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**British Lung Foundation**  
**Report and Financial Statements**  
**30 June 2014**



## British Lung Foundation

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For the year ended 30 June 2014

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## British Lung Foundation

### Reference and administrative details

For the year ended 30 June 2014

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

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** to save, prolong and improve the lives of people with lung disease.
- We offer **information, services and support** to anyone affected by a lung condition.
- We **campaign for positive change** in the nation's lung health.

## Achievements and performance 2013/14

### *Funding vital research*

We are close to completing our review of our research strategy. We will no longer take a purely reactive approach, but will seek to shape the research funding from donors and the grant applications we receive. We will actively take steps to identify the best use of and generate the maximum impact from our research funds and seek funds to reach these specific objectives. We are developing the appropriate metrics for evaluating all research projects.

Our priority disease areas are chronic obstructive pulmonary disease (COPD), lung cancer, mesothelioma, interstitial lung diseases (ILD), including idiopathic pulmonary fibrosis (IPF) and paediatric infection & wheezing.

The key strands of the new strategy will be:

- *Infrastructure funding* - we have identified a lack of focused research in some of our priority areas, which we aim to address by establishing research networks or actual or virtual "centres of excellence" in these diseases.
- *Project funding* - we will still offer "reactive" funding (where donor restrictions largely dictate disease areas we fund), but will also set out our own priority research areas within our priority disease areas, and will commission research in these areas. It is also part of our strategy to actively seek opportunities to co-fund research with other organisations, to maximise value through collaboration and sharing of expertise
- *Patient and public communication* - communicating about the scientific work we fund to a non-scientific audience is a vital part of our relationship with people with a lung disease, their carers and loved ones. This communication is also a central tool for awareness raising and fundraising. With this in mind, all applications for BLF research grants must include detailed non-scientific information about the work and a "plain English" description of the project and its objectives.

This year we made five grant awards totalling £365k. These grants include research into ways to improve treatments for mesothelioma, a cancer that is most often caused by exposure to asbestos dust and research exploring new ways to reduce damaging inflammation seen in the lungs of people who have Chronic Obstructive Pulmonary Disease, and developing better understanding of ways to improve the clearance of lung infections. The full awards are listed in note 17 to the financial statements. The level of project funding this year was lower than in the recent past, to ensure that grants are awarded in line with the new research strategy. We anticipate that research spend will increase in the future.

In addition, we awarded 32 Travel Fellowships to young researchers working on lung health. This enabled them to attend the European Respiratory Society and American Thoracic Society annual conferences where they learned about the latest in lung research from top experts, and presented their own research findings.

### *Information, services and support*

Living with a lung condition can be frightening and debilitating. We provide help to provide information and support to not only patients but also their family and friends. We do this in many different ways.

This year our **Helpline** answered over 13,000 telephone calls and over 21,800 emails. Over 80% of callers to the Helpline had never contacted us before. Our team of respiratory nurses, welfare benefits advisers and counsellors offer free, confidential and impartial advice. Common enquiries include:

- awareness and management of a condition, particularly for people newly diagnosed with a lung condition
- welfare benefits advice
- travel advice including insurance and arranging oxygen for holidays
- information about new medications and treatments
- what should people with symptoms but no diagnosis do next?
- compensation for exposure to asbestos

To contact the Helpline call 03000 030 555 Monday to Friday 9am to 5pm or email us at [helpline@blf.org.uk](mailto:helpline@blf.org.uk). Calling our helpline is free from the vast majority of phones.

Our **Web Community** enables people to share their experience of a wide range of issues relating to management and treatment of their condition, new treatments, research trials, travelling or any other aspect of their life that their lung condition touches. Many members also use the community to chat generally about non-lung issues and even share a joke. Each month the web community receives, on average, 400,000 individual views. In the last year membership of the community rose from 4,100 to 7,922 – a 93% increase.

The **Penpals** scheme has been in existence for more than eight years. In that time, more than 1,600 people have been matched. In the last year 158 new people have registered with the scheme. Registration can be done through the BLF website or by a call to the Helpline to request an application form. Most penpals keep in touch by email and phone.

There are over 230 BLF **Breathe Easy** support groups throughout the UK. These groups allow people to meet others affected by lung disease. Groups provide mutual support to members, for all people with lung disease, their family, friends and carers, from all sections of the community. By providing lung health information and education to members they focus on improving self-management so that patients have a better understanding of their lung condition and know what to do if they become unwell. Groups also raise awareness locally of the BLF among people affected by lung disease, health professionals, politicians and the general public.

In the last year we have updated the suite of short guides the groups can use to help with various aspects of running a group. Our group support team provides administrative back-up through promotional flyers, BLF merchandise, packs of literature and more. They can also provide guidance and coaching to help groups deal with any difficulties and help them fulfil the financial reporting requirements. We aim to enable groups to continue supporting people in their local area by simplifying the bureaucracy associated with running a group.

The BLF has secured funding from Nesta to develop over 40 Integrated Breathe Easy groups across England. This two year project aims to increase the ability of groups to manage themselves, in terms of their lung conditions and their group activities, and increase their reach. The project will also measure how this model of support reduces the burden of lung disease on both the patient and local health economies.

In November 2013, Breathe Easy Derry choir sang at a concert, as part of a “singing for health” project run by the BLF. The event, part of Derry-Londonderry’s city of culture celebrations, attracted hundreds of people and secured the group a nomination at the prestigious Northern Ireland Health Awards.

BLF Breathe Easy support group members worked with us to secure a meeting with Jeremy Hunt, Secretary of State for Health. The meeting in May 2014 discussed the importance of access to pulmonary rehabilitation services and long-term maintenance classes, support for the ban on smoking in cars carrying children and the need for the

government to do more on tobacco control. The Breathe Easy members stressed how important Breathe Easy groups are, how great the support given by the BLF helpline is, and the importance of access to specialist respiratory nurses.

In spring 2014 more than 130 Breathe Easy members from across England and South Wales attended our Networking Days where they were given the opportunity to help direct our work. They were consulted on a wide variety of topics including “What can the government do to improve care for people affected by lung disease?” and “What’s the most important information to give people newly diagnosed with a lung condition?” They were also given the opportunity to suggest how the BLF should celebrate its 30th birthday next year.

Our annual Breathe Easy Week took place in June. More than 100 groups were involved in organising awareness-raising stands, walks, exercise classes and singing and dancing sessions.

The **BLF Active** project aims to support people with lung conditions to get involved in a range of specialised maintenance exercise opportunities to help them stay as fit as possible. Exercise plays a preventative and positive role at different stages of most respiratory disease progression, and is crucial to successful self-management. However, patients are often fearful of exercising on their own and struggle to continue exercising once their pulmonary rehabilitation course ends.

This year exercise provision throughout the UK has included:

- approximately 145 specialist respiratory disease exercise instructors running community-based exercise classes throughout the UK for people with lung conditions; and
- an average of 210 specialist respiratory exercise classes per week, with approximately 1,470 participants each week.

Our Breathe Easy group in Sheffield was awarded £10,000 “Awards for All” funding to help people with respiratory conditions improve their health through singing and exercise activities, including sport, Tai Chi and dance.

In Newcastle we were part of a partnership group formed to advise on a citywide COPD pathway reflecting national guidelines and quality standards. A BLF service development manager provided information and support to the partnership group and the North East Commissioning Support Unit. Hyperlinks to the BLF COPD pathway, which includes NICE Quality Standards, and other parts of the BLF website are included in the pathway. BLF COPD self-management plans have been recommended and are now in use. A new integrated Breathe Easy group is to be established and referral to the group will be included in the pathway. This pathway is already leading to the development of service specifications for community pulmonary rehabilitation and a diagnostic spirometry service.

