



British Heart
Foundation

Beat heartbreak forever.

Annual Report
and Accounts 2018

[bhf.org.uk](https://www.bhf.org.uk)

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One in four

**Heart and circulatory diseases
cause 1 in 4 deaths in the UK.
It doesn't have to be this way.**

For over 50 years we've been pushing boundaries to get this number down.

Because it's not just a number. It represents untold heartbreak for mums, dads, children and friends across the UK every day.

We fund cutting-edge research to prevent, treat and cure all heart and circulatory diseases, including heart attacks, strokes and vascular dementia, and risk factors like high blood pressure and diabetes. But there's more work to do.

Our vision is a world without heart and circulatory diseases – a world without the heartbreak they leave behind.

Keeping more families and friends together. Nothing matters more.



It's connected.

**All your organs are connected
by your circulatory system –
a 60,000-mile network
of blood vessels with your
heart at its centre.**

Professor Sir Nilesh Samani
BHF Medical Director

It delivers blood to keep your organs working. So when things go wrong with the circulatory system, things may go wrong in your organs.

We're always looking at the big picture. When we have a breakthrough in one area, we look at how it helps us find causes, prevention, treatment and cures in other areas.

We're a fundraising charity on a mission to save lives from all heart and circulatory diseases, including heart attacks, stroke and vascular dementia, and to stop conditions like diabetes and high blood pressure from causing them.



Our challenge

Heart and circulatory diseases affect us all. Every minute, these conditions devastate more families and friends. Every minute, we strive to get closer to cures and better treatments.

12



Every day, 12 babies are diagnosed with a heart defect in the UK



150,000

Each year in the UK, over 150,000 people die from heart and circulatory diseases



7,000,000

Around 7 million people are living with heart and circulatory diseases in the UK today – that's more than double the number of people living with cancer and dementia combined

3



Every 3 minutes, someone in the UK dies from heart and circulatory disease



200,000

Every year in the UK, nearly 200,000 people go to hospital due to a heart attack

6.5



Around 6.5 million people are living with undiagnosed high blood pressure in the UK



1 in 10

Less than 1 in 10 people survive an out-of-hospital cardiac arrest in the UK



620,000

Around 620,000 people in the UK have a faulty gene that can cause an inherited heart-related condition

200



Around 200 people have a heart transplant each year in the UK

Our work

We're committed to beating heartbreak from all heart and circulatory diseases and their risk factors.

We awarded £108.4m of research grants in 2017-18 and are supporting around £440m of active research projects across the UK to better prevent, treat and cure all of these conditions. None of this life saving work would be possible without your support.

Research investment in 2017-18 for just some of the conditions we're tackling:



Total grants awarded for all life saving research in 2017-18:

£108.4m

Where our money came from in 2017-18

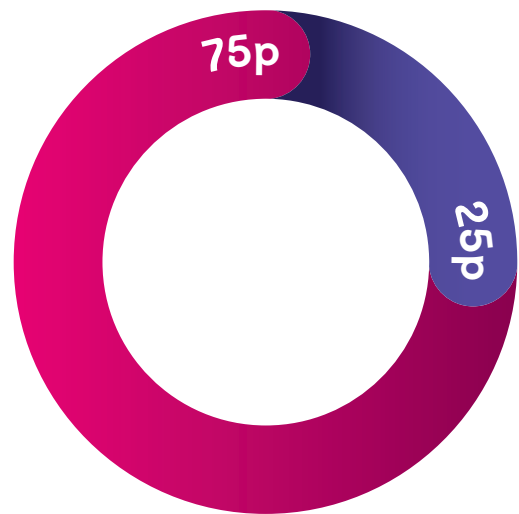


How your money was spent in 2017-18

Investment in growing our income was £42.1m meaning 75% of it was available to beat heart and circulatory diseases. This is well within our target range of ensuring that at least 70p in the £1 is available to spend on our life saving work.

Of every £1 raised:

- Available for charitable purposes
- Invested to generate further income



How we delivered our mission in 2017-18



*£108.4m of research grant awards, less accounting adjustments. See page 54 for more information.

Highlights of the year

This year the British Heart Foundation took big steps in saving lives and raising awareness of heart diseases, stroke, vascular dementia and all their risk factors, including diabetes. It's always a challenge to choose the moments that stand out amongst the breakthroughs and successes on both a global and personal scale, but here is a selection of our highlights.

April 2017

Understanding the dangers of air pollution

A landmark BHF-funded research project showed the impact air pollution has on heart health.

May 2017

Warnings on cigarette packaging

After years of campaigning, cigarettes must now be sold in green packaging with graphic health warning messages.

June 2017

London to Brighton bike ride

This year, over 14,000 cyclists signed up for the London to Brighton bike ride and together raised £2.8m for life saving BHF research.

Opt-out organ donation

The Scottish Government announced it will bring forward an opt-out organ donation scheme.

July 2017

Last Words

The 'Last Words' campaign shares the stories of those who have lost loved ones to heart and circulatory diseases.

August 2017

BHF's funniest fundraisers

We released a list of our quirkiest fundraisers, including 30 friends who climbed Mount Snowdon in wedding dresses to raise £6,000.

September 2017

Rankin joins heart disease fight

World-renowned photographer Rankin helped the BHF launch an international art project, 'Heart for a Heart', to raise awareness of heart and circulatory diseases.





January 2018

Tesco healthy living partnership

The BHF joined a new partnership with Tesco, Diabetes UK and Cancer Research UK in the 'Little helps for healthier living' initiative.

February 2018

The Beating Hearts Ball

The BHF hosted a black tie gala which raised over £285,000 for our life saving research, as well as an anonymous donation of £70,000 to the Miles Frost Fund.

BHF world record

The BHF smashed the Guinness World Record for the longest chain of paper hearts, stringing together 17,939 hearts and raising over £120,000 through our shops and stores.

March 2018

Number of known stroke risk genes tripled

Researchers funded by the BHF drastically increased our understanding of the genes that contribute to stroke risk.



October 2017

BHF announces two new Trustees

Rt Hon Lord Andrew Feldman, former chairman of the Conservative Party, and Daryl Fielding, one of the UK's leading marketers, joined our Board of Trustees.

November 2017

Impact of congenital heart disease

Our research revealed the true cost of congenital heart disease on children and families, along with the need for more research to improve outcomes.

December 2017

50 years of heart transplants

We celebrated 50 years since pioneering research funded by the BHF led to the first human heart transplant.

eBay store milestone

Our eBay store hit £10m in sales since it opened in 2006.



Message from our Chairman

I'm immensely proud of what the BHF has achieved in the last 12 months. Through the enormous generosity of our supporters and the hard work of our volunteers and staff, we remain on track to raise the money to fund half a billion pounds of life saving research between 2015 and 2020. We're raising this money to research prevention, treatment and cures to beat the heartbreak from conditions like heart diseases, stroke, vascular dementia and their risk factors, such as diabetes.

This has also been a year in which we have all been reminded of the importance that all charities continue to operate to the highest moral and ethical standards. Across areas such as the safeguarding of potentially vulnerable individuals, data protection, diversity and workplace conditions, our team have been working hard to ensure that the BHF operates to standards that our supporters, volunteers and staff have the right to expect.

The impact of Brexit remains impossible to predict but I'm delighted at the proactive way we've approached this challenge. Enterprising new partnerships have already been established and you can be sure we will continue to encourage and create new partnership opportunities, both at home and abroad.

It has been an exciting 12 months for the BHF. Across the UK, we've seen standardised packaging for tobacco introduced. Scotland and England have followed Wales in making it easier to donate organs after we die. We've created a bilateral funding agreement with our German counterparts, with similar conversations underway with other international research funders. We've launched our first research projects on medicine data science with the Alan Turing Institute. Our shops and stores have continued to grow into vibrant community hubs and, thanks to the dedication of everyone involved with the BHF, I am not at all surprised that we remain one of the most loved and trusted charities in the UK.

Our ambition is driven by the millions of people who have faced heartbreak from heart and circulatory diseases. Their stories inspire us all to go further, to be fearless, so we can one day put an end to that heartbreak.



Dr Douglas Gurr,
Chairman

Message from our Chief Executive

For over 50 years, the BHF has pioneered life saving research and we've played a pivotal role in more than halving death rates from heart and circulatory diseases in the UK. But there are increasing indications that progress has stalled. That's why it's more important than ever that we break new ground by finding better ways of diagnosing disease, creating more effective treatments and discovering new cures.

The BHF is moving into the next stage of its story. We remain the biggest independent funder of research into heart and circulatory diseases in Europe, and a leading organisation in global efforts. We are still the biggest charity retailer in the UK which, together with our local groups, gives us a presence in communities right across the UK. We remain committed to tackling poor survival rates from a cardiac arrest out of hospital. We are still the nation's heart charity.

But over the decades we have been doing so much more, and we will be reflecting the full extent of our work in funding research into conditions such as stroke, vascular dementia and diabetes. We will talk more about the breadth of the science we've always funded, investing in life saving research into all heart and circulatory diseases, as well as their risk factors, and highlight the linkages between them.

The impact of the BHF's life saving research is global and it's essential that we maintain and promote a research environment that fosters international, multi-disciplinary collaboration. So we have announced new partnerships with a German research funder (DZHK) and with the Alan Turing Institute here in the UK. We're fearless in seeking out and creating innovative ways to accelerate progress against heart and circulatory diseases, the world's biggest killers. And that's why I'm so excited by the upcoming launch of what we hope will be the first of the BHF's 'grand challenges' – very large-scale international and multi-disciplinary research projects that seek to be truly transformational in beating forever the heartbreak that is caused to so many families.

The big ambitions of the BHF to 'beat heartbreak forever' can only be achieved by building on our current income, from the generosity of thousands of people who leave money in their wills, through to the 14,000 intrepid cyclists who together raised over £2.8m in last year's London to Brighton bike ride. We hope to go much further to inspire many more people to support us so that no world class, life saving research project is refused because we lack the funds.



Alongside our ambition, we embrace our responsibilities to everyone whose lives are touched by heart and circulatory diseases. That's why this past year has seen a renewed focus on people. We launched our new world-class technology platform to support our people. We renewed our long-standing partnership with Tesco to develop the UK's leading workplace health programme. We also published our 'gender pay gap' figures, which put us well below the national average but with plenty of room for improvement. In all areas, we've invested to ensure we have the right people, staff and volunteers, to succeed.

Every 3 minutes, someone loses a loved one to heart and circulatory diseases in the UK. It doesn't have to be like this, not now and not tomorrow. With your help, the BHF is fearless, helping give new hope to the 7 million people living with heart diseases and conditions such as stroke and vascular dementia, and the 4.6 million people with diabetes, in the UK.

Simon Gillespie

Simon Gillespie,
Chief Executive



Striving for answers.

“I have always conducted my research with passion and this funding, made possible by the generous donations to the BHF, will allow me to see my work translated into real benefits for patients.”

Professor Federica Marelli-Berg and her team of BHF-funded researchers at Queen Mary University of London are studying the role that inflammation plays in heart diseases. They're working to try to prevent organ rejection and find new ways to treat myocarditis, a dangerous inflammation of the heart muscle.

Federica Marelli-Berg
BHF Professor of Cardiovascular Immunology

Beating heartbreak through research

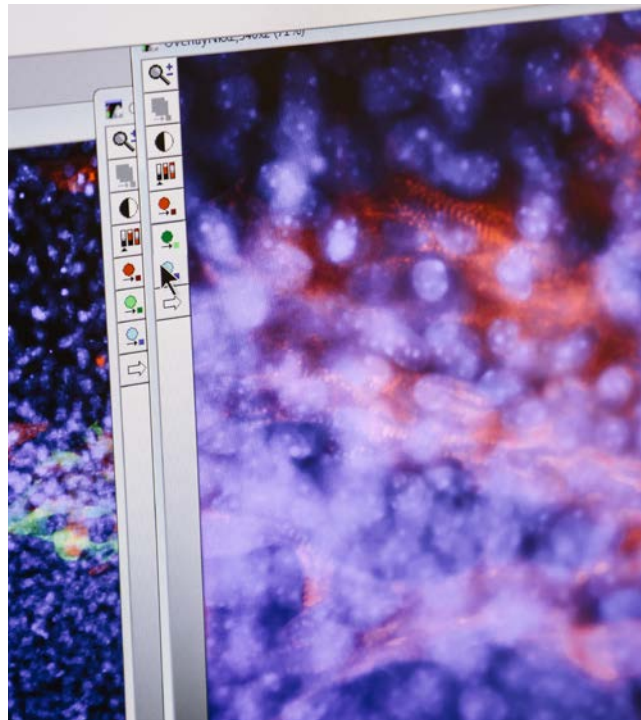
Our aims

To fund the highest quality research projects and programmes that are likely to lead to significant advances in the prevention, diagnosis and treatment of heart and circulatory diseases in all its forms. To promote multi-disciplinary work that harnesses the best expertise from both within and beyond traditional biomedical sciences.

Our next steps

We will combine forces with research funding partners in the UK and beyond to advance our mission to end the heartbreak caused by heart and circulatory diseases worldwide. To launch a global 'Grand Challenge' award scheme to empower transformative research advances with direct line of sight to patient benefit. To select Research Excellence Award recipients whose work will keep UK centres at the international forefront in key areas of heart and circulatory diseases research. To create new schemes that will fund work harnessing the full power of big data and artificial intelligence and support high impact patient-facing research by clinicians and allied health professionals.

We fund research to beat heart and circulatory diseases. And to do this we support over 1,500 scientists because we know their discoveries can help us beat these conditions. This year we awarded £108.4m in research grants to help people all over the UK live longer, better lives.





Air pollution and heart disease

Over a decade of research by BHF Professor David Newby and BHF Senior Research Fellow Nick Mills is leading the way in understanding the link between air pollution and heart and circulatory diseases.

They've found that diesel and petrol fumes pollute air with nanoparticles, which stop our blood vessels contracting and relaxing as they should. This increases the risk of blood clots and heart attacks. The better we understand the effect poor air quality has on our health, the closer we get to finding a solution.

New BHF-funded blood test to detect heart attacks

Researchers funded by the BHF have developed a new blood test to detect a heart attack. Over two thirds of people in A&E with chest pain have not had a heart attack, but the testing process is lengthy. The new test looks at the levels of a protein called cardiac myosin-binding protein C (cMyC) in the blood, which rapidly increases in people after having a heart attack. The test has the potential to rule out a heart attack in more patients more quickly, allowing them to leave hospital earlier and get a diagnosis sooner. Michael Marber, Professor of Cardiology at King's College London, who was awarded the first BHF Translational Research Award for the cMyC project, led this groundbreaking research.





“I’m alive today because I had a heart transplant at the age of 38. A woman who died before her time, who I will never get to thank, gave me that gift. I can’t begin to tell you what this has meant to me and those I love.”

Kieran Sandwell
Heart transplant recipient

Improving heart transplant survival rates

Heart transplant patients are more likely to die from infection or cancer than from organ rejection. This is because they have to take drugs that dampen down their immune system to prevent it from attacking and rejecting the new heart. But the immune system also fights off infection and cancers. Our researchers are trying to find a way of preventing organ rejection, without destroying the useful functions of the immune system.

Federica Marelli-Berg, BHF Professor of Cardiovascular Immunology, and her team have made significant progress in achieving this.

They have focused on immune cells, called T-cells, which travel to the heart to cause organ rejection. They have pinpointed the exact ‘area code’ T-cells use to target the heart. By blocking this code, they could stop T-cells from invading the new heart without wiping them out. This opens the possibility of creating anti-rejection drugs for heart transplant that don’t significantly weaken the immune system, increasing patient survival rates after heart transplant surgery.



A simple test to diagnose myocarditis

Professor Marelli-Berg and her team at Queen Mary University of London are also applying their T-cell research to create a screening test for myocarditis. Myocarditis is an inflammation of the heart muscle that can cause sudden death or severe heart failure.

Currently myocarditis can only be diagnosed by several heart biopsies. Professor Marelli-Berg believes that by using the T-cell 'area code' that directs these cells to cause inflammation in the heart, the condition could be diagnosed using a simple blood test. This means that more patients won't need invasive tests and can get the treatment they need faster.

