

British Heart Foundation

Annual Review 2008
Condensed Annual Report and Accounts



A letter from the Chief Executive



Every year in the British Heart Foundation (BHF) Annual Review I have been able to write about the Charity breaking a record of some sort. But 2007/8 really was a landmark year. For the first time, we spent over £100m on pioneering research, vital

prevention, and care for heart patients and families. It's a magnificent result of which we can all be proud, and which of course went hand-in-hand with new income records in Fundraising and Shops Divisions. Our grateful thanks go out to every one of our thousands of loyal supporters and donors.

These tremendous achievements have allowed us to fund major new initiatives, such as the Research Excellence Awards, supporting innovative forms of care for heart patients, and the Localities Project, which will offer life-saving advice and help to people in deprived areas, where heart disease is becoming increasingly concentrated. In parallel, our well-established activities, such as Food4Thought, which encourages youngsters to think about what they eat, and Heartstart UK, which has now trained over 1.6 million people in life-saving resuscitation skills, have continued at full speed.

In short, 2007/8 was yet another very successful year in the remarkable history of the Charity. In the following pages we provide details of some of the campaigns and initiatives on which we have worked during the year.

The past year saw two other major changes. The BHF has outgrown its premises in Fitzhardinge Street, London and in January the Board of Trustees decided that this autumn we would move to open-plan premises in Mornington Crescent. These will provide the Charity with up-to-date working conditions, which I am confident will make us even more effective at beating heart disease together.

In March, Howard Hughes stood down as Chairman of the Board, after eleven years of dedicated service to the Charity. He has made a huge contribution as Chairman and I will miss his wise counsel and sound common sense.

I would like to thank Howard for all that he has done for the British Heart Foundation, and to thank all my colleagues, both paid and volunteering, who have made the BHF into the splendid organisation it is today. I continue to feel privileged to be a part of it.

Peter Hollins
Chief Executive

A letter from the Medical Director



At the BHF, we spend a substantial proportion of our generously donated funds on vital research into the fundamental causes of heart disease, and I'm frequently asked what impact this work has had on the UK's heart health.

In 2007, two of our major research themes came to fruition and are already influencing our health services. As a result of research carried out over the past 15-20 years by BHF professors Hugh Watkins in Oxford and Steve Humphries in London, health services are now poised to offer genetic tests for people at risk of cardiomyopathy, the commonest cause of sudden death in young people, and familial hypercholesterolaemia, a major cause of heart attacks. Appropriately, the BHF has been asked to help coordinate efficient delivery of these services, and by so doing, we anticipate that thousands of premature deaths will be avoided.

So, research really does make a difference, but it takes time – and money. Just as today's patients will benefit from investments we made decades ago, the next generation will derive even greater benefits from investments we're making today.

That is why, this year, the BHF has authorised some £34m over and above its routine funding to create four BHF Centres of Research Excellence in London (Imperial and King's Colleges), Oxford and Edinburgh. Over the next six years these centres will train more than 100 new cardiovascular researchers to ensure the UK remains at the forefront of research into cardiovascular disease, and that the next generation of UK patients will be the first to benefit from our world-leading research.

