

**Juvenile Diabetes  
Research Foundation  
Limited**

**Annual Report and Financial  
Statements**

30 June 2018

Company Limited by Guarantee  
Registration Number  
02071638 (England and Wales)

Charity Registration Number  
295716 (England) and  
SC040123 (Scotland)

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## Directors' report

The Directors present their report, together with the audited financial statements of Juvenile Diabetes Research Foundation ("the charitable company or JDRF"), for the year ended 30 June 2018.

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and serves as the report of the Directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 34 and comply with the charitable company's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **About JDRF: a global mission to cure type 1 diabetes**

JDRF in the UK is proud to be a part of a global network of independent and coordinated organisations working towards the same vision: a world without type 1 diabetes.

To do this, the JDRF network works internationally to:

- ◆ fund a world class research programme focused on curing, treating and preventing type 1 diabetes
- ◆ influence research funders and policy makers to accelerate the pace of research
- ◆ ensure that research outcomes reach people with type 1 diabetes.

### **Our mission in the UK**

To achieve our mission of eradicating type 1 diabetes and its effects for people in the UK we:

- ◆ fund research approved and administered by the JDRF international research programme, based in the USA and supported by our UK Research Partnerships team
- ◆ work with government, academia and industry to accelerate research in the UK and within healthcare policy to ensure that the outcomes of research are delivered to people with type 1 in the UK
- ◆ give support and a voice to people with type 1 and their families.

JDRF is the type 1 diabetes charity, improving lives, curing type 1 diabetes.

### **OUR THREE YEAR STRATEGY: FY18-20**

We will continue to deliver progress towards JDRF's vision of a world without type 1 diabetes during the FY18-20 strategic period.

Research funding will be increased in years in which income grows. We will continue to increase the effectiveness of our work in research partnerships, advocacy, awareness, support and information and will also aim to build our free reserves in line with our growth.

To achieve this, new strategies and tactics will be explored in research partnerships, including developing UK specific funding mechanisms, large scale cross-disease partnerships, and alternative funding sources to replace EU funding that may be lost. JDRF's own research funding can be equalled or even surpassed by these research collaborations.

Recognising the important role that JDRF plays internationally in influencing and supporting people with type 1 diabetes accessing new treatments and technologies, we will address the gaps that exist in the UK.

#### **1. *Research funding and research partnerships FY18-20 strategic objectives***

- ◆ Aim for a £8 million cumulative target for research over three years funded from our own growing income (three years to FY17 £6.9 million)
- ◆ Develop multi-year research funding partnerships, building on UK strengths, leveraging £6 million of external funds directly into type 1 diabetes research over three years

### **FY18 Research funding and Research Partnerships results – year 1 of 3**

#### *1.1 Funding*

The UK's type 1 research community continues to attract significant funding from JDRF's international research programme. This reinforces our country's reputation as a leader in the field of autoimmunity and demonstrates the excellence of researchers working to deliver the artificial pancreas and to treat the complications of type 1 diabetes.

In FY18 JDRF spent £2.5 million on research and research advocacy in the UK, which is good progress towards our target of £8 million over three years.

We secured or influenced £2.3 million of externally funded partnership income, outside of our reported accounts, to further augment research into type 1 diabetes in the UK. This is a very positive start towards our target of £6 million over three years. We have also been developing instrumental new relationships which will commence in FY19.

### **FY18 Research funding and Research Partnerships results – year 1 of 3** (continued)

#### *1.1 Funding (continued)*

Overall in FY18, the international JDRF network had a global portfolio research spend of £65 million (\$85 million) of which £3.1 million was spent in the UK. In this way the network of JDRF affiliates support and invest in UK research centres to accelerate the pace of research into the prevention, treatment and cure for type 1 diabetes.

#### *1.2 Highlights this year from our UK and global research programmes:*

##### A focus on partnership: working together to achieve more

JDRF, MS Society, Versus Arthritis (formerly Arthritis Research UK) and supporting partner the British Society for Immunology have joined together in an internationally ground-breaking Connect Immune Research programme to find out how immune disorders are linked. Through this programme we aim to identify some of the common mechanisms of autoimmunity and immune-mediated inflammation. The collaboration will build momentum among funders and scientists to find the answer by working together in a way that is rarely facilitated by research funders across different immune disorders today.

The first project to be funded through the Connect Immune Research partnership begins work in FY19. We are actively developing other new partnerships in this field, further leveraging JDRF's influence to drive innovation in autoimmunity research and lead to new advances for people with type 1 diabetes.

##### A focus on international partnership: new insight into beta cell development

JDRF has been a funding partner in the British Council's BIRAX (Britain Israel Research and Academic Exchange Partnership) programme for the last three years, and we have successfully funded 3 projects together. The first of these projects, a collaboration between Prof Neil Hanley in the UK and Prof Benjamin Glaser in Israel, was completed in FY18. The research project sought to understand how the genes that are active in the early stages of development of pancreatic beta cells differ from those active in adult cells. This knowledge could help us to understand how to enable insulin producing beta cells to regrow in people with type 1 diabetes.

The team were able to gain a detailed understanding of the unique cellular pathways and processes that allow our bodies to grow new beta cells, as well as extending their work to understand how beta cell development is different from alpha cell development in this pancreas – new knowledge which supports an exciting field of research into how we may be able to turn alpha cells (which are still present in people with type 1 diabetes) into new insulin producing cells. The success of the collaboration means that the two teams will continue to work together, further developing their joint work.

## **FY18 Research funding and Research Partnerships results – year 1 of 3** (continued)

### *1.2 Highlights this year from our UK and global research programmes (continued)*

#### A focus on impact: former JDRF partners build on success

FY18 saw continued success for previous JDRF industry partners, Kalvista Pharmaceuticals and Arecor Limited. Kalvista is developing a new treatment for diabetic retinopathy, and the team are currently recruiting participants for a phase 2 clinical trial to establish the efficacy of the product. Arecor Limited received JDRF funding to advance the development of an ultra-concentrated insulin and have subsequently taken steps to build a pipeline of diabetes products including a stable liquid form of glucagon which could make treating dangerous hypoglycaemia at home more straightforward.

#### A focus on cure: Verapamil clinical trial

JDRF-funded researchers in the USA found that a common blood pressure drug can protect working beta cells and boost insulin production in adults recently diagnosed with type 1 diabetes. Daily doses of Verapamil, which was approved for clinical use in 1981, led participants to produce higher levels of their own insulin compared with those taking a placebo drug. These findings suggest that there may be a safe and easy way of preserving beta cell function for as long as possible after a diagnosis of type 1 diabetes.

Assistant Vice President of Research at JDRF International Dr Andrew Rakeman said:

“At JDRF, we are excited and encouraged by the recent findings from the clinical trial. This data has the potential to change how we think about treating and ultimately curing type 1 diabetes.”

In 2014, researchers discovered that Verapamil could completely reverse type 1 diabetes in animals. Based on these findings, JDRF has been funding the first clinical trial of the drug for adults with type 1 diabetes.

