

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

**British Lung Foundation**  
**Report and Financial Statements**  
**30 June 2009**

## British Lung Foundation

### Reference and administrative details

For the year ended 30 June 2009

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<b>Company number</b>	1863614
<b>Charity number</b>	326730 (England) SC038415 (Scotland)
<b>Registered office and operational address</b>	Lung Foundation House 73-75 Goswell Road London EC1V 7ER
<b>Trustees</b>	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 Ralph Bernard CBE Chairman - February 2009 Dr Keith Prowse Chairman - Until February 2009 Lord Borwick Deputy Chairman - Until November 2008 Professor Stephen Spiro Deputy Chairman - From December 2008 Mr Sabah Zubaida Honorary Treasurer Dr David Bellamy MBE Mr Peter Dolphin Prof Ruth Endacott Dr Emrys Evans Sir Graham Hart KCB Prof Chris Haslett Until November 2008 Ms Gillian Perkins Until February 2009 Mr Richard Pinckard Appointed September 2008 Mrs Samantha Prigmore Dr Gary Ruiz Mrs Amanda Sater Mr Karamjit Singh Resigned September 2009 Mr Graham Lancaster Appointed November 2008 Professor Nicholas Morrell Appointed November 2008 Mr Peter Corbett Appointed November 2008 Professor Duncan Empey Appointed November 2008
<b>Principal staff</b>	Chief Executive Dame Helena Shovelton Director of Finance & Administration/ Company Secretary Christine Lewis Director Of Support Services Paul Fredericks Director of Fundraising Charlotte Guiver Director of Communications David Horton  Honorary Medical Director Dr Noemi Eiser MD FRCP

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<b>Bankers</b>	HSBC plc Onslow Square Branch 1 Sydney Place London SW7 3NW
<b>Solicitors</b>	Bates, Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH
<b>Investment manager</b>	Schroder & Co Limited 31 Gresham Street London EC2V 7QA
<b>Auditors</b>	Sayer Vincent Chartered accountants and registered auditors 8 Angel Gate City Road London EC1V 2SJ

## **British Lung Foundation**

### **Report of the Board of Trustees**

#### **For the year ended 30 June 2009**

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The Board of Trustees presents its report and the audited financial statements for the year ended 30 June 2009.

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 Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

#### **1. Structure, governance & management**

The organisation is a charitable company limited by guarantee, incorporated on 14 November 1989 and registered as a charity on 11 December 1989.

##### **Nature of governing document**

The British Lung Foundation is a registered charity and a company limited by guarantee. The governing document is the Memorandum and Articles of Association. The Board of Trustees comprises the Directors of the company. They are 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 2009 was 15 (2008: 17).

##### **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 Nominations Subcommittee. Trustees are appointed by the Board of Trustees for a period of 3 years at an Annual General Meeting, and this appointment can be extended by a further 3 years by mutual agreement.

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

Trustees are invited to attend the head office to meet all the staff and have induction meetings with senior management team members. An induction programme comprising information, governance, analysis of the corporate plan and a programme of visits to patient support groups and regional/national offices is also part of the induction programme. Trustees are able to undertake training specific to their role and attend away days.

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#### **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 meets six times a year. Subcommittees report to the Board and comprise of the Audit & Establishment Subcommittee, the Scientific Committee, the Communications Subcommittee, the Support Subcommittee and the Nominations Subcommittee. They generally meet quarterly with the exception of the Scientific Committee, which meets twice a year, and the Nominations Subcommittee, which meets as required. In addition a Governance Group has been created which is responsible for nominating future Presidents, Chairmen and Trustees.

#### **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. Certain Trustees sit on other respiratory health committees and the charity is involved in initiatives across the UK.

#### **Trustees' responsibilities for financial statements**

United Kingdom company law requires the Directors – the charity's Trustees – to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group at the end of the year, and of the income and expenditure and incoming resources and the application of resources of the group for the year then ended. In preparing those financial statements, the Trustees have:

- I. Selected suitable accounting policies and then applied them on a consistent basis;
- II. Made judgements and estimates that are reasonable and prudent;
- III. Stated whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- IV. Prepared the financial statements on the going concern basis

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Trustee confirms that, to the best of his/her knowledge, there is no information relevant to the audit of which the auditors are unaware. The Trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

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## **2. Objectives and activities**

### **Objectives of the British Lung Foundation**

The objects in the Memorandum of Association are:

“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 aims**

The British Lung Foundation’s aims are:

- The provision of information and education to make more widely known the extent of lung disease and the need to advance lung research;
- The provision of support and advice for people living with lung disease by means of disease information fact sheets and other publications, and particularly by the Foundation’s network of Breathe Easy groups; and
- The funding of medical research to improve prevention, diagnosis and treatment of lung disease.

### **Charity’s strategies and significant activities**

The British Lung Foundation’s main achievements in 2008-09 have been:

- Investment in Lung Research of £919,871
- The Helpline has handled 15,085 calls this year – down by 13% in number but we have helped more people whose calls have taken longer on average.
- Website – 690,000 hits and over 2 million page views.
- Publications – we sent out 1,327,409 leaflets and publications during the year – an increase of 32% over the previous year.
- BLF Active – 89 fitness instructors have completed the training course developed in conjunction with Loughborough University. 43 classes are now set up.
- BLF Nurses – 43 nurses are now working throughout the UK helping over 2,650 patients.
- The Chief Executive has taken an active part in the development of the National Strategy Framework for COPD with the Department of Health in England.
- The number of Breathe Easy groups has now grown to 215 throughout the UK.
- The BLF membership scheme now has 3,333 members.
- Media coverage was up by 20%.
- 22 awareness raising events to find people currently undiagnosed with lung disease were held throughout England.

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#### **Volunteer help**

Approximately 1,000 volunteers give their time, dedication and expertise freely to the BLF in various roles across the organisation. This includes serving on committees and providing admin and other support to the regional and national offices. Breathe Easy volunteers provide peer support to group members as well as campaigning for improved services for people with lung disease and raising awareness and funds for the BLF.

### **3. Achievements and performance**

#### **Public Education**

The reach of the British Lung Foundation continues to grow. The increased number of publications sent out, long term visitors to the website and callers to the Helpline demonstrate the success of our work towards positioning the British Lung Foundation as the leading expert voice on all lung disease.

The locations of our national and regional offices are:

Scotland and Northern Ireland in Glasgow

Wales in Swansea

London and South in London

Midlands in Leicester

North in Newcastle

North West in Liverpool

South West in Bristol

#### **Helpline**

The Helpline, based in Liverpool, is staffed by respiratory nurses, welfare benefits advisors, and parent councillors who provide advice on a broad range of topics, principally by phone, but also by post, fax and email. The team handled 15,085 calls this year and saw an increase of 4% in the number of people advised compared to last year. The Helpline was assessed for Telephone Helpline Accreditation, which is expected to come through in the new financial year.

