

Company no. 1863614
Charity no. 326730
Charity no. Scotland SC038415

British Lung Foundation
Report and Financial Statements
30 June 2013



British Lung Foundation

Reference and administrative details

For the year ended 30 June 2013

Company Number 1863614

Charity Number 326730 (England & Wales)
SC038415 (Scotland)

Registered office and operational address 73-75 Goswell Road
London
EC1V 7ER

Website www.blf.org.uk

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Mr Peter Dolphin	Chair
Professor Stephen Spiro	Deputy Chair
Mr Sabah Zubaida	Honorary Treasurer

Mr Ralph Bernard CBE	
Lord Borwick	
Mr Richard Chappell	
Professor Duncan Empey	
Professor Ruth Endacott	(to 21 November 2012)

Dr Patrick Flood Page	
Mr David Gill	
Sir Graham Hart KCB	(to 21 November 2012)
Professor Stephen Holgate CBE	(from 30 June 2013)
Professor David Lomas	(to 30 June 2013)

Mr Richard Pettit
Mr Richard Pinckard
Mrs Samantha Prigmore
Dr Gary Ruiz

Senior Staff	Chief Executive	Dr Penny Woods
	Director of Fundraising & Communications	Clare Cox
	Director of Operations and Innovation	Steven Wibberley
	Director of Finance and Corporate Services & Company Secretary	Françoise Harris
	Head of BLF Scotland & N Ireland	Dr James Cant
	Head of BLF Wales	Chris Mulholland
	Head of Patient Services	Mike McKeivitt
	Head of Research	Ian Jarrold

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For the year ended 30 June 2013

Honorary Medical Directors	Professor Mark Britton Dr John Moore-Gillon Dr Keith Prowse Professor Warren Lenney Chris Fehrenbach	Honorary Paediatric Adviser Honorary Nurse Adviser
Bankers	HSBC plc Onslow Square Branch 1 Sydney Place London SW7 3NW	Bank of Scotland Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
Solicitors	Bates, Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH	
Investment managers	Schroder & Co Limited 31 Gresham Street London EC2V 7QA	
Auditors	Sayer Vincent Chartered accountants and statutory auditors 8 Angel Gate City Road London EC1V 2SJ	

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2013

The Board of Trustees presents its report and the audited financial statements for the year ended 30 June 2013.

British Lung Foundation (“BLF”) was established in 1985 by Professor Malcolm Green and a group of lung specialists from London’s Royal Brompton Hospital. BLF has grown from a very small organisation, principally concentrating on raising money for respiratory research, into one that can support anyone affected by lung disease and one that campaigns to raise awareness of lung disease whilst continuing to fund respiratory research.

Details of the charity’s strategies, significant achievements and plans for future periods are given in this Report, with further information to be found on the BLF website (www.blf.org.uk) and in The British Lung Foundation Annual Review (available from the BLF website or by post from the Registered Office).

Reference and administrative information set out on pages 1 and 2 forms part of this Report. The financial statements comply with current statutory requirements, the Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

Structure, governance & management

The British Lung Foundation was incorporated as a company limited by guarantee on 14 November 1984 and registered as a charity in England and Wales on 11 December 1984. The British Lung Foundation registered as a charity in Scotland on 4 July 2007.

Nature of governing document

The British Lung Foundation is a registered charity and a company limited by guarantee. The governing document is the Articles of Association which were updated in line with the Companies Act 2006 in November 2009. The Board of Trustees comprises the Directors of the company who are also the members of British Lung Foundation.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 30 June 2013 was 14 (2012:18).

Recruitment and appointment of Trustees

Trustees are recruited through national advertising, contacts of the current Board members, business contacts of the Charity and recruitment agencies. Potential Trustees are interviewed by the Governance Sub Committee. Trustees are appointed by the Board of Trustees for a period of three years at the Annual General Meeting. This appointment can be extended by a further three years after which, unless they are an Officer of the Board (Chair, Vice Chair or Treasurer) they must remain out of office for a year before further reappointment.

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Policies and procedures for induction and training of Trustees

A new Trustee's induction programme will be tailored to their role and specialist areas. They will be invited to attend the head office to meet relevant staff and to have induction meetings with senior management team members. The induction programme may also include historical information and committee minutes, governance, analysis of the corporate plan and management accounts. On appointment each Trustee completes a register of interests which is renewed annually.

Organisational structure and how decisions are made

The Trustees who have served during the year and those appointed before the date of this report are listed on page 1. No member of the Board or Committees receives any remuneration for their services. The Board met six times during the year.

Subcommittees report to the Board and comprise the Audit & Establishment Committee, the Scientific Committee, the Communications Committee, the Support Committee and the Governance Committee. They generally meet quarterly with the exception of the Scientific Committee where the full Committee meets twice a year and sub-panels from the Committee meet to make specific grant awards as many times as necessary (typically two or three times a year). The Governance Committee meets as required.

Audit & Establishment Committee

Sabah Zubaida (Treasurer) – Committee Chair
Lord Borwick
Peter Dolphin (BLF Chair)
Richard Pettit
Richard Pinckard
Professor Stephen Spiro (BLF Deputy Chair)

Communications Committee

David Gill – Committee Chair
Ralph Bernard

Governance Committee

Peter Dolphin (BLF Chair) – Committee Chair
Professor Stephen Spiro (BLF Deputy Chair)
Sabah Zubaida (Treasurer)
Lord Borwick
David Gill (Chair of Comms Committee)
Samantha Prigmore (Chair of Support Committee)

Scientific Committee

Professor Stephen Holgate – Committee Chair

Support Committee

Samantha Prigmore – Committee Chair

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For the year ended 30 June 2013

BLF Services Limited

BLF has a wholly owned subsidiary which developed and sold publications and awareness campaigns that support BLF's work. The Board of BLF Services Limited reports to BLF Board and during the year comprised five BLF Trustees and two independent directors:

Lord Borwick – Chair BLF Services
Sabah Zubaida - Treasurer BLF Services
Professor Duncan Empey
Richard Pinckard
Lorraine Clifton – Independent Director
Diane Hedges – Independent Director
Richard Chappell

During the year the Board of BLF Services considered the activities of the Company. It was concluded that whilst the performance of the company was good, administration costs could be reduced if its trade was transferred into BLF. Therefore it was resolved to transfer the trade of the Company to BLF on 30 June 2013. Accordingly the company ceased to trade on that date.

Connections to a wider network

British Lung Foundation is a member of the Association of Medical Research Charities and maintains close links to the British Thoracic Society and other thoracic societies. A number of Trustees sit on other respiratory health committees and the charity is involved in initiatives across the UK. BLF is a member of the Fundraising Standards Board.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the British Lung Foundation for the purposes of company law) are responsible for preparing the report of the Board of Trustees 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;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2013

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 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Objects of the British Lung Foundation

The objects are set out in the schedule to the Articles of Association dated 25 November 2009.

"The Foundation is established for the relief of persons suffering from diseases of the lung, in particular by:

- The promotion of medical research into the prevention, treatment, alleviation and cure of the said diseases;
- The dissemination of the useful results of such research for the benefit of the public; and
- The promotion of post graduate training and the creation of fellowships in hospitals, medical centres and research institutes".

Charity's strategies and significant activities

In the UK, one person in five is affected by lung disease. BLF is here to help every one of them. We do three crucial things:

- We fund vital research, so that new treatments and cures can help to save lives.
- Lung disease can be frightening and debilitating. We offer hope and support at every step so that no one has to face it alone.
- We want to prevent lung disease in the first place, so we promote greater understanding of it and we campaign for positive change in the nation's lung health.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2013

Research

We invested £1,036k in new research grants in 2012/13 to fight diseases ranging from lung cancer to tuberculosis. Our grants included:

- £250k into major new research into the state of lung health in the UK. The Respiratory Health of the Nation project, run by Professor David Strachan and colleagues at the University of Nottingham, University of Edinburgh and Imperial College London, aims to develop a better understanding of lung health in the UK and how it compares to other western nations. Gaining a more detailed picture of our lung health will help us to create informed campaigns to raise awareness of respiratory disease in the UK, and help us to influence external organisations in funding more research into lung conditions.
- A total of £729k towards research projects focused on asbestos-related disease.
- Grants totalling £32k through our Burrow Hill Training Fund, which gives money for lung research related to the armed forces.

