



British Heart Foundation

Annual Report & Accounts 2000

Report of the Council for the Year Ending 31 March 2000

The Council of the British Heart Foundation submits its statutory Report and Accounts for the year ending 31 March 2000.

The results for the year are presented in the form of a Statement of Financial Activities incorporating the traditional Income and Expenditure Account.

Principal Aims and Activities

The Foundation's Aim is to reduce the incidence of heart disease, the nation's major cause of disability and premature death. Through the generous efforts of volunteers and supporters, the Foundation raises funds by public appeal throughout the United Kingdom. The amount committed to the Foundation's principal objective of supporting research exceeded 80% of the total funds raised in the year. The provision of education material to members of the public and the medical profession and the care and rehabilitation of heart patients accounted for almost 24% of income.

Expenditure on Objectives

Total expenditure on the Foundation's objectives amounted to £71.6m, an increase of 36% over 1998/99. This expenditure comprised:

Research	£40.2m
Care and Rehabilitation	£5.3m
Education	£7.5m
Cardiovascular Initiative	£18.6m

Research

The Foundation's expenditure on research fell short of last year's record level by 7% at £40.2m. However, this excludes £15.1m awarded to Chairholders and other researchers under the Cardiovascular Initiative (see below).

On 1 June 1999 Professor A M Shah was appointed to the British Heart Foundation Chair of Cardiovascular Medicine at Kings College, London and at 31 March 2000 the Foundation supported 28 Chairs of Cardiovascular Science, although three were vacant at that date. A review of the Foundation's policy during the year concluded that the number of Chairs should be increased over the next few years to about 36, with emphasis being placed on new appointments in under-represented parts of the UK subject to ensuring high academic standards and synergy with the particular strengths of the institution concerned.

The arrangements for considering project grant applications were significantly changed during 1999, with the introduction in January of a second parallel peer review committee and the removal in July of application closing dates for each of the six meetings per year. The overall result has been an 11% fall in the number of applications for project grants compared with the last financial year, probably exacerbated by preparations for the Research Assessment Exercise in progress during the year. However, a gentle increase is anticipated during the next year and the quality of applications is rising as deadlines no longer need to be chased. The reviewing process has benefited from more time becoming available to select the most appropriate reviewers.

Five new appointments were made during the BHF Scholarship scheme's third year. This scheme enables BHF Chairholders access to immediate funding to employ outstanding young researchers for up to 15 months, without the delay and uncertainty inherent in the usual peer review process and the risk of their loss to other disciplines.

More information concerning research expenditure is given in the Annual Report of the Medical Division.

Care and Rehabilitation

The Foundation has continued to fund the creation, expansion and improvement of cardiac rehabilitation services by awarding 11 grants to UK hospital trusts. BHF Nurses have settled well into their roles in hospital trusts and the Foundation funds some 45 of these posts. BHF Nurses spend 80% of their time in the community, visiting patients at home immediately after they are discharged from hospital and educating and updating the primary healthcare team in the follow-up care of cardiac patients.

In England and Wales the Foundation has assisted with the formation of 12 more patient support groups bringing the total of affiliated groups to 241.

Demand from trained community first-responders for life-saving defibrillators continues to grow. Some 303 defibrillators have been supplied to such bodies as the police, fire service and voluntary organisations. Awards to GPs continue too, with defibrillators granted to doctors – many of whom are based in rural areas and will be likely to reach a cardiac arrest more quickly than the ambulance service.

The Foundation's role in encouraging the growth of community schemes to train the public in the skills of emergency life support continues its success with the addition of 155 such schemes since last year, bringing the total affiliated to Heartstart UK to 431. This year has seen an increase in the number of schemes established in schools – especially in Scotland. To date there are some 115 school training schemes. The Heartstart UK schemes have been responsible for training over 90,000 people during the year and have over 3,500 instructors training others to deliver these vital life-saving skills.

Education

The first full financial year of the BHF website attracted nearly 140,000 visits, with the number each month growing fast. The site has been expanded and offers simple lifestyle advice on reducing the risk of heart disease as well as a very popular facility to download or order the many Foundation publications on-line. Future development includes a key area for school teachers and children.

Factfile is now sent to 46,000 GPs and medical libraries, which means it is now more widely available and other health professionals can benefit. Scientific workshops and nurse meetings are all well attended.

Schools have benefited from the production of new material. In October, as part of the Cardiovascular Initiative, the Active School primary pack was launched. This is aimed at teachers and contains a wide range of practical ideas that can all be built into the daily routine. It gives guidance on setting up a physical activity policy and development plan and is well resourced with references to other helpful organisations and information. The pack is an integral part of the Sport England Activemark Award scheme and a secondary school version is currently in production.

