

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

British Lung Foundation
Report and Financial Statements
30 June 2010

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consultants and auditors

British Lung Foundation

Reference and administrative details

For the year ended 30 June 2010

Company number 1863614

Charity number 326730 (England)
SC038415 (Scotland)

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

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 Ralph Bernard CBE	Chairman
Professor Stephen Spiro	Deputy Chairman
Mr Sabah Zubaida	Honorary Treasurer
Dr David Bellamy MBE	
Mr Peter Corbett	
Mr Peter Dolphin	
Professor Duncan Empey	
Professor Ruth Endacott	
Dr Emrys Evans	
Sir Graham Hart KCB	
Professor Nicholas Morrell	
Mr Richard Pinckard	
Mrs Samantha Prigmore	
Dr Gary Ruiz	
Mrs Amanda Sater	

Principal staff	Chief Executive	Dame Helena Shovelton, DBE
	Director of Fundraising & Marketing	Charlotte Guiver
	Commercial Director	Caroline Stevens (from October 2009)
	Director Of Support Services	Paul Fredericks (to March 2010)
	Director of Communications	David Horton (to March 2010)
	Honorary Medical Director	Dr Noemi Eiser MD FRCP
	Director of Finance & Administration & Company Secretary	Christine Lewis

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For the year ended 30 June 2010

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 manager	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 2010

The Board of Trustees presents its report and the audited financial statements for the year ended 30 June 2010.

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.

1. Structure, governance & management

The organisation is a charitable company limited by guarantee, incorporated on 14 November 1989 and registered as a charity in England and Wales on 11 December 1989. 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. 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 2010 was 15 (2009:15).

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 an Annual General Meeting, and this appointment can be extended by a further three years.

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 to attend away days.

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 the Audit & Establishment Subcommittee, the Scientific Committee, the Communications Subcommittee, the Support Subcommittee and the Governance Subcommittee. They generally meet quarterly with the exception of the Audit & 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 (this may be 2-3 times a year approx).

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The Governance Subcommittee meets as required. Three trustees are directors of the wholly owned subsidiary, BLF Services Ltd, Peter Dolphin (Chair) Peter Corbett and Sabah Zubaida together with two independent directors, Lorraine Clifton and Diane Hedges. The Board of BLF Services Ltd reports back to the Audit & Establishment Committee and also to the BLF Board.

Committee Membership	Audit & Establishment	Communications	Support	Scientific	Governance
Mr Ralph Bernard CBE	√				√
Professor Stephen Spiro	√			√	√
Mr Sabah Zubaida	Chair				√
Dr David Bellamy MBE			√		
Mr Peter Corbett	√				
Mr Peter Dolphin	√		√		
Professor Duncan Empey					
Professor Ruth Endacott			Chair		√
Dr Emrys Evans					
Sir Graham Hart KCB		Chair			√
Professor Nicholas Morrell				Chair	
Mr Richard Pinckard	√				
Mrs Samantha Prigmore				√	
Dr Gary Ruiz					
Mrs Amanda Sater					

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.

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For the year ended 30 June 2010

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.

2. Objectives and activities

Objectives 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 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 2009-10 have been:

- Investment in Lung Research of £653,623 (grants awarded and grant management)
- The Helpline has handled 21,000 calls this year – up by 39% in number. The Helpline has achieved accreditation with the Telephone Helpline Association.
- Website – 740,000 visits and over 2 million page views.
- Publications – we sent out 1,016,612 leaflets and publications during the year.
- BLF Active – 114 fitness instructors have completed the training course developed in conjunction with Loughborough University. 73 classes are now set up.
- BLF Nurses – 49 nurses are now working throughout the UK helping over 4,000 patients.
- The Chief Executive has taken an active part in the continuing 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 221, of which 182 are in England, 24 in Scotland & Northern Ireland and 15 in Wales. There are 34 groups in development throughout the UK.
- The BLF membership scheme now has 3,825 members.

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- 652 people have been put in touch with each other through Pen Pals.
- 590 people are regularly using our web forum.
- Media coverage was up by 18%.
- 2,800 people were tested at awareness events in England and 21% were referred to their GP for further tests.
- 3,200 people were tested in Scotland and 14% were referred for further tests.

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

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 & 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

Scotland & Northern Ireland

BLF Scotland has had a good year developing their relationship with the Scottish Executive and working alongside the managed clinical networks to help deliver the new quality standards for COPD. Alongside successful campaigns for Action Mesothelioma Day and the work with the Breathe Easy groups in Scotland and Northern Ireland much has been achieved.

There are new plans ahead for development in Northern Ireland which will be delivered in 2010/11 with the employment of a part time member of staff for the first time.

Wales

Wales has had another busy and successful year, thanks to the invaluable support from the Big Lottery Fund. Our strategy of an integrated approach, at both national and local levels, to raising awareness and campaigning has brought about new Breathe Easy groups, an improved profile amongst many different stakeholders and discussions at Ministerial level in the Assembly. Throughout the five years since we established a direct presence in Wales we have shown to add considerable value to the lives of people with lung conditions.

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English Regions

During 2009-10 a strategic review of the activities on the English Regions and in Scotland, Wales and Northern Ireland was carried out. This work is now being taken forward in a variety of ways; Establishing the role of the BLF in relation to its support activities, piloting new approaches to taking the work forward, ensuring that the support provided is the most appropriate for the audience it reaches, seeking to do "more for less" in our provision to Breathe Easy groups.

During 2010-11 regional and national conferences will be held throughout the UK. This will be a reinstatement of conferences that have not been able to be held due to funding difficulties since 2008.