Peter Weissberg FRCP FMedSci
Medical Director

Financial review of the year

Chart 1

Incoming resources 1999-2008

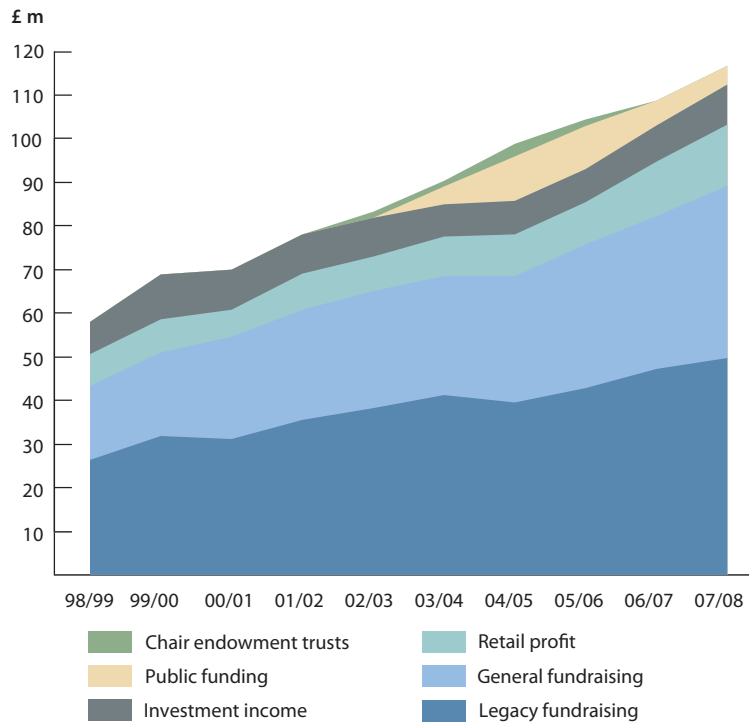
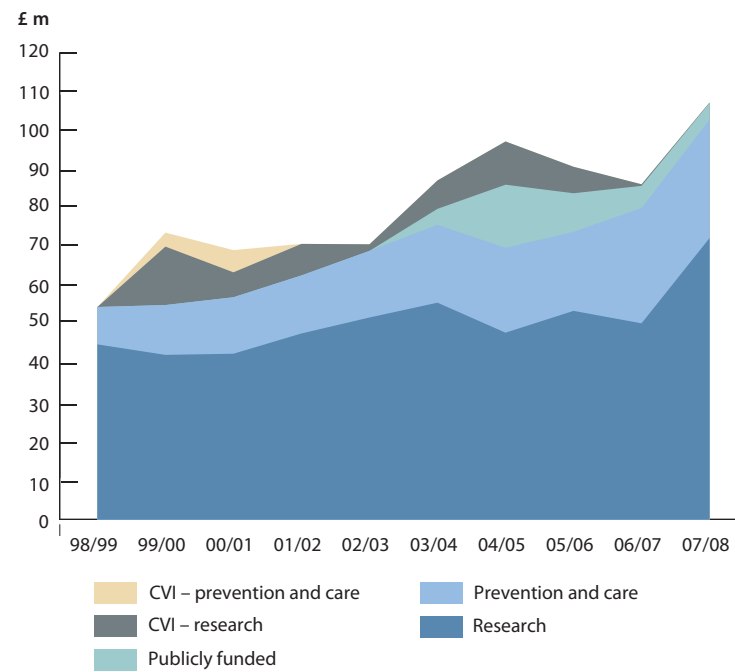


Chart 2

Charitable expenditure 1999-2008



Financial review of the year

	1998/99 £m	1999/00 £m	2000/01 £m	2001/02 £m	2002/03 £m	2003/04 £m	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m
Ten-year perspective										
Incoming resources										
Legacy fundraising	26.4	31.9	31.2	35.6	38.3	41.3	39.6	42.9	47.3	49.8
General fundraising	17.0	19.2	23.5	25.3	26.9	27.3	29.0	33.0	35.1	39.5
Retail profit	7.3	7.6	6.2	8.3	7.9	9.1	9.6	9.7	12.5	14.1
Investment income	7.4	10.3	9.2	9.0	8.9	7.4	7.7	7.6	8.3	9.2
Public funding	–	–	–	–	–	4.1	10.2	9.9	5.7	4.3
Chair endowment trusts	–	–	–	–	1.4	1.3	2.9	1.5	–	–
See chart 1 opposite	58.1	69.0	70.1	78.2	83.4	90.5	99.0	104.6	108.9	116.9
Fundraising and publicity costs*	-10.6	-12.3	-11.4	-13.5	-16.0	-16.1	-18.9	-21.7	-19.0	-19.3
Net incoming resources	47.5	56.7	58.7	64.7	67.4	74.4	80.1	82.9	89.9	97.6
Expenditure on objectives										
Research	45.0	42.3	42.6	47.8	51.9	55.7	48.0	53.6	50.4	72.3
CVI – research	–	15.0	6.4	8.1	1.7	7.3	11.1	6.8	-0.4	-0.1
Prevention and care	9.6	12.8	14.5	14.9	17.1	20.0	21.8	20.3	29.6	30.4
Publicly funded	–	–	–	–	–	4.1	16.2	9.9	5.7	4.3
CVI – prevention and care	–	3.6	5.7	0.0	0.0	–	–	–	–	–
See chart 2 opposite	54.6	73.7	69.2	70.8	70.7	87.1	97.1	90.6	85.3	106.9