#### A focus on treatment: the artificial pancreas and CONCEPTT

The artificial pancreas, which has been proven to increase significantly a person's time spent in target blood glucose range, is close to becoming a reality for people living with type 1. Supported by JDRF, Dr Roman Horvorka completed his latest clinical trial which tested day and night home use of the artificial pancreas in adults and children, with the findings published to international acclaim in the Lancet in October 2018.

We congratulate Dr Roman Hovorka on his appointment as Professor of Metabolic Technology at the University of Cambridge in June 2018, in recognition of his outstanding contributions to the field throughout his career.

JDRF funded researchers announced in September 2017 that pregnant women living with type 1 diabetes who used a continuous glucose monitor (CGM) throughout their pregnancy in a major trial had better blood glucose management and healthier babies. The international trial, named CONCEPTT, was the first to show the benefits of CGM use during pregnancy.

214 pregnant women from six countries (including the UK) took part in the trial. Half of the women were given a CGM to use while the remaining control group carried continued their care without a CGM.

## **FY18 Research funding and Research Partnerships results – year 1 of 3** (continued)

### *1.3 Highlights this year from our UK and global research programmes (continued)*

#### A focus on treatment: the artificial pancreas and CONCEPTT (continued)

Pregnant women who were in the CGM group achieved a reduction in HbA1c results (lower average blood glucose per three months) and spent an average of 68% in healthy blood glucose range compared to the non-CGM control group who spent 61% time in range. This difference meant that their babies were more likely to be born at a healthy weight and were half as likely to be admitted to an intensive care unit.

The positive outcomes of the JDRF funded CONCEPTT trial formed the response to a National Institute for Health and Clinical Excellence (NICE) consultation on CGM use in pregnancy; we were delighted that NICE consequently approved this use of CGM for pregnant women with type 1.

#### A focus on prevention: TrialNet

TrialNet is an international network of leading academic institutions, scientists and healthcare teams dedicated to the prevention of type 1 diabetes, supported by JDRF. They offer risk screening for close relatives of people with type 1 diabetes and innovative clinical studies to preserve insulin production. TrialNet screened its 10,000th participant in the UK in 2018. An additional benefit of TrialNet is that it helps families to prepare for possible future diagnoses of type 1 diabetes in the family.

A parent whose family took part in TrialNet's screening programme reflected on their experience:

"TrialNet is great and you all do a splendid job. Having the TrialNet autoantibody test confirmation definitely helped us with our early diagnosis. I really hope that studies like TrialNet can improve early diagnoses for people with type 1 soon".

## **2. Research advocacy and treatment delivery FY18-20 strategic objectives**

- ◆ Develop a new patient access strategy to help us be more influential and effective in treatment funding decisions made by the NHS

## **FY18 Research advocacy and treatment delivery results – year 1 of 3**

### *2.1 Patient access*

Over many years JDRF UK has engaged in different activities to support people with type 1 diabetes in accessing new evidence-based developments that can help in living with type 1. In FY18, with support from a generous donor, we have been able to strategically develop our focus and have identified new areas of significant opportunity for improving access to treatments for people with type 1 diabetes. In FY19 we will pilot our new approach to further increase our impact in this area.

**FY18 Research advocacy and treatment delivery results – year 1 of 3 (continued)**

*2.2 Flash glucose monitoring*

In November 2017 after a concerted lobbying effort by JDRF, Diabetes UK, INPUT and Dr Partha Kar, NHS England agreed to make flash glucose monitoring available for Clinical Commissioning Groups to provide to people with type 1 diabetes in the UK. This was a major breakthrough in providing technological treatment to many more people with type 1 diabetes. JDRF supported the lobbying activity by representing the issue at the All Party Parliamentary Group for Diabetes, speaking up on the issue in the national media, and participating in the working group for the NHS Tech Pathway. But the power for Clinical Commissioning Groups (and their equivalents in Scotland, Wales and Northern Ireland) to decide upon provision created a postcode lottery. We then continued to work with our partners to persuade local clinical commissioners to commit to providing flash glucose monitoring to patients. In November 2018 it was reported by NHS England that from 1 April 2019 all CCGs in England will make flash glucose monitoring available. JDRF will continue this lobbying work with clinical commissioning groups so that everyone with type 1 has access to this life changing technology.

*2.3 Organisational merger with INPUT*

This year JDRF and the charity INPUT began discussing the benefits of merging. For 20 years, INPUT has supported people living with type 1 diabetes through advocacy and education around diabetes technology, such as insulin pump therapy, flash and continuous glucose monitoring.

After a successful negotiation process, the two charities were pleased to announce in July an intention to join force, with the formal merger completed on 30 September 2018.

The charities have achieved much separately and this merger unites two strong voices for people with type 1 diabetes in the UK in a shared mission to accelerate the progress of research to cure, treat and prevent type 1 diabetes and improve access to new treatments and technologies.

**3. Support and awareness FY18-20 strategic objectives**

- ◆ Ensure JDRF provides easily accessible relevant support and information for children, adults and carers at diagnosis, throughout education, in the workplace, and during pregnancy
- ◆ Build staff and volunteer networks to reach and engage more families and adults through clinics and other routes around the country

### **FY18 Support and Awareness results – year 1 of 3**

#### *3.1 Resources and information*

Nearly 10,000 information packs, toolkits and leaflets were given to children and adults living with type 1, their families and healthcare professionals, a 10% increase on FY17.

JDRF finalised the new collaborative University Toolkit with Diabetes UK and NHS England, which was launched in August 2018. The toolkit is online and interactive, helping young people and their families to be better equipped for all the changes that will happen when they attend university.

#### *3.2 Engagement opportunities*

Over 3,200 people attended our Discovery Days, sports days and evenings, which represents a 20% increase in attendance on FY17 and is a result of improving our marketing and event provision. These events provide peer support and information opportunities in local communities where people with type 1 diabetes can meet and exchange experiences.

We became an official partner of the upcoming SEREN portal, which aims to standardise formal education for children around type 1 diabetes nationally and to have resources available online. JDRF is the only charity partner involved at the development stages. Existing JDRF resources will be linked to the new product. The new portal will involve animation and 3D, games and engaging material.

#### *3.3 Raising awareness*

We delivered a 25% increase in visitors to the website through improved user experience, better content and targeted social media advertising. We secured 55 items of coverage in the UK national media and launched Type 1 TV on social media to increase our fact based content provision to people with type 1 diabetes. This year we have been piloting an online campaign reaching out to people living with type 1 across the UK.

'What's your inspiration?' ran from February to June 2018 encouraging people affected by type 1 to share their everyday motivations that help them live life to the full.

#### *3.4 Healthcare professional training and development*

Created in 2013 by JDRF in partnership with EXTOD, the PEAK training conference is run across the world for healthcare professionals to help them provide support to people with type 1 with advice about nutrition and exercise. In 2017 and 2018, the conference was held in the UK, each attracting over 300 delegates. Expert speakers explained new developments in evolving technologies, sport nutrition, exercise and type 1 diabetes.

### **FY19 - Looking forward**

#### **Year 2 of the FY18-20 strategic plan**

This second year in the FY18-20 period is likely to be a challenge, with a tough economic environment and essential investment in infrastructure required. However, the year also brings new opportunities for JDRF to accelerate its mission. Our largest single donation from the Steve Morgan Foundation of £3m over three years will increase our ability to fund the global research programme. The research partnerships team is paving the way for increased third party investment into cutting edge type 1 research. Our exploratory patient access work gives us new avenues for accelerating the progress of new treatments to people with type 1.

