

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

British Lung Foundation
Report and Financial Statements
30 June 2012



British Lung Foundation

Reference and administrative details

For the year ended 30 June 2012

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 from 13 September 2011)
	Mr Ralph Bernard CBE	(Chair to 13 September 2011)
	Professor Stephen Spiro	Deputy Chair
	Mr Sabah Zubaida	Honorary Treasurer
	Lord Borwick	
	Mr Richard Chappell	(from 10 May 2012)
	Professor Duncan Empey	
	Professor Ruth Endacott	(retires 21 November 2012)
	Dr Patrick Flood Page	
	Mr David Gill	(from 25 June 2012)
	Sir Graham Hart KCB	(retires 21 November 2012)
	Professor David Lomas	
	Mr Hugo Middlemas	(from 10 May 2012 until 31 May 2012)
	Mr Richard Pettit	(from 10 May 2012)
	Mr Richard Pinckard	
	Mrs Samantha Prigmore	
	Dr Gary Ruiz	
Senior Staff	Chief Executive	Dr Penny Woods
	Chief Operating Officer (interim)	Caroline Stevens
	Director of Fundraising & Marketing	Charlotte Guiver
	Director of Services and Projects	Steven Wibberley
	Director of Communications	Clare Cox
	Director of Finance (Interim) & Company Secretary	Alex Fowles
	Head of BLF Scotland & N Ireland	Dr James Cant
	Head of BLF Wales	Chris Mulholland
	National Services & Development Manager	Mike McKeivitt
	Head of Research	Ian Jarrold
	Head of National Projects	Katherine Leach

British Lung Foundation

Reference and administrative details

For the year ended 30 June 2012

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 2012

The Board of Trustees presents its report and the audited financial statements for the year ended 30 June 2012.

Professor Malcolm Green and a group of lung specialists from London's Royal Brompton Hospital established the British Lung Foundation ("BLF") in 1985. The BLF has grown from a very small organisation principally concentrating on raising money for respiratory research into one that is patient focussed and a funder in 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 the 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 2012 was 18 (2011:18).

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 Subcommittee. 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 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.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

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 eight 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 Audit and Establishment Committee which meets six times annually and the Scientific Committee, where the full Committee meets twice a year and in addition 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 and Establishment Committee

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

Communications Committee

David Gill – Committee Chair
Ralph Bernard

Governance Committee

Peter Dolphin (BLF Chairman) – Committee Chair
Professor Stephen Spiro (BLF Deputy Chairman)
Sabah Zubaida (Treasurer)
Lord Borwick
Professor David Lomas

Scientific Committee

Professor David Lomas – Committee Chair
Professor Stephen Spiro (BLF Deputy Chairman)

Support Committee

Samantha Prigmore – Committee Chair

BLF Services Limited

The Board of BLF Services Limited, the BLF's wholly owned trading subsidiary company, reports to the BLF Board. The BLF Services Board comprises four BLF Trustees and two independent directors:

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

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

Connections to a wider network

The 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. The 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.

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.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

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. The BLF is here to help every one of them. We do three crucial things:

- 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.
- We fund vital **research**, so that new treatments and cures can help to save lives.

Support

We reach out to people who are frightened and debilitated by lung disease, from mild asthma to lung cancer. We want everyone to feel able to turn to us for expert support and advice. We know how hard life can be with a lung condition and we can make life for patients easier in many different ways.

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 10 am to 6 pm or email us at helpline@blf.org.uk.)

In the past year:

- Our helpline received 13,865 calls and 2,135 emails.
- We know benefits cuts are a worry for lots of people with lung disease and their carers. Thirty per cent more people have called us this year about benefits compared with 2010/11 and we’ve helped them get what they’re entitled to.
- We never want anyone to feel they can’t call us due to cost. We have moved to a new helpline number, which means that ringing us never costs more than a local call and is usually free.

We know that people with lung disease want **Information**. We offer a huge range of booklets, leaflets and information sheets on our website. Our information and advice is a vital starting point for anyone feeling bemused and confused by lung disease.

BLF members can access even more information and support including our quarterly magazine, *Breathing Space*, the members’ area on our website and information and updates on the areas of our work that interest them.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

Our subsidiary company BLF Services also publishes lots of resources for health care professionals to hand out to people with chronic obstructive pulmonary disease (COPD).

In the past year:

- We updated our website (www.blf.org.uk) and added even more information. The new site brings BLF voices to the fore by showcasing our members, Breathe Easy groups and supporters. Already we've seen a huge increase in the number of new people finding us online: up to three quarters of visitors are first-timers, meaning we're reaching more people than ever before and providing the vital support they need.
- We sent out more than 900,000 leaflets, booklets and factsheets to the public, giving people the information they need to handle their condition.
- We've published a new booklet for families, friends and carers of people with lung disease called *Looking after someone with a lung condition*. We also ran an online surgery on the same subject, and updated and expanded our webpages.
- Our subsidiary company BLF Services Ltd sold 23,000 COPD self-management packs and 3,500 exercise handbooks to health care providers. They can give these out to people with the condition to help them manage the disease better and exercise safely. They also produced a 50 minute DVD about COPD which was distributed to 9,000 people.
- We always ensure our information is available in difficult-to-reach communities. Our team in London and the South East gave out lung health information and tested around 500 members of the Somali community in Tower Hamlets for lung disease. And in the North West, 70 people came along to our awareness raising event at Oldham Pakistani Community Centre.
- We now have almost 4,000 members – more than ever before – who receive our quarterly *Breathing Space* magazine, packed with informative articles and useful advice. Members also get exclusive access to our live online surgeries, as well information specific to their condition or interests.
- Our information about lung conditions and living with a long-term disease achieved the Department of Health Information Standard quality mark, meaning the public can be sure that our health and social care information is reliable and trustworthy.

We have **Breathe Easy support groups** all over the country where people affected by lung disease can come together, talk and get advice. We know feeling alone can be one of the worst things about living with, or caring for someone who has lung disease. Just having a chat with someone going through the same experiences can make people feel more positive and less isolated. It's one of the simplest ways to make their situation that little bit better. Over 16,500 people go to make friends, chat about their problems and hear from local respiratory experts.