We also awarded 32 Travel Fellowships to young researchers working on lung health go to the European Respiratory Society and American Thoracic Society annual conferences. They learned about the latest in lung research from top experts, and presented their own research findings.

The prestige of our research work has been recognised, with the results from BLF-funded research appearing in world-class scientific journals including Proceedings of the National Academy of Sciences of the United States of America, the European Journal of Immunology and the European Respiratory Journal.

Prevention

Lung disease affects 1 in 5 people in the UK. That is more than 12 million individuals. Sadly, 110,000 of them die each year.

We are dedicated to reducing these numbers. We raise awareness about the causes and signs of lung disease and how to prevent it, as well as influencing decision-makers to use their power to ensure every person with lung disease in the UK gets the treatment and care they deserve.

We are always looking for ways to influence politicians, NHS bosses and other people who make decisions on the UK's health services. We make sure that our voice is heard, campaigning nationally and locally to improve treatment and care for people with lung disease.

This year:

- We focused our efforts on improving treatment for idiopathic pulmonary fibrosis (IPF), a chronic, progressive and incurable lung disease that kills over 4,000 people a year in the UK – around the same number as better-known conditions like leukaemia.

We held two events for people affected by IPF in Leeds and Warrington to give advice and information to people living with IPF. Ninety-seven per cent of people who came to the Leeds event said it was either 'excellent' or 'good' on their evaluation forms.

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- We followed these events with a round table seminar for clinical leaders, patients and carers where we discussed what they thought about IPF treatment and care. We are now putting together an IPF patient charter outlining a range of improvements that need to be made in the treatment and care of people with IPF.

Our work on IPF will continue in 2013-14, when we'll be producing more information for people affected by the condition, setting up support groups and campaigning for better services.

- Nothing influences decision-makers more strongly than hearing about the experiences of people with lung disease themselves. We give them training and support them to tell their stories where it matters. For example, in the Midlands, thanks to funding from The Big Lottery and West Midlands Strategic Health Authority Respiratory Board, we trained 16 "user representatives" on how to use their experience to influence the review and planning of services in their areas. In London and the South East we trained 27 people, and also published a handbook for user representatives – and another one for health care professionals about the best way to work with patients.

Obstructive sleep apnoea (OSA), a disorder which stops you breathing properly as you sleep, affects millions of people. Without treatment, it can lead to serious consequences, including heart disease, stroke and diabetes. Despite this, 80 per cent of people with the condition go undiagnosed.

This year:

- More than 35,000 people have now completed BLF's online Epworth Sleepiness Scale, to see if they had signs of OSA and should go to their GP. That's up from 24,500 last year.
- We launched our OSA Next Steps policy report at the House of Commons. It details how we want the government to help raise awareness of the condition and what improvements are needed in OSA treatment and care. We are also heavily involved in the Department of Health's OSA working group.
- We started what we hope will be the largest ever survey of people with OSA in the UK. We also completed a project to map sleep clinics in the UK and areas of the country with high potential OSA risk. We will use this information to plan the effective campaigns and to convince decision-makers that it's vital to tackle OSA.
- In County Durham, we worked with local sleep services and commissioners and they are now planning to set up a local OSA pathway outlining how the area is going to improve the way they look after people with OSA. We also ran four community events in the area offering information and free screening for OSA. We sent out information packs to local surgeries offering GPs an OSA training session. This guide is also on the BLF website, so GPs nationwide can use it.
- We developed a programme of training and events we can take into workplaces to raise awareness of OSA.

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We are working to protect people from **mesothelioma** and other asbestos related diseases. Asbestos is the biggest single cause of work-related deaths in this country. When disturbed and inhaled, asbestos fibres can cause the terminal cancer mesothelioma. Asbestos may now be illegal but according to estimates it is still present in more than 14 million homes.

We have also been campaigning hard for the government to dedicate more funding to research into mesothelioma and to find new treatments and cures. The new Mesothelioma Bill is passing through the House of Lords and is expected to become law in late 2013 or in 2014. The Bill mainly concerns compensation for people who have contracted mesothelioma, but we also campaigned for the legislation to provide money for research. We raised this issue in the House of Lords during the Bill's second reading, and continue to work with several peers to make this happen before the Bill becomes law.

BLF has continued to lead the fight against smoking. Despite huge efforts to stop people smoking, a quarter of adults in the UK are still smokers. Smoking, and inhaling second hand smoke, can lead to cancer, chronic obstructive pulmonary disease (COPD), heart disease. We are fighting to protect innocent children from the dangers of passive smoke in cars and to stop tobacco companies using clever marketing tricks to attract young people.

This year we continued to campaign to safeguard children from second-hand smoke. The massive impact of second-hand smoke on children in the UK each year includes 165,000 episodes of illness, 9,500 hospital admissions and 40 infant deaths. Children travelling in cars where someone's smoking are particularly at risk. Even with the window open or air conditioning on, smoking can produce concentrations of pollution that exceed World Health Organisation safe limits.

Since 2010, we have been campaigning hard to make smoking with children in the car illegal. We made good progress in the past year:

- Wales: due in part to our campaigning, the Welsh Assembly has already committed to considering legislation to protect children from smoke in cars if their three-year behaviour change campaign doesn't succeed.
- Scotland: in spring 2013, the Scottish government published its Tobacco Control Strategy, which promised to prioritise raising awareness of the damage second-hand smoke does in its public health advertising. The government will consider a law banning smoking in cars where children are present depending on how well this awareness campaign works. This comes on the back of other positive moves against smoking in Scotland, including banning cigarette vending machines and displays advertising tobacco at shop tills – all of which BLF campaigned for.
- Northern Ireland: the Northern Ireland Assembly published its Tobacco Control Strategy in early 2012, with lots of positive promises about dealing with second-hand smoke. We are now pushing the Assembly to set a date for a public consultation on introducing a law to ban smoking in cars with children. We're part of the steering group for this consultation.
- England: we had hoped that the Smoke free Private Vehicles Bill, banning smoking in cars with children, would continue its progress after Alex Cunningham MP took it to the Commons. Disappointingly, it officially lapsed at the end of the parliamentary session: defeated by scheduling rather than a debate and vote.

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- We continue to work hard to influence key decision-makers and have seen some progress including Prime Minister David Cameron's announcement that the government is still willing to consider a ban on smoking in cars when children are present and the Public Health Minister, Anna Soubry MP, made her support for a ban public. There were also indications that the government considered introducing a ban in the Queen's Speech in May 2013 and the Department for Health also ran a two-month Smoke Free Homes and Cars media campaign.

We have also campaigned to stop tobacco advertising. We want all cigarettes in the UK to be sold in standard, plain packaging. The Scottish government pledged to make this happen as part of its Tobacco Control Strategy. We continue to push Westminster to make plain packaging law and have gained more than 60 pieces of media coverage on this issue.

Asthma is the most common lung disease in the UK with over 5 million people affected. Our new asthma project aims to improve diagnosis and care by supporting health care professionals to improve their skills. The project is based on a successful programme the government in Finland ran for 10 years to improve asthma care. We have secured funding from the Department of Health, the Scottish government and a consortium of pharmaceutical companies for two pilots (in Grampian in Scotland, and Stoke and North Staffs in England). Over 100 GP practices will be involved in this project.

We are proud of our programmes to **test for signs of lung disease in the community**. We hold public lung testing events at community events and shopping centres, libraries and other public places. Our staff advise people if their results indicate that they might have lung disease and encourage them to go to their GP for a proper diagnosis and to get treatment before their condition reaches crisis point. In the long run this saves lives and saves the NHS money.