By the end of FY19, in line with the three year goals set out above, we will have:

- ◆ funded more research than in any year ever before
- ◆ secured further third party funding for type 1 research
- ◆ launched a new patient access strategy
- ◆ taken steps to ensure the future success of JDRF's long term fundraising and operational programmes.

## FINANCIAL REVIEW

### **4. Income generation FY18-20 strategic objectives**

- ◆ Our three year ambition: by FY20 we will have reached annual income of £7.5 million, growing from £6.1 million in FY17 and have achieved total income over three years of £20 million.

### **FY18 Income generation results – year 1 of 3**

In the first year of the new three year strategy, income of £6m was very slightly below that of the previous year. We are confident however of reaching our three year target by the end of FY20 as a result of important long term relationships developed during the year.

#### ***Expenditure - research and other charitable activities***

The amount spent on research funding and advocacy increased by £60,000 to £2.5 million. UK and global research achievements during the year are described on pages 4 - 8.

JDRF's support and awareness raising costs in FY18 dropped slightly to £1.05 million. This includes continued funding of some of our community engagement activities from our 2016 partnership with asset management firm BlackRock. Expenditure in this area from JDRF's general funds grew in FY18. Details of the activities and achievements of our work in these areas are described on page 8 - 9.

#### ***Expenditure – costs of raising funds***

In FY18 the cost of raising funds was £2.7 million. In FY19 we enter into our twelfth consecutive year of investment in income generation and growth. We are confident that our effective fundraising will enable us to make more funds available in each coming year for our charitable objectives.

#### ***JDRF Trading Limited***

These accounts consolidate the income, costs, assets and liabilities of JDRF Trading Limited with those of JDRF. This small wholly owned trading subsidiary enables JDRF to take advantage of opportunities to develop revenue from the corporate sector through sponsorship of certain kinds of events and some other activities. The company produces separate accounts which can be obtained from JDRF's Director of Finance and Resources and are summarised in note 11 to these accounts. The trading company's income for the year was £74,000 (FY17: £77,000), and operating profit for the year (entirely gift aided to JDRF) was £47,000 (FY17: £49,000).

#### ***Balance sheet for the charitable group***

The value of fixed assets declined marginally during the year as a result of the depreciation charge. Cash and short term deposits at 30 June 2018 totalled £1,236,000 (FY16: £1,297,000). Cash is held in instant access and short term deposit accounts that allow the best rate of interest at the level of risk deemed acceptable, and at levels that is consistent with our reserves policy.

### FINANCIAL REVIEW (continued)

#### FY18 Income generation results – year 1 of 3 (continued)

##### **Balance sheet for the charitable group** (continued)

Debtors at the year end were £424,000 (FY17: £588,000), of which £106,000 related to accrued income (FY17: £298,000). Of the total year-end debtors figure, 99% had been received by 30 November, and the outstanding balance is not considered at risk. Creditors were £307,000 (FY17: £336,000).

##### **Funds**

**Restricted funds** dropped during FY18 from £381,000 to £313,000. The net funds spent were from those from the 2016 partnership with BlackRock. Funds held at the year end from this partnership were £96,000 (note 16). These funds are set aside for the charitable purposes agreed with BlackRock. This is the final year of a three year programme of community engagement with people with type 1 and the health professionals who care for them.

**Unrestricted funds** decreased from £1.27 million to £1.1 million. **Total funds** held at the year end decreased from £1.65 million to £1.4 million. The impact of these changes on JDRF's reserves position is discussed under the reserves policy paragraph below.

### GOVERNANCE INFORMATION

#### **Public benefit and grant making policy**

The Directors have taken account of the Charity Commission's guidance on public benefit in reviewing JDRF UK's aims and objectives and planning future activities. JDRF UK aims to fund as much as possible of the globally approved research carried out in the UK. JDRF's global research department sends details of the UK grant payments due on a monthly basis and JDRF UK will pay those funded by restricted grants and donations and as much of the other grants as funds allow.

#### **Activity in Scotland**

JDRF has a presence in Aberdeen and Edinburgh, supported by a very active and capable volunteer group. We are well supported by the public across Scotland which raises funds on JDRF's behalf. Our fundraising activities in Scotland delivered £700,000 income during the year. In line with its goal of funding the best research wherever it is taking place in the world JDRF funds type 1 diabetes research in Scotland and during FY18 funded projects at the Universities of Glasgow, Edinburgh and Dundee.

**GOVERNANCE INFORMATION** (continued)

***JDRF fundraising statement***

All our work driving the search for cure, treatment and prevention of type 1 diabetes, and all the work we do to help and support people affected by type 1 diabetes, is made possible by fundraising. We receive no government or statutory funding. Fundraising is vital for our work, and we are passionate about building strong, long lasting relationships with our supporters through considerate, ethical fundraising and supporter care.

We use a range of recognised methods to raise funds. This includes working with trusts and foundations, philanthropists, businesses, schools and clubs, and individuals who take part in our fundraising events, run fundraising events of their own, respond to our appeals or donate directly to us. Our fundraising team leads on this work, with most of the fundraising activity being managed in house, supported at certain times by a professional telephone fundraising agency for contact with a small group of our supporters.

*Fundraising on our behalf*

When we do appoint such an agency we ensure their work on our behalf is both effective and aligned with our values and responsibilities. The agency that we use is a corporate member of the Institute of Fundraising, registered as a commercial supplier with the Fundraising Regulator, and complies with the codes of practice of both organisations. In line with recommendations from the Fundraising Regulator we train agency fundraisers around our standards and high expectations and conduct regular call monitoring.

*Our Supporter Promise*

We updated our supporter promise in 2018 to make sure that everyone who comes into contact with us is respected and valued, and to let them know that their data is safe and secure with us. Our supporter promise can be found at <https://jdrf.org.uk/get-involved/give/donation-v2/our-supporter-promise>, and we have received no suppression requests from the Fundraising Preference Service.

*Further fundraising regulation*

We are registered with the Fundraising Regulator and adhere to its code of Fundraising Practice. We are also organisational members of the Institute of Fundraising. We are committed to best practice in fundraising and to complying with all statutory regulations, including the Charities Act 2016, the General Data Protection Regulation, the Privacy and Electronic Communications Regulations 2003 and the Telephone Preference Service.

*Complaints*

During FY18, we received six complaints about our fundraising activities, none of which was related to intrusion of privacy, unreasonable persistence or pressure to give. All complaints were resolved internally, with none being referred to external regulatory bodies.

## GOVERNANCE INFORMATION (continued)

### Financial policies and activities

#### *Reserves policy*

The Board is committed to ensuring a sound financial base for JDRF's work and activities. The Board has adopted a reserves policy which is designed to assist with managing reasonable levels of risk, making funds available for future activities and providing for cashflow movements, while maximising the flow of funds to research.