Artie Beat continues to be popular and this year has seen him adopted by the Swedish Heart and Lung Foundation; other countries are also interested. The Artie Beat cookbook has now been produced, which includes useful information on the importance of eating a balanced diet. The club itself continues to grow with over 11,000 members.

The rewritten and restyled Heart Information Series booklets were launched in July. Many other publications have been revised and redesigned and some of these materials are being produced in Welsh. The 1999 edition of Coronary Heart Disease Statistics was produced during the year and a European version was launched in February as part of the European Heart Networks' 'Winning Hearts' conference.

This year has also seen the updating of several BHF videos. 'Heart Surgery – A Patient's Guide' has now replaced both 'Coronary Artery Bypass Surgery' and 'Intensive Care', and a new video on Angina has been produced. Once again there were awards from the British Medical Association – a silver for 'Heart Surgery', a bronze for 'Fighting Heart Disease – The Story So Far' and a certificate of Educational Merit for 'Advanced Life Support'.

Medical Information

The medical information resource has been developed and now comprises three part-time Cardiac Nurse Advisers and two part-time Heart Information Officers based at Head Office. The department's main objective is to provide confidential, accurate and up-to-date information for the public, health professionals and the media on a wide range of issues relating to cardiac disease. Telephone and written enquiries have gradually increased over the year and developments in the management of heart disease demand that the 200 information sheets on different conditions and their treatment are constantly updated. The department will be expanded to meet this increasing demand for information. Regular evaluation of this service confirms that it is gratefully received by callers, a proportion of whom offer donations to the Foundation.

Cardiovascular Initiative

As a result of a successful investment policy and buoyant stock markets, significant capital gains have been achieved in the Foundation's investment portfolio over the past few years. During 1999 the Council resolved to capitalise on the great opportunity presented by this success and to utilise at least £40m of those gains under a programme known as the 'Cardiovascular Initiative' (CVI). A total of £39.5m was transferred to a designated CVI Fund as a result of proposals agreed in the year.

On the Research side, the intention was to make one-time awards to provide improved working conditions and resources to enable BHF Chairholders (often in collaboration with others) to increase the international competitiveness of BHF-funded research. A total of 11 such proposals were agreed at a projected cost of £30.3m; approximately half of the sum was awarded in the year and the value of the remaining projects remains in the CVI Fund for award as the various plans are finalised.

A further £9.2m has been agreed in principle for six projects (and associated publicity campaigns) in the fields of Education and Care. Here the intention was to fill some of the gaps in such provision that had been identified by an internal review, such as the Active School packs mentioned above. £3.5m was awarded in the year with the balance being held in the CVI Fund.

Operating Costs

Expenditure on fundraising, publicity and administration rose by 23% to £13.0m representing, in total, 19% of income.

Income

The Foundation's Income for the year increased by 19% to £69.0m. Legacy income rose by 21% to a record £31.9m and general fundraising raised £19.2m, an increase of 13%. The British Heart Foundation branches had another excellent year, with local event income across all regions yet again reaching record levels. The activities of dedicated volunteers also maintained awareness of the Foundation's work in thousands of local communities.

The London to Brighton Bike Ride remains the Foundation's largest single fundraising event, showing a record income of £2m. However, it is the combination of other fundraising activities which go to make up the main body of the Foundation's fundraising efforts. It should not be forgotten that almost all the Foundation's income originates from the public's awareness of the Foundation's aims and work publicised not only by advertising and PR campaigns, but also through fundraising branches, local and national events, BHF shops and extensive direct mail campaigns. British Heart Week in June each year provides a particular focus for such initiatives.

The continuous support of many corporate partners is still in evidence. During its 10th anniversary year, the Halifax Visa Charity Card doubled its donation to BHF, raising over £370,000, while staff from Wm. Morrison

Supermarkets voted to make the Foundation the charity of their own centenary year and raised £300,000 – half from a national raffle. One of the first Charity of the Year campaigns with a financial company was with Barclays Life, where their staff raised over £55,000. An exciting three-year partnership with Cereal Partners generated £200,000 in its first year through the Shredded Wheat Healthy Heart Campaign that appeared on over 10 million packs and was supported by national advertising. Another three-year cause-related marketing partnership was achieved with Birmingham Midshires based on staff fundraising and product promotions with a pledge to raise a total of £750,000. Old 'friends' Friends Provident continued their long-term and valued support of BHF's research work, choosing a two-year project researching the delivery of oxygen to the heart muscle and its use during heart surgery at a cost of £50,000. Other corporate supporters included Marks & Spencer, BPB, the Cadbury Schweppes Foundation, Waitrose and Tefal. The Foundation continues to receive generous support from many Trusts with relationships going back over a number of years and it is also pleasing to report that income from Payroll Giving is showing a significant increase.

Volunteers and donors alike have been extremely supportive in all areas of income generation this year.