Helpline

- During the year the Helpline dealt with 21,000 calls which is a 39% increase on 2008/09.
- The Helpline achieved accreditation with the Telephone Helplines Association in August 2009. Benefits include showing callers that we provide a quality service, and demonstrating that we are committed to continuous improvement in service.
- The Helpline became registered with Language Line on 1 July 2009 which enabled us to answer calls from people whose first language is not English.
- Following a review of how calls are answered we improved our ability to deal with the increase in calls and to answer calls more quickly – 93% of calls are answered within 6 rings.
- Poster presentation at British Thoracic Society Winter 2009 which helped to increase awareness of the Helpline with respiratory doctors.

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 221 groups across the UK. The Breathe Easy network plays a vital role in campaigning, awareness raising and fundraising and provides invaluable peer support.

PenPals

PenPals is a British Lung Foundation scheme which puts people affected by lung disease in touch with one another by email or post. The PenPals scheme is open to anyone over the age of 18 years old.

The BLF also runs PenPals for Carers which puts parents and carers of people with lung conditions in touch by post or email. 2009/10 saw an increase in PenPals scheme from 450 PenPals in 2008/09 to 652 PenPals in 2009/10 – a 45% increase. 141 men and 511 women are registered on the scheme, together with 76 parents and carers.

BLF Kids

During the year we have continued to provide a specialist counselling service for the parents of children with lung disease via the BLF Helpline. 120 parents have contacted the Helpline for information about children's lung disease and 19 of these requested the counselling service. The counselling service has expanded and is now available for people affected by lung disease. Through the launch of the Children's Charter, we have also updated all the children's lung disease information on the BLF Website.

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BLF Nurses

There are 49 BLF Nurses working across the UK helping over 4,000 patients.

Amongst this year's highlights:

- Hartlepool Team won The Nurses in Practice awards for their oxygen assessment service in the community
They also had a poster accepted and displayed about this service at the European Respiratory Society Annual Meeting in Vienna 2009
- The Grimsby Team, The Hope Specialist Service won a community Partnership award which they received at the Grosvenor House Hotel in February 2010
- The two Calderdale nurses won a PCT award for specialist COPD care in the community
- The nurse on the Isle of Wight has been appointed Clinical Lead in the South Central SHA for implementation of the National Strategy on COPD
- A BLF nurse in Sefton has been made Respiratory Lead for the PCT
- One of the nurses in Bristol is on the BTS Nurse Advisory Board and also PCRS Committee
- 6 more nurses have completed the non medical extended prescribing course and are now nurse prescribers; three quarters of the 49 BLF nurses are now nurse prescribers.

BLF Active

The BLF Active scheme began funding instructors in 2007 to take a course in chronic respiratory disease exercise and then set up classes in the community that follow on from pulmonary rehabilitation.

Our main achievements of the last year have been increasing the number of instructors that we have funded with Air Products money from 89 to 114. The number of classes has grown to 73.

We estimate that we are currently enabling more than 800 people to benefit from this type of exercise which has doubled since this time last year.

We took BLF Active to three of the national strategy for COPD events in the north east and north west. This involved a 5 minute aerobic workout which for some was quite energetic followed by a 15 minute talk about the BLF Active project.

Communications

National Boards

The Chief Executive is a member of the Respiratory Programme Board, the Home Oxygen Board, the National Physiological Measurement Board and the Lung Cancer and Mesothelioma Advisory Group at the Department of Health.

She has also been a member of the External Reference Group for the Department of Health advising on the content of the national COPD strategy and 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.

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BLF Services Ltd

BLF Services Ltd (BLFS), BLF's trading subsidiary, was formed in 2009 to build on the success of the 'Love Your Lungs' campaigns in South Tyneside and Nottingham City in 2008-09. Since then the small team, led by the new Commercial Director Caroline Stevens, has gone from strength to strength.

In England there have been five 'Love Your Lungs' campaigns working in partnership with PCTs in Islington, Barking and Dagenham, Hull, Nottingham County and South Tyneside. These campaigns were held to raise awareness of the causes and symptoms of COPD and to promote identification of those with undiagnosed COPD (the 'missing millions'). The BLFS team worked with the data research company Experian to identify populations at risk of COPD. The areas targeted were all identified as having large numbers of people at high risk of hospital admission for COPD. In both Barking and Dagenham and Hull outbound calls were made to 5000 at risk households to provide information and encourage people to have a lung function test at one of the BLF events. As a result of successful delivery, there will be follow up campaigns in NHS South Tyneside and NHS Hull.

The awareness events were held in shopping centres, supermarkets, bingo halls and other public spots where target groups could be found. The stands offered information and lung function testing in an approachable, community setting. Local smoking cessation services were on hand to provide information and take referrals. Representatives from the local Breathe Easy groups were also present to answer questions and to speak from personal experience.

During 2009-10 the England campaigns have been an overwhelming success:

- Over 2,800 people were tested at 18 events.
- 580 (21%) were referred to their GP with poor lung function.
- On average 80% of those who were surveyed after an event were encouraged to cut down or quit smoking.
- 50% were encouraged to take up more exercise following on from the events.
- One of the main aims of the campaigns is to raise awareness of COPD, in the follow-up evaluation 75% of those tested felt they now knew the causes of COPD.
- There were also over 50 articles about the campaigns in local and national press

In Scotland 30 COPD awareness raising events were held in 2009-10. These took place in Ayrshire, Lanarkshire, Lothian, Glasgow, Tayside and Fife, in addition to six workplace testing events. A radio interview about the campaigns was held with Tay FM. Press releases, including The Sun and Glasgow Evening Times, reached a combined circulation of more than 3 million and an advert was also placed in the News of the World supplement. Throughout Scotland over 3,200 people were tested and 444 referred to their GP for further investigations. 45% of those called after their GP referral had made changes such as stopping or reducing smoking, taking more exercise and making alterations to their diet.

Over the last year almost 17,000 COPD Self Management Plans and 3,000 Exercise Diaries have been purchased by NHS trusts. These publications help patients to manage their long term lung condition under the guidance of their healthcare professional. In 2010-11 both the self managements plans and exercise diaries are going to be reviewed and updated by a team of respiratory specialists and patients.