The Board has reviewed the reserves policy with reference to Charity Commission guidelines. The policy incorporates forecasts and scenario analysis, taking as a starting point the lowest point in cash balances reached in the last few financial years, and takes into account the risk of income falling by 25% compared to the lowest income receipts over three months in the last three years. On this basis the Board has determined that it expects JDRF to hold under normal circumstances free reserves at the year end equivalent to between 9 and 11 weeks of unrestricted expenditure budgeted for the following year. Based on the FY19 budget this gave an end of year free reserves target for FY18 of between £1.02 million and £1.25 million. Free reserves (unrestricted funds minus fixed assets) at the year end were £1.04 million and therefore within the Board's target range for the year. Commentary on the intra year cash flow element of the reserves policy is given in the paragraph on cash flow in the risk management and mitigation section below.

#### *Risk management and mitigation*

The Board monitors the principal business and control risks to JDRF, within a control framework. The risk assessment register is reviewed annually by senior management and updated accordingly. Strategies and timelines have been agreed for the management and limitation of identified risks, the most important of which have been reviewed by the Audit and Risk Committee and the Board.

In line with Charity Commission guidance, JDRF has adopted a scoring system that gives extra weight to the severity of risks. This creates a series of most significant risks for the organisation which in general are unlikely, but the impact of which could be severe. These are risks that we have in common with organisations inside and outside the charity sector. They are operational risks with the potential for consequential reputational damage.

Though JDRF staff have little contact with vulnerable groups, **safeguarding** is an issue with potentially severe consequences, and one in which we expect to exercise best practice. The additional care we offer supporters through our expanded community engagement team has led us to review our safeguarding procedures which were refreshed during FY18 and circulated to the relevant teams and volunteers.

A **severe IT systems failure** would be a significant challenge to deal with, as would a **cyber security breach**. The former of these is addressed by a series of standard *technical solutions*. As a further mitigation, the next stage of our *business continuity* options is to be considered in early 2019. In relation to cyber security issues, JDRF follows SME good practice in relation to *protective solutions and systems*. In 2019 this issue and potential additional responses will be addressed by the ICT Roadmap prepared by our external support consultancy.

**GOVERNANCE INFORMATION** (continued)

**Financial policies and activities** (continued)

***Risk management and mitigation*** (continued)

Compliance with **legislation and regulations**. This area is overseen by the Director of Finance and Resources and the Head of Finance. Knowledge of changing legislation is achieved through regular updates from a variety of professional advisors, including the Charity Finance Group, our auditors and legal advisors and other specialist companies and partnerships.

**Cashflow sensitivity**. This is addressed through a combination of the reserves and investment policies which seek to establish the minimum working capital needed by JDRF, so that the highest proportion possible of funds donated may be used immediately for JDRF's mission of finding a cure for type 1. The reserves policy includes the guideline that, to the extent possible, unrestricted cash balances of at least £0.5m will be continuously available for potential short term funding requirements. This is monitored carefully, and has only occasionally not been achieved, and only for a short time. This guideline was achieved throughout FY18. Income, expenditure and cash balances are projected 12 months or more ahead each month, and monthly research funding decisions are made in light of these projections.

Remaining high scoring risks are those of a significant **shortfall in income** below that budgeted (>15%), **loss of several key staff for extended periods** due to an inability to recruit immediately to those roles, and a **major terrorist attack** in central London. In each of these cases there are multiple mitigating actions and procedures undertaken on an ongoing basis and to be implemented following such an eventuality.

***Financial controls review***

During 2018 the Audit and Risk Committee and the Board reviewed the updated summary of JDRF's internal financial controls and fraud risks, using the template of the Charity Commission's CC8 guidelines on *Internal Finance Controls for Charities*. This thorough exercise concluded that JDRF's internal controls and processes are appropriate to its activities and that risks are mitigated appropriately and proportionately.

In February 2018 HMRC started a review of recent gift aid claims. Initially it was discovered that a minority of these did not have fully valid donor declarations. However, we were able to obtain correct declarations from all but two uncontactable donors (the amounts involved were extremely low). HMRC closed the investigation to its satisfaction in August 2018. We have undertaken a review of our practices regarding verifying and storing declarations in order to ensure that future gift aid claims are to our own and HMRC's expectations.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

JDRF is a charitable company limited by guarantee incorporated on 6 November 1986 and registered as a charity on 14 May 1987. The objects and powers of the company are set out in, and governed by, its articles of association. New articles of association were adopted in 2017, reflecting up to date law and practice.

JDRF is governed by a Board of Directors, the members of which are also the trustees of the charity for the purposes of charity law, which meets at least five times a year. The Board sets the strategic goals of JDRF, reviews the pursuit of charitable objectives, establishes policy and monitors financial status and compliance with legal requirements. The Chief Executive assists the board in these activities and together with the staff is responsible for the implementation of the charity's strategic plan and the day to day running of JDRF.

During 2017 a review of interaction between the senior management team and the Board of Directors was commissioned from a charity governance expert. This review offered a number of recommendations, which were discussed at successive board meetings during the year. As a result a number of changes have been made to processes relating to governance activities, with the aim of facilitating more focused and effective board level discussions and decision making. These discussions will continue into FY19.

The Board of Directors has established three Committees that report and are accountable to the Board – the Executive Committee, the Succession and Development Committee and the Audit and Risk Committee – to assist in the efficient execution of its responsibilities and duties.

**The Executive Committee** oversees some of JDRF's more significant operations and makes recommendations on substantive issues to the Board of Directors. The Executive Committee meets five times a year, and is composed of the Chairman, the Treasurer and at least one other Director and is attended by JDRF's senior management team.

**The Succession and Development Committee** (made up of at least three current or former Directors) meets as needed and is responsible for identifying and recruiting new Directors and ensuring retention and development of senior level volunteers.

During the year the Committee led a lengthy and thorough recruitment process for the role of Board Chairman, as the current Chairman is due to retire at the end of 2018. The appointment of the Chairman elect was approved by the Board in June 2018, which will allow for a 6 month handover period with the current Chairman. 16 people applied for the externally advertised and promoted role, of which 6 were interviewed and 2 had second interviews. The Committee unanimously recommended current Director David McTurk as Chairman elect to the Board and his appointment was confirmed in June 2018.

**The Audit and Risk Committee** is responsible for JDRF's compliance with statutory reporting, managing the relationship with the external auditor, reviewing the draft accounts and accompanying report, JDRF's risk management and a range of financial controls and processes. The Committee is made up of the Treasurer, at least one other Director, and an appropriately qualified/experienced external expert, is attended by the Director of Finance and Resources and Head of Finance and meets two or three times a year.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

#### **Appointment of Directors**

All potential Directors of JDRF go through a nomination process before they join the Board. This is within the remit of the Succession and Development Committee which has the goal of identifying and meeting individuals who have the necessary skills, experience and leadership attributes that will further JDRF's mission to find the cure for type 1 diabetes.

Directors are appointed by the Board and serve an initial term of three years but may be reappointed for a further term of three years.

#### **Induction of new Directors**

Prior to appointment, potential Directors meet our Chief Executive Chairman, and representatives from the Succession and Development Committee to discuss the work of a Director in depth and the expectations and responsibilities of the role. They are given an overview of organisational history, and current activities and strategy, alongside other key documents including JDRF's articles of association, its most recent annual report and accounts and a range of other documents and publications.