Shops

Trading in BHF Charity shops continued to prove difficult in 1999/2000, and, on a like-for-like basis, sales were approximately level with last year. Total sales for the year reached £38.8m, an increase of 9% on the previous year, which resulted in a contribution to the Foundation of £7.5m. The relatively poor trading has been partly due to the continuing difficulties of the retail trade in general (and the clothing sector in particular) and was exacerbated by the continuing decline in prices obtained for recycled textiles. BHF Shops continue, however, to trade very well compared with other charity shops and continuing progress in the coming financial year is confidently expected.

Summary Financial Results for the Year

As can be seen from the above figures, expenditure exceeded income by £15.6m, after taking account of £18.6m CVI expenditure in the year. This compares with a deficit of £5.2m in 1998/99. The Council agreed in 1997, confirming the decision in 1999, that high quality research projects could be funded out of the Foundation's Reserves and Designated funds and also in 1999 authorised the current programme of one-time awards under the CVI.

Foundation Balance Sheet

Investments

The Foundation's Investment portfolio is committed to meet its liabilities for grants already awarded to researchers (£116.9m at 31 March 2000) and to provide resources to fund the 28 Chairs of Cardiology (£84.5m) which form the key element in the Foundation's heart research strategy. Additionally this year, a further £20.9m is set aside to provide for the balance of the awards to be made under the CVI.

During the year the Foundation's portfolio increased in value by £18.5m, including £5.9m of new money. The recent extended period of buoyancy in the world's stock markets has allowed and encouraged the establishment within the portfolio of a secure fund of regularly maturing fixed interest stocks. This will ensure that resources are available when required to meet the deficits planned for the next few years and the CVI awards as they become payable, irrespective of future performance in the equity markets.

The Foundation's policy on investments and the tobacco industry has continued unchanged for over a decade. The Foundation does not, and would not knowingly, hold in its investment portfolio shares in the tobacco industry. No shares are acquired in an investment or unit trust that has an identifiable holding in tobacco shares. If, subsequent to the Foundation making an investment, the Foundation discovers that an investment or unit trust has acquired tobacco stock, then the holding in that trust will be sold as soon as practicable.

Summary of Funds and Reserves

Net gains on the Foundation's Investment portfolio came to £12.6m for the year under review, of which £7.6m arose on assets within the General Fund. This fund (which is the Foundation's operating reserve) declined by £25.7m during the year, in accordance with the Council's objective. At 31 March 2000 it stood at £10.2m, representing significantly less than a year's operating costs.

Year 2000 Compliance

The Council is pleased to report that preparation of the Foundation's IT systems for the Year 2000 proved entirely successful. Costs incurred were not material.

Directors

For the purposes of the Companies Act 1985 the directors of the Foundation are the members of the Council. A full list of members of the Council and other Foundation Committees is shown in the Annual Review.

The Chairman and Vice Chairman of the Council are elected for a term of five years. Members are elected for a term of three years. A number of Council members are nominated by various medical colleges and societies. The members in office at 31 March 2000 are listed on page 20 of this report, and served throughout the year, except where shown.

No Council members received any remuneration for services as members of the Council, but a total of £980 was reimbursed to seven members for travelling expenses to and from Council meetings. A total of £2,827 was paid to five Council members for the reimbursement of expenses incurred in travelling to and from other meetings.

The Foundation sometimes receives applications for grants from, and makes awards to, universities and hospitals which employ Council members in senior research capacities.

Employees


The Foundation aims to maintain high standards in its employment practices to ensure the fair and efficient use of its most valuable asset, its employees. All employees and potential employees (whether full-time or part-time) are treated fairly, regardless of gender, sexual orientation, race, ethnic origin, disability, religious beliefs or age. The sole criterion for selection or promotion is the suitability of an applicant for the job. Training is provided and available to all staff who are encouraged to develop the contribution which they can make to the Foundation's work.

Staff are kept well informed of the objectives and activities of the Foundation through regular meetings and personal briefings. These are supplemented by the Foundation's newsletters, leaflets and publications.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be reappointed as auditors of the Foundation will be put to the Annual General Meeting.

By Order of the Council



John M Edwards
Secretary
25 July 2000

Council's Responsibilities Statement

Charity and company law requires the Council, as trustees and directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and the Group and of the Group income and expenditure for that period. In preparing the attached statements the Council considers the Foundation has:

- used suitable accounting policies and then applied them consistently;

- made judgements and estimates that are reasonable and prudent;

- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- has prepared the financial statements on the going concern basis.

The Council has responsibility for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and enable it to ensure that the financial statements comply with the Companies Act 1985. It also has responsibility for safeguarding the assets of the Foundation and for taking reasonable steps to prevent and detect fraud and other irregularities.

Report of the Auditors to Members of the British Heart Foundation

We have audited the financial statements on pages 8 to 19 which have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out on pages 11 and 12.