The BLF produces a wide range of **booklets and leaflets** on many types of lung disease including giving advice on living with a lung condition. These are available to read on our website at [www.blf.org.uk/lung-health](http://www.blf.org.uk/lung-health) and can be ordered free of charge at [www.blf.org.uk/publications](http://www.blf.org.uk/publications) or by calling the BLF Helpline on 03000 030 555.

All our information is reviewed regularly and accredited by NHS England through its Information Standard scheme to ensure it is clear, accurate, balanced and evidence based.

This year the BLF has sent out more than 715,000 booklets, leaflets and factsheets on the full range of lung health topics.

The publication "Living with COPD" was developed in conjunction with, and has been endorsed by, the Royal College of General Practitioners (RCGP). "Living with COPD" offers advice and guidance on the diagnosis and treatment of COPD, and managing physical symptoms such as flare-ups and breathlessness, as well as the emotional impact of the condition.

Our self-management publications help people live with COPD. In 2013/14 we sent out 14,500 self-management packs, 3,500 exercise handbooks and 680 "Living with COPD" DVDs. We are currently evaluating and improving these self-management packs ready for a re-launch in early 2015.

The **BLF website** is constantly evolving to keep pace with demand. This year we created website hubs dedicated to priority disease areas (IPF, COPD, mesothelioma and lung cancer). These hubs make online information more accessible and understandable and will continue to develop. The hub sites were an immediate success and there has been a fourfold increase in traffic to the COPD web pages since their launch.

In the last year over 925,000 individual users visited the website generating nearly 3 million web page views. Other websites, including NHS, BUPA, HSE, patient.co.uk and netdoctor.co.uk provide links to our health information.

In April 2014 we launched the **BLF blog** with a live blog from the London Marathon. Since then we've had a range of blog posts from researchers, fundraisers and, most importantly, people living with lung disease. The blog is a great way to let the many voices of the BLF community be heard and will be central to our future plans. In its first four months, blog posts have been read 14,000 times and 58 people have told their stories. Have a read at <http://blog.blf.org.uk/>.

We have 105 health care professionals badged under our **BLF Nurses** programme supporting patients across England, Scotland, Northern Ireland and Wales. The BLF Nurses also support Breathe Easy groups and the Helpline, raise awareness of the BLF and respiratory health through campaigning, and provide training for other Health Care Professionals. In just three months BLF Nurses helped over 14,500 respiratory patients.

It is thought that up to nine out of every ten people who use an inhaler to help manage a lung problem may not be using it in the most effective way. BLF Wales has been working with Cwm Taf University Health Board on a COPD and inhaler technique project to help improve services for people with COPD and asthma. The project involves training health care staff on the correct inhaler technique so that they can, in turn, train their patients. We hope this will help cut the number of unnecessary hospital admissions and reduce medicine wastage.

### ***Campaigning for positive change***

The BLF works hard to raise the profile and awareness of lung disease and related issues through the media. Over the last year, the BLF achieved over 4,600 pieces of media coverage - a record for the BLF in a single year, and nearly double the previous year's total. Highlights included featuring on the front pages of the Daily Mail, Daily Telegraph and The Times, and on the BBC's flagship radio and TV news programmes, Today and BBC Breakfast.

The BLF's social media pages, including Facebook, Twitter, Pinterest and Instagram help the BLF raise awareness of lung disease, as well as galvanising support for our various campaigns. The pages also provide a way for patients and supporters to interact with the charity, sharing their stories, asking questions, and discussing the issues of the day. Following a long campaign by the BLF, in February 2014 Peers and MPs voted in favour of giving the government the power to **ban smoking in cars carrying children** and are currently focusing on regulations. If Parliament agrees to these, we would hope to see a ban in place before the 2015 general election.

Our campaign used a variety of compelling evidence, collated from the UK and around the world, to indicate of the scale of the problem and the potential benefits of a ban for children's health. We worked with politicians from all parties to persuade them of the necessity and practicality of a ban, whilst using a variety of tactics, including celebrity videos and innovative editorial angles, to keep the issue in the media and public eye. We generated massive public support through social media and our website, making it easy for as many people as possible to contact their local MP to express support. The success of the campaign saw the BLF named one of the Westbourne 100 'Opinion-Changers of the Year', as well as winning 'Campaign of the Year' at the 2014 Charity Staff Foundation Awards, and nominated for the 2014 PR Week Awards in the Not-For-Profit Campaign category (winner to be decided in October 2014).

We continue to press for the introduction of **standardised packaging for tobacco products**. Sir Cyril Chantler's independent review of the evidence reported in April and recommended that standardised packaging be brought in. The review said standardised packaging would lead to positive public health benefits by making cigarette packaging less appealing to children and young people. The government has said it is minded to bring in standardised packaging, but it has announced that it will only make a final decision on whether to proceed following a final consultation on the draft regulations and other evidence. We are working closely with other members of the Smoke Free Action Coalition to demonstrate the level of public support for the need to introduce standardised packaging.

**BLF Scotland** has heavily influenced and supported the Scottish government's Detect Lung Cancer Early campaign, featuring Sir Alex Ferguson. The campaign encouraged Scots to get any worrying symptoms checked out as soon as possible to "get a bit of extra time".

BLF Scotland has also been heavily involved in designing the Scottish government's campaign against second-hand smoke: "Take it right outside". The advertising, which is backed by a world-first target to halve children's exposure to tobacco smoke by 2020, gives parents advice on how to protect their kids from tobacco smoke. The key message is simple: all you have to do is take it right outside.

The BLF is campaigning in Parliament on the need for sustainable, long-term funding for **mesothelioma research** so that we can continue progress towards finding treatments and ultimately a cure for this devastating disease. We're asking the government to commit to helping establish a sustainable, long-term mesothelioma research scheme funded by the insurance industry.

The BLF is working with Asthma UK to provide support to a group of more than 70 Parliamentarians who are members of the All-Party Parliamentary Group (APPG) on **Respiratory Health**. The APPG recently held a 12-month inquiry into respiratory deaths. The inquiry asked why premature mortality from respiratory disease remains so high and how death rates could be reduced. It focused in particular on two conditions: chronic obstructive pulmonary disease (COPD) and asthma, which together affect over 6 million people in the UK. The BLF organised an oral-evidence session in the Palace of Westminster to discuss COPD where both experts and BLF supporters affected by lung disease gave evidence.

This year the Welsh government launched the **Welsh national plan for respiratory services** at a BLF-sponsored event in the Assembly. On launch day the BLF was featured on BBC Wales' TV and radio news throughout the day, as well as on S4C. BLF Wales has been calling for this plan ever since the "Together for Health" strategy was announced in 2011. We campaigned for equity for respiratory services, and now Wales has the foundation to help make this happen. Among the attendees at the event were consultants, GPs, physiotherapists, pharmacists, nurses, occupational therapists, exercise instructors, technicians, senior civil servants, health board directors, public health workers, third sector partners, researchers, patients and 22 Welsh Assembly Members.

We have now completed our initial three-year **obstructive sleep apnoea** (OSA) project. Whilst this campaign has finished we will continue to support everyone affected by OSA.

In September we hosted an OSA awareness event at in the Northern Ireland Assembly. The event was timed to coincide with OSA/sleep deprivation becoming more of a health priority, and was attended by more than 100 people, including clinicians, MLAs and Breathe Easy members. At the event, Health Minister Edwin Poots committed to a new unit carrying out polysomnography testing for the condition which is the first of its kind in Northern Ireland.