Following their appointment to the board, new Directors have a series of induction meetings with members of our senior management team and are given access to internal systems and documents enabling them to learn more about JDRF's work and related organisations. These remain available to them throughout their term in office.

#### **Training of Directors**

Collective and individual training on issues of strategy and governance is offered to Directors.

#### **Remuneration of key management personnel**

The executive team consists of the Chief Executive and four Director of Department roles: Research Partnerships, Policy and Communications, Fundraising and Finance and Resources, as detailed in the reference section on page 20.

JDRF is committed to being open about the work that we do to achieve our mission. JDRF's approach to pay and reward is that this should contribute to enabling us to recruit and retain the skilled staff we need to create a world without type 1 diabetes. We believe that it is reasonable for the charity sector to pay a fair salary for the skills and the experience needed to run a professional, cost-effective and successful charity. All JDRF staff, including the senior management team, are eligible for an annual cost of living pay award, and a progression pay scheme that rewards staff who make a significant contribution to JDRF. The amount paid to senior staff reflects the market for jobs in comparable organisations, the performance of the organisation and the skills and contribution of the individual performing the role. Benefits for senior staff are in line with benefits available to all staff and include a matched pension contribution of 3% of salary, which increases with service as detailed on page 33. Salaries of JDRF's senior staff are reviewed biennially against the market by a specialist pay and reward consultancy, and are set by the board's executive committee.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Volunteers**

Volunteers play a vital role at JDRF. During the year volunteers served on development groups within the regions and in groups supporting national fundraising teams and activities. All Board Directors and advisors from the scientific community give their time free of charge. In addition, volunteers help JDRF with many aspects of our work, especially with fundraising events and with office activities. In total, in FY18 over 600 individuals volunteered to support JDRF, and we are extremely grateful to all of these dedicated supporters.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

## Directors' report

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES** (continued)

Each of the Directors confirms that:

- ◆ so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- ◆ the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Members of the company guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up. The total number of guarantees at 30 June 2018 was 7 (FY17:7). The Directors have no beneficial interest in the company but as members are entitled to voting rights.

### **AUDITORS**

Buzzacott was reappointed auditors by the board for the year ended 30 June 2019 and has expressed its willingness to act in that capacity.

Approved by the Directors on 10 December 2018 and signed on their behalf by

James Cripps  
Chairman

## Reference and administrative details

<b>President</b>	Her Royal Highness The Duchess of Cornwall
<b>Directors</b>	The Directors, who are also trustees under charity law, who served during the year up to the date of this report were as follows:  Dominic Christian James Cripps (Chairman) Christina Croft (appointed September 2017) Karen Loumansky James Lurie David McTurk Eleanor Mills Ian Schneider (Treasurer)
<b>Company Secretary</b>	Jonathan Taylor
<b>Executive management team</b>	
Chief Executive	Karen Addington
Director of Fundraising	Dean Benton (to March 2018) James Elliott (from May 2018)
Director of Research Partnerships	Rachel Connor
Director of Policy and Communications	Sarah Johnson (to July 2018) Hilary Nathan (from September 2018)
Director of Finance and Resources	Jonathan Taylor
<b>Registered office</b>	17/18 Angel Gate City Road London EC1V 2PT
<b>Telephone</b>	T: 020 7713 2030 F: 020 7713 2031 E: <a href="mailto:info@jdrf.org.uk">info@jdrf.org.uk</a>
<b>Website</b>	<a href="http://www.jdrf.org.uk">www.jdrf.org.uk</a>
<b>Social media</b>	<a href="https://twitter.com/jdrfuk">@JDRFUK/https://twitter.com/jdrfuk</a> <a href="https://www.facebook.com/JDRFU K/JDRFUK">@JDRFUK/https://www.facebook.com/JDRFU K/JDRFUK</a> <a href="https://www.linkedin.com/company/jdr f-UK">JDRFUK/https://www.linkedin.com/company/jdr f-UK</a> <a href="https://www.instagram.com/jdrfuk/">JDRFUK/https://www.instagram.com/jdrfuk/</a>
<b>Company registration number</b>	02071638 (England and Wales)

## Reference and administrative details

<b>Charity registration number</b>	295716 (England and Wales) SC040123 (Scotland)
<b>Regional Offices</b>	JDRF Scotland: Aberdeen Office <b>T: Aberdeen:</b> 01224 248 677 <b>T: Central Scotland:</b> 07790 572188 <b>E:</b> <a href="mailto:scotland@jdrf.org.uk">scotland@jdrf.org.uk</a>  JDRF North: Leeds Office <b>T:</b> 0113 4576 425 <b>E:</b> <a href="mailto:north@jdrf.org.uk">north@jdrf.org.uk</a>  JDRF Midlands, West and Wales: Birmingham Office <b>T:</b> 0121 685 7102 <b>E:</b> <a href="mailto:midlands@jdrf.org.uk">midlands@jdrf.org.uk</a> <b>E:</b> <a href="mailto:southwest@jdrf.org.uk">southwest@jdrf.org.uk</a> <b>E:</b> <a href="mailto:wales@jdrf.org.uk">wales@jdrf.org.uk</a>  JDRF South, East and London: London Office <b>T:</b> 0207 713 2030 <b>E:</b> <a href="mailto:info@jdrf.org.uk">info@jdrf.org.uk</a>  JDRF South, East and London: Southampton Office <b>T:</b> 023 8061 6622 <b>E:</b> <a href="mailto:south@jdrf.org.uk">south@jdrf.org.uk</a>
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc Marble Arch Corporate Banking Group PO Box 32016 London NW1 2ZH

**Independent auditor's report to the members of Juvenile Diabetes Research Foundation Limited**

**Opinion**

We have audited the financial statements of Juvenile Diabetes Research Foundation Limited ('the charitable parent company') and its subsidiary (the 'group') for the year ended 30 June 2018 which comprise the consolidated statement of financial activities, group and charitable parent company balance sheets and statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 30 June 2018 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

**Conclusions relating to going concern** (continued)

- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent 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.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- ◆ proper and adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or

**Matters on which we are required to report by exception** (continued)

- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the directors' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 the charitable parent 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 or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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 auditor's 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

