



Coronary heart disease is the UK's single biggest killer.

For over 50 years we've pioneered research that's transformed the lives of people living with heart and circulatory conditions. Our work has been central to the discoveries of vital treatments that are changing the fight against heart disease.

But so many people still need our help.

From babies born with life-threatening heart problems to the many Mums, Dads and Grandparents who survive a heart attack and endure the daily battles of heart failure.

Join our fight for every heartbeat in the UK. Every pound raised, minute of your time and donation to our shops will help make a difference to people's lives.

**FIGHT
FOR EVERY
HEARTBEAT**
bhf.org.uk

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ANNUAL REPORT & ACCOUNTS 2013



**FIGHT
FOR EVERY
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bhf.org.uk

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**EACH YEAR,
THOUSANDS OF
PEOPLE HELP US
FIGHT FOR EVERY
HEARTBEAT.**

Our Annual Report and Accounts tells some of their stories and shows how vital donations are powering Team BHF and its groundbreaking research.

TRUSTEES' REPORT

The Board of Trustees of the British Heart Foundation (BHF) submits its statutory Report and Accounts for the year ended 31 March 2013. The Trustees' Report and Financial Statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, The Charities Accounts (Scotland) Regulations 2006, the Charities (Accounts and Reports) Regulations 2008, the Charities Act 2011 and comply with UK Generally Accepted Accounting Practice (GAAP). They also comply with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 2005. The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of its activities. This report gives details of our work throughout the four nations of the UK.

BHF AT A GLANCE

Highlights of the year

- British Heart Foundation (BHF) experts helped shape the Government's crucial Cardiovascular Disease Outcomes Strategy in England.
- Our Mending Broken Hearts Appeal passed the £10 million mark, with the London to Brighton Night Ride our most successful ever event launch.
- The Appeal funded the creation of three new BHF Centres of Regenerative Medicine, with £2.5 million awarded to each Centre over a four-year period.
- Flora pro.activ joined our fight to raise awareness of heart disease among women.
- We were once again recognised as the most profitable charity retailer. *

* (Charity Retail Awards – July 2012)

Our vision

Our vision is a world in which people do not die prematurely of heart disease.

Our mission

Our mission is to play a leading role in the fight against disease of the heart and circulation so that it is no longer a major cause of disability and premature death.

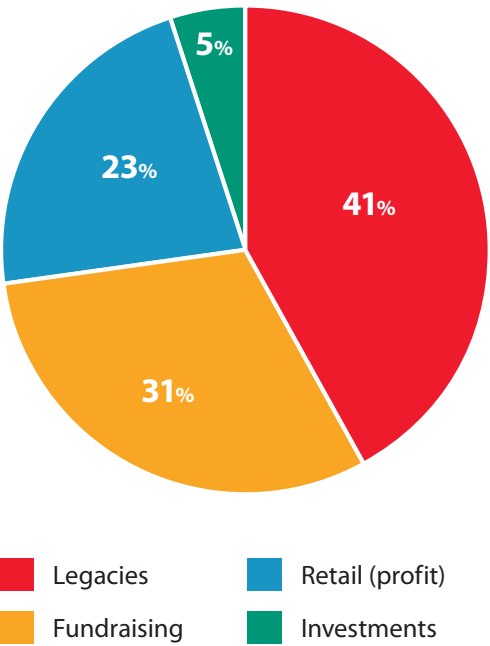
Our strategic objectives are

- To pioneer research into the causes of heart disease and improved methods of prevention, diagnosis and treatment.
- To provide vital information to help people reduce their heart health risk.
- To press for government policies that minimise the risk of heart and circulatory disease.
- To help attain the highest possible standards of care and support for heart patients.
- To reduce the inequalities in levels of heart disease across the UK.

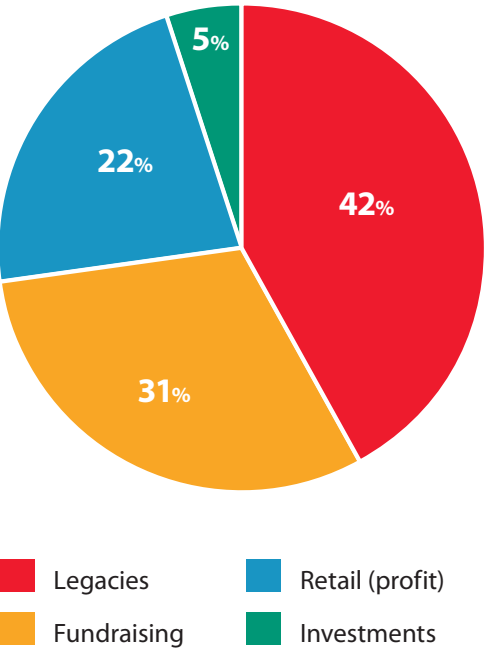


BHF AT A GLANCE

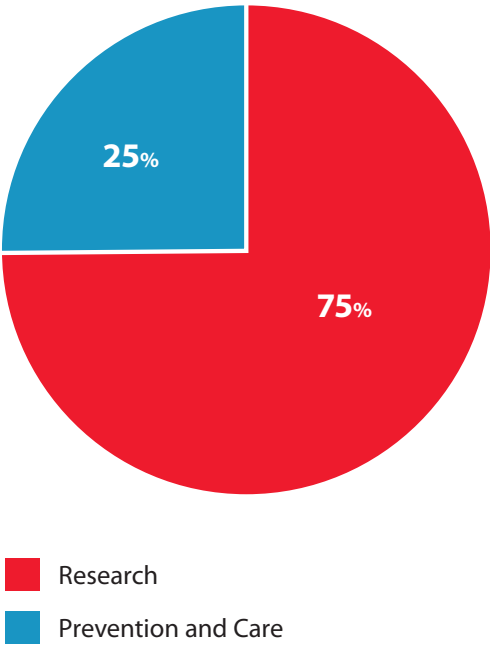
Our income 2012-13
Total income £133.3 million



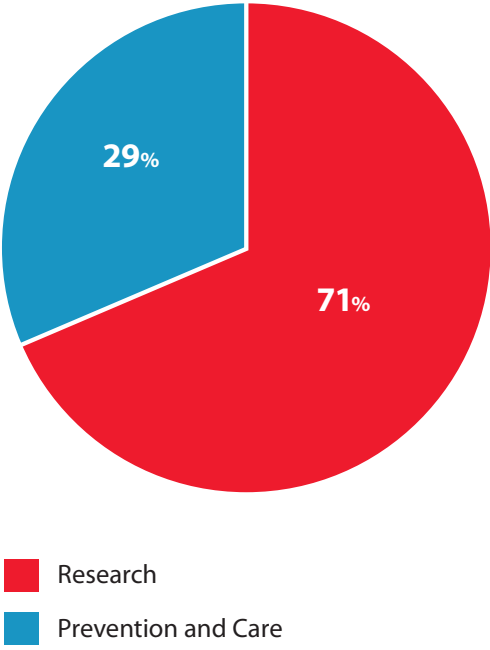
Our income 2011-12
Total income £128.5 million



Our charitable expenditure 2012-13
Total charitable expenditure £120.2 million



Our charitable expenditure 2011-12
Total charitable expenditure £124.2 million



LETTER FROM THE CHAIRMAN



TEAM BHF MEMBER

NAME:
Philip Yea

POSITION:
Chairman of Trustees

AGE:
58

HEIGHT:
6ft 0

It has been another year of progress for the BHF. On the following pages you will read about the many initiatives we have undertaken and the various stories which illustrate our determination to fight for every heartbeat. None of this would be possible without the enormous contributions made every day by our supporters, volunteers and staff. My thanks to you all.

The BHF starts the new year under new leadership. Following the retirement of Peter Hollins as Chief Executive at the end of the financial year, he was succeeded by Simon Gillespie in April. Simon brings a wealth of relevant experience and an outstanding track record as a leader. He has an extensive knowledge of the challenges faced by medical and healthcare charities and the trustees and I look forward to working with him to help the BHF achieve its vision. His passion for our cause is evident and we are delighted to welcome him.

Peter Hollins had been Chief Executive for nearly ten years, and during this period, the BHF made enormous progress, raising over a billion pounds, helping fund 32 professors, 4 Centres of Research Excellence and 913 healthcare practitioners. On behalf of the trustees I should like to record our thanks for all that he has done and the positive impact his leadership has had on the BHF as an organisation and the strong legacy he has given us. We wish him well in his retirement.



LETTER FROM THE CHIEF EXECUTIVE



**TEAM BHF
MEMBER**

NAME:
Simon Gillespie

POSITION:
Chief Executive

AGE:
53

HEIGHT:
5ft 9

In 1979, my father died from a heart attack. He was 57. His early death, and the premature death of so many others, makes me determined to play my part in the fight against heart disease.

That determination is clearly shared by everyone in Team BHF – a team I was fortunate enough to join this year. It’s a team with a deep-rooted dedication to the fight for every heartbeat which has meant we’ve had an incredible year.

But none of our achievements would have been possible without our supporters giving their money and time to the fight. Those donations have meant our scientists can carry out their life-saving work in labs the length and breadth of the UK. You’ll see how the work of researchers like Dr Amer Rana and Professor John Danesh has put us on course to win the fight.

And our Mending Broken Hearts Appeal is keeping the BHF at the cutting edge of regenerative medicine, moving us ever closer to helping those who live with the debilitating effects of severe heart failure.

We have lots to celebrate and owe everything to our supporters who have given so generously. They have our thanks for getting us this far but our fight against heart disease cannot end here. Our scientists have put us within sight of victory but they need continuing support and donations for their vital work.

LETTER FROM THE MEDICAL DIRECTOR



**TEAM BHF
MEMBER**

NAME:
Peter Weissberg

POSITION:
Medical Director

AGE:
61

HEIGHT:
5ft 10

Working as a team towards a common goal – the reduction of suffering from heart disease – is a defining characteristic of the British Heart Foundation.

We need to ensure that every penny we spend gains maximum effect in our fight against heart disease and we recognise that scientific progress can often be accelerated by collaboration.

So this year we have taken steps to enhance the way our leading scientists work together. The second round of our successful competition for BHF Centres of Research Excellence (CoRE), which will see the number of our CoREs grow from four to six, has stimulated new collaborations between physical scientists (physicists, mathematicians, chemists) and biologists within the same university.

Good teams need good leaders and we’re pleased to have awarded three new BHF professorships in Oxford, Glasgow and Manchester universities. It brings our complement of BHF professors to 32 – all outstanding leaders in their research fields.

But our teamwork isn’t confined solely to our research activities. Our pioneering approaches to patient care are also showing the new healthcare commissioners how to treat patients better and for less money, and we’re working closely with England’s new National Clinical Director for Heart Disease to help him deliver the best possible care.

The Charity is ensuring that it gains added value for its investment so that today’s patients benefit from better care and tomorrow’s patients benefit from the outcomes of our research.

ACHIEVING OUR MISSION

The BHF seeks to play a leading role in the fight against disease of the heart and circulation, so that it is no longer a major cause of disability and premature death. We are striving to create a world in which people do not die prematurely of heart disease.

So how do we do it?

We set five strategic objectives in our strategy document 'Beating Heart Disease Together', originally published in 2007. In this Annual Report we set out the progress we've made against these objectives in the last 12 months.

In 2007, we also set some broad, longer-term aims that will be achieved by working with others.

Within 10 years we aim to:

- reduce the number of deaths from cardiovascular disease in the under 75s by at least half
- ensure that at least two thirds of people under 75 survive a heart attack
- reduce the level of heart-related deaths in all UK local authority areas to the current level in South East England or below
- reverse the increase in childhood obesity.



Our shops volunteers are a vital part of Team BHF

During the coming year, we will review our strategy to make sure we continue to focus on the right activities to fulfil our mission. We will take into account over 50 years of achievement, as well as the shifting external environment: changes to the health system in the UK; digital developments in methods for information and resource provision; and the emergence of new fundraising opportunities.

Our life-saving research is conducted by some of the most talented scientists in the UK. For them to make significant progress, we need to provide long term financial commitment to their work. That's why every penny we've raised to date is already allocated to existing commitments in vital research and in programmes of prevention and care. The BHF is wholly funded by the generosity of donors, either through traditional fundraising methods, retailing or through legacies left to us in supporters' wills. We receive minimal public funding and every year we must literally start from scratch in order to fund even more crucial work to fight the UK's single biggest killer.

The next section summarises our aims, achievements and ambitions against our five strategic objectives. It also covers the all-important activity of raising funds, without which our work would not be possible.

TEAM BHF ONLINE

Visit bhf.org.uk/teambhf to see some of our team members brought to life



OUR WORK IN 2012-13

I. To pioneer research into the causes of heart disease and improved methods of prevention, diagnosis and treatment.

What we set out to do

- Continue to offer funding for research through Project and Programme grants and personal research fellowships.
- Invite applications for a second round of our world-class Centres of Research Excellence with a view to making awards in 2013-14.
- Announce a call for applications for Centres of Regenerative Medicine as part of our Mending Broken Hearts Appeal, to be funded in 2013-14.

What we did

- We increased our total expenditure on research to almost £91 million, from £88 million last year.
- We received applications for our Centres of Research Excellence and six new awards are expected to be made in 2013.
- We awarded three new BHF Centres of Regenerative Medicine through the Mending Broken Hearts Appeal, with £2.5 million going to each centre over a four-year period.

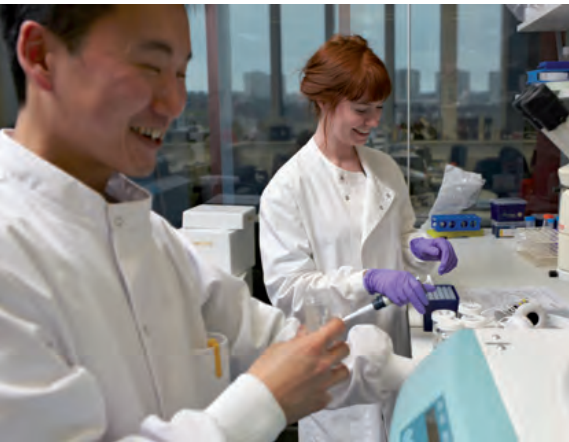
The research we funded has led to tangible results. Some great examples of these are:

Making stem cells from routine blood samples

Dr Amer Rana, BHF Professor Nick Morrell and Dr Ludovic Vallier at the University of Cambridge discovered a new way to make induced pluripotent stem (iPS) cells from routine blood samples. iPS cells are at the cutting edge of heart research and – by treating them with different chemical recipes – can be turned into any other cell in the body, including blood vessel cells or heart cells. Because iPS cells are made from patients’ own tissue, they can be used to study diseases and hopefully one day to repair damaged tissue without being attacked by the body’s immune system. Being able to efficiently produce iPS cells using cells from a blood sample could completely change treatments for people with heart disease in the future.

How tackling a molecule in the blood could lead to new treatments for heart disease

It’s vital that we find new ways of predicting and treating coronary heart disease. One way to find new treatments is to look for molecules in the blood that increase the risk of heart disease, and target them with drugs. BHF Professor John Danesh, based in Cambridge, heads a huge international team of researchers who are analysing the genetics of over 300,000 people. This year Professor Danesh and his team made a crucial discovery, proving that a molecule called interleukin-6 – IL-6 for short – is involved in causing heart disease. The result was published in The Lancet. The research provided strong evidence that new medicines, which block the action of IL-6, could be a powerful tool in helping to combat heart disease in the future.