#### **Breathe Easy groups**

The BLF's network of Breathe Easy groups for people affected by lung disease provides support, advice and information to over 14,000 people affected by lung disease in 215 groups across the UK. The Breathe Easy network plays a vital role in campaigning, awareness raising and fundraising and provides invaluable peer support.

#### **PenPals**

The PenPals scheme puts people affected by lung disease in touch with one another through post or email. This year it was expanded to include parents and carers and promoted via a new leaflet. In total 340 people were matched with someone in a similar situation as themselves via the PenPals scheme.

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#### **BLF Kids**

During the year we have continued to provide a specialist service for the parents of children with lung disease via the BLF Helpline. The majority of the calls are from parents of children with asthma and a variety of very rare lung diseases. To back this service up we have two part time parent counsellors who will call back those who need help at a booked and convenient time, often after the children have gone to bed. A major problem for parents of a profoundly sick child is the impact this has on the other siblings and the counselling is given in response to this need.

During the year ahead a review will be undertaken of the need for BLF Kids and services will be planned accordingly.

#### **BLF Nurses**

There are 43 BLF Nurse posts operating in 14 sites across the UK. This year has seen four new BLF Nurses placed in Northern Ireland, the Isle of Wight, Wandsworth and Bristol. BLF Nurses provide specialist respiratory care in the community, supporting patients and their carers. The nurses attend four BLF funded Study Days a year which add to their clinical knowledge and professional development. Education and sharing expertise plays a large part in the role of the BLF nurse, not only to all members of primary and secondary care but also to service users and their carers through delivery of structured and informal education programmes. BLF Nurses play a vital role in finding the missing millions by offering free lung tests as part of the BLF's Love Your Lungs campaign and also joining in numerous awareness raising events. They develop innovative practice and are involved in Primary Care Organisation's decision making forums helping to develop local services.

#### **BLF Active**

This year has seen further development of the BLF Active programme. During the year 47 fitness instructors have become fully trained by undertaking the course, a slight increase from the previous year (42). The total number of trained instructors has now reached 89. Where possible the exercise classes are established and operated in conjunction with Breathe Easy groups. At 30 June 2009 the number of classes stood at 43 (2008: 12). Our role is to provide bursaries to instructors to enable them to undertake the training and establish exercise classes. We have developed a "How to" guide to setting and running the weekly classes as well as instructor packs to facilitate the promotion of the classes. Instructors receive a bi-monthly newsletter which provides information about other BLF activities and enables the sharing of best practice. We have developed a reporting system with the qualified instructors to allow us to monitor the progress of classes. We also created a questionnaire to be sent to all class participants to gauge the benefits of exercise. The outcomes of this will be reported in 2009-10.

We regularly update the 'Find a class in your area' part of the website and work has begun to develop a BLF Active Instructor intranet and web forum.

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#### **Communications**

##### **The National Strategy for COPD**

The Chief Executive has been a member of the External Reference Group for the Department of Health advising on the content of the national strategy. She is now a member of the Programme Board looking at implementing the strategy and is chairing the Strategic Communications Working Group which reports to that board. It is hoped that the strategy will go out for consultation early in 2009-10.

##### **COPD Project**

Now into its third year, The COPD Project is going from strength to strength. The emphasis on COPD awareness raising has continued, with the team successfully delivering a Section 64 funded project to run 17 COPD awareness raising and lung function testing events around England. The events primarily focussed on COPD 'hotspots' as determined by the Invisible Lives Report, but also incorporated events aimed at BME audiences, young people and workplaces. In total, over 2,000 people received a lung test, and over 18% were referred to their GP for a follow up test.

In January 2009, the first *Love Your Lungs* campaign took place in South Tyneside, funded by the Department of Health and South Tyneside PCT. Using Experian data from the Invisible Lives Report, the BLF was able to run a targeted telemarketing and PR campaign incorporating lung testing events across a one month period. 5,000 people 'at risk' of future hospital admission with COPD were telephoned and signposted to the helpline and the lung testing events. 59% of the people telephoned requested further information or a follow up call. In total, we tested over 650 people across four events, and referred over 23% to their GP.

The *Love Your Lungs* Campaign, minus the telemarketing, was repeated in Nottingham City in May, funded by the pharmaceutical consortium and the PCT. Over 650 people were tested and over 21% referred to their GP. The evaluation of these campaigns has led to successful funding applications with Islington, Barking and Dagenham, Hull and Knowsley PCTs in 2009-10. We have also received funding to run 30 events across Scotland before April 2010.

The team also continues to wait for the COPD Strategy (previously known as the NSF) now due out early in 2010. Regular meetings of the Medical Devices and Pharmaceutical Industry Forums have taken place and mailing lists for patient and carers and health care professionals have been set up. The Project Manager also sits on the NICE COPD Review Panel. The updated NICE guidelines are due out in mid-2010.

We would like to thank GlaxoSmithKline, Astra Zeneca, Boehringer Ingleheim, Pfizer, Nottingham City PCT, South Tyneside PCT, the Department of Health and the Scottish Executive for enabling the BLF to increase the awareness and profile of COPD, and go some way to finding the missing millions of people living with undiagnosed COPD.

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#### **World COPD Day 2008**

World COPD Day 2008 continued the 'missing millions' theme of World COPD Day 2007 but the central focus of the campaign was the importance of early and accurate diagnosis of COPD.

The PR campaign centred around the launch of the results of British Lung Foundation's survey of 776 GPs from all over the UK, which was carried out by Doctors.net.uk. This showed that most GPs have difficulty differentiating between Asthma and COPD, causing misdiagnosis and distress amongst patients. A separate patient survey carried out by the British Lung Foundation also showed that nearly two fifths (39%) had been told they had both Asthma and COPD, a far higher figure than should be the case. These survey findings resulted in the British Lung Foundation calling for patients to be retested if they are over 35 and have a diagnosis of COPD and Asthma and also for the GP contract to reward this next year. More than 100 pieces of media coverage resulted from this PR campaign including high profile health features in The Sun, The Daily Mirror and The Daily Telegraph newspapers.

The BLF also supported the launch of National COPD Audit 2008 conducted by the National COPD Resources and Outcomes Project (NCROP) by providing a supportive statement for their press release, promoting the results of the National Audit to the media and helping NCROP to organise their World COPD Day parliamentary reception to launch their National COPD Audit to parliamentarians. Twenty-seven MPs attended this reception and 45 MPs signed the Early Day Motion about World COPD Day. In addition to this 17 AMs signed the Statement of Opinion tabled in the Welsh Assembly about World COPD Day.

#### **Action Mesothelioma Day 2009**

The BLF held a reception in the Houses of Parliament on 25 February as part of the Action Mesothelioma 2009. The event was attended by 52 MPs. Speakers included the host, Michael Clapham MP, Dame Helena Shovelton, Chris Knighton (founder of the Mick Knighton Research Fund) and Bridget Prentice MP, Justice Minister. Issues discussed at the reception included the results of a survey of mesothelioma patients and their carers, which showed that two-fifths did not have access to vital end of life care; the results of an audit of cancer networks to show the impact of the Mesothelioma Framework on NHS services since it was introduced by the Government two years ago; and the progress of the Coroners and Justice Bill which was passing through the House of Commons at the time.