21 December 2018

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

**Consolidated statement of financial activities** Year to 30 June 2018

	Notes	Unrestricted funds £	Restricted funds £	<b>Total 2018 £</b>	Total 2017 £
<b>Income and expenditure</b>					
<b>Income</b>					
Donations and legacies	1	2,733,507	486,630	<b>3,220,137</b>	3,223,565
Other trading activities	2	2,638,183	3,000	<b>2,641,183</b>	2,389,743
Interest receivable		2,631	—	<b>2,631</b>	2,139
Charitable activities	3				
. Research grants		—	160,573	<b>160,573</b>	282,570
. Support and awareness		—	—	<b>—</b>	186,500
<b>Total income</b>		<b>5,374,321</b>	<b>650,203</b>	<b>6,024,524</b>	6,084,517
<b>Expenditure</b>					
Cost of raising funds		2,702,294	—	<b>2,702,294</b>	2,427,707
Charitable activities					
. Research funding		1,569,878	582,658	<b>2,152,536</b>	2,093,559
. Research advocacy		310,196	25,000	<b>335,196</b>	332,500
Subtotal research expenditure		<b>1,880,074</b>	<b>607,658</b>	<b>2,487,732</b>	2,426,108
. Support and awareness		938,836	109,984	<b>1,048,820</b>	1,116,334
Subtotal charitable activities		<b>2,818,910</b>	<b>717,642</b>	<b>3,536,552</b>	3,542,442
<b>Total expenditure</b>	4	<b>5,521,204</b>	<b>717,642</b>	<b>6,238,846</b>	5,970,149
<b>Net (expenditure) income and net movement in funds</b>	6	<b>(146,883)</b>	<b>(67,439)</b>	<b>(214,322)</b>	114,368
<b>Reconciliation of funds:</b>					
Fund balances brought forward at 1 July 2017		1,266,494	380,583	<b>1,647,077</b>	1,532,709
Fund balances carried forward at 30 June 2018	16	1,119,611	313,144	<b>1,432,755</b>	1,647,077

All of the above results are derived from continuing activities.

All recognised gains and losses are included in the above statement of financial activities.

All interest receivable was unrestricted in 2017.

**Balance sheets** 30 June 2018

	Notes	Group		Charity	
		2018 £	2017 £	2018 £	2017 £
Fixed assets					
Tangible assets	9	<b>79,439</b>	97,597	<b>79,439</b>	97,597
Investments	10	<b>—</b>	—	<b>10,001</b>	10,001
		<b>79,439</b>	97,597	<b>89,440</b>	107,598
Current assets					
Debtors	13	<b>423,740</b>	588,377	<b>479,504</b>	629,459
Cash at bank and in hand		<b>1,236,225</b>	1,297,398	<b>1,149,606</b>	1,218,737
		<b>1,659,965</b>	1,885,775	<b>1,629,110</b>	1,848,196
Liabilities					
Creditors: amounts falling due within one year	14	<b>306,649</b>	336,295	<b>285,795</b>	308,717
Net current assets		<b>1,353,316</b>	1,549,480	<b>1,343,315</b>	1,539,479
Total net assets	15	<b>1,432,755</b>	1,647,077	<b>1,432,755</b>	1,647,077
The funds of the charity:					
Funds and reserves	16				
Restricted funds		<b>313,144</b>	380,583	<b>313,144</b>	380,583
Unrestricted funds					
. General funds		<b>1,119,611</b>	1,266,493	<b>1,119,611</b>	1,266,493
		<b>1,432,755</b>	1,647,077	<b>1,432,755</b>	1,647,077

Approved by the directors on 10 December 2018 and signed on their behalf by:

James Cripps  
Chairman

Ian Schneider  
Treasurer

Company Registration Number: 02071638 (England and Wales)

**Consolidated statement of cash flows** 30 June 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Net cash (used in) provided by operating activities	A	<b>(59,489)</b>	327,204
<b>Cash flows from investing activities:</b>			
Interest received		2,631	2,139
Purchase of tangible fixed assets		<b>(4,315)</b>	(17,672)
<b>Net cash used in investing activities</b>		<b>(1,684)</b>	(15,533)
<b>Change in cash and cash equivalents in the year</b>		<b>(61,173)</b>	311,671
<b>Cash and cash equivalents at 1 July 2017</b>	B	<b>1,297,398</b>	985,726
<b>Cash and cash equivalents at 30 June 2018</b>	B	<b>1,236,225</b>	1,297,397

**Notes to the statement of cash flows for the year to 30 June 2018.**

**A Reconciliation of net movement in funds to net cash provided by operating activities**

	2018 £	2017 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(214,322)</b>	114,367
<b>Adjustments for:</b>		
Depreciation charge	22,473	27,176
Interest receivable	(2,631)	(2,139)
Decrease in debtors	164,637	157,730
(Decrease) increase in creditors	(29,646)	30,070
<b>Net cash (used in) provided by operating activities</b>	<b>(59,489)</b>	327,204

**B Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	1,236,225	1,297,398
<b>Total cash and cash equivalents</b>	<b>1,236,225</b>	1,297,398

## Principal accounting policies 30 June 2018

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 30 June 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Basis of Consolidation**

The statement of financial activities and balance sheet consolidate the assets, liabilities, income and expenditure of the charity and its wholly owned subsidiary undertaking, JDRF Trading Limited. The results of the subsidiary undertaking are consolidated on a line-by-line basis.

No separate statement of financial activities has been prepared for the charity above as permitted by Section 408 of the Companies Act 2006.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ assessing the probability of receipt of legacy income;
- ◆ allocation of support and governance costs; and
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate.

**Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

**Income recognition**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income received by way of subscriptions, donations and gifts to the charity is included in full in the statement of financial activities when receivable. Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated services and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided. An equivalent amount is included as expenditure.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefits on the open market.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

**Income recognition** (continued)

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the incoming resource is deferred.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Resources expended**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

Expenditure is allocated to a particular activity where the cost relates directly to that activity. Expenditure includes attributable VAT which cannot be recovered. The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central functions, is apportioned on the basis of an estimate, based on staff time, of the amount attributable to each activity.

Premises and office costs are allocated based on the amount of floor space attributable to each activity, except for regional offices which are split 75% cost of generating funds, 5% research advocacy and 20% support and awareness.

**Resources expended** (continued)

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

The costs of raising funds relate to the costs incurred by the group in raising funds for the charitable work.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable activities. Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities.

Grants payable are charged to the statement of financial activities in the year in which agreement to pay has been reached with JDRF's global research department. Provision is made for grants agreed and approved but unpaid at the period end.

**Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £1,000 including irrecoverable VAT.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- ◆ Leasehold improvements    Over the lifetime of the lease
- ◆ Computer equipment        5 years
- ◆ Fixtures and fittings        5 years

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value or value in use.

**Investments**

Investments held as fixed assets comprise shares in the charity's subsidiary trading company and are stated at cost.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

**Leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities over the life of the lease using the straight line basis.

**Pension scheme**

JDRF contributes to staff group personal pension plans. The pension charge represents payments to the scheme which are charged to the statement of financial activities in the period to which they relate. Employer contributions are 3% after 3 months, 5% after 2 years and 7% after 4 years of service. Using a 'Salary Sacrifice Scheme', employees may additionally sacrifice up to 10% of gross salary to their pension. The charitable company has no liability under the scheme other than for the payment of these contributions.

**Fund accounting**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the directors for particular purposes.

Balance sheet assets/liabilities in foreign currencies are translated at the prevailing exchange rate at the balance sheet date. Transactions are translated at the transaction date exchange rate. Any exchange rate differences arising are credited or charged to the statement of financial activities.

**Financial instruments**

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

*Financial assets* – Other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

*Cash at bank* – Classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – accruals and other creditors are financial instruments, and are measured at amortised cost.