Our researchers at work

OUR WORK IN 2012-13

We funded the following new grants in 2012-13:

- **82 Project Grants** (research projects lasting up to three years and costing less than £300,000).
- **87 Fellowships** (personal awards for individuals at various stages of their careers).
- **21 Programme Grants** (for long-term support on a five-year rolling basis).
- **12 Special Projects** (research projects costing more than £300,000 including clinical trials).
- **Three New Horizon and Infrastructure Grants** (encouraging participation in cardiovascular research by scientists from outside traditional cardiovascular biology and funding essential infrastructure to support cardiovascular research in an academic institution).
- **Three BHF Centres of Regenerative Medicine** (centres which bring together leading regenerative medicine researchers and boost regenerative medicine research to ultimately lead to translation into clinical trials).
- **Three Chairs** (professors appointed to recognised UK centres of excellence, who bring research leadership at an internationally competitive level and a commitment to training future cardiovascular scientists).

Additional achievements:

- We launched two new grant funding schemes: Clinical Study and Immediate Postdoctoral Basic Science Research Fellowship. Clinical Studies were previously funded as Special Projects. The new scheme provides an updated application form needed to take account of changes in the way that the NHS supports charity-funded clinical research. Our new Fellowship fills a gap: for the first time the BHF will be able to provide personal funding for the small numbers of exceptionally talented, newly qualified postdoctoral researchers, to give them the best start in developing their independent cardiovascular research careers.
- We awarded a third round of four-year PhD Studentships to nine universities.
- We launched Researchfish, an online survey database to improve the collection of research outcomes and data.

What we’ll do next

During 2013-14, in addition to continuing to fund pioneering research through Project and Programme grants and personal research fellowships, we will:

- focus on effecting a smooth transition from the current to the new Research Excellence awards to ensure that there is no loss of impetus and that the pipeline of new cardiovascular researchers is maintained at its current high level.
- facilitate and promote close collaboration between the three BHF Centres of Regenerative Medicine and their associated MRC Regenerative Medicine Platform awards to ensure that we gain maximum synergy between the various experts across the UK working towards our goal of repairing a damaged heart.
- continue to roll out the use of Researchfish and explore how it can help to identify and track the ongoing outcomes of our work.

And, as the Francis Crick Institute begins to take shape to just down the road from Greater London House, we will be pursuing discussions with its director, Sir Paul Nurse, and leaders of its associated academic institutions – Kings College, Imperial College and University College, London – to establish how the BHF can work with the Crick Institute to ensure that research into the heart and circulation gains from this important national resource.



The BHF Research centre in Oxford

TEAM BHF MEMBER

NAME:
Dr Amer Rana

POSITION:
Researcher

AGE:
41

HEIGHT:
6ft 1



“Time is ticking, so we have to work as quickly as we can.”

In November, Dr Amer Rana’s research results were published. Rana and his colleagues in Cambridge had succeeded in producing stem cells from a blood sample.

“What attracted me to research as a student? That’s easy. It was the excitement of discovery and the application of science.

But it’s not just the excitement that drives me now; it’s the people I meet. I work on a disease called pulmonary hypertension, where problems in the lungs cause the heart to fail. It’s devastating – most people die within five years of diagnosis.

I meet or hear about patients all the time and that spurs me on. Constantly in my mind I know the urgency. Time is ticking, so we have to work as quickly as we can.

Together with colleagues in Cambridge, I developed a way to make stem cells from routine blood samples.

Using our procedure, researchers can produce an unlimited supply of stem cells from patients’ blood – which means we can study heart diseases and test potential medicines quicker.

And as anyone with pulmonary hypertension or heart failure will tell you, there’s no time to waste.”

OUR WORK IN 2012-13

2. To provide vital information to help people reduce their own heart health risk.

What we set out to do

- Train and equip young reporters to generate a whole new wave of healthy living material for young people.
- Develop BHF in the Classroom to raise awareness of the resources available for teachers to encourage physical activity and a healthy diet. Use new technology to reach children and young people to help them adopt a healthy lifestyle.
- Take innovative Health at Work days to more workplaces across the UK.
- Promote physical activity across all age groups to help people reduce the risk of heart disease.
- Deliver our 'Take Your Meds' campaign to help heart patients manage their conditions and treatments more effectively.

What we did

A team of young people recruited by BHF, some with heart conditions, featured in corporate fundraising appeals, reported on our events and activities and took part in policy development, campaigns and advocacy. Fortunately, heart disease is rare in young people, but many of the habits that lead to heart disease in later life are acquired in childhood. High quality prevention, that reduces the prevalence of behavioural and medical risk factors among children and young people, is a critical factor in ensuring the success of the past fifty years is not reversed.

We delivered seven Healthy Hearts in the Classroom (Previously BHF in the Classroom) training days across the UK and developed more online games, animations and videos for children and young people, each designed to encourage healthier behaviours. Our websites for young people continued to be popular and received over 117,000 visits in 2012-13.

More than 2,200 new members signed-up to Health at Work this year – exceeding our target and bringing membership to 5,817; a 61 per cent increase. We delivered 51 Health and Wellbeing days and Health at Work workshops and launched a month-long workplace pedometer challenge. An online survey showed that 79 per cent of members have taken some positive action for their heart health since joining the scheme.

We delivered 50 Healthy Hearts Pass It On training courses and trained 800 health trainers. We updated our booklets about physical activity and distributed over 350,000 of them.

Our successful Take Your Meds campaign aimed to help heart patients manage their conditions and treatments more effectively. Our messages reached millions of people, and we generated nearly 2,500 calls to our dedicated Heart Helpline over a six-week period. Almost half of the calls related to medication and side effects. Over three quarters of all respondents to the survey we carried out stated that the campaign helped them realise the importance of their medication.

Partnerships with major brands built on our work to raise awareness of heart disease in women. We worked in partnership with ITV and Coronation Street on a plot where much-loved character Audrey Roberts suffered a heart attack. Through this activity our heart health information reached an estimated 8.3 million viewers and drove people to our Heart Helpline, BHF resources and our Heart Matters community.

We also teamed up with Flora pro.activ, talking to women about their heart health through Flora pro.activ's advertising on TV, in print, and online. BHF appeared on special packs of the spread, and we undertook a social media campaign aimed at women. Loveyourheart.com was created as a hub for lifestyle advice and inspiration to make heart-healthy changes. After our first joint campaign in September, our market research showed a significant increase in women's awareness of the relevance of heart disease to them.

In our No Smoking Day campaign for March 2013, posters, leaflets and an online calculator encouraged smokers to think about how much they spend on their habit and to consider what else they could do with the money. We also worked with councils and organisations around the UK to help them stage their own events. Survey data showed that more than half (52 per cent) of UK smokers were aware of the campaign, and one fifth (around one million smokers) made a quit attempt (based on a representative sample of over 3,000 adults).

Through digital channels we were able to get our heart health messages to more people. Our social media strategy grew Facebook connections to 169,000 (an increase of 60 per cent) and Twitter followers to 61,000 (an increase of 155 per cent). We also saw a 55 per cent increase in visitors to our dedicated heart health web pages, with traffic to the heart health section exceeding two million unique users.

BHF featured in over 1,300 pieces of UK national media coverage, creating 658 million opportunities to see or hear vital heart health messages.

What we'll do next

- We'll streamline our portfolio of heart health information, ensuring online and offline health information works better together and is accessible to all. This will include launching a new website and digital platform that improves access to information about heart health for our millions of visitors each year.
- We'll grow the membership of the Health at Work programme and develop the online tools we offer and the pedometer challenge.
- We'll streamline the content of the Healthy Hearts Kit and linked Pass It On training day.
- We'll increase our direct engagement with children and young people living with heart conditions.
- We'll launch a 'Women's Room' on our website that will be dedicated to women who are worried about heart disease.
- We'll run a successful No Smoking Day 2014, reaching even more smokers.



One of our many Heart Towns



Showing support for quitters

TEAM BHF MEMBER

NAME:
Kay Attwood

POSITION:
Survivor

AGE:
49

HEIGHT:
5ft 2



“I’m part of Team BHF and it makes me feel good.”

This year we worked with Flora pro.activ to deliver a clear message: **Coronary heart disease is the single biggest killer of women nationwide. In November, at our first ever Love Your Heart Awards, the partnership celebrated women who have joined the fight for every heartbeat – women like Kay Attwood.**

“I thought that only old people had heart attacks. I was 40. The blue lights were flashing, I was being rushed to hospital and all I could think was ‘they’re going to be furious when they realise it’s indigestion’.

I’d been feeling terrible all day at work and it got worse when I got home. I was very sweaty and pale. When my friend came over she took one look at me and called 999 before I could argue.

I had no inkling it was a heart attack. I burst into tears when the doctors told me. I was feeling so alone, and very vulnerable.

Then Diane, a BHF nurse, came to see me and it changed everything. She took time to explain what had happened and about the tests that I needed. Just to know I could talk to her if I needed was a lifeline.

After the heart attack I completely changed my lifestyle, my job, and my attitude – I didn’t let anything stress me out. And I joined my local BHF fundraising branch in Camberley.

When I raise money I feel like I’m paying back bit by bit for what Diane did for me. I’m part of Team BHF and it makes me feel good.”

OUR WORK IN 2012-13

3. To press for government policies that minimise the risk of heart and circulatory disease.

What we set out to do

- Following our proposal for a joint All-Party Parliamentary Group inquiry to inform the new Cardiovascular Disease Outcomes Strategy in England which was accepted as a Cardio and Vascular Coalition (CVC) enterprise, we aimed to deliver a final report by July 2012 in order to maximise the potential influence and impact of the work.
- Lobby the UK Government to introduce a bill into Parliament to standardise tobacco packaging.

What we did

BHF worked alongside CVC and the All-Party Parliamentary Groups on Heart Disease, Stroke, Diabetes and Kidney to produce 'Tackling Cardiovascular Disease; Priorities for the Outcomes Strategy.' BHF experts helped develop the Cardiovascular Disease Outcomes Strategy (CVDOS) for England that was launched in March 2013. Significantly, the CVDOS made a commitment to work alongside us to consider ways of increasing the numbers trained in cardiopulmonary resuscitation (CPR) and using automated external defibrillators (AEDs) as well as improving identification of inherited heart conditions.

We were disappointed that a standardised packaging bill was not included in the Queen's speech in May 2013 but we will continue to work closely with partner organisations to fight hard for this to be introduced. We will work with the Scottish Government and the Welsh Assembly and Northern Ireland Executive to introduce standardised packaging in the devolved nations and continue to lobby on the Tobacco Directive in Europe.

100,000 people signed our petition for emergency life support (ELS) skills to be added to the National Curriculum. Fabrice Muamba joined us to deliver our petition to 10 Downing Street. We secured a backbench business debate in the House of Commons in November where MPs unanimously voted in favour of the motion 'every child should leave school knowing how to save a life.' In Scotland, where there is no national curriculum, we secured a Scottish Government grant of £110,000 to increase affiliations to Heartstart.

Following our lobbying work based on BHF's own research into shoppers' opinions of front-of-pack labelling, Tesco reversed its previous position and announced a move to traffic light labelling.

A BHF survey showed that three quarters of people are happy for some medical information to be used by health researchers if it helps develop new treatments. So we produced a report called 'Clear and Present Data' which demonstrated the difficulties our researchers have in accessing data.

BHF Cymru gave evidence at a select committee hearing where we argued that the proposed roll back of the ban of smoking on film sets would undermine the right of every worker in Wales for a smokefree workplace.

In Northern Ireland, our campaigning saw the Health Minister announce the development of a community resuscitation strategy.

What we'll do next

- We will champion the needs of heart patients during this period of upheaval in the NHS and public health, keeping a close watch on the impact of these changes on heart health.
- We'll continue to monitor the effects of the new health and social care arrangements and the implementation of the CVDOS.
- In Europe, we will push for changes to the Tobacco Products Directive so that larger picture warnings are included on tobacco packs. We'll also be campaigning for legislation to improve access to patient data for medical research.
- We'll continue to lobby for ELS to be added to the National Curriculum and for this commitment to be included in party election manifestos.
- In Scotland, Wales and Northern Ireland we will encourage governments to go further in considering opt-out organ donation and banning smoking in cars when children are present.



Taking the fight to Westminster

TEAM BHF MEMBER

NAME:

Alan Linton

POSITION:

Survivor

AGE:

40

HEIGHT:

5ft 9



“It seemed like one minute I was in a hospital bed and the next I was stood next to Vinnie Jones!”

We're on a mission to make sure more people know what to do in the ultimate medical emergency. Vinnie's been helping spread the message and, across the UK, Team BHF has been making governments listen.

In Northern Ireland, BHF lobbying has got results. The Health Minister is developing a community resuscitation strategy to be published in October 2013. And experts from right across the Charity also worked closely with the Department of Health in England to make sure its new Cardiovascular Disease Outcomes strategy in England for heart patients was right. The strategy was published in March and included a priority to get more people trained in emergency life support skills.

Alan Linton is alive today because his friends remembered our TV ad and gave him Hands-only CPR on a golf course in Scotland.

“If you'd have told me back at the start of 2012 how my year would pan out, I'd have thought you were having a laugh.

It was February last year when Mikey, Brian, Paul and I went for a round of golf. There's always plenty of banter, so when I fell on the floor and rolled over on the fifth green, they thought I was just messing about.

But it was no joke. I was unconscious and wasn't breathing – I'd had a cardiac arrest. Thankfully they called 999, cleared my airways and Paul started chest compressions.

The previous week Paul had seen the BHF's advert with Vinnie Jones doing Hands-only CPR, so he had a go. What he did kept the blood pumping to my brain and that bought me time until medical help arrived.

When I'd recovered I started doing some promotional work with the BHF and out of the blue they asked me to appear in their new TV advert. It was surreal. It seemed like one minute I was in a hospital bed in Scotland and the next I was stood next to Vinnie Jones!”

OUR WORK IN 2012-13

4. To help attain the highest possible standards of care and support for heart patients.

What we set out to do

- Evaluate the Community Resuscitation programme to assess the benefits of resuscitation in the community.
- Expand the number of BHF-supported healthcare professionals to 1,500 by March 2013.
- Develop and roll out a package of education and support for primary and community care teams and invest in integrated care for heart patients.
- Continue to invest in a range of support services including the helpline, the online community and Heart Matters.
- Use the 2012 Olympics to promote our exceptionally wide range of physical activity resources for all ages and abilities.
- Reach more young people with heart conditions and expand our volunteer network through an ambitious youth volunteer programme.
- Run a follow-up Hands-only CPR campaign in November.
- Promote the Chest Pain Kit and expand the web page to help people get the most out of the kit.

What we did

Our review of the Community Resuscitation programme demonstrated success and identified future directions to improve survival rates from out-of-hospital cardiac arrest.