This year:

- We held 'Love your Lungs' events nationwide to spread the word about chronic obstructive pulmonary disease (COPD) and to test people for the condition. Often working with the NHS, we tested 1,386 people at public events, advising 23 per cent of them to visit their GP because they showed signs of lung disease.
- BLF was commissioned to deliver lung cancer awareness training to volunteers in Haringey, London. All attendees that completed a feedback form rated the training to be 'good' or 'excellent'. All said they had gained an understanding of the importance of good lung health and also confidence in identifying the signs and symptoms of lung cancer.

We campaign throughout the UK. We have staff based in Wales, Scotland, Northern Ireland and across England. They, with the support of our local Breathe Easy patient support groups, work hard to get the message out about how to prevent lung disease. They also influence the decision-makers in their area.

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This year:

- Breathe Easy Causeway, in Northern Ireland, marked No Smoking Day by visiting a local primary school to teach children about the dangers of smoking. They also launched a competition for children to design a poster which showed each part of the lungs and discouraged smoking.
- Working with Public Health Wales and Community Pharmacy Wales, we put information about lung disease and BLF in 82 per cent of community pharmacies across Wales. We launched this campaign at Boots in Cardiff, with entertainment from award-winning male choir Only Men Aloud. Lesley Griffiths, the then Minister for Health and Social Services and Professor Mark Drayford, then Chair of the Assembly's Health Committee, came along to offer their support.
- Also in Wales, we were disappointed not to see much about lung health in the Together for Health programme, Wales's five-year vision for the NHS, so we campaigned to persuade the Assembly to give lung disease higher priority. As a result the Respiratory Delivery Plan for Wales will now form part of Together for Health.
- Breathe Easy groups in our North region lobbied politicians to prioritise local respiratory health. Breathe Easy Rotherham put their points across to Anna Soubry, the Minister for Public Health, when she visited them in March 2013. Groups in the area also held 30 awareness-raising events for World COPD Day.

Support

We know how hard life can be with a lung condition and we can make life for patients easier in many different ways. We are there to help people by providing vital information and support to them, their family and friends.

Our **Helpline** offers a friendly voice at the end of the phone. Our team of respiratory nurses, welfare benefits advisers and counsellors offer free, confidential and impartial advice on everything from diagnosis and treatment to benefits and dealing with emotions. (Call 03000 030 555 Mon to Fri 9am to 5pm or email us at helpline@blf.org.uk. Calling our helpline is free from the vast majority of phones.)

This year:

- Our helpline received 12,200 calls and 2,300 emails.
- Our helpline staff answered 98 per cent of calls within six rings.
- Over half of our callers came back to the helpline for more support.

We have developed a huge selection of helpful leaflets, booklets and online information that help people with lung conditions, and their family and friends, learn about their disease and plan for the future. All our information is accredited by the Department of Health through its Information Standard scheme, so patients can be sure it is reliable and trustworthy.

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This year:

- We sent out more than 900,000 booklets, leaflets and factsheets to people on all sorts of lung health topics, helping them learn more about the condition that affects them.
- We know that lung disease doesn't just affect the person with the condition. It can change the lives of family and friends as they often provide some of their care. This year we focused on providing information for family, friends and carers and had an enormous 19,580 hits on the 'carers' section of our website, compared with just 3,750 last year. We have sent out more than 13,000 copies of our family, friends and carers booklet since we published it in 2011.
- As part of our campaign to tackle obstructive sleep apnoea (OSA), we produced a pack to help health care professionals and people with OSA learn about the best ways to manage the condition, from symptoms and diagnosis to how to live with OSA day-to-day.
- We continued to produce top-class information on how to manage chronic obstructive pulmonary disease (COPD) for health care professionals to give out to patients. In the last year we sold over 17,000 COPD self-management packs, 3,700 exercise handbooks, 10,000 complete packs (the self-management pack and exercise handbook together) and 5,000 COPD DVDs.
- The British Medical Association (BMA) recognised that our information is high quality, accessible for everyone and well written. Our information for families, friends and carers was highly commended at the BMA's Patient Information Awards. Our new online information about OSA in children, including a powerful video of a child having apnoeas, was also commended.
- We're always looking for new ways to make our information more accessible and easier to digest for everyone. Our regular webinars – online presentations from experts and posted on our website – let people get key information about their lung conditions easily. This year, our experts hosted webinars on mesothelioma, idiopathic pulmonary fibrosis and smoking with a lung condition, among many other topics.

We have Breathe Easy support groups all over the country where people affected by lung disease can meet other people affected in their community. Feeling isolated and alone is often a problem for people with lung disease and their families and friends. Simply having a chat with someone who understands what they are going through can make all the difference. It can make people feel less anxious, more in control and more positive about the future.

We also connect people through our web community, where people can chat on our forums, and through our penpals scheme.

This year:

- Membership of our web community has rapidly increased to 4,000 people. Our members averaged 520 new posts a month; they shared their stories, met other members and received the advice they needed. Our web community pages had 20,000 visitors each month, with the average reader staying for half an hour, showing they were finding lots of useful information there.
- At the end of July BLF had 1,395 Penpals.

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- Every year, our Breathe Easy groups nationwide campaign during Breathe Easy week to raise awareness of a particular lung condition, so people know the symptoms and how to get help. This year they did something a little different: they held events and tried to get publicity to raise awareness of Breathe Easy groups themselves to encourage people affected by lung disease to join and take advantage of the fantastic support they offer.

Exercise is really important for many people with lung disease. Just a little bit of movement can help them improve and manage their condition. We give people with lung disease lots of opportunities and specialist support to keep fit through our **BLF Active** programme. This includes supporting fitness instructors all over the country to lead classes for people with lung conditions.

This year:

- The 56 fitness instructors nationwide we have specially trained to provide classes for those with respiratory problems gave weekly classes to 1,585 people – improving their lung problems considerably.
- Our instructors are continuing their training so they can provide even better classes for people with lung disease. Forty-seven of our instructors did the new level four respiratory exercise qualification in the last year.
- In Glasgow, we took an innovative approach to get people with COPD exercising and improving their health. Working with Celtic FC and the NHS, our RESULTS programme held exercise and education sessions for people with early-stage COPD at Celtic Park stadium. Holding the sessions in an iconic sports venue helped get more attention and more people coming along.
- Our Breathe Easy group on the Isle of Wight was awarded £9,000 from their local Clinical Commissioning Group to develop BLF Active in rural areas of the island.

BLF nurses care for people with lung disease at home and in their communities so they can leave hospital earlier, or stay at home for their entire treatment. Working across the UK, they also go to awareness-raising events nationwide, helping us spread the word about lung disease so people can recognise the signs and get treated. Our nurses already work as respiratory specialists in hospitals and clinics. They become BLF nurses with our extra training and support.

This year:

- Seventeen new BLF nurses joined the team. We now have 110 nurses giving expert care to people with lung disease in their homes and communities. We recruited our first nine nurses in Northern Ireland, which means we now have BLF nurses in the four countries of the UK. We trained seven of our new nurses thanks to funding from charitable trusts.
- BLF nurses attended more than 100 awareness-raising events across the UK where they let people know about the signs of lung disease and what to do if they have symptoms.
- We improved the way we train our nurses, inviting local respiratory professionals to come along to training days for the first time to share their knowledge and build links with the nurses.

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Plans for the future

Our core priorities remain funding research to help find treatments and cures for lung disease, the prevention of lung disease and supporting those who have lung disease.

As part of these plans BLF reviewed its structure, particularly around its patient support model and support costs. As a result of these changes 19 staff were made redundant and the decision was made to close three regional offices and move the London team into one office.

We are developing a new research strategy and ensuring that we have the appropriate metrics in place for evaluating all research projects.