We also bring people together online through our online **Web Community** and by post through our **Penpals** scheme. We connect people through our web community, which people can join to talk to others in the same situation about everything from the best ways to keep fit with lung disease to the side-effects of treatment. Our penpals scheme matches people with similar illnesses or in similar situations so they can talk by email, letter or phone.

This year:

- Membership of our web community has increased by 61% to more than 1,000.
- We put 1,032 penpals in touch, compared with 931 last year.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

Our **BLF Active** programme encourages people with lung conditions to access exercise at home and in the community. This includes supporting fitness instructors all over the country to lead classes for people with lung conditions. Exercise is vital for people with lung conditions. Getting a bit out of breath helps their lungs become stronger and healthier. But getting started with exercise can be rather daunting. People with lung disease often cannot cope with the exercise classes everyone else goes to.

In the past year:

- Our instructors helped almost 2,500 people a week to exercise.
- We handed out 23,194 copies of our “*Exercise and the lungs*” leaflet. We also had 12,511 hits on our web pages about exercising safely with lung disease, and our online surgery about exercise was the most popular of the year, with 200 people tuning in.
- We supported health care company GlaxoSmithKline’s *Your Personal Best* campaign to encourage people with long-term conditions to find creative ways to get active in and around their home and community.

BLF nurses are taking the fight against lung disease into homes and communities. Our nurses provide specialist care and support in people’s homes, so they can leave hospital earlier or don’t have to go in at all – making them happier and reducing the strain on the NHS.

BLF nurses are already respiratory specialists. Becoming a BLF nurse means we give them extra support so they can provide the best possible care. This includes BLF study days and free membership of the Primary Care Respiratory Society, so they have access to information and training.

In the past year:

- We’ve supported 30 more nurses than last year, taking our total to 93. We now have BLF nurses in 18 out of 20 of the areas worst hit by COPD in the UK. We plan to add another 24
- BLF nurses have put on 53 training sessions for other health care professionals, including junior doctors, GPs and practice nurses, to make sure they’re up-to-date with lung disease and can provide the best possible service for people in their care.
- Our nurses have held 122 informative, reassuring training and support sessions for people with lung disease, their families, friends and carers. They’ve also made 143 visits to Breathe Easy groups across the country to give advice.

We are always looking for ways to **Influence** politicians, NHS bosses and other people who make decisions on the UK’s health services. We want to make sure each and every person with lung disease in the UK gets the very best treatment and care. To do this we ensure that our voice is heard.

In the past year:

- We’ve been helping to implement the *Outcomes Strategy for COPD and Asthma in England*. Publication of this strategy was a major success for us last year, after seven years of campaigning. But we haven’t stopped there. Instead we have been working with all ten Strategic Health Authority respiratory boards to promote the strategy and share examples of best practice. We want patients’ needs to be at the forefront of this planning process, which feeds into how health care professionals work and how services are commissioned.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

- Using oxygen is an everyday part of life for many people with lung disease, and heavy, bulky tanks can mean they have to stay at home. In Scotland the BLF has been campaigning for many years for the NHS to supply lighter, more portable oxygen tanks, so people can get out of the house and stay active. In 2012, our work paid off: the Scottish Government announced that new, more modern oxygen systems will be rolled out across Scotland – and people with lung disease can start living their lives to the full.
- We've also been helping local NHS organisations in London and South East England to make improvements to how they supply oxygen to people who need it, working with patients to help them put across their views.
- In the Midlands, the BLF has been helping decision-makers to know what patients go through and make good choices on their behalf. We did a survey of people living with long-term lung disease and presented the results to clinicians and commissioners at a series of events throughout the region. We also invited primary care staff to a patient and carer panel in Stoke-on-Trent, where they could ask people affected by lung disease questions and understand their situations better.
- User representatives are patients and carers who help to improve treatment and care for everyone with a lung condition by sitting on NHS respiratory boards, networks and patient groups. We help people become user representatives and support them in their vital role, giving them training and online advice.
- In South West England we held four events to help health care professionals change the way they work with people affected by lung disease. The events focused on how 'shared decision making' can improve care and how nurses in particular can motivate and support patients to manage their condition.

Prevention

Lung disease is the third biggest killer in the UK after cancer and circulatory disorders. We make sure this message gets through to the public, so they can learn what puts them at risk and take action to prevent disease. We also make sure it gets through to decision-makers in government, so every person with lung disease in the UK gets the treatment and care they deserve. We campaign hard for improvements in all areas of lung health.

Obstructive sleep apnoea (OSA) affects men, women and children. Those who are affected don't breathe well at night, snore and are often exhausted during the day. If left untreated it can lead to serious health problems like heart disease. It affects up to 4 per cent of middle-aged men and 2 per cent of middle-aged women in the UK. Many people do not realise they are suffering from the condition. In 2011/12 we continued our campaign to encourage people to get tested and treated for OSA – giving them a new lease of life, stopping serious illness developing and saving the NHS money.

In the past year:

- 24,500 people took our online Epworth test, to check if they had signs of OSA. The test urged the 40 per cent who found they had symptoms to see their GP.
- We published a new information leaflet about OSA. People can pick one up at sleep clinics across the UK, or they can read the information on our website to learn more about the condition and how to get treatment and improve their quality of life.
- Thanks in part to our campaigning, the Department of Health put tackling OSA firmly on its agenda by forming an OSA working group. We are a member of the group and are working with politicians to draw up national plans to provide better services for people with the condition. We have developed an OSA Charter which sets out the changes we want to see in OSA care.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

- We helped get 30 features and news articles about OSA into the media, so hundreds of thousands of people could read about the symptoms and get help if they recognise them.
- Our new report, “*One of a Million*”, outlines how big a problem OSA is in the UK. We are using it to urge decision-makers and health care professionals to take action.

Asbestos is still found in millions of buildings. If disturbed and inhaled it can be very dangerous and can lead to several serious lung conditions including *mesothelioma* which is an incurable lung cancer.