In February 2014 we held the first UK OSA conference for invited guests. It focused on innovative practice, minimum standard requirements and making OSA a health priority. For the first time in the UK a map of OSA risk and sleep services was produced (published in Thorax online). It highlighted the disparity between potential prevalence of OSA and sleep clinic provision.

The British Medical Association gave an award to our information on OSA in children. 10,000 copies of our OSA leaflet are distributed every quarter and there have been more than 27,000 orders of our OSA pack booklets.

Over 100 media pieces helped us raise awareness of OSA. We ran a targeted awareness campaign in County Durham which included the distribution of 10,000 leaflets and 600 posters, and we ran four community-based events. The number of people who have taken our online Epworth Sleepiness Scale questionnaire has increased to more than 40,000. Between 2011 and 2014 there has been a significant rise in public awareness of OSA amongst snorers and those whose partners snore, especially where BLF awareness campaigns took place.

The BLF's **idiopathic pulmonary fibrosis** (IPF) project started last year. We aim to ensure that people with IPF, their families, and carers have the information and support they need to understand their illness, make decisions and make the most of their lives. We want them to be able to influence and shape NHS and other services to ensure they are accessible, integrated, appropriate and evidence-based.

This year we launched a 10-point patient charter during IPF week which called for action on support and services for people with IPF. In the Welsh Assembly Paul Davies tabled a Statement of Opinion welcoming its launch.

Six IPF "Meet the Expert" events were held around the UK and we launched the new IPF web hub, which had more than 11,000 unique visits in its first month. We developed and distributed more than 40,000 IPF patient information booklets and leaflets to people with IPF, their families and carers. We also developed a model for IPF support groups and set up support groups in Newcastle, Norwich and Worthing, at which more than 100 regular attendees receive peer support and advice.

This year, as part of the BLF's **Love Your Lungs** campaign, we screened 835 people for lung disease and referred 166 on to their GPs for further investigation because they showed signs of lung disease. We raised awareness of COPD and lung cancer in areas of high risk, and distributed BLF information to members of the public to give them advice on how to look after their lungs.

Hillingdon has the seventh-highest prevalence of COPD of any London borough. In 2009 respiratory deaths accounted for 14% of all deaths in Hillingdon, with COPD causing 37% of those deaths.

As part of our commitment to raising awareness about lung disease we delivered a programme of work for NHS Hillingdon Clinical Commissioning Group. This included two patient education workshops to improve the effective self-

management of those diagnosed with COPD. Each participant received a range of BLF materials, including the tailored BLF “First steps” brochure and the “Living well with COPD” DVD.

This year, the BLF launched a new **smoking cessation programme**. The programme aims to support smokers with a lung condition to stop smoking by working with health care professionals and other organisations to ensure the best “stop smoking” services are available across the UK and by providing smokers with the information they need to make an informed choice. As part of the programme the BLF delivered 12 smoking cessation workshops in Lancashire for 150 health care professionals.

#### **Mick Knighton Mesothelioma Research Fund**

The Mick Knighton Mesothelioma Research Fund (MKMRF) was established by Chris Knighton MBE in memory of her husband, Mick Knighton, who was diagnosed with mesothelioma when aged 59 and died just seven months later. Chris’ tireless efforts have raised over £1 million to help raise awareness about mesothelioma and fund crucial research projects. We are incredibly grateful that Chris has decided that the fund should become part of the BLF and we will continue Chris’ work including maintaining the special Snowdrop funds that have been set up in memory of people whose lives have been lost to mesothelioma. The fund has its own website: [www.mkmrf.org](http://www.mkmrf.org).

#### **Volunteers**

We want to thank all our incredible volunteers; they are absolutely indispensable to our work. For example, this year supporters helped raise funds:

- 659 people have run for us in the last year
- 62 people jumped out of aeroplanes for us (and all of them landed on the ground safely)
- our team at Ride London cycled 12,600 miles
- 301 people organised their own fundraising events around the country

Other volunteers turned out in all weather conditions to support our fundraisers. We rely on volunteer reviewers to check our publications and medical advisors to check our facts and represent us in the media. Some people give up their time to volunteer in our offices or advise on our internal committees and, of course, many hundreds of people volunteer to run our Breathe Easy groups.

Thank you everyone – we could not do what we do without you!

#### **Plans for future periods**

We achieved a lot in the last year. Most of these programmes and projects will continue and many will expand.

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. We will do this across our core focus disease areas: COPD, lung cancer, mesothelioma, ILD and paediatric infections.

We will complete our research strategy. Based on this strategy in the coming year we will increase the number and value of research grant awards we make. Strong links to the respiratory scientific community are crucial to our strategy and we will start initial discussions with the many researchers that have benefited from BLF funding about how we could best introduce a BLF alumni programme.

## **British Lung Foundation**

### **Strategic Report**

#### **For the year ended 30 June 2014**

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Our Integrated Breathe Easy programmes have been a huge success. We are seeking funding to expand the programmes further. We will also continue to run our “Love Your Lungs” awareness events, particularly in areas that have been identified as “hotspots” for COPD.

Our BLF Nurses programme is hugely successful and we will expand it to involve other health care professionals. Rebranded as “BLF Professionals” the expanded programme will be launched shortly.

All our publications are under constant review. Included in our schedule for the year is a major redevelopment and relaunch of our popular and effective COPD self-management packs.

Our website is a crucial means of communicating with people affected by lung disease and with our supporters. The site is constantly reviewed and updated, but we have several significant developments being launched in the year including simplifying our donations page and online ordering process (for both paid and free products).

We will continue to campaign for the introduction of standardised packaging for tobacco products and to persuade Parliament of the need for long-term funding for mesothelioma research. We will also raise awareness about lung cancer, particularly the message that lung cancer isn’t always smoking-related.

None of these projects are free. And we have larger ambitions for the next few years. To achieve these we need to increase our funds and therefore we are investing in our fundraising projects to increase income in the next 12 months.

To deliver all our diverse projects we also rely on an efficient business infrastructure. We will continue to invest in our central IT systems, particularly those that support our fundraising operations. In the last year we closed three of our regional offices and consolidated our London operations into one office. As part of this review of our property we will move to a new larger office in Liverpool which will better support our BLF Direct team looking after our Helpline and Breathe Easy groups. We are also upgrading our telephone systems so that we can provide a better experience to everyone who contacts us by telephone.

### **Financial review**

Although income of £6,104k is broadly the same as in 2013, the BLF has generated a surplus of £436k for the year (before realised and unrealised investment gains) compared to a deficit of £1,025k in 2013. Following the restructure project across the summer of 2013 expenditure has been reduced in most areas. This, combined with the reduction in research grant awards in 2014 explained below, allowed the BLF to achieve the surplus.

Total reserves have increased from £5,833k in 2013 to £6,523k at 30 June 2014.

#### ***Income***

Income for the year of £6,104k was £27k lower than in 2013.

Voluntary income of £3,234k represents 53% of total income, compared with £3,925k in 2013 which represented 64% of total income. Included in voluntary income is legacy income of £1,639k. This is a significant reduction in legacy income compared with 2013 (£2,582k) which included two individual large legacies totalling £1,592k. Our legacy pipeline remains strong with over £1,000k of known legacy income expected to be recognised in the next financial year.

## **British Lung Foundation**

### **Strategic Report**

#### **For the year ended 30 June 2014**

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Voluntary income in 2014 also includes £273k gifted by the Mick Knighton Mesothelioma Research Fund when the MKMRF joined the BLF. These funds will be used for research into mesothelioma and to part fund a respiratory nurse in North East England.