Continuing to build our profile is essential if we are to increase our income. We will continue to effectively campaign for positive changes in health policy and provision and raise awareness of lung disease (especially our key messages around prevention, diagnosis and care) amongst a diverse range of audiences from policy makers and clinicians to patients and carers.

We have strong relationships with key influencers and commissioners across all four UK nations. We will use this to continue to lobby and campaign on behalf of people affected by lung disease including continuing our work on tobacco control and harm reduction and pressing the government to dedicate more funding to research into mesothelioma. In September 2013 we will launch a new "Take 5" campaign to raise awareness amongst the building trade of the risks of working with asbestos.

We will improve our support to people with lung disease by continuing to develop the helpline and web community. We will press for funding to expand our Breathe Easy support network with all new groups following our successful Integrated model whereby groups become fully integrated into the local respiratory care pathway for patients.

We aim to increase our support for people affected by Idiopathic Pulmonary Fibrosis (IPF). Our programme includes running events throughout the country and ensuring that all newly diagnosed patients have access to the information they need by developing an information pack.

Our *Love Your Lungs* campaigns have successfully increased awareness of COPD and we have a programme to expand these events across the next year. Our BLF active programme is very popular, but we will review it and re-launch the programme to maximise benefits to patients.

Underpinning these activities is our core infrastructure. We are investing in IT systems (mainly our supporter database) to help us provide focussed information and to streamline our processes.

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Report of the Board of Trustees

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Grant making policy

The charity invites applications for lung research projects by advertising in medical journals, on its website and via news bulletins issued by related organisations (such as the British Thoracic Society), as appropriate. Applicants are invited to submit their proposals which are reviewed by the Scientific Committee, by external peer reviewers and by lay members of the Board of Trustees. These evaluations are used as a basis for discussion by the Scientific Committee who then rank the applications in order of scientific merit and benefit to people with lung disease. Funding is granted to the top ranking grants taking into account the research priorities of the British Lung Foundation and the funding available.

Submission deadlines for applications in the forthcoming grant round in 2013/14 will be confirmed in due course.

Volunteers

Our volunteers are absolutely indispensable to our work. Whether they are helping at one of our fundraising events or supporting us with their skills in the office, we could not survive without them.

In return, we always try and give them a great experience and skills they can use in the future.

This year, there were on average 27 volunteers in BLF's offices at any one time, contributing 250 hours each week to combatting lung disease. Over 100 volunteers turned out to cheer our runners at the London Marathon, including a full squad of cheerleaders who put on an incredible display and 10 volunteer photographers who helped record the day.

Public benefit statement

The British Lung Foundation exists to help people living with lung disease. It does this by raising money from individuals, companies and trusts and uses the money it raises to provide services to the public and fund scientific research. The scientific research undertaken is to find better treatments and cures for people with lung disease.

The services provided for people with lung disease and their families take the form of information through a variety of media: support through self-help groups called Breathe Easy, its rapidly growing web community, BLF Nurses and BLF Active. The British Lung Foundation campaigns for change to improve lung health in the UK and publicises research projects to ensure that the knowledge gained in them is widely disseminated.

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The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning BLF's future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Financial review

Results for the year

The income for the year of £6,131k was broadly comparable with income of £6,376k in 2012. Total expenditure was £7,153k, a small decrease compared with expenditure of £7,311k in 2012.

After unrealised investment gains, the deficit for the year amounted to £733k compared with a £999k deficit in 2012.

At 30 June 2013 BLF had total unrestricted funds of £2,632k (2012: £2,436k) of which £1,162k is undesignated (£1,009k). The group's funds restricted for future specific purposes amounted to £1,396k (2012: £2,439k) and the endowment funds increased from £1,693k in 2012 to £1,808k at 30 June 2013. The group's cash balances including short term deposits, at 30 June 2013 amounted to £2,506k a reduction of £235k over the year.

Fundraising performance

Voluntary income increased from £1,961k in 2012 to £3,293k in 2013 mainly due to two individual legacies together totalling £1,592k. We continue to have a strong legacy "pipeline".

Other activities for generating funds dropped from £3,212k in 2012 to £1,828k. In 2012 BLF received the last of three annual donations of £1m donated by four insurance companies, overseen by the Association of British Insurers (ABI) to fund raising awareness of, and research into, mesothelioma.

We continue to carefully manage our costs, but we also realise that we must invest prudently in fundraising operations to ensure future income streams. In 2013 we invested 26p in fundraising costs for every £1 raised (2012: 25p).

Charitable expenditure

The group's charitable expenditure includes research grants, research department costs, activities in relation to Breathe Easy and patient support, campaigning and awareness raising, public education and literature. Total charitable expenditure was £5,764k (2012: £5,962k). Increased spending on campaigning and public education was offset by reductions in research grants made and associated costs. Charitable expenditure represented 81% of our total expenditure (2012: 82%).

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2013

Reserves policy

The Trustees' reserves policy is to hold current unrestricted reserves at between 3 to 6 months' forecast unrestricted expenditure. Current unrestricted reserves excludes fixed assets (which are not readily convertible to cash) and long term liabilities. Based on current forecasts this policy requires current unrestricted funds to be in the range £1.4m to £2.7m. This is a risk based assessment looking at BLF's future financial commitments.

At 30 June 2013 current unrestricted reserves totalled £1,521k (2012: £1,277k).

Investment policy, performance and ethical policy

BLF investment portfolio, comprising the GSK Endowment, the Burrow Hill Training Fund and the Leeds Trust, continues to be managed by Schroders on a discretionary basis. Schroders report regularly on the performance of the portfolio to the Treasurer and to the Audit Establishment Committee.

The investment strategy is to achieve a balance between generating sufficient income to support the on-going activities of BLF, and for the GSK endowment to fund the GSK BLF Chair, whilst maintaining the real capital value of the investments over the long term. The Trustees adopt a balanced investment strategy with a medium risk tolerance. The portfolio is primarily invested in equities and fixed interest products with diversification through exposure to alternative asset classes such as property. Cash deposits are managed directly by the Audit & Establishment Committee and deposits are made with UK institutions which have good credit ratings.

Schroders Charity Equity Fund performance measured by the WM Common Investment Fund shows it was outperforming all other UK Equity funds for the 12 months ending 30/03/2013. However the Schroders Charity Fixed Interest Fund generated a 12 month return to 30/03/2013 in the bottom quartile of all similar gilt & fixed interest funds.

BLF does not invest in companies that are associated with tobacco or tobacco related products.

Risk

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to evaluate and manage these risks. Our risk register is reviewed regularly by the charity's Trustees and by the Audit & Establishment Committee.

The principal risks and uncertainties facing BLF are common among medical charities. Fundraising in the current UK economy remains challenging. Increasingly grants are made with restrictions on how the income can be applied which means that there is no contribution to cover the overheads needed to support the projects. The NHS remains in a period of change and the effects of the Quality, Innovation, Productivity and Prevention (QIPP) savings are still unclear. Both of these factors will have an impact on people with lung disease and organisations like BLF that support them.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2013

Auditors

A resolution to re-appoint Sayer Vincent as the charity's auditors will be proposed at the annual general meeting.