We changed the way that we fund healthcare professionals and consequently reviewed and reduced our target. With new appointments this year, the number of BHF healthcare professionals (HCPs) reached 950 against our original target of 1,500. BHF training is optional for these professionals and, increasingly, any HCPs are only released from clinical practice for mandatory training. In response to this we've reviewed the application criteria and how we deliver professional development at a local level in order to both achieve our target for 2013-14 and further improve the skills and expertise of those caring for heart patients. Our HCPs are estimated to have helped over a quarter of a million patients this year.

We commissioned the University of Glamorgan to evaluate our three-year pilot project to fund nine Cardiac Genetic Nurses across England and Wales, which started in 2008. The report showed they improved the care experience for patients and their families, they catalysed the development of new services, and they improved the efficiency of Inherited Cardiac Condition services.

We raised awareness and education of heart conditions in primary and community care by recruiting seven Practice Development Coordinators and developing presentations that they can give to primary care staff. In five areas of the UK we also developed a project called Improving Knowledge Improving Care (IKIC), in which BHF ambassadors boost the skills and knowledge of community care staff.

We recruited over 30,000 new members to Heart Matters, bringing the total to around 350,000. A survey of almost 50,000 members in August 2012 reported that 92 per cent of those that responded had read every issue of the magazine. Over half read it from cover to cover. In January 2013 we produced a smaller version of the magazine called 'Heart Matters Highlights'. This will be available twice a year for those long term members who no longer need a bi-monthly magazine.

Heart Matters magazine is thriving online. For example, more than 1,000 people watched our video on New Year's resolutions, and there are now over 5,500 members of our online community where people share stories and motivate each other in the fight against heart disease. One community member wrote:

"This forum brought me from the depths of despair back in the land of the living. I want to do what I can to help BHF and the wonderful work you do."

We delivered four Olympic Legacy training and development sessions in 2012-13 to increase awareness and understanding of the importance of physical activity – reaching over 160 pre-school locations and schools.

More young people with heart conditions were recruited to the Meet@TeenHeart programme. Many of these were involved in interactive workshops. The BHF National Centre for Physical Activity and Health recruited 10,000 new young leaders to deliver the Flames programme and increase physical activity among children and young people in schools and during festivals.

Adapting and re-running our Hands-only CPR TV advert, we showed Vinnie Jones meeting Alan Linton – one of at least 35 people who is alive today because of Hands-only CPR. A Mini Vinnie spoof version of the advert helped promote our campaign to get CPR taught in schools.

We delivered 12 training sessions to enable external partners and interested groups to use our Chest Pain Kit. The kit is a training aid that helps people raise awareness of heart attack signs and symptoms in their groups and communities.

What we'll do next

- We'll continue to invest in our Heart Matters membership by developing a digital strategy to ensure that we are meeting the needs of members who prefer to read our magazine online.
- We'll implement the recommendations from the Community Resuscitation review including a streamlined Heartstart model and revised award criteria for AEDs.
- We'll work with the Resuscitation Council and the Department of Health to explore the potential for a UK wide database for AEDs.
- We'll launch the BHF healthcare professional online community and the new supported package whilst increasing the number of BHF health professionals to 1,500.
- We'll continue to evaluate our Healthcare and Innovation projects and ensure interim findings are implemented to ensure improved patient care.
- We'll continue to submit evidence from our healthcare work to NHS Evidence and publish the findings in Public Health and other appropriate journals in order to share best practice and encourage adoption of evidence-based care.
- We'll grow our network of heart patients, carers and members of the public. We'll support them to influence local NHS organisations across the UK to improve heart health services and to ensure their voice is prominent within the BHF.



We fund around 950 Healthcare Professionals across the UK

TEAM BHF MEMBER

NAME:
Mitchell Powell

POSITION:
Survivor

AGE:
18

HEIGHT:
5ft 7



“There’s no way I’m going to let my condition beat me.”

Mitchell Powell from Swansea has already battled through three open heart operations with the help of our heart nurses.

And at just 18 years old, Mitchell is now waiting for a fourth op on his faulty heart valves. He hopes it will be his last.

“As a baby I was diagnosed with problems with the valves in my heart. I had three lots of open-heart surgery by the time I was 14. The third was the worst because I was older and much more aware. I was absolutely petrified.

My BHF heart nurse was a massive help though, explaining what I should expect from my treatment and after that I felt much more prepared. I’ve learnt to take each day as it comes because there’s no way I’m going to let my condition beat me. I’ve got too much to live for.”

Mitchell’s not just battling his own heart condition; he’s joined our fight for every heartbeat. When he was just 15, Mitchell raised £3,000 to bring Wales’ first 3D heart scanner to Swansea’s Morriston Hospital, where he’s been treated since he was a baby. This young champion has gone on to raise another £6,000 for the BHF.

OUR WORK IN 2012-13

5. To reduce the inequalities in levels of heart disease across the UK.

What we set out to do

- Fund another five Hearty Lives projects across the UK in 2012-13.
- Share the findings of our three-year national evaluation of the Hearty Lives programme.
- Continue to target our resources towards areas of health inequality.

What we did

We awarded four new Hearty Lives projects in March 2013 (and subsequently a further two in April 2013), all addressing risk factors for 11 – 18 year olds. So far our Hearty Lives projects have reached over 60,000 people in areas of inequality.

Our UK-wide evaluation results show that there have been a number of lifestyle improvements by people who have taken part in Hearty Lives activities. These include being more active, more people eating their five-a-day, a modest but encouraging decline in smoking levels and a significant reduction in alcohol intake compared with their peers.

The evaluation and information on the innovative projects developed through Hearty Lives were shared at our national conference in November. They are also available on our website and have been sent to key decision makers. We met with the team led by Michael Marmot (Professor of Epidemiology and Public Health at University College London) to discuss the wider implementation of our findings and to seek guidance on next steps.

Nine Healthcare Professionals Integrated Care projects were established this year across the UK in areas of inequality. The projects will develop new teams and care pathways to streamline how care is delivered, reduce hospital admissions, provide more effective care in community settings and enhance the quality of life for patients.

We carried out targeted marketing work with independent pharmacists and GP practices in Northern Ireland and Glasgow to build relationships and introduce them to our wide range of lifestyle and medical resources.

Over 5.3 million heart health information resources have been shared across the UK, focusing marketing and outreach activity in areas of deprivation and high rates of cardiovascular disease.

Training courses for the South Asian and African Caribbean population have helped to raise awareness of cardiovascular disease. With partners, we've also undertaken a number of health and outreach activities in Nottingham and London.

Over 45 events were held in conjunction with local councils and community groups reaching in excess of 5,000 people from higher risk communities.

A BHF press conference to talk to black and minority ethnic (BME) media about the higher risk of heart and circulatory disease in South Asian and African Caribbean communities was well attended. We now regularly achieve five pieces of coverage per month in BME media, promoting the tailored and multi-language support and information we offer.

What we'll do next

- We'll award funding for up to two more Hearty Lives projects to address heart health risk factors for 11 – 18 year olds in Glasgow.
- We'll develop an integrated approach to addressing cardiovascular disease inequalities across all our prevention and care work.
- We'll evaluate our Healthy Hearts Kit and Pass It On training to ensure improved outcomes and impact.
- We'll review the take-up of BME resources across the UK, and improve the range of activities and materials we have available.
- We'll continue to increase our outreach activity with BME communities in London, Nottingham and Manchester.

Up your street

- Your ethnicity and wealth affects your risk of developing heart disease. Team BHF continues to spread its resources and frontline work far and wide to make sure we find and talk to the people that need us most.
- We're working harder than ever in BME communities because they remain at much greater risk of heart disease and more likely to face the dangers of diabetes, stroke and high blood pressure.
- Our 200 BME-trained community health promoters have meant we can visit neighbourhoods and focal points in the community, answering questions and giving out our resources face-to-face.
- Meanwhile, our £11 million Hearty Lives programme takes the fight for every heartbeat to areas of deprivation. Since the programme began in 2009 it's helped more than 60,000 people live a heart-healthier life.
- This year we launched a £100,000 Hearty Lives project in Adur, West Sussex, where residents in the most deprived areas die nearly seven years younger than those in the least deprived areas. Here our quest is to prevent heart disease in the next generation by teaching children about healthy foods and exercise, and the dangers of smoking. We'll be talking to 4-6 year-olds, 12-14 year-olds and children in care, as well as parents, families and teachers.



We're working harder than ever to reach BME communities



RAISING VITAL FUNDS

What we set out to do

- Set up a brand new, highly efficient customer service centre to ensure we could respond to our supporters as effectively and efficiently as possible.
- Build on the success of our Mending Broken Hearts Appeal by recruiting new donors and supporters and developing new fundraising events and activities.
- Continue to maintain and grow our other income streams, particularly by building long-term relationships with companies and individuals.
- Increase the net profits of BHF Retail further through a combination of organic growth, new store expansion and online growth.
- Strengthen the link between the commercial activities of BHF and the wider organisation and to increasingly use the shops as a key means of communicating our mission and activities in the fight against heart disease.

What we did

None of our fundraising work would be possible without the support of our fantastic volunteers, donors and supporters.

We set up a single customer service centre during the year. This reinforces our passion for putting donors and supporters at the centre of everything we do and making it as easy as possible to deal with us. In doing this we will save around £350,000 per annum, to be ploughed back into research and other vital work.



Our Mending Broken Hearts Appeal passed the amazing milestone of £10 million raised. Much of this has been achieved through the support of our Appeal Committee, major donors, 16,000 Hope Sponsors and 8,000 Hope Lottery players. We are delighted that James Bond author Ian Fleming's family have generously agreed to continue to support BHF Senior Fellow, Dr Nicola Smart, who is working on a research project funded by the Mending Broken Hearts Appeal at Oxford University.

We launched a new night time version of our famous London to Brighton Bike Ride in aid of the Mending Broken Hearts Appeal. In its first year 4,800 cyclists took part, raising a magnificent £690,000 towards our Appeal target. This is our best ever opening year for an annual event. The staff and customers of our Charity of the Year partners have worked tirelessly to fundraise throughout the year.



Just some of our incredible fundraisers who joined our fight for every heartbeat



For instance, through our relationships with Dairy Crest, De Vere, ISS and Lloyds pharmacy we raised around £450,000. In 2012 we launched an exciting new three-year partnership with Flora pro.activ to raise awareness of heart disease among women.

Legacies still remain our greatest source of income and in 2012-13 generated £54 million for BHF.

Despite the challenging economic backdrop for retailers in the last year we increased retail profits by 8.1 per cent. During the year we opened a further 16 large format Furniture and Electrical stores and 20 High Street stores, bringing the total number of stores to 732 at the year end. Sales from online retailing exceeded £480,000, an increase of 32 per cent on 2011-12.

We estimate that in achieving these retail sales figures we have reused and recycled almost 56,000 tonnes of donated goods and the number of staff employed increased to over 2,600 as we continue to grow our successful formats.

Retail volunteer numbers increased to an all-time high of 22,000, without whose hard work and commitment none of our work would be possible. We are eternally grateful for the enormous contribution they made to our success this year.

We put in place a number of campaigns and initiatives to connect our stores more strongly to the wider Charity and the communities in which we operate, including inviting BHF-funded researchers to present at and open all major new stores.

What we'll do next

- We'll work with our volunteers and supporters, enthusing and inspiring as many people as possible to join our Fight for Every Heartbeat.
- We'll continue to develop long term and strategic relationships with our corporate partners, major donors and supporters.
- We'll significantly increase participation and the money raised from National Heart Month.
- We'll embark on the next phase of the Mending Broken Hearts Appeal and start raising the £7.5 million we need to fund the Centres of Regenerative Medicine.
- We'll plan to grow the vital retail profit by over five per cent during the coming year through a combination of new store openings – including our landmark 750th store – and growth in our re-launched online business.
- We'll increase the prominence and positive impact our stores make on a local basis, linked to the projects BHF funds both locally and nationally.



TEAM BHF MEMBER

NAME:
Rosanna Ogden

POSITION:
Survivor

AGE:
3 1/2

HEIGHT:
3ft 1



“Thanks to BHF research, our little girl is thriving.”

In June, Team BHF’s youngest swimming star, Rosanna Ogden, helped our shops raise more than half a million pounds by becoming the face of the Little Hearts campaign.

Shoppers bought Little Heart badges for £1 to fund vital research that could help children like Rosanna in the future.

“It was the very worst week of my life. We were terrified we would lose our baby girl.

I took Rosanna for a routine check-up when she was six weeks old. The GP listened to her chest and immediately knew something was wrong. Then specialists found she had a tumour in her heart. It was moving around, getting in the way of the blood flow.

Without treatment she could die in days, so the next thing we knew she was being prepped for surgery. The operation lasted eight hours and she stayed the night in intensive care – it was horrible to see her all wired up.

She slowly got better and the doctors said getting her active would help her recovery. So when she was 10 weeks old we took her swimming. She loved the water and we’ve never looked back. Rosanna could swim at 13 months, before she’d even taken her first steps!

Thanks to BHF research, and to the amazing medical teams, our little girl is thriving. But some babies don’t make it. Rosanna is swimming for them, and to make sure we have more little miracles in the future.”

FINANCIAL REVIEW OF THE YEAR

Income

For the purposes of this review, retail income is the net profit from retail operations, whereas in the accounts, retail sales are included as part of income and costs are shown separately as part of costs.

Overall income increased by £4.8 million (4 per cent). All three of our major income streams achieved growth in the year.

A total of 41 per cent of income now comes from legacies, 31 per cent from fundraising, 23 per cent from retail and 5 per cent from investments.

Legacy fundraising has increased by 2 per cent to £54.0 million. Retail profit increased by 8 per cent to £31.1 million. We opened 36 new stores, 16 of which were Furniture and Electrical shops. This takes the total number of BHF shops across the UK to 732, confirming our position as the biggest charity retailer in the UK.

Income from traditional volunteer fundraising increased from £39.6 million to £41.4 million, driven by our wonderful volunteers and supporters. Highlights included a significant increase in regular giving as a result of our Mending Broken Hearts Appeal as well as our very successful inaugural London to Brighton Night Ride.

Investment income was £6.7 million, in line with 2011-12.

Mending Broken Hearts

Included in the fundraising and retail figures above is our Mending Broken Hearts Appeal which generated £5.4 million in 2012-13 (2012: £5.0 million). This came through a combination of individual and corporate donations, events and sales merchandise.

Trading subsidiaries

We have four wholly owned trading subsidiary undertakings, one of which (British Heart Foundation Sales Ltd) is dormant. The profit from the remaining three subsidiaries (British Heart Foundation Ventures Limited, BHF Shops Limited and London to Brighton Bike Ride Limited) was £6.3 million in 2012-13 compared with £5.8 million in 2011-12.

Costs of generating funds

The total cost of generating funds, excluding Retail, was broadly in line with 2011-12, representing 20 per cent of income. Support costs increased by 12 per cent from £5.8 million in 2011-12 to £6.5 million in 2012-13 as we continued to improve our operational systems and processes.

Charitable expenditure

During 2012-13 we invested a total of £90.7 million in research, compared with £88.4 million in 2011-12; awarding a total of 212 new grants.

We were able to approve a high proportion of research grant applications, due to the high quality of funding applications received this year.