A survey of patients and carers affected by mesothelioma was launched to the media on Action Mesothelioma Day itself. This resulted in 130 separate pieces of media coverage including 83 pieces of broadcast coverage including GMTV and Sky News radio network, 3 national newspaper and magazine articles including the Daily Mirror and Nursing Standard, 31 regional articles and 12 websites. The survey also revealed that; almost half (46%) were not offered any psychological support by health professionals about their needs and hopes for the future; almost a fifth of patients (19%) said that they were not kept well informed by health professionals when their condition was being diagnosed; and that patients' carers were even more confused during the diagnosis, with over half (52%) saying that they did not feel informed. In addition to these findings the survey also showed that almost three-fifths (59%) were not offered the opportunity to take part in a clinical trial despite the lack of treatments options available.

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#### **Research**

Despite the difficult financial climate, the British Lung Foundation has maintained a substantial investment into UK lung disease research this year. Ensuring that our investment into research will gain maximum value for people living with lung disease has required innovation, adaptation and flexibility in the way we fund science.

#### **Research grants**

The following research grants were awarded:

##### Research Fellowships

- F08/1 Dr Emmanuel Xystrakis, King's College London  
Lay title: Study of the potential of vitamin D to improve current treatments for asthma.  
Amount awarded: £120,000  
Duration: 36 months

##### TB Funds awards

- TB08/9 Dr Ajit Lalvani, Imperial College London  
Lay title: Developing new tools to manage TB by understanding how the body fails to control TB in the setting of HIV infection  
Amount awarded: £249,949  
Duration: 36 months
- Dr Melanie Newport, University of Sussex  
Lay title: Finding new drugs for tuberculosis: boosting natural immunity to kill TB  
Amount awarded: £249,297  
Duration: 24 months

##### Mick Knighton Mesothelioma Research Fund award

- MK09/4 Dr Sam Janes, University College London  
Lay title: Treating Malignant Mesothelioma with stem cells  
Amount awarded: £101,618  
Duration: 18 months

##### Pulmonary Fibrosis Project Grant

- PF09-1 Dr Nik Hirani, University of Edinburgh  
Lay title: The switch from normal lung healing to abnormal lung scarring – what is the cause and can it be modified?  
Amount awarded: £149,845  
Duration: 30 months

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##### Trevor Clay Memorial Grants

- TC08/4 Ms Julia Bott, Surrey Primary Care Trust  
Lay title: Does using oxygen during Pulmonary Rehabilitation give added benefit to those people whose oxygen levels drop only on exertion?  
Amount awarded: £15,000  
Duration: 24 months
  
- TC08/1 Dr Chris Ward, Newcastle University  
Lay title: Gastro-oesophageal reflux disease (GORD) and its role in the development of chronic lung dysfunction after lung transplant  
Amount awarded: £5,600  
Duration: 12 months
  
- TC08/11 Ms Janelle Yorke, University of Salford  
Lay title: Development of a questionnaire to measure quality of life for people with pulmonary fibrosis  
Amount awarded: £14,614  
Duration: 14 months
  
- TC08/10 Dr Diana Bilton, Royal Brompton Hospital NHS Trust  
Lay title: Do physiotherapy joint and muscle movement techniques improve posture, pain, secretion clearance, lung measurements or quality of life during an inpatient stay for a chest infection in adults with cystic fibrosis?  
Amount awarded: £13,948  
Duration: 12 months

This gives a grand total of £919,871 invested into lung research.

##### Other Awards

The following were paid directly to the recipients and are not included in the grand total:

- 10 Travel Fellowships to European Respiratory Society conference, £7,500
- 10 Travel Fellowships to American Thoracic Society conference, £7,500
- Young Investigator of the Year awards, £1,000

##### **Research strategy**

The past few years have seen a dramatic change in the world's economy. This has resulted in people becoming understandably more keen to influence how their donations are spent. Increasingly, donors are specifying that their research donations must be used for a particular purpose - usually for research into a specific disease. The consequence is that we are now receiving more restricted funding for research into specific disease areas and less funding for 'general' research with no such restriction. These disease-specific restrictions make it difficult for the BLF's Scientific Committee to award grants based on merit alone, since the funding restrictions increasingly influence which applications we can fund.

During the first half of the year, many outstanding grants were awarded to exceptional scientists. However, the Scientific Committee was also unable to fund several top-ranked applications because unrestricted funds were not available, and the available disease-specific funds did not match the subject areas of these applications.

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In response to this situation, a Working Group was set-up to review the structure and function of the BLF Scientific Committee, and the mechanisms it employs to call for and award research grants. The group has devised a new system that is fairer, less labour intensive for applicants and evaluators alike, and results in a lower proportion of unsuccessful applicants. Under this system, BLF grants are offered only when we are confident that funding is available, and the application and evaluation process has been streamlined.

This new system was instated from January 2009 and has proved successful and efficient in awarding the Mick Knighton Mesothelioma Research Fund Grant and a Pulmonary Fibrosis Project Grant in July 2009 which will be included in next year's accounts. This ability to adapt to changing circumstances has allowed us to continue to confidently invest our funds in world-class research.

In addition, the BLF's Scientific Committee continues to support a three-stranded approach to the BLF Research Strategy:

- Capacity building – helping scientists to embark upon and maintain a career in lung research.
- Research Prioritisation – ensuring that our research will tackle the most important questions in lung disease.
- Patient centred communication – improving the way in which we tell non-scientists about the work we fund.

We have also continued to grow our relationship with the Medical Research Council, building on our previously-awarded joint studentship awards by agreeing to offer a joint Fellowship award where the BLF will invest 25% to the MRC's 75% investment. This is an excellent way for the BLF to gain added value to our research spend.

#### **Fundraising performance**

Against a backdrop of a difficult economic climate encouragingly the total income raised by the fundraising department increased by 8% on the previous year. Although we did not reach our original income target, strong income streams such as Regional offices, Breathe Easy Groups, Corporate support and In Memoriam giving helped us to continue on an upward trend. Careful financial management meant that our ROI improved fundraising costs for the year were 17p for every £1 raised (2008: 24p).

Individual Giving, Legacies and Event income which provides the charity with a large amount of unrestricted income has suffered particularly due to supporter attrition, lack of supporter acquisition and lower sponsorship levels. Plans are underway to address this, but the effects will not be felt immediately.

The budget for the year ahead hopes for stability and steady growth, but will be challenging with the aftershocks still being felt by the charity sector from the UK recession.

#### **Membership**

Support for the BLF membership scheme continues to grow. By the end of June 2009 we had 3,333 members. The majority of members are patients and carers, and around 5% are healthcare professionals.

Breathing Space, our quarterly magazine, is supplied to all members and access is given to our conferences, information and Breathe Easy network.