Our *Take 5 and Stay Alive* campaign is making sure DIY enthusiasts know what asbestos looks like, where they might find it and what to do if they come across it. It encourages them to know the answers to five vital questions about the potentially toxic substance before they do any work on their property and put themselves at risk.

In the past year:

- We made people aware of how dangerous asbestos is with adverts on primetime TV at Easter and widespread coverage in the national media.
- More than 16,000 people visited our new *Take 5 and Stay Alive* website (www.takefiveandstayalive.com) to find out how to protect themselves from asbestos.
- Each year during Breathe Easy Week, we ask our network of Breathe Easy groups to raise awareness of a particular issue. This year it was asbestos. Throughout the UK groups handed out special *Take 5 and Stay Alive* campaign booklets and postcards to warn the public about asbestos.

Our campaign to ban **smoking in cars** where children are present continues. Each year 9,500 children are admitted to hospital because of health problems caused by second hand smoke. When someone has a cigarette in a closed car, a child will breathe in up to 11 times more smoke than they would in a smoke-filled room. Even with the window open, smoke still damages their sensitive and still developing lungs.

In the past year:

- We made good progress towards laws banning smoking in cars with children across the UK.
 - **Wales:** thanks to our campaigning, ministers have agreed to consider a ban if an on-going programme to raise awareness of the dangers does not have the desired effect.
 - **Scotland:** the upcoming Tobacco Control Strategy is due to include a pledge to promote public understanding of the issue.
 - **England:** thanks in part to our influence, the Department of Health ran a campaign to raise awareness of the dangers of passive smoke to children at home and in cars from March to May 2012.
- We worked with Conservative Peer Lord Ribeiro to support his Smoke-free Private Vehicles Bill through the House of Lords. The bill has now gone to the House of Commons and we're working to persuade MPs from all parties to back the bill.
- The more support we have, the more likely it is that we'll see a ban. We've worked hard to get lots of coverage for the campaign up and down the UK on TV, on the radio and in the papers.

We have started a new project to help the five million people in the UK that have **asthma**. For 10 years, the Finnish Government ran a successful national programme to improve asthma care in the country. We're aiming to pilot similar programmes in England and Scotland. A consortium of pharmaceutical companies kindly funded the start-up of this much needed project.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

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.

In the past year:

- We tested 1,626 members of the public and advised 21 per cent to go to their GP because they showed signs of lung disease.
- Three quarters of people who came to one of our events felt they were more aware of chronic obstructive pulmonary disease (COPD).
- We put on our first lung cancer awareness campaign in the North West of England. More than 500 people came along to our events to find out more about the disease and get tested. We advised 38 per cent to visit their GP because they were at risk. We also put on our first COPD campaign in Northern Ireland, giving 524 people lung function tests and referring 23 per cent of them to their GP.

We campaign throughout the UK. We have staff based in Wales, Scotland, Northern Ireland and across England (with offices in the Midlands, the South East, the South West, The North West and the North). They, with the support of local groups, work hard to get the message out about how to prevent lung disease. They also influence the decision-makers in their area.

In the past year:

- BLF Wales is making sure the Welsh Government meets its smoking reduction targets as part of the Wales Tobacco Control Alliance. Through the Respiratory Alliance we helped influence the Government to develop a national plan to improve Wales' respiratory services. We also organise an annual event where Welsh Assembly Members can meet people with lung disease and talk through their concerns.
- In the North, we joined forces with NHS Sheffield and pharmaceutical company GlaxoSmithKline to launch Fighting for Breath, a campaign to support people with COPD to manage their condition more effectively.
- In North East England we partnered with FRESH Smoke Free North East on the Every Breath campaign to warn smokers about the dangers of COPD. We offered information on our website and helpline, and were featured on TV and radio adverts reaching 1.8 million people. We were pleased to be part of FRESH's success in cutting smoking in the North East by 8 per cent over the past five years.

Research

Excellent research is key to finding new treatments for lung disease – saving and prolonging lives. We invested £1,414k in research in 2011/12 and published a report into cannabis which brought together, for the first time in 10 years, all the research into cannabis' effect on the lungs. This year, results of BLF-funded research have been published in the *Journal of the American Medical Association*, *Respiratory Medicine* and the *Journal of Immunology*.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

In the past year our grants have included:

- Together with the Mick Knighton Mesothelioma Research Fund we invested into work on asbestos-related diseases including Mesothelioma. Mesothelioma is a type of lung cancer caused by asbestos. It has the worst prognosis of almost all cancers; it can't be cured, and on average people live for just a year after diagnosis. Our grant of £500k (including a gift to the BLF of £300k from the Mick Knighton Mesothelioma Research Fund) helped launch a 'Mesobank'; a new research facility that will collect samples of mesothelioma tumours for experts to examine. By understanding tumour biology better, we hope to support the development of desperately needed new treatments.
- We made a grant of £100k for a study at Queen Elizabeth Hospital in Birmingham into whether a particular type of drug can improve older peoples' defences against pneumonia.
- £119k is being spent looking for potential new treatments for idiopathic pulmonary fibrosis. This work is being carried out at University Hospital Southampton.
- Newcastle University has been given £140k for a study called "*Can reducing stomach acid improve symptoms in patients with lung scarring?*"
- Our Burrow Hill Training Fund awards funding for lung research related to the armed forces. This year, we've given grants totalling £133k to studies looking at all sorts of subjects, from asthma in RAF personnel to the role of Afghanistan dust in causing lung scarring.

In addition we awarded 27 Travel Fellowships of £750 each to help young researchers working on lung health go to the European Respiratory Society conference in Amsterdam and the American Thoracic Society conference in San Francisco. They were able to mix with the world's top respiratory experts, present their own research, and bring back new knowledge to help in their vital work.

Plans for the future

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

To fulfil these core aims we need to continue to:

- maintain our high levels of support to people with lung disease, their families and carers and evaluate this work for effectiveness;
- build our profile, especially as an authority on all matters relating to lung disease, and
- fund vital research.

We are doing this in a difficult economic environment so we must improve our already high levels of efficiency and continue to build our volunteer base.

