cost accounting convention	1,283	-
Actual (losses)/gains arising on defined benefit pension scheme	714	599
Surplus/(deficit) under the historical cost accounting convention	3,456	(165)

#### 27 Members

The legal members of the company are the members of the UKAC as explained in the Trustee report

The liability of members is limited to the sum of £1 per member

#### 28 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 £6.73 million (2006 approximately £4.6 million). See the accounting policy on legacies for the recognition criteria

#### 29 Prior year comparatives

Certain prior year comparatives have been reanalysed to aid the user's understanding

## Legacies for the year ended 31 December 2007

### This page does not form part of the financial statements

We were sad to hear of the death of the following people during the year but we are very grateful to have been remembered in their wills.

Allison, E	Cockett, J M	Greenwood, E S	Lappin, J	Pearson, E	Thorogood, P
Allsopp, D	Crisp, E	Gregson, D	Latham, L	Phillips, G	Threlkeld, S M
Angell, F	Cumming, J	Griffiths, C	Lee, D	Pinder, G	Ticehurst, J
Arundel, D	Curtis, B	Grist, M	Lester, H	Platts, J	Tilbury, E
Ashdown, G	Davies, D	Hamilton, J	Lewin, C	Price, C	Titley, M
Ashman, B	Davies, T	Handley, R	Ley, K	Reed, I	Tomlinson, A C
Atherton, I	Davies, T	Harper, D	Liliman, M	Rees, N	Toneri, P
Bailey, F	Davis, K	Harris, B	Lind, N	Rigo, R	Townsend, W
Baines, S	Dean, E	Hazlewood, M	Lock, D	Robertson, E	Turney, M
Baker, F	Desai, V C	Heathcote, C	Lomas, V R	Robertson, M	Vann, B
Baker, F	Dewhurst, G	Hemsley, K	London, A	Robinson, N	Vernon, M
Baker, F	Dodwell, J	Hewart, D	Lunam, V	Robinson, V	Vincent, A E
Baker, V	Doherty, A	Hickey, D	Martin, R	Rogers, B	Wackett, M
Ball, J	Eardley, J	Hill, D	Mason, P	Rollason, J H	Walden, M
Barnett, Y	Eaton, L	Hinchcliff, M	Mathieson, H	Rowe, H	Walker, E
Bassey, A	Edwards, A	Hodkin, M	Matthews, H	Shambrook, M	Warren, H
Bean, C	Edwards, L	Holland, J	Metcalfe, D	Shearwood, H	Watkins, E
Bennett, D	Ellis, A	Holmes, P	Middleton, R	Shotbolt, J	Watts, M
Bizley, B	Emtage, L	Horner, M	Miller, P J	Sillars, D	Wheatley, C
Blair, I	Evans, P	Houseman, B	Milner, R	Small, V A	Whiteley, B
Box, R	Falconer, A	Howell-Jones, S	Mitchell, P	Smith, E	Whittle, F
Bradley, M	Faulkner, J	Hurry, G S T	Moat, I	Smith, F	Williams, A
Brookes, D	Felstead, E	Hutts, D C H	Molyneux, E	Smith, F	Williams, E
Browning, P	Felder, C	Hyde, J	Moran, F	Smith, H	Wilson, J
Burton, D	Finch, K	Illingworth, I	Morey, E	Smith, M	Winpenny, A
Butler, M	Fitton, L	Johns, G	Morton, D	Solman, E	Wood, R
Button, N	Foan, D	Johnson, J	Morton, J	Sowerbutts, J	Wyatt, J
Caffrey, M	Freestone, E	Johnson, R	Myers, J	Spence, H	Wyres, C
Calderwood, J	Fussell, B	Jones, E	Naylor, G	Squibb, D	
Chanan, M	Gale, E	Jordan, L	Nevill, G	Stanley, H	
Chapman, G	Gale, G	Kendal-Archer, A	Nicholl, A	Stark, J	
Chatburn, M H	Gallier, E	Kent, E	Nicholson, I	Stott, Y	
Chester, M	Garbutt, L	Kent, P K	Nutting, C	Street, M	
Chesterfield, G	Garner, M	Kerswell, M	Nyman, R	Stringer, M	
Chipperfield, M	Geach, J	Kessack, B	O'Boyle, V	Summers, P	
Christie, E	Geistlinger, M	Kilmartin, S	O'Hare, P	Syme, C	
Clark, B	George, F	King, M	Owen, D	Taylor, A	
Cledwyn-	Giggall, G	Kingman, D	Owen, L	Telford, M	
Davies, A	Gordon, J	Kitching, K	Owen, M	Thomas, D	
Cliffe, E	Goszko, B	Lacey, O	Panton, E	Thomas, D	
Cobb, B	Grainger, A	Lancey, E	Parker, M	Thomson, W	

## **Notes**



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