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#### **4. Plans for future periods**

##### **Corporate objectives for the year ahead include:**

##### **Support**

- To increase the number of Breathe Easy groups to 249.
- To develop a UK wide strategy for the structure and maintenance of Breathe Easy.
- To increase the BLF Nurse network in the UK to 53.
- To determine the future delivery model for BLF Kids.
- To increase the number of BLF Active fitness instructors who have completed their training to 140.
- To increase to 120 the number of classes for BLF Active which have been opened.
- To develop our Helpline by increasing its capacity by 25% and providing counselling to 50 families.
- To continue to develop the content and functionality of our website.
- To develop, produce and promote our range of information products and achieve Department of Health accreditation for our range of products.
- To promote and develop the BLF membership scheme to increase members to 4,000.

##### **Change**

- To lobby and campaign for improvements to respiratory health services in Wales.
- To help maintain MCN's (Managed Clinical Network) in all Scottish Health Board areas.
- To continue to influence the National Strategy for COPD and work towards its implementation.
- To maximise the Invisible Lives report through awareness raising events in hotspots.
- To develop campaign activities to further raise awareness of COPD among the general population and Health Care Professionals.
- To take forward the BLF Charter by raising awareness of lung health and lung disease amongst the general public and healthcare professionals.
- To work with the BLF Fundraising team to help raise more unrestricted research funding and work with external organisations to build total funding for respiratory research.

##### **Internal business processes**

- Ensure the BLF workforce and volunteers reflect the diversity of local communities.
- To introduce a new financial IT package to assist in the production of management information on a faster basis
- Ensure that CARE (our CRM system) is rolled out and used across the organisation.

##### **Fundraising target**

- To secure funding from a range of sources to meet BLF corporate objectives.
- To meet our fundraising income target of £3.7 million.
- Develop and implement a marketing and communications strategy to promote the BLF's products, services and profile.

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#### **5. 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.

#### **6. Financial review**

##### **Results for the year**

The income for the year totalled £5,405,682, an increase of 14% on the 2008 total of 4,753,929. Total expenditure was £5,763,660, an increase of 6% on 2008. After unrealised investment losses, the deficit for the year amounted to £628,385, representing an unrestricted deficit of £245,785 and a restricted deficit of £382,600.

The balance sheet shows unrestricted and undesignated funds totalling £1,248,612 at 30 June 2009, a decrease of £154,032 on the 2008 total. The group's funds restricted for future specific purposes amounted to £1,798,513 (2008 £1,990,546) and the endowment funds decreased from £1,791,487 in 2008 to £1,600,920 at 30 June 2009. The group's cash balances including term deposits, at 30 June 2009 amounted to £3,249,633 a decrease of £67,441 over the year.

##### **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, service delivery and governance costs as detailed in the Consolidated Statement of Financial Activities. Total charitable expenditure was £4,871,581 (2008: £4,335,882) being 90.1p for every £1 raised (2008: 91.2p).

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#### **Reserves policy**

The Trustees' reserves policy is to build reserves up to 3 to 6 months' forecast unrestricted expenditure (currently £1.1 million to £2.1 million). At 30 June 2009, the unrestricted undesignated reserves totalled £1,248,612. This represents 4 months expenditure, towards the bottom end of our policy. However, these reserves are represented by a collection of assets and liabilities, which include both fixed and current assets as well as current and long term liabilities. As fixed assets and long term liabilities do not represent readily available assets and immediately payable liabilities, the underlying working capital or readily available reserves figure is £96,840. The staff and Trustees are working on planning and fundraising initiatives to increase the readily available reserves level by at least £100,000 per annum.

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

In accordance with the charity's Memorandum and Articles of Association, the Trustees have the power to invest in such stocks, shares, investments and property in the UK as they see fit. The policy is to adopt a medium risk investment strategy and to exclude investments in tobacco manufacturers.

#### **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 2009-2010 will be staggered throughout the year and will be determined for different grant calls as corresponding funding streams are confirmed. This is in accordance with the new awards system devised by the Scientific Committee Working Group and will enable the Scientific Committee to know the amount available for research well before grants are awarded.

#### **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 on a monthly basis by Heads of Department, and every six months by the Audit & Establishment Subcommittee.

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**Auditors**

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

Approved by the Board of Trustees on 25 November 2009 and signed on its behalf by

Christine Lewis - Company Secretary

## **Independent auditors' report**

**To the members of**

### **British Lung Foundation**

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We have audited the financial statements of British Lung Foundation for the year ended 30 June 2009 which comprise the consolidated statement of financial activities, balance sheets, cashflow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Trustees and auditors**

The responsibilities of the Trustees (who are also the directors of British Lung Foundation for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of responsibilities of the Trustees.

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

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

We report to you our opinion as to whether the financial statements give a true and fair view, 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 Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of opinion**

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

## **Independent auditors' report**

**To the members of**

### **British Lung Foundation**

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

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the group and charitable company's affairs as at 30 June 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' annual report is consistent with the financial statements.

SAYER VINCENT  
8 Angel Gate  
City Road  
LONDON  
EC1V 2SJ

Helen Elliott, Senior Statutory Auditor  
for and on behalf of Sayer Vincent, Statutory Auditors

30 November 2009

**British Lung Foundation**

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

**For the year ended 30 June 2009**

	Note	Unrestricted £	Restricted £	2009 Total £	2008 Total £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	1,070,762	113,542	<b>1,184,304</b>	1,171,961
Activities for generating funds	3	1,478,335	859,210	<b>2,337,545</b>	2,298,788
Investment income	4	37,498	135,001	<b>172,499</b>	288,732
<i>Incoming resources from charitable activities</i>					
Activities in relation to Breathe Easy and patient support	5	952,833	216,341	<b>1,169,174</b>	860,604
Public education and literature		3,464	-	<b>3,464</b>	40,062
Service delivery		446,930	39,500	<b>486,430</b>	-
<i>Other incoming resources</i>		52,266	-	<b>52,266</b>	93,782
<b>Total incoming resources</b>		<b>4,042,088</b>	<b>1,363,594</b>	<b>5,405,682</b>	<b>4,753,929</b>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Costs of generating funds		869,564	22,515	<b>892,079</b>	1,126,402
<i>Charitable activities</i>					
Research grants & costs		180,424	773,856	<b>954,280</b>	869,027
Activities in relation to Breathe Easy and patient support		2,068,919	534,380	<b>2,603,299</b>	2,171,703
Campaigning and awareness raising		354,749	7,089	<b>361,838</b>	301,658
Public education and literature		626,011	27,297	<b>653,308</b>	784,100
Service Delivery		176,016	50,000	<b>226,016</b>	-
<i>Governance costs</i>		72,190	650	<b>72,840</b>	209,394
<b>Total resources expended</b>	6	<b>4,347,873</b>	<b>1,415,787</b>	<b>5,763,660</b>	<b>5,462,284</b>
<b>Net (outgoing) resources before other recognised gains and losses</b>		<b>(305,785)</b>	<b>(52,193)</b>	<b>(357,978)</b>	<b>(708,355)</b>
Gross transfers between funds		60,000	(60,000)	-	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(245,785)</b>	<b>(112,193)</b>	<b>(357,978)</b>	<b>(708,355)</b>
Unrealised (losses) on investment assets		-	(270,407)	<b>(270,407)</b>	(376,466)
<b>Net movement in funds</b>		<b>(245,785)</b>	<b>(382,600)</b>	<b>(628,385)</b>	<b>(1,084,821)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		1,625,376	3,782,033	<b>5,407,409</b>	6,492,230
<b>Total funds carried forward</b>		<b>1,379,591</b>	<b>3,399,433</b>	<b>4,779,024</b>	<b>5,407,409</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 17 to the financial statements.