We will continue to improve our **support** to people with lung disease by assessing the impact of and developing the helpline and web community. We will establish a strategic approach to badging BLF Nurses in areas where there are service gaps that training and education could fill. Being awarded the Health Information Standard was a great achievement, but keeping the standard will require meeting an ambitious timetable to update all our health information, both printed and online, by December 2013.

Our *Love Your Lungs* campaigns have been highly effective at bringing awareness of COPD literally into the high street by staging lung testing events in shopping centres and libraries. We have a programme to expand these events across the next year. We will also launch pilot programmes to improve Asthma care based on the Finnish Government scheme.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

Continuing to **build our profile** is essential so that we can generate income, 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.

In June 2012 we refreshed our brand which will help us become more recognisable and accessible to people with lung disease, their families and carers, supporters, politicians, health care professionals, researchers and the general public. As part of this project we launched the first phase of our new website. The next phase will launch in early 2013 and include an improved web shop to sell our publications and collect donations. This will coincide with the implementation of our new social media strategy which will improve our reach to our key audiences.

We will continue to aim to fund over £1 million of **research** into lung disease each year by identifying the most important questions in respiratory disease, securing funding to support research in these areas and commissioning research to address these questions. We will communicate BLF research developments and achievements to all stakeholders through publications including our *Breathing Space* magazine, abstracts at scientific meetings and gain maximum positive press coverage for BLF funded science.

In June 2012 Dame Helena Shovelton retired after 10 successful years as Chief Executive. Dr Penny Woods joined the BLF as her successor in September 2012. The Board of Trustees has commissioned from her a strategic review of the Charity against its core objectives from which will be developed a detailed plan for financial year 2013/14 and beyond.

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 2012/13 will be staggered throughout the year and will be determined for individual grant calls as corresponding funding streams are confirmed.

Volunteers

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

In the last year over 200 office and event volunteers have made a huge difference to our work – and we've made a big difference to them. This year, nine of our 45 office volunteers progressed into paid jobs at the BLF, and 17 succeeded in securing jobs elsewhere, in part thanks to the skills they learnt with us.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

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, BLF Nurses, BLF Active and a membership scheme. 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.

Financial review

Results for the year

The income for the year totalled £6,376k, compared with £7,162k in 2011. This fall in income is largely attributable to reduced legacy income (legacy income in 2012 of £1,300k is £772k lower than in 2011). Total expenditure was £7,311k, a small increase compared to expenditure of £7,189k in 2011. After unrealised investment gains, the deficit for the year amounted to £999k compared with a £229k surplus in 2011.

At 30 June 2012 the BLF had total unrestricted funds of £2,436k (2011: £3,161k) of which £1,009k is undesignated (£1,689k). The group's funds restricted for future specific purposes amounted to £2,439k (2011: £2,625k) and the endowment funds decreased from £1,781k in 2011 to £1,693k at 30 June 2012. The group's cash balances including short term deposits, at 30 June 2012 amounted to £2,740k an increase of £693k over the year.

Fundraising performance

Fundraising in the current economic environment remains a challenge. Voluntary income in 2012 of £1,961k is down £697k year on year, mainly due to reduced legacy income being recognised in the year. We have already been notified of several large legacies which we expect to receive in the financial year ending June 2013 including a gift of £993k from an individual donor.

Activities for generating funds generated £3,212k in the year an increase of £169k compared with 2011. Included in the 2012 income is £1m donated by four insurance companies, overseen by the Association of British Insurers (ABI); this represents the third and final tranche of funding for 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 2012 we invested 25p in fundraising costs for every £1 raised (2011 19p).

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

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 £5,962k (2011: £6,037k). Increased spending on campaigning and awareness raising was offset by reductions in research grants made and associated costs. Charitable expenditure represented 82% of our total expenditure (2011: 84%).

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). 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 the BLF's future financial commitments.

At 30 June 2012 current unrestricted reserves including designated funds totalled £1,277k (2011: £2,016k).

Investment policy, performance and ethical policy

The 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 the 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 and Establishment Committee and deposits are made with UK institutions which have good credit ratings.

The 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.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2012

The principal risks and uncertainties facing the 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 the BLF that support them.

Auditors

A resolution to re-appoint Sayer Vincent as the Charity's auditors will be proposed at the Annual Meeting on 21 November 2012.

Approved by the Board of Trustees on 21 November 2012 and signed on its behalf by

Alex Fowles - 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 2012 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 2012 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)

22 November 2012

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 2012

	Note	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	1,866,512	94,649	1,961,161	2,657,734
Activities for generating funds	3	1,569,068	1,642,638	3,211,706	3,042,618
Investment income	4	64,082	109,403	173,485	158,444
<i>Incoming resources from charitable activities</i>					
Activities in relation to Breathe Easy and patient support		606,299	183,391	789,690	1,078,256
Public education and literature		4,103	-	4,103	3,099
Service delivery		233,781	-	233,781	153,398
<i>Other incoming resources</i>		1,753	-	1,753	68,292
Total incoming resources		4,345,598	2,030,081	6,375,679	7,161,841
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating funds		1,261,047	27,930	1,288,977	1,087,025
<i>Charitable activities</i>					
Research grants & costs		21,857	1,554,141	1,575,998	1,782,300
Activities in relation to Breathe Easy and patient support		2,293,248	564,725	2,857,973	2,931,678
Campaigning and awareness raising		558,989	23,157	582,146	346,265
Public education and literature		606,144	66,667	672,811	723,955
Service delivery		266,072	6,728	272,800	252,967
<i>Governance costs</i>		59,980	700	60,680	64,719
Total resources expended	5	5,067,337	2,244,048	7,311,385	7,188,909
Net outgoing resources before other recognised gains and losses		(721,739)	(213,967)	(935,706)	(27,068)
Gross transfers between funds	16	6,516	(6,516)	-	-
Realised losses on investment assets		(985)	(8,713)	(9,698)	-
Net outgoing resources after realised gains		(716,208)	(229,196)	(945,404)	(27,068)
Unrealised (loss)/gain on investment assets		(8,540)	(44,836)	(53,376)	256,074
Net movement in funds		(724,748)	(274,032)	(998,780)	229,006
Reconciliation of funds					
Total funds brought forward		3,161,032	4,406,230	7,567,262	7,338,256
Total funds carried forward		2,436,284	4,132,198	6,568,482	7,567,262