Approved by the Board of Trustees on 17 October 2013 and signed on its behalf by

Françoise Harris - Company Secretary

Independent auditors' report

To the Trustees and members of

British Lung Foundation

We have audited the financial statements of British Lung Foundation for the year ended 30 June 2013 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable parent company's members and Trustees 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 the charitable company's members and Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of the Trustees' Responsibilities set out in the report of the Board of Trustees, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2013 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent auditors' report

To the Trustees and members of

British Lung Foundation

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Helen Elliott (Senior statutory auditor)

17 October 2013

for and on behalf of Sayer Vincent, Statutory Auditors

8 Angel Gate, City Road, LONDON EC1V 2SJ

Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

British Lung Foundation

Consolidated Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 30 June 2013

	Note	Unrestricted £	Restricted £	2013 Total £	2012 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	3,183,266	109,699	3,292,965	1,961,161
Activities for generating funds	3	1,639,864	188,392	1,828,256	3,211,706
Investment income	4	50,628	89,973	140,601	173,485
<i>Incoming resources from charitable activities</i>					
Activities in relation to Breathe Easy and patient support		588,762	71,132	659,894	789,690
Public education and literature		-	-	-	4,103
Service delivery		186,802	-	186,802	233,781
<i>Other incoming resources</i>		<u>22,053</u>	<u>-</u>	<u>22,053</u>	<u>1,753</u>
Total incoming resources		<u>5,671,375</u>	<u>459,196</u>	<u>6,130,571</u>	<u>6,375,679</u>
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating funds		1,321,683	25,665	1,347,348	1,288,977
<i>Charitable activities</i>					
Research grants & costs		135,975	1,168,753	1,304,728	1,575,998
Activities in relation to Breathe Easy and patient support		2,436,659	362,449	2,799,108	2,857,973
Campaigning and awareness raising		692,733	21,478	714,211	582,146
Public education and literature		661,976	41,068	703,044	672,811
Service delivery		237,968	5,133	243,101	272,800
<i>Governance costs</i>		<u>44,142</u>	<u>205</u>	<u>44,347</u>	<u>60,680</u>
Total resources expended	5	<u>5,531,136</u>	<u>1,624,751</u>	<u>7,155,887</u>	<u>7,311,385</u>
Net incoming/(outgoing) resources before other recognised gains and losses					
		140,239	(1,165,555)	(1,025,316)	(935,706)
Gross transfers between funds	16	5,015	(5,015)	-	-
Realised losses on investment assets		<u>(263)</u>	<u>(690)</u>	<u>(953)</u>	<u>(9,698)</u>
Net incoming/(outgoing) resources after realised gains		<u>144,991</u>	<u>(1,171,260)</u>	<u>(1,026,269)</u>	<u>(945,404)</u>
Unrealised gains/(losses) on investment assets		<u>53,801</u>	<u>237,008</u>	<u>290,809</u>	<u>(53,376)</u>
Net movement in funds		<u>198,792</u>	<u>(934,252)</u>	<u>(735,460)</u>	<u>(998,780)</u>
Reconciliation of funds					
Total funds brought forward		<u>2,436,284</u>	<u>4,132,198</u>	<u>6,568,482</u>	<u>7,567,262</u>
Total funds carried forward		<u><u>2,635,076</u></u>	<u><u>3,197,946</u></u>	<u><u>5,833,022</u></u>	<u><u>6,568,482</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed above and in note 16 to the financial statements.

The restricted fund balances brought forward and carried forward include £1,692,857 and £1,807,768 respectively which relate to the GSK/BLF endowment fund. There were no new endowments in this period and the only change to the fund is investment income of £66,157, unrealised gains of £209,923 expenditure on the GSK/BLF Professor at Nottingham University of £68,045 and investment and management fees of £93,123.

British Lung Foundation

Balance sheets

As at 30 June 2013

	Note	The Group		The Charity	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Tangible fixed assets	10	1,113,739	1,158,885	1,113,739	1,158,885
Investments	11	4,953,028	5,556,430	4,953,028	5,556,430
		6,066,767	6,715,315	6,066,767	6,715,315
Current assets					
Debtors	13	1,544,650	699,601	1,544,650	692,099
Short term deposits		1,562,860	1,923,686	1,562,860	1,866,462
Cash at bank and in hand		941,441	816,457	941,441	803,783
		4,048,951	3,439,744	4,048,951	3,362,344
Liabilities					
Creditors: amounts due within one year	14	1,072,929	891,043	1,072,929	813,643
Research grants	6	1,783,571	1,167,343	1,783,571	1,167,343
		2,856,500	2,058,386	2,856,500	1,980,986
Net current assets		1,192,451	1,381,358	1,192,451	1,381,358
Total assets less current liabilities		7,259,218	8,096,673	7,259,218	8,096,673
Creditors due after more than one year:					
Research grants	6	1,426,196	1,528,191	1,426,196	1,528,191
Net assets	15	5,833,022	6,568,482	5,833,022	6,568,482
Funds					
Restricted funds					
Restricted funds		1,390,178	2,439,341	1,390,178	2,439,341
Endowment funds		1,807,768	1,692,857	1,807,768	1,692,857
		3,197,946	4,132,198	3,197,946	4,132,198
Unrestricted funds					
General funds		1,165,333	1,008,725	1,165,333	1,008,725
Designated funds		1,469,743	1,427,559	1,469,743	1,427,559
		2,635,076	2,436,284	2,635,076	2,436,284
Total charity funds	16	5,833,022	6,568,482	5,833,022	6,568,482

Approved by the Trustees on 17 October 2013 and signed on their behalf by

Peter Dolphin
Chairman of the Board of Trustees

British Lung Foundation

Consolidated Cash Flow Statement

For the year ended 30 June 2013

	Notes	2013 £	2012 £
Net cash flow from operating activities	(a)	(1,104,479)	(442,128)
Capital expenditure and financial investment			
Proceeds on disposal of investments		1,071,798	1,368,200
Investments in the year at historic cost		(178,540)	(143,104)
Expenditure on fixed assets		(24,621)	(89,740)
Net cash (outflow) / inflow	(b)	<u>(235,842)</u>	<u>693,228</u>

Notes to the cash flow statement

a) Reconciliation of incoming resources to net cash flow from operating activities

Net (outgoing)/incoming resources for the year	(1,025,316)	(935,706)
Increase in debtors	(845,049)	(203,322)
Increase in creditors	696,119	620,686
Depreciation	69,767	76,214
Net cash flow from operating activities	<u>(1,104,479)</u>	<u>(442,128)</u>

b) Analysis of changes in net funds

	At 1 July 2011 £	Cash flows £	At 1 July 2012 £	Cash flows £	At 30 June 2013 £
Deposit account	1,210,870	712,816	1,923,686	(360,826)	1,562,860
Cash in hand and at bank	836,045	(19,588)	816,457	124,984	941,441
	<u>2,046,915</u>	<u>693,228</u>	<u>2,740,143</u>	<u>(235,842)</u>	<u>2,504,301</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable UK accounting standards and the Companies Act 2006. They comply with the 2005 Statement of Recommended Practice for Accounting and Reporting by Charities.

b) Consolidation

The financial statements consolidate the results of BLF Services Limited, a wholly owned subsidiary, on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements.

The 259 (2012: 255) Breathe Easy groups are treated as branches and the income, expenditure and bank balances of 247 groups (2012: 232) are included in the financial statements. There are six regional offices and their transactions and bank balances are included. There are no other material assets and liabilities at regional offices or Breathe Easy groups.

c) Voluntary income

Voluntary income, which includes membership income, is included in the Statement of Financial Activities when receivable. Donated services and gifts in kind are included at values agreed with the donors. Legacies are included when there is reasonable certainty of amount and timing of receipt.

d) Grants receivable

Revenue grants are credited to the Statement of Financial Activities (SOFA) when receivable, unless they relate to a specific future period when they are deferred to that period.

e) Events and sale of goods and services

Income relating to events is included in the year in which the event takes place, with the exception of sponsorship income received from individuals which is accounted for on a cash received basis. Sales of goods are included on a net invoiced basis. All figures are included net of VAT.