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The Children's Charter

To mark our 25th anniversary the BLF launched a Children's Charter, setting out a vision for improving children's lung health in the UK. The first point of the Charter calls for "Children to have the right to live in a smoke-free environment, both inside and outside the home".

To put this first important goal into action, the BLF launched a petition to ban smoking in cars where children are present at press and parliamentary events across the country during Breathe Easy Week. These were held in London, Liverpool, Worcester, Bristol and Darlington and at the Scottish Houses of Parliament and the Welsh Assembly.

The BLF also launched its first ever national poster advertising campaign in its history and commissioned an advertising agency to produce a shocking image to capture attention. The final image produced was of a child in a car seat, being forced to smoke by an adult hand. The poster was placed in 525 locations across England and Wales and ran from 7 June – 20 June.

This campaign included six national press launches and parliamentary events around the UK to publicise the campaign. Over 240 pieces of coverage were secured for the launch and the British Lung Foundation is now collecting petition signatures for a ban on smoking in cars where children under the age of 18 are present as this is the first goal of the Charter. These signatures will then be taken to all UK Governments early next year. Breathe Easy groups were provided with campaign packs and encouraged to give out petition postcards to help collect signatures for the campaign.

World COPD Day 2009

World COPD Day 2009 took place on Wednesday 18 November and continued the 'Love your Lungs' theme that has been very successful in communicating the preventative messages about lung disease. The central focus of the campaign was the importance of early diagnosis of COPD and raising awareness of the symptoms. The World COPD Day PR campaign centered around the launch of the results of British Lung Foundation's GFK NOP survey of 403 smokers and ex smokers in the UK. The survey was designed to ascertain levels of awareness of COPD and in particular asked questions on symptoms and breathlessness. For PR purposes, the results from the survey and in particular, questions about symptom awareness were used to create a PR 'hook' for World COPD Day.

To add an 'expert voice' to the survey, the BLF approached The Sun's GP Dr Carol Cooper to support the campaign as she had a personal connection with the disease. The resulting media coverage was very significant with 143 articles in the national and regional press. A microsite was also designed to house a World COPD Day competition and a short video to demonstrate what a lung function test was and to highlight the early symptoms of the disease. There was significant amount of traffic to the site with over 1,000 entering the competition to win a Harrod's hamper. Two parliamentary events were also held in Westminster and the Welsh Assembly to raise awareness of COPD amongst parliamentarians. More than 200 World COPD Day campaigning events also took place around the UK as well as two lung function testing events in the COPD hotspots Barking and Dagenham and in Glasgow.

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Action Mesothelioma Day 2010

This year's Action Mesothelioma Day took place on Friday 2 July 2010. The campaign was fronted by DIY expert and Big Brother 1 winner, Craig Phillips to encourage homeowners to be asbestos aware when doing DIY. The campaign launch included a broadcast day of interviews with the charity's Chief Executive, Dame Helena Shovelton and secured over 250 pieces of media coverage. Asbestos support groups and Breathe Easy groups were provided with campaign materials upon request and supported to publicise their events.

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:

JUNE HANCOCK MESOTHELIOMA RESEARCH FUND AWARD

Dr Stefan Marciniak, University of Cambridge
Lay title: Cellular stress and mesothelioma.
Amount awarded: £118,839
Duration: 24 months

TARGETED LUNG CANCER PROJECT GRANTS

Targeted Lung Cancer Project Grant
Dr Dan Longley, Queen's University Belfast
Lay title: Targeted killing of non-small cell lung cancer to increase patient survival.
Amount awarded: £147,941
Duration: 30 months

Targeted Lung Cancer Project Grant
Dr Stephanie Kermorgant, Bart's & The London School of Medicine and Dentistry
Lay title: Investigating novel lung cancer targets.
Amount awarded: £143,328
Duration: 24 months

Targeted Lung Cancer Project Grant
Dr Rachel Garrod, King's College London
Lay title: The effect of post operative physical training on quality of life after surgery for lung cancer; a scientific study.
Amount awarded: £116,237
Duration: 36 months

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TARGETED LUNG DISEASE IN CHILDREN PROJECT GRANTS

Dr John Curtin, University of Manchester

Lay title: The role of heritable changes in protein production from genes without DNA sequence alterations in the development of asthma in childhood.

Amount awarded: £54,007

Duration: 24 months

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 BLF supports groundbreaking medical research into lung disease, with this year being no exception. 2009-2010 has seen consolidation of the new BLF grant awards process, whereby grants are offered throughout the year when funding is secured and awards are made using a streamlined application and review process. Our research grant scheme included targeted Project Grant awards for research into lung cancer and children's lung diseases, attracting applications of an extremely high calibre. This made for a very exciting competition and allowed the BLF Scientific Committee to award funding to world-class researchers in these important disease areas. A summary of the awards made can be found above.

To ensure maximum value from our investment in research into lung disease, the BLF Scientific Committee reviewed our research strategy in March 2010. The Committee agreed the importance of building capacity for research into lung disease in the UK, collaborating with other funders of lung disease research and that communicating about the research we fund is paramount. These principles will be taken forward over the coming year by offering grants to help grow the respiratory research base in the UK, exploring collaborative funding opportunities and securing high quality reports about the work we fund from our grant-holders.

In April 2010 the research team convened an expert panel, including the Chair of the BLF Scientific Committee and external experts, to conduct a formal review of the GlaxoSmithKline/British Lung Foundation Chair in Epidemiological Respiratory Research. This award was made to Professor Richard Hubbard at the University of Nottingham in 2005, for an initial period of 5-years. During this time, Professor Hubbard and his team have researched the effects of lung disease on the health and illness of populations, serving as the foundation and logic of interventions made in the interest of public health and preventive medicine. The review panel visited Professor Hubbard's department in Nottingham where their progress and achievements were evaluated. Following the review, it was unanimously agreed to award a 2nd 5-year term of this prestigious grant to Professor Hubbard.