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 £1,781,157 and £1,685,059 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 £62,780, unrealised loss of £46,758 expenditure on the GSK/BLF Professor at Nottingham University of £49,139 and investment and management fees of £62,981

British Lung Foundation

Balance sheets

As at 30 June 2012

		The Group		The Charity	
	Note	2012 £	2011 £	2012 £	2011 £
Fixed assets					
Tangible fixed assets	10	1,158,885	1,145,359	1,158,885	1,145,359
Investments	11	5,556,430	6,844,600	5,556,430	6,844,600
		6,715,315	7,989,959	6,715,315	7,989,959
Current assets					
Debtors	13	699,601	496,279	692,099	800,839
Short term deposits		1,923,686	1,210,870	1,866,462	938,215
Cash at bank and in hand		816,457	836,045	803,783	832,573
		3,439,744	2,543,194	3,362,344	2,571,627
Liabilities					
Creditors: amounts due within one year	14	891,043	628,084	813,643	656,517
Research grants	6	1,167,343	1,230,411	1,167,343	1,230,411
		2,058,386	1,858,495	1,980,986	1,886,928
Net current assets		1,381,358	684,699	1,381,358	684,699
Total assets less current liabilities		8,096,673	8,674,658	8,096,673	8,674,658
Creditors due after more than one year: Research grants	6	1,528,191	1,107,396	1,528,191	1,107,396
Net assets	15	6,568,482	7,567,262	6,568,482	7,567,262
Funds					
Restricted funds					
Restricted funds		2,439,341	2,625,073	2,439,341	2,625,073
Endowment funds		1,692,857	1,781,157	1,692,857	1,781,157
		4,132,198	4,406,230	4,132,198	4,406,230
Unrestricted funds					
General funds		1,008,725	1,689,322	1,008,725	1,689,322
Designated funds		1,427,559	1,471,710	1,427,559	1,471,710
		2,436,284	3,161,032	2,436,284	3,161,032
Total charity funds	16	6,568,482	7,567,262	6,568,482	7,567,262

Approved by the Trustees on 21 November 2012 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 2012

	Notes	2012 £	2011 £
Net cash flow from operating activities	(a)	(442,128)	992,007
Capital expenditure and financial investment			
Proceeds on disposal of investments		1,368,200	151,636
Additions at historic cost		(143,104)	(3,129,397)
Expenditure on fixed assets		(89,740)	(29,955)
Net cash (outflow) / inflow	(b)	<u>693,228</u>	<u>(2,015,709)</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	(935,706)	(27,068)
Decrease/(Increase) in debtors	(203,322)	41,716
Increase/(Decrease) in creditors	620,686	904,018
Depreciation	76,214	73,341
Net cash flow from operating activities	<u>(442,128)</u>	<u>992,007</u>

b) Analysis of changes in net funds

	At 1 July 2010 £	Cash flows £	At 1 July 2011 £	Cash flows £	At 30 June 2012 £
Deposit account	2,961,168	(1,750,298)	1,210,870	712,816	1,923,686
Cash in hand and at bank	1,101,456	(265,411)	836,045	(19,588)	816,457
	<u>4,062,624</u>	<u>(2,015,709)</u>	<u>2,046,915</u>	<u>693,228</u>	<u>2,740,143</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2012

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 255 (2011: 236) Breathe Easy groups are treated as branches and the income, expenditure and bank balances of 232 groups (2011: 227) 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 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	16.0	22.2
Research grants & costs	1.0	1.4
Activities in relation to Breathe Easy and patient support	34.0	47.2
Campaigning and awareness raising	10.0	13.9
Public education and literature	7.0	9.7
Service delivery	4.0	5.6

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2012

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
Computer software	3 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 2012

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 £	2012 Total £	2011 Total £
Legacies	1,276,810	23,654	1,300,464	2,072,723
In memoriam	<u>589,702</u>	<u>70,995</u>	<u>660,697</u>	<u>585,011</u>
Total	<u><u>1,866,512</u></u>	<u><u>94,649</u></u>	<u><u>1,961,161</u></u>	<u><u>2,657,734</u></u>

3. Activities for generating funds

	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Companies	490,129	1,000,110	1,490,239	1,338,522
Trusts	21,276	303,369	324,645	417,404
Individuals	572,712	300,903	873,615	669,876
Events	<u>484,951</u>	<u>38,256</u>	<u>523,207</u>	<u>616,816</u>
	<u><u>1,569,068</u></u>	<u><u>1,642,638</u></u>	<u><u>3,211,706</u></u>	<u><u>3,042,618</u></u>

4. Investment income

	Unrestricted £	Restricted £	2012 Total £	2011 Total £
UK listed investments	60,751	109,403	170,154	154,675
Bank interest	<u>3,331</u>	<u>-</u>	<u>3,331</u>	<u>3,769</u>
	<u><u>64,082</u></u>	<u><u>109,403</u></u>	<u><u>173,485</u></u>	<u><u>158,444</u></u>

British Lung Fundation

Notes to the financial statements

For the year ended 30 June 2012

5. Total resources expended

	Grants £	Direct costs £	Support costs allocated £	Total 2012 £	Total 2011 £
Cost of generating funds	-	922,342	366,635	1,288,977	1,087,025
Charitable activities					
Research	1,353,513	199,426	23,059	1,575,998	1,782,300
Activities in relation to BE & patient support	-	2,080,198	777,775	2,857,973	2,931,678
Campaign & awareness raising	-	346,946	235,200	582,146	346,265
Public education & literature	-	514,858	157,953	672,811	723,955
Service delivery	-	184,485	88,315	272,800	252,967
Governance	-	51,456	9,224	60,680	64,719
	<u>1,353,513</u>	<u>4,299,711</u>	<u>1,658,161</u>	<u>7,311,385</u>	<u>7,188,909</u>