Mending Broken Hearts grants for regenerative medicine increased by £8.2 million and Fellowship grants increased by £2.6 million, but Project grants decreased by £7.4 million and Chairs and Programme grants decreased by £1.4 million.

Our total investment in Prevention and Care activities in 2012-13 was £29.1 million (compared with £35.5 million in 2011-12). This includes: £4 million running the Helpline and Heart Matters; £5 million on Healthcare and Innovation, including funding for healthcare professionals (HCPs) and other projects, and education and professional development for BHF-supported HCPs; and £6.2 million providing resources and support to heart patients and others through our patient resources, heart information leaflets, workplace health projects and funding for heart support groups.

Although we had originally planned to maintain investment in Prevention and Care at a similar level in 2012-13, a number of internal and external factors resulted in lower than expected expenditure. These included: instability in the external environment (such as the current reorganisation of the health services which has created an environment in which NHS organisations are reluctant to take on new staff and to commit to sustainable long term funding); lower core grant funding of external policy organisations following an increase in internal BHF-led policy work; delivery of significant efficiency and procurement savings in some of our activities; and an ongoing review of strategy and operations across our Prevention and Care activities.

Alongside this, we invested £1.9 million on our 'Hands-only CPR' campaign, £1.8 million on the Fight for Every Heartbeat campaign and £0.6 million on promotion for the Mending Broken Hearts Appeal. All campaigns were supported by our promotional and policy and advocacy work.

Balance sheet

As at 31 March 2013, total cash, deposits and investments were £265.3 million, an increase of £14.1 million compared to 31 March 2012. During the year, we completed a comprehensive restructuring of our investment portfolio, which is described below. These assets are held to support the future cash settlement of grant liabilities which total £296.9 million.

At the end of the financial year, the BHF unrestricted reserves showed a deficit of £16.4 million compared to a deficit of £27.7 million last year. The total deficit on reserves of £7.4 million consists of a £16.4 million deficit on the unrestricted reserves offset by £7.5 million held in endowment funds and £1.5 million in restricted reserves (including a deficit of £1.9 million on the Mending Broken Hearts restricted reserve). The deficit on the pension fund as at 31 March 2013 was £7.0 million compared to a deficit of £7.3 million at 31 March 2012.

Year end reserves position and going concern

The deficit on reserves shown by the General Reserve under the caption Total Unrestricted Funds in the Group balance sheet of £16.4 million (2012: deficit of £27.7 million) is a planned position that has been reached after careful consideration by the Trustees, who are confident that there are no material risks to the organisation's ability to operate as a going concern. As a result, the accounts have been prepared on a going concern basis.

The Trustees have concluded, after a careful review of the reserves policy, that the most appropriate measure of reserves for the BHF is by reference to the Charity's liquidity position. As described in more detail below, as at 31 March 2013 the BHF was towards the upper end of its chosen range of liquidity cover. However, in following this policy, the Board recognises that negative accounting reserves may result from time to time.

In considering the adequacy of the reserves, the Trustees have taken into account the relatively long-term nature of the Charity's grant liabilities. It is the Foundation's policy that all grants should be recognised as creditors (to the extent that they are legal or constructive obligations) as soon as they are agreed and communicated to the grantee – irrespective of the period over which they are payable, resulting in the immediate reduction of the BHF's unrestricted and other funds and giving rise to the deficit on accounting reserves. In addition to these recognised grant liabilities, the BHF also has



Last year's London to Brighton event



FINANCIAL REVIEW OF THE YEAR

an additional contingent liability of £34m for chairs, which are conditional upon the favourable outcome of a progress review and such contingencies are not recognised as a liability in the accounts until such a review has been satisfactorily completed. This accounting treatment complies with the Statement of Recommended Practice (SORP) for charities.

The substantial elapse of time between the recognition of grant awards recorded today in our accounts and their payment means that grant commitments made today may not be completely satisfied until all the payments have been made five or more years later. Our cash and investment portfolio is held to help the BHF to meet these longer-term obligations as they fall due. Trustees have taken account of this in assessing the Foundation's investment policy, a review of which was held during 2012-13. The Trustees are also cognisant of the considerable diversity of the BHF's continuing fundraising activities which also provide cash resources to fund its grant liabilities.

Reserves policy

Given all the circumstances described above, the Board considers the key measure of sustainability for the BHF to be current and future liquidity cover, rather than the surplus or deficit accounting position. As a consequence, the Board has set appropriate reserves policies relating to liquidity based on the relationship between readily realisable assets and future liabilities of grants and the cash requirements associated with sustaining the Foundation's operations for a period.

The Board has decided that at all times the BHF should maintain cash and readily realisable assets sufficient to fund between not less than 6 and not more than 24 months of outstanding grants, plus 12 months of non-retail operating costs. In the event of the BHF facing difficult financial circumstances, this would allow it both to meet its responsibilities to grant holders and for operations to continue during a period of managed adjustment to these new circumstances. Based on the current grants position, this policy requires the BHF to hold between £152 million and £303 million in liquid and readily realisable assets.

At 31 March 2013, our liquidity of £265.3 million was sufficient to cover the defined operating costs, plus 21 months of total outstanding grant liabilities, both approved and contingent and is therefore towards the upper end of the limits established by the Board. The Board has carefully considered the BHF's financial position against the Foundation's long-term financial plan and would expect this level of cover to reduce over the next few years as it pays for existing commitments and to deliver a sustained plan for investment in research, although it will not be allowed to fall below the minimum level. Management routinely undertakes extensive risk-based scenario planning which supports this view, showing that the BHF remains sensibly positioned within its defined reserves range even if both fundraising and investment values were negatively impacted, and that this can be achieved without compromising existing grant commitments.

Investment policy

The BHF's investment portfolio (excluding programme-related investment) was valued at £169.5 million at 31 March 2013 (£207.5 million at 31 March 2012). This portfolio now consists almost entirely of equities (2012: 76 per cent in equities). Together with cash and deposit balances of £95.8 million (2012: £43.7 million), these assets provide assurance that the BHF can meet its substantial future grant commitments when they fall due. Total investment and cash assets were £265.3 million, an increase of £14.1 million on 2012.

During 2012-13 the Trustees, assisted by their advisers, completed a comprehensive review of the BHF's investment policy and strategy and implemented the findings of that review in full. As a result of this, a full restructuring of the Charity's assets was undertaken during March 2013. The outcome of that restructuring is described below. The new policy reflects twin objectives of maximising long-term growth while retaining sufficient cash, which has a predictable value, to cover our immediate outgoings. In most circumstances this will avoid having to liquidate any equities at a time when shares may be undervalued and stock markets may be volatile.

Up to March 2013, the Charity's investment portfolio consisted of a range of assets, primarily equities, fixed interest securities and cash. These were managed by two discretionary managers – Newton Investment Management and Smith & Williamson Investment Management – who each managed c. 50 per cent of the overall portfolio. Funds were distributed between asset-types in response to BHF's desire to achieve long-term growth of investments in equities, while maintaining a sensible level of diversification and risk for the BHF's liquidity needs and the level of volatility in each asset class. In addition to the managed portfolio the Charity also held separately cash and deposits placed with financial institutions and managed in-house.

The performance of each fund manager was measured against a common benchmark tailored to BHF requirements and subject to quarterly review by our Investment Committee. The benchmark was a weighted average total return against ranges of asset classes, measured on a three-year rolling return basis. Up to the date of restructure, the combined portfolio outperformed this benchmark by 0.4 per cent per annum.

The revised policy implemented in March 2013 has many similarities with the past but adopts an approach which the Trustees consider takes better account of the Charity's circumstances and operations. It takes effective account of all the financial aspects of the BHF's detailed strategic and operating plans and of its substantial cash and deposit balances. Irrespective of where they are held, these balances are now regarded as an integral part of the overall investment portfolio. As a result, the BHF now holds a cash buffer which is managed primarily by a professional cash manager, Royal London Cash Management. The objective of this cash portfolio is to preserve the absolute capital value of assets. The size of this is calculated after careful modelling of long term financial risk and after taking into account the organisation's liquidity requirements in the medium term. The value of cash holdings held at the year end reflects the amount which Trustees have assessed would allow the BHF to take controlled remedial action in the event of the worst credible scenario in raising funds and in the value of growth assets.

We continue to keep our cash requirements under very close review, especially in the light of continuing difficult economic circumstances and potential volatility in the value of our equity investments, as well as our plans to use these assets as necessary for payment of grant liabilities as they become due.

The remainder of the BHF's assets are now invested in two equity-only growth portfolios so that they may benefit from long term growth in the world economy. The objective of both growth portfolios is to provide real capital growth over 5-10 years. They are managed by professional fund managers on a discretionary basis. Around 60 per cent of the amount available for these purposes is invested in a global equity portfolio which is managed by Schroder Investment Management. Schroder's performance is measured against a benchmark set by reference to an appropriate international index. The remainder of the growth assets is invested in a UK-only equity portfolio which is managed by Smith & Williamson Investment Management. Its performance is measured by reference to a UK-only index.

Although the restructuring has been wide-ranging, the BHF's exposure to equity markets has not been significantly altered. By way of comparison, at the end of the current financial year, the investment portfolio included £166 million in equities (2012: £158 million). These constituted 63 per cent of the total asset portfolio (2012: 63 per cent).

We will continue to monitor closely our approach to all our investments in order to ensure that the form in which they are held remains appropriate to the economic and investment environment as it changes, the requirements to meet crystallising grant liabilities to our research partners and to the other financial and strategic needs of the BHF.

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

LEGAL STRUCTURE AND GOVERNANCE

Risk management and internal control

In March 2013, the Board completed its annual review of the BHF's risk management strategy, in line with the requirements of the SORP. Each identified risk falls into one of the following categories:

- Financial – reduction in assets (eg, investment values), reduction in income or reduction in donated stock levels (eg, reduced return from shop van collections).
- Operational – breakdown in systems or procedures (eg, computer or fire damage, fraud, insufficient volunteers).
- Reputational – damage through BHF staff or partner action or by accidental or malicious events leading to adverse publicity.
- Regulatory – legislative actions which could affect how we work.

In the course of this review, the Board has determined four main factors: the major risks to which the BHF is exposed; the potential impact if an individual risk materialises; existing internal controls and accountability for them; and what mitigating action should be taken (and by whom) in order to reduce each risk to a level that the Board considers to be acceptable. This position is recorded in a risk register, which will continue to be formally reviewed by Trustees every year and is continually monitored by the Senior Management Team.

The major financial risks are each subject to ongoing monitoring and management. Our investments are regularly reviewed by our Investment Committee. Income, stock generation and cost control are subject to detailed review and challenge on at least a monthly basis. Major projects have formal project boards that scrutinize their progress and ensure they are properly planned and implemented.

The BHF's internal audit department executes a rolling six-monthly programme of risk-based audits approved by the Audit Committee, which reviews progress of audits and follow-up by management. The Audit Committee also reviews more detailed reports from senior management on key areas of risk.

Legal structure and governance

The BHF is a company limited by guarantee, incorporated on 28 July 1961. Our articles of association were last amended on 17 May 2010. The BHF is a registered charity in England and Wales (charity number 225971) and in Scotland (charity number SC039426).

The Board is responsible for governance and strategy of the BHF. The Board is made up of 14 Trustees, comprising a mix of medically-qualified and lay members. Each Trustee is also a member of the Council. The Board has full legal responsibility for the actions of the BHF. Members are normally appointed for a renewable term of three years and are the directors of the company for the purposes of the Companies Act 2006.

The Board meets six times a year and delegates day-to-day responsibility for the running of the BHF to the Senior Management Team.

The Board also delegates specific responsibilities to several committees. For example, the operations of the organisation are covered by the Audit, Investment, Nominations, Remuneration and Retail committees. Our investment in research and in prevention and care is overseen by four committees for specific areas of Research and Prevention & Care. These committees review grant requests and other scientific award proposals. You can see a full list of committees on pages 39 – 41.

The Council includes up to 30 members, chosen for their abilities in medical or other fields. The Council meets twice a year and its primary role is advisory. By calling on Council members' expertise, the BHF is able to make better informed decisions. That helps us fulfil our charitable objectives more effectively. During 2012-13, three new members were appointed to the Council.

Recruitment, induction and training of Trustees

The Nominations Committee is responsible for recruiting members of the Board of Trustees and the Council. Its aim is to ensure a broad mix of skills and backgrounds. The committee meets regularly to review the composition of the Board of Trustees and the Council, and to act on any upcoming vacancies. Trustee and Council vacancies are advertised as necessary. The BHF will also approach individuals thought to have the right skills.

New Trustees and Council members are invited to spend time with members of the Senior Management Team. This is a chance to learn about the BHF and identify opportunities to get more involved with our work. The BHF holds a biennial conference for BHF Council Members and BHF Professors, which enables the Council to learn more about the BHF's research, while allowing BHF Professors and the Council an opportunity to shape future strategy. Trustees are also invited to attend regular research site visits.

The Chairman of the Board of Trustees carries out a review of governance every year. The aim is to assess the general effectiveness of the Board and also to identify any changes in process or membership.

Retiring and new Trustees and Council Members

- We are pleased to welcome three new members of the Council, Professor Cyrus Cooper, who joined the Council in March 2013, Professor Nishi Chaturvedi, who joined the Council in November 2012 and Stephanie Flanders who joined the Council in March 2013.
- We would also like to thank Professor Andrew Halestrap, who retired from the Council in March 2013, and Lord Wigley of Caernarfon, who retired from the Council in January 2013.
- Two members of the Board of Trustees (Professor Sir Patrick Sissons and Dr Denise Pollard-Knight) retired from the Board of Trustees this year and two new members (Andrew Balfour and Professor Nishi Chaturvedi) joined.

The Board of Trustees would like to express their sincere gratitude and thanks to all Council members new and retiring for their tremendous support for the BHF.

Public benefit

In reviewing our aims, objectives and planning future activities, the Trustees have taken into account the Charity Commission's general guidance on public benefit. The Trustees ensure that the activities undertaken are always in line with the charitable objectives and aims of the BHF.

As highlighted earlier in this report, some of our health promotion, care and communications initiatives are specifically targeted at those population groups most at risk of heart disease, due to ethnic, social or economic factors. However, by their very nature, all our charitable activities are undertaken for the benefit of the public.

LEGAL STRUCTURE AND GOVERNANCE

Key performance indicators

The Senior Management team monitors a range of key performance indicators (KPIs) to track our progress as an organisation. We check progress every month. This includes tracking medical research applications and awards, public awareness and access to BHF resources, the number of healthcare professionals funded, and staff turnover as well as traditional financial measures. Priorities and targets are set at the start of the business planning process. These KPIs are then reviewed by the Trustees at their meetings.

Grant-making policies

We only make grants after a formal, detailed application process and a comprehensive peer review. For in-depth information on research expenditure, grant-making policies and who may apply, visit our website at bhf.org.uk (where you will also find grant application forms).

Our staff and volunteers

None of our life-saving work would be possible without the dedication and hard work of volunteers, supporters and staff.

We have a paid workforce of 3,081 staff, spread right across the UK (over 2,600 of which are employed in our retail operation). Their skills, experience and commitment have enabled the BHF to continue to pursue its vision and fund vital work.