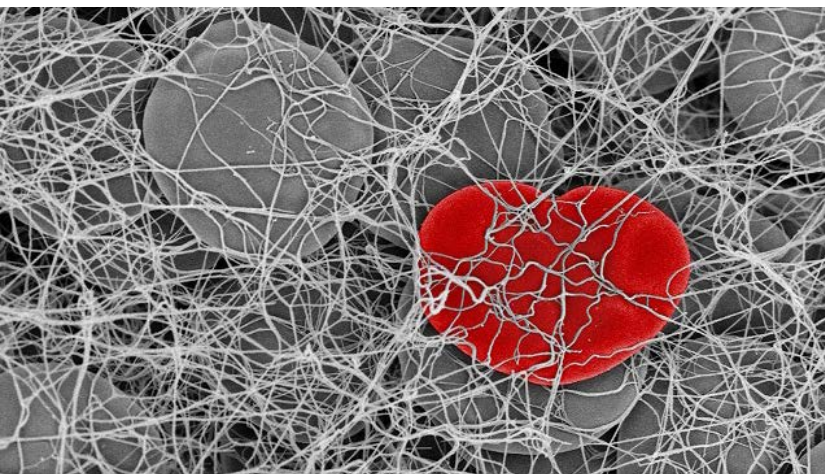




“At University College London, my team are studying nearly 2,000 men and women from ethnic communities, looking for clues as to why they are more susceptible to diabetes than others and how diabetes increases a person’s risk of heart diseases. The BHF has invested over £30m in diabetes research projects like mine. With BHF funding, we’ll tackle these big questions.”

Nish Chaturvedi
Professor of Clinical Epidemiology

South Asian or African Caribbean ethnic groups are more susceptible to diabetes. Those living with diabetes are at increased risk of a number of conditions, including heart failure. Professor Nish Chaturvedi at University College London is studying nearly 2,000 men and women from minority ethnic communities, looking for clues as to why they are more susceptible to diabetes than others. The team also hope to shed light on how diabetes increases a person’s risk of heart diseases.



Reflections of Research

Fraser Macrae at the University of Leeds has captured the moment that blood clots, winning our Reflections of Research Award 2017. In the image, red blood cells are held in the 3D mesh of fibrin fibres. One red blood cell has been compressed into a heart shape by the fibres around it. Each year, over 100,000 people in the UK die from coronary heart disease or stroke, which is most often caused by dangerous blood clots. Fraser Macrae is studying the structure of blood clots to better understand how the fibres change under clot-busting drugs.

Shedding light on healthcare inequality

Research partly funded by the BHF has found that fewer women in the UK would die from heart attacks if they were given the same treatment as men. The data show women were 34% less likely than men to have procedures to unblock arteries, 24% less likely to be prescribed statins and 16% less likely to be prescribed aspirin. Chris Gale, Professor of Cardiovascular Medicine and Honorary Consultant Cardiologist at the University of Leeds co-authored the study. The findings will pave the way to improving outcomes for women who have had a heart attack.

BHF Researchers

Bringing an end to the heartbreak caused by heart and circulatory diseases takes the finest researchers, doing their best work. As the UK's leading heart and circulatory research charity, we fund world-class scientists and support them to understand causes, discover new treatments and develop new ways to save thousands of lives every year.



Protecting young hearts

BHF Professor Massimo Caputo and his team at the University of Bristol are trying to find ways to prevent the hearts of babies and young children becoming damaged during heart surgery. His team is also looking for ways to prevent children born with a heart condition from having repeated operations throughout their lives by developing patches and valves that grow with the child.

Finding dangerous plaques in blood vessels

BHF Professor Manuel Mayr and his team at King's College London are studying fatty plaques to better understand why some people are at greater risk of a heart attack or stroke. They're looking for proteins in the blood that might be a warning sign of an unstable plaque, which could rupture and cause a blockage. By studying these proteins, Professor Mayr will be able to identify which people have plaques that need urgent treatment to prevent a heart attack or stroke.

Award recognition for BHF researchers

Over the past year, many researchers who have received BHF funding have had their work celebrated by the scientific and medical research community. BHF Professor Hugh Watkins and Dr Patrick Vallance have been elected as Fellows of the Royal Society. Professor Joanna Wardlaw has been awarded the 2018 William M. Feinberg Award for Excellence in Clinical Stroke. Professors Rhian Touyz, Brian Walker and Jill Pell have been elected as Fellows of the Academy of Medical Sciences. Professor David Newby and his team have won the BMJ 2017 Imaging Team of the Year Award. Professor Mandy MacLean received the Reynold Spector Award in Clinical Pharmacology.

Centres of Regenerative Medicine

Regenerative medicine is central to our goal of finding the breakthroughs that will beat the heartbreak of heart and circulatory conditions. Across the country we invest in world-leading Centres to find treatments for life-threatening diseases.

Growing new blood vessels

The BHF Centre for Vascular Regeneration, a partnership between the Universities of Edinburgh, Glasgow, Bristol and King's College London, is dedicated to finding ways of repairing or regenerating blood vessels that have been damaged, for example by a heart attack. Led by BHF Professor Andrew Baker, the researchers in the Centre are exploring promising routes including stem cell science and early-stage trials. Their work is key to mending hearts after heart attacks.

Stem cells to mend the heart

Teams from Imperial College London, the Universities of Nottingham, Westminster, Glasgow and UKE Hamburg are tackling the ambitious task of growing new, beating heart muscle. They're using tissue engineering to create working heart muscle from stem cells. This research could bring hope to the thousands of people in the UK with damaged hearts.

A self-repairing heart

The Oxbridge BHF Centre of Regenerative Medicine is bringing together leading researchers from the Universities of Oxford, Cambridge and Bristol to find out how embryonic stem cells, which can divide and turn into other cells, create the heart in the developing embryo. This will help us find methods to 'remind' heart cells to replace lost or damaged cells after a heart attack. Led by BHF Professor Paul Riley, this BHF Centre is making progress in the field of heart regeneration to help stop heart attacks from bringing devastation to so many families.

£7.5m



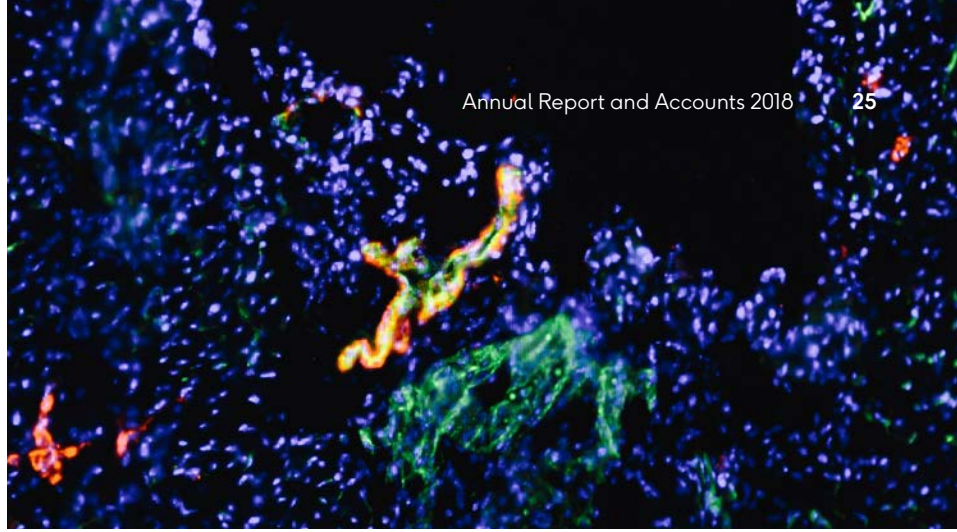
invested into our 3 Centres of Regenerative Medicine in 2017-18





“When I had a stroke I went blind temporarily and couldn’t walk or talk. Gradually I learnt to walk again and with the help of my three-year-old son, Josh, who was learning to match words to pictures, I learnt to talk again. I recovered enough to start up my furniture-making business. As someone who has lived through it, I know how vital BHF research is to prevent strokes in the future.”

Michael Yuill



Accelerating the development of new treatments

The Translational Awards Committee meets twice a year to identify and support discoveries that are promising but are currently lacking key data that would attract significant follow-on funding such as industry investment. The Committee is made up of both scientific and commercial experts that are tasked with selecting projects that have the potential to translate from the laboratory into clinical practice. This year the Committee supported five awards, including one project to test a drug for treatment post heart attack and another to develop a minimally invasive cardiac assist device for patients with heart failure.

Our Translational Award helps to bridge the gap between promising innovations and the clinic and we have been excited this year to see two research projects establish spin-out companies to further advance their BHF-funded research with a view to reaching the market and benefiting patients. These early stage products include a therapeutic drug to improve vascular outcomes in septic shock and a diagnostic test to detect vulnerable atherosclerotic plaques in patients at risk of heart attacks.

Funding clinical trials

The Clinical Studies Committee held its first meeting in May 2017 to assess high value applications for heart and circulatory clinical trials. The committee is chaired by Professor Bryan Williams from University College London and is made up of expert cardiovascular clinical researchers and two members of the public who represent a wider Patient Advisory Group (PAG). The PAG assesses applications from a patient's perspective, looking particularly at the importance to patients of the clinical question, and any obstacles that could slow down recruitment of participants into the trial. This year the Clinical Studies Committee made three awards, totalling £2.8m. Two of the newly funded trials focus on stroke.

Treating wake-up stroke

The first trial led in the UK by Professor Thompson Robinson from the University of Leicester will assess whether clot-busting drugs should be used in people who've had a stroke while sleeping (wake-up stroke). Currently, clot-busting drugs are recommended if they can be given within 4.5 hours of a stroke. But people who've had a wake-up stroke are not offered clot-busting treatment because it's not known what time the stroke took place and whether the treatment will be effective. This international clinical study, which is taking place in Norway, the UK and other locations, will trial a clot-busting drug in 500 people with wake-up stroke to see if the treatment can improve their long term outcomes.

When to start anticoagulants in AF-related stroke

The second trial concerns people with atrial fibrillation (AF) who've had a stroke. Atrial fibrillation is a heart rhythm disturbance that affects many people as they get older. Because of the irregular heartbeat a clot can form inside the upper chambers of the heart and can be swept up to the brain, blocking its blood supply and causing a stroke. People with AF are at a high risk of having another stroke, which can be reduced by taking anticoagulants (blood thinning medicines). But anticoagulants can increase the risk of bleeding into the brain, especially soon after a stroke when the damaged brain is more vulnerable. Currently it's not known when to start prescribing anticoagulants after atrial fibrillation-related stroke. In this clinical trial, Professor David Werring and his team from University College London will compare the effects of starting the newest type of oral anticoagulant drug four days or less after a stroke, versus a longer time lag of five to fourteen days.

£30.6m



total investment in active clinical trials

Grateful for life.

“We had CPR training at my work. I had no idea that within a few weeks of my CPR training, it could make the difference between life and death in our family. My baby nephew fell in a pond and wasn’t discovered until he was pulled out unconscious and not breathing. I did CPR and by the time the ambulance came, he had a pulse again. He made a fantastic recovery but I shudder to think about what would have happened if I didn’t have life saving training. It’s vital that everyone knows what to do.”

Shelisha Palmer



Healthcare Innovation

We are dedicated to equipping the public with the resources they need to reduce their own risk of heart and circulatory diseases. Through CPR training, genetic testing, improving care, commissioning research and many more healthcare innovation projects, we will beat heartbreak forever.

Our aims:

To work with the four UK health systems and governments to make heart and circulatory diseases a priority for politicians and senior health service decision makers; to actively engage patients, supporters, volunteers, health and research professionals, staff and our partners to inform and shape our work; and to increase public perception that heart and circulatory diseases are a real and pressing problem that needs to be addressed now.

Our next steps:

We will engage the public through our network of shops. We will ensure that research is recognised as the solution to the suffering caused by heart and circulatory diseases. We will develop a more influential voice with senior decision-makers in Government and the health services. We will work to ensure our supporters' experiences meet their expectations.





CPR in schools

The BHF has joined forces with two other leading UK charities to improve CPR training in schools. Together we are seeking government support for making first aid training a compulsory part of the school curriculum.

A BHF survey revealed that 89% of people believe that CPR should be taught in all schools in the UK. The same survey showed that there is reluctance to perform CPR – 40% said that they lacked the skills and knowledge to perform CPR. By equipping the next generation with these vital first aid skills, we expect to see much higher survival rates for out-of-hospital cardiac arrests.

Restart a Heart Day

Research we funded showed that 1 in 5 people will witness someone suffer a cardiac arrest. This research was released on European Restart a Heart Day, an annual day where we work with key partners to train 195,000 young people in schools and communities in CPR life saving skills in one day. This survey found that people are nearly three times more likely to perform CPR if they have received training.

195,000



people trained
in CPR in 1 day

£1.5m



committed to tackling
undiagnosed high
blood pressure

High blood pressure screening

The BHF funds research into all conditions that stop your blood from flowing around your body properly. High blood pressure is one of these, yet more than 5 million people in England are living with undiagnosed high blood pressure. We've been advancing screening for this silent killer and have provided key support for the National Blood Pressure Action Plan update that was published in early 2018.

We've also awarded the first part of our £1.5m investment in tackling undiagnosed high blood pressure – 7 sites in the UK are working on widening testing and treatments for patients. This investment should result in more people living longer, better lives.

Growing the BHF Alliance

Our membership programme for healthcare professionals continues to grow and now has over 4,000 members. They cover a wide range of disciplines and are committed to improving the lives of those who are living with heart and circulatory diseases or their risks factors.

Together they have pioneered mobile heart scanning services, GP referral exercise schemes and improved services for heart failure patients on a national scale.



Better care for heart attack patients

The National Audit of Cardiac Rehabilitation, commissioned by the BHF, has found key areas to improve aftercare for heart attack patients. Nearly half of patients eligible for cardiac rehabilitation do not attend. Women and people from more deprived areas were particularly less likely to make use of the services available to them. This research is the first step in supporting these harder-to-reach patients and ensuring that they avoid unnecessary suffering.



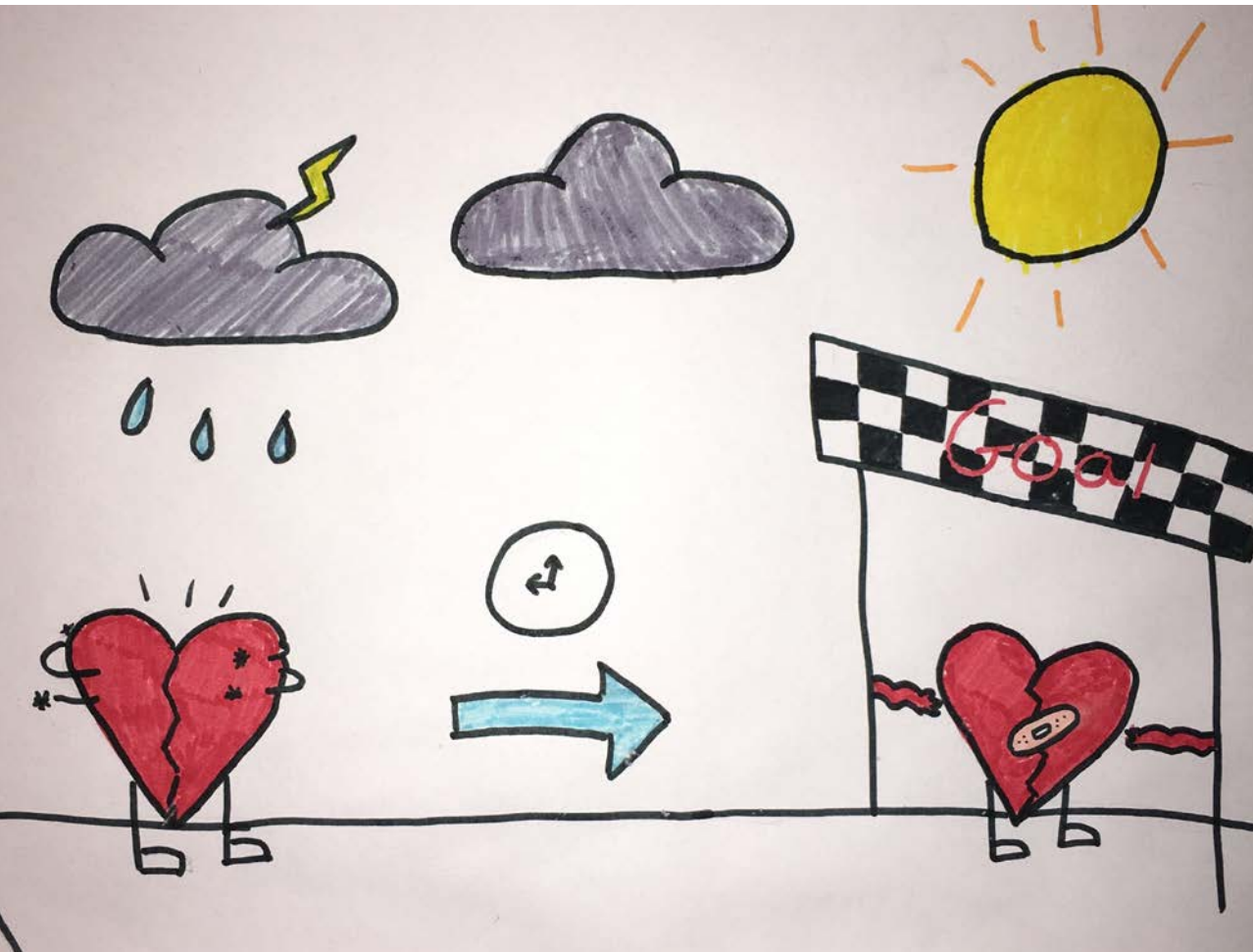
Preventing heart attacks

The BHF is on a mission to find people with inherited high cholesterol. Familial hypercholesterolaemia (FH) is a genetic condition that causes dangerously high cholesterol, which could cause a heart attack at a young age. It is estimated that about 85% of people with FH are undiagnosed. A screening service will be run in Yorkshire so that the faulty gene can be identified in people likely to be at risk and patients will be advised on how to manage their condition, avoiding a potentially fatal heart event.