Analysis of allocated support costs

	Staff costs £	Finance £	IT support £	Office costs £	Total 2012 £	Total 2011 £
Cost of generating funds	189,338	61,146	61,072	55,079	366,635	202,720
Charitable activities						
Research	11,908	3,846	3,841	3,464	23,059	18,770
Activities in relation to BE & patient support	401,660	129,714	129,557	116,844	777,775	611,913
Campaign & awareness raising	121,462	39,226	39,178	35,334	235,200	99,483
Public education & literature	81,570	26,343	26,311	23,729	157,953	175,878
Service delivery	45,608	14,729	14,711	13,267	88,315	112,434
Governance	4,764	1,538	1,536	1,386	9,224	8,259
	<u>856,310</u>	<u>276,542</u>	<u>276,206</u>	<u>249,103</u>	<u>1,658,161</u>	<u>1,229,457</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2012

6. Research Grants

	Unrestricted £	Restricted £	2012 £	2011 £
Balance at start of year	34,097	2,303,710	2,337,807	1,287,034
Awarded in the year:				
Projects and research fellowships (note 17)	-	1,414,611	1,414,611	1,625,185
Unused awards written back	<u>(32,670)</u>	<u>(28,428)</u>	<u>(61,098)</u>	<u>(8,345)</u>
Charge to SOFA (note 5)	(32,670)	1,386,183	1,353,513	1,616,840
Paid in year	<u>(1,427)</u>	<u>(994,359)</u>	<u>(995,786)</u>	<u>(566,067)</u>
Balance at end of year	<u>-</u>	<u>2,695,534</u>	<u>2,695,534</u>	<u>2,337,807</u>
Falling due within one year	-	1,167,343	1,167,343	1,230,411
Falling due after more than one year	<u>-</u>	<u>1,528,191</u>	<u>1,528,191</u>	<u>1,107,396</u>

7. Net outgoing resources for the year

This is stated after charging:

	2012 £	2011 £
Depreciation	76,214	73,341
Trustees' indemnity insurance	4,006	3,219
Trustees' expenses	2,351	1,393
Auditors' remuneration:		
▪ Audit	18,700	18,000
▪ Other services	3,700	3,000
Operating lease rentals:		
▪ property	95,548	124,763
▪ other	<u>20,092</u>	<u>20,092</u>

Expenses were paid in relation to 5 (2011 - 4) 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 2012

8. Staff costs and numbers

Staff costs were as follows:

	2012	2011
	£	£
Salaries and wages	2,551,725	2,292,596
Social security costs	266,285	233,251
Pension contributions	130,511	130,366
	<u>2,948,521</u>	<u>2,656,213</u>

No employee earned between £60,000 - £70,000 (2011: one)

Three employees earned between £70,001 - £80,000 (2011: Two)

One employee earned between £80,001 - £90,000 (2011: One)

One employee earned between £90,001 - £100,000 (2011: One)

Pension contributions for these employees amounted to £38,380 (2011: £34,219).

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

	2012	2011
	No.	No.
Costs of generating voluntary income	16	11
Research grants & costs	1	1
Activities in relation to Breathe Easy and patient support	34	33
Campaigning and awareness raising	10	5
Public education and literature	7	9
Service delivery	4	6
Support	13	11
	<u>85</u>	<u>76</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	34,789	280,017	1,594,496
Additions in year	-	-	89,740	89,740
At the end of the year	<u>1,279,690</u>	<u>34,789</u>	<u>369,757</u>	<u>1,684,236</u>
Depreciation				
At the start of the year	203,058	21,641	224,438	449,137
Charge for the year	25,594	6,313	44,307	76,214
At the end of the year	<u>228,652</u>	<u>27,954</u>	<u>268,745</u>	<u>525,351</u>
Net book value				
At the end of the year	<u>1,051,038</u>	<u>6,835</u>	<u>101,012</u>	<u>1,158,885</u>
At the start of the year	<u>1,076,632</u>	<u>13,148</u>	<u>55,579</u>	<u>1,145,359</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2012

11. Investments

	The Group		The Charity	
	2012 £	2011 £	2012 £	2011 £
Market value at the start of the year	6,844,600	3,610,765	6,844,600	3,329,185
Additions at historic cost	143,104	3,129,397	143,104	3,129,397
Disposals at open market value	(1,368,200)	(151,636)	(1,368,200)	(151,636)
Market Value of shares transferred from Burrow Hill Training Fund	-	-	-	281,580
Realised loss	(9,698)	-	(9,698)	-
Unrealised (losses)/gains	(53,376)	256,074	(53,376)	256,074
Market value at the end of the year	<u>5,556,430</u>	<u>6,844,600</u>	<u>5,556,430</u>	<u>6,844,600</u>
Historic cost at the year end	<u>5,835,603</u>	<u>7,070,397</u>	<u>5,835,603</u>	<u>7,070,397</u>

Investments comprise:

	The Group		The Charity	
	2012 £	2011 £	2012 £	2011 £
UK Common investment funds	<u>5,556,431</u>	<u>6,844,600</u>	<u>5,556,431</u>	<u>6,844,600</u>

	The Group		The Charity	
	2012 £	2011 £	2012 £	2011 £
M&G Charifund	362,109	285,856	362,109	285,856
Schroder Charity Equity Fund	595,437	806,641	595,437	806,641
Cazenove Growth Trust	378,512	418,484	378,512	418,484
Schroder Charity Fixed Interest	366,330	336,383	366,330	336,383
Schroder Charishare	51,348	34,903	51,348	34,903
Charishare Non Tobacco Fund*	300,777	238,224	300,777	238,224
Property	250,461	211,371	250,461	211,371
Cash	244,742	211,703	244,742	211,703
Nationwide	700,599	2,442,233	700,599	2,442,233
Scottish Widows	1,086,116	1,858,802	1,086,116	1,858,802
Lloyds TSB Offshore	1,220,000	-	1,220,000	-

* i.e. no investment in tobacco

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2012

12. Subsidiary Undertaking

The charitable company owns the whole of the issued ordinary share capital of BLF Services Limited, a company registered in England. The subsidiary is used for primary purpose trading activities. All activities have been consolidated on a line by line basis.