Our volunteers continue to make an extraordinary contribution. Their annual financial contribution is vital, but their impact goes way beyond money. To many people across the UK, volunteers are the public face of our Charity. Our 24,500 retail and fundraising volunteers inform people about our work and services. They also act increasingly as passionate and informed advocates, campaigning on our behalf and helping to recruit more supporters. It is by working together in this way that the BHF will achieve our goal of beating heart disease.

It is BHF policy to provide equality of opportunity to all job applicants and employees regardless of race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status. We do not condone or tolerate any form of discrimination in our recruitment or employment practices. All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal access to training, development, reward and progression opportunities and are accountable for the impact of their own behaviour and actions. All of BHF's policies follow these principles. During the year, regular communications have been provided to employees, including updates on the Charity's progress. Employees have been consulted on decisions directly affecting them.

Auditors

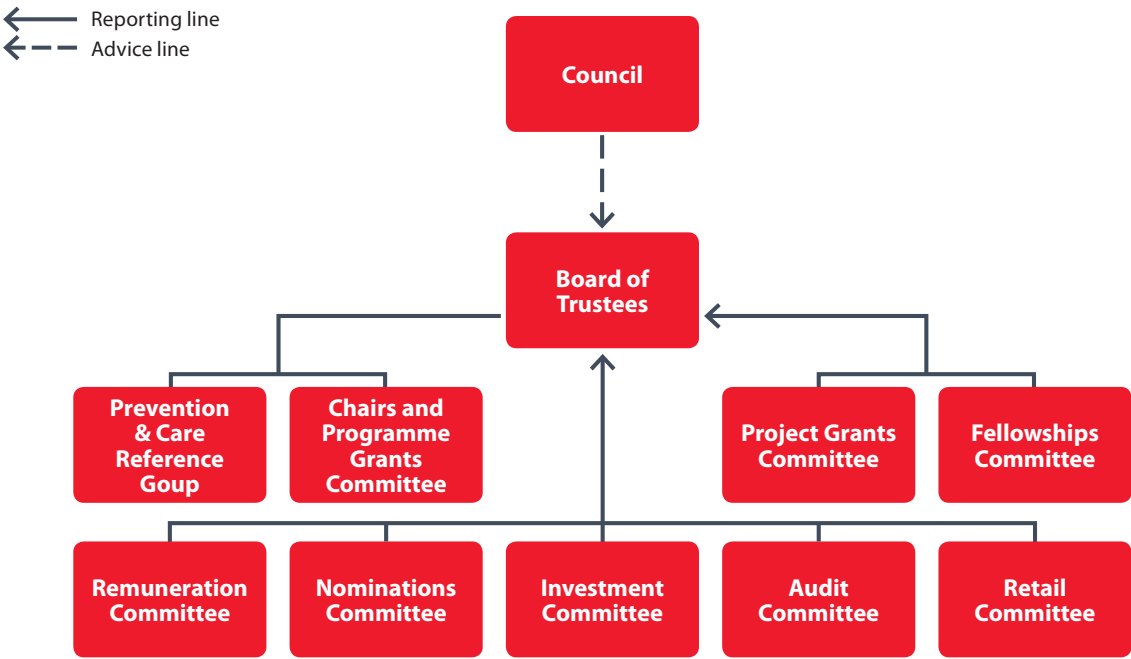
PricewaterhouseCoopers LLP have expressed their willingness to continue to act as auditors. A resolution to reappoint them, under section 485 of the Companies Act 2006, will be proposed at the forthcoming Annual General Meeting

By Order of the Board of Trustees



Simon Hopkins,
Secretary
15 July 2013

BOARD OF TRUSTEES AND COMMITTEES



Patron

His Royal Highness The Prince Philip KG KT

Board of Trustees

(under company law, Trustees act as the company directors of the Foundation and under charity law they have legal duties and responsibilities as Trustees)

Chairman

Philip Yea MA FCMA

Members

Sir Christopher Edwards FRSE MD FRCP FRCPE FMedSci
Andrew Balfour LLB appointed 31 July 2012
Professor Nishi Chaturvedi MD MSc MFPHM MRCP MBBS appointed 28 November 2012
Dr Jane Flint MD FRCP
Dr Evan Harris BM BCh MA (Oxon)
Richard Hytner MA LLM
Prof. Kay-Tee Khaw CBE FRCP
Prof. Sir Robert Lechler MB ChB PhD FRCP FRCPath FMedSci
Prof. Sir Michael Marmot PhD FFCM
Roger Pilgrim MA (Cantab) FCA
Dr Denise Pollard-Knight PhD to 31 July 2012
John Salmon FCA
Prof. Sir Patrick Sissons MD FRCP FMedSci to 31 July 2012
Prof. Paul Stewart MD FRCP FMedSci FSB
Lance Trevelyan BSc ACA FRSA

In attendance

Chief Executive
Medical Director
Secretary & Finance Director
Director of Fundraising
Retail Director
Director of Policy & Communications
Director of Human Resources

The Council

Chairman

Sir Christopher Edwards FRSE MD FRCP FRCPE FMedSci

Members of the Council

Andrew Balfour LLB
Roger Best
Dr Naureen Bhatti MBBS MSc MRCP MFPHM FRCGP
Prof. Cyrus Cooper MA DM FRCP FFPH FMedSci from 7 March 2013
Prof. Nishi Chaturvedi MD MSc MFPHM MRCP MBBS from 28 November 2012
Stephanie Flanders from 27 March 2013
Dr Jane Flint MD FRCP
Prof. Andrew Halestrap PhD DSc to 6 March 2013
Dr Evan Harris BM BCh MA (Oxon)
Richard Hytner MA LLM
Prof. Richard Hobbs FRCGP FRCP FESC FMedSci
Sir Bruce Keogh KBE MD FRCS
Prof. Kay-Tee Khaw CBE FRCP
Andy Kirby
Prof. Sir Robert Lechler MB ChB PhD FRCP FRCPath FMedSci
Prof. Sir Michael Marmot PhD FFCM
Roger Pilgrim MA (Cantab) FCA
Dr Denise Pollard-Knight PhD to 31 July 2012
Suzannah Power
Jan Procter-King RGN RM MA
Dr Alice Roberts BSc MB BCh PhD
James Robinson BSc FCA
Jaz Saggu BSc (Hons) PhD MBA
John Salmon FCA
Prof. Julian Scott MD FRCS
Prof. Sir Patrick Sissons MD FRCP FMedSci to 31 July 2012
Prof. Paul Stewart MD FRCP FMedSci FSB
Prof. Sir John Tooke MA MSc BM BCh DM DSc FRCP FRCPI FRCGP
FMedSci

BOARD OF TRUSTEES AND COMMITTEES

Lance Trevellyan BSc ACA FRSA
Lord Wigley of Caernarfon *to 16 January 2013*
Prof. Martin Wilkins MD FRCP
Philip Yea MA FCMA

In attendance

Chief Executive
Medical Director
Secretary & Finance Director
Director of Fundraising
Retail Director
Director of Policy & Communications
Director of Human Resources

Retail Committee

Chairman

Roger Best

Members

Alison Jones
David Lockyer MSc
Julia Reynolds *from 26 September 2012*
Lance Trevellyan BSc ACA FRSA

Ex officio

Chief Executive
Secretary & Finance Director
Director of Fundraising
Retail Director
Director of Policy & Communications

Investment Committee

Chairman

James Robinson BSc FCA

Members

Michael Moule
Roger Pilgrim MA (Cantab) FCA
Nicola Ralston
Nick Train BA (Oxon)

Ex officio

Chief Executive
Secretary & Finance Director

In Attendance

Representatives from the Foundation’s Investment Advisers,
Stanhope Jewson

Audit Committee

Chairman

John Salmon FCA *to 31 July 2012*
Roger Pilgrim MA (Cantab) FCA *from 31 July 2012*

Members

Andrew Balfour LLB *from 26 September 2012*
Mark Bryant *from 27 March 2013*
David Lockyer *from 16 January 2013*
James Robinson BSc FCA

In Attendance

Secretary & Finance Director
Head of Internal Audit
Representatives from the Foundation’s Independent Auditors,
PricewaterhouseCoopers LLP

Nominations Committee

Chairman

Philip Yea MA FCMA

Members

Sir Christopher Edwards FRSE MD FRCP FRCPE FMedSci
Prof. Kay-Tee Khaw CBE FRCP
Roger Pilgrim MA (Cantab) FCA *from 31 July 2012*
Dr Denise Pollard-Knight PhD *to 31 July 2012*
John Salmon FCA
Prof. Sir Patrick Sissons MD FRCP FMedSci *to 31 July 2012*
Prof. Paul Stewart MD FRCP FMedSci FSB *from 31 July 2012*

Ex officio

Chief Executive

Remuneration Committee

Chairman

Philip Yea MA FCMA

Members

Roger Best
Sir Christopher Edwards FRSE MD FRCP FRCPE FMedSci
John Salmon FCA

Ex officio

Chief Executive

Senior Executives

*(to whom responsibility for the day-to-day running
of the Charity is delegated by the Trustees)*

Chief Executive

Peter Hollins *to 31 March 2013*
Simon Gillespie *from 1 April 2013*

Medical Director

Prof. Peter Weissberg MD FMedSci

Secretary & Finance Director

Simon Hopkins MA (Oxon) FCA

Director of Fundraising

Louise Parkes

Retail Director

Mike Taylor

Director of Policy & Communications

Betty McBride

Director of Human Resources

Julie Weston

MEDICAL COMMITTEES

Chairs and Programme Grants Committee

Chairman

Prof. Sir John Tooke MA MSc BM BCh DM DSc FRCP FRCPI FRCGP
FAcadMed FMedSci

Members

Prof. Stuart Cobbe MA MD FRCP FESC FMedSci FRSE *retired 25 July 2012*
Prof. Mark Caulfield MBBS MD FRCP
Prof. Grahame Hardie FRS FRSE FMedSci *retired 9 May 2012*
Prof. Clive Orchard BSc PhD
Prof. Roger Patient BSc PhD
Prof. Michael Marber FRCP PhD FACC
Prof. Nick Wareham PhD MBBS MSc
Prof. Peter Rothwell MD PhD FRCP
Prof. Sian Harding BSc PhD
Prof. Chris Proud BSc PhD *appointed 25 July 2012*
Prof. Jon Frampton BA PhD *appointed 7 November 2012*
Prof. Michael Frenneaux MB BS PhD FRCP *appointed 7 November 2012*

Ex officio

Chief Executive
Medical Director
Associate Medical Director (Research)
Head of Research Funds

Project Grants Committee

Chairman

Prof. Andrew Halestrap PhD DSc *retired 6 March 2013*
Prof. Cyrus Cooper MA DM FRCP FFPH FMedSci *from 7 March 2013*

Members

Prof. Amrita Ahluwalia BSc PhD *retired 5 December 2012*
Prof. Jane Armitage BSc MBBS FRCP *retired 13 June 2012*
Dr Helen Arthur BSc PhD
Dr Sarah Calaghan BSc PhD
Prof. Robin Choudhury MA DM FACC
Prof. Stuart Cook PhD MRCP *retired 5 December 2012*
Prof. Martin Cowie MD MSc MRCP
Prof. Paul C Evans BSc MSc PhD *appointed 5 September 2012*
Prof. Martin Farrall BSc MBBS FRCPath *appointed 6 March 2013*
Prof. Marcus D Flather MBBS FRCP *appointed 5 September 2012*
Prof. Jon Gibbins BSc PhD *retired 5 September 2012*
Prof. John Greenwood PhD FRCPath
Prof. Julian Halcox MA MBBSChir MRCP *retired 5 September 2012*
Dr Jason Johnson MSc PhD
Prof. Peter Kohl MD PhD FHRS *appointed 5 September 2012*
Dr James M Leiper BSc PhD *appointed 6 March 2013*
Prof. Manuel Mayr MD PhD
Dr Timothy J Mohun BA PhD *appointed 5 December 2012*
Prof. Keith G Oldroyd MBChB FRCP MD *appointed 5 December 2012*
Dr Susan Ozanne BSc PhD
Dr Anna Randi MD PhD *retired 13 June 2012*
Prof. Paul Riley BSc PhD *retired 5 September 2012*
Prof. Naveed Sattar FRCP FRCPath PhD *retired 13 June 2012*
Prof. Liam Smeeth MBChB FRCGP FFPH MSc PhD
Prof. Andrew Tinker MRCP PhD
Prof. Andrew Trafford BVSc CertVA PhD MRCVS
Prof. Antonio Vidal-Puig MD PhD FRCP
Prof. Timothy D Warner BSc PhD *appointed 5 December 2012*
Prof. Peter D Weinberg MA MSc DIC PhD *retired 13 June 2012*
Dr Stephen B Wheatcroft BSc MBChB PhD FRCP *appointed 5 September 2012*

Ex officio

Chief Executive
Medical Director
Associate Medical Director (Research)
Research Funds Manager

Fellowships Committee

Chairman

Prof. Martin Wilkins MD FRCP

Members

Prof. Martin Bennett PhD FRCP FMedSci
Prof. Keith Channon MD MRCP
Prof. Bernard Keavney BSc DM MB MRCP *retired 5 April 2012*
Prof. Colin Berry BSc MBChB PhD FRCP *appointed 5 April 2012*
Prof. Timothy Frayling PhD *appointed 5 July 2012*
Prof. Sussan Nourshargh PhD FBPharmacolS
Prof. Godfrey Smith BSc PhD

Ex officio

Chief Executive
Medical Director
Associate Medical Director (Research)
Head of Research Funds

Prevention and Care Committee

(to 26 September 2012)

Chairman

Prof. Richard Hobbs FRCP FRCGP

Members

Dr Fiona Bull
Prof. Simon Capewell
Mel Clark
Dr Mick Colquhoun
Ms Linda Edmunds
Dr Jane Flint MD FRCP
Prof. Paul Gately PhD
Dr Sandeep Gupta MD FRCP
Ian Jones
Alan Keys
Prof. Bob Lewin MA MPhil
Dr Terry McCormack
Simon Ray
Dr Mike Rayner

Ex officio

Chief Exective
Medical Director
Director of Fundraising
Director of Policy & Communications
Associate Medical Director (Prevention & Care)
Programme Director, Prevention & Care
Commissioning Adviser (Prevention & Care)
Head of Policy & Advocacy

Prevention & Care Reference Group

(from 26 September 2012)

Chairman

Prof. Kay-Tee Khaw CBE FRCP

Members

Dr Jane Flint BSc MD FRCP
Prof. Paul Gately PhD
Prof. Huon Grey MD FRCP FESC FACC
Prof. Mike Kelly RCPE FFPH
Alan Keys
Dr Iain Simpson MD FRCP FACC FESC

Ex officio

Chief Exective
Medical Director
Associate Medical Director (Prevention & Care)
Programme Director, Prevention & Care
Director of Policy & Communications
Director of Fundraising

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the British Heart Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Philip Yea,
Chairman
15 July 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE BRITISH HEART FOUNDATION

We have audited the financial statements of the British Heart Foundation for the year ended 31 March 2013 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 42, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and Trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES AND MEMBERS
OF THE BRITISH HEART FOUNDATION