Over the course of the year, 20 travel fellowship awards of £750 were also made, helping exceptional junior scientists to attend world-class international research conferences. These awards were sponsored by Allen & Hanburys. The BLF research team has also presented the findings of BLF survey work at these conferences:

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- European Respiratory Society in Vienna, September 2009:
“An on-line survey of clinicians on distinguishing between COPD and asthma”
“Postal questionnaire survey of public awareness of mesothelioma risk”
“Public awareness of COPD”
- British Thoracic Society Winter Meeting in London, December 2009
“Who and where are the "missing millions" of COPD patients in the UK?”
“The British Lung Foundation's search for the "missing millions" of COPD patients”
- American Thoracic Society Annual Congress in New Orleans, May 2010
“More people than you think have respiratory symptoms!”

These were all successful and plans are in place to continue submitting BLF work to future national and international conferences.

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

An encouraging year for income, despite the challenges within the external environment that we are operating in. Fundraised income increased by 86% compared to the previous year. This significant increase was due to two unexpectedly large donations amounting to a total of £2,500,000. This comprised of a £1m donation from four insurance companies, overseen by the Association of British Insurers (ABI), and a large legacy amounting to £1,500,000.

Taking these two factors out, the fundraising performance was still strong with all income streams achieving their annual target. Another year of careful cost management meant that the return of investments across the board increased, achieving fundraising costs of 14p for every £1 raised (2009:17p).

Individual Giving, Event and Legacy income continues to provide the charity with the majority of its unrestricted income and is therefore central to future investment plans in order to stabilise and safeguard this income source where possible.

The income budget for the year ahead is unlikely to exceed this financial year, due to the unexpectedly large donations, but will continue to achieve acceptable ROI's and growth in key areas in line with the organisations three year plan.

Membership

The British Lung Foundation membership scheme has continued to expand to over 3,800 members, an annual growth rate of over 10%. BLF membership enables patients, carers and healthcare professionals to add their voice to the only UK charity working for everyone affected by lung disease, and to keep up-to-date with the latest BLF news and developments in respiratory care.

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Membership is especially valuable for people who are housebound as a result of their condition and cannot access local support such as Breathe Easy groups – less than 30% of BLF members are involved in Breathe Easy groups. Around 80% of our members have a lung condition, half of which have COPD. Over 40% of our members live in the London and South region, whereas only 1% of our members live in Northern Ireland.

This year we launched daily health news updates on the members-only area on the BLF website, as well as the re-launch of our new-look Breathing Space Magazine in Spring 2010, to great acclaim. We also released the bumper edition of Breathing space in June 2010, which celebrated 25 years of the British Lung Foundation and contained exclusive interviews with Sir Malcolm Green, founder of the BLF and Vice-President Dame Judi Dench.

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 groups and pilot new projects for improving the groups.
- To increase the BLF Nurse network in the UK to 60.
- 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 BLF Active classes.
- 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, including the e shop.
- 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 5,000.

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.

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Internal business processes

- Ensure the BLF workforce and volunteers reflect the diversity of local communities.
- Ensure that the use of CARE (our CRM system) is maximised and the benefits used across the organisation to improve our efficiency and effectiveness, 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.
- Develop and implement a marketing and communications strategy to promote the BLF's products, services and profile.

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 £8,288,988, an increase of 53% on the 2009 total of £5,405,682, mainly due to a generous legacy of £1,500,000 and a grant of £1,000,000 being the first tranche of funding for asbestos related diseases. Total expenditure was £5,894,738, an increase of 2% on the 2009 expenditure of £5,763,660. After unrealised investment gains, the surplus for the year amounted to £2,559,232 compared with a £628,385 deficit in 2009. The Trustees have decided to designate the £1,500,000 legacy received in line with the request expressed in the will that the monies be used for research into the improvement of treatment of chronic bronchitis and bronchiectasis.

The balance sheet shows unrestricted and undesignated funds totalling £1,343,932 an increase of £95,320 on the balance at 30 June 2009 of £1,248,612. The group's funds restricted for future specific purposes amounted to £2,848,758 (2009 £1,798,513) and the endowment funds increase from £1,600,920 in 2009 to £1,645,566 at 30 June 2010. The group's cash balances including short term deposits, at 30 June 2010 amounted to £4,062,621 an increase of £812,988 over the year.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2010

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 £4,935,524 (2009 £4,871,581) being 60p for every £1 raised (2009: 90.1p).

Reserves policy

The Trustees' reserves policy is to build reserves up to 3 to 6 months' forecast unrestricted expenditure (currently £1.1million to £2.2 million). At 30 June 2010, the unrestricted undesignated reserves totalled £1,343,932. This represents 3.6 months expenditure, close to the lower end of the 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 £155,187 equivalent to 2 weeks of unrestricted expenditure.

Investment policy, performance and ethical policy

In accordance with the charity's 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.

During 2009/10 substantial cash sums were received, mainly due to the generous bequest of £1.5m and a grant of £1m for asbestos related diseases. The Trustees decided to place these sums on deposits managed by Schroders at either immediate or 7 days notice, which offered acceptable rates of interest combined with flexibility.

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 2010-2011 will be staggered throughout the year and will be determined for individual grant calls as corresponding funding streams are confirmed.

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 directors and by the Audit & Establishment Sub-committee.

British Lung Foundation

Report of the Board of Trustees

For the year ended 30 June 2010

Auditors

A resolution to re-appoint Sayer Vincent as the charity's auditors will be proposed at the General meeting in November 2010.

Approved by the Board of Trustees on 24 November 2010 and signed on its behalf by

Christine Lewis - 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 2010 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 and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 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.