	2012	2011
	£	£
Turnover	227,763	151,504
Interest receivable	695	590
Total income	228,458	152,094
Expenditure		
Administrative expenses	216,485	140,532
	216,485	140,532
Operating profit	11,973	11,562
Gift Aid payment	(11,973)	(11,562)
Retained profit for the year	-	-

The Balance Sheet comprised:

Current assets	170,059	327,734
Current liabilities	(155,057)	(312,732)
Creditors falling due after more than one year	(15,000)	(15,000)
	2	2

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

13. Debtors

	The Group		The Charity	
	2012	2011	2012	2011
	£	£	£	£
Debtors and prepayments	699,601	496,279	606,943	488,879
Amount due from subsidiary				
Current account	-	-	70,156	296,960
Loan	-	-	15,000	15,000
	699,601	496,279	692,099	800,839

14. Creditors: amounts due within one year

	The Group		The Charity	
	2012	2011	2012	2011
	£	£	£	£
Sundry creditors	361,062	359,574	346,778	346,777
Amounts due to subsidiary	-	-	7,448	43,549
Accruals	361,410	144,630	352,196	142,311
Deferred income	168,571	123,880	107,221	123,880
	891,043	628,084	813,643	656,517

15. Analysis of group net assets between funds

	Tangible	Investments	Other net	Net assets
	fixed assets		assets/ liabilities	
	£	£	£	£
Restricted funds				
Restricted funds	-	1,623,143	816,198	2,439,341
Endowment fund	-	1,692,857	-	1,692,857
Total restricted funds	-	3,316,000	816,198	4,132,198
Unrestricted funds				
General funds	1,158,885	812,871	(963,031)	1,008,725
Designated funds	-	1,427,559	-	1,427,559
Total unrestricted funds	1,158,885	2,240,430	(963,031)	2,436,284
Total funds	1,158,885	5,556,430	(146,833)	6,568,482

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

16. Movements in funds

	At the start of the year £	Incoming resources and gains £	Outgoing resources £	Transfers	At the end of the year £
Restricted funds:					
Burrow Hill Training Fund	575,341	11,555	(159,825)	-	427,071
Respiratory Health of Nation	-	-	(2,614)	267,457	264,843
Tuberculosis Fund	84,443	-	-	(84,443)	-
Leeds Trust	105,718	-	(102,672)	-	3,046
Legacies	56,279	700	(10,979)	(45,000)	1,000
King Edward VII Hospital	24,972	-	-	(24,972)	-
Astra Zeneca BLF Nurse Wales	21,881	-	(4,948)	-	16,933
Scottish Executive	22,437	75,000	(26,437)	-	71,000
Kings Fund Nurse	47,158	34,423	(34,748)	-	46,833
Building Patient Impact	35,489	-	(33,813)	-	1,676
ICAP	12,227	-	-	(12,227)	-
Mesothelioma project	1,036,804	1,027,270	(794,521)	-	1,269,553
Scottish Government COPD					
Awareness events	23,791	50,000	(23,386)	-	50,405
Big Lottery Fund (West Mildands)	31,817	47,382	(79,199)	-	-
Big Lottery Fund (Supporting Change & Impact)	-	9,998	-	-	9,998
Mick Knighton Mesothelioma Research Fund	500	300,000	(300,000)	-	500
John Ellerman Foundation	-	30,000	(30,000)	-	-
Peacock Charitable Trust	-	22,000	(22,000)	-	-
Idiopathic Pulmonary Fibrosis	224,315	5,000	(265,766)	36,451	-
NHS Grampian	47,699	-	(15,543)	-	32,156
DH Lung Cancer	-	35,880	(35,880)	-	-
Breathe Easy Funds	52,670	61,773	(74,590)	(1,555)	38,298
Research Funds	146,281	209,807	(26,662)	(139,568)	189,858
Other funds	75,251	38,715	(95,136)	(2,659)	16,171
Total restricted funds	2,625,073	1,959,503	(2,138,719)	(6,516)	2,439,341
Endowment Funds (Glaxo Endowment Fund)					
	1,781,157	70,578	(158,878)	-	1,692,857
Total restricted and endowment funds	4,406,230	2,030,081	(2,297,597)	(6,516)	4,132,198
Unrestricted funds:					
Designated funds:	1,471,710	-	(44,151)	-	1,427,559
General funds	1,689,322	4,345,598	(5,032,711)	6,516	1,008,725
Total unrestricted funds	3,161,032	4,345,598	(5,076,862)	6,516	2,436,284
Total funds	7,567,262	6,375,679	(7,374,459)	-	6,568,482

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

16. Movements in funds (continued)

Transfers between funds

A transfer of £1,266 has been made from restricted to unrestricted funds in relation to in mem Silverdale employee donations which had been incorrectly treated as restricted in 2011. A separate transfer of £5,250 has been made in relation to a research grant which had initially been paid from unrestricted funds.

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 have been awarded from this fund in 2011/12.

Respiratory Health of Nation

Respiratory Health of the 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.

Transfers have been made from the following funds into Respiratory Health of the Nation:

- Tuberculosis Fund
- King Edward VII Hospital, Midhurst
- ICAP
- Legacies
- Research Funds
- Other funds

Tuberculosis Fund

This fund is used to disseminate public information and to fund research into tuberculosis. The balance in this fund has been transferred to Respiratory Health of The Nation.

Leeds Trust

On 2 August 2011 the Charity Commission approved resolutions carried by the Board on 22 June 2011:

- A resolution under section 75 of the Charities Act 1993, as amended by the Charities Act 2006 to free the restriction on spending the permanent endowment.
- A resolution under section 74C of the Charities Act 1993 to amend the objects of the Florence Michael Fund CC:01170719) known as the Leeds Trust by replacing the second object "To aid and promote study and research in hospitals in the Leeds Metropolitan District into respiratory and heart disease" with "To aid and promote study and research into respiratory disease in hospitals and universities anywhere in the UK".