Respective Responsibilities of Directors and Auditors

As described above, the Foundation's directors are responsible for the preparation of financial statements, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Foundation and the Group as at 31 March 2000 and of the result and cashflows of the Foundation and the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn

20 Old Bailey, London, EC4M 7BH
Chartered Accountants and Registered Auditors
25 July 2000

Group Statement of Financial Activities for the Year Ended 31 March 2000 (Incorporating a Group Income and Expenditure Account)

	Note	General Fund £000	Designated Funds £000	Restricted Funds £000	2000 Total Funds £000	1999 Total Funds £000
Incoming Resources						
Legacies		31,571	–	319	31,890	26,402
Fundraising	2	18,630	–	609	19,239	16,971
Investment income	3	10,206	–	–	10,206	7,364
Profit on sale of freehold property		95	–	–	95	–
Retail activities – gross income	4	39,305	–	–	39,305	37,127
Total Incoming Resources		99,807	–	928	100,735	87,864
Cost of retail activities	4&5	(31,732)	–	–	(31,732)	(29,799)
Incoming Resources Available		68,075	–	928	69,003	58,065
Outgoing Resources						
Direct charitable expenditure:						
Research and fellowship awards	5	34,127	–	219	34,346	38,239
Chairs of cardiovascular medicine	5	5,739	–	128	5,867	4,931
Cardiac equipment and support	5	4,680	–	564	5,244	3,748
Education	5	7,486	–	17	7,503	5,836
		52,032	–	928	52,960	52,754
Cardiovascular Initiative:						
Research Awards	5	–	15,064	–	15,064	–
Education & Care Awards	5	–	3,550	–	3,550	–
Total direct charitable expenditure		52,032	18,614	928	71,574	52,754
Other expenditure:						
Fundraising	5	9,779	–	–	9,779	8,069
Publicity	5	2,569	–	–	2,569	1,942
Management and administration	5	662	–	–	662	527
		13,010	–	–	13,010	10,538
Total Outgoing Resources		65,042	18,614	928	84,584	63,292
Net Incoming (Outgoing) Resources before Transfers						
		3,033	(18,614)	–	(15,581)	(5,227)
Net investment gains	6	7,568	5,027	–	12,595	3,864
Transfers between funds:						
Creation of Cardiovascular Initiative fund	6	(39,503)	39,503	–	–	–
Chairs Maintenance fund	6	3,000	(3,000)	–	–	–
Fixed Asset fund	6	203	(203)	–	–	–
Net movement in funds		(25,699)	22,713	–	(2,986)	(1,363)
Balance of funds at 1 April 1999	6	35,881	101,022	74	136,977	138,340
Balance of funds at 31 March 2000	6	10,182	123,735	74	133,991	136,977

All restricted funds received and expended relate to income funds. The restricted funds brought and carried forward relate to a permanent endowment – the G M Yule Bequest fund.

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

All of the above results, with the exception of the expenditure on the Cardiovascular Initiative Awards, derive from continuing activities.

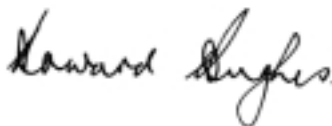
Group Balance Sheet at 31 March 2000

	Note	2000 £000	1999 £000
Fixed assets	7	18,376	18,579
Investments	8	224,466	205,927
		242,842	224,506
Current assets			
Stock of goods for resale		427	936
Debtors	9	5,546	3,662
Short-term deposits		1,486	–
Cash on deposit, at bank and in hand		4,049	4,708
		11,508	9,306
Creditors: amounts falling due within one year			
Research and other awards	10	44,630	29,787
Other creditors	11	3,453	4,473
		48,083	34,260
Net current liabilities		(36,575)	(24,954)
Total assets less current liabilities		206,267	199,552
Creditors: amounts falling due after more than one year			
Research and other awards	10	(72,276)	(62,575)
		133,991	136,977
Represented by:			
General fund	6	10,182	35,881
Designated funds			
Chairs Maintenance fund	6	84,470	82,443
Fixed Asset fund	6	18,376	18,579
Cardiovascular Initiative fund	6	20,889	–
		123,735	101,022
Endowment funds			
G M Yule Bequest fund	6	74	74
		133,991	136,977

Approved by the Council on 25 July 2000



Professor Sir Keith Peters, Chairman
Member of the Council



Howard Hughes, Honorary Treasurer
Member of the Council

Group Cashflow Statement for the Year Ended 31 March 2000

	£000	2000 £000	£000	1999 £000
Net incoming(outgoing) resources		(15,581)		(5,227)
Adjustment of net incoming(outgoing) resources to net cash inflow from operating activities (see note A below)		24,470		9,734
Net cash inflow from operating activities		8,889		4,507
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(2,636)		(2,832)	
Receipts from sales of tangible fixed assets	518		177	
Purchase of investments	(57,744)		(41,245)	
Receipts from sales of investments	51,800		39,289	
		(8,062)		(4,611)
Management of liquid resources				
Increase in short-term deposits		(1,486)		–
Decrease in cash (see note B below)		(659)		(104)