FH cascade testing

Turning research into clinical practice is an important part of ending heartbreak from heart and circulatory diseases. This year the BHF has continued to invest in cascade testing for FH. Our programme has funded 27 FH nurse posts and to date over 2,200 people have been diagnosed with the FH gene mutation and have started treatment.





The true cost of congenital heart disease

This year we've been asking for support for parents of children born with a heart condition. New statistics we released show that 6 out of 10 parents have to give up or cut back on work to care for their child. The survey also shows further strains such as losing friends, financial struggles and feeling isolated. By raising awareness and funding, we're better able to advise and support families going through the challenges of lifelong heart disease and offer hope and support when they need it most.

Soft opt-out organ donation in Scotland and England

After a long and determined campaign, we were delighted to see that the Government has committed to introducing a soft opt-out system in Scotland. The legislation, which will be introduced in June 2018, means that being an organ donor will be the default position and people will have to opt out if they don't want their organs donated for transplantation after death. This move could help increase the number of donor hearts. In early 2018, a Private Members' Bill in favour of the same system being introduced in England moved one step closer to becoming law. The BHF has been engaging with Government to make this a reality and will continue to do so.

The BHF's leading role in global coalition

This year we pledged to play a leading role in a global coalition to end the loss and suffering caused by heart and circulatory diseases. The Global Coalition for Circulatory Health will be integral in tackling these diseases on a global level. The coalition was launched in October 2017 at the WHO Global Conference on Non-Communicable Diseases.

UK research and the importance of international collaboration

Following the EU referendum, the BHF, in collaboration with other UK medical research charities have commissioned a report to highlight the significance of UK and EU research collaboration. The report was launched in the European Parliament and discussed with civil servants in Westminster.

The impact of Brexit

As the UK redefines its relationship with the EU, we are committed to ensuring that scientific research in the UK continues to deliver breakthroughs that save and improve the lives of people living with heart and circulatory diseases. A recent survey of BHF researchers showed that there is currently a lot of uncertainty about the future, with almost half of those surveyed saying they would now be more likely to take up a post abroad. We will carry on supporting and representing our researchers during this period of change to ensure we can continue to bring together the finest scientists from around the globe and build on the incredible progress our research has made.





Wilfred and George Frost,
Miles Frost's brothers

The Miles Frost Fund

When Miles Frost suddenly collapsed and died at just 31 years old, his family and friends were devastated. Since then they've worked tirelessly alongside the British Heart Foundation to improve screening and treatment for inherited heart conditions to put a stop to heartbreak in families like theirs.



Miles was a healthy 31 year-old when he suddenly died while jogging near his family home. Miles had an undiagnosed heart condition called hypertrophic cardiomyopathy (HCM), which causes a thickening of the heart muscle and rhythm disturbances. HCM is a genetic condition, and it's likely Miles inherited it from his father, the late Sir David Frost.

About 1 in 500 people in the UK have HCM. And like Miles, most of them won't know until it's too late.

The Miles Frost Fund hit its target of £1.5m to fund genetic nurses and counsellors who will improve diagnosis for family members of those with HCM. Our first six sites are now delivering cascade genetic testing to affected people around the UK in London, Oxford, Sheffield, South Wales, Glasgow and Belfast. A total of 14 Miles Frost Fund / BHF specialist cardiac genetic nurses, counsellors and family coordinators have been appointed to support the services that the sites need.

The sites will aim to test a further 500 people who could be at risk of HCM every year. It is hoped that the success

of these sites will prompt a national rollout of the service across the NHS and help thousands of families.

The Miles Frost Fund has enabled us to award funding to a further seven sites in March 2018, including Southampton, Leeds and in Scotland. A total of 11 new Specialist Nurses, two Genetic Counsellors, a Family History Coordinator and three admin roles will be funded. Sites are expected to start recruiting and delivering their new services over the coming year.

Knowledge of HCM has advanced in recent years thanks to BHF Professor Hugh Watkins. But there is still work to do. These services don't just diagnose new HCM patients; they also facilitate pioneering research into inherited heart diseases. Funding from the BHF and NIHR Oxford Biomedical Research Centre will shed light on the genetic variations that affect the heart and improve treatment for those with these conditions.

"We're determined to prevent other families from experiencing the heartache we have, which is why we're incredibly proud to roll out this new service. If we can prevent just one person suffering the same fate as Miles, then his death will not have been in vain."

Wilfred Frost,
Miles' brother.

Questions. Answers. Cures.

“Mapping the human genome was a ground-breaking moment in research. One day, we hope to do the same for the human proteome – in other words understand all the proteins in the body. If successful, we could completely transform how people with heart and circulatory diseases are diagnosed and treated.”

Thanks to research, we now know about many of the genes which increase a person's risk of heart attack or stroke. BHF Professor Manuel Mayr at King's College London is taking this one step further, by looking for the gene products or proteins as markers in the blood which could indicate if someone is at risk. This large-scale study of proteins is called 'proteomics' and could change how doctors find those at risk of a dangerous, life-changing event.

Manuel Mayr
BHF Professor of Cardiovascular Proteomics



Fundraising to beat heartbreak forever

Our supporters are taking heart and circulatory diseases personally. This year, thousands of people pushed themselves to their limits, brought communities together and left generous legacies. Together they raised £136.4m so that our world-class researchers can bring us closer to a world without heart and circulatory diseases.

Our aims:

Over the next five years, we aim to grow the BHF's total net income by 25%, establishing the foundations for future success. We will continue to deliver our ambitious programme of activity to raise more money to power life saving research.

Our next steps:

We will develop and enhance supporter experiences and drive forward digital innovation in fundraising. We will continue to develop new income streams and improve our operational processes.

Gifts in wills

Gifts in wills left to the BHF are the single most important source of funding for research. This year £83.4m was raised in this special way. Many people want to remember the BHF in their will, some want to say thank you for the help they have received in their lifetime and others to fund research that could impact future generations. Thanks to gifts in wills we'll break new ground, create new treatments and discover new cures so that one day we'll beat heartbreak forever.

£83.4m

left to the BHF as gifts in wills

The Heads Over Hearts Quiz

BHF Professors and BHF supporters came together to put their knowledge to the test in our Heads Over Hearts quiz. Hosted by actor Alex Macqueen at the Royal College of Physicians, the event celebrated the fundraising efforts of BHF Professors, who ran, swam and cycled in aid of the BHF. Congratulations to BHF Professor Paul Riley and his team who took this year's quizzing crown.

Heart surgery survivor invests in others

Tony Larlham was told that he had an aortic dissection after falling suddenly ill at his home. He went into emergency surgery to have an aortic root and valve replacement, a coronary artery bypass graft and a permanent pacemaker fitted. After seven weeks in hospital, he was able to go home. After this experience, he decided to leave a gift to the BHF in his will.

"I know that the BHF will spend the money wisely and fund more pioneering treatments and research related to all aspects of improving heart patients' lives. If by making a donation in my will, it means that someone else has a better quality of life, or an extended life, then it's a wise investment as far as I'm concerned."





Fundraising with our communities

This year even more local businesses joined us on our mission to put the suffering caused by heart and circulatory diseases in the past. This included Dignity, Mick George Ltd and Laing O'Rourke. We also have many individuals to thank, including Keiran Sandwell, David and Jonathan Stretton-Downes and the King family, who all contributed to our fundraising total of £13.8m.

£13.8m



fundraised by individuals and businesses in communities across the UK

London to Brighton bike ride

This year over 14,000 cyclists signed up to raise £2.8m to help save and improve the lives of everyone affected by heart and circulatory diseases. Our London to Brighton Bike Ride is Europe's oldest charity cycle ride, and every year BHF supporters push themselves harder to get us closer to a world where families are no longer devastated by these diseases.

£2.8m

raised by London to Brighton cyclists

The Beating Hearts Ball

In February, BHF supporters came together for a prestigious event at The Guildhall, London. The gala was hosted by Kay Burley, and supported by The Duchess of York as Honorary Gala Chair. The event raised £0.3m, including an anonymous £70,000 donation for the BHF and the Miles Frost Fund, which will help fund research into inherited heart conditions.

£0.3m

raised for the BHF and the Miles Frost Fund

£25m



raised in partnership
with Tesco and Diabetes
UK over 3 years

YOU
VS
CHOCOLATE.

DECHOX™

Partnership with Tesco and Diabetes UK

The British Heart Foundation, Tesco and Diabetes UK have partnered over the last 3 years to raise funds to protect people from the risk of diabetes. The partnership encourages shoppers to make healthier choices every day. During this time, the partnership has raised £25m to help families reduce their risk of Type 2 diabetes, as well as heart and circulatory diseases.

DECHOX

This year over 16,000 sweet-toothed BHF supporters gave up chocolate for 31 days to raise money for the BHF. Their efforts this year raised £1.0m, which will fund more research that will help make heartbreak from heart and circulatory diseases a thing of the past.

£1.0m

raised by Dechoxers
last year

MyMarathon

After the success of our very first MyMarathon last year, this year our supporters went above and beyond. Over 10,000 people raised nearly £0.5m for BHF research. Our supporters ran 26.2 miles over the month of May – every one of them determined to see the end of heart and circulatory diseases through pioneering research.





Our corporate partners

In 2017-18, the BHF worked with a diverse portfolio of our national corporate partners. As well as raising vital funds for research, we've been able to train close to 5,000 of their employees in life saving CPR.

£1.4m

raised by our national corporate partnerships

Sharing our vision

Many trusts and individuals have donated major gifts that allow us to continue our research that will improve the life of anyone living with heart and circulatory diseases. This year over £3.4m was raised. This includes the generous donations from the Quintessentially Foundation, the Amateurs Trust, the James and Patricia Hamilton Charitable Trust, Mrs Colleen Chedzoy and Mr Ramez Sousou, as well as many others who have chosen to remain anonymous.

£3.4m

raised through philanthropy

Individual supporters

Regular donations from our individual supporters help us continue our research that will put a stop to heartbreak from heart and circulatory diseases. This year we've expanded our reach into social media and television, making it easier than ever to give to the BHF. Over £19.5m has been raised this way thanks to the dedication of our supporters.

£19.5m

raised by individual supporters



A close-up photograph of a child's red hoodie. The hoodie features a white graphic with the word 'POW!' in a stylized, comic-book font. The background is a soft-focus outdoor scene with green grass and a blurred figure in the distance.

Funding. Investing. Achieving.

“Even before Nino was born we knew our baby had a heart condition and would need open heart surgery within days to save his life. It’s amazing to think that the operation Nino had was created by a BHF professor more than 30 years ago. Looking at the joyful toddler he is now, it’s like a miracle.”

Kate Doran
Nino’s mum

Beating heartbreak on the high street

Heart and circulatory diseases are one of the leading causes of death in the UK. Which is why our charity shops need to be the best in the nation. Our shops reuse millions of items that would have otherwise gone to waste to help fund life saving research, as well as operating as vibrant community hubs that provide heart health information and CPR training. Every day, almost 17,000 volunteers sort and prepare thousands of donations for sale. This year our shops and stores raised £27.7m profit, helping to fund research that will reduce death by heart and circulatory diseases.

Our aims:

We will continue to deliver our ambitious programme of activity to raise more money to fund life saving research.

Our next steps:

We will develop new shop formats and online retail platforms. We will also explore opportunities within our existing areas of retail, and search for new and innovative areas to grow.

Growing our digital channels

Connecting with our customers through the channels that suit them continues to be a priority. Around 380,000 customers booked a furniture collection online, achieving a 4-star rating on TrustPilot. A new approach to handling online enquiries about furniture collections halved the time it took stores to respond to customers. Our blog-style webpages about shopping at our home stores are reaching over 55,000 people each month and we saw a 22% increase in online enquiries about volunteering with us.

7%

increase in online furniture collection bookings

Environmental impact

We remain dedicated to reducing the environmental impact of BHF shops and stores. We have now installed low energy lighting in all our shops, reducing electricity usage on lighting by up to 50%. This year we collected, reused and recycled 73,000 tonnes of donations in our shops.

eBay shop smashes £10m mark

We're proud to be the biggest UK charity retailer on eBay. This year we brought in £4.6m in eBay and online sales, helping our eBay shop to smash through the £10m mark in sales since it opened in 2006. This phenomenal sum has been invested in our life saving research, and we need to keep going. Our eBay team value and sell rare items donated to over 727 shops around the country, as well as special items donated by celebrity ambassadors.

£4.6m



in eBay and online sales this year



Duchess of York visit

The Huddersfield BHF shop welcomed a special visitor in June 2017. The Duchess of York stopped by to meet the shop's volunteers and people who had been affected by heart and circulatory diseases. The Duchess was in the local area judging a competition run with students from the University of Huddersfield, where she is a Visiting Professor. The students were tasked by the Duchess to design devices that could help women at risk of heart and circulatory diseases.

Bag It, Beat It survey

A BHF survey found that nearly half of Brits admit that they throw away unwanted clothes instead of donating them to charity. Each discarded item is a lost opportunity. These shocking statistics were shared alongside our Bag It, Beat It campaign in September where over 900,000 bags of unwanted clothes were donated to the BHF. We need these donations to raise vital funds for research that will beat heartbreak from heart and circulatory diseases – forever.

BHF Love Notes world record

To mark Valentine's Day this year, the BHF achieved the Guinness World Records™ title for the longest chain of paper hearts™, with help from almost 18,000 of our supporters. Through our network of over 727 charity shops, the record attempt was part of our wider campaign asking people to donate and write messages of love and support for their loved ones, people battling heart and circulatory diseases or in memory of those they've lost. We created a chain of 17,939 hearts, a new record-holding chain measuring almost 1.5 miles long.



£120,000+

raised from the BHF Love Notes campaign overall



Supporting European Restart a Heart Day

Over 30 BHF Furniture and Electrical stores across the UK hosted CPR training events in October to mark European Restart A Heart Day. Each store ran sessions training local shoppers and supporters in this essential life saving skill.

70+

events in a day

Pack For Good

Our 'Pack For Good' campaign is the biggest dedicated move-out campaign for students in the UK. 97 universities support the BHF by encouraging students to donate unwanted clothes, furniture and electrical items. This year, over £1.8m was raised through this for our vital research.

£1.8m



raised through
Pack For Good

Our retail partners

We wouldn't be able to fund BHF research without the funds raised by over 80 national retail corporate partners. Our two-year partnership with Next Home raised over £0.7m through collecting their customers' donated sofas. More councils than ever are also supporting our shops by diverting sellable items from going to waste.

£0.7m

raised by Next Home customers
over 2 years

The Big Stitch

Throughout July, The Big Stitch campaign encouraged the public to buy a piece of clothing from a BHF shop, and customise it in their own style. The public put their sewing skills to the test and shared the results on social media. Over 500 people posted on social media using #thebigstitch, with many of them sharing their own creations. Every item bought will bring us one step closer to our fundraising goals to keep finding cures and improving treatments for those affected by heart and circulatory diseases.

Rachel Hanford
with her husband
Russell

“When he was 35, a stroke robbed Russell of his voice. It happened just weeks after our wedding. We can’t undo the damage for Russell, but we need to find ways of limiting the damage when someone has a stroke, because the results can be devastating.”



A world-class organisation

Our aims:

To run our operations and processes in the most efficient and cost-effective way possible, maximising the use of information and technology, and attracting, retaining and developing high-quality staff and volunteers, who share our values and believe passionately in our vision.

Our next steps:

We will continue to invest in our core systems to provide secure, reliable and seamless services, as well as introducing smarter working principles. A key focus for the next year is completing the implementation of core HR and retail systems, as well as embedding the requirements of the General Data Protection Regulation (GDPR). We will continue to nurture a culture of high performance and innovation in an environment that supports and promotes health and wellbeing and we will provide staff and volunteers with the leadership and support they need to help win the fight against heart and circulatory diseases.

To beat heartbreak forever, we need to be world-class in everything we do. That means attracting and retaining the best people, and running our organisation in the most efficient way possible.

We strive to make sure that all of our volunteers are placed in the right role, receive the right experience and support, and feel informed and passionate about our work. We also remain committed to maintaining the same high standards on behalf of our staff in our offices and stores across the UK.