Opinion on other matters prescribed
by the Companies Act 2006

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

Matters on which we are required
to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Liz Hazell,
Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 July 2013

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR
THE YEAR ENDED 31 MARCH 2013 (INCORPORATING
A GROUP INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £000	Restricted funds £000 (see note 7)	Endowment funds £000 (see note 7)	2013 Total funds £000	2012 Total funds £000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	87,857	7,528	–	95,385	92,613
Activities for generating funds	3	161,191	149	–	161,340	150,168
Investment income	4	6,478	230	–	6,708	6,652
Incoming resources from charitable activities	5	–	174	–	174	460
Total incoming resources		255,526	8,081	–	263,607	249,893
Resources expended						
Cost of generating funds						
Costs of generating voluntary income	6	25,336	832	–	26,168	26,018
Fundraising trading: cost of goods sold and other costs	3,6	130,278	–	–	130,278	121,432
Investment management costs	6	835	–	–	835	754
Total cost of generating funds		156,449	832	–	157,281	148,204
Net incoming resources available for charitable application		99,077	7,249	–	106,326	101,689
Costs of charitable activities						
Research	6	81,136	9,598	–	90,734	88,411
Prevention and Care	6	28,481	634	–	29,115	35,548
No Smoking Day	6,7	–	382	–	382	261
Expenditure in furtherance of charitable objectives		109,617	10,614	–	120,231	124,220
Governance costs	6	850	–	–	850	750
Total resources expended	6	266,916	11,446	–	278,362	273,174
Net outgoing resources before transfers		(11,390)	(3,365)	–	(14,755)	(23,281)
Transfer between funds	7	(119)	119	–	–	–
Net outgoing resources after transfers		(11,509)	(3,246)	–	(14,755)	(23,281)
Other recognised gains and losses						
Realised investment gain	7,9	43,142	–	–	43,142	9,458
Net income/(expenditure) for the year		31,633	(3,246)	–	28,387	(13,823)
Unrealised investment loss	7,9	(19,610)	–	–	(19,610)	(8,032)
Actuarial (loss) on defined benefit pension scheme	16	(765)	–	–	(765)	(3,660)
Net movement in funds		11,258	(3,246)	–	8,012	(25,515)
Total funds brought forward at 1 April	7	(27,738)	4,796	7,463	(15,479)	10,036
Balance of funds at 31 March	7	(16,480)	1,550	7,463	(7,467)	(15,479)

There are no recognised gains or losses other than those disclosed above. All of the above results derive from continuing activities. There is no difference between the net income for the year and its historical cost equivalents. There are no recognised gains or losses other than those included above.

Gross income for the year for the parent charity is £251.5 million (2012: £237.7 million) and gross expenditure is £266.3 million (2012: £261.1 million). The charity statement of financial activities is not disclosed as a separate statement, as permitted by SORP 2005.

GROUP BALANCE SHEET AT 31 MARCH 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	8	25,147	25,139
Intangible fixed asset	8	1,150	1,150
Investments	9	169,485	207,539
Programme-related investment	9	–	1,850
Total fixed assets		195,782	235,678
Current assets			
Stocks and work in progress	10	3,669	3,450
Debtors	10	20,426	15,470
Short-term deposits		37,182	18,893
Cash at bank and in hand		58,644	24,792
Total current assets		119,921	62,605
Creditors: amounts falling due within one year			
Research and other awards	11	(172,776)	(160,404)
Other creditors	12	(19,257)	(19,184)
		(192,033)	(179,588)
Net current liabilities		(72,112)	(116,983)
Total assets less current liabilities		123,670	118,695
Creditors: amounts falling due after more than one year			
Research and other awards	11	(124,092)	(126,868)
Net (liabilities) excluding pension deficit		(422)	(8,173)
Defined benefit pension deficit	16	(7,045)	(7,306)
Net (liabilities) including pension deficit		(7,467)	(15,479)
Represented by:			
The funds of the Group			
Endowment funds	7, 15	7,463	7,463
Restricted income funds	7	1,550	4,796
Unrestricted income funds			
General reserve (includes revaluation reserve of £22 million (2012: £42 million))	7	(9,435)	(20,432)
Pension reserve	16	(7,045)	(7,306)
Total unrestricted income funds		(16,480)	(27,738)
Total Group funds		(7,467)	(15,479)

Approved by the Board of Trustees on 15 July 2013, and signed on their behalf by:

Philip Yea, Chairman

Roger Pilgrim, Chairman of the Audit Committee

Members of the Board of Trustees

The notes on pages 49 to 64 form part of the financial statements.

CHARITY BALANCE SHEET AT 31 MARCH 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	8	25,147	25,139
Investments	8	169,485	207,539
Programme-related investment	9	–	1,850
Total fixed assets		194,632	234,528
Current assets			
Debtors	10	26,559	20,594
Short-term deposits		37,182	18,893
Cash at bank and in hand		56,945	23,096
Total current assets		120,686	62,583
Creditors: amounts falling due within one year			
Research and other awards	11	(172,776)	(160,404)
Other creditors	12	(20,022)	(19,361)
		(192,798)	(179,765)
Net current liabilities		(72,112)	(117,182)
Total assets less current liabilities		122,520	117,346
Creditors: amounts falling due after more than one year			
Research and other awards	11	(124,092)	(126,868)
Net liabilities excluding pension deficit		(1,572)	(9,522)
Defined benefit pension deficit	16	(7,045)	(7,306)
Net liabilities including pension deficit		(8,617)	(16,828)
Represented by:			
The funds of the Charity			
Endowment funds	7, 15	7,463	7,463
Restricted income funds	7	1,550	4,597
Unrestricted income funds			
General reserve (includes revaluation reserve of £22 million (2012: £42 million))	7	(10,585)	(21,582)
Pension reserve	16	(7,045)	(7,306)
Total unrestricted income funds		(17,630)	(28,888)
Total Charity funds		(8,617)	(16,828)

Approved by the Board of Trustees on 15 July 2013, and signed on their behalf by:

Philip Yea, Chairman

Roger Pilgrim, Chairman of the Audit Committee

Members of the Board of Trustees

The notes on pages 49 to 64 form part of the financial statements.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2013 £000	2012 £000
Net (outgoing) resources	(14,755)	(23,281)
Adjustments to exclude investment income and non-cash items (see note A below)	5,760	19,600
Net cash (outflow) from operating activities	(8,995)	(3,681)
Return on investment and servicing of finance		
Investment income	6,708	6,652
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(7,273)	(6,505)
Proceeds from sale of tangible fixed assets	115	131
Purchase of investments	(122,589)	(52,991)
Proceeds from sale of investments	184,175	53,718
Net cash inflow/(outflow) from investing activities	54,428	(5,647)
Management of liquid resources		
(Increase)/ decrease in short-term deposits	(18,289)	718
Increase /(decrease) in cash (see note B – below)	33,852	(1,958)
Note A		
Adjustments to exclude investment income and non-cash items	2013 £000	2012 £000
Investment income	(6,708)	(6,652)
Depreciation: charge for the year	7,114	6,858
Loss on sale of tangible fixed assets	169	41
Programme related investment: loan now treated as grant	1,850	–
(Increase) in stocks	(219)	(638)
(Increase) in debtors	(4,956)	(1,469)
Increase in creditors	73	1,897
Increase in provision for liabilities and charges	9,463	20,671
Adjustment for FRS 17 pension funding	(1,026)	(1,108)
Total	5,760	19,600
Note B		
Decrease in cash and short-term deposits	2013 £000	2012 £000
Cash and short-term deposits at 1 April 2012	43,685	46,361
Increase/(Decrease) in short-term deposits	18,289	(718)
Increase/(Decrease) in cash	33,852	(1,958)
Increase/(Decrease) in cash and short-term deposits	52,141	(2,676)
Cash and short-term deposits at 31 March 2013	95,826	43,685

The notes on pages 49 to 64 form part of the financial statements.

NOTES TO THE ACCOUNTS

1. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Charities (Accounts and Reports) Regulations 2008, the Charities Act 2011 and comply with UK GAAP. They also abide by the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP) 2005, as updated in 2008. The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of its activities.

The following are the main accounting policies adopted by the Charity which have been applied consistently:

a. Going concern

The accounts have been prepared on the going concern basis. While the general reserve is in deficit, the group currently has sufficient cash and investments to fund 21 months of grant expenditure plus 12 months of operating costs. Under the group’s reserves policy, these place the group towards the upper end of the chosen liquidity range as defined in the Group’s formal reserves policy. In addition, comprehensive modelling of forthcoming cashflows has been done which indicates, in the opinion of Trustees, a low level of going concern risk associated with the position of a technical accounting deficit.

b. Basis of accounting and consolidation

The financial statements of the Charity and the three active Subsidiary companies are consolidated (on a line-by-line basis) to produce the Group financial statements. These have been prepared under the historical cost convention except for investments which are included at market value. No Income and Expenditure account has been presented for the Charity as permitted by Section 408 of the Companies Act 2006.

c. Income and expenditure

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to (or has physically received) the income and the amount can be quantified with reasonable accuracy.

- For **Legacy income**, entitlement in the case of residual and pecuniary legacies is counted from the earlier of estate accounts being finalised and communicated to the BHF and cash received. Legacies where the Charity’s receipt of income is subject to a life tenancy have not been included in the financial statements.

- For **Event income**, entitlement is counted at the date of the event. Where income is received in advance, recognition is deferred and included in creditors and where entitlement arises before income is received, the income is accrued.

- **Donations** (including those raised through volunteer fundraising) are recognised when received and **retail income** is recognised at point of sale. Gifts donated for sale are included as income when they are sold.

- No amounts are included in the financial statements for services donated by volunteers as it is very difficult to quantify the cost and may be misleading in relation to financial analysis.

- Goods donated to the Charity’s shops are valued at a nil cost.

Expenditure is recognised on an accruals basis. Grant expenditure is recognised in the year of award in line with the SORP (see grant accounting policy in note 1e for more detail on individual grant types.)

Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity.

Costs are allocated, where appropriate, to charitable expenditure and to cost of generating funds. It has been estimated that 10% of the content of our fundraising material provides educational information that furthers the Charity’s objectives. 10% of fundraising costs have therefore been allocated to charitable expenditure.

The Charity’s Head Office overheads have been allocated to charitable expenditure, fundraising, publicity and retail expenses on the basis of time spent.

Governance costs relate to the management of the Foundation’s assets, organisational administration and compliance with constitutional and statutory requirements.

Tax

Costs are recorded net of recoverable VAT as the Group is able to reclaim a proportion of VAT paid, because of its trading activities, using the partial exemption method.

The Charity is not liable to income tax and corporation tax on income and gains derived from its charitable activities as it falls within the various exemptions available to registered charities.

Irrecoverable VAT has been charged to the Statement of Financial Activities.

Income from Gift Aid Tax reclaims is recognised in relation to donations made up to the year end.

Subsidiary trading companies pay any taxable profits to the Charity each year under Gift Aid and thus do not incur corporation tax.

d. Fund accounting

The general reserve comprises accumulated unrestricted surpluses and deficits. Restricted funds are subject to restrictions imposed by the donor. The Endowment funds which are permanent, represent amounts for which the capital must be retained and invested.

e. Awards

In accordance with the SORP, the total sum awarded (and communicated) to the recipient during the year is expensed. Where these grants are for multi-year commitments, a high proportion of the cash commitment will be settled in future accounting periods.

Chairs of cardiovascular disease – awards are subject to a quinquennial site visit and review. Full provision is made in the financial statements for the Charity’s liability up to the review.

Programme grants – awards run initially for five years with a two and a half year review and can be extended for a further period of five years subject to Committee approval. Management anticipate that the overwhelming majority of the applicants will be successful at the mid-term review so provision for the first five years is made in the financial statements for the Charity’s liability for programme grants.

Other research grants – full provision is made in the financial statments for the Charity’s liability for all other types of research grants.

BHF nurses (and other medical practitioners) – in cases where the Charity is committed to fund nurses (and other medical practitioners) for three (or more) years from the date of appointment, full provision for this liability is made in the financial statements.

Prevention and care grants – the majority of these awards are for one year projects and are funded out of current incoming resources. Where an award is for more than one year the Charity’s liability is recognised in full in the financial statements at the point of formal award.

All grant liabilities in excess of one year are discounted to net present value.

NOTES TO THE ACCOUNTS

f. Fixed assets

Tangible
These are stated at cost. Depreciation is calculated on a straight line basis. The costs of fixed assets are written off over their estimated useful lives at the following rates:

- Short leasehold property – *over the life of the lease*
- Leasehold improvements – *over the life of the lease*
- Freehold property – *over 50 years*
- Shop fittings – *over 7 years*
- Vehicles – *over 4 years*
- Furniture and equipment (including IT hardware) – *over 3-4 years*

The Charity adopts a minimum capitalisation limit of £1,000; the Retail Division, due to the disparate nature of its business, has a lower limit of £100.

However, if components of equipment (eg, office furnishings or personal computers) are acquired with individual unit costs below the stated capitalisation threshold but collective costs of above £1,000 and anticipated asset lives in excess of 2 years, then these groups of assets are collectively capitalised at the time of purchase.

The holding values of assets are regularly reviewed for impairment and where deemed appropriate, are written down.

Intangible
The intangible fixed asset (£1.15m) represents the right of the Foundation (in perpetuity) to run the ‘London to Brighton Bike Ride’. This asset is held at cost and is subject to an impairment review on an annual basis.

g. Investments
Investments (including listed and unlisted shares) are shown at mid value where there is a readily identifiable market value. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount.

The Foundation revalues its investments monthly so that when investments are sold, gains or losses which arose before the previous year-end have already been recognised. Movements in value arising from investment changes or revaluation, together with profits on disposal of investments, have been recognised in the general fund.

Programme-related investments are recognised where they form a material part of the work of the Charity. The carrying value is the initial value of the investment less any impairment losses.

h. Stock

Stock purchased for sale is valued at the lower of cost and net realisable value. Stock does not include the value of goods donated for sale in the Group’s charity shops, because these are valued at nil, ie, at the lower of cost and net realisable value.

i. Pension costs
The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the Statement of Financial Activities within Actuarial gain/losses on defined benefit pension schemes. The resulting pension liability or asset is shown on the balance sheet. Quoted securities have been valued at bid price. The detailed assumptions relating to the liability recognised on the defined benefit scheme are to be found in note 16.

For the defined benefit scheme the current service cost is charged to employee costs over the anticipated period of employment; net pension finance income or costs are included immediately in employee costs; actuarial gains and losses are recognised immediately on the face of the SoFA; and the scheme surplus or deficit is shown on the face of the balance sheet and separately in reserves.

For the defined contribution schemes, the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

j. Leases
Rentals under operating leases are charged on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. However, where the period to the review date (on which the rent is first expected to be adjusted to the prevailing market rate) is shorter than the full lease term, the shorter period is used.

k. Deferred income
Income received in this year but which relates to next year’s events is treated as a creditor in the balance sheet.