* including investment management fees

The charts opposite and tables above show that 2007/8 was another year of significant financial progress for the Foundation. For these purposes we treat the profit from the BHF charity shops as our income from that source, whereas in the Accounts that follow, we are required to show the shops' sales as income (and the significant expenses of the separately-managed operation, as costs). In our view, the profit approach gives a more realistic assessment of the situation, while the mandated treatment used in the Accounts exaggerates the income and the costs of the Foundation as a result of the high proportion of shop sales relative to our other income.

On this basis, our income rose by 7% overall, to nearly £117m. The regular annual increase in our income is only possible because of the continuing generosity of our donors and the tireless and dedicated efforts of our volunteers both in branches and shops, together with those of the paid staff.

Legacy fundraising rose by 5% to £49.8m (including a single legacy of £3m) and at 43% remains our greatest single source of income. Whilst legacy income has generally risen consistently over the last few years it varies hugely month by month and there is always the risk that it could decline in the future. General fundraising also performed well and rose by £4.4m (13%) to £39.5m.

Among fundraising highlights:

- 27,000 cyclists took part in the 32nd annual London to Brighton Bike Ride raising £4.0m, a 9% increase on the previous year's total
- Heart Runners in the London Marathon raised over £0.8m, and our supporters' participation in two other high profile marathons, New York and Paris, boosted this total to just under £1m
- the 2008 Valentine Appeal raised nearly £0.8m towards the cost of funding BHF's care services, including over £0.3m from the posting of heart shaped love notes in the windows of our charity shops
- participatory events for the younger age group achieved good results this year, with Jump Rope For Heart and Junior Golf raising £0.8m and £0.2m respectively
- support from our regular supporters, together with an uplift in the use of Gift Aid, increased our income from this source by 6% to £10.5m
- partnerships with companies generated just under £6m (including £1.8m from the HBOS partnership) and helped us to reach many new supporters.

Retail profit rose during the year by £1.6m (13%). This was partly due to the further increase (of 6%) in donations of goods direct to our shops, the modernisation of 120 shops (in which like for like sales improved by over 15%), the higher prices achieved for goods sold to recycling companies, and the progressive introduction from mid-year of the new Gift Aid scheme in all shops.

Financial review of the year

Public funding included a further £3.1m from the Big Lottery Fund supporting the remaining projects, Heart Failure Nurses and the Cardiac Rehabilitation Programme, together with £0.3m from Sport England to promote Active Workplace projects.

The following numbers of research awards were made during the year:

- 128 Project Grants
- 13 Programme Grants
- 65 Fellowships
- in addition, we funded new BHF Professorships in the Universities of Newcastle and Glasgow, and four Research Excellence Awards to the Universities of Edinburgh and Oxford plus King's College and Imperial College, London. These latter awards provide up to £9m each over 6 years to the four successful applicants - and an amount of £17m was formally awarded in this year.

Expenditure on prevention and care remained constant year on year. 69 new BHF Heart Nurses were appointed for the next three years, at a cost of £4.8m. This brings the total of BHF Heart Nurses in the community to 386.