Looking after our donations

We are the biggest independent funder of heart and circulatory diseases research in the UK and rely almost entirely on the enormous generosity of those people who give their time and money to beat heartbreak forever.

We take the responsibility of making every penny count very seriously, leaving the maximum amount available to fund the BHF's charitable aims. We continuously scrutinise our performance and measure impact to ensure our activities represent good value for money, inclusive of the investment required to deliver our longer term ambition.



Looking after all our organisation

We are committed to making the most of your generous donations through careful planning and monitoring, ensuring we manage risk effectively and have robust assurance and compliance functions. We were delighted that the success of our Continuous Improvement programme was recognised this year in the shortlist for the British Quality Foundation's 2018 Lean Six Sigma Academy Award. As we look further ahead, we are beginning to develop a new organisational strategy that will allow the BHF to prosper in an increasingly complex and competitive environment.



Looking after all our staff and volunteers

Since launching Our People Strategy in 2016 we have outperformed targets, reduced staff turnover and increased the number of people hired internally. Our internal leadership programme, 'Leading with Heart', continues to develop our future leaders. We have also published our Gender Pay Report, which details our efforts to close the small gap (7.7%) between male and female average hourly pay.

To make the BHF a safe place to work, we have robust safeguarding and whistleblowing policies in place. The health, safety and happiness of our staff and volunteers are of paramount importance to us. Without their commitment, we wouldn't be able to fund our life saving research.



Looking after all our supporters and customers

We are hugely grateful to every one of our supporters and it is important that they continue to have confidence in us. Supporter data is an incredibly important issue to us and we are making sure it is stored and used in the right way. GDPR became effective in May 2018 and, in preparing for it, we hope to have a more meaningful and personal relationship with our supporters in the future.

We will continue to take a supporter-driven approach and regularly hold supporter conferences to bring together a diverse set of patients, volunteers, health professionals, fundraisers and other supporters. These form a vital source of knowledge and feedback, ensuring our approach is aligned to our supporters needs.



Every breakthrough counts.

“We’ve shown that this test is not only just as good as the current test for working out who has had a heart attack, but it’s also much better at working out who hasn’t. We would love to see this new test rolled out in hospitals in the next 5 years.”

Professor Michael Marber and his team of BHF-funded researchers at King’s College London are developing a test for heart attack diagnosis that is quicker than the standard test and can rapidly rule out a heart attack in more people.

This year Professor Marber also joined a team of researchers and clinicians for an international cycling challenge. The team of five cycled the length of Sri Lanka to raise awareness and funds for the BHF. In total, they raised a fantastic £6,000 to support BHF research.

Michael Marber
Professor of Cardiology

Financial review

Overview

In 2017-18, the BHF generated total income of £170.2m (2017: £158.9m), inclusive of the profit from retail trading activities. The year-on-year increase of £11.3m principally reflected strong growth in legacy income, together with the benefit of a 53rd week's trading in Retail.

Overall, our income continues to be generated almost entirely through the extraordinary efforts of our many supporters, as our income from legacies, fundraising and retail trading accounted for 96% of the total. Investment in growing our income was £42.1m (2017: £38.3m), meaning 75% of total income in the year was available for the fight against heart and circulatory diseases (2017: 76%). This is well within our target range of ensuring at least 70p in the £1 is available to spend on our life saving work. We remain very conscious of the need to spend wisely every penny of the money our supporters raise, whilst ensuring we continue to invest to grow our income to build on our position as the UK's leading funder of research into heart and circulatory diseases.

We spent £130.1m on charitable expenditure to fight heart and circulatory diseases (2017: £127.1m). This included £97.1m of ground-breaking medical research (2017: £95.9m), and £33.0m (2016: £31.2m), supporting a range of other life saving activities to prevent heart and circulatory diseases, reduce deaths from cardiac arrests and support heart patients.

As set out in the Group statement of financial activities, our total expenditure for this year was £330.0m, of which £164.4m was directly attributable to our trading activities, primarily our retail business, which is by far the largest and most profitable of any charity in the UK. In 2017-18 our 727 shops, as well as generating a profit of £27.7m to fund our research, were an extremely valuable means of promoting all aspects of the BHF in local communities across the UK.

Statement of financial activities – summary

	2018 £m	2017 £m	Growth %
Legacy income	83.4	73.3	14
Fundraising income ¹	53.0	53.6	(1)
Retail net profit ²	27.7	25.1	10
Investment & other income	6.1	6.9	(12)
Total income (net of retail costs)	170.2	158.9	7
Direct costs of generating funds ¹	(42.1)	(38.3)	10
Total net income	128.1	120.6	6
% of total income available for charitable purposes	75%	76%	
Research	(97.1)	(95.9)	1
Healthcare Innovation	(33.0)	(31.2)	6
Total charitable expenditure	(130.1)	(127.1)	2
Net outgoing resources	(2.0)	(6.5)	

Notes:

¹ Fundraising income and costs of generating funds includes non-retail trading income and associated costs.

² Retail net profit includes income from donations received in BHF shops reported within 'Donations and legacies' in the Group statement of financial activities. The 2018 net profit includes a £2.7m benefit from a 53rd week's trading.

Income

In 2017-18, we generated total income of £170.2m for our fight against heart and circulatory disease, inclusive of the profit generated by our retail trading activities. This represented an increase of £11.3m (7%) on last year, driven by very strong growth in legacies, which together with fundraising income contributed 80% of total income.

The balance came from our retail activities (16%), together with investment and other income (4%).

Legacies remain our largest single source of income, increasing this year to £83.4m, up 14% from £73.3m. This more than offset a 1% decline in income from fundraising activities to £53.0m (2017: £53.6m). The fundraising performance continued to reflect an enormous level of effort from our many supporters, volunteers and corporate partners in numerous events and community activities across the UK.

BHF remains the largest charity retailer in the UK, generating a profit of £27.7m in 2017-18, inclusive of a £2.7m benefit from a 53rd week's trading. This was broadly in line with the 2016-17 profit performance (after adjusting for the 53rd week), albeit the 2017-18 result included an estimated £1.2m adverse profit impact of trading disruption from the snow in the final month of the year. Gross retail income, including donations received in BHF shops and week 53 sales, increased by 5% to £185.5m (2017: £176.7m). This reflected 2.4% growth in like-for-like sales, primarily driven by sales growth in our specialist furniture & electrical stores, and a positive contribution from our traditional charity shops. Retail sales also benefitted from growth in online sales, particularly through eBay, which reached £4.6m, up 28% on last year.

Total retail trading costs were £157.8m (2017: £151.6m), a 4.1% increase on the prior year, reflecting investment in our staff and infrastructure, although we remain dependent on the tireless work of our thousands of volunteers. As at 31 March 2018, the BHF operated 727 shops (2017: 724), including 547 standard charity shops (2017: 552) and 180 specialist furniture & electrical stores (2017: 172). During 2017-18, we opened eight new standard shops and nine furniture & electrical stores, re-sited seven shops and closed a total of 14 shops.

The growth in total income was supported by continued investment in the direct costs of generating funds, which increased by 10% to £42.1m (2017: £38.3m). As a result, the BHF generated £128.1m of net income for charitable purposes in the year (2017: £120.6m).

Financial review

Charitable expenditure

During 2017-18, our charitable expenditure totalled £130.1m, up from £127.1m in 2016-17. This included £97.1m (2017: £95.9m) of investment in world-class research into heart and circulatory diseases, as well as £33.0m (2017: £31.2m) to fund Healthcare Innovation activities that represent the research findings put into practice, as new or better treatments for those affected by these conditions, or new and improved ways to diagnose and prevent them.

In 2017-18, total committed awards on 230 new Research grants was £108.4m (2017: £107.5m), including supplements made to new and existing grants. The Chairs and Programme Grants Committee spent £50.4m, including £7.5m to fund a second round of funding to three Centres of Regenerative Medicine, where scientists are working on new treatments to repair the damage caused by heart and circulatory diseases. Investment also included core support for cardiovascular disease elements of national initiatives such as the UK Prevention Research Partnership (£3.0m), which is supporting research into upstream and environmental factors in non-communicable diseases and Health Data Research UK (£2.0m), which aims to harness health and biomedical data to develop and apply cutting-edge data science solutions to the most pressing health research challenges. A further £32.2m was awarded for Fellowships, £21.3m for Project Grants, £3.6m for Clinical Studies and £0.8m for Translational Awards.

The total reported investment in research of £97.1m (2017: £95.9m) is lower than the total of new grants awarded because the provision reflects allowances for the experience that the majority of grants are not claimed in full and the application of a discount factor to reflect the long-term nature of the majority of the grant liabilities.

The investment in Healthcare Innovation included £5.0m (2016: £4.1m) on providing information to those affected by heart and circulatory diseases through Heart Matters membership and by providing support for people affected by these conditions through a wide range of digital and print resources. It also included £2.8m (2017: £2.9m) on our Survival programme, helping to create a 'Nation of Lifesavers' through CPR training and increasing access to defibrillators, and a £0.8m grant to the University of Warwick for an audit into out-of-hospital cardiac arrest.

We invested £1.9m in Service, Innovation and Evaluation, including £0.7m (2017: £0.7m) of funding for the second phase of grant programmes providing genetic cascade testing to identify the inherited heart condition HCM (funded by the Miles Frost Fund). £1.8m funded the work of our Health Services Engagement team to influence health services at a regional and local level to bring about improvements for those affected by heart and circulatory diseases. Additionally, £1.4m (2017: £1.9m) was invested through our partnership with Tesco and Diabetes UK to support people to make better choices and live longer, healthier lives.

Alongside these activities, we spent £9.6m (2017: £7.6m) on policy and communications as part of our charitable activities, ensuring that people understand what the BHF does, giving them access to information about their health and the latest research breakthroughs, and working with Government departments and arm's length bodies to influence public policy to maximise impact on cardiovascular health. We also continue to work with partners to campaign for tobacco control, mainly through our grant funding of Action on Smoking and Health (ASH) in England, Scotland and Wales, and to highlight issues such as the impact of air pollution on heart and circulatory diseases.

Balance sheet

As at 31 March 2018, total cash, deposits and investments were £314.9m, a decrease of £5.0m compared to 31 March 2017. This decrease principally reflected the planned use of our investment and cash reserves to fund our research commitments, as further discussed under 'Reserves' below. Our cash and investment portfolio helps pay our grants when they fall due. The total provision for grant awards was £317.0m as at 31 March 2018 (2017: £316.0m).

Grants awarded are commitments by the BHF to reimburse recipients for expenditure properly incurred in accordance with the grant agreement. It is our policy to provide for the total expected commitment at the point a grant is agreed and communicated to the grantee. However, there is often a substantial time lapse between recording a new grant awards in our accounts and its subsequent payment, and the full grant commitment may not be utilised in full. These factors are reflected in the year end provision.

At 31 March 2018, the BHF Group is reporting net assets of £82.9m, compared to £78.7m last year. The BHF Group is reporting total funds of £82.9m compared to a £78.7m last year. This position includes £57.7m of unrestricted funds (general reserves), up £3.5m on the previous year (2017: £54.2m).

Reserves policy

The Board of Trustees considers the key measure of sustainability for the BHF to be current and future liquidity cover, rather than the surplus accounting position. As a consequence, Trustees have set an appropriate reserves policy relating to liquidity based on the relationship between readily realisable assets and the cash required to settle grant liabilities and sustain the BHF's operations for a period.

Trustees have decided that after an allowance for future income expectations, the BHF should at all times maintain cash and readily realisable assets sufficient to fund between not less than 12 and not more than 24 months of forecast cash outflow to settle grant awards, plus 12 months of non-retail operating costs (excluding direct costs of income generation). In the event of the BHF facing difficult financial circumstances, these reserves would allow us to both meet our 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 us to hold between £91m and £119m in liquid and readily realisable assets.

At 31 March 2018, our total cash, deposits and investments of £314.9m was significantly above the upper end of the reserves range. However, our strategic plans assume the excess will reduce over the medium term as we are currently awarding total research grants at a level above our net income generated after non-research charitable spend. Consequently during the financial year a short-dated corporate bond portfolio was created to ensure that the net cash requirement to settle this commitment over the relevant time period is secure. The Trustees review the BHF reserves policy annually.

Reserves and grant commitments

	2018	2017
	£m	£m
Cash and cash equivalents	68.0	86.9
Equity growth portfolio	177.8	233.0
Short-dated corporate bond portfolio	69.1	–
Total cash and investments	314.9	319.9
Grants – year end provision	317.0	316.0
Unrestricted funds	57.7	54.2
Total funds	82.9	78.7

Financial review

Investment policy and performance

The BHF held total cash, deposits and investments of £314.9m as at 31 March 2018, a decrease of £5.0m on 2017. The BHF has three portfolios: the equity growth portfolio, the short-dated corporate bond portfolio and the cash portfolio.

The investment objective of the growth portfolio, which was valued at £177.8m as at 31 March 2018 (2017: £233.0m) is to provide real growth over five to ten years. The growth portfolio consists almost entirely of equities, and is split between a UK equity portfolio managed by Smith & Williamson Investment Management LLP and a global equity portfolio managed by Schroder Investment Management Ltd. The growth portfolio generated a total return for the year ended 31 March 2018 of 3.2%, against a benchmark of 2.9%.

In addition, a short-dated corporate bond portfolio was created during the year, which is managed by Royal London Asset Management (RLAM), with £62.2m held as at 31 March 2018. The portfolio is constructed so the coupon and maturity payments generated broadly match the forecast net cash requirements of our research funding commitments over the medium term.

The growth and short-dated corporate bond portfolios included a total of £9.5m of cash held for investment purposes as at 31 March 2018 (2017: £2.4m).

To balance short term cash requirements and investment risks, our cash portfolio invests in short-term fixed interest investments managed by RLAM, with £62.9m held as at 31 March 2018 (2017: £77.6m). These readily realisable investments are reported within the total cash and cash equivalents on the balance sheet of £68.0m (2017: £86.9m). The investment objective of the cash portfolio is to preserve the absolute

capital value of the assets. The benchmark is to earn a return net of fees in excess of the one month inter-bank LIBOR rate. The RLAM cash portfolio generated a total return for the year ended 31 March 2018 of 0.28%, against the benchmark return of 0.23%.

Our investments are governed by investment and treasury policies that are reviewed by the Trustees on an annual basis. The policies are designed to balance the objective of maximising investment returns against the risk and liquidity of the investments.

All investment managers are asked to demonstrate effective systems of control, including annual compliance with the requirements of the AAF assurance framework (or equivalent) on internal controls.

The total return on investments for the year (including net investment income) was a net gain of £7.2m (2017: £49.2m). This reflected further growth in equity markets, on top of the significant gain achieved in the prior year.

Ethical investment policy

We take care to ensure that the investment portfolio does not have exposure to investments that may be inconsistent with our mission and objectives. To this end, no direct or indirect investment is permitted in any company in the tobacco industry (defined as a company deriving more than 5% of turnover from the manufacture of tobacco or tobacco-related products).

Pensions

The BHF UK Retirement Plan, a defined contribution scheme, is available for employees to join at any time. Contributions made to the Plan during the financial year totalled £3.5m (2017: £3.2m).

In addition, the Charity retains a funding obligation to the BHF UK-defined benefit pension scheme ('the Scheme'), which was closed to new entrants from 30 June 2001 and to future accrual from 31 May 2016. The Scheme remains subject to a formal triennial funding valuation, with the most recently completed being as at 1 July 2014. This showed a funding deficit of £3.3m, as a result of which a deficit recovery plan was agreed over the period to April 2022. The actuary carries out a separate annual valuation in accordance with FRS 102 (the financial report standard applicable in the UK and Republic of Ireland), in which different funding assumptions are applied. The FRS 102 valuation as at 31 March 2018 showed a deficit of £2.1m (2017: £6.2m), and is further explained in note 14 to the financial statements.

Charitable activity in Scotland

As a charity registered in England, Wales, Northern Ireland and also in Scotland, we detail our activity in all these areas. The BHF has charity shops in Scotland and receives income from other fundraising activities undertaken in Scotland. Twenty-eight research grants, totalling £13.4m were awarded this year to the Universities of Glasgow, Edinburgh and Aberdeen.

Further information on our activities in Scotland, Wales, Northern Ireland and England is available at bhf.org.uk.

Trading subsidiaries

The British Heart Foundation has three wholly owned trading subsidiary undertakings. The profit distributed to the Charity in the year from the subsidiaries (British Heart Foundation Venture Limited, BHF Shops Limited and London to Brighton Bike Ride Limited) was £8.5m (2017: £7.2m). Profits of trading subsidiaries are detailed in note 13 to the accounts.

Going Concern

The Trustees have reviewed our financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this review, the Trustees believe that we are well placed to manage operational and financial risks successfully.