Notes to the group cash flow statement

Note A	2000 £000	1999 £000
Adjustment of net incoming(outgoing) resources to net cash inflow from operating activities		
Depreciation	2,467	2,247
Profit on sale of tangible fixed assets	(146)	(72)
Decrease in stocks	509	758
Increase in debtors	(1,884)	(1,163)
(Decrease)increase in creditors	(1,020)	479
Awards made during the year	69,126	50,869
Awards paid	(44,582)	(43,384)
	24,470	9,734

Note B		
Changes in net funds during the year		
Net funds being cash at 1 April 1999	4,708	4,812
Decrease in cash	(659)	(104)
Net funds being cash at 31 March 2000	4,049	4,708

Notes to the Accounts

1 Accounting Policies

The financial statements comply with applicable accounting standards, except that, as disclosed in note 13, a payment in respect of a deficiency in the defined benefits pension scheme has not been spread over a period representing the expected remaining service lives of the current employees in the scheme. They also comply with the Statement of Recommended Practice on Accounting by Charities.

The following are the more important accounting policies adopted by the Foundation.

a. Basis of Accounting

The financial statements, which consolidate the financial statements of the Foundation and all its subsidiary undertakings, 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 Foundation as permitted by Section 230 of the Companies Act 1985.

b. Income and Expenditure

Income and expenditure is accounted for on an accruals basis. For income this is when the Foundation receives entitlement to the income, when there is certainty of receipt, and when the amount is capable of measurement. For legacy income, entitlement is the earlier of estate accounts being finalised and cash received. Legacies, where the Foundation's receipt of income is subject to a life tenancy, have not been included in the accounts.

The Statement of Recommended Practice on Accounting by Charities, requires that costs are allocated where appropriate to direct charitable expenditure and to other expenditure. The Foundation's Head Office overheads have been allocated to Direct Charitable expenditure, Fundraising, Publicity and Retail expenses on the basis of their use of central services, with the aim of ensuring that those costs remaining within Management and administration relate to the management of the Foundation's assets, organisational administration and compliance with constitutional and statutory requirements.

c. Fund Accounting

General fund comprises accumulated surpluses and deficits after transfers to or from designated funds. Designated funds are amounts which have been put aside at the discretion of the Council. Restricted funds are subject to restrictions imposed by the donors.

d. Awards

The total sum awarded is shown in the Statement of Financial Activities, notwithstanding that a proportion will be disbursed in subsequent accounting periods.

e. Fixed Assets

These are stated at cost. Depreciation is provided by the straight line method calculated to write off assets over their estimated useful lives at the following rates:

Freehold property	over 50 years on cost of buildings.
Leasehold property	over the life of the lease.
Shop fittings	over seven years.
Vehicles	over three to four years.
Furniture and equipment	over three to four years.

Depreciation has not been charged on land.

1 Accounting Policies continued

f. Investments

Listed investments are shown at market value; unlisted investments are shown at the lower of cost or market value. Movements in value arising from investment changes or revaluation have been taken to the general reserve, for general investments, and to the relevant fund in the case of other investments.

Profits on disposal of investments have been transferred to the general reserve or the relevant fund.

It is the Foundation's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising relating to previous years. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the value of the investment portfolio throughout the year.

g. Stock

Stocks are valued at the lower of cost or net realisable value.

2 Fundraising

	General Fund £000	Restricted Funds £000	2000 Total Funds £000	1999 Total Funds £000
Donations	7,812	43	7,855	6,776
Regional fundraising	6,682	549	7,231	6,752
National events	4,136	–	4,136	3,443
National Lottery grant	–	17	17	–
	18,630	609	19,239	16,971

3 Investment Income

	2000 £000	1999 £000
Listed investments	8,963	6,164
Bank interest	1,230	1,175
Unlisted investments	8	21
G M Yule Bequest fund	5	4
	10,206	7,364

4 Income from Retail Activities

The results of the Foundation's retail activities 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 below.