Contract income from services is recognised in the financial statements when earned.

f) Allocation of costs

The support costs have been allocated to activities in the ratio of head count

	Staff No.	%
Costs of generating voluntary income	15	19.7
Research grants & costs	2	2.6
Activities in relation to Breathe Easy and patient support	37	48.6
Campaigning and awareness raising	12	15.8
Public education and literature	7	9.2
Service delivery	3	3.9

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

1. Accounting policies (continued)

g) Research grants

Grants awarded are charged to the Statement of Financial Activities in the year in which they are awarded. Those grants which are payable in future periods are included in creditors as set out in note 6.

h) Resources expended

Resources expended are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered.

i) Costs of generating funds

The costs of generating funds relate to the costs incurred by the group and charitable company in raising funds for its charitable work.

j) Costs of charitable activities

The costs of each category of charitable activity are the costs directly attributable to that activity and allocated central costs.

k) Governance costs

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal and audit fees and the costs of meetings.

l) Depreciation

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Long leasehold property and improvements	50 years
Office furniture and equipment	5 years
IT equipment	3 years
Computer software	5 years

Items of equipment are capitalised where the purchase price exceeds £5,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

m) Investments

Investments are included in the financial statements at market value. Any gains and losses are included in the Statement of Financial Activities.

n) Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.

o) Unrestricted funds

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

1. Accounting policies (continued)

p) Designated funds

Designated funds are unrestricted funds set aside at the discretion of the Trustees for particular purposes.

q) Endowment funds

Endowment funds are held by the charity and managed according to the terms of the trust.

r) Transfers between funds

At times the charity receives funds for research grants already awarded. These are treated as restricted income. Where funds become available to cover previously awarded research grants, they are shown by way of a transfer between funds within note 6, research grants.

s) Defined contribution pension

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

t) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA in the year in which they fall due.

2. Voluntary income

	Unrestricted £	Restricted £	2013 Total £	2012 Total £
Legacies	2,541,782	40,439	2,582,221	1,300,464
In memoriam	641,484	69,260	710,744	660,697
Total	<u>3,183,266</u>	<u>109,699</u>	<u>3,292,965</u>	<u>1,961,161</u>

3. Activities for generating funds

	Unrestricted £	Restricted £	2013 Total £	2012 Total £
Companies	422,532	250	422,782	1,490,239
Trusts and grants	28,553	133,623	162,176	324,645
Individuals	612,578	19,391	631,969	873,615
Events	576,201	35,128	611,329	523,207
	<u>1,639,864</u>	<u>188,392</u>	<u>1,828,256</u>	<u>3,211,706</u>

4. Investment income

	Unrestricted £	Restricted £	2013 Total £	2012 Total £
UK listed investments	47,260	89,973	137,233	170,154
Bank interest	3,368	-	3,368	3,331
	<u>50,628</u>	<u>89,973</u>	<u>140,601</u>	<u>173,485</u>

British Lung Fundation

Notes to the financial statements

For the year ended 30 June 2013

5. Total resources expended

	Grants £	Direct costs £	Support costs allocated £	Total 2013 £	Total 2012 £
Cost of generating funds	-	1,035,841	311,507	1,347,348	1,288,977
Charitable activities					
Research	988,923	274,271	41,534	1,304,728	1,575,998
Activities in relation to BE & patient support	-	2,030,727	768,381	2,799,108	2,857,973
Campaign & awareness raising	-	465,007	249,204	714,211	582,146
Public education & literature	-	557,675	145,369	703,044	672,811
Service delivery	-	186,601	56,500	243,101	272,800
Governance	-	41,855	2,492	44,347	60,680
	<u>988,923</u>	<u>4,591,977</u>	<u>1,574,987</u>	<u>7,155,887</u>	<u>7,311,385</u>

Analysis of allocated support costs

	Staff costs £	Finance £	IT support £	Office costs £	Total 2013 £	Total 2012 £
Cost of generating funds	167,017	69,137	37,844	37,509	311,507	366,635
Charitable activities						
Research	22,269	9,218	5,046	5,001	41,534	23,059
Activities in relation to BE & patient support	411,974	170,537	93,349	92,521	768,381	777,775
Campaign & awareness raising	133,613	55,309	30,275	30,007	249,204	235,200
Public education & literature	77,941	32,264	17,661	17,504	145,369	157,953
Service delivery	33,403	13,827	7,569	1,701	56,500	88,315
Governance	1,336	553	303	300	2,492	9,224
	<u>847,553</u>	<u>350,845</u>	<u>192,047</u>	<u>184,543</u>	<u>1,574,987</u>	<u>1,658,161</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

6. Research grants

	Unrestricted £	Restricted £	2013 £	2012 £
Balance at start of year	-	2,695,534	2,695,534	2,337,807
Awarded in the year:				
Projects and research fellowships (note 17)	-	1,036	1,036,012	1,414,611
Unused awards written back	-	(47,089)	(47,089)	(61,098)
Charge to SOFA (note 5)	-	988,923	988,923	1,353,513
Paid in year	-	(474,690)	(474,690)	(995,786)
Balance at end of year	-	<u>3,209,767</u>	<u>3,209,767</u>	<u>2,695,534</u>
Falling due within one year	-	1,783,571	1,783,571	1,167,343
Falling due after more than one year	-	1,426,196	1,426,196	1,528,191

7. Net outgoing resources for the year

This is stated after charging:

	2013 £	2012 £
Depreciation	69,767	76,214
Trustees' indemnity insurance	3,000	4,006
Trustees' expenses	1,383	2,351
Auditors' remuneration:		
▪ Audit	19,300	18,700
▪ Other services	4,500	3,700
Operating lease rentals:		
▪ property	83,839	95,548
▪ other	15,069	20,092

Expenses were paid in relation to 2 (2012 - 5) Trustees in the year for travel and subsistence costs incurred. None of the Trustees received any remuneration during the year.

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

8. Staff costs and numbers

Staff costs were as follows:

	2013 £	2012 £
Salaries and wages	3,010,935	2,551,725
Social security costs	285,674	266,285
Pension contributions	104,581	130,511
	<u>3,401,190</u>	<u>2,948,521</u>

Two employees earned between £60,000 - £70,000 (2012: Nil)
 One employee earned between £70,001 - £80,000 (2012: Three)
 One employee earned between £80,001 - £90,000 (2012: One)
 One employee earned between £90,001 - £100,000 (2012: One)

Pension contributions for these employees amounted to £25,111 (2012: £38,380).

Note: Salaries costs include redundancy payments of: £244,253

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2013 No.	2012 No.
Costs of generating voluntary income	15	16
Research grants & costs	2	1
Activities in relation to Breathe Easy and patient support	37	34
Campaigning and awareness raising	12	10
Public education and literature	7	7
Service delivery	3	4
Support	11	13
	<u>87</u>	<u>85</u>

9. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary BLF Services Ltd gift aids available profits to the charity.

10. Tangible fixed assets

The Group and Charity

	Long leasehold property £	Office furniture & equipment £	Computer software £	Total £
Cost				
At the start of the year	1,279,690	54,448	350,098	1,684,236
Additions in year	-	15,053	9,568	24,621
At the end of the year	<u>1,279,690</u>	<u>69,501</u>	<u>359,666</u>	<u>1,708,857</u>
Depreciation				
At the start of the year	228,652	27,954	268,745	525,351
Charge for the year	25,594	13,255	30,918	69,767
At the end of the year	<u>254,246</u>	<u>41,209</u>	<u>299,663</u>	<u>595,118</u>
Net book value				
At the end of the year	<u>1,025,444</u>	<u>28,292</u>	<u>60,003</u>	<u>1,113,739</u>
At the start of the year	<u>1,051,038</u>	<u>26,494</u>	<u>81,353</u>	<u>1,158,885</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

11. Investments

	The Group		The Charity	
	2013 £	2012 £	2013 £	2012 £
Market value at the start of the year	5,556,430	6,844,600	5,556,430	6,844,600
Additions at historic cost	178,540	143,104	178,540	143,104
Proceeds on disposal of investments	(1,071,798)	(1,368,200)	(1,071,798)	(1,368,200)
Market Value of shares transferred from Burrow Hill Training Fund	-	-	-	-
Realised loss	(953)	(9,698)	(953)	(9,698)
Unrealised (losses)/gains	290,809	(53,376)	290,809	(53,376)
Market value at the end of the year	4,953,028	5,556,430	4,953,028	5,556,430
Historic cost at the year end	4,941,393	5,835,603	4,941,393	5,835,603