We also report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, 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 trustees' annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 trustees and members of

British Lung Foundation

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 2010 and of its 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

6 December 2010

SAYER VINCENT is eligible to act as an auditor in terms of section 1212 of the Companies Act

British Lung Foundation

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

For the year ended 30 June 2010

	Note	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	3,303,806	60,232	3,364,038	1,184,304
Activities for generating funds	3	1,332,286	1,874,697	3,206,983	2,337,545
Investment income	4	16,362	81,348	97,710	172,499
<i>Incoming resources from charitable activities</i>					
Activities in relation to Breathe Easy and patient support		729,333	323,414	1,052,747	1,169,174
Public education and literature		2,217	-	2,217	3,464
Service delivery		486,086	-	486,086	486,430
<i>Other incoming resources</i>		<u>79,207</u>	<u>-</u>	<u>79,207</u>	<u>52,266</u>
Total incoming resources		<u>5,949,297</u>	<u>2,339,691</u>	<u>8,288,988</u>	<u>5,405,682</u>
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating funds		902,773	15,762	918,535	892,079
<i>Charitable activities</i>					
Research grants & costs		60,193	593,430	653,623	954,280
Activities in relation to Breathe Easy and patient support		1,994,899	780,414	2,775,313	2,603,299
Campaigning and awareness raising		304,327	28,269	332,596	361,838
Public education and literature		661,011	40,730	701,741	653,308
Service Delivery		462,615	9,636	472,251	226,016
<i>Governance costs</i>		<u>40,315</u>	<u>364</u>	<u>40,679</u>	<u>72,840</u>
Total resources expended	5	<u>4,426,133</u>	<u>1,468,605</u>	<u>5,894,738</u>	<u>5,763,660</u>
Net incoming/(outgoing) resources before other recognised gains and losses					
		<u>1,523,164</u>	<u>871,086</u>	<u>2,394,250</u>	<u>(357,978)</u>
Gross transfers between funds		<u>(76,939)</u>	<u>76,939</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources		<u>1,446,225</u>	<u>948,025</u>	<u>2,394,250</u>	<u>(357,978)</u>
Unrealised gains/(losses) on investment assets		<u>18,116</u>	<u>146,866</u>	<u>164,982</u>	<u>(270,407)</u>
Net movement in funds		<u>1,464,341</u>	<u>1,094,891</u>	<u>2,559,232</u>	<u>(628,385)</u>
Reconciliation of funds					
Total funds brought forward		<u>1,379,591</u>	<u>3,399,433</u>	<u>4,779,024</u>	<u>5,407,409</u>
Total funds carried forward		<u><u>2,843,932</u></u>	<u><u>4,494,324</u></u>	<u><u>7,338,256</u></u>	<u><u>4,779,024</u></u>

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

The restricted fund balances brought forward and carried forward include £1,600,920 and £1,645,566 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 £70,529, unrealised gain of £128,110 expenditure on the chair of £97,525 and investment and management fees of £56,468

British Lung Foundation

Balance sheets

As at 30 June 2010

	Note	The group		The charity	
		2010	2009	2010	2009
		£	£	£	£
Fixed assets					
Tangible fixed assets	10	1,188,745	1,205,812	1,188,745	1,205,812
Investments	11	3,610,765	2,179,844	3,329,185	1,924,853
		4,799,510	3,385,656	4,517,930	3,130,665
Current assets					
Debtors	13	537,998	356,610	831,645	1,020,044
Short term deposits		2,961,168	1,906,085	2,369,069	945,589
Cash at bank and in hand		1,101,456	1,343,548	1,101,276	1,054,491
		4,600,622	3,606,243	4,301,990	3,020,124
Liabilities					
Creditors: amounts due within one year	14	774,839	783,620	747,526	485,116
Research grants	6	817,216	898,384	817,216	898,384
		1,592,055	1,682,004	1,564,742	1,383,500
Net current assets		3,008,567	1,924,239	2,737,248	1,636,624
Total assets less current liabilities		7,808,077	5,309,895	7,255,178	4,767,289
Creditors due after more than one year: Research grants	6	469,818	530,871	469,818	530,871
Net assets	15	7,338,259	4,779,024	6,785,360	4,236,418
Funds					
Restricted funds		2,848,758	1,798,513	2,295,860	1,255,907
Endowment funds		1,645,566	1,600,920	1,645,565	1,600,920
General funds		1,343,932	1,248,612	1,343,935	1,248,612
Designated funds		1,500,000	130,979	1,500,000	130,979
Total charity funds	16	7,338,256	4,779,024	6,785,360	4,236,418

Approved by the trustees on 24 November 2010 and signed on their behalf by

Ralph Bernard
Chairman of the Board of Trustees

British Lung Foundation

Consolidated Cash Flow Statement

For the year ended 30 June 2010

	Notes	2010 £	2009 £
Net cash flow from operating activities	(a)	2,174,036	(344)
Capital expenditure and financial investment			
Expenditure on investments		(1,265,939)	(23,229)
Expenditure on fixed assets		(95,109)	(43,868)
Disposal of investments		-	-
Net cash (outflow)	(b)	<u>812,988</u>	<u>(67,441)</u>

Notes to the cash flow statement

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

Net incoming/(outgoing) resources for the year	2,394,250	(357,978)
(Increase)/Decrease in debtors	(181,388)	139,693
(Decrease)/Increase in creditors	(151,002)	133,963
Depreciation	112,176	83,978
Loss on disposal of fixed assets	-	-
Net cash flow from operating activities	<u>2,174,036</u>	<u>(344)</u>

b) Analysis of changes in net funds

	At 1 July 2008 £	Cash flows £	At 1 July 2009 £	Cash flows £	At 30 June 2010 £
Deposit account	1,738,631	167,454	1,906,085	1,055,082	2,961,167
Cash in hand and at bank	<u>1,578,443</u>	<u>(234,895)</u>	<u>1,343,548</u>	<u>(242,092)</u>	<u>1,101,456</u>
	<u>3,317,074</u>	<u>(67,441)</u>	<u>3,249,633</u>	<u>812,990</u>	<u>4,062,623</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

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 221 (2009: 215) Breathe Easy groups are treated as branches and the income, expenditure and bank balances of 197 groups (2009: 197) 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 Head Count

Costs of generating voluntary income	9.52
Research grants & costs	1.00
Activities in relation to Breathe Easy and patient support	31.71
Campaigning and awareness raising	4.90
Public education and literature	8.58
Service delivery	5.82
Governance	0.22
Support	9.45

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

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 £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 2010

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 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.