	Charity shops donated goods £000	BHF Shops Ltd £000	British Heart Foundation Ventures Ltd Retail activities £000	2000 Total £000	1999 Total £000
Sales	37,640	1,132	533	39,305	37,127
Expenses	(30,628)	(685)	(419)	(31,732)	(29,799)
Incoming resources available	7,012	447	114	7,573	7,328

5 Gross Expenditure

	Awards £000	Staff costs £000	Other costs £000	Depreciation £000	Total 2000 £000	Total 1999 £000
Direct charitable expenditure						
Research and fellowship awards	33,779	413	117	37	34,346	38,239
Chairs of cardiovascular medicine	5,867	–	–	–	5,867	4,931
Cardiac equipment and support	4,151	725	221	147	5,244	3,748
Education	6,715	567	168	53	7,503	5,836
Cardiovascular Initiative						
– Research	15,064	–	–	–	15,064	–
– Education & Care	3,550	–	–	–	3,550	–
Other expenditure						
Fundraising	–	4,868	4,604	307	9,779	8,069
Publicity	–	717	1,801	51	2,569	1,942
Management and administration	–	368	257	37	662	527
Retail expenses	–	9,774	20,123	1,835	31,732	29,799
	69,126	17,432	27,291	2,467	116,316	93,091

	2000 £000	1999 £000
Staff costs		
Salaries	13,799	12,254
Social security	1,057	974
Other pension costs (see note 13)	2,221	838
Other staff costs	355	348
	17,432	14,414

The average number of staff, including part-time staff, employed in the year, was:

	2000	1999
Head Office	139	129
Regions	95	88
Shops	1,046	955
	1,280	1,172

The following number of staff have emoluments above £40,000:

Between £40,001-£50,000	14	11
Between £50,001-£60,000	–	1
Between £60,001-£70,000	2	3
Between £70,001-£80,000	2	2
Between £80,001-£90,000	1	–
Between £90,001-£100,000	–	2
Between £100,001-£110,000	2	–
Between £110,001-£120,000	1	1

The Remuneration Committee determines the salaries and benefits of senior executives.

Cost of audit and other financial services included in Management and administration:

	2000 £000	1999 £000
Audit fee	26	26
Taxation and general advice	7	2

6 Statement of Funds

	Balance 1 April 1999 £000	Incoming resources available £000	Outgoing resources £000	Net investment gains £000	Transfers £000	Balance 31 March 2000 £000
General fund:	35,881	68,075	(65,042)	7,568	(36,300)	10,182
Designated funds:						
Chairs Maintenance fund	82,443	–	–	5,027	(3,000)	84,470
Fixed asset fund	18,579	–	–	–	(203)	18,376
Cardiovascular Initiative fund	–	–	(18,614)	–	39,503	20,889
	101,022	–	(18,614)	5,027	36,300	123,735
Restricted funds:						
Research restricted legacies	–	219	(219)	–	–	–
Chairs of cardiovascular medicine	–	128	(128)	–	–	–
Cardiac equipment and support donations	–	564	(564)	–	–	–
National Lottery grant	–	17	(17)	–	–	–
	–	928	(928)	–	–	–
Endowment fund:						
G M Yule Bequest fund	74	–	–	–	–	74
Total funds	136,977	69,003	(84,584)	12,595	–	133,991

The Chairs Maintenance fund represents the financing of 28 chairs of cardiovascular medicine at universities and teaching hospitals, which are awarded for a varying number of years. Independent actuaries assessed the Foundation's commitments at 31 March 1999 to be £85,200,000.

The Fixed asset fund represents the net book value of assets used by the Foundation.

The Cardiovascular Initiative fund represents the funding of projects in the Cardiovascular Initiative.

Research restricted legacies are those where the terms of the bequest specifically require the money to be used for research.

Two chairs of cardiovascular medicine were supported by restricted income this year.

Cardiac equipment and support donations are funds restricted by the donor to specific projects.

The National Lottery grant funds a project looking into the health of Asian families.

The G M Yule Bequest fund. Income from this bequest is available for the general activities of the Foundation.

Analysis of net assets between funds	General £000	Designated £000	Endowment £000	Total £000
Fixed assets	–	18,376	–	18,376
Investments	119,033	105,359	74	224,466
Current assets	11,508	–	–	11,508
Current liabilities	(48,083)	–	–	(48,083)
Long-term liabilities	(72,276)	–	–	(72,276)
	10,182	123,735	74	133,991

7 Fixed Assets

Group and Charity Cost	Freehold land and buildings £000	Leasehold property £000	Shop fittings £000	Vehicles £000	Furniture and equipment £000	Total £000
At 1 April 1999	9,389	6,903	7,580	1,373	3,001	28,246
Additions	–	733	635	470	798	2,636
Disposals	(241)	(24)	(94)	(382)	(232)	(973)
At 31 March 2000	9,148	7,612	8,121	1,461	3,567	29,909
Depreciation						
At 1 April 1999	1,010	2,284	3,942	534	1,897	9,667
Charge for year	118	498	837	421	593	2,467
Disposals	(29)	(6)	(74)	(274)	(218)	(601)
At 31 March 2000	1,099	2,776	4,705	681	2,272	11,533
Net book values						
At 31 March 2000	8,049	4,836	3,416	780	1,295	18,376
At 31 March 1999	8,379	4,619	3,638	839	1,104	18,579