The restricted fund balances brought forward and carried forward include £1,791,487 and £1,600,920 respectively which relate to the endowment fund. There were no new endowments in this period and the only change to the fund is investment income of £76,032, expenditure on the chair of 83,591 and net realised investment loss of 183,008.

## Balance sheets

As at 30 June 2009

	Note	The group 2009 £	2008 £	The charity 2009 £	2008 £
<b>Fixed assets</b>					
Tangible fixed assets	11	<b>1,205,812</b>	1,245,922	<b>1,205,812</b>	1,245,922
Investments	12	<b>2,179,844</b>	2,427,022	<b>1,924,853</b>	2,151,088
		<b><u>3,385,656</u></b>	<u>3,672,944</u>	<b><u>3,130,665</u></b>	<u>3,397,010</u>
<b>Current assets</b>					
Debtors	14	<b>356,610</b>	496,303	<b>1,020,044</b>	806,599
Short term deposits		<b>1,906,085</b>	1,738,631	<b>945,589</b>	1,036,209
Cash at bank and in hand		<b>1,343,548</b>	1,578,443	<b>1,054,491</b>	1,578,443
		<b><u>3,606,243</u></b>	<u>3,813,377</u>	<b><u>3,020,124</u></b>	<u>3,421,251</u>
<b>Liabilities</b>					
Creditors: amounts due within one year	15	<b>783,620</b>	684,566	<b>485,116</b>	590,947
Research grants	7	<b>898,384</b>	707,602	<b>898,384</b>	707,602
		<b><u>1,682,004</u></b>	<u>1,392,168</u>	<b><u>1,383,500</u></b>	<u>1,298,549</u>
<b>Net current assets</b>		<b><u>1,924,239</u></b>	<u>2,421,209</u>	<b><u>1,636,624</u></b>	<u>2,122,702</u>
<b>Total assets less current liabilities</b>		<b>5,309,895</b>	6,094,153	<b>4,767,289</b>	5,519,712
Creditors due after more than one year: Research grants	7	<b>530,871</b>	686,744	<b>530,871</b>	686,744
<b>Net assets</b>	16	<b><u>4,779,024</u></b>	<u>5,407,409</u>	<b><u>4,236,418</u></b>	<u>4,832,968</u>
<b>Funds</b>					
Restricted funds		<b>1,798,513</b>	1,990,546	<b>1,255,907</b>	1,416,105
Endowment funds		<b>1,600,920</b>	1,791,487	<b>1,600,920</b>	1,791,487
General funds		<b>1,248,612</b>	1,402,644	<b>1,248,612</b>	1,402,644
Designated funds		<b>130,979</b>	222,732	<b>130,979</b>	222,732
<b>Total charity funds</b>	17	<b><u>4,779,024</u></b>	<u>5,407,409</u>	<b><u>4,236,418</u></b>	<u>4,832,968</u>

Approved by the trustees on 25 November 2009 and signed on their behalf by

Ralph Bernard  
Chairman of the Board of TrusteesSabah Zubaida  
Honorary Treasurer

**British Lung Foundation**

**Consolidated Cash Flow Statement**

**For the year ended 30 June 2009**

	Notes	2009 £	2008 £
<b>Net cash flow from operating activities</b>	(a)	<b>(344)</b>	(914,404)
<b>Capital expenditure and financial investment</b>			
Expenditure on investments		<b>(23,229)</b>	(30,290)
Expenditure on fixed assets		<b>(43,868)</b>	-
Disposal of investments		-	-
<b>Net cash (outflow)</b>	(b)	<b><u>(67,441)</u></b>	<b><u>(944,694)</u></b>

**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>(357,978)</b>	(708,355)
Decrease in stock	-	15,678
Decrease in debtors	<b>139,693</b>	34,435
Increase in creditors	<b>133,963</b>	(334,474)
Depreciation	<b>83,978</b>	75,087
Loss on disposal of fixed assets	-	3,225
<b>Net cash flow from operating activities</b>	<b><u>(344)</u></b>	<b><u>(914,404)</u></b>

**b) Analysis of changes in net funds**

	At 1 July 2007 £	Cash flows £	At 1 July 2008 £	Cash flows £	At 30 June 2009 £
Deposit account	3,023,132	(1,284,501)	1,738,631	167,454	1,906,085
Cash in hand and at bank	<u>1,238,636</u>	<u>339,807</u>	<u>1,578,443</u>	<u>(234,895)</u>	<u>1,343,548</u>
	<u>4,261,768</u>	<u>(944,694)</u>	<u>3,317,074</u>	<u>(67,441)</u>	<u>3,249,633</u>

## British Lung Foundation

### Notes to the financial statements

For the year ended 30 June 2009

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#### 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 include the results of BLF Services Limited, a wholly owned subsidiary and Burrow Hill Training Fund.

The 215 (2008: 202) Breathe Easy groups are treated as branches and the income, expenditure and bank balances of 197 groups (2008: 193) 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 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 receivability, amount and timing.

##### 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 accounts when earned.

##### f) Allocation of costs

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

Costs of generating voluntary income	18.42%
Research grants & costs	2.18%
Activities in relation to Breathe Easy and patient support	53.07%
Campaigning and awareness raising	8.50%
Public education and literature	14.01%
Service Delivery	3.22%
Governance	0.60%

## British Lung Foundation

### Notes to the financial statements

For the year ended 30 June 2009

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#### 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 7.

##### 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 £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.

## British Lung Foundation

### Notes to the financial statements

For the year ended 30 June 2009

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#### 1. Accounting policies (continued)

##### p) Designated funds

Designated funds are unrestricted funds earmarked by 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 7, 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.