Notes to the financial statements 30 June 2018

**1 Income from donations and legacies**

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Donations	2,031,910	486,630	<b>2,518,540</b>	2,128,832
Legacies	64,442	—	<b>64,442</b>	42,000
Third party fundraising	637,155	—	<b>637,155</b>	1,052,733
<b>2018 Total</b>	<b>2,733,507</b>	<b>486,630</b>	<b>3,220,137</b>	<b>3,223,565</b>
2017 Total	2,471,429	752,136	3,223,565	

**2 Income from other trading activities**

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
One Walk	125,341	—	<b>125,341</b>	274,196
Running and challenge events	1,338,238	—	<b>1,338,238</b>	1,622,772
Trading activities	98,504	—	<b>98,504</b>	101,322
Events and other fundraising activities	1,029,471	3,000	<b>1,032,471</b>	354,453
Rental/other income	46,629	—	<b>46,629</b>	37,000
<b>2018 Total</b>	<b>2,638,183</b>	<b>3,000</b>	<b>2,641,183</b>	<b>2,389,743</b>
2017 Total	2,350,323	39,420	2,389,743	

**3 Income from charitable activities**

	2018 Total Restricted £	2017 Total Restricted £
<b>Research Grants</b>		
The Alan & Babette Sainsbury Charitable Fund	<b>24,000</b>	55,000
The Mary Kinross Charitable Trust	—	50,000
Cardogan Trust	—	50,000
The Charles Wolfson Charitable Trust	<b>87,899</b>	84,824
Diabetes Ireland Research Alliance	<b>4,000</b>	8,722
Sugar Free	—	6,003
Robert Barr Foundation	<b>15,000</b>	—
Trustees of the Mayhew Charitable Trust	<b>10,000</b>	—
Donations £5,000 or less	<b>19,674</b>	28,021
	<b>160,573</b>	282,570
<b>Support and awareness</b>		
The Monument Trust	—	177,000
Donations £5,000 or less	—	9,500
	—	186,500
<b>Total</b>	<b>160,573</b>	469,070

Notes to the financial statements 30 June 2018

**4 Total expenditure**

	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 Unrestricted £	2017 Restricted £	2017 Total £
Costs of raising funds	2,702,294	—	<b>2,702,294</b>	2,375,558	52,149	2,427,707
Charitable activities						
. Research funding	1,569,878	582,658	<b>2,152,536</b>	1,326,702	766,857	2,093,559
. Research advocacy	310,196	25,000	<b>335,196</b>	332,549	—	332,549
. Support and awareness	938,836	109,984	<b>1,048,820</b>	738,763	377,571	1,116,334
<b>Total</b>	<b>5,521,204</b>	<b>717,642</b>	<b>6,238,846</b>	<b>4,773,572</b>	<b>1,196,577</b>	<b>5,970,149</b>

	Note	Cost of raising funds £	Research funding £	Research advocacy £	Support and awareness £	Governance costs £	Support costs £	2018 Total £	2017 Total £
Staff costs	7	1,103,084	255,951	209,818	526,935	136,139	252,615	<b>2,484,542</b>	2,390,532
Other staffing costs		37,514	730	1,887	21,448	2,368	57,802	<b>121,749</b>	128,800
Office costs		107,211	13,412	13,325	34,311	2,334	36,177	<b>206,770</b>	199,930
Rent and premises		127,940	18,241	21,243	51,806	5,528	49,748	<b>274,506</b>	249,995
Depreciation		—	—	—	—	—	22,473	<b>22,473</b>	27,176
Information technology costs		16,945	3,106	3,294	7,531	941	8,472	<b>40,289</b>	39,501
Direct fundraising costs									
. Donations and appeals		221,203	—	—	—	—	—	<b>221,203</b>	191,706
. Third party fundraising		4,751	—	—	—	—	—	<b>4,751</b>	1,133
. One Walk		66,906	—	—	—	—	—	<b>66,906</b>	85,358
. Running and challenge events		263,791	—	—	—	—	—	<b>263,791</b>	331,071
. Trading activities		17,557	—	—	—	—	—	<b>17,557</b>	15,307
. Events and other fundraising activities		420,798	—	—	—	—	—	<b>420,798</b>	207,667
Subtotal direct fundraising costs		<b>995,006</b>	—	—	—	—	—	<b>995,006</b>	832,242
Audit fees		—	—	—	—	11,660	—	<b>11,660</b>	11,660
Governance		—	—	—	—	7,316	—	<b>7,316</b>	10,800
Advocacy		—	35,103	26,271	—	—	—	<b>61,374</b>	37,872
Support and awareness		—	—	—	258,396	—	—	<b>258,396</b>	298,625
Research grants – unrestricted	5	—	1,172,107	—	—	—	—	<b>1,172,107</b>	976,159
Research grants – restricted	5	—	582,658	—	—	—	—	<b>582,658</b>	766,857
		<b>2,387,700</b>	<b>2,081,308</b>	<b>275,838</b>	<b>900,427</b>	<b>166,286</b>	<b>427,287</b>	<b>6,238,846</b>	<b>5,970,149</b>
Support costs		226,462	51,274	42,729	106,822	—	(427,287)	—	—
Governance costs		88,132	19,954	16,629	41,571	(166,286)	—	—	—
<b>Total expenditure 2018</b>		<b>2,702,294</b>	<b>2,152,536</b>	<b>335,196</b>	<b>1,048,820</b>	—	—	<b>6,238,846</b>	<b>5,970,149</b>
Total expenditure 2017		2,427,707	2,093,561	332,547	1,116,334	—	—	5,970,149	