8 Investments

Group and Charity Market value	2000 £000	1999 £000
At 1 April 1999	205,927	200,107
Purchase of investments	57,744	41,245
Receipts from sale of investments	(51,800)	(39,289)
Net investment gains – realised and unrealised	211,871	202,063
At 31 March 2000	224,466	205,927
Represented by		
Listed investments : UK	163,339	149,355
: Overseas	43,745	41,875
Unlisted investments	37	101
Short-term deposits	17,345	14,596
	224,466	205,927
Historical cost at 31 March 2000	165,837	148,931
Unrealised gains at 31 March 2000	58,629	56,996
Realised gains on historical cost	10,962	10,288

9 Debtors

	2000 £000	Group 1999 £000	2000 £000	Charity 1999 £000
Amount owed by subsidiary undertakings	–	–	557	772
Other debtors	2,498	1,321	2,387	1,497
Prepayments	2,847	2,236	2,567	1,872
Income tax recoverable	201	105	201	105
	5,546	3,662	5,712	4,246

10 Research and other Awards

	2000 £000	1999 £000
Outstanding liabilities at 1 April 1999	92,362	84,877
Awarded during the year:		
Research and fellowships	33,779	37,814
Chairs of cardiovascular medicine	5,867	4,931
Cardiac equipment and support	4,151	2,895
Education	6,715	5,229
Cardiovascular Initiative – Research	15,064	–
Cardiovascular Initiative – Education & Care	3,550	–
	161,488	135,746
Paid during the year	44,582	43,384
Outstanding liabilities at 31 March 2000	116,906	92,362
Awards falling due within one year	44,630	29,787
Awards falling due after more than one year	72,276	62,575
	116,906	92,362

Liabilities for research and other awards represent the unpaid balances on grants awarded as at the Balance Sheet date. They relate to current and ongoing research being funded by the Foundation and to which the Foundation is firmly committed.

During the year ended 31 March 2000 the Foundation awarded grants of £2,492,169 (1999: £1,286,301) for projects to which members of the Council are connected. These members of the Council did not participate in the decisions to award the respective grants.

A list of research awards made during the year by the medical committees is obtainable from The Medical Director, British Heart Foundation, 14 Fitzhardinge Street, London, W1H 6DH.

11 Other Creditors

	2000 £000	Group 1999 £000	2000 £000	Charity 1999 £000
Accruals	2,764	3,702	2,619	3,523
Deferred income	441	567	113	169
Deposit covenants	10	21	10	21
Taxes and social security	238	183	151	138
	3,453	4,473	2,893	3,851

12 Lease Commitments

At 31 March 2000 the Foundation had annual commitments, all for land and buildings, as follows:

	2000 £000	1999 £000
For leases expiring:		
Within one year	115	89
Between two and five years	896	573
Over five years	7,756	7,432
	<hr/> 8,767	<hr/> 8,094

13 Pensions

	2000 £000	1999 £000
Pension scheme contributions		
Defined benefits scheme	1,931	661
Defined contributions schemes	290	177
	<hr/> 2,221	<hr/> 838

The Foundation operates a defined benefit scheme and the pension costs until the current year were charged to the Statement of Financial Activities so as to spread the costs of the pensions over the service lives of the employees in accordance with Statement of Accounting Principles No 24 – Accounting for Pensions (“SSAP 24”).

The assets of the scheme are held in a separate trustee-administered fund, independent of the Foundation's finances. Contributions are made according to funding rates advised by the scheme actuary, and until April 2000 were invested through a managed fund operated by Pension Management (SF) Ltd, a wholly owned subsidiary of Scottish Widows Fund and Life Assurance Society. From April 2000 the investments are managed by Newton Investment Management Limited.

The last valuation of the scheme was carried out as at 30 June 1999 using the ‘projected unit’ method of valuation. The valuation was brought forward by one year on the recommendation of the scheme actuary as a result of changes in financial conditions and the likely subsequent effect on the funding of the scheme. The market value of the scheme's assets at that date was £8,642,646, which represented 86% of the liabilities of the fund after allowing for expected future increases in earnings and pensions. The Council of the Foundation, having taken advice, chose to make a special payment of £1.2m to fund the deficit and keep the annual payments at a constant rate. SSAP 24 requires the special payment also to be spread over the service lives of the employees, although Financial Reporting Exposure Draft No 20 – Retirement Benefits recommends that the deficit should be recognised immediately. The Council has chosen to charge the whole of the special payment of £1.2m to the Statement of Financial Activities in the year ended 31 March 2000, contrary to SSAP 24 (which remains in force).

The principal actuarial assumptions used in the valuation were: a return on investments pre-retirement of 1.5% per annum greater than salary increases, a return on investments after retirement of 5% per annum and pension increases of 5% per annum in respect of pensionable service up to 30 June 2000 and thereafter at 3% per annum. The next valuation will be carried out as at 30 June 2002.

In addition the Foundation operates defined contributions schemes for certain employees.