#### 2. Voluntary income

	Unrestricted £	Restricted £	2009 Total £	2008 Total £
Legacies	611,410	61,694	<b>673,104</b>	723,400
In memoriam	<u>459,352</u>	<u>51,848</u>	<u><b>511,200</b></u>	<u>448,561</u>
Total	<u><u>1,070,762</u></u>	<u><u>113,542</u></u>	<u><u><b>1,184,304</b></u></u>	<u><u>1,171,961</u></u>

#### 3. Activities for generating funds

	Unrestricted £	Restricted £	2009 Total £	2008 Total £
Companies	475,311	453,991	<b>929,302</b>	516,065
Trusts	46,117	391,795	<b>437,912</b>	551,115
Individuals	615,370	13,424	<b>628,794</b>	787,306
Events	<u>341,537</u>	<u>-</u>	<u><b>341,537</b></u>	<u>444,302</u>
	<u><u>1,478,335</u></u>	<u><u>859,210</u></u>	<u><u><b>2,337,545</b></u></u>	<u><u>2,298,788</u></u>

**British Lung Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2009**

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**4. Investment income**

	Unrestricted £	Restricted £	<b>2009</b> £	2008 £
UK listed investments	-	125,853	<b>125,853</b>	157,140
Bank interest	<u>37,498</u>	<u>9,148</u>	<b><u>46,646</u></b>	<u>131,592</u>
	<u><u>37,498</u></u>	<u><u>135,001</u></u>	<b><u><u>172,499</u></u></b>	<u><u>288,732</u></u>

**5. Incoming resources from charitable activities**

Included within the income notes are amounts representing gifts in kind and donated services received during the year. These total nil (2008: £63,015).

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2009

6. Total resources expended

	Cost of generating funds £	Research £	Activities in relation to Breathe Easy and patient support £	Campaigning and awareness raising £	Public education and literature £	Service Delivery £	Governance Costs £	Support Costs £	2009 Total £	2008 Total £
Staff costs ( Note 9)	347,105	41,057	999,912	160,198	263,918	60,729	11,245	414,906	2,299,070	2,200,948
Grants (Note 7)	-	791,669	-	-	-	-	-	-	791,669	698,577
Grant Support costs	-	6,368	-	-	-	-	-	-	6,368	20,531
Travel and subsistence	3,912	2,056	74,119	576	5,281	-	-	1,174	87,118	96,181
Recruitment/Agency costs	6,740	-	7,985	-	-	-	-	219,321	234,046	189,860
Evaluation costs	-	-	25,295	-	-	-	-	-	25,295	31,650
Training	-	-	1,686	-	234	-	-	23,015	24,935	19,456
Nurse costs	-	-	104,351	-	-	-	-	-	104,351	119,597
Audit and accountancy fees	-	-	-	-	-	-	19,400	20,108	39,508	76,849
Legal fees	-	-	-	-	-	-	-	22,544	22,544	3,231
IT costs	-	-	-	-	1,092	-	-	103,702	104,794	73,214
Rent and rates	-	-	36,810	-	12,476	-	-	10,233	59,519	74,309
Insurance	-	-	-	-	-	-	-	28,314	28,314	19,843
Other office costs	8,849	6,343	184,340	56,351	61,884	-	35,842	103,845	457,454	487,157
Campaigns costs	-	-	-	17,465	-	-	-	-	17,465	27,392
Media costs	-	-	-	36,743	-	-	-	-	36,743	40,955
Depreciation	-	-	-	-	-	-	-	83,978	83,978	75,087
Events costs	72,443	-	-	-	-	-	-	-	72,443	132,519
Raffles costs	86,787	-	-	-	-	-	-	-	86,787	76,488
Mailings	31,404	-	-	-	-	-	-	-	31,404	95,534
Other fundraising costs	138,741	-	-	-	-	-	-	-	138,741	164,254
Publications	-	-	-	-	147,965	-	-	-	147,965	191,957
Breathe Easy Group Expenditure	-	-	489,189	-	-	-	-	-	489,189	321,390
Marketing Consultancy	-	-	-	-	-	-	-	11,959	11,959	-
Specific Campaigns	-	-	114,426	-	-	74,118	-	-	188,544	-
Self Management Plans & Exercise Diaries	-	-	-	-	-	56,860	-	-	56,860	-
Miscellaneous	-	83,592	281	-	11,356	-	-	21,368	116,597	225,305
<b>Total resources expended</b>	<b>695,981</b>	<b>931,085</b>	<b>2,038,394</b>	<b>271,333</b>	<b>504,206</b>	<b>191,707</b>	<b>66,487</b>	<b>1,064,467</b>	<b>5,763,660</b>	<b>5,462,284</b>
Support Costs	196,098	23,195	564,905	90,505	149,102	34,309	6,353	(1,064,467)	-	-
<b>Total resources expended</b>	<b>892,079</b>	<b>954,280</b>	<b>2,603,299</b>	<b>361,838</b>	<b>653,308</b>	<b>226,016</b>	<b>72,840</b>	<b>-</b>	<b>5,763,660</b>	<b>5,462,284</b>

## British Lung Foundation

### Notes to the financial statements

For the year ended 30 June 2009

#### 7. Research Grants

	Unrestricted £	Restricted £	2009 £	2008 £
Balance at start of year	242,113	1,152,233	<b>1,394,346</b>	1,900,190
Awarded in the year:				
Projects and research fellowships	133,948	785,923	<b>919,871</b>	739,745
Unused awards written back	(29,142)	(99,060)	<b>(128,202)</b>	(41,168)
Charge to SOFA (note 6)	104,806	686,863	<b>791,669</b>	698,577
Paid in year	(152,529)	(604,231)	<b>(756,760)</b>	(1,204,421)
Transfer	(64,225)	64,225	-	-
Balance at end of year	<u>130,165</u>	<u>1,299,090</u>	<u><b>1,429,255</b></u>	<u>1,394,346</u>
Falling due within one year	57,289	841,095	<b>898,384</b>	707,602
Falling due after more than one year	<u>72,876</u>	<u>457,995</u>	<u><b>530,871</b></u>	<u>686,744</u>

#### 8. Net outgoing resources for the year

This is stated after charging:

	2009 £	2008 £
Depreciation	<b>83,978</b>	75,087
Trustees' indemnity insurance	<b>1,313</b>	2,625
Trustees' remuneration	-	-
Trustees' reimbursed expenses	<b>1,256</b>	2,673
Auditors' remuneration:		
▪ Audit	<b>18,725</b>	23,600
▪ Other services	-	435
▪ Under accrual from previous year for other services	<b>20,783</b>	18,380

Expenses were reimbursed to 4 (2008 - 4) trustees in the year for travel costs incurred.

## British Lung Foundation

### Notes to the financial statements

#### For the year ended 30 June 2009

#### 9. Staff costs and numbers

Staff costs were as follows:

	2009	2008
	£	£
Salaries and wages	1,983,719	1,883,957
Social security costs	197,393	189,008
Pension contributions	117,959	127,983
	<u>2,299,071</u>	<u>2,200,948</u>

One employee earned between £80,001 - £90,000 (2008: one)

Pension contributions for this employee amounted to £3,794 (2008: £3,794).

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

	2009	2008
	No.	No.
Administration and finance	9	8
Fundraising	11	11
Research	1	2
Communication	9	8
Support Services	36	37
Service Delivery	3	-
	<u>69</u>	<u>66</u>

2008 figures have been restated following a organisation restructure in 2008-2009

#### 10. 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 (previously known as BLF Trading Ltd) gift aids available profits to the charity.