NOTES TO THE ACCOUNTS

2. Voluntary income

	General funds £000	Restricted funds £000	2013 Total funds £000	2012 Total funds £000
Legacies	52,499	1,456	53,955	53,003
Donations	17,311	5,401	22,712	19,500
Donations received in BHF shops	2,028	–	2,028	1,233
Volunteer fundraising	7,498	474	7,972	9,034
Events	8,521	–	8,521	9,483
Restricted appeals	–	197	197	360
Total	87,857	7,528	95,385	92,613

The Foundation has received notification of 1,052 legacies (2012:958) for which no income has been recognised at 31 March 2013. These will be included in future years. The actual timing of receipt and amounts to be received are unknown. Based on the average value of legacies received during the year, the value of these has been conservatively estimated at £27 million (2012: £24 million) although this ignores any weighting towards residuary legacies (which make up the greater proportion of these numbers and which are generally of higher value than pecuniary legacies).

3. Activities for generating funds

	Charity shops donated goods £000	Restricted funds £000	BHF Shops Ltd £000	British Heart Foundation Ventures Ltd Retail activities £000	2013 Total £000	2012 Total £000
Retail income*	142,762	149	18,268	161	161,340	150,168
Retail costs	(117,434)	–	(12,723)	(121)	(130,278)	(121,432)
Net incoming resources available from retail activities	25,328	149	5,545	40	31,062	28,736

The results of the Group’s retail trading through charity shops (selling donated goods), BHF Shops Ltd (selling bought-in goods) and the retail activities of British Heart Foundation Ventures Ltd are detailed above. The results of each subsidiary are detailed in note 14.

*2013 includes gross income of £35.7 million (2012:£28.8 million) representing donations from supporters on which Gift Aid has been claimed from sale of their goods through the Retail Gift Aid Programme.

4. Investment income

	General funds £000	Restricted funds £000	2013 Total funds £000	2012 Total funds £000
Listed investments	6,470	–	6,470	6,114
Bank interest	–	230	230	512
Unlisted investments	8	–	8	26
Total	6,478	230	6,708	6,652

5. Incoming resources from charitable activities

	General funds £000	Restricted funds £000	2013 Total funds £000	2012 Total funds £000
Public funding – Ministry of Defence	–	60	60	–
Public funding – Scottish Government	–	110	110	–
No Smoking Day	–	4	4	460
Total	–	174	174	460

NOTES TO THE ACCOUNTS

6. Gross expenditure	Awards (note 11) £000	Other direct costs £000	Support costs allocated £000	Total 2013 £000	Total 2012 £000
Cost of generating funds					
Costs of generating voluntary income	–	22,028	2,239	24,267	24,698
Publicity	–	1,540	361	1,901	1,320
Fundraising trading: cost of goods sold and other costs	–	129,056	1,222	130,278	121,432
Investment management costs	–	835	–	835	754
Total	–	153,459	3,822	157,281	148,204
Charitable expenditure					
Research	89,668	763	303	90,734	88,411
Prevention and Care	1,204	26,108	1,803	29,115	35,548
No Smoking Day	–	382	–	382	261
Total	90,872	27,253	2,106	120,231	124,220
Governance	–	281	569	850	750
Total	90,872	180,993	6,497	278,362	273,174

Support costs included in gross expenditure
The Foundation adopts a policy of allocating costs to the respective cost headings throughout the year, and this allocation includes support costs where they are directly attributable.

The costs of the Directorate and the Finance Division, which provide support for the activities listed above, are allocated as shown below. The allocation is based on the time spent by each department in supporting the various activities.

Overheads are allocated to activities on the basis of headcount or in proportion to resources used.

Analysis of support costs	Costs of generating funds			Charitable expenditure		Governance	Total	Total
	Fundraising £000	Publicity £000	Retail costs £000	Research £000	Prevention and care £000	£000	2013 £000	2012 £000
Directorate	60	18	60	15	87	60	300	361
Legacy administration	578	–	–	–	–	–	578	627
Human resources	311	84	90	55	362	100	1,002	994
Facilities management	160	34	46	29	167	23	459	449
Information technology	501	109	740	87	566	174	2,177	1,660
Legal	43	5	44	11	45	26	174	209
Company Secretary and procurement	123	37	124	31	179	124	618	408
Finance	455	68	113	71	372	57	1,136	867
Knowledge and evaluation	8	6	5	4	25	5	53	226
Total	2239	361	1,222	303	1,803	569	6,497	5,801

NOTES TO THE ACCOUNTS

6. Gross expenditure (cont) Analysis of governance costs	Total 2013 £000	Total 2012 £000
Internal audit	108	124
Company secretarial	61	60
Legal and professional fees	9	4
Audit fees – charity	79	70
Audit fees – subsidiary companies*	17	16
Board of Trustees costs	2	2
Annual Report and Accounts	5	5
Support costs allocated	569	469
Total	850	750

* costs are exclusive of the VAT charged to BHF Ventures Ltd and BHF Shops Ltd as this can be reclaimed in full.

Gross expenditure for the year is stated after charging/(crediting):	2013 £000	2012 £000
Operating lease rentals (land and buildings)	24,816	23,649
Loss/(profit) on disposal of fixed assets	169	(41)
Depreciation charge for the year	7,114	6,858
Group auditors’ remuneration (*)		
Audit fee – Charity	79	70
– UK subsidiaries	17	16
– Non-audit fees	3	2

(*) This represents £81,212 (net of VAT) paid for audit services for the group plus £2,100 (net of VAT) for other services

Staff and Trustee information Staff costs	2013 £000	2012 £000
Salaries	52,029	48,368
Social security	4,379	4,208
Other pension costs (see note 16)	2,757	2,422
Other staff costs (temporary, agency, fixed term contract and seconded staff)	931	959
Total	60,096	55,957

The average number of staff, on a full-time equivalent basis, employed in the year, was:	2013	2012
Central operations	362	350
Regions	80	80
Shops	2,095	1,943
Total	2,537	2,373

NOTES TO THE ACCOUNTS

The following numbers of staff have emoluments above £60,000: –

6. Gross expenditure (cont)

All staff are employed by the Charity.

The following numbers of staff have emoluments above £60,000:	2013	2012
Between £60,001-£70,000	10	10
Between £70,001-£80,000	10	10
Between £80,001-£90,000	5	5
Between £90,001-£100,000	3	4
Between £100,001-£110,000	1	–
Between £110,001-£120,000	1	1
Between £120,001-£130,000	3	3
Between £130,001-£140,000	–	–
Between £140,001-£150,000	1	–
Between £150,001-£160,000	–	–
Between £160,001-£170,000	1	2
Between £170,001-£180,000	1	1

Number of staff included above for whom retirement benefits are accruing:

Defined contribution schemes	35	34
Defined benefit schemes	1	2

	2013 £000	2012 £000
Contributions in the year for the provision of defined contribution schemes for staff included above.	491	481

The Remuneration Committee determines the salaries and benefits of the Senior Management Team. The amount for the highest paid employee for the year was £173,300.

Trustee costs

No Trustees received any remuneration for services as members of the Board of Trustees, but a total of £2,299 (2012: £1,912) was reimbursed to three (2012: four) members for travelling expenses to and from meetings and an honoraria of £150 was paid to one Trustee in respect of attendance at assessment and interview panels at the request of the BHF.

As permitted in the Memorandum and Articles of Association, Trustee indemnity insurance was purchased at a total cost of £5,035 (2012: £5,035) .

NOTES TO THE ACCOUNTS

7. Statement of funds

	Notes	Balance 1 April 2012 £000	Incoming resources £000	Total resources expended £000	Net investment gains £000	Actuarial loss pension fund £000	Transfers £000	Balance 31 March 2013 £000
Endowment funds (Group and Charity):								
Chair endowment trusts	a	7,089	–	–	–	–	–	7,089
G M Yule bequest	b	74	–	–	–	–	–	74
P Gordon bequest	c	300	–	–	–	–	–	300
Total		7,463	–	–	–	–	–	7,463

Restricted funds (Group):

Legacy donations	d	2,577	1,457	(602)	–	–	–	3,432
Chair endowment trusts income (interest)	a	–	221	(221)	–	–	–	–
P Gordon income (interest)	c	–	9	(9)	–	–	–	–
Research	e	–	252	(252)	–	–	–	–
Prevention and Care	f	–	634	(634)	–	–	–	–
Mending Broken Hearts Appeal	g	2,020	5,444	(9,346)	–	–	–	(1,882)
No Smoking Day	h	199	64	(382)	–	–	119	–
Total		4,796	8,081	(11,446)	–	–	119	1,550

Restricted funds (Charity):

Legacy donations	d	2,577	1,457	(602)	–	–	–	3,432
Chair endowment trusts income (interest)	a	–	221	(221)	–	–	–	–
P Gordon income (interest)	c	–	9	(9)	–	–	–	–
Research	e	–	252	(252)	–	–	–	–
Prevention and Care	f	–	634	(634)	–	–	–	–
Mending Broken Hearts Appeal	g	2,020	5,444	(9,346)	–	–	–	(1,882)
Total		4,597	8,017	(11,064)	–	–	–	1,550
General fund (Group):		(27,738)	255,526	(266,916)	23,532	(765)	(119)	(16,480)
General fund (Charity):		(28,888)	255,526	(266,916)	23,532	(765)	(119)	(17,630)
Total Group funds		(15,479)	263,607	(278,362)	23,532	(765)	–	(7,467)
Total Charity funds		(16,828)	263,543	(277,980)	23,532	(765)	(119)	(8,617)

Notes

- a. The chair endowment trusts represent permanent endowments returned to the Charity by certain universities (note 15). The interest on the money held is restricted and expended on the BHF's Chairs of Cardiovascular Medicine.

b. Income from the G M Yule bequest is available for the general activities of the Foundation.

c. Income from the P Gordon bequest is restricted to expenditure on Prevention and Care activities.

d. Restricted legacy donations are made for both Research and Prevention and Care. In some cases it is difficult to distribute funds fully according to the specific terms of the bequest in the year of receipt and expenditure takes place in future years.
- e. Income where the donor has specified that the donation should be expended on the BHF's research activities.

f. Income where the donor has specified that the donation should be expended on the BHF's Prevention and Care activities.

g. Income of £5.4 million has been received this year for our Mending Broken Hearts (MBH) 50th anniversary appeal. Charitable expenditure of £9.3 million has been incurred to date resulting in a negative fund of £1.9 million. This reflects grant commitments made over a number of future years and we plan to raise funds to cover these commitments as payments fall due.

h. £64,000 of income has been received for No Smoking Day (including £60,000 from the Ministry of Defence) and there has been a £382,000 spend. A transfer from general reserve of £119,000 has been made to cover any deficit.

NOTES TO THE ACCOUNTS

7. Statement of funds

Analysis of Group net assets between funds

	General £000	Restricted £000	Endowment £000	Total £000
Tangible fixed assets	25,147	–	–	25,147
Intangible fixed asset	1,150	–	–	1,150
Investments	169,485	–	–	169,485
Current assets	110,908	1,550	7,463	119,921
Current liabilities	(192,033)	–	–	(192,033)
Long-term liabilities	(124,092)	–	–	(124,092)
Pension fund deficit	(7,045)	–	–	(7,045)
Total net assets as at 31 March 2013	(16,480)	1,550	7,463	(7,467)
At 31 March 2012	(27,738)	4,796	7,463	(15,479)

Analysis of Charity net assets between funds

	General £000	Restricted £000	Endowment £000	Total £000
Tangible fixed assets	25,147	–	–	25,147
Investments	169,485	–	–	169,485
Current assets	111,673	1,550	7,463	120,686
Current liabilities	(192,798)	–	–	(192,798)
Long-term liabilities	(124,092)	–	–	(124,092)
Pension fund deficit	(7,045)	–	–	(7,045)
Total net assets as at 31 March 2013	(17,630)	1,550	7,463	(8,617)
At 31 March 2012	(28,888)	4,597	7,463	(16,828)

8. Tangible and intangible fixed assets

Group and Charity

	Land and buildings Freehold property £000	Short leasehold property £000	Shop fixture and fittings £000	Vehicles £000	Furniture & equipment £000	Computers £000	Assets under construction £000	Total £000
Cost								
At 1 April 2012	2,427	19,843	22,724	1,964	12,466	10,683	141	70,248
Additions	–	1,140	1,603	594	1,065	1,721	1,150	7,273
Disposals	–	(887)	(3,383)	(378)	(4,769)	(902)	–	(10,319)
At 31 March 2013	2,427	20,096	20,944	2,180	8,762	11,502	1,291	67,202

Depreciation

At 1 April 2012	277	12,070	15,765	883	9,489	6,625	–	45,109
Charge for year	32	1,412	1,836	467	1,489	1,878	–	7,114
Disposals	–	(848)	(3,325)	(344)	(4,756)	(895)	–	(10,168)
At 31 March 2013	309	12,634	14,276	1,006	6,222	7,608	–	42,055

Net book values

At 31 March 2013	2,118	7,462	6,668	1,174	2,540	3,894	1,291	25,147
At 31 March 2012	2,150	7,773	6,959	1,081	2,977	4,058	141	25,139

Assets under construction

These are software systems which are not yet complete. Expenditure on these assets is capitalised as incurred but no depreciation is charged until the asset is brought into use . Once in use, a rate appropriate to the useful economic life of the asset will be applied.

Intangible fixed asset

Included in the Group balance sheet is an intangible fixed asset (£1.15million) – this represents the right (in perpetuity) of the Foundation to run the London to Brighton Bike Ride. This asset is held at cost and no amortisation is charged. However it is subject to an annual review by the Directors. There were no indications of impairment in the year.

Future capital expenditure on specific projects for the Group of £0.2 million (2012: £0.6 milllion) has been contracted but no provision has been made.

During the year, several assets with a nil net book value were written off, resulting in a material reduction in both cost and accumulated depreciation figures.

NOTES TO THE ACCOUNTS

9. Investments

Group and Charity

	2013 £000	2012 £000
Market value		
At 1 April 2012	207,539	206,840
Purchase of investments at cost	122,589	52,991
Disposals at carrying value	(184,175)	(53,718)
	145,953	206,113
Net investment gains: realised	43,142	9,458
Net investment (losses): unrealised	(19,610)	(8,032)
At 31 March 2013	169,485	207,539

Represented by

Listed investments: Fixed interest securities	–	38,352
Equities	166,353	158,267
Unlisted investments	37	219
Cash held for investment purposes	3,095	10,701
Total	169,485	207,539

Listed investments include overseas investments of £90 million (2012: £64 million). No shareholdings of over 5% were held by the Foundation in any one company.

Historical cost at 31 March	147,474	165,505
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Revaluation gains at 31 March	22,011	42,034
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The Charity holds 100% shareholdings in the four Subsidiary Companies within the Group; these are valued at cost of £8 (see note 14).

The programme-related investment in the Group balance sheet reported in 2012 represented an interest-free unsecured loan for £1.85 million, used in furtherance of the joint ‘Caring Together’ programme which is designed to improve palliative care (including the establishment of a hospice in Glasgow). This was fully provided last year and has been written off during this year.