Activities for generating funds brought in income of £1,832k (2013: £1,196k). This represents 30% (2013: 20%) of total income. Corporate income includes a single contribution from the Association of British Insurers to fund research into mesothelioma of £250k. We have also seen strong growth in income from trusts, particularly to fund our Integrated Breathe Easy programme, and from events.

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 2014 we invested 28p in fundraising costs for every £1 raised (2013: 26p). This increase includes the start of our investment in fundraising to develop longer-term sustainable income streams.

#### ***Expenditure***

Total expenditure of £5,668k in 2014 is a £1,488k reduction compared with 2013.

The BLF restructured its operations across the summer of 2013. This resulted in a reduction in staff numbers and it was decided to close several regional offices and one London office. This has contributed significantly to the reduced expenditure in 2014. There were some modest costs associated with the office closure programme and the full benefits of this cost reduction programme will be reflected in future periods.

A strategic review of grant award policies and a more general review of grant making procedures has been conducted in order that the impact and effectiveness of our research spend is increased. During this process grants were awarded from a limited range of research funds and as a result research awards of £365k were made in the year, a £671k reduction compared with 2013. Disappointingly the funds from two awards that were made in earlier years were returned as the projects are no longer considered viable. Therefore net research grant costs shown in financial statements for the year were £251k. The returned funds will be used in future research grant awards.

Trustees and management continue to maintain a tight control on costs and to make best use of BLF resources. Support costs in the year were £1,254k (2013: £1,575k) with the majority of the reduction in staff costs. Support costs are allocated across charitable and fundraising activities based on headcount as the Trustees believe that this is a fair representation of how resources are utilised.

#### ***Reserves***

At 30 June 2014 BLF had total unrestricted funds of £2,641k (2013: £2,635k) of which £1,123k is undesignated (£1,165k). The group's funds restricted for future specific purposes amounted to £1,947k (2013: £1,390k) and the endowment funds increased from £1,808k in 2013 to £1,935k at 30 June 2014.

The group's cash balances including short term deposits, at 30 June 2014 amounted to £1,745k. This is a net reduction of £759k in the year comprising a net cash inflow of £271k from operating activities, a net transfer to investments of £1,024k and purchase of fixed assets of £6k.

**Financial outlook**

The economic environment remains difficult and this has contributed to the small decrease in income in 2014. However, we were able to restructure our cost base in 2013 and this puts us on a solid financial footing for 2015 and beyond.

We need to increase income to fund our future plans. Therefore our budget expenditure for 2015 includes further investment in fundraising and we plan to broadly balance income and expenditure in the year before considering research grant awards (which will be funded from restricted and designated reserves).

Our unrestricted reserves are towards the lower end of our reserves policy. Our business plan and budget shows these will reduce slightly but remain within the policy in 2015. We anticipate unrestricted reserves to begin growing in 2017.

We have some significant reserves restricted or designated for research and our new strategy for research will allow us to start committing these funds in 2015.

The net effect is that the trustees have approved a deficit budget which maintains current free reserves at low end of reserves policy, but reduces restricted reserves.

**Principal risks and uncertainties**

The Audit & Establishment committee has responsibility for reviewing the risk management process and regularly reviews the risk register and monitors progress on strategies to mitigating risks. The last full revision of the risk register was completed in September 2014. The committee reports on the risk management process to the Board annually.

The register identifies the likelihood and impact of each risk and this allows risks to be ranked by priority. Ownership of each risk is assigned to a member of the senior management team who is responsible for ensuring mitigation policies and procedures are operated and improved. These policies and procedures include internal controls for safeguarding the charity's assets and are designed to provide reasonable assurance against material financial misstatement or loss to the charity. Insurance cover is reviewed annually.

The key risks identified by the Audit & Establishment committee in September 2014 are:

*Failure to recruit and retain key staff* – key mitigation includes pay benchmarking and regular staff surveys. Further actions planned for the next year include continuing to develop non-financial benefits for all staff, more formal succession planning and a full review of staff induction processes.

*Failure to achieve financial forecasts* – the charity has a robust budgeting and monthly management account review process including monitoring reserves and forecasting full year outturn.

*Change of priorities and funding within NHS lead to less resource for lung disease and therefore change how the BLF supports people affected by lung disease* – the charity has good relations with Clinical Commissioning Groups (CCGs) and promotes the health economic case throughout the UK.

**British Lung Foundation**

**Strategic Report**

**For the year ended 30 June 2014**

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*Reduction in the number of Breathe Easy patient support groups leads to difficulty representing the “Patient Voice” – the charity will continue to seek funding to develop its “Integrated Breathe Easy” model. In September 2014 a Breathe Easy group chairman was appointed to the Board of Trustees to better represent patient voice within the charity.*

Approved and signed on behalf of the Trustees on 14 October 2014

**Peter Dolphin**

Chairman, British Lung Foundation

## **British Lung Foundation**

### **Trustees' Report**

#### **For the year ended 30 June 2014**

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The Trustees' Report should be read in conjunction with the Strategic Report on pages 4 to 14. Details of the charity's strategies, significant achievements and plans for future periods are given in the Strategic Report. Further information can be found on the BLF website ([www.blf.org.uk](http://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 2 and 3 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.

### **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.

### **Structure, governance & management**

British Lung Foundation ("BLF") was established in 1985 by Professor Sir 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.

#### ***Legal structure***

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. 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 2014 was 11 (2013:14).

The BLF has two non-trading subsidiary companies: BLF Limited and BLF Services Limited. BLF Services Limited carried out trading activities including sale of publication and awareness campaigns, but these activities were transferred into the charity in 2013 and the company ceased to trade on 30 June 2013. The results for 2013 consolidate the results of BLF Services Limited. More details are available in note 12 to the financial statements.

#### ***Organisational structure***

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 seven times during the year.

Subcommittees report to the Board and comprise the Audit & Establishment Committee, the Scientific Committee, the Communications Committee and the Governance Committee. The Audit & Establishment Committee and Communications Committee generally meet at least quarterly. The full Scientific Committee met once last year and additional business was carried out via correspondence. Sub-panels from the Scientific Committee may also be convened to make specific grant awards. The Governance Committee meets as required.

**Governance Committee**

Peter Dolphin (BLF Chair) – Committee Chair  
Professor Stephen Spiro (BLF Deputy Chair)  
Graham Colbert (Treasurer)  
Lord Borwick of Hawkshead  
David Gill (Chair of Communications Committee)

**Audit & Establishment Committee**

Graham Colbert (Treasurer) – Committee Chair  
Lord Borwick of Hawkshead  
Peter Dolphin (BLF Chair)  
Richard Pettit  
Richard Pinckard  
Professor Stephen Spiro (BLF Deputy Chair)

**Communications Committee**

David Gill – Committee Chair  
Ralph Bernard

**Scientific Committee**

Professor Stephen Holgate – Committee Chair  
(the committee also includes eminent respiratory scientists, clinical researchers and people directly affected by respiratory disease)

***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.

***Policies and procedures for induction and training of Trustees***

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

***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. The BLF is also a member of the Richmond Group. 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.

**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 £1.5m to £3.0m. This is a risk based assessment looking at BLF's future financial commitments.

At 30 June 2014 current unrestricted reserves totalled £1,862k (2013: £1,478k).

Details of the restricted funds, endowment fund and designated funds are set out in note 16 to the financial statements.

### **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 and by external peer reviewers. 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 funding available.

Submission deadlines for applications in the forthcoming grant round in 2014/15 will be confirmed in due course.

### **Investment policy, performance and ethical policy**

BLF investment portfolio, comprising the GSK Endowment Fund, the Burrow Hill Training Fund and the Investment Fund, is managed by Cazenove Capital Management on a discretionary basis. Cazenove 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.