14 Subsidiary Undertakings

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

- British Heart Foundation Ventures Limited, changed its name from British Heart Foundation Trading Limited, and took over the business of British Heart Foundation Sales Limited on 7 April 1999. Its business consists of retailing Christmas cards, Heart Week roses, branded goods through the Foundation's network of voluntary branches, commission arrangements and sponsorship agreements.
- BHF Shops Limited, retailing non-donated goods in the Foundation's charity 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 net profits of these undertakings were covenanted to the Foundation.

Retail activities are shown in note 4 and fundraising activities are shown in notes 2 and 5.

	British Heart Foundation Ventures Ltd £000	BHF Shops Ltd £000	London to Brighton Bike Ride Ltd £000	Total 2000 £000	Total 1999 £000
Turnover	1,306	1,262	589	3,157	3,856
Cost of sales	(1,090)	(685)	(55)	(1,830)	(2,863)
Gross profit	216	577	534	1,327	993
Other costs	(133)	(132)	(514)	(779)	(257)
Net profit	83	445	20	548	736
Covenant	(83)	(445)	(20)	(548)	(736)

15 Al Maktoum Senior Lectureship Fund

	2000 £000	1999 £000
Capital at 1 April 1999	443	404
Change in market value during year	(33)	39
	410	443
Unexpended income at 1 April 1999	14	25
Income for year	28	28
Paid in year	(27)	(39)
Fund at 31 March 2000	425	457

The fund produced income of £28,000 to support a senior lecturer at the Institute of Child Health, London.

The fund is represented by listed investments (£410,000) and cash (£15,000).

This fund is held by the Foundation as custodian trustee, and is therefore not shown in the balance sheets.

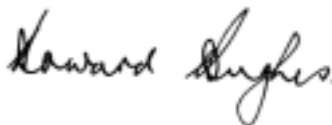
Charity Balance Sheet at 31 March 2000

	Note	2000 £000	1999 £000
Investments	7	18,376	18,579
	8	224,466	205,927
		242,842	224,506
Current assets			
Debtors	9	5,712	4,246
Short-term deposits		1,486	–
Cash on deposit, at bank and in hand		3,750	4,438
		10,948	8,684
Creditors: amounts falling due within one year			
Research and other awards	10	44,630	29,787
Other creditors	11	2,893	3,851
		47,523	33,638
Net current liabilities		(36,575)	(24,954)
Total assets less current liabilities		206,267	199,552
Creditors: amounts falling due after more than one year			
Research and other awards	10	(72,276)	(62,575)
		133,991	136,977
Represented by:			
General fund	6	10,182	35,881
Designated funds			
Chairs Maintenance fund	6	84,470	82,443
Fixed Asset fund	6	18,376	18,579
Cardiovascular Initiative fund	6	20,889	–
		123,735	101,022
Endowment funds			
G M Yule Bequest fund	6	74	74
		133,991	136,977

Approved by the Council on 25 July 2000



Professor Sir Keith Peters, Chairman
Member of the Council



Howard Hughes, Honorary Treasurer
Member of the Council

The Council

Professor Sir D Keith Peters
Chairman

Susan J Bell

Sir Timothy H Bevan

Dr Nicholas A Boon

Robin D Broadley

John R Brookes

Gordon A Campbell
(appointed 27 July 1999)

Professor John H Coote

Roger D Corley CBE

Professor C John Dickinson
Vice Chairman

Professor Godfrey H Fowler OBE

Professor Keith A A Fox

Dr Anthony J Handley

Howard Hughes

Dr Kevin P Jennings

Dr Barry R Keeton
(appointed 24 November 1999)

Professor Alan M McGregor

Keith M H Millar

Alistair C Mitchell-Innes

Sir Harry R Moore CBE

Professor Neil B Pride

Lady Staughton

Mark V St Giles

Professor John D Swales

Dr R Howard Swanton

Professor Kenneth M Taylor
(appointed 24 November 1999)

Professor Tom Treasure

The following members retired during the year:

Professor Frances M Heidensohn
(20 June 1999)

Dr Michael M Webb-Peploe OBE
(24 November 1999)

Senior Executives

Director General

Major General Leslie F H Busk CB

Secretary and Finance Director

Michael G Livingstone
(retired 31 December 1999)

John M Edwards
(appointed 1 January 2000)

Medical Director

Professor Brian L Pentecost OBE
(retired 30 June 1999)

Professor Sir Charles George
(appointed 1 July 1999)

Director of Fundraising

Miranda Ford

Shops Chief Executive

Colin W Sandford

Director of Communications

Maxine M Smith
(until 31 December 1999)

Betty McBride
(appointed 6 March 2000)

Bankers

Barclays Bank plc

Investment Advisers

Panmure Gordon Investments Limited

Investment Custodians

The Bankers Trust Company