The object change came into effect on 28 August 2011 and the release of permanent endowment on 28 September 2011. Grants have been awarded from this fund in 2011/12.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

16. Movements in funds (continued)

Legacies

Legacies have been given for following purposes:

- Purchase of equipment to assist sufferers of any lung disease
- Support for the NE Branch Freeman Hospital for lung research
- Support Breathe Easy groups
- Research into respiratory diseases
- General research

King Edward VII Hospital, Midhurst

This fund supports respiratory, asthma and tuberculosis research. The balance in this fund has been transferred to Respiratory Health of The Nation.

Astrazeneca BLF Nurse Wales

To pay for the post of BLF Nurse's in Wales.

Scottish Executive

Funds have been received from Scottish Government for the following:

- Project with BHF and Chest, Heart & Stroke Association (£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.

Building Patient Impact

This fund was given by the Department of Health towards user representation work.

ICAP

Income from ICAP charity day to fund lung cancer research projects. The balance in this fund has been transferred to Respiratory Health of The Nation.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

16. Movements in funds (continued)

Purposes of restricted funds (continued)

Mesothelioma project

Funding was received from four insurance companies towards research and awareness raising of asbestos related diseases, in particular Mesothelioma. Each of the insurance companies have committed to fund £250,000 each per annum for three years towards this project.

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 (West Midlands)

Funding was received from the BIG Lottery Fund to appoint a part-time Development Officer in our West 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.

Mick Knighton Mesothelioma Research Fund (MKMRF)

This fund has been used to help fund the UK's first 'Mesobank'. The "British Lung Foundation/ Mick Knighton Mesothelioma Research Fund Mesobank" will be the first formal central depository of mesothelioma tissue and blood in the UK. This collection of mesothelioma tissue samples sourced from around the UK will allow scientists with a research idea to gain immediate access to tissue and anonymised clinical information. In turn, this will speed up the progress of research projects and help achieve ground-breaking results to help people who have mesothelioma more quickly.

John Ellerman Foundation

John Ellerman Foundation donated £30,000 to fund targeted areas of need and to grow our *Breathe Easy* self-help network in these areas.

Peacock Charitable Trust

The Peacock Charitable Trust Fund made a grant of £22,000 to support and develop our network of *Breathe Easy* peer support groups.

Idiopathic Pulmonary Fibrosis

Several donors have made gifts that have been restricted to Idiopathic Pulmonary Fibrosis (IPF) research. IPF is caused by repeated injury to small areas of the lung. This results in inflammation of the lungs and then scarring, making it difficult for the lungs to do their job of getting oxygen into the blood and carbon dioxide out. Recently-awarded BLF research grants in this area will help scientists to better-understand this debilitating condition and move us closer towards new treatments. Transfers have been made into this fund from Research Funds restricted to IPF.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

16. Movements in funds (continued)

Purposes of restricted funds (continued)

NHS Grampian

Funds received from NHS Grampian/LTCAS are to be used towards the Remote Pulmonary Rehabilitation in Scotland.

DH Lung Cancer

This was a lung cancer awareness campaign delivered in the Midlands in conjunction with the Department of Health. The name was Be Clear on Cancer and the project consisted of ten awareness events in community settings.

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 and corporate sponsorship for American Thoracic Society.

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 2012

17. Schedule of awards

Grant	Title	Duration	Award (£)
Asbestos Bioresource Grant			
ABR12-1, Dr Robert Rintoul, Papworth Hospital	Mick Knighton Mesothelioma Research Fund/BLF "Mesobank"	36 months	499,908
Idiopathic Pulmonary Fibrosis Grant			
IPFPG-12-2, Professor Donna Davies, University of Southampton	Preclinical Evaluation of FK228 (Romidepsin) as a Potential Therapy for Idiopathic Pulmonary Fibrosis (IPF)	28 months	119,467
Burrow Hill Vocational Training Grant			
BHVT12-3, Mr Andrew MacDonald	Training in hypnotherapy for pain treatment	6 months	1,000
Burrow Hill Research Grants			
BHRG12-4, Dr Joanna Szram, Imperial College London	Asthma in Royal Air Force personnel: measuring severity, control and impact on service careers	12 months	32,846
BHRG12-5, Dr Christopher Grainge, University of Southampton	The role of environmental dust from the Middle East in the pathogenesis of constrictive bronchiolitis	36 months	49,777
BHRG12-6, Dr Fraser Brims, University College London	Long term pulmonary outcome after major trauma in military patients	36 months	49,648
Idiopathic Pulmonary Fibrosis Pilot Study Grant			
IPFPSG12-7, Dr Ian Forrest, Newcastle University	An external pilot trial of Omeprazole in Idiopathic Pulmonary Fibrosis	24 months	139,567
Leeds Trust Project Grant			
LT12-8, Dr Elizabeth Sapey, University Hospitals Birmingham NHS Foundation Trust	Simvastatin as adjuvant therapy to correct neutrophil dysfunction in older pneumonia patients - a randomised double blind placebo controlled trial	24 months	99,500
Asbestos Project Grants			
APG12-9, Dr Judy Coulson, University of Liverpool	Isogenic cell lines for targeted therapy discovery and development in BAP1 - deficient mesothelioma	36 months	199,966
APG12-10, Dr Sarah Martin, Barts Cancer Institute, Queen Mary University of London	Targeting loss of ASS1 in malignant pleural mesothelioma	24 months	123,356
Asbestos PhD Studentship			
APHD12-11, Dr John Maher, King's College London	Immunotherapy of mesothelioma using dual targeted ErbB and Met-specific	36 months	99,576
Total awards			1,414,611

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2012

18. Operating lease commitments

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

	Property		Equipment	
	2012	2011	2012	2011
	£	£	£	£
Less than 1 year	3,422	-	15,069	-
1 - 2 years	-	-	-	20,092
2 - 5 years	69,912	39,920	-	-
	<u>73,334</u>	<u>39,920</u>	<u>15,069</u>	<u>20,092</u>

19. Legacies

The Group is entitled to certain legacies which have not been accrued for as the recognition criteria explained in the accounting policies had not been met at the date of approval of the accounts. An estimate of known legacy income which is expected to be received in later accounting periods is £1,030,000.