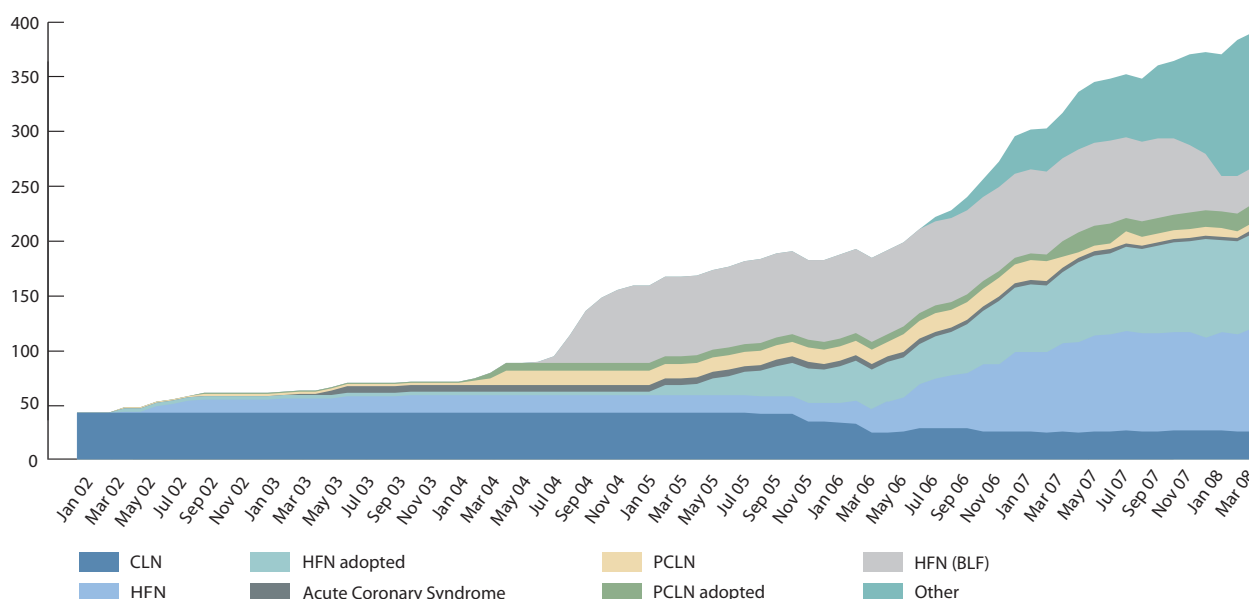
The graph below shows the growth in BHF Heart Nurses since they were initiated and the distribution of the different nurse disciplines. The main ones are:

- Cardiac Liaison Nurses (CLN)
- Paediatric Cardiac Liaison Nurses (PCLN)
- Heart Failure Nurses (HFN)
- Arrhythmia Nurses (ARR)

The BHF's commitment is to support these nurses financially for the first three years and then in general the primary care trusts adopt responsibility for these positions after that period.

The costs incurred in generating funds to achieve these results amounted to £19.3m, but this includes a one-off credit of £0.7m in connection with the reversal of the previous provision for impairment to property values. This represents 17% of the total income described above. Comparisons of such cost ratios between charities must be treated extremely carefully, owing to the widely varying costs of the many different fundraising activities they undertake. A significant proportion of fundraising and publicity expenditure represents an investment in the development of continuing and future income sources.