2. Voluntary income

	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Legacies	2,769,149	11,425	2,780,574	673,104
In memoriam	<u>534,657</u>	<u>48,807</u>	<u>583,464</u>	<u>511,200</u>
Total	<u>3,303,806</u>	<u>60,232</u>	<u>3,364,038</u>	<u>1,184,304</u>

3. Activities for generating funds

	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Companies	168,508	1,293,660	1,462,168	929,302
Trusts	29,950	558,877	588,827	437,912
Individuals	653,344	22,160	675,504	628,794
Events	<u>480,484</u>	<u>-</u>	<u>480,484</u>	<u>341,537</u>
	<u>1,332,286</u>	<u>1,874,697</u>	<u>3,206,983</u>	<u>2,337,545</u>

4. Investment income

	Unrestricted £	Restricted £	2010 Total £	2009 Total £
UK listed investments	10,687	81,348	92,035	125,853
Bank interest	<u>5,675</u>	<u>-</u>	<u>5,675</u>	<u>46,646</u>
	<u>16,362</u>	<u>81,348</u>	<u>97,710</u>	<u>172,499</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

5. 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 £	2010 Total £	2009 Total £
Staff costs (Note 8)	380,798	45,710	1,103,007	159,007	268,889	209,610	13,679	462,533	2,643,233	2,299,070
Grants (Note 6)	-	578,705	-	-	-	-	-	-	578,705	791,669
Grant Support costs	-	6,500	-	-	-	-	-	-	6,500	6,368
Travel and subsistence	2,037	1,035	85,304	1,176	6,172	4,859	-	1,904	102,487	87,118
Recruitment/Agency costs	11,559	-	20,916	-	14,626	-	-	62,075	109,176	234,046
Evaluation costs	-	-	-	-	-	-	-	-	-	25,295
Training	476	-	979	-	5,276	6,188	-	8,559	21,478	24,935
Nurse costs	-	-	138,646	-	-	-	-	-	138,646	104,351
Audit and accountancy fees	-	-	-	-	-	5,590	17,800	-	23,390	39,508
Legal fees	1,326	-	-	-	-	-	-	43,352	44,678	22,544
IT costs	-	-	38,928	-	14,997	242	-	108,702	162,869	104,794
Rent and rates	-	-	54,354	-	13,116	-	-	24,013	91,483	59,519
Insurance	-	-	876	-	-	-	-	28,826	29,702	28,314
Other office costs	5,844	2,787	153,510	43,456	48,953	57,825	5,435	57,810	375,620	457,454
Campaigns costs	-	-	-	24,299	-	-	-	-	24,299	17,465
Media costs	-	-	-	20,808	-	-	-	-	20,808	36,743
Depreciation	-	-	-	-	-	-	-	112,176	112,176	83,978
Events costs	104,098	-	-	-	-	-	-	-	104,098	72,443
Raffles costs	130,367	-	-	-	-	-	-	-	130,367	86,787
Mailings	-	-	-	-	-	-	-	-	-	31,404
Other fundraising costs	94,221	-	3,842	-	-	-	-	-	98,063	138,741
Publications	-	-	-	-	153,858	-	-	-	153,858	147,965
Breathe Easy Group Expenditure	-	-	414,585	-	-	-	-	-	414,585	489,189
Marketing Consultancy	24,900	-	19,209	-	3,374	3,363	-	37,530	88,376	11,959
Specific Campaigns	-	-	197,771	-	-	53,172	-	-	250,943	188,544
Self Management Plans & Exercise Diaries	-	-	-	-	-	25,646	-	-	25,646	56,860
Irrecoverable VAT	-	-	-	-	-	-	-	105,752	105,752	-
Miscellaneous	-	1,774	756	-	25,658	6,162	-	3,450	37,800	116,597
Total resources expended	755,626	636,511	2,232,683	248,746	554,919	372,657	36,914	1,056,682	5,894,738	5,763,660
Support Costs	162,909	17,112	542,630	83,850	146,823	99,593	3,765	(1,056,682)	-	-
Total resources expended	918,535	653,623	2,775,313	332,596	701,742	472,250	40,679	-	5,894,738	5,763,660

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

6. Research Grants

	Unrestricted £	Restricted £	2010 £	2009 £
Balance at start of year	130,165	1,299,090	1,429,255	1,394,346
Awarded in the year:				
Projects and research fellowships	-	580,352	580,352	919,871
Unused awards written back	<u>(823)</u>	<u>(824)</u>	<u>(1,647)</u>	<u>(128,202)</u>
Charge to SOFA (note 6)	(823)	579,528	578,705	791,669
Paid in year	<u>(39,497)</u>	<u>(681,429)</u>	<u>(720,926)</u>	<u>(756,760)</u>
Balance at end of year	<u>89,845</u>	<u>1,197,189</u>	<u>1,287,034</u>	<u>1,429,255</u>
Falling due within one year	65,951	751,265	817,216	898,384
Falling due after more than one year	<u>23,894</u>	<u>445,924</u>	<u>469,818</u>	<u>530,871</u>

7. Net outgoing resources for the year

This is stated after charging:

	2010 £	2009 £
Depreciation	112,176	83,978
Trustees' indemnity insurance	1,313	1,313
Trustees' remuneration	-	-
Trustees' reimbursed expenses	973	1,256
Auditors' remuneration:		
▪ Audit	20,000	18,725
▪ Other services	-	-
▪ Under accrual from previous year for other services	<u>3,390</u>	<u>20,783</u>

Expenses were reimbursed to 5 (2009 - 4) trustees in the year for travel costs incurred.