The combined portfolio of investments (GSK Endowment Fund, the Burrow Hill Training Fund and the Investment Fund) produced a return of 12.2% in the financial year compared to a benchmark return of 10.5%.

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

### **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 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;
- 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.

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)

## **British Lung Foundation**

### **Trustees' Report**

#### **For the year ended 30 June 2014**

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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.

### **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, a rapidly growing web community and BLF Nurses. 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.

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.

### **Auditors**

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

The Trustees' report (including the strategic report) was approved by the Board of Trustees on 14 October 2014 and signed on its behalf by

**Alex Fowles**  
Company Secretary

## **Independent auditors' report**

### **To the members of and Trustees**

#### **British Lung Foundation**

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We have audited the financial statements of British Lung Foundation for the year ended 30 June 2014 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 Trustees' responsibilities set out in the Trustees' report, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. In addition, we read all the financial and non-financial information in the Trustees' report 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.

## **Independent auditors' report**

### **To the members of and Trustees**

#### **British Lung Foundation**

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#### **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 2014 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).

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 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)

24 October 2014

for and on behalf of Sayer Vincent LLP, Statutory Auditors

8 Angel Gate, City Road, LONDON EC1V 2SJ

Sayer Vincent LLP 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 2014**

	Note	Unrestricted £	Restricted £	2014 Total £	2013 Total £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	2,821,898	410,829	<b>3,232,727</b>	3,924,934
Activities for generating funds	3	1,247,322	584,705	<b>1,832,027</b>	1,196,287
Investment income	4	36,056	99,031	<b>135,087</b>	140,601
<i>Incoming resources from charitable activities</i>					
Breathe Easy, patient support and services		573,553	215,589	<b>789,142</b>	659,894
Campaigns and awareness		98,713	-	<b>98,713</b>	186,802
<i>Other incoming resources</i>		16,265	-	<b>16,265</b>	22,053
<b>Total incoming resources</b>		<b>4,793,807</b>	<b>1,310,154</b>	<b>6,103,961</b>	<b>6,130,571</b>
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
Costs of generating funds		1,408,841	2,754	<b>1,411,595</b>	1,347,348
<i>Charitable activities</i>					
Research		141,539	389,812	<b>531,351</b>	1,304,728
Breathe Easy, patient support and services		1,609,943	175,345	<b>1,785,288</b>	2,799,108
Campaigns and awareness		1,608,908	279,288	<b>1,888,196</b>	1,660,356
<i>Governance costs</i>		51,829	-	<b>51,829</b>	44,347
<b>Total resources expended</b>	5	<b>4,821,060</b>	<b>847,199</b>	<b>5,668,259</b>	<b>7,155,887</b>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>					
		(27,253)	462,955	<b>435,702</b>	(1,025,316)
Gross transfers between funds	16	(3,809)	3,809	-	-
Realised gains/(losses) on investment assets		8,061	42,599	<b>50,660</b>	<b>(953)</b>
Net incoming/(outgoing) resources after realised gains		(23,001)	509,363	<b>486,362</b>	(1,026,269)
Unrealised gains on investment assets		28,813	174,880	<b>203,693</b>	290,809
<b>Net movement in funds</b>		<b>5,812</b>	<b>684,243</b>	<b>690,055</b>	(735,460)
<b>Reconciliation of funds</b>					
Total funds brought forward		2,635,076	3,197,946	<b>5,833,022</b>	6,568,482
<b>Total funds carried forward</b>		<b>2,640,888</b>	<b>3,882,189</b>	<b>6,523,077</b>	<b>5,833,022</b>

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 £1,807,768 and £1,935,314 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 £79,290, realised gains of £35,317, unrealised gains of £147,810, expenditure on the GSK/BLF Professor at Nottingham University of £113,321 and investment and management fees of £21,550.

As at 30 June 2014

		The Group		The Charity	
	Note	2014	2013	2014	2013
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	10	<b>1,063,382</b>	1,113,739	<b>1,063,382</b>	1,113,739
Investments	11	<b>6,231,841</b>	4,953,028	<b>6,231,843</b>	4,953,030
		<b>7,295,223</b>	6,066,767	<b>7,295,225</b>	6,066,769
<b>Current assets</b>					
Debtors	13	<b>718,783</b>	1,544,650	<b>718,783</b>	1,544,650
Short term deposits		<b>679,059</b>	1,562,860	<b>679,059</b>	1,562,860
Cash at bank and in hand		<b>1,066,098</b>	941,441	<b>1,066,096</b>	941,439
		<b>2,463,940</b>	4,048,951	<b>2,463,938</b>	4,048,949
<b>Liabilities</b>					
Creditors: amounts due within one year	14	<b>579,542</b>	1,072,929	<b>579,542</b>	1,072,929
Research grants	6	<b>853,539</b>	1,783,571	<b>853,539</b>	1,783,571
		<b>1,433,081</b>	2,856,500	<b>1,433,081</b>	2,856,500
<b>Net current assets</b>		<b>1,030,859</b>	1,192,451	<b>1,030,857</b>	1,192,449
<b>Total assets less current liabilities</b>		<b>8,326,082</b>	7,259,218	<b>8,326,082</b>	7,259,218
Creditors due after more than one year:					
Research grants	6	<b>1,803,005</b>	1,426,196	<b>1,803,005</b>	1,426,196
<b>Net assets</b>	15	<b>6,523,077</b>	5,833,022	<b>6,523,077</b>	5,833,022
<b>Funds</b>					
<b>Restricted funds</b>					
Restricted funds		<b>1,946,875</b>	1,390,178	<b>1,946,875</b>	1,390,178
Endowment funds		<b>1,935,314</b>	1,807,768	<b>1,935,314</b>	1,807,768
		<b>3,882,189</b>	3,197,946	<b>3,882,189</b>	3,197,946
<b>Unrestricted funds</b>					
General funds		<b>1,122,681</b>	1,165,333	<b>1,122,681</b>	1,165,333
Designated funds		<b>1,479,923</b>	1,469,743	<b>1,479,923</b>	1,469,743
Revaluation reserve		<b>38,284</b>	-	<b>38,284</b>	-
		<b>2,640,888</b>	2,635,076	<b>2,640,888</b>	2,635,076
<b>Total charity funds</b>	16	<b>6,523,077</b>	5,833,022	<b>6,523,077</b>	5,833,022

Approved by the Trustees on 14 October 2014 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 2014

	Notes	2014 £	2013 £
<b>Net cash flow from operating activities</b>	(a)	<b>271,034</b>	(1,104,479)
<b>Capital expenditure and financial investment</b>			
Proceeds on disposal of investments		<b>105,094</b>	1,071,798
Investments in the year at historic cost		<b>(1,129,554)</b>	(178,540)
Expenditure on fixed assets		<b>(5,718)</b>	(24,621)
<b>Net cash outflow</b>	(b)	<b>(759,144)</b>	(235,842)

Notes to the cash flow statement

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

<b>Net incoming/(outgoing) resources for the year</b>	<b>435,702</b>	(1,025,316)
Decrease/(increase) in debtors	<b>825,867</b>	(845,049)
(Decrease)/increase in creditors	<b>(1,046,610)</b>	696,119
Depreciation	<b>56,075</b>	69,767
<b>Net cash flow from operating activities</b>	<b>271,034</b>	(1,104,479)

b) Analysis of changes in net funds

	At 1 July 2012 £	Cash flows £	At 1 July 2013 £	Cash flows £	At 30 June 2014 £
Deposit account	1,923,686	(360,826)	1,562,860	(883,801)	<b>679,059</b>
Cash in hand and at bank	816,457	124,984	941,441	124,657	<b>1,066,098</b>
	<u>2,740,143</u>	<u>(235,842)</u>	<u>2,504,301</u>	<u>(759,144)</u>	<u><b>1,745,157</b></u>

**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. BLF Services Limited was dormant during the year ended 30 June 2014, but traded during the year ended 30 June 2013. Further information is available in note 12 to the accounts.