10. Debtors and stocks

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
(a) Debtors				
Amount owed by subsidiary undertakings	–	–	6,340	5,600
Sundry debtors	2,609	2,772	2,402	2,332
Prepayments	8,018	7,375	8,018	7,375
Income tax recoverable	1,649	1,039	1,649	1,039
Accrued income	6,149	3,243	6,149	3,207
Accrued legacies	2,001	1,041	2,001	1,041
Total	20,426	15,470	26,559	20,594

	Group	
	2013 £000	2012 £000
(b) Stocks and work in progress		
BHF Ventures Ltd	–	17
BHF Shops Ltd	3,669	3,433
Total	3,669	3,450

NOTES TO THE ACCOUNTS

11. Creditors: Research and other awards

	2013 £000	2012 £000
Outstanding liabilities at 1 April	287,272	266,601
Awarded during the year:		
Research grant awards	89,749	87,437
Discounting of research awards (increase)/ decrease	(81)	42
	89,668	87,479
Prevention and care grant awards	1,083	8,321
Discounting of prevention and care awards decrease/ (increase)	121	(31)
	1,204	95,769
	378,144	362,370
Paid during the year	(81,276)	(75,098)
Outstanding liabilities at 31 March	296,868	287,272
Awards falling due within one year	172,776	160,404
Awards falling due after more than one year	124,092	126,868
	296,868	287,272

Liabilities for research and other awards represent the unpaid balances on grants awarded as at the balance sheet date. They relate to current research being funded by the Charity and to which the Charity is committed. In the case of awards for Chairs of Cardiovascular Disease (awarded before this year) there remains a commitment to continue funding chairholders for the remainder of their career in that post (subject to the successful outcome of each five-yearly review). For Chairs awarded in this year and for the future, a commitment is recognised in the financial statements for five years and the BHF may become liable for a further five years (in total up to ten years) depending on the outcome of the site visit.

The Charity has discounted its long term liabilities, both for research and prevention and care grants. A discount rate of 2.7% (2012: 2.7%) has been applied to both amounts recognised in the financial statements as grant creditors and grant commitments (not included in the financial statements) – the discount rate has been estimated as the cost of capital (interest rates received and investment yields) as a time-weighted average over the course of the year. The gross discount included in total liabilities for research grant awards is (£6.7 million) and for prevention and care grant awards (£0.3 million).

The Charity occasionally receives applications for grants from, and makes awards to, universities and hospitals which employ members of the Board of Trustees or Council in senior research capacities. All grants are made to institutions, and a list of 212 research awards made during the year by the medical committees is obtainable from The Medical Director, British Heart Foundation, Greater London House, 180 Hampstead Road, London NW1 7AW or on the Charity’s website at bhf.org.uk/teambhf (this is unaudited). The top 50 grants made in 2013 are listed opposite.

NOTES TO THE ACCOUNTS

Institution	Number of grants	2013 £'000
University of Oxford	6	8,354
Imperial College London	4	5,331
University of Cambridge	5	4,791
University of Leeds	5	4,392
University of Edinburgh	3	4,211
University of Glasgow	3	2,990
University College London	4	2,961
King’s College London	3	2,545
University of Birmingham	3	2,473
University of Bristol	2	1,855
University of Manchester	2	1,843
Leicester University	2	1,453
Queen’s University Belfast	1	1,156
Newcastle University	1	1,140
University of Sheffield	1	1,028
University of Nottingham	1	852
Cardiff University	1	827
Imperial College London (NHLI)	1	668
University of York	1	664
Queen Mary, University of London	1	584
	50	50,118
Other Research Grants	162	39,631
Total	212	89,749

NOTES TO THE ACCOUNTS

11. Creditors: Research and other awards (cont)

The table below shows the total outstanding balances on grant awards. Firstly, grant awards that represent existing commitments and are recognised in the accounts as grant creditors and secondly, those for which the BHF may become liable in the future if certain conditions are met by the grant recipients (not included in the accounts).

	Total £000	2013 £000	Amounts due for payment in the year to 31 March				
			2014 £000	2015 £000	2016 £000	2017 £000	2018 onwards £000
Grant creditors – recognised in the accounts							
Balance at 1 April 2012	287,272	160,404	63,857	31,565	14,571	6,251	10,624
Movement in the year:							
Awards recognised in the SOFA	90,872	–	29,791	29,675	19,286	9,036	3,084
Grant payments	(81,276)	(81,276)	–	–	–	–	–
Timing differences on payments	–	(79,128)	79,128	–	–	–	–
Balance at 31 March 2013	296,868	–	172,776	61,240	33,857	15,287	13,708
Grant commitments (not inc. in the accounts)							
Balance at 1 April 2012	31,682	–	706	1,642	2,861	3,431	23,042
Movement in the year:							
Awards recognised (transferred to creditors)	2,575	–	309	1,400	968	1,260	(1,362)
Balance at 31 March 2013 *	34,257	–	1,015	3,042	3,829	4,691	21,680
Total grant commitments and creditors							
Balance at 31 March 2013	331,125	–	173,791	64,282	37,686	19,978	35,388
Balance at 1 April 2012	318,954	160,404	64,563	33,207	17,432	9,682	33,666

* The BHF has a contingent liability of £34 million (2012: £32 million) for Chairs of Cardiovascular Disease, which is conditional upon the favourable outcome of a scientific progress review which takes place every 5 years. Such contingencies are recognised as liabilities in the accounts only on satisfactory completion of that review.

The write back of underused grants in 2013 was £7 million (2012 £5.5 million).

12. Creditors: Other creditors

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Amount owed to subsidiary undertakings	–	–	2,273	1,630
Sundry creditors	12,319	13,521	12,318	13,521
Accruals	4,701	3,716	4,467	3,529
Deferred income	1,923	1,612	964	681
Taxes and social security	314	335	–	–
Total	19,257	19,184	20,022	19,361
	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Deferred income at 1 April	1,612	1,085	681	718
Released during the year	(1,612)	(1,085)	(681)	(718)
Income received during the year to be deferred	1,923	1,612	964	681
Deferred income at 31 March	1,923	1,612	964	681

NOTES TO THE ACCOUNTS

13. Operating leases

At 31 March 2013 the Group had annual commitments under non-cancellable operating leases, all for land and buildings, as follows:

	2013 £000	2012 £000
For leases expiring:		
Within one year	1,256	959
Between two and five years	8,496	8,352
After five years	14,815	14,481
Total	24,567	23,792

14. Subsidiary undertakings

The British Heart Foundation has four wholly owned non-charitable subsidiary undertakings registered in England and Wales, all of which are consolidated.

They are:

- British Heart Foundation Ventures Limited, retailing Christmas cards, making commission arrangements and sponsorship agreements.
- BHF Shops Limited, retailing new (non-donated) goods in the BHF's shops.
- London to Brighton Bike Ride Limited, owning rights to, and operating, the British Heart Foundation 'London to Brighton Bike Ride'.
- British Heart Foundation Sales Limited – dormant.

The share capital of each subsidiary is as follows – British Heart Foundation Ventures Limited (3 ordinary shares x £1), BHF Shops Ltd (2 ordinary shares x £1), London to Brighton Bike Ride Limited (1 ordinary share x £1) and British Heart Foundation Sales Limited (2 ordinary shares x £1).

The net taxable profits of these undertakings were transferred to the Charity (parent) under Gift Aid.

Retail activities are shown in note 3 and fundraising activities are shown gross in note 2.

	British Heart Foundation Ventures Ltd £000	BHF Shops Ltd £000	London to Brighton Bike Ride Ltd £000	Total 2013 £000	Total 2012 £000
Turnover	558	18,417	1,177	20,152	19,528
Cost of sales	(119)	(10,474)	(103)	(10,696)	(10,280)
Gross profit	439	7,943	1,074	9,456	9,248
Other costs	(18)	(2,255)	(857)	(3,130)	(3,449)
Net profit	421	5,688	217	6,326	5,799
Gift Aid payment	(421)	(5,688)	(217)	(6,326)	(5,600)
Assets	454	6,174	2,369	8,997	8,403
Liabilities	(454)	(6,174)	(1,219)	(7,847)	(7,054)
Net assets	–	–	1,150	1,150	1,349

NOTES TO THE ACCOUNTS

15. Endowment of Chairs of Cardiovascular Medicine

Originally thirteen of the Charity’s Chairs of Cardiovascular Medicine were supported by endowments (the last of which was created in 1987); the remainder are personal chairs, of which there are currently 32.

The income these endowments generated was considered insufficient to fund the salaries of the professor, a secretary and a technician (as was originally intended) and the Charity has offered the universities personal chairs for their professors in exchange for the return of the endowments.

Four of the endowments returned were capable of straightforward transfer back to the Charity and the funds were returned to reserves. For six of the endowments returned, following advice from the Charity Commission, the Charity has recognised the trusts as endowment funds and they are held on the Charity balance sheet as such (the income from them used to part fund the ongoing costs of the Chairs).

Three universities still hold endowments, which they may be invited to return to the Charity.

16. Pensions

Pension schemes – cost to the Foundation

	2013 £000	2012 £000
Defined benefit scheme	339	263
Defined contribution scheme	2,418	2,159
Total	2,757	2,422

The Foundation operates a defined benefit scheme which was closed to new entrants from 30 June 2001.

The assets of the scheme are held in a separate trustee-administered fund. Contributions are made according to funding rates advised by the scheme actuary and are invested on a discretionary basis by Newton Investment Management Limited.

The last valuation of the scheme was carried out as at 1 July 2011. The market value of the scheme’s assets at that date was £29,777,546. The next valuation will be carried out as at 1 July 2014.

The contribution rate for 2013 was 36.9% of pensionable salaries (2012: 32.5%) plus the cost of insurance premiums to provide death in service benefits. The estimated regular contributions by the Charity on behalf of the employees in the scheme in 2013/14 is £0.36 million.

The Board of Trustees has assured members of its continued support for, and desire to retain, the scheme, while not giving any absolute guarantees. In recent years, additional payments of £2,500,000 in April 2006, plus three annual payments each of £630,000 in April 2007, 2008 and 2009 and three annual payments of £986,000 in April 2010 , April 2011 and April 2012 have been made into the scheme. The trustees review the timing and amount of future additional contributions on a periodic basis.

The Foundation also operates defined contribution schemes for certain eligible employees. In 2012-13, it contributed between 5% and 20% of pensionable salaries. From 1 August 2013, all employees will be automatically enrolled into the defined contribution scheme and BHF will contribute between 2% and 20% of pensionable salaries.

FRS 17 ‘Retirement Benefits’

In accordance with the requirements of Financial Reporting Standard 17, the full actuarial valuation dated 1 July 2011 has been updated at 31 March 2013 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The defined benefit pension scheme is closed to new members and therefore under the projected unit method, the current service cost would be expected to increase as the members of the scheme approach retirement.

The major assumptions used for the actuarial valuation were :

	2013 %	2012 %	2011 %	2010 %	2009 %
Salary growth	4.6	4.1	4.6	4.8	3.9
Pension increases in payment – Limited Price Indexation	3.4	3.1	3.4	3.6	2.9
Pension increases in payment – guaranteed	5.0	5.0	5.0	5.0	5.0
Discount rate	4.4	4.6	5.5	5.5	6.7
Inflation	3.6	3.1	3.6	3.8	3.6

Mortality

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	2013	2012
Male	88.1	88.1
Female	90.0	89.9

The average life expectancy in years of a pensioner retiring at age 65 twenty years after the balance sheet date is as follows:

Male	89.5	89.4
Female	91.6	91.5

NOTES TO THE ACCOUNTS

16. Pensions (cont)

Major categories of plan assets as a percentage of total assets and expected rates of return

	Asset categories as a percentage of plan assets		Expected rate of return at the balance sheet date	
	2013 %	2012 %	2013 %	2012 %
Equities	63	60	8.1	7.7
Fixed interest gilts	30	33	2.8	3.1
Corporate bonds	4	5	4.1	4.6
Index-linked gilts	2	–	–	–
Cash/other	1	2	0.5	0.5

Analysis of amount charged to the Statement of Financial Activities under FRS 17

	2013 £000	2013 £000	2012 £000	2012 £000	2011 £000	2011 £000	2010 £000	2010 £000	2009 £000	2009 £000
Current service cost		362		353		446		286		436
Past service cost		–		–		–		244		–
Total operating charge		362		353		446		530		436
Expected return on pension scheme assets	(1,755)		(1,924)		(1,847)		(1,442)		(1,781)	
Interest on pension scheme liabilities	1,732		1,834		1,805		1,539		1,616	
Other finance (income) costs		(23)		(90)		(42)		97		(165)
Total		339		263		404		627		271

Analysis of changes in the present value of defined benefit obligations and fair value of assets

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2013 £000	2012 £000	2013 £000	2012 £000	2013 £000	2012 £000
Scheme liabilities and assets at the start of the year	(37,953)	(33,665)	30,647	28,911	(7,306)	(4,754)
Current service cost	(362)	(353)	–	–	(362)	(353)
Past service cost	–	–	–	–	–	–
Interest cost	(1,732)	(1,834)	–	–	(1,732)	(1,834)
Expected return	–	–	1,755	1,924	1,755	1,924
Employer contributions	–	–	1,365	1,371	1,365	1,371
Members contributions	(59)	(66)	59	66	–	–
Actuarial gain/(loss)	(3,204)	(3,075)	2,439	(585)	(765)	(3,660)
Benefits received/(paid)	1,031	1,040	(1,031)	(1,040)	–	–
Scheme liabilities and assets at the end of the year	(42,279)	(37,953)	35,234	30,647	(7,045)	(7,306)

Analysis of pension scheme assets and liabilities for the previous four financial years

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation (DBO)	(42,279)	(37,953)	(33,665)	(33,089)	(23,289)
Fair value of pension scheme assets	35,234	30,647	28,911	26,450	20,372
Pension deficit/shortfall	(7,045)	(7,306)	(4,754)	(6,639)	(2,917)
Experience adjustments on DBO	–	530	–	–	(12)
Adjustments as a percentage of DBO	0%	0%	0%	0%	0%
Experience adjustments on fair value of pension scheme assets	2,439	(585)	190	4,461	(4,997)
Adjustments as a percentage of pension scheme assets	6%	–2%	1%	17%	–25%

NOTES TO THE ACCOUNTS

17. Related party transactions

The Charity has taken advantage of the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with its wholly owned subsidiaries.

During the year, CCA Galleries Ltd, a company controlled by a trustee, Lance Trevellyan, continued to progress an art-related project as part of the 50th anniversary appeal. The objective is to raise £1 million towards the appeal and the project is in two parts: (i) activity where the BHF will raise funds directly from the sale of original art work and branded merchandise; (ii) the sale of limited edition prints of the artwork, which is being managed by CCA. CCA will not make any publisher's profit, as any surplus will be donated to the BHF's appeal. The BHF has given permission for CCA to use its logo and brand to help with this project.

Any deficit on that part of the project managed directly by CCA will be met by CCA. The trustees are very grateful to CCA and to Mr Trevellyan for their support for the appeal and for the above work and other support they give to the BHF.

The Charity awarded £2.7 million (2012: £0.2 million) for grants where members of Trustees and Council were direct applicants on behalf of their institutions (Professor A. Halestrap from the University of Bristol, M. Marmot from the University College London, J. Scott from the University of Leeds and M. Wilkins from Imperial College London).

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