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

8. Staff costs and numbers

Staff costs were as follows:

	2010 £	2009 £
Salaries and wages	2,281,535	1,983,719
Social security costs	224,350	197,393
Pension contributions	137,348	117,959
	<u>2,643,233</u>	<u>2,299,071</u>

Two employees earned between £60,000 - £70,000 (2009: none)

Two employees earned between £70,001 - £80,000 (2009: none)

One employee earned between £80,001 - £90,000 (2009: one)

Pension contributions for these employees amounted to £28,307 (2009: £3,794).

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

	2010 No.	2009 No.
Administration and finance	10	9
Fundraising	10	11
Research	1	1
Communication	7	9
Support Services	38	36
Service Delivery	6	3
	<u>72</u>	<u>69</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 (previously known as BLF Trading 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	1,269,384	32,174	167,874	1,469,432
Additions in year	10,306	2,615	82,188	95,109
At the end of the year	<u>1,279,690</u>	<u>34,789</u>	<u>250,062</u>	<u>1,564,541</u>
Depreciation				
At the start of the year	151,870	9,015	102,735	263,620
Charge for the year	25,594	6,313	80,269	112,176
At the end of the year	<u>177,464</u>	<u>15,328</u>	<u>183,004</u>	<u>375,796</u>
Net book value				
At the end of the year	<u>1,102,226</u>	<u>19,461</u>	<u>67,058</u>	<u>1,188,745</u>
At the start of the year	<u>1,117,514</u>	<u>23,159</u>	<u>65,139</u>	<u>1,205,812</u>

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

11. Investments

	The group		The charity	
	2010	2009	2010	2009
	£	£	£	£
Market value at the start of the year	2,179,844	2,427,022	1,924,851	2,151,088
Additions at historic cost	1,265,939	23,229	1,256,968	12,722
Unrealised gains/ (losses)	164,982	(270,407)	147,366	(238,957)
Market value at the end of the year	<u>3,610,765</u>	<u>2,179,844</u>	<u>3,329,185</u>	<u>1,924,853</u>
Historic cost at the year end	<u>4,092,636</u>	<u>2,826,697</u>	<u>3,756,877</u>	<u>2,499,909</u>

Investments comprise:

	The group		The charity	
	2010	2009	2010	2009
	£	£	£	£
UK Common investment funds	<u>3,610,765</u>	<u>2,179,844</u>	<u>3,329,185</u>	<u>1,924,853</u>

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

	The group		The charity	
	2010	2009	2010	2009
	£	£	£	£
M&G Charifund	247,408	219,695	220,072	195,420
Schroder Charity Equity Fund	703,646	545,600	622,110	485,755
Cazenove Growth Trust	348,363	273,671	304,951	243,462
Schroder Charity Fixed Interest	340,347	414,902	299,609	366,505
Charishare Non Tobacco Fund*	229,356	159,604	200,518	58,297
Property	206,690	-	182,097	-
Cash	284,910	500,462	249,783	434,385
Scottish Widows	<u>1,250,045</u>	<u>-</u>	<u>1,250,045</u>	<u>-</u>

* i.e. no investment in tobacco

British Lung Foundation

Notes to the financial statements

For the year ended 30 June 2010

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

	2010	2009
	£	£
Turnover	485,008	882,931
Interest receivable	1,078	13,170
	<hr/>	<hr/>
Total income	486,086	896,101
Expenditure		
Administrative expenses	367,067	242,262
Governance costs	5,590	5,370
	<hr/>	<hr/>
	372,657	247,632
	<hr/>	<hr/>
Operating profit	113,429	648,469
Gift Aid payment	(113,429)	(648,469)
	<hr/>	<hr/>
Retained profit for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>
The Balance Sheet comprised:		
Current assets	375,173	987,083
Current liabilities	(375,171)	(972,081)
Creditors falling due after more than one year	-	(15,000)
	<hr/>	<hr/>
	2	2
	<hr/> <hr/>	<hr/> <hr/>

The results of the Burrow Hill Training fund are also consolidated into this accounts. Note 16 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 2010

13. Debtors

	The group		The charity	
	2010	2009	2010	2009
	£	£	£	£
Debtors and prepayments	537,998	356,610	600,838	330,818
Amount due from subsidiary				
Current account	-	-	215,807	674,226
5 year loan	-	-	15,000	15,000
	537,998	356,610	831,645	1,020,044

14. Creditors: amounts due within one year

	The group		The charity	
	2010	2009	2010	2009
	£	£	£	£
Sundry creditors	400,046	343,271	402,933	313,477
Accruals	242,293	124,495	240,093	68,785
Deferred income	132,500	315,854	104,500	102,854
	774,839	783,620	747,526	485,116

15. Analysis of group net assets between funds

	Tangible fixed assets	Investments	Other net assets	Net assets
				at the end of the year
	£	£	£	£
Endowment fund	-	1,645,566	-	1,645,566
Restricted funds	-	421,265	2,427,493	2,848,758
Designated funds	-	1,250,045	249,955	1,500,000
General funds	1,188,745	293,889	(138,702)	1,343,932
Total funds	1,188,745	3,610,765	2,538,746	7,338,256