Investments comprise:

	The Group		The Charity	
	2013 £	2012 £	2013 £	2012 £
UK Common investment funds	4,953,028	5,556,430	4,953,029	5,556,430

	The Group		The Charity	
	2013 £	2012 £	2013 £	2012 £
M&G Charifund	439,010	362,108	439,010	362,108
Schroder Charity Equity Fund	727,297	595,437	727,297	595,437
Cazenove Growth Trust	446,455	378,512	446,455	378,512
Schroder Charity Fixed Interest	344,513	366,330	344,513	366,330
Schroder Charishare	57,797	51,348	57,797	51,348
Charishare Non Tobacco Fund*	338,550	300,777	338,550	300,777
Property	257,624	250,461	257,624	250,461
Cash	272,181	244,742	272,181	244,742
Nationwide	720,668	700,599	720,668	700,599
Scottish Widows	28,411	1,086,116	28,411	1,086,116
Lloyds TSB Offshore	1,320,523	1,220,000	1,320,523	1,220,000

* i.e. no investment in tobacco

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2013

12. Subsidiary Undertaking

The charitable company owns the whole of the issued ordinary share capital of BLF Services Limited, a company registered in England. Until 30 June 2013 the subsidiary was used for primary purpose trading activities. Since 1 July 2013 the subsidiary has been dormant. All activities have been consolidated on a line by line basis.

	2013 £	2012 £
Turnover	186,522	227,763
Interest receivable	<u>280</u>	<u>695</u>
Total income	186,802	228,458
Expenditure		
Administrative expenses	<u>186,600</u>	<u>216,485</u>
	<u>186,600</u>	<u>216,485</u>
Operating profit	202	11,973
Gift Aid payment	<u>(202)</u>	<u>(11,973)</u>
Retained profit for the year	<u><u>-</u></u>	<u><u>-</u></u>

The Balance Sheet comprised:

Current assets	2	170,059
Current liabilities		(155,057)
Creditors falling due after more than one year	<u>-</u>	<u>(15,000)</u>
	<u><u>2</u></u>	<u><u>2</u></u>

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

13. Debtors

	The Group		The Charity	
	2013 £	2012 £	2013 £	2012 £
Debtors and prepayments	1,544,650	699,601	1,544,650	606,943
Amount due from subsidiary				
Current account	-	-	-	70,156
Loan	-	-	-	15,000
	1,544,650	699,601	1,544,650	692,099

14. Creditors: amounts due within one year

	The Group		The Charity	
	2013 £	2012 £	2013 £	2012 £
Sundry creditors	481,935	361,062	481,935	346,778
Amounts due to subsidiary	-	-	-	7,448
Accruals	292,719	361,410	292,719	352,196
Deferred income	298,275	168,571	298,275	107,221
	1,072,929	891,043	1,072,929	813,643

15. Analysis of group net assets between funds

	Tangible	Investments	Other net	Net assets at
	fixed assets		assets/ liabilities	
	£	£	£	year
				£
Restricted funds				
Restricted funds	-	1,086,021	304,157	1,390,178
Endowment fund	-	1,807,768	-	1,807,768
Total restricted funds	-	2,893,789	304,157	3,197,946
Unrestricted funds				
General funds	1,113,739	597,947	(546,353)	1,165,333
Designated funds	-	1,461,292	8,451	1,469,743
Total unrestricted funds	1,113,739	2,059,239	(537,902)	2,635,076
Total funds	1,113,739	4,953,028	(233,745)	5,833,022

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

16. Movements in funds

	At the start of the year £	Incoming resources and gains £	Outgoing resources and losses £	Transfers	At the end of the year £
Restricted funds:					
Burrow Hill Training Fund	427,071	39,593	(55,782)	-	410,882
Respiratory Health of Nation	264,843	-	(263,200)	(1,643)	-
Leeds Trust	3,046	-	(3,046)	-	-
Tuberculosis Fund	-	-	7,767	-	7,767
Legacies	1,000	-	(1,000)	-	-
Astra Zeneca BLF Nurse Wales	16,933	-	(858)	-	16,075
Scottish Executive	71,000	10,000	(16,000)	-	65,000
Kings Fund Nurse	46,833	-	(31,096)	-	15,737
Building Patient Impact	1,676	1,500	(3,176)	-	-
Mesothelioma project	1,269,553	10,061	(837,451)	-	442,163
Scottish Government COPD					
Awareness events	50,405	-	(50,405)	-	-
Big Lottery Fund (East Midlands)	-	23,219	(8,839)	-	14,380
Big Lottery Fund (Supporting Change & Impact)	9,998	-	(9,998)	-	-
Mick Knighton Mesothelioma Research Fund	500	446	(946)	-	-
Peacock Charitable Trust	-	20,000	(20,000)	-	-
NHS Grampian	32,156	-	(27,141)	(5,015)	-
Department of Health	-	45,258	(36,641)	-	8,617
Breathe Easy Funds	38,298	45,121	(42,845)	-	40,574
Research Funds	189,858	157,532	8,381	1,643	357,414
Other funds	16,171	66,148	(70,750)	-	11,569
Total restricted funds	2,439,341	418,878	(1,463,026)	(5,015)	1,390,178
Endowment Funds (Glaxo Endowment Fund)	1,692,857	277,327	(162,416)	-	1,807,768
Total restricted and endowment funds	4,132,198	696,205	(1,625,442)	(5,015)	3,197,946
Unrestricted funds:					
Designated funds:	1,427,559	42,216	(32)	-	1,469,743
General funds	1,008,725	5,811,081	(5,659,488)	5,015	1,165,333
Total unrestricted funds	2,436,284	5,853,297	(5,659,520)	5,015	2,635,076
Total funds	6,568,482	6,549,502	(7,284,962)	-	5,833,022

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

16. Movements in funds (continued)

Transfers between funds

A transfer of funds of £5,015 has been made from restricted to unrestricted funds in relation to NHS Grampian which had been incorrectly treated as unrestricted expenditure in 2011/12.

Purposes of restricted funds

The charity's funds comprise amounts restricted to specific activities and not yet spent.

Burrow Hill Training Fund

This fund is used to relieve sickness and financial hardship amongst people who are suffering from any disease of the chest or related illnesses with a preference for ex-members of the Armed Forces of the Crown and their dependents. Grants worth £32,500 have been awarded from this fund in 2012/13.

Respiratory Health of Nation

The Respiratory Health of the Nation Project features a BLF research award to support a collaborative respiratory epidemiology consortium to provide a review of information regarding respiratory health and disease in the UK, that ideally would include but not be limited to assessment of normal values for lung function in individuals from different ethnic backgrounds and prevalence of lung diseases in different ethnic groups in the UK, analysis of the association of lung function with mortality in non-smokers, smokers and ex-smokers, provision of information on hospital admissions of individuals with rare lung diseases, costs due to specific lung diseases and assessment of and evidence for the 'Respiratory Health of the UK' including split and comparison of UK nations.

Leeds Trust

This fund is to aid and promote study and research in hospitals in the Leeds Metropolitan District into respiratory and heart disease.

Tuberculosis Fund

This fund is used to disseminate public information and to fund research into tuberculosis. The balance refers to written back grant from Dr Ajit Lalvani not used by June 2013.

Legacies

This legacy was given to support the Telford Breathe Easy group.