There were 238 (2013: 259) Breathe Easy groups active on 30 June 2014, which are treated as branches and the income, expenditure and bank balances of 238 groups (2013: 247) are included in the financial statements. During the year there were six regional offices, three of which were closed by 30 June 2014. The bank balances for these offices are included. There are no other material assets and liabilities at regional offices or Breathe Easy groups.

**c) Voluntary income**

Voluntary 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

	<b>2014</b>		<b>2013</b>	
	Staff No.		Staff No.	
Costs of generating voluntary income	15	25.9%	15	19.7%
Research grants & costs	1	1.7%	2	2.6%
Patient Support and Services	26	44.7%	37	48.6%
Policy, Campaigning and Prevention	16	27.5%	12	15.8%
Governance	-	0.2%	-	0.2%
Public education and literature	-	0.0%	7	9.2%
Service delivery	-	0.0%	3	3.9%

**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 £2,000. 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.

**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 16 (Movement in Funds).

**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 £	2014 Total £	2013 Total £
Legacies	1,621,430	17,181	<b>1,638,611</b>	2,582,221
In memoriam	585,657	130,836	<b>716,493</b>	710,744
Individuals	<u>614,811</u>	<u>262,812</u>	<b><u>877,623</u></b>	<u>631,969</u>
Total	<u><u>2,821,898</u></u>	<u><u>410,829</u></u>	<b><u><u>3,232,727</u></u></b>	<u><u>3,924,934</u></u>

**3. Activities for generating funds**

	Unrestricted £	Restricted £	2014 Total £	2013 Total £
Corporate	448,197	254,000	<b>702,197</b>	422,782
Trusts and grants	61,971	277,195	<b>339,166</b>	162,176
Events	<u>737,154</u>	<u>53,510</u>	<b><u>790,664</u></b>	<u>611,329</u>
Total	<u><u>1,247,322</u></u>	<u><u>584,705</u></u>	<b><u><u>1,832,027</u></u></b>	<u><u>1,196,287</u></u>

**4. Investment income**

	Unrestricted £	Restricted £	2014 Total £	2013 Total £
UK listed investments	27,468	99,031	<b>126,499</b>	137,233
Bank interest	<u>8,588</u>	<u>-</u>	<b><u>8,588</u></b>	<u>3,368</u>
Total	<u><u>36,056</u></u>	<u><u>99,031</u></u>	<b><u><u>135,087</u></u></b>	<u><u>140,601</u></u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2014

5. Total resources expended

	Grants £	Direct costs £	Support costs allocated £	<b>Total 2014 £</b>	Total 2013 £
Cost of generating funds	-	1,095,934	315,661	<b>1,411,595</b>	1,347,348
<b>Charitable activities</b>					
Research	250,997	234,666	45,688	<b>531,351</b>	1,304,728
Patient Support and Services	-	1,232,270	553,018	<b>1,785,288</b>	2,799,108
Policy, Campaigning and Prevention	-	1,550,778	337,418	<b>1,888,196</b>	1,660,356
Governance	-	49,303	2,526	<b>51,829</b>	44,347
	<u>250,997</u>	<u>4,162,951</u>	<u>1,254,311</u>	<u><b>5,668,259</b></u>	<u>7,155,887</u>

Analysis of allocated support costs

	Staff costs £	Finance £	IT support £	Office costs £	<b>Total 2014 £</b>	Total 2013 £
Cost of generating funds	140,877	55,229	40,373	79,182	<b>315,661</b>	311,507
<b>Charitable activities</b>						
Research	9,392	28,325	2,692	5,279	<b>45,688</b>	41,534
Patient Support and Services	248,521	95,730	69,979	138,788	<b>553,018</b>	768,381
Policy, Campaigning and Prevention	150,268	59,626	43,064	84,460	<b>337,418</b>	451,073
Governance	<u>1,127</u>	<u>442</u>	<u>323</u>	<u>634</u>	<u><b>2,526</b></u>	<u>2,492</u>
	<u>550,185</u>	<u>239,352</u>	<u>156,431</u>	<u>308,343</u>	<u><b>1,254,311</b></u>	<u>1,574,987</u>

**British Lung Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2014**

**6. Research grants**

	Unrestricted £	Restricted £	2014 £	2013 £
Balance at start of year	-	3,209,767	<b>3,209,767</b>	2,695,534
Awarded in the year:				
Projects and research fellowships (note 17)	-	365,046	<b>365,046</b>	1,036,012
Unused awards written back	-	(114,049)	<b>(114,049)</b>	(47,089)
Charge to SOFA (note 5)	-	250,997	<b>250,997</b>	988,923
Paid in year	-	(804,220)	<b>(804,220)</b>	(474,690)
Balance at end of year	-	<u>2,656,544</u>	<u><b>2,656,544</b></u>	<u>3,209,767</u>
Falling due within one year	-	853,539	<b>853,539</b>	1,783,571
Falling due after more than one year	-	<u>1,803,005</u>	<u><b>1,803,005</b></u>	<u>1,426,196</u>

**7. Net incoming resources for the year**

This is stated after charging:

	2014 £	2013 £
Depreciation	<b>56,075</b>	69,767
Trustees' indemnity insurance	<b>3,000</b>	3,000
Trustees' expenses	<b>222</b>	1,383
Auditors' remuneration:		
▪ Audit	<b>19,900</b>	19,300
▪ Other services	<b>1,560</b>	4,500
Operating lease rentals:		
▪ property	<b>83,047</b>	83,839
▪ other	<b>7,619</b>	15,069

Expenses were paid in relation to 2 (2013 - 2) Trustees in the year for travel and subsistence costs incurred. None of the Trustees received any remuneration during the year.

**8. Staff costs and numbers**

Staff costs were as follows:

	2014 £	2013 £
Salaries and wages	<b>2,286,711</b>	3,010,935
Social security costs	<b>233,409</b>	285,674
Pension contributions	<b>87,142</b>	104,581
	<u><b>2,607,262</b></u>	<u>3,401,190</u>

Banding of employees earning over £60,000 excluding employer pension contributions:

- 0 employees earned between £60,000 - £70,000 (2013: 2)
- 2 employee earned between £70,001 - £80,000 (2013: 1)
- 0 employee earned between £80,001 - £90,000 (2013: 1)
- 0 employee earned between £90,001 - £100,000 (2013: 1)
- 1 employee earned between £110,001 - £120,000 (2013: 0)

Pension contributions for these employees amounted to £9,798 (2013: £25,111).

**8. Staff costs and numbers (continued)**

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

	<b>2014</b>	2013
	<b>No.</b>	No.
Costs of generating voluntary income	<b>15</b>	15
Research grants & costs	<b>1</b>	2
Activities in relation to Breathe Easy and patient support	<b>26</b>	37
Campaigning and awareness raising	<b>16</b>	22
Support	<b>6</b>	11
	<b><u>64</u></b>	<u>87</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 is now dormant.

The charity is able to partially recover VAT on its expenditure. In the year to 30 June 2014 the charity incurred £140,771 (2013: £122,196) of VAT it was unable to recover.