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2010

16. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Burrow Hill Training Fund	542,607	27,946	17,657	-	552,896
Big Lottery Fund- BLF Wales	7,793	122,041	122,482	-	7,352
June Hancock Mesothelioma	123,195	370	123,405	-	160
Tuberculosis Fund	58,820	-	1,765	30,000	87,055
Leeds Trust	110,549	1,627	3,362	-	108,814
Legacies	34,156	11,425	27,302	-	18,279
Astra Zeneca-BLF Nurse Harrogate	22,491	-	22,491	-	-
King Edward VII Hospital	73,018	-	52,274	5,000	25,744
Astra Zeneca BLF Nurse Wales	49,024	-	27,143	-	21,881
Henry Smith Charity - helpline	22,719	-	22,719	-	-
Robert Luff Foundation Ltd	-	50,000	-	(50,000)	-
City Bridge Trust	17,339	7,500	24,839	-	-
Scottish Executive - Clinical Networks	39,306	-	39,306	-	-
Kings Fund Nurse	33,578	18,367	17,122	-	34,823
Standard Life	406,421	-	406,421	-	-
Building Patient Impact	76,519	-	25,873	-	50,646
DOH S64 Hull	50,054	-	50,054	-	-
Garfield Weston Foundation	-	240,000	-	-	240,000
Scottish Awareness COPD project	-	102,704	102,704	-	-
ICAP	-	290,660	8,700	-	281,960
Meso project	-	1,000,000	10,060	-	989,940
Scottish Government COPD	-	-	-	-	-
Awareness events	-	100,000	-	-	100,000
Scottish Government BE Scotland	-	50,000	50,000	-	-
Red Balloon Appeal	-	-	-	76,939	76,939
Other funds	130,924	265,278	158,933	15,000	252,269
Total restricted funds	1,798,513	2,287,918	1,314,612	76,939	2,848,758
Endowment Funds	1,600,920	198,639	153,993	-	1,645,566
Total restricted and endowment funds	3,399,433	2,486,557	1,468,605	76,939	4,494,324

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2010

16. Movements in funds (continued)

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Unrestricted funds:					
<i>Designated funds:</i>					
Legacy	-	1,500,000	-	-	1,500,000
Red balloon appeal	76,939	-	-	(76,939)	-
Database development	54,040	-	54,040	-	-
<i>Total designated funds</i>	130,979	1,500,000	54,040	(76,939)	1,500,000
General funds	<u>1,248,612</u>	<u>4,467,413</u>	<u>4,372,093</u>	<u>-</u>	1,343,932
Total unrestricted funds	<u>1,379,591</u>	<u>5,967,413</u>	<u>4,426,133</u>	<u>(76,939)</u>	2,843,932
Total funds	<u>4,779,024</u>	<u>8,453,970</u>	<u>5,894,738</u>	<u>-</u>	7,338,256

Purposes of restricted funds

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

Burrow Hill Training Fund

The British Lung Foundation's Board of Trustees collectively form the corporate trustee of the Burrow Hill Training Fund (registered charity 220302).

The objects allow the Fund to apply the clear income of the Fund in making grants for training or in cases of need to men suffering from tuberculosis or diseases of the chest, preference being given to men suffering as a consequence of service in Her Majesty's Forces. Until the Fund's income shall be required for application in this manner it may be used for training for the sons or male dependants of such men. The funds has been dormant for several years since there have been no valid applications.

Advice has been sought from the Charity Commission who made a number of proposals. The Burrow Hill Training Fund corporate trustees met on 15 July 2010 and resolved to change the objectives of the fund. A formal application has been made to the Charity Commission and the outcome of this is to be considered by the Board shortly.

BLF Lottery 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.

June Hancock Mesothelioma

The grant was given 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 2010

16. 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 Breathe easy groups

Research into respiratory diseases

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 Hirani's research into the causes of abnormal lung scarring.

City Bridge Trust

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

Scottish Executive - Clinical Networks

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

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.

Garfield Weston Foundation

This grant was awarded to fund COPD research.

British Lung Foundation

Notes to the financial statements

For the Year Ended 30 June 2010

16. Movements in funds (continued)

Purposes of restricted funds (continued)

Scottish Awareness COPD project

This project was funded by the Scottish Government to run a series of Awareness Days in Scotland in 2009-2010 to raise the profile of COPD and to find undiagnosed people with COPD. Further funding has been received in 2010-2011 to build on last years project with grater emphasis on finding undiagnosed people with COPD.

ICAP

The ICAP annual charity day raised £290,000 for BLF to fund lung cancer research projects.

Meso 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 BE Scotland

Funding was received from Scottish Government to support the Breathe Easy network in Scotland.

The Red Balloon Appeal

The Red Balloon appeal was launched in 2001 with the objective of raising £1.2m to establish a new centre for respiratory science in the West Midlands. Despite a number of fundraising initiatives it soon became clear that the initial aspiration was unrealistic. An application was made to the Charity Commission for a scheme for this fund and this was approved on 25 October 2010. The Red Balloon Fund is now to be used for the promotion of medical research in the West Midlands into the prevention, treatment, alleviation and cure of diseases of the chest and lungs.

Other funds

Other funds include In Memoriams received for various lung diseases, Glaxo annual supplement, funds for BE Nurse in Causeway, Lewisham Hospital Research expenditure, Fiona Needleman funds for non smoking related lung cancer research, NHS Grampian to fund remote pulmonary rehab project, funding from various trusts and foundations to support our Breathe Easy network and other support services and to fund lung research.

Glaxo Endowment Fund

This is 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. Further details are given in the Trustees Annual Report under Research Strategy.

Purposes of Designated Funds

Legacy

A legacy of £1.5m was received in 2010 which the Trustees decided to designate in line with the request expressed in the will that the monies be used for research into the improvement of treatment of chronic bronchitis and bronchiectasis.

Database development

These funds had been earmarked for development of the CRM database - CARE .This fund has been completely utilised in 2009-2010.