Accordingly, the Trustees have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

Financial review

Internal control

The Trustees are responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the strategic and operational risks the Charity has and could be exposed to.

Processes in place regarding risk management and internal controls include the following:

- A BHF Risk Management Framework which meets the Charity Commission's requirements and follows best practice from the Institute of Risk Management (IRM).
- An Internal Audit function supported by BHF's internal audit partner Deloitte, who deliver a risk-based audit programme approved by our Audit and Risk Committee. The Audit and Risk Committee reviews internal audit follow-up by BHF management, as well as more detailed reports from senior management on key areas of risk.
- All major programmes and projects are scrutinised by the Executive Group and monitored through an Operations Board to ensure they are properly planned and implemented.

Risk management

The Risk Management Framework consists of the Risk Management Policy and the Risk Management Procedure. The Risk Management Procedure sets out the process that we use to identify and manage risks in all our activities, classified into two categories, Strategic Risk and Operational Risk. This process is supported by individual Directorate Risk Registers and an overarching BHF Corporate Risk Register (CRR).

In March 2018, the Trustees completed their annual review of the CRR. In the course of this review, the Board has considered:

- the high and significant risks to which the BHF is exposed;
- the potential impact and probability associated with each risk;
- existing internal controls and accountability for them; and
- mitigating actions to reduce each risk to a level that the Board considers to be acceptable.

In addition to the Trustees' annual review, the CRR is reviewed by the Executive Group and reported to Audit and Risk Committee on a quarterly basis.

Principal risks and uncertainties

Risk

Economic pressures, competition, e-commerce and changes in consumer behaviour, impact negatively on voluntary income.

Incidents that damage reputation and/or negatively impact operations (including cyber security, serious fraud, major health and safety incidents, safeguarding and internal process failures).

Changes in Government regulatory requirements and/or Charity Sector guidance (e.g. GDPR, Fundraising Code) negatively impact on the BHF's strategy and activities.

BHF strategy and activities are not properly or sufficiently focused in order for the charity to meet its objectives.

The BHF is exposed to financial risk and market movements through its cash and investment portfolios, and via the assets and liabilities of a defined benefit pension scheme.

Attracting, developing and retaining talented staff in a competitive employment market impacted by the uncertainties of 'Brexit' combined with the reliance on significant levels of volunteer support both in fundraising and retail operations.

Delivering effective change management through major process improvement programmes in support of the Strategy to 2020.

Management

- Annual budgeting and ongoing management reporting and monitoring of financial performance.
- The preparation of long-term financial forecasts aligned to the BHF's strategy to 2020 that target a diversification of income streams and incorporate an ongoing consideration of market and consumer trends.

- Proactive detection, monitoring, reporting, investigation of potential adverse events and incidents.
- Proactive and reactive media management in place, including ongoing digital and traditional media monitoring.
- Dedicated specialist resource is applied in key areas such as health and safety, risk and assurance and legal that support organisation-wide events and operations.
- Continuing programme of health and safety improvements and safeguarding training is being delivered to strengthen our safety management system.
- Continuing programme to drive IT improvements and strengthening of infrastructure and cyber security to protect BHF assets.
- Continuing programme to strengthen business continuity and disaster recovery plans that help minimise disruption to operations from unexpected events.

- BHF risk management, legal and fundraising compliance teams monitor public policy and the regulatory environment on an ongoing basis to ensure potential risks can be proactively managed. This includes a particular focus on developments in fundraising regulation and the requirements of the General Data Protection Regulation (GDPR).
- Active programmes of advocacy, influencing and senior level engagement to ensure our views are shared.
- Senior BHF and partner representation at key events and forums to help shape the research agenda.
- Strategic priorities and programme initiatives which target a diversification of income streams.

- BHF's Executive Group and Trustees routinely scrutinise alignment with, and progress of, the BHF strategy to 2020.
- Review and development of key charitable strategies (Research, Healthcare Innovation, and Fundraising) by internal and external subject matter experts.
- Scrutiny and approval of research funding applications by international expert committees.

- Expert financial advice informs investment and treasury policies that ensure our portfolio is adequately diversified and managed.
- Oversight of investment performance by our Investment Committee, who monitor compliance and effectiveness of our investment and treasury policies.
- The Trustees of the defined benefit scheme (closed to new members and future service accrual), in consultation with the BHF as sponsoring employer, ensure expert advice informs the Scheme's investment and liability management policies.

- Employee and volunteer engagement surveys and Gender Pay Gap reporting.
- An active communication programme using our enhanced sharepoint intranet site to ensure staff and volunteers are always informed on the BHF's strategy and the progress being achieved.
- Regular benchmarking of compensation and benefits.
- Talent management, development and succession planning programmes.
- Ongoing proactive employee and volunteer recruitment campaigns.

- Application of portfolio management processes for effective requirements capture, supplier selection, and project delivery.
- Operations Board and Executive Group review, monitor and support all key change programmes ensuring appropriate governance and resourcing priorities are addressed.
- Independent programme assurance of key change programmes.

Legal structure and governance

The British Heart Foundation is a company limited by guarantee, incorporated in England on 28 July 1961, and registered at Greater London House, 180 Hampstead Road, London NW1 7AW. Our Articles of Association were last amended on 31 March 2016 and provide for a limitation of member liability to £1. The BHF is a registered charity in England and Wales (charity number 225971) and in Scotland (charity number SC039426).

The Board of Trustees is responsible for the governance and strategy of the BHF. The Board is made up of 13 Trustees, comprising a mix of medically-qualified and lay members. Each Trustee is also a member of the Advisory Council. The Trustees have full legal responsibility for the actions of the BHF. Members are 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 on a quarterly basis and delegates day-to-day responsibility for the running of the BHF to the Executive Group. In addition to Board of Trustee meetings, a one-day Annual Summit is held each year to which all members of the Advisory Council are invited and at which strategic issues and topics of the day are discussed.

The Board delegates specific responsibilities and activities to various sub-committees, including the Audit and Risk, Investment, Retail, Nominations and Remuneration committees. Our investment in research is overseen by five medical committees with responsibility for specific areas of research including the review of grant requests and other scientific award proposals. An organisation chart listing all our current committees can be found on page 61.

Our governance streams

Our committees and groups are arranged into one of three streams – Governance, Operational or Advisory. In this way, the broad function of each committee and the way they contribute to the running of the BHF is immediately apparent. For each stream, common terms of reference supplement specific terms of reference relevant to that committee and so make the decision-making process quicker and simpler.

Governance stream

The Trustees have the ultimate responsibility for running the charity with their principal duties being to set the strategic direction of the charity and ensure that the charity is solvent, properly run and delivers its charitable purposes. To ensure all decisions are informed and appropriate for the BHF, where it is beneficial to the BHF, the Trustees have delegated certain tasks to directly accountable committees (the 'Governance Committees') comprised of members with relevant specialist knowledge. There are currently three Governance Committees – Audit and Risk, Nominations and Remuneration – each of which has members that are independent of the Trustees and are experts in areas appropriate to their committee's work.

Operational stream

The operational committees review and make decisions on key operational matters on behalf of the Board of Trustees in the following areas:

- i. Grants – members of our five grant-making committees review and assess applications for grants for scientific, medical, clinical studies or translational research grants for work that will assist BHF to carry out its charitable activities. They also review the output and performance of grants throughout the lifetime of those awards.
- ii. Investment – the Investment Committee recommends investment strategies and oversees investment performance in line with the BHF's aims, objectives and risk appetite.

Each operational committee operates within clearly defined delegated authority and budgetary limits set by the Board to further the strategic aims of the charity.

Advisory communities

The BHF advisory communities cover specific areas of expertise, each designed to support BHF's key strategic themes. Working with supporters, specialist advisers, patient representatives and other key stakeholders to drive the new strategy through its key themes, the groups:

- provide tailored, expert support and advice to the Board and Executive Group;
- keep the Board apprised of major issues and concerns; and
- provide a forum for stakeholder involvement and consultation to inform the BHF's work.

The advisory communities currently comprise the Retail Committee and the Fundraising Board.

Advisory Council

Our Advisory Council comprises the Board of Trustees and the members of all BHF governance committees, operational committees and advisory communities, and is chaired by Professor Sir Kent Woods, our Vice-Chair of the Board of Trustees. A one-day Summit is held annually to which all Advisory Council members are invited. The aim of this meeting is to provide input and expert advice towards BHF's strategy and future direction.

Charity Governance Code

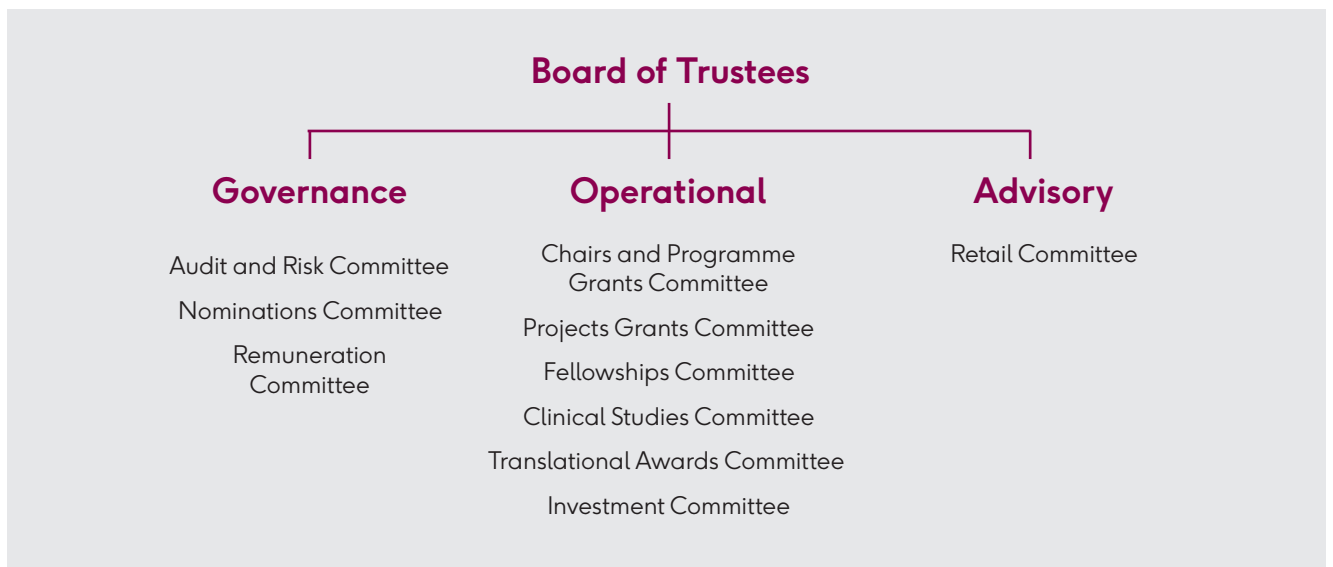
The new Charity Governance Code was published during 2017. Designed as a tool to support continuous improvement, the Board has reviewed the Code and will regularly revisit the Code's key principles to ensure the highest standards of governance. Areas of particular focus this year have been:

Board Effectiveness

During 2017-18 an external review of board effectiveness was carried out by our internal auditor. This included a review of board composition, skills, knowledge and experience, board culture and programme of work, to ensure the Trustees have the necessary skills, information and time to ensure effective decision-making.

Board Diversity and Inclusion

The Board believes that a balance of experience, skills, knowledge and backgrounds is vital to providing a variety of different perspectives to its discussions and enhancing the Board's decision making. Diversity, including gender and ethnic background is considered as part of the annual board evaluation process, and each year, new trustee appointments are evaluated against the existing skills, knowledge and experience on the Board.



Legal structure and governance

Board of Trustees

Trustees act as the company directors of the BHF, and under charity law they have legal duties and responsibilities as Trustees.

We are pleased to welcome two new Trustees, Lord Andrew Feldman and Daryl Fielding, who joined the Board of Trustees this year. The Board of Trustees is extremely grateful to all our Advisory Council and committee members for their support during the year. Our particular thanks go to Dr Evan Harris, Richard Hytner and Professor Simon Ray who retired from the Board of Trustees this year, having played a huge role in the direction of the BHF during their tenure.

Chair

Dr Douglas Gurr

Members

Andrew Balfour LLB

Professor Dame Anna Dominiczak DBE MD FRCP FAHA FRSE FMedSci

Dr Robert Easton BSc ARCS DPhil

Daryl Fielding BSc – from October 2017

Rt Hon Lord Feldman of Elstree – from October 2017

Professor John Iredale FRCP FRSE FMedSci

Professor David Lomas PhD ScD FHEA FRCP FMedSci

Iain Mackay MA CA

Professor Sussan Nourshargh PhD FBPhS FSB FMedSci

Peter Phippen

Professor Liam Smeeth FRCGP PHD

Professor Sir Kent Woods FMedSci

Retired during the year:

Dr Evan Harris BM BCh MA (Oxon)
– to October 2017

Richard Hytner MA LLM – to October 2017

Professor Simon Ray BSc MD FRCP FESC FACC
– to January 2018

Recruitment, induction and training of Trustees

The Nominations Committee is, amongst other things, responsible for recruiting members of the Board of Trustees and the committees and communities comprising the Advisory Council. One of its aims is to ensure a broad mix of skills and backgrounds. The Nominations Committee meets regularly to review the composition of the Board of Trustees and the Advisory Council, and to act on any upcoming vacancies. Trustee and Advisory Council vacancies are advertised as necessary. BHF will also approach individuals thought to have the right skills.

New Trustees and Advisory Council members are invited to spend time with members of the Executive Group as part of their induction. This is a chance to learn about the BHF and identify opportunities to get more involved with our work. Trustees are also invited to attend regular research site visits to learn more about BHF research, and additional training and updates are offered on a regular basis.

Public benefit

In reviewing our aims and objectives, and planning future activities, the Trustees have taken into account the Charity Commission's general guidance on public benefit. The Trustees always ensure that the activities undertaken are 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 and circulatory diseases, due to ethnic, social or economic factors. However, by their very nature, all our charitable activities are undertaken for the benefit of the public.

BHF Fundraising

At the BHF, our supporters are at the heart of everything we achieve and our fundraised income represents 80% of our total income (net of retail costs). We have a diverse range of fundraising activities, ranging from legacies, which represent over half of our fundraised income, through to events, individual giving and community fundraising. To ensure our fundraising conformed to recognised standards, we maintained our membership of the Institute of Fundraising ("IoF") and with its now established Compliance Directorate and have continued to take an active role with that organisation. In April 2017 our Director of Fundraising was announced as the new Chair of the IoF.

We continue to enhance our fundraising compliance function to promote good practice and monitor fundraising efforts in line with our Supporter Promise (bhf.org.uk/about-us/supporter-promise). We voluntarily subscribe to the Fundraising Regulator and its Code of Fundraising Practice ("Code") and we require all third party fundraising partners to adhere to the Code as a contractual obligation. An audit of our compliance within fundraising against the Fundraising Regulator's Code of Fundraising Practice was carried out by our internal auditors in 2016-17 which gave rise to a number of recommendations that have now been implemented. The audit included a review of all third party contracts to ensure that the monitoring and oversight obligations that have been put in place are accurately documented and that we are clear on the number of times we will carry out monitoring activity throughout the year.

In most instances, we rely on obtaining consent to contact supporters about future fundraising. This has been achieved through a fully opt-in consent model. If supporters choose not to opt-in, then they won't receive marketing or fundraising requests from us. In the short term, this means we will be speaking with fewer people, but we believe that putting our supporters first is the right thing to do and will ultimately lead to a greater level of engagement, loyalty and value. We have also developed an online Preference Centre to give supporters choice and control over what they want to receive from us. In certain circumstances, we will rely on 'legitimate interest' as a legal basis for contacting our supporters.

We will only do this where we have considered and balanced any potential impact on the supporter and their rights under data protection laws. Fundraising activity and overall strategy is regularly addressed by the Board of Trustees in exercise of their duties under CC20 Charity Commission guidance. They, together with our Audit and Risk Committee, monitor significant risks and ensure they are being properly addressed.

The Executive Group has oversight of all fundraising activities and monitors performance against key indicators to identify any significant challenges or changes that are required.

Fundraising on our behalf

Speaking to donors both in person and over the telephone remains an important part of our fundraising efforts. In addition to our traditional door-to-door, private site and telephone fundraising activity, we began recruiting new lottery supporters through our face-to-face agency partners. We continue to improve our mystery shopping, training evaluation, doorstep shadowing and telephone call monitoring for all professional fundraisers in line with the requirements set out in The Charities (Protection and Social Investment Act) 2016 and we ensure that BHF fundraising staff continue to deliver formal fundraising training to all agency partners.