**10. Tangible fixed assets****The Group and Charity**

	Long leasehold property £	Office furniture & equipment £	Computer software £	<b>Total £</b>
<b>Cost</b>				
At the start of the year	1,279,690	69,501	359,666	<b>1,708,857</b>
Additions in year	-	5,718	-	<b>5,718</b>
At the end of the year	<u>1,279,690</u>	<u>75,219</u>	<u>359,666</u>	<b><u>1,714,575</u></b>
<b>Depreciation</b>				
At the start of the year	254,246	41,209	299,663	<b>595,118</b>
Charge for the year	25,593	9,622	20,860	<b>56,075</b>
At the end of the year	<u>279,839</u>	<u>50,831</u>	<u>320,523</u>	<b><u>651,193</u></b>
<b>Net book value</b>				
At the end of the year	<u>999,851</u>	<u>24,388</u>	<u>39,143</u>	<b><u>1,063,382</u></b>
At the start of the year	<u>1,025,444</u>	<u>28,292</u>	<u>60,003</u>	<b><u>1,113,739</u></b>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2014

11. Investments

	The Group		The Charity	
	2014	2013	2014	2013
	£	£	£	£
Market value at the start of the year	<b>4,953,028</b>	5,556,430	<b>4,953,030</b>	5,556,430
Additions at historic cost	<b>1,129,554</b>	178,540	<b>1,129,554</b>	178,540
Proceeds on disposal of investments	<b>(105,094)</b>	(1,071,798)	<b>(105,094)</b>	(1,071,798)
Realised gain	<b>50,660</b>	(953)	<b>50,660</b>	(953)
Unrealised gains	<b>203,693</b>	290,809	<b>203,693</b>	290,811
	<b>6,231,841</b>	4,953,028	<b>6,231,843</b>	4,953,030
Market value at the end of the year	<b>6,231,841</b>	4,953,028	<b>6,231,843</b>	4,953,030
Historic cost at the year end	<b>6,016,512</b>	4,941,393	<b>6,016,512</b>	4,941,393

Investments comprise:

	The Group		The Charity	
	2014	2013	2014	2013
	£	£	£	£
UK Common investment funds	<b>6,231,841</b>	4,953,028	<b>6,231,841</b>	4,953,028
Investment in subsidiary undertakings incorporated in the UK	-	-	<b>2</b>	<b>2</b>

	The Group		The Charity	
	2014	2013	2014	2013
	£	£	£	£
M&G Charifund	<b>729,841</b>	439,010	<b>729,841</b>	439,010
Schroder Charity Equity Fund	<b>822,610</b>	727,297	<b>822,610</b>	727,297
Cazenove Growth Trust	<b>701,179</b>	446,455	<b>701,179</b>	446,455
Schroder Charity Fixed Interest	<b>343,920</b>	344,513	<b>343,920</b>	344,513
Schroder Charishare	-	57,797	-	57,797
Charishare Non Tobacco Fund	-	338,550	-	338,550
Property	<b>310,404</b>	257,624	<b>310,404</b>	257,624
Cash	<b>438,553</b>	272,181	<b>438,553</b>	272,181
Nationwide	<b>905,326</b>	720,668	<b>905,326</b>	720,668
Scottish Widows	-	28,411	-	28,411
Lloyds TSB Offshore	<b>1,980,008</b>	1,320,522	<b>1,980,008</b>	1,320,522
BLF Services Limited	-	-	<b>2</b>	<b>2</b>
	<b>6,231,841</b>	4,953,028	<b>6,231,843</b>	4,953,030

None of the above funds include investment in tobacco.

**British Lung Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2014**

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**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.

	<b>2014</b>	2013
	<b>£</b>	£
Turnover	-	186,522
Interest receivable	-	280
	<hr/>	<hr/>
Total income	-	186,802
Expenditure		
Administrative expenses	-	186,600
	<hr/>	<hr/>
Total expenditure	-	186,600
Operating profit	-	202
Gift Aid payment	-	(202)
	<hr/>	<hr/>
Retained profit for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>
 The Balance Sheet comprised:		
Current assets	<b>2</b>	2
Current liabilities		
Creditors falling due after more than one year	-	-
	<hr/>	<hr/>
	<b>2</b>	2
	<hr/> <hr/>	<hr/> <hr/>

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2014

13. Debtors

	The Group		The Charity	
	2014	2013	2014	2013
	£	£	£	£
Debtors and prepayments	<b>718,783</b>	1,544,650	<b>718,783</b>	1,544,650
	<b>718,783</b>	1,544,650	<b>718,783</b>	1,544,650

14. Creditors: amounts due within one year

	The Group		The Charity	
	2014	2013	2014	2013
	£	£	£	£
Sundry creditors	<b>315,381</b>	406,940	<b>315,381</b>	406,940
Taxation and social security	<b>69,130</b>	74,995	<b>69,130</b>	74,995
Accruals	<b>64,381</b>	292,719	<b>64,381</b>	292,719
Dilapidations provision	<b>50,650</b>	-	<b>50,650</b>	-
Deferred income	<b>80,000</b>	298,275	<b>80,000</b>	298,275
	<b>579,542</b>	1,072,929	<b>579,542</b>	1,072,929

15. Analysis of group net assets between funds

	Tangible	Investments	Other net	Net assets at
	fixed assets		assets/ liabilities	
	£	£	£	the year
				£
<b>Restricted funds</b>				
Restricted funds	-	1,109,951	836,924	<b>1,946,875</b>
Endowment fund	-	1,899,996	35,318	<b>1,935,314</b>
Total restricted funds	-	3,009,947	872,242	<b>3,882,189</b>
<b>Unrestricted funds</b>				
Designated funds	-	1,471,471	8,452	<b>1,479,923</b>
General funds	1,063,382	1,750,423	(1,691,124)	<b>1,122,681</b>
Revaluation reserve	-	38,284	-	<b>38,284</b>
Total unrestricted funds	1,063,382	3,260,178	(1,682,672)	<b>2,640,888</b>
<b>Total funds</b>	<b>1,063,382</b>	<b>6,231,841</b>	<b>(810,430)</b>	<b>6,523,077</b>

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2014

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 £
<b>Restricted funds:</b>					
Burrow Hill Training Fund	410,882	48,238	46,578	-	505,698
Tuberculosis Fund	7,767	-	-	-	7,767
Astra Zeneca BLF Nurse Wales	16,075	-	-	-	16,075
Scottish Executive	65,000	-	(65,000)	-	-
Kings Fund Nurse	15,737	-	(8,885)	-	6,852
Mesothelioma project	442,163	255,857	(238,893)	-	459,127
Big Lottery Fund (East Midlands)	14,380	55,800	(40,631)	-	29,549
Mick Knighton Mesothelioma Research Fund	-	277,639	34,621	-	312,260
Department of Health	8,617	61,316	(54,952)	-	14,981
Breathe Easy Funds	40,574	94,200	(70,422)	3,809	68,161
Grampian Asthma Project	-	105,000	(51,652)	-	53,348
Stoke Asthma Project	-	100,000	(70,047)	-	29,953
Centre for Social Action and Innovation Fund	-	30,000	(30,000)	-	-
CLEAR Project Northern Ireland	-	2,130	(313)	-	1,817
Singing for Health Choir Project	-	7,000	(6,322)	-	678
Super Ted	-	4,000	(1,453)	-	2,547
Giving the wee ones a breather	-	4,940	(2,539)	-	2,401
Research Funds	357,414	219,096	(141,250)	-	435,260
Other funds	11,569	-	(11,168)	-	401
<b>Total restricted funds</b>	<b>1,390,178</b>	<b>1,265,216</b>	<b>(712,328)</b>	<b>3,809</b>	<b>1,946,875</b>
<b>Endowment Funds</b> (Glaxo Endowment Fund)	<b>1,807,768</b>	<b>262,417</b>	<b>(134,871)</b>	<b>-</b>	<b>1,935,314</b>
<b>Total restricted and endowment funds</b>	<b>3,197,946</b>	<b>1,527,633</b>	<b>(847,199)</b>	<b>3,809</b>	<b>3,882,189</b>
<b>Unrestricted funds:</b>					
Designated funds	1,469,743	10,205	(25)	-	1,479,923
General funds	1,165,333	4,791,663	(4,821,035)	(13,280)	1,122,681
Revaluation reserve	-	28,813	-	9,471	38,284
<b>Total unrestricted funds</b>	<b>2,635,076</b>	<b>4,830,681</b>	<b>(4,821,060)</b>	<b>(3,809)</b>	<b>2,640,888</b>
<b>Total funds</b>	<b>5,833,022</b>	<b>6,358,314</b>	<b>(5,668,259)</b>	<b>-</b>	<b>6,523,077</b>