Total number of BHF Heart Nurses



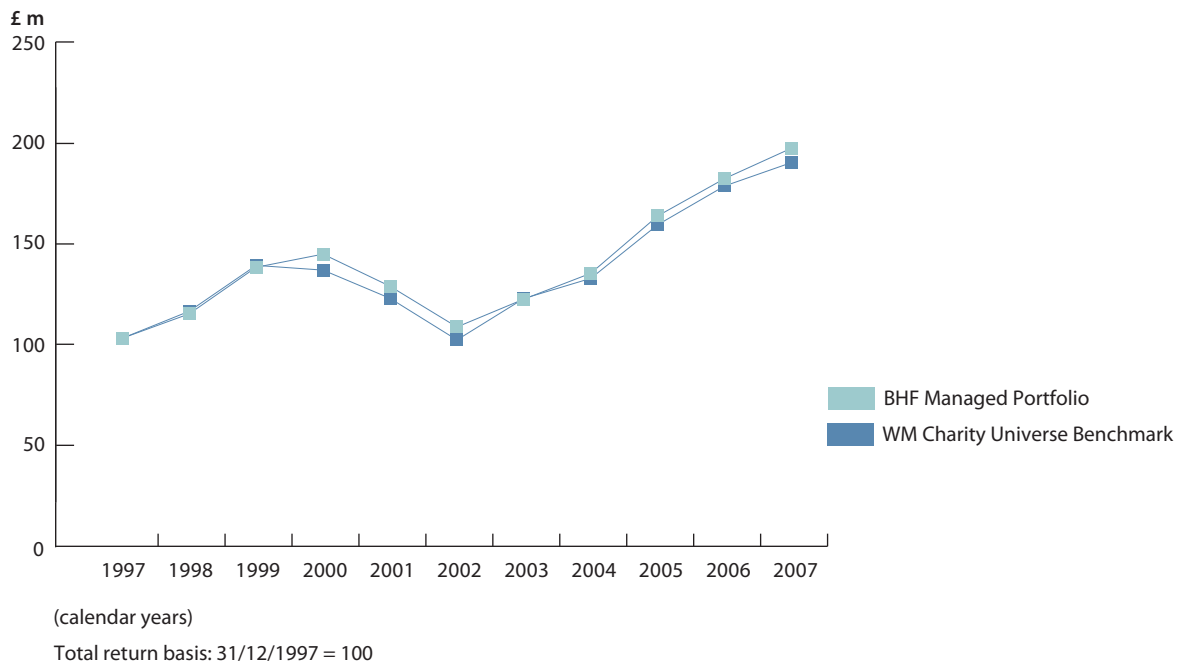
Financial review of the year

The market value of our investment portfolio suffered a loss of £6m in the financial year, in a climate of increased volatility in the financial markets. Despite the long-term historical success of our investment strategy, we continue to review our approach every year to ensure that it remains appropriate to the changing investing environment.

The Foundation's investment portfolio is split between two discretionary fund managers, whose performance is measured quarterly against a single benchmark tailored to the Foundation's investment policy.

The Foundation does not, and will not, knowingly hold securities in any company in the tobacco industry.

Ten-year comparison of BHF managed investment portfolio with benchmark



Summary Group statement of financial activities for the year ended 31 March 2008 (incorporating a group income and expenditure account)

	General fund £000	Designated funds £000	Restricted funds £000	Endowment funds £000	2008 Total funds £000	2007 Total funds £000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	85,103	–	4,163	–	89,266	82,434
Retail income	81,931	–	372	–	82,303	74,632
Investment income	8,844	–	395	–	9,239	8,301
Incoming resources from charitable activities						
Public funding for prevention and care	–	–	4,266	–	4,266	5,651
Other incoming resources						
Profit on sale of fixed assets	15	–	–	–	15	69
Total incoming resources	175,893	–	9,196	–	185,089	171,087
Resources expended						
Cost of generating funds						
Fundraising	17,732	–	–	–	17,732	17,435
Publicity	817	–	–	–	817	893
Retail costs	68,197	–	–	–	68,197	62,096
Investment management fees	756	–	–	–	756	711
Total cost of generating funds	87,502	–	–	–	87,502	81,135
Net incoming resources available for charitable application	88,391	–	9,196	–	97,587	89,952
Charitable expenditure:						
Research	71,579	–	744	–	72,323	50,414
Cardiovascular Initiative – research awards	(97)	–	–	–	(97)	(384)
	71,482	–	744	–	72,226	50,030
Prevention and care	29,227	–	5,471	–	34,698	35,275
Expenditure in furtherance of charitable objectives	100,709	–	6,215	–	106,924	85,305
Governance costs	829	–	–	–	829	733
Total resources expended	189,040	–	6,215	–	195,255	167,173
Net (outgoing) resources before transfers	(13,147)	–	2,981	–	(10,166)	3,914
Transfers between funds:						
Fixed asset fund	(3,296)	3,296	–	–	–	–
Cardiovascular Initiative fund	1,606	(1,606)	–	–	–	–
Net (expenditure)/income before other recognised gains	(14,837)	1,690	2,981	–	(10,166)	3,914
Other recognised gains/(losses)						
Net investment (losses)	(6,058)	–	–	–	(6,058)	6,287
Actuarial gain/(loss) on defined benefit pension scheme	1,396	–	–	–	1,396	555
Net movement in funds	(19,499)	1,690	2,981	–	(14,828)	10,756
Total funds brought forward at 1 April	49,840	25,489	(3,193)	7,163	79,299	68,543
Balance of funds at 31 March	30,341	27,179	(212)	7,163	64,471	79,299