Vulnerable People

The BHF is very keen to fundraise appropriately from all of our supporters and we are particularly conscious of our responsibilities to vulnerable people. Our Vulnerability Policy applies to all of our fundraising activities and ensures that we are protecting the public from undue pressure and persuasion, as well as identifying potential vulnerabilities. We have further reviewed and improved our Vulnerable Supporters Policy to ensure that our Supporter Promise remains at the heart of all fundraising efforts.

Complaints

We have completed a review of our complaints policy, establishing an enhanced means of addressing and reporting on complaints in the spring of 2018. From the millions of contacts we have with supporters each year in 2017-18 we received 1,025 complaints about our fundraising practices. We take all complaints very seriously and respond according to our complaints policy.

Legal structure and governance

In 2017-18, we received two complaints through the Fundraising Regulator which required further action to improve our fundraising practices. As a result, we have improved our processes and complied with all Fundraising Regulator recommendations relating to compliance with the Code.

We have recently strengthened our processes in a number of areas pertaining to our management of complaints, including introducing specific training for public fundraisers, improving internal processing of supporter data through the Fundraising Preference Service, providing specific monitoring obligations for third party fundraising partners and introducing an out-of-office hours supporter phone line.

Grant-making policies

We only award science research grants after a formal, detailed application process and a comprehensive peer review. For in-depth information on research expenditure, the grant-award process and application guidelines, visit bhf.org.uk/research/information-for-researchers.

Executive Group

The Executive Group is responsible for the day-to-day running of the BHF under authority delegated to it by the Board of Trustees. It proposes to the Board of Trustees where the BHF should invest its time, money and expertise, including an annual discussion of strategy supported by financial forecasts. It proposes an annual operating budget to the Board of Trustees for approval and monitors financial performance accordingly. The Executive Board members are detailed below:

- Chief Executive – Simon Gillespie
- Medical Director – Professor Sir Nilesh Samani
- Chief Financial Officer – Martin Miles FCA
- Director of Fundraising – Amanda Bringans
- Director of Healthcare Innovation – Jacob West – from February 2018
- Director of Marketing & Engagement – Carolan Davidge
- Director of People & Organisational Development – Kerry Smith
- Commercial Director – Mike Taylor

Other Executive Group members who served during the year were:

- Director of Prevention, Survival & Support – Catherine Kelly – to February 2018

Company Secretary

- Senior Legal Counsel and Company Secretary
– Sam Ryan

Our staff and volunteers

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

At 31 March 2018 we had a paid workforce of 4,091, spread right across the UK (3,350 of whom are employed in our retail operation). The full-time equivalent headcount is detailed within note 4 to the accounts on page 83. Their skills, experience and commitment have enabled the BHF to continue to push the boundaries as the UK's leading independent funder of cardiovascular research. It is therefore essential for the BHF to be able to attract and retain the best talent, and having an appropriate reward strategy is one of the many ways the BHF can secure this. The Executive Group is responsible for our reward strategy and policies, and the annual remuneration review is established by the Executive Group and approved by the Board of Trustees. This is further discussed below.

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 20,995 retail and fundraising volunteers inform people about our work and services and raise vital funds on our behalf, providing essential support within our retail outlets. 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 we will achieve our goal of beating heart and circulatory diseases.

The BHF is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, religion, sexual orientation, age, employment status, disability or marital status.

The BHF gives full and fair consideration to applications for employment from people with disabilities, having regard to their particular aptitudes and abilities. All reasonable adjustments are made for the continued employment and training, career development and promotion of people with disabilities employed by BHF. 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 training, development, reward and progression opportunities, and are accountable for the impact of their own behaviour and actions.

During the year, regular communications are provided to our staff and volunteers, including updates on the Charity's progress. In addition, one of our values is to encourage our staff and volunteers to speak out and express their views and opinions. Staff and volunteer forums are used as well as regular all-staff updates across our main sites. Employee suggestion schemes, webchats with directors and senior managers, informal opportunities to express views as well as our 'concernatwork' email for any anonymous reporting, support the priority for open and transparent engagement at all times. All new employees attend BHF induction events attended by our Chief Executive and members of our Executive Group.

Legal structure and governance

Executive Pay

We have a detailed Reward Policy, which sets out our guiding principles for reward at the BHF.

The remuneration for the Executive Group is set, monitored and reviewed by the Remuneration Committee, which is chaired by an independent senior human resources specialist. The BHF is committed to a policy of equal pay and aims to ensure that salaries reflect the knowledge, skills, behaviours and capabilities required for satisfactory performance in each role whilst also demonstrating appropriate use of charitable donations. Salaries are benchmarked against the voluntary sector and where appropriate, other relevant job markets. More information on our executive pay policy can be found on our website bhf.org.uk.

Our Chief Executive's total pay was £179,000 in 2017-18. This is below the median for the charity sector, according to Third Sector's 2017 survey of executive pay. This survey also identified the BHF as the 11th largest charity by income, but only the 50th by salary for the highest paid employee.

- The ratio between our highest and median salary (including retail) is 11.2 to 1
- The ratio between our highest and median salary (excluding retail) is 5.1 to 1

Gender Pay Gap

The average gender pay gap at the BHF is 7.7% in favour of men, compared to a national average of around 12.9% – this is a result of the work we have done already to narrow the gap. The current gap exists because we have more men than women working in senior and technical roles, within our IT and Medical team. We continue to dedicate our organisation to taking more steps to narrow the gap even further and we're proud to be an organisation where half of our senior leaders are women.

Trustees' Indemnity

As permitted by the Articles of Association, each of the Trustees has the benefit of an indemnity which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Trustees' and Officers' liability insurance in respect of itself and its Trustees. No indemnity is provided for the Company's auditor.

Patron

The BHF is honoured to have the continued support of His Royal Highness The Prince Phillip KG KT, who has been our Patron since the Charity was founded in 1961.

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue to act as auditors.

The Trustees' report, including the strategic report, was approved by the Board of Trustees on 31 July 2018.

Sam Ryan, Senior Legal Counsel
and Company Secretary
31 July 2018

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' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (which together form United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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:

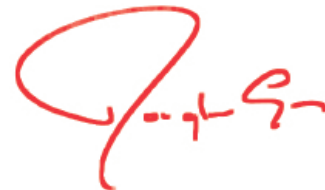
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The Trustees are responsible for the maintenance and integrity of 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.

In so far as the Trustees are aware,

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.



Dr Douglas Gurr, Chairman
31 July 2018

Independent auditors' report to the members and Trustees of the British Heart Foundation

Report on the audit of the financial statements

Opinion

In our opinion, British Heart Foundation's group financial statements and parent charitable company financial statements (the financial statements):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of 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).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the group and parent charitable company balance sheets as at 31 March 2018, the group statement of financial activities (incorporating a group income and expenditure account), the group statement of cash flows for the year then ended, and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Trustees' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 67, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members and Trustees of the British Heart Foundation

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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 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.

Other required reporting

Matters on which we are required to report by exception


Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors,
London, 31 July 2018

A woman with dark hair and bangs, wearing a black cardigan, stands in a white-framed doorway. She is smiling and holding the brass handles of the open doors. To her left is a brick wall with green ivy. To her right is a window with multiple panes, some showing greenery outside. The scene is brightly lit, suggesting daytime.

“I still have hope – after all, research and medicine is advancing all the time. So there could be a development that will make it possible for me to have a better quality of life. All I can do is hope.”

Claire Marie Berouche

Financial Statements



“I passed on my heart condition to both my sons. My heart deteriorated so badly that I needed a heart transplant. But as a family we are taking part in BHF-funded research. It gives you that boost that things are getting done, that things are looking promising.”

Inderdeep Birk



Tested.
Treated.
Together.

Group statement of financial activities for the year ended 31 March 2018

(Incorporating a Group income and expenditure account)

Company reg. number: 699547

		2018			2017		
		Unrestricted funds	Restricted and endowment funds	Total funds	Unrestricted funds	Restricted and endowment funds	Total funds
	Note	£m	£m	£m	£m	£m	£m
Income from							
Donations and legacies	2	126.6	7.5	134.1	114.6	10.5	125.1
Charitable activities		–	–	–	–	1.0	1.0
Investments		6.0	–	6.0	5.8	–	5.8
Other income		0.1	–	0.1	0.1	–	0.1
Total fundraising income		132.7	7.5	140.2	120.5	11.5	132.0
Expenditure on							
Raising funds: donations and legacies	4	(34.2)	–	(34.2)	(31.4)	–	(31.4)
Investment management fees	4	(1.3)	–	(1.3)	(1.2)	–	(1.2)
Total fundraising costs		(35.5)	–	(35.5)	(32.6)	–	(32.6)
Fundraising contribution		97.2	7.5	104.7	87.9	11.5	99.4
Trading income	3	186.5	1.3	187.8	178.5	–	178.5
Trading costs	3/4	(164.4)	–	(164.4)	(157.3)	–	(157.3)
Contribution from trading activities		22.1	1.3	23.4	21.2	–	21.2
Net income available for charitable purposes		119.3	8.8	128.1	109.1	11.5	120.6
Charitable expenditure							
Research	4	(91.7)	(5.4)	(97.1)	(93.9)	(2.0)	(95.9)
Healthcare Innovation	4	(30.3)	(2.7)	(33.0)	(28.0)	(3.2)	(31.2)
Total charitable expenditure		(122.0)	(8.1)	(130.1)	(121.9)	(5.2)	(127.1)
Net income before gain/(loss) on investments		(2.7)	0.7	(2.0)	(12.8)	6.3	(6.5)
Represented by							
Total income		319.2	8.8	328.0	299.0	11.5	310.5
Total expenditure		(321.9)	(8.1)	(330.0)	(311.8)	(5.2)	(317.0)
Net income before gain/(loss) on investments		(2.7)	0.7	(2.0)	(12.8)	6.3	(6.5)
Net gain/(loss) on investments	7	2.5	–	2.5	44.6	–	44.6
Net (expenditure) /income		(0.2)	0.7	0.5	31.8	6.3	38.1
Other recognised gains/(losses)							
Actuarial gain/(loss) on defined benefit pension scheme	14	3.7	–	3.7	(5.6)	–	(5.6)
Net movement in funds		3.5	0.7	4.2	26.2	6.3	32.5
Reconciliation of funds							
Funds balances brought forward at 1 April	5	54.2	24.5	78.7	28.0	18.2	46.2
Total funds carried forward	5	57.7	25.2	82.9	54.2	24.5	78.7

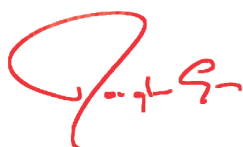
There are no recognised gains or losses other than those disclosed above. All results derive from continuing operations. Gross income for the year for the parent charity is £311.8m (2017: £297.3m) and gross expenditure is £313.5m (2017: 309.1m). The notes on pages 77 to 93 form an integral part of these financial statements.

Balance sheets as at 31 March 2018

Company reg. number: 699547

		Group		Charity	
	Note	2018 £m	2017 £m	2018 £m	2017 £m
Fixed assets					
Tangible assets	6	29.1	25.8	29.1	25.8
Investments	7	246.9	233.0	246.9	233.0
Total fixed assets		276.0	258.8	276.0	258.8
Current assets					
Inventories		5.4	4.9	–	–
Debtors	8	80.9	74.9	89.5	82.7
Cash and cash equivalents		68.0	86.9	66.0	86.1
Total current assets		154.3	166.7	155.5	168.8
Creditors and provisions: amounts falling due within one year					
Provision for research and other grant awards	9	(99.6)	(99.9)	(99.6)	(99.9)
Other creditors	10	(25.8)	(21.8)	(26.5)	(23.7)
Total current liabilities		(125.4)	(121.7)	(126.1)	(123.6)
Net current assets		28.9	45.0	29.4	45.2
Total assets less current liabilities		304.9	303.8	305.4	304.0
Provisions falling due after more than one year					
Provision for research and other grant awards	9	(217.4)	(216.1)	(217.4)	(216.1)
Dilapidations provision		(2.5)	(2.8)	(2.5)	(2.8)
Total provisions due after more than one year		(219.9)	(218.9)	(219.9)	(218.9)
Net assets excluding pension liability		85.0	84.9	85.5	85.1
Defined benefit pension liability	14	(2.1)	(6.2)	(2.1)	(6.2)
Net assets including pension liability		82.9	78.7	83.4	78.9
Represented by:					
Endowment funds	5	7.5	7.5	7.5	7.5
Restricted income funds	5	17.7	17.0	17.7	17.0
Unrestricted funds					
General fund		59.8	60.4	60.3	60.6
Pension reserve	14	(2.1)	(6.2)	(2.1)	(6.2)
Total unrestricted funds		57.7	54.2	58.2	54.4
Total funds		82.9	78.7	83.4	78.9

The financial statements on pages 74 to 93 were approved by the Board of Trustees on 31 July 2018, and signed on its behalf by:



Dr Douglas Gurr, Chairman



Iain Mackay, Chairman of the Audit and Risk Committee

The notes on pages 77 to 93 form an integral part of these financial statements.

Members of the Board of Trustees

Group statement of cash flows for the year ended 31 March 2018

	2018 £m	2017 £m
Cash flows from operating activities		
Net cash outflow from operating activities	(2.7)	(6.3)
Cash flows from investing activities		
Investment income	6.0	5.8
Purchase of investments	(153.8)	(57.2)
Proceeds from sale of investments	142.4	62.3
Purchase of tangible fixed assets	(11.0)	(9.5)
Proceeds from sale of tangible fixed assets	0.2	0.1
Net cash (outflow)/inflow from investing activities	(16.2)	1.5
Net decrease in cash and cash equivalents	(18.9)	(4.8)
Cash and cash equivalents at 1 April	86.9	91.7
Cash and cash equivalents at 31 March	68.0	86.9
Reconciliation of net cash flow from operating activities		
Net income	0.5	38.1
Add/(less):		
Depreciation	7.3	7.1
Loss on sale of fixed assets	0.1	0.5
Investment income	(6.0)	(5.8)
Net gain on investments	(2.5)	(44.6)
Defined benefit scheme pension costs recognised in SOFA	0.3	0.1
Employer contributions to defined benefit pension scheme	(0.6)	(0.6)
Increase in stock	(0.5)	(0.3)
Increase in debtors	(6.0)	(7.1)
Increase/(decrease) in creditors	4.0	(2.5)
Decrease in dilapidations provision	(0.3)	(0.1)
Increase in provision for research grants and other awards	1.0	8.9
Net cash outflow from operating activities	(2.7)	(6.3)

The notes on pages 77 to 93 form an integral part of these financial statements.

Notes to the accounts

1. Accounting policies

The Statement of compliance

The Group and Charity financial statements have been prepared in accordance with the Statement of Recommended Practice: "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (SORP) issued on 16 July 2014 and the "Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). They also comply with the reporting requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011.

The BHF constitutes a public benefit entity as defined by FRS 102.

Basis of Preparation

The Group and Charity financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of listed investments.

The principal accounting policies applied in the preparation of the Group and Charity financial statements are set out below. These policies have been consistently applied to all the years presented.

Reporting period

The financial statements for the year ended 31 March 2018 incorporate the trading results of our retail operations for the 53 week period ended 31 March 2018 (2017: 52 week period ended 25 March 2017).

Basis of consolidation

The financial statements of the BHF and its four subsidiary companies are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activities.

Statement of cash flows

The Charity has taken advantage of the exemption in FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Group statement of cash flows included in these financial statements includes the cash flows of the Charity.

Incoming resources

Income is recognised and included in the statement of financial activities when the Group has entitlement to the income, it is probable that the income will be received and the amount can be measured reliably. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet.

- **Donations** (including those raised through volunteer fundraising) are recognised when income has been received. **Gift Aid income** on donations is accrued when there is a valid declaration from the donor.
- **Retail income** is recognised at point of sale. Goods donated for sale are included as income at the point of sale. Gift Aid income claimed under the UK retail gift aid scheme is estimated and accrued at the point of sale.
- **Legacy income** is recognised in the statement of financial activities when the BHF has entitlement to the income. For the majority of legacies entitlement is determined when probate has been granted. Where probate information is not available or probate is not required to execute an estate, a date of entitlement is estimated based on our experience data for similar legacies. Revisionary interests involving a life tenant are not recognised unless the life tenant has passed away.

Income is estimated based on the best available information at the time. Where estate accounts or notification of expected income have not been received for an estate, income is estimated using a portfolio approach based on historical experience of income from similar legacies.

- 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.
- Income from **government grants** is recognised when the charity has entitlement to the funds and any performance conditions attached to the grants have been met.
- **Investment income:** interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity. Dividends are recognised once the dividend has been declared and the right to receive payment has been established.
- **Donated professional services** and donated facilities are recognised as income, if a value can be reliably measured, at the value to the charity when received. In accordance with the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers, including professional services provided directly by volunteers.