#### 11. Tangible fixed assets

##### The group and charity

	Long leasehold property £	Office furniture & equipment £	Computer software £	Total £
<b>Cost</b>				
At the start of the year	1,266,624	3,225	155,715	1,425,564
Additions in year	2,760	28,949	12,159	43,868
At the end of the year	<u>1,269,384</u>	<u>32,174</u>	<u>167,874</u>	<u>1,469,432</u>
<b>Depreciation</b>				
At the start of the year	126,662	3,225	49,755	179,642
Charge for the year	25,208	5,790	52,980	83,978
At the end of the year	<u>151,870</u>	<u>9,015</u>	<u>102,735</u>	<u>263,620</u>
<b>Net book value</b>				
At the end of the year	<u>1,117,514</u>	<u>23,159</u>	<u>65,139</u>	<u>1,205,812</u>
At the start of the year	<u>1,139,962</u>	-	105,960	1,245,922

**British Lung Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**12. Investments**

	The group		The charity	
	2009	2008	2009	2008
	£	£	£	£
Market value at the start of the year	<b>2,427,022</b>	2,773,198	<b>2,151,088</b>	2,468,698
Additions at historic cost	<b>23,229</b>	30,290	<b>12,722</b>	17,303
Unrealised (losses)	<b>(270,407)</b>	(376,466)	<b>(238,959)</b>	(334,913)
Market value at the end of the year	<b><u>2,179,844</u></b>	<u>2,427,022</u>	<b><u>1,924,851</u></b>	<u>2,151,088</u>
Historic cost at the year end	<b><u>2,826,697</u></b>	<u>2,807,481</u>	<b><u>2,499,909</u></b>	<u>2,491,390</u>

Investments comprise:

	The group		The charity	
	2009	2008	2009	2008
	£	£	£	£
UK Common investment funds	<b><u>2,179,844</u></b>	<u>2,427,022</u>	<b><u>1,924,851</u></b>	<u>2,151,088</u>

Investments representing over 5% by value of the portfolio comprise:

	The group		The charity	
	2009	2008	2009	2008
	£	£	£	£
M&G Charifund	<b>219,695</b>	296,004	<b>195,420</b>	263,298
Schroder Charity Equity Fund	<b>545,600</b>	606,915	<b>485,755</b>	540,236
Cazenove Growth Trust	<b>273,671</b>	350,051	<b>243,462</b>	311,411
Schroder Charity Fixed Interest	<b>414,902</b>	288,518	<b>366,505</b>	254,803
Money Market Deposit	-	200,000	-	200,000
Charishare Tobacco Restricted Fund	<b>159,604</b>	116,176	<b>58,297</b>	102,770
Cash	<b><u>500,462</u></b>	<u>469,672</u>	<b><u>434,385</u></b>	<u>391,589</u>

## British Lung Foundation

### Notes to the financial statements

For the year ended 30 June 2009

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#### 13. 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 non-primary purpose trading activities. All activities have been consolidated on a line by line basis.

	2009 £	2008 £
Turnover	882,931	646,042
Interest receivable	<u>13,170</u>	<u>21,432</u>
Total income	896,101	667,474
Expenditure		
Administrative expenses	242,262	127,015
Governance costs	<u>5,370</u>	<u>4,000</u>
	<u>247,632</u>	<u>131,015</u>
Operating profit	648,469	536,459
Gift Aid payment	<u>(648,469)</u>	<u>(536,459)</u>
Retained profit for the year	<u>-</u>	<u>-</u>
The Balance Sheet comprised:		
Current assets	987,083	550,178
Current liabilities	(972,081)	(535,176)
Creditors falling due after more than one year	<u>(15,000)</u>	<u>(15,000)</u>
	<u>2</u>	<u>2</u>

The results of the Burrow Hill Training fund are also consolidated into this accounts. Note 17 includes details of the Fund's income received and expenditure incurred in the year.

**British Lung Foundation**

**Notes to the financial statements**

**For the Year Ended 30 June 2009**

**14. Debtors**

	The group		The charity	
	2009	2008	2009	2008
	£	£	£	£
Debtors and prepayments	<b>356,610</b>	496,303	<b>330,818</b>	297,652
Amount due from subsidiary				
Current account	-	-	<b>674,226</b>	493,947
5 year loan	-	-	<b>15,000</b>	15,000
	<b>356,610</b>	496,303	<b>1,020,044</b>	806,599

**15. Creditors: amounts due within one year**

	The group		The charity	
	2009	2008	2009	2008
	£	£	£	£
Sundry creditors	<b>343,271</b>	318,284	<b>313,477</b>	232,720
Accruals	<b>124,495</b>	366,282	<b>68,785</b>	358,227
Deferred income	<b>315,854</b>	-	<b>102,854</b>	-
	<b>783,620</b>	684,566	<b>485,116</b>	590,947

**16. Analysis of group net assets between funds**

	Tangible fixed assets	Investment s	Other net assets	Net assets
				at the end of the year
	£	£	£	£
Endowment fund	-	1,600,920	-	<b>1,600,920</b>
Restricted funds	-	578,924	1,219,589	<b>1,798,513</b>
Designated funds	54,040	-	76,939	<b>130,979</b>
General funds	1,151,772	-	96,840	<b>1,248,612</b>
<b>Total funds</b>	<b>1,205,812</b>	<b>2,179,844</b>	<b>1,393,368</b>	<b>4,779,024</b>

**British Lung Foundation**

**Notes to the financial statements**

**For the Year Ended 30 June 2009**

**17. Movements in funds**

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Burrow Hill Training Fund	574,441	17,556	49,391	-	<b>542,606</b>
Big Lottery Fund- BLF Wales	11,256	123,387	126,850	-	<b>7,793</b>
Community Fund - BLF Scotland	5,563	-	5,563	-	-
June Hancock Mesothelioma	123,885	3,437	4,127	-	<b>123,195</b>
Mick Knighton Fund	100,440	3,633	104,073	-	-
Tuberculosis Fund	512,390	33,981	487,551	-	<b>58,820</b>
Leeds Trust	112,195	2,390	4,036	-	<b>110,549</b>
Legacies	46,476	61,694	74,014	-	<b>34,156</b>
Astra Zeneca-BLF Nurse Harrogate	48,281	26,500	52,290	-	<b>22,491</b>
King Edward VII Hospital	71,621	1,397	-	-	<b>73,018</b>
Astra Zeneca BLF Nurse Wales	38,003	50,191	39,170	-	<b>49,024</b>
Henry Smith Charity - helpline	21,316	20,000	18,597	-	<b>22,719</b>
Robert Luff Foundation Ltd	60,000	60,000	60,000	(60,000)	-
Burdett Trust for Nursing	10,351	-	10,351	-	-
City Bridge Trust	13,166	22,500	18,327	-	<b>17,339</b>
Peter John Foord CT	10,000	-	10,000	-	-
Scottish Executive - Clinical Networks	72,179	-	32,873	-	<b>39,306</b>
DOH S64 Outbound Calling	50,000	-	50,000	-	-
Kings Fund Nurse	-	34,854	1,276	-	<b>33,578</b>
Standard Life	-	418,991	12,570	-	<b>406,421</b>
Building Patient Impact	-	79,000	2,481	-	<b>76,519</b>
DOH S64 Hull	-	50,054	-	-	<b>50,054</b>
Other funds	108,983	277,997	256,055	-	<b>130,925</b>
<b>Total restricted funds</b>	<b>1,990,546</b>	<b>1,287,562</b>	<b>1,419,595</b>	<b>(60,000)</b>	<b>1,798,513</b>
<b>Endowment Funds</b>	<b>1,791,487</b>	<b>76,032</b>	<b>266,599</b>	<b>-</b>	<b>1,600,920</b>
<b>Total restricted and endowment funds</b>	<b>3,782,033</b>	<b>1,363,594</b>	<b>1,686,194</b>	<b>(60,000)</b>	<b>3,399,433</b>