Astrazeneca BLF Nurse Wales

To pay for the post of BLF Nurses in Wales.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

16. Movements in funds (continued)

Purposes of restricted funds (continued)

Scottish Executive

Funds have been received from Scottish Government for the following:

- Project with the British Heart Foundation (BHF) and Chest, Heart & Stroke Scotland (£65,000). This funding was provided by the Scottish Government to the 3 charities to investigate the existing provision of post-rehab maintenance across Scotland. It should identify both good practice and barriers to engagement and during the course of the 18 month study and provide examples of effective service provision that can be applied on a Scotland-wide basis. This would be available throughout the UK as a whole via the BLF (and likely BHF). The BLF component of the project is focused on the research and these funds will principally be used to scope and out-source the study to a suitably-qualified research expert.
- Fund Scotland Communications officer (£10,000) - This was secured from the Scottish Government's Section 64 fund designed to support core and programme costs within third sector organisations. It was nominally assigned within the bid towards the creation of the new Communications post for Scotland and NI which came into place in May 2012.

The brought forward balance includes funding received from Scottish Government to:

- support Respiratory Managed Clinical Networks; and
- support staff time and resources required to support creation and delivery of engagement programme for people with early-stage COPD in hard-to-reach communities.

Kings Fund Nurse

This fund pays for the the palliative care nurse post in Wandsworth

Building Patient Impact

This fund was given by the Department of Health towards user representation work. Project finished during 2012/13.

Mesothelioma project

Funding was received from four insurance companies towards research and awareness raising of asbestos related diseases, in particular Mesothelioma. Grants during the year 2012/13 amounts to £729,088

Scottish Government COPD Awareness Events

This project is funded by the Scottish Government to run a series of Awareness Days in Scotland mainly to raise the profile of COPD and to find undiagnosed people with COPD.

Big Lottery Fund (East Midlands)

Funding was received from the BIG Lottery Fund to appoint a full time Development Officer in our East Midlands office to help us reach more local people with debilitating lung disease and their carers. The project focused on targeted communities where there is a high prevalence of COPD by developing volunteer networks and expanding our *Breathe Easy* peer support model.

Big Lottery Fund (Supporting Change & Impact)

The Big Lottery Fund also awarded us a grant of £9,998 from the Supporting Change & Impact fund to expand our West Midlands volunteers' project. The grant will enable us to provide additional training to our volunteers in the West Midlands to help them participate in new and existing local health forums. The grant will also enable us to thoroughly evaluate the project and share our learning with other organisations.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

16. Movements in funds (continued)

Purposes of restricted funds (continued)

Mick Knighton Mesothelioma Research Fund (MKMRF)

Funds were given to the BLF to for Mesothelioma research for the establishment of the UK's first mesothelioma tissue bank.

Peacock Charitable Trust

The Peacock Charitable Trust Fund made a grant of £20,000 to support and develop our network of *Breathe Easy* peer support groups.

NHS Grampian

Funds received from NHS Grampian/LTCAS have been used towards the Remote Pulmonary Rehabilitation in Scotland.

Department of Health - Volunteering project

This is a project to be delivered in the NHS Midlands and East region. The name is Department of Health Volunteering and the project consists of working with Healthcare Professionals to integrate our *Breathe Easy* groups into the local respiratory care pathway.

Breathe Easy Funds

These are funds from *Breathe easy* groups and from various trusts and foundations to support our *Breathe Easy* network and other support services.

Research Funds

Funding from various trusts and foundations to support research.

Other funds

Other funds include Glaxo annual supplement, funds for supporting BLF Nurses, Helpline, Lewisham Hospital Research expenditure, COPD Project, Lung improvement & awareness.

Glaxo Endowment Fund

This endowment fund is for the GlaxoSmithKline BLF Chair. This is currently awarded to Professor Richard Hubbard for Epidemiological Respiratory Research at the University of Nottingham.

Purposes of Designated Funds

Legacy

A legacy of £1.5m was received in 2010. The Trustees decided to designate this in line with the non-binding request expressed in the will that the monies be used for research into the improvement of treatment of chronic bronchitis and bronchiectasis over a period of time.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

17. Schedule of awards

Grant	Title	Duration	Award (£)
Asbestos Project Grant			
APG 12-13 Prof Anoop Chauhan, department of Respiratory Medicine, Queen Alexandra Hospital, Portsmouth	A multicentre non-blinded randomised control trial to assess the impact of regular early specialist palliative care treatment on quality of life in malignant mesothelioma	36 months	174,656
APP-12-12 Dr Barry Laird-University of Edinburgh	An examination of [F-18]-fluoro-deoxy-glucose Positron Emission Tomography Computed Tomography (PET-CT) in radiotherapy planning and assessing treatment response in malignant pleural	16 months	24,631
APP-13-3 Prof John Greenman-University of Hull	Development of micro fluidic for response to chemotherapy in malignant mesothelioma	36 months	24,810
APP 13-4 Dr Dow-Me Koh, Royal Marsden Hospital	Total tumour volume and global apparent diffusion coefficient for the evaluation of treatment response in patients with malignant mesothelioma (TOTEM study)	36 months	21,851
APG13-6 Prof M MacFarlane, MRS Toxology Unit, Leicester	Predicting sensitivity to P13K/mTOR inhibition in malignant mesothelioma	36 months	184,273
APG-13-7 Prof Anne Bowcock, Royal Brompton Campus	Genetics of malignant mesothelioma	36 months	199,998
Asbestos PhD Studentship Award			
APHD13-5 Dr Daniel Murphy, BICR, Glasgow	Versatile spatio-temporally inducible genetically engineering model of mesothelioma	36 months	98,869
Respiratory Health of Nation			
RHotN 12-14, Prof David Strachan University of London	Respiratory health of nation	36 months	249,957

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2013

Joint award with Cancer Research UK -Chest Cancer

Dr Corinne Faivre-Finn, University of Manchester	Isotoxic intensity modulated radiotherapy (IMRT) in non-small cell lung cancer(NSCLC)	30 months	24,467
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Burrow Hill Project Grants

BHPG 13-2 Dr Matthew O'Shea, Jenner Institute	The characterisation of mycobacterial control profile and underlying immune signatories in military recruits with latent Mycobacterium tuberculosis infection	24 months	30,500
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Burrow Hill Healthcare Professional Training

BHHCP13, Sean Williams, Keele University, Staffordshire	Burrow Hill Healthcare Professional Training Grant	60 months	2,000
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Total awards 1,036,012

18. Operating lease commitments

The group had annual commitments under operating leases expiring as follows:

	Property		Equipment	
	2013	2012	2013	2012
	£	£	£	£
Less than 1 year	21,998	3,422	15,069	15,069
1 - 2 years	51,336	-	-	-
2 - 5 years	-	69,912	-	-
	<u>73,334</u>	<u>73,334</u>	<u>15,069</u>	<u>15,069</u>

19. Legacies

The Group is entitled to certain legacies which have not been accrued in the financial statements as the recognition criteria explained in the accounting policies had not been met at the date of approval of the accounts. An estimate of the known legacy income which is expected to be received in later accounting periods is £1,000,000 (2012: £1,020,000).

The legacy received from the Estate of William Henry Rose amounted to £992,675 and is included in the income for the year. An indemnity limited to 60% of the total legacy amount, was given by the British Lung Foundation in respect of any potential costs arising out of the transaction and will expire on 28 February 2015.

20. Interest in associated undertaking

On 18 February 2013, the Respiratory Alliance Ltd was incorporated as a private company limited by guarantee and not having a Share Capital in England & Wales. Its registered office and principal place of business is British Lung Foundation, Goswell Road, London EC1V 7ER. The four members are the British Lung Foundation, Asthma UK, the British Thoracic Society and the Primary Care Respiratory Society. The financial year end of the Respiratory Alliance is 31 March 2014. At 30 June 2013, the total capital and reserves amounted to £31,735 and the surplus for 3 months trading at 30 June was £31,735.

21. Related party transactions

The Chief Executive's partner's business, Outcome Focus provided the consulting services in setting out the BLF strategy review which was completed in January 2013. The total amount of consultancy days were 20 at a daily rate of £1,000. The whole amount of £20,000 was discounted hence provided bona fide. £1,238 of expenses were incurred and reimbursed to Outcome Focus by the BLF.