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing activities.

Group balance sheet at 31 March 2008

	2008 £000	2007 £000
Fixed assets		
Tangible assets	27,179	23,883
Investments	205,401	212,213
	232,580	236,096
Current assets		
Stock of goods for resale	1,087	1,033
Debtors	11,820	9,167
Short-term deposits	5,979	16,827
Cash on deposit, at bank and in hand	23,026	14,591
	41,912	41,618
Creditors: amounts falling due within one year		
Research and other awards	(119,514)	(119,237)
Other creditors	(8,576)	(7,846)
	(128,090)	(127,083)
Net current liabilities	(86,178)	(85,465)
Total assets less current liabilities	146,402	150,631
Creditors: amounts falling due after more than one year		
Research and other awards	(80,929)	(68,218)
Net assets excluding pension scheme liability	65,473	82,413
Pension scheme liability	(1,002)	(3,114)
Net assets including pension scheme liability	64,471	79,299
Represented by:		
Funds		
Endowment		
Chair endowment trusts	7,089	7,089
G M Yule bequest	74	74
	7,163	7,163
Restricted		
Big Lottery Fund awards	(212)	(3,193)
	(212)	(3,193)
Designated		
Fixed asset fund	27,179	23,883
Cardiovascular Initiative fund	-	1,606
	27,179	25,489
General		
General reserve	31,343	52,954
Pension reserve	(1,002)	(3,114)
	30,341	49,840
	64,471	79,299

The summary financial statements set out above have been extracted from the full accounts prepared in accordance with the Companies Act 1985, which were approved by the Board of Trustees on 8 July 2008. The full accounts have been:

- audited and the auditors' opinion was unqualified; and
- delivered to the Registrar of Companies and the Charity Commission.

Copies of the complete Annual Report and Accounts are available from the Secretary, 14 Fitzhardinge Street, London, W1H 6DH, or can be downloaded from our website www.bhf.org.uk

Approved by the Board of Trustees on 8 July 2008



John Salmon, Chairman



Sir Peter Morris, Deputy Chairman

Auditors' Statement to the Trustees of the British Heart Foundation

We have examined the summary financial statements which comprise the Summary group statement of financial activities and Summary group balance sheet.

This report is made solely to the Charity's trustees, as a body, in accordance with the Accounting and reporting by charities: a statement of recommended practice 2005. Our work has been undertaken so that we might state to the Charity's 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the summary financial statements in accordance with the recommendations of Accounting and reporting by charities: a statement of recommended practice.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the full financial statements and Trustees' Annual Report.

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements. This other information comprises only the Financial review of the year.

Basis of opinion

We conducted our work having regard to Bulletin 1999/6 The auditors' statement on the summary financial statement and Practice Note 11 The audit of charities issued by the Auditing Practices Board for use in the United Kingdom. Our report on the charity's full financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion, the summarised financial statements are consistent with the full financial statements and the Trustees' Annual Report of British Heart Foundation for the year ended 31 March 2008.