**16. Movements in funds (continued)**

**Transfers between funds**

A transfer of £3,809 has been made from unrestricted to restricted funds in relation to in Breathe Easy funds that had incorrectly been treated as unrestricted in 2012/13. The transfer of £9,469 from general unrestricted funds to revaluation reserve reflects the value of unrealised investment gains in the general fund at 30 June 2013. in 2012/13.

**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. During the year a previously issued research grant (BHRG12-6) was written back to the fund. The research grant was for 'Long term pulmonary outcome after major trauma in military patients' and was not able to be completed due to a significant reduction in military casualties. This write back of £49,648 is included as a positive adjustment in outgoing resources and losses for the fund in the above table.

**Tuberculosis Fund**

This fund is used to disseminate public information and to fund research into tuberculosis.

**AstraZeneca BLF Nurse Wales**

This fund was set up to provide funding to support BLF Nurses in Wales.

**Scottish Executive**

Funds have been received from Scottish Government for the following a 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.

**Kings Fund Nurse**

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

**Mesothelioma project**

Funding was received from four insurance companies towards research and awareness raising of asbestos related diseases, in particular Mesothelioma. Expenditure during the year included the second stage of the "Take 5 & Stay Alive" campaign to raise awareness of the risks of asbestos amongst the building trade and £198,033 of grants into research into Mesothelioma. Further funding of £250,000 was received from the Association of British Insurers during the year.

**Big Lottery Fund (East Midlands)**

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

**16. Movements in funds (continued)**  
**Purposes of restricted funds (continued)**

**Mick Knighton Mesothelioma Research Fund (MKMRF)**

These funds are used to raise awareness and fund research projects into Mesothelioma, including the funding of a MKMRF respiratory nurse based in the North East of England. In April 2014 the fund formally became part of the British Lung Foundation and the funds cash assets of £277,639 were transferred to the BLF. During the year a previously issued research grant (MK09/1) was partially written back to the fund. The value written back was £35,152 which was the balance remaining from Dr Sam Janes research, when she transferred to another project funded by BLF which continued the original research but under a different research grant award. This write back of is included as a positive adjustment in outgoing resources and losses for the fund in the above table.

**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.

**Grampian Asthma Project**

The Scottish Executive has provided funding for a pilot project on effective interventions to ensure diagnostic accuracy, management of risk and control and self-management for asthma patients in the Grampian region.

**Stoke Asthma Project**

NHS England has provided funding for a pilot project on effective interventions to ensure diagnostic accuracy, management of risk and control and self-management for asthma patients in Stoke.

**Centre for Social Action and Innovation Fund: Integrating Breathe Easy Groups**

The charity was awarded a grant from the Centre for Social Action and Innovation Fund, administered by NESTA to integrate both new and existing Breathe Easy patient support groups with local health services.

**CLEAR Project Northern Ireland**

These funds were provided by CLEAR to deliver community-based help and information days for patients and carers with a particular focus on the impact of respiratory disease on mental health.

**Singing for Health Choir Project**

The National Lottery in Northern Ireland provided the charity with funding to create a community-based choir for respiratory patients to improve their lung capacity and quality of life.

**Super Ted**

This is a pilot funded by NHS Greater Glasgow & Clyde to develop a toolkit highlighting the dangers of Second Hand Smoke for use by stakeholders working with children and families.

## **British Lung Foundation**

### **Notes to the financial statements**

#### **For the Year Ended 30 June 2014**

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##### **Giving the wee ones a breather**

Belfast Public Health Agency provided the charity with funding for a pilot to enable partnership working with Sure Start workers in the city. Air quality monitors are used to enable families to ascertain the levels of Second Hand Smoke present within their homes and the charity delivered follow-up motivational interviews to enable participants to take pro-active harm reduction measures to protect their children from exposure to second hand smoke.

##### **Research Funds**

Funding from various trusts and foundations to support research.

##### **Other funds**

Other funds include Glaxo annual supplement, funds for supporting BLF Nurses, 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.

##### **Revaluation Reserve**

The revaluation reserve represents unrealised gains on the in the general fund investment portfolio.

**17. Schedule of awards**

<b>Grant</b>	<b>Title</b>	<b>Duration</b>	<b>Award £</b>
<b>Mesothelioma Project Grant</b>			
APG13-8 Dr Zsuzsanna Tabi, Cardiff University	Heterotypic spheroid model to study stromal protection of tumour cells from T cell killing in Mesothelioma.	36 Months	148,587
RG14-3, Dr Timothy Yap, Institute of Cancer Research, London	Genomic changes in plasma DNA reflect tumoural mutations in advanced Mesothelioma and can be utilised to guide patient treatment.	36 Months	49,446
<b>Research Funds</b>			
RG14-1, Dr Alison Condliffe, University of Cambridge	Modulation of Phosphoinositide 3-hydroxykinase (PI3K) Signalling To Optimise Ciliary Function in Pulmonary Infection.	12 Months	58,824
RG14-2, Dr Nick Maskell, University of Bristol	Randomised controlled trial to compare the diagnostic yield of Positron Emission Tomography Computerised Tomography (PET-CT) guided pleural biopsy versus CT-guided pleural biopsy in suspected pleural malignancy.	30 Months	59,719
RG14-4, Dr Lynne Prince, University of Sheffield	Regulating inflammatory signalling in human macrophages in the context of COPD.	16 Months	48,470
Total awards			<u><u>365,046</u></u>

**18. Operating lease commitments**

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

	<b>Property</b>		<b>Equipment</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Less than 1 year	<b>32,582</b>	21,998	-	15,069
1 - 2 years	<b>14,296</b>	51,336	<b>4,159</b>	-
	<u><b>46,878</b></u>	<u>73,334</u>	<u><b>4,159</b></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 £1,160,000 (2013: £1,000,000) of which £765,000 had been received by the date of approval of these financial statements.

A legacy received from the Estate of William Henry Rose amounted to £1,000,706 and is included in the income for the year ended 30 June 2013. An indemnity limited to 60% of the total legacy amount received by the charity, 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. No liability is expected in respect of this warranty and no provision has been made in these financial statements.

**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. 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 was 31 March 2014 and the results for the period were:

	£
Income	179,666
Expenditure	<u>(179,666)</u>
Loss on ordinary activities before taxation	<u><u>-</u></u>

The company had no capital or reserves at 31 March 2014. At that date the Directors resolved to dissolve the company.

**21. Related party transactions**

There were no related party transactions in the year ended 30 June 2014.

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 usual daily rate of £1,000, however this charge was fully discounted and the work provided on a pro bono basis. Expenses totalling £1,238 were incurred and reimbursed to Outcome Focus by the BLF in 2013.