## British Lung Foundation

### Notes to the financial statements

For the Year Ended 30 June 2009

#### 17. Movements in funds (continued)

	At the start of the year	Incoming resources	Outgoing resources	Transfers	At the end of the year
	£	£	£	£	£
<b>Unrestricted funds:</b>					
<i>Designated funds:</i>					
Red balloon appeal	75,467	1,472	-	-	<b>76,939</b>
Dept of Health - Section 64 Project	40,245	-	40,245	-	-
Database development	107,020	-	52,980	-	<b>54,040</b>
<i>Total designated funds</i>	222,732	1,472	93,225	-	<b>130,979</b>
<b>General funds</b>	<u>1,402,644</u>	<u>4,040,616</u>	<u>4,254,648</u>	<u>60,000</u>	<u><b>1,248,612</b></u>
<b>Total unrestricted funds</b>	<u>1,625,376</u>	<u>4,042,088</u>	<u>4,347,873</u>	<u>60,000</u>	<u><b>1,379,591</b></u>
<b>Total funds</b>	<u><u>5,407,409</u></u>	<u><u>5,405,682</u></u>	<u><u>6,034,067</u></u>	<u><u>-</u></u>	<u><u><b>4,779,024</b></u></u>

#### Purposes of restricted funds

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

#### Burrow Hill Training Fund

The Burrow Hill Training Fund (charity number 220302) – the British Lung Foundation is the corporate trustee of this charity. The objects allow the Fund to apply the income to make grants for training or, in cases of need, to men suffering from tuberculosis.

#### BLF Wales

This grant was awarded to support our activities in Wales over two years to work with people affected by lung disease. It is enabling us to develop our Breathe Easy support network and extend our reach and activities to new areas.

#### Community Fund - BLF Scotland

This supports the appointment of an Information and Communications Officer in Scotland.

#### June Hancock Mesothelioma

The grant was given to conduct research on mesothelioma.

#### Mick Knighton Fund

This fund was set up to conduct research on mesothelioma.

#### Tuberculosis Fund

The Tuberculosis Fund (charity number 326730-2) – a subsidiary permanent endowment fund for the relief of sickness and distress of people infected with tuberculosis, and the preservation and protection of public health by the provision of information about tuberculosis and undertaking or assisting with research into tuberculosis and disseminating the useful results.

The income may be used to disseminate public information and to fund research into tuberculosis.

## **British Lung Foundation**

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

#### **For the Year Ended 30 June 2009**

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#### **17. Movements in funds (continued)**

##### **Purposes of restricted funds (continued)**

###### **Leeds Trust**

The Leeds Trust (Florence Michael Fund) (charity number 326730-1) – a subsidiary permanent endowment fund for the relief of diseases of the chest. The objects allow the Fund to apply its income on chest diseases.

###### **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 for Breathe Easy Groups  
To help sufferers of COPD

###### **Astrazeneca - BLF Nurse Harrogate**

To pay for the post of BLF Nurse at Harrogate.

###### **King Edward VII Hospital, Midhurst**

Supports respiratory, asthma and tuberculosis research.

###### **Astrazeneca BLF Nurse Wales**

To pay for the post of BLF Nurse in Wales.

###### **Henry Smith – Helpline**

The grant has enabled us to appoint a full time equivalent specialist respiratory nurse on the Helpline.

###### **Robert Luff Foundation Limited**

This grant was awarded to support Dr Melanie Newport's research at University of Sussex on "Finding new drugs for tuberculosis: boosting natural immunity to kill TB." A transfer of £60,000 was made from this fund in relation to a grant awarded in 2007/08 to support Dr Clark's research project at Cardiff University. Dr Clark is carrying out a study that aims to increase understanding of the immune systems of premature babies who have trouble fighting lung infections. Initially the grant had been paid using unrestricted funds so a transfer has now been made.

###### **Burdett Trust for Nursing**

We received £42,000 to commission an independent evaluation of the British Lung Foundation Nurse programme by King's College London.

###### **City Bridge Trust**

This grant is for our London Development Officer who supports and develops Breathe Easy groups in the London area.

###### **Peter John Foord CT**

Funds awarded for purchase of equipment for medical research.

###### **Scottish Executive - Clinical Networks**

To pay the salary of the Managed Clinical Network Policy Manager for Scotland.

## **British Lung Foundation**

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

**For the Year Ended 30 June 2009**

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#### **17. Movements in funds (continued)**

##### **Purposes of restricted funds (continued)**

###### **Department of Health Section 64 - outbound calling project**

The grant was awarded to pay for a pilot outbound calling project in South Tyneside. The grant will help to raise awareness of Chronic Obstructive Pulmonary Disease through innovative new ways of communicating with hard to reach groups.

###### **Kings Fund Nurse**

To pay for the post of the palliative care nurse.

###### **Standard Life**

This donation was awarded to fund a lung cancer project.

###### **Building Patient Impact**

This was given by the Department of Health towards User Representation Work.

###### **DOH S64 Hull**

The DOH section 64 grant was received to run a series of Awareness Days in Hull to raise the profile of Chronic Obstructive Pulmonary Disease.

###### **Other funds**

Other funds include In Memoriams received for various lung diseases, Glaxo annual supplement, funds for BE Nurse in Causeway - Scotland, Lewisham Hospital Research expenditure and Fiona Needleman funds for non smoking related lung cancer research.

##### **Purposes of Designated Funds**

###### **The Red Balloon Appeal**

The Red Balloon Appeal is a specific fund which is not available for the charity's use.

###### **Department of Health Section 64**

This DOH section 64 grant was received to run a series of Awareness Days to raise the profile of Chronic Obstructive Pulmonary Disease and lung disease working with our Breathe Easy groups. The grant is also supporting a wide range of training sessions.

###### **Database development**

These funds have been earmarked for development of the CRM database the CARE and new accounting system.