Notes to the accounts

1. Accounting policies (continued)

Resources expended

Expenditure is recognised when there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds (donations and legacies) comprise costs incurred in generating donation and legacy income, including fundraising staff costs and fundraising marketing costs.
- Trading costs comprise costs associated with operating our retail operations together with costs of running trading activities conducted to generate fundraising income, such as events and lottery costs.
- Charitable expenditure includes costs of grant awards and other direct costs incurred towards achieving the BHF's charitable objectives.

Grant expenditure is recognised in the year of award and when communicated to recipient in line with the SORP (see 'awards' for more detail on individual grant types).

Direct costs, including directly attributable salaries, are allocated on an actual basis to each expenditure heading.

Shared costs are allocated, where appropriate, across different expenditure headings. It has been estimated that 6% of the content of our fundraising material provides educational information that furthers the BHF's charitable objectives. Accordingly 6% of costs in generating fundraising material have been allocated to charitable expenditure.

Governance costs relate to the management of the BHF's assets, organisational administration and compliance with constitutional and statutory requirements. Support costs are costs incurred which are not directly attributable to our charitable, fundraising or retail activities, including for example head-office finance, human resources and legal costs. Governance and support costs have been allocated to expenditure headings on the basis of time spent.

Irrecoverable VAT is included within the expense items to which it relates.

Awards

Grants awarded are included within charitable expenditure when the award of the grant has been communicated to the recipient. Grants awarded are commitments by the BHF to reimburse grant recipients for expenditure incurred, up to the value of the grant award. Grant payments are made to recipients retrospectively when invoiced by the recipient and when supporting evidence of costs incurred has been provided. Grants are recognised as a provision, reflecting the uncertainty of the timing and value of payment for grants. To calculate the grants award provision, the timing and value of grant payments is estimated using a portfolio approach based on historical experience of similar grant awards. The expected underspend against award value reflected within the grant provision range from zero to 15% of award value and at 31 March 2018 reflects 7.0% (2017: 6.9%) of the grant award value for open grants.

All grant provisions in excess of one year are discounted to net present value. The discount rate used to determine the net present value is calculated with reference to UK Gilt yields at the balance sheet date, weighted to reflect the expected phasing of future grant payments. The discount rate applied at 31 March 2018 was 0.89% (2017: 0.25%).

Chairs of Cardiovascular Disease –

awards are subject to a quinquennial site visit and review. The full award is disclosed as a contingent liability and recognised as a provision in the financial statements only on satisfactory completion of that 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. On the basis of experience, it is assumed that the overwhelming majority of applicants will be successful at the mid-term review and therefore provision is made in the financial statements for expected future payments required to settle BHF's five year commitment.

Other Research Grants – where grants are conditional upon the successful achievement of project milestones the total award value is disclosed as a contingent liability and expected payments to the next milestone performance review are recognised as a grant provision in the financial statements. For non-conditional grants, provision is made in the financial statements for expected future payments required to settle grant awards.

Healthcare Innovation – grants are made in furtherance of the BHF's prevention, survival and support charitable objectives. On award of a grant, provision is made in the financial statements for the expected future payments required to settle the grant award.

1. Accounting policies (continued)

Fund accounting

Unrestricted funds comprise funds that are available for use at the Trustees' discretion in furtherance of the BHF's objectives. Restricted funds are subject to restrictions imposed by the donor. Endowment funds, which are permanent, represent amounts for which the capital must be retained and invested. Restricted and endowment funds assets are held as investments, pooled together with general reserve investments, until expenditure is incurred.

Tangible fixed assets

Tangible assets are stated at cost which includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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:

- Freehold property: over 50 years
- Short leasehold property: over the life of the lease
- Shop fittings: over 7 years
- Plant, equipment and vehicles: over 3–4 years

The BHF only capitalises items costing more than £1,000. However, if components of equipment (e.g. office furnishings or personal computers) are acquired with individual unit costs below the capitalisation threshold but with collective costs exceeding £1,000 and anticipated asset lives in excess of two years, then these groups of assets are collectively capitalised at the time of purchase.

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

Investments

Investments are a form of basic financial instrument and are initially recognised at transaction value and subsequently measured at fair value as at the balance sheet date using the closing market bid price. The statement of financial activities includes the net unrealised gains and losses arising on revaluation and realised gains and losses arising from disposals throughout the year. Realised gains and losses are calculated as the difference between sale proceeds and the opening carrying value or the purchase value if acquired in the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and the opening carrying value or purchase value if acquired in the financial year.

The BHF does not enter into or acquire derivatives or other complex financial instruments.

Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction. Foreign currency balances are translated into sterling at the exchange rate at the balance sheet date. Resulting gains or losses are included in the statement of financial activities.

Cash and cash equivalents

Cash and cash equivalents include cash in-hand, cash held in current accounts with UK banks and readily realisable short term fixed interest investments managed on behalf of the BHF by Royal London Asset Management.

Stock

Stocks purchased for sale are valued on a weighted average cost basis and carried at the lower of cost and net realisable value. Provision is made to reduce carrying values to net realisable value for slow moving, obsolete and defective stock. Stock does not include goods donated for sale as it is impractical to measure reliably the fair value of these donated items.

Pension costs

The current service cost of the BHF's defined benefit pension scheme is charged to employee costs over the anticipated period of employment. Net pension finance income or costs are recognised immediately as employee costs. Actuarial gains and losses are recognised immediately on the face of the statement of financial activities. The pension scheme net deficit is shown separately on the face of the balance sheet and separately within reserves. The detailed assumptions relating to the liability recognised on the defined benefit scheme are to be found in note 14.

For defined contribution schemes, the amount charged to the statement of financial activities for pension costs is the total 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.

Notes to the accounts

1. Accounting policies (continued)

Operating leases

Rents payable under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term. Benefits received as a lease incentive are credited to the statement of financial activities, to reduce the lease expense, on a straight-line basis over the lease term. The Group has taken advantage of the exemption in respect of lease incentives on leases in existence at the date of transition to FRS 102 (1 April 2014) and continues to credit these lease incentives to the statement of financial activities over the period to the first rent review date on which the rent is adjusted to market rates.

Taxation

As a registered charity the BHF is entitled to certain exemptions from corporation tax on profits from investments and any trading activities carried on in furtherance of the Charity's primary objectives. The subsidiary companies make qualifying donations of all taxable profits to the BHF and thus do not incur corporation 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.

Significant areas of estimation and judgement

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation. Significant areas of estimation and judgement include:

- Accrued legacy income is estimated based on the best information available at the balance sheet date. Historical average legacy income is used to provide an estimated valuation where no specific information is available.
- Grant provisions are estimated based on expected future cash flows and the expected underspend against award values, calculated based on historical grant payment profiles and underspend rates.
- The value reported within the balance sheet for the defined benefit pension liability is particularly sensitive to small changes in assumptions (see note 14). Advice is taken from a qualified actuary to determine an appropriate basis for valuation of the net liability as reported.

Other areas of estimation and judgement include lease dilapidations and onerous lease provisions.

2. Donations and legacies

	Unrestricted funds £m	Restricted funds £m	2018 Total funds £m	2017 Total funds £m
Legacies	81.7	1.7	83.4	73.3
Donations	28.6	5.8	34.4	37.2
Donations received in BHF Shops	2.6	–	2.6	2.6
Volunteer fundraising	13.7	–	13.7	12.0
Total	126.6	7.5	134.1	125.1

The charity has received notification of 422 legacies (2017: 492) with an estimated value of £15.5m (2017: £12.2m) which are not included in legacy income. This includes legacies which are subject to a life interest, legacies which have not yet been granted probate, and contentious legacies.

3. Trading activities

	Income/ direct costs £m	Support cost allocation £m	2018 Total £m	2017 Total £m
Retail income*	182.9	–	182.9	174.1
Retail costs	(154.1)	(3.7)	(157.8)	(151.6)
Retail net profit	28.8	(3.7)	25.1	22.5
Income from fundraising trading activities	4.9	–	4.9	4.4
Costs of fundraising trading	(6.6)	–	(6.6)	(5.7)
Net fundraising trading income	(1.7)	–	(1.7)	(1.3)
Contribution from trading activities	27.1	(3.7)	23.4	21.2
Represented by:				
Total trading income	187.8	–	187.8	178.5
Total trading costs	(160.7)	(3.7)	(164.4)	(157.3)
Contribution from trading activities	27.1	(3.7)	23.4	21.2

* 2018 includes income of £49.7m (2017: £45.6m) representing donations from our supporters on which Gift Aid of £12.4m (2017: £11.4m) has been claimed from sale of goods through the Retail Gift Aid Programme.

Notes to the accounts

4. Gross expenditure

	Awards (note 9) £m	Staff costs £m	Other direct costs £m	Support costs allocated £m	Total 2018 £m	Total 2017 £m
Expenditure on raising funds						
Costs of raising funds	–	14.7	16.0	3.5	34.2	31.4
Investment management fees	–	–	1.3	–	1.3	1.2
Total fundraising costs	–	14.7	17.3	3.5	35.5	32.6
Expenditure on trading activities						
Retail costs	–	58.3	95.8	3.7	157.8	151.6
Other trading costs	–	–	6.6	–	6.6	5.7
Total trading costs	–	58.3	102.4	3.7	164.4	157.3
Expenditure on charitable activities						
Research	93.7	0.8	1.9	0.7	97.1	95.9
Healthcare Innovation	2.0	5.8	21.7	3.5	33.0	31.2
Total charitable expenditure	95.7	6.6	23.6	4.2	130.1	127.1
Support cost allocated	–	8.7	2.7	(11.4)	–	–
Total expenditure	95.7	88.3	146.0	–	330.0	317.0

Support costs included in gross expenditure

The BHF 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.

Support cost are allocated to activities on a relevant basis to the nature of the underlying cost, including headcount, time spent or in proportion to resources used.

Analysis of support costs

	Charitable expenditure					
	Fundraising	Trading	Research	Healthcare Innovation	Total 2018 £m	Total 2017 £m
	£m	£m	£m	£m		
CEO, strategy and legal	0.4	0.4	0.1	0.6	1.5	1.3
Information technology	0.6	1.5	0.1	0.8	3.0	2.8
Finance and procurement	1.2	1.0	0.3	0.9	3.4	3.0
Human resources	0.9	0.5	0.2	0.9	2.5	2.2
Facilities management	0.2	0.1	–	0.2	0.5	0.4
Governance costs	0.2	0.2	–	0.1	0.5	0.5
Total support	3.5	3.7	0.7	3.5	11.4	10.2
					2018 £m	2017 £m
Support costs are made up of:						
Staff costs					8.7	8.1
Other costs					2.7	2.1
Total support					11.4	10.2

4. Gross expenditure (continued)**Gross expenditure for the year is stated after charging:**

	2018	2017
	£m	£m
Operating lease rentals (land and buildings)	26.7	26.5
Loss on disposal of fixed assets	0.1	0.5
Depreciation charge for the year	7.3	7.1
Auditors' remuneration*:		
Audit fee	0.1	0.1

* Auditors' remuneration comprises £62,742 (2017: £62,742) for the audit of the Charity and £17,425 (2017: £17,425) audit fees of subsidiary undertakings. In addition, £7,775 (2017: £7,800) was incurred in respect of British Heart Foundation Staff Pension Scheme and £5,000 (2017: £nil) in respect of non-audit services. All numbers exclude VAT.

Staff and Trustee information**Staff costs**

	2018	2017
	£m	£m
Wages and salaries	75.8	67.9
Social security costs	6.8	5.7
Pension costs (see note 14)	3.8	3.3
Other benefits	0.7	0.8
Other staff costs	1.2	0.8
Total	88.3	78.5

All staff are employed by the BHF. The average number of staff, employed in the year, was:

	2018	2017
Head office	598	468
Regions	63	62
Shops	3,163	3,111
Total	3,824	3,641

Reflecting:

Full time staff	2,399	2,258
Part time staff	1,425	1,383
Total	3,824	3,641

Full time equivalent average headcount

	3,112	2,996
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The following numbers of staff have emoluments above £60,000:

	2018	2017
Between £60,001-£70,000	35	26
Between £70,001-£80,000	17	17
Between £80,001-£90,000	8	3
Between £90,001-£100,000	3	5
Between £100,001-£110,000	4	5
Between £110,001-£120,000	1	–
Between £120,001-£130,000	–	–
Between £130,001-£140,000	1	–
Between £140,001-£150,000	1	1
Between £150,001-£160,000	–	1
Between £160,001-£170,000	1	–
Between £170,001-£180,000	1	1

The key management personnel of the BHF are the members of the Executive Group, further details of the membership and function of which is provided on pages 64. The total employee benefits of the Executive Group in the year was £1.1m (2017: £1.2m).

Trustee costs: no Trustees received any remuneration for services as members of the Board of Trustees, but a total of £2,907 (2017: £3,522) was reimbursed to five (2017: five) members for travelling expenses to and from meetings. As permitted in the Articles of Association, Trustee indemnity insurance was purchased at a total cost of £10,640 (2017: £7,250).

Notes to the accounts

5. Statement of funds

	Note	Balance 1 April 2017 £m	Incoming resources £m	Total resources expended £m	Net investment gain £m	Actuarial gain £m	Balance 31 March 2018 £m
Endowment funds (Group and Charity):							
Chair endowment trusts	a	7.1	–	–	–	–	7.1
G M Yule bequest	b	0.1	–	–	–	–	0.1
Dr John A Gordon memorial trust	c	0.3	–	–	–	–	0.3
Total endowment funds		7.5	–	–	–	–	7.5
Restricted income funds (Group and Charity):							
Legacy donations	d	5.1	1.7	(2.0)	–	–	4.8
Research	e	–	2.3	(2.2)	–	–	0.1
Prevention, survival and support	f	–	0.7	(0.7)	–	–	–
Oxford IDRM	g	2.5	0.8	–	–	–	3.3
Mending Broken Hearts Appeal	h	9.4	3.3	(3.2)	–	–	9.5
Total restricted funds		17.0	8.8	(8.1)	–	–	17.7
Unrestricted funds (Group)		54.2	319.2	(321.9)	2.5	3.7	57.7
Unrestricted funds (Charity)		54.4	303.0	(305.4)	2.5	3.7	58.2
Total Group funds		78.7	328.0	(330.0)	2.5	3.7	82.9
Total Charity funds		78.9	311.8	(313.5)	2.5	3.7	83.4

Note

- The Chair endowment trusts represent permanent endowments returned to the BHF by certain universities (see below). The interest earned on the money held is restricted and expended on the BHF's Chairs of Cardiovascular Medicine.
- Income from the G M Yule bequest is available for the general activities of the charity.
- Income from the Dr John A Gordon memorial trust fund is restricted to expenditure on Healthcare Innovation activities.
- Restricted legacy donations are received for both research and Healthcare Innovation. In some cases we are unable to distribute funds fully according to the specific terms of the bequest in the year of receipt and expenditure takes place in future years.
- Income where the donor has specified that the donation should be expended on the BHF's research activities.
- Income where the donor has specified that the donation should be expended on the BHF's Healthcare Innovation activities.
- Income collected towards a target of £10m to contribute to the build of a world-leading centre for stem cell technology, the Institute of Developmental and Regenerative Medicine (IDRM), at Oxford University.
- Income from Mending Broken Hearts ("MBH") 50th anniversary appeal expended on the BHF's charitable activities.

Endowment of Chairs of Cardiovascular Medicine

Originally 13 of the BHF'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 31 as of 31 March 2018.

The income generated by endowments was considered insufficient to fund the salaries of the professor, a secretary and a technician (as was originally intended) and the BHF 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 straight-forward transfer back to the BHF and the funds were returned to reserves. For six of the endowments returned, following advice from the Charity Commission, the BHF has recognised the trusts as endowment funds and they are held on the BHF 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 BHF.