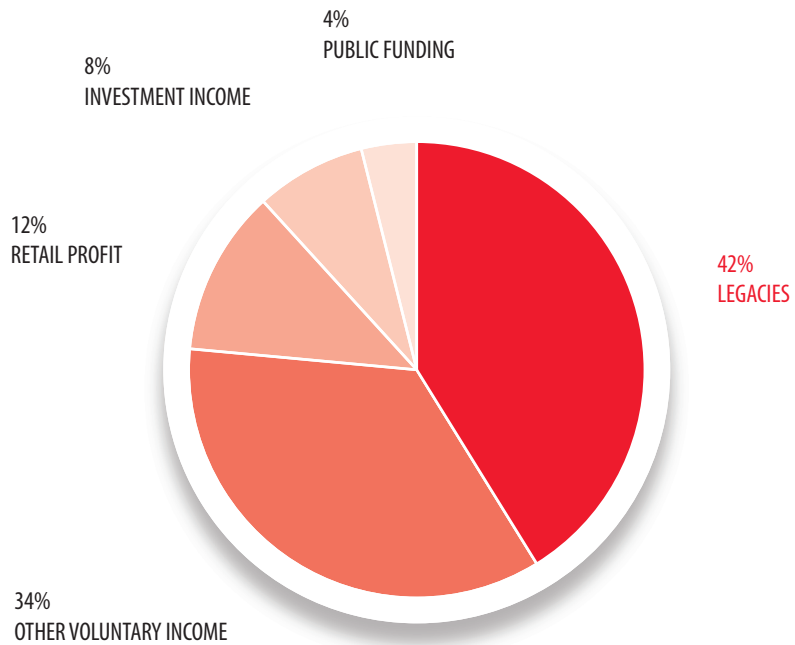
8 August 2008

Deloitte & Touche LLP

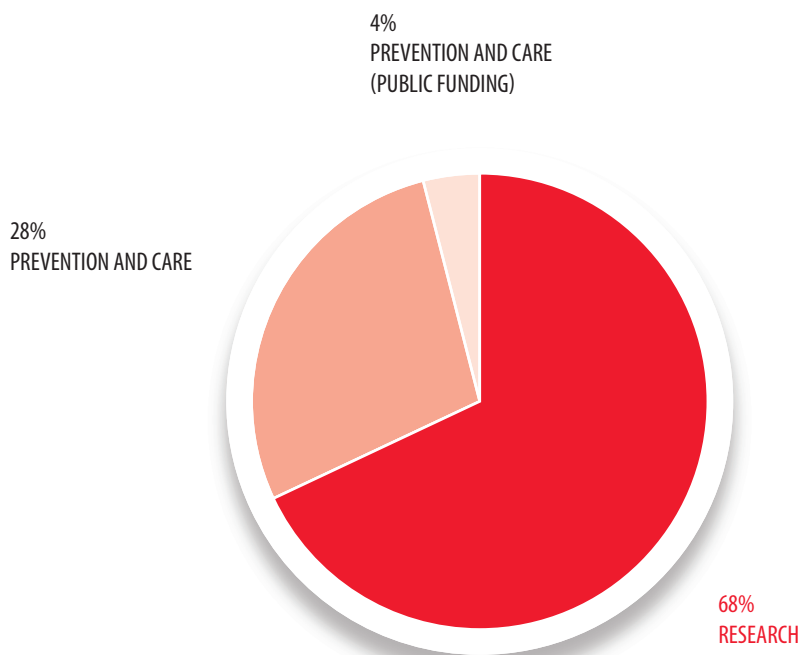
Chartered Accountants and Registered Auditors

London

WHERE DOES THE MONEY COME FROM?



HOW MUCH DO WE INVEST IN OUR CHARITABLE OBJECTIVES?





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British Heart Foundation is a registered charity in England and Wales (225971) and in Scotland (SC039426).