5. Statement of funds (continued)**Analysis of Group net assets between funds**

	Unrestricted funds £m	Restricted funds £m	Endowment funds £m	Total £m
Tangible fixed assets	29.1	–	–	29.1
Investments	246.9	–	–	246.9
Current assets	129.1	17.7	7.5	154.3
Current liabilities	(125.4)	–	–	(125.4)
Long-term liabilities	(219.9)	–	–	(219.9)
Defined benefit pension liability	(2.1)	–	–	(2.1)
Total net assets as at 31 March 2018	57.7	17.7	7.5	82.9
At 31 March 2017	54.2	17.0	7.5	78.7

Analysis of Charity net assets between funds

	Unrestricted funds £m	Restricted funds £m	Endowment funds £m	Total £m
Tangible fixed assets	29.1	–	–	29.1
Investments	246.9	–	–	246.9
Current assets	130.3	17.7	7.5	155.5
Current liabilities	(126.1)	–	–	(126.1)
Long-term liabilities	(219.9)	–	–	(219.9)
Defined benefit pension liability	(2.1)	–	–	(2.1)
Total net assets as at 31 March 2018	58.2	17.7	7.5	83.4
At 31 March 2017	54.4	17.0	7.5	78.9

Notes to the accounts

6. Tangible fixed assets

Group and Charity

	Freehold property £m	Short leasehold property £m	Shop fixture and fittings £m	Vehicles £m	Furniture and equipment £m	Computers £m	Assets under construction £m	Total £m
Cost								
At 1 April 2017	2.4	25.1	26.3	3.0	11.5	18.3	1.3	87.9
Additions	–	2.9	2.7	0.1	0.9	2.3	2.0	10.9
Disposals	–	(0.6)	(0.6)	(0.6)	(0.7)	(1.3)	–	(3.8)
At 31 March 2018	2.4	27.4	28.4	2.5	11.7	19.3	3.3	95.0

Accumulated depreciation

At 1 April 2017	0.4	16.6	18.3	1.6	10.0	15.2	–	62.1
Charge for year	–	1.8	1.9	0.6	0.8	2.2	–	7.3
Disposals	–	(0.5)	(0.6)	(0.6)	(0.6)	(1.2)	–	(3.5)
At 31 March 2018	0.4	17.9	19.6	1.6	10.2	16.2	–	65.9

Net book values

At 31 March 2018	2.0	9.5	8.8	0.9	1.5	3.1	3.3	29.1
At 31 March 2017	2.0	8.5	8.0	1.4	1.5	3.1	1.3	25.8

Future capital expenditure commitments on specific projects for the Group of £0.6m (2017: £0.2m) has been contracted but no provision has been made.

7. Investments

Group and Charity

Analysis of movement

	2018 £m	2017 £m
Market Value at 1 April 2017	233.0	193.5
Additions	153.8	57.2
Disposals	(142.4)	(62.3)
Net gains on investments	2.5	44.6
Market Value at 31 March 2018	246.9	233.0
Original cost	207.3	162.4

Represented by

Listed investment : equities	175.0	230.6
Short dated corporate bonds	62.2	–
Cash held for investment purpose	9.7	2.4
Total investments at 31 March	246.9	233.0

Listed investments include overseas investments of £133.2m (2017: £145.7m). No material shareholdings were held by the Charity in any one company. The Trustees consider the value of the investments to be supported by their underlying assets, as appropriate. The Charity holds 100% shareholdings in the three (2017: four) subsidiary undertakings within the Group; these are valued at cost of £6 (2017: £8) (see note 13).

8. Debtors

	Group		Charity	
	2018	2017	2018	2017
	£m	£m	£m	£m
Amount owed by subsidiary undertakings	–	–	8.5	7.3
Sundry debtors	3.8	3.9	4.1	4.4
Tax recoverable	6.5	5.3	6.5	5.3
Prepayments	10.0	9.5	10.0	9.5
Accrued income	2.7	3.6	2.5	3.6
Accrued legacies	57.9	52.6	57.9	52.6
Total debtors	80.9	74.9	89.5	82.7

9. Research and other awards**Group and Charity**

	Healthcare Innovation £m	Research £m	2018 £m	2017 £m
Provision for research and other grant awards				
Grants awarded during the year	2.2	108.4	110.6	111.8
Movement in estimated future grant underspend	(0.2)	(11.7)	(11.9)	(14.0)
(Increase)/decrease in grant discount	–	(3.0)	(3.0)	0.7
Net research grant awards as recognised in the statement of financial activities	2.0	93.7	95.7	98.5
Payment made during the year			(94.7)	(89.6)
Net movement in provision during the year			1.0	8.9
Grant provision at 1 April			316.0	307.1
Grant provision at 31 March			317.0	316.0
 Awards falling due within one year			99.6	99.9
Awards falling due after more than one year			217.4	216.1
Grant provision at 31 March			317.0	316.0

Research and other grant awards commitments

Total grants awarded and unpaid at 31 March, including conditional grant awards (total grant commitments)	388.4	388.9
Less conditional translation awards and Chairs grants *	(17.7)	(23.7)
Total unconditional grant awards outstanding at 31 March	370.7	365.2
 Less estimated future grant award underspend *	(49.4)	(47.9)
Less grant discount	(4.3)	(1.3)
Grant provision at 31 March	317.0	316.0

* The BHF has a contingent liability of £67.1m (2017: £71.6m) including £17.7m (2017: £23.7m) for awards conditional upon the favourable outcome of scientific reviews and £49.4m (2017: £47.9m) representing the expected future underspend against grant awards.

The Charity has discounted its long term liabilities, both for research and Healthcare Innovation. A discount rate of 0.89% (2017: 0.25%) has been applied to both amounts recognised in the financial statements as grant creditors and grant commitments not applied to the financial statements. The discount rate applied is the Gilt under 10 years rate. The gross discount value included in total liabilities for research grant awards is £4.3m (2017: £1.3m) and for Healthcare Innovation grant awards £0.0m (2017: £0.0m).

Notes to the accounts

9. Research and other awards (continued)

The Charity occasionally receives applications for grants from, and makes awards to, universities and hospitals which employ members of the Board of Trustees in senior research capacities. All grants are made to institutions, and a list of awards made during the year is available in the Charity's website at bhf.org.uk/research/information-for-researchers/previous-awards (this is unaudited). The top 50 grants made in 2017-18 are listed below.

Institution	Activity	Number of grants	2018 £m
University of Oxford	Research	13	13.7
Imperial College London	Research	6	8.5
University of Edinburgh	Research	5	5.1
King's College London	Research	5	4.3
University of Cambridge	Research	4	4.4
University College London	Research	3	3.4
Medical Research Council	Research	2	5.0
University of Leeds	Research	2	2.0
University of Manchester	Research	2	2.0
University of Warwick	Healthcare Innovation	1	0.8
St George's, University of London	Research	1	0.8
University of Southampton	Research	1	0.8
University of Leicester	Research	1	1.4
University of Birmingham	Research	1	0.8
Queen Mary, University of London	Healthcare Innovation	1	0.6
University of Bristol	Research	1	1.0
University of Sheffield	Research	1	0.7
Total		50	55.3
Other grants paid to institutions	Research		53.9
	Healthcare Innovation		1.4
Total grants and awards			110.6

10. Other creditors

	Group		Charity	
	2018	2017	2018	2017
	£m	£m	£m	£m
Amount owed to subsidiary undertakings	–	–	2.5	3.0
Sundry creditors	6.2	6.1	5.3	6.0
Taxes and social security	1.7	0.9	1.7	0.9
Accruals	15.3	12.3	14.8	11.8
Deferred income	1.8	1.8	1.4	1.3
Holiday pay accrual	0.8	0.7	0.8	0.7
Other creditors total	25.8	21.8	26.5	23.7

	Group		Charity	
	2018	2017	2018	2017
	£m	£m	£m	£m
Deferred income at 1 April	1.8	1.5	1.3	1.1
Released during the year	(1.8)	(1.5)	(1.3)	(1.1)
Income received during the year to be deferred	1.8	1.8	1.4	1.3
Deferred income at 31 March	1.8	1.8	1.4	1.3

11. Dilapidations provision

	Group		Charity	
	2018	2017	2018	2017
	£m	£m	£m	£m
Provision balance at 1 April	2.8	2.9	2.8	2.9
Utilised during the year	(1.0)	(0.8)	(1.0)	(0.8)
Provision accrued during the year	0.7	0.7	0.7	0.7
Provision balance at 31 March	2.5	2.8	2.5	2.8

12. Operating leases

At 31 March 2018 the Group had total commitments under non-cancellable operating leases as follows:

	2018	2017
	£m	£m
Payment due:		
Within one year	25.0	24.8
Between two and five years	70.0	70.3
After five years	25.6	21.6
Total	120.6	116.7

13. Subsidiary undertakings

The British Heart Foundation has three wholly owned non-charitable subsidiary undertakings registered in England and Wales, all of which are consolidated. The registered address for all the subsidiary undertakings is Greater London House, 180 Hampstead Road, London NW1 7AW

These are:

Company name	Registered company number	Activity
British Heart Foundation Ventures Ltd	02767880	Making commission arrangements and sponsorship agreements.
BHF Shops Ltd	02472513	Retailing new (non-donated) goods in BHF shops.
London to Brighton Bike Ride Ltd	02672643	Owning rights to, and operating, London to Brighton Bike Ride.

The share capital of each subsidiary is as follows – British Heart Foundation Ventures Ltd (3 ordinary shares of £1), BHF Shops Ltd (2 ordinary shares of £1) and London to Brighton Bike Ride Ltd (1 ordinary share of £1). The taxable profits of these undertakings is paid to the Charity (parent) each year as gift aid payment. A fourth subsidiary, British Heart Foundation Sales Ltd, ceased trading in March 1999 and was voluntarily dissolved on 29 August 2017.

	British Heart Foundation Ventures Ltd £m	BHF Shops Ltd £m	London to Brighton Bike Ride Ltd £m	Total 2018 £m	Total 2017 £m
Turnover	0.5	26.0	0.9	27.4	23.7
Cost of sales	–	(14.5)	(0.1)	(14.6)	(12.5)
Gross profit	0.5	11.5	0.8	12.8	11.2
Other costs	–	(3.5)	(1.1)	(4.6)	(4.2)
Net taxable profit	0.5	8.0	(0.3)	8.2	7.0
Distribution to parent	(0.5)	(8.0)	–	(8.5)	(7.2)
Assets	0.5	9.6	0.1	10.2	9.0
Liabilities	(0.5)	(9.6)	(0.6)	(10.7)	(9.2)
Net liabilities	–	–	(0.5)	(0.5)	(0.2)

Notes to the accounts

14. Pensions

The BHF operates a defined contribution scheme and a defined benefit scheme for its employees. The total pension cost for the financial year was:

Pension costs	2018 £m	2017 £m
Defined contribution scheme	3.5	3.2
Defined benefit scheme	0.3	0.1
	3.8	3.3

i) Defined contribution scheme

The BHF operates a defined contribution scheme for certain eligible employees, the total cost of which for the year ended 31 March 2018 was £3.5m (2017: £3.2m). From 1 August 2013, all employees have been automatically enrolled into the defined contribution scheme and BHF contributes between 2% and 25% of pensionable salaries.

ii) Defined benefit scheme

The BHF operates a defined benefit scheme, whose assets are held in a separate trustee-administered fund. The scheme closed to new entrants from 30 June 2001 and to service accrual on 31 May 2017, such that from this date the pension benefit for the remaining active members will be of a defined contribution type.

The last valuation of the scheme was carried out as at 1 July 2014 and issued in August 2015. The market value of the scheme's assets at that date was £38.1m. The next valuation as at 1 July 2017 is in the process of being finalised.

In the last valuation it was agreed that the rate of regular employer contribution was to be maintained at the rate of 36.9% of pensionable salaries until 31 August 2015 and then increased to the rate of 40.2%. In addition, an annual deficit-reducing contribution of £532,000 will be paid from April each year from 2017 to 2022 inclusive. Following closure of the scheme to service accrual, regular employer contributions ceased with effect from the 31 May 2017 closure date.

The estimate of the contributions expected to be paid to the scheme by the BHF for the year to 31 March 2019 is £0.5m.

In accordance with the requirements of FRS 102, the full actuarial valuation of the defined benefit scheme dated 1 July 2014 has been updated at 31 March 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 102. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	2018 %	2017 %	2016 %	2015 %	2014 %
Salary growth	3.5	4.6	4.4	4.3	4.6
Pension increases in payment – Limited Price Indexation	2.5	2.6	2.4	2.3	2.6
Pension increases in payment – guaranteed	5.0	5.0	5.0	5.0	5.0
Discount rate	2.6	2.8	3.8	3.5	4.5
Inflation – RPI	3.5	3.6	3.4	3.3	3.6

Mortality

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

	2018	2017
Male	86.8	86.9
Female	88.7	88.7

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

	2018	2017
Male	87.8	88.0
Female	89.9	90.0

Notes to the accounts

14. Pensions (continued)

Major categories of plan assets as a percentage of total scheme assets

	Asset categories as a percentage of plan	
	2018 %	2017 %
Equities	63	61
Fixed interest gilts	36	39
Cash/other	1	–

Analysis of amount charged to the statement of financial activities under FRS 102

	2018 £m	2017 £m
Current service cost	–	–
Expenses	0.1	–
Past service cost	–	–
Total operating charge	0.1	–
Interest income on pension scheme assets	(1.3)	(1.6)
Interest on pension scheme liabilities	1.5	1.7
Net finance – net	0.2	0.1
Total	0.3	0.1

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	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Scheme (liabilities)/assets at the start of the year	(53.9)	(44.1)	47.7	43.0	(6.2)	(1.1)
Current service cost	–	–	–	–	–	–
Interest cost	(1.5)	(1.7)	–	–	(1.5)	(1.7)
Interest income on assets	–	–	1.3	1.6	1.3	1.6
Employer contributions	–	–	0.6	0.6	0.6	0.6
Actuarial gain/(loss)	1.7	(9.8)	2.0	4.2	3.7	(5.6)
Benefits paid	1.1	1.7	(1.1)	(1.7)	–	–
Scheme (liabilities)/assets at the end of the year	(52.6)	(53.9)	50.5	47.7	(2.1)	(6.2)

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

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Defined benefit obligation	(52.6)	(53.9)	(44.1)	(48.7)	(42.1)
Fair value of pension scheme assets	50.5	47.7	43.0	43.3	37.1
Pension deficit	(2.1)	(6.2)	(1.1)	(5.4)	(5.0)
Experience gain/(loss) on pension scheme assets	3.7	(5.6)	(1.5)	4.9	(0.6)
Adjustments as a percentage of pension scheme assets	7%	(12%)	(3%)	11%	(2%)

15. Financial instruments

		Group		Charity	
	Note	2018 £m	2017 £m	2018 £m	2017 £m
Financial assets at fair value through statement of financial activities					
Investments	7	246.9	233.0	246.9	233.0
Financial assets that are debt instruments measured at amortised cost					
Amount owed by subsidiary undertakings	8	–	–	8.5	7.3
Sundry debtors	8	3.8	3.9	4.1	4.4
Taxes recoverable	8	6.5	5.3	6.5	5.3
Accrued income	8	2.7	3.6	2.5	3.6
Accrued legacies	8	57.9	52.6	57.9	52.6
Cash and cash equivalents		68.0	86.9	66.0	86.1
		385.8	385.3	392.4	392.3
Financial liabilities at fair value through statement of financial activities					
Grants provision	9	317.0	316.0	317.0	316.0
Dilapidations provision	11	2.5	2.8	2.5	2.8
		319.5	318.8	319.5	318.8
Financial liabilities that are debt instruments measured at amortised cost					
Amount owed to subsidiary undertakings	10	–	–	2.5	3.0
Sundry creditors	10	6.2	6.1	5.3	6.0
Taxes and social security	10	1.7	0.9	1.7	0.9
Accruals	10	15.3	12.3	14.8	11.8
Deferred income	10	1.8	1.8	1.4	1.3
		344.5	339.9	345.2	341.8

16. Related Party Transactions

For the year the Charity received income of £8.0m (2017: £6.9m) from BHF Shops Limited and £0.5m (2017: £0.3m) from BHF Ventures limited, being a corporate Gift Aid payment to the parent charity. In addition the subsidiaries reimbursed for services and other expenses recharged to BHF shops Limited £3.0m (2017: £2.8m) and from BHF Ventures Limited £0.1m (2017: £0.1m).

At the year end, £5.6m (2017: £4.0m) by BHF Shops Limited and £0.5m (2017: £0.3m) by BHF Ventures Limited was due to the Charity.

Legal and administrative details

Registered Office

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Greater London House
180 Hampstead Road
London NW1 7AW

Tel: 020 7554 0000
bhf.org.uk

Company registration number: 699547
Registered charity number: 225971
Scottish Registered Charity Number: SCO39426

Bankers and principal advisers

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Independent Auditors

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Chartered Accountants and Statutory Auditors
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Heart transplants. Clot-busting drugs. Pacemakers.
Breakthroughs born from visionary medical research.
Research you fund with your donations.

Heart and circulatory diseases kill 1 in 4 people in the UK.
They cause heartbreak on every street. But if research can
invent machines to restart hearts, fix arteries in newborn
babies, build tiny devices to correct heartbeats, and give
someone a heart they weren't born with – imagine what's next.

We fund research into all heart and circulatory diseases and
their risk factors. Heart attacks, heart failure, stroke, vascular
dementia, diabetes and many more. All connected, all
under our microscope. Our research is the promise of future
prevention, cures and treatments.

The promise to protect the people we love. Our children.
Our parents. Our brothers. Our sisters. Our grandparents.
Our closest friends.

You and the British Heart Foundation.
Together, we will beat heartbreak forever.

Beat heartbreak from  heart diseases  stroke  vascular dementia  diabetes