## 5 Research grants

	Principal investigator	Restricted £	Unrestricted £	Total £
<b>Queen Mary, University of London</b>	Ahuva Nissim	—	101,586	<b>101,586</b>
Oxidative post-translationally modified insulin as neoepitope in type 1 diabetes: staging, pathogenesis and therapeutic utility				
<b>Cardiff University</b>	Colin Dayan	—	87,261	<b>87,261</b>
Gold nanoparticles coupled with selective PAMP ligands to deliver antigen specific immunotherapy				
<b>University of Cambridge</b>	David Dunger	—	65,905	<b>65,905</b>
Tracking of risk for diabetic nephropathy and cardiovascular disease in young people with type 1 diabetes recruited to the AddIT study				
<b>University of Edinburgh</b>	Helen Colhoun	51,085	69,228	<b>120,313</b>
Validation of Novel and Candidate Biomarkers for Diabetic Kidney Disease in Large Cohorts of people with Type 1 Diabetes				
<b>University of Oxford</b>	John Todd	10,228	85,584	<b>95,812</b>
Diabetes and Inflammation Laboratory				
<b>University of Bristol</b>	Kathleen Gillespie	1,497	66,634	<b>68,131</b>
What protects islet antibody positive T1D relatives who do not progress?				
<b>Imperial College, London</b>	Mark Kalisz	—	12,189	<b>12,189</b>
The role of novel epigenetic regulators in beta cell development and growth				
<b>King's College, London</b>	Mark Peakman	—	12,054	<b>12,054</b>
ACC study extension: Treg function and C-peptide change				
<b>King's College, London</b>	Mark Peakman	53,471	12,754	<b>66,225</b>
Comparison of neo- and natural epitope reactivity as it relates to Disease Stage, T cell recruitment and polarization				
<b>University of Oxford</b>	Paul Johnson	48,617	1,474	<b>50,091</b>
Human Islets For Basic Research- Oxford JDRF Human Islet Resource Centre				
<b>University of Bristol</b>	Polly Bingley	15,000	21,303	<b>36,303</b>
JDRF International Clinical Sites - UK (Trialnet)				
<b>University of Bristol</b>	Polly Bingley	—	65,803	<b>65,803</b>
JDRF International Clinical Sites - UK (Trialnet)				
<b>King's College London</b>	Pratik Choudhary	—	183,045	<b>183,045</b>
Using neuroimaging to understand the role of cognitions in restoring hypoglycemia awareness in adults with type 1 diabetes and impaired awareness of hypoglycemia				
<b>Queen's University Belfast</b>	Reinhold Medina	100,621	11,532	<b>112,153</b>
Harnessing vascular stem cells to model and treat diabetic retinopathy				
<b>University of Cambridge</b>	Roman Hovorka	185,001	65,903	<b>250,904</b>
Overnight closed loop in sub-optimally controlled type 1 diabetes under free living conditions (APCam11)				
<b>University of Dundee</b>	Rory McCrimmon	—	59,941	<b>59,941</b>
Restoring hypoglycemia awareness through dishabituation				
<b>University of Exeter</b>	Sarah Richardson	6,117	109,289	<b>115,406</b>
Pancreatic enteroviral persistence - a molecular trigger for islet autoimmunity and type 1 diabetes in humans				
<b>King's College London</b>	Stephanie Amiel	77,500	54,273	<b>131,773</b>
Beyond education: A Hypoglycemia Awareness Restoration Program for people with type 1 diabetes and problematic hypoglycemia persisting despite optimised self-care (HARPdoc)				
<b>University of Oxford</b>	Kerry McLaughlin	—	18,750	<b>18,750</b>
Role of the autoantigen tetraspanin-7 in type 1 diabetes				
<b>Cardiff University</b>	Terri Thayer	—	43,294	<b>43,294</b>
Tolerizing insulin-reactive CD8 T cells in Type 1 Diabetes				
<b>King's College London</b>	Timothy Tree	9,521	—	<b>9,521</b>
Identifying a signature for islet-specific IL-10 secreting (ISIS) Tregs				
<b>University of Exeter and Hebrew University of Jerusalem</b>	Yuval Dor	24,000	24,305	<b>48,305</b>
Beta cell turnover in patients with long-standing type 1 diabetes (BIRAX)				
		<b>582,658</b>	<b>1,172,107</b>	<b>1,754,765</b>

## 6 Net income (expenditure) before transfers

This is stated after charging:

	2018 £	2017 £
Depreciation	22,473	27,176
Directors' indemnity insurance	294	299
Auditor's remuneration (excluding VAT)		
. Audit for current year	9,900	9,900
. Under accrual for previous year	1,760	—
Operating lease rentals		
. Property	165,822	165,822

## 7 Staff costs and numbers and remuneration of key management personnel

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	2,181,533	2,096,190
Social security costs	213,714	206,493
Pension contributions	89,295	87,849
	<b>2,484,542</b>	<b>2,390,532</b>

One employee earned between £90,000 and £100,000 during the year (2017 - one), no employees between £70,000 and £80,000 (2017 - one) and three employees between £60,000 and £70,000 (2017 - one). The pension contributions paid during the year for these employees totalled £36,907 (2017 - £37,858).

The average weekly number of employees (on an average head count and a full time equivalent basis) carrying out JDRF's activities was as follows:

	Head count 2018	Head count 2017	FTE 2018	FTE 2017
Raising funds	28	29	27.2	27.8
Charitable activities	26	27	24.4	25.9
Central support	10	10	9.6	9.6
	<b>64</b>	<b>66</b>	<b>61.2</b>	<b>63.3</b>

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, and the executive management team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £466,880 (2017 - £406,698).

No trustees (2017 – none) received any remuneration for their services as a trustee. No expenses were reimbursed to trustees (2017 - £nil).

## 8 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary JDRF Trading Limited gift aids available profits to the charity.

## 9 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 July 2017	108,381	73,290	7,176	<b>188,847</b>
Additions in the year	—	4,315	—	<b>4,315</b>
Disposals in the year	—	(24,150)	—	<b>(24,150)</b>
At 30 June 2018	108,381	53,455	7,176	<b>169,012</b>
<b>Depreciation</b>				
At 1 July 2017	30,813	56,470	3,967	<b>91,250</b>
Charge for the year	11,081	9,957	1,435	<b>22,473</b>
Disposals in the year	—	(24,150)	—	<b>(24,150)</b>
At 30 June 2018	41,894	42,277	5,402	<b>89,573</b>
<b>Net book value</b>				
At 30 June 2018	66,487	11,178	1,774	<b>79,439</b>
At 30 June 2017	77,568	16,820	3,209	<b>97,597</b>

## 10 Investments

	2018 £	2017 £
Investment in unquoted subsidiary undertaking at cost	<b>10,001</b>	10,001

## 11 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of JDRF Trading Limited, a company registered in England on 17 December 2007. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2018 £	2017 £
Turnover	<b>73,786</b>	76,527
Cost of sales	—	—
<b>Gross profit</b>	<b>73,786</b>	76,527
Administrative expenses	<b>(26,903)</b>	(27,187)
<b>Operating profit</b>	<b>46,883</b>	49,340
Taxation	—	—
<b>Profit on ordinary activities after taxation</b>	<b>46,883</b>	49,340
Gift aid distribution to parent undertaking	<b>(46,883)</b>	(49,340)
<b>Movement in retained earnings</b>	<b>—</b>	—

**11 Subsidiary undertaking** (continued)

The aggregate of the assets, liabilities and funds was:

	2018 £	2017 £
Assets	<b>89,918</b>	<b>91,341</b>
Liabilities	<b>(79,917)</b>	<b>(81,340)</b>
Funds	<b>10,001</b>	<b>10,001</b>

**12 Parent undertaking**

The parent undertaking's gross income and the results for the year are disclosed as follows:

	2018 £	2017 £
Gross income	<b>5,950,738</b>	6,007,990
Results for the year	<b>(261,206)</b>	65,028

**13 Debtors**

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	<b>52,596</b>	61,975	<b>49,296</b>	49,295
Other debtors	<b>14,896</b>	25,388	<b>14,896</b>	25,388
Amounts due from subsidiary	—	—	<b>59,064</b>	53,762
Prepayments	<b>250,224</b>	203,100	<b>250,224</b>	203,100
Accrued income	<b>106,024</b>	297,914	<b>106,024</b>	297,914
	<b>423,740</b>	588,377	<b>479,504</b>	629,459

**14 Creditors: amounts due within one year**

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	<b>35,991</b>	59,100	<b>35,991</b>	59,100
Taxation and social security	<b>61,056</b>	56,911	<b>56,452</b>	54,158
Other creditors	<b>30,306</b>	21,906	<b>30,306</b>	21,906
Rent free benefit over lease period	<b>35,884</b>	41,233	<b>35,884</b>	41,233
Deferred income	<b>39,421</b>	78,805	<b>23,171</b>	53,980
Accrued costs	<b>103,991</b>	78,340	<b>103,991</b>	78,340
	<b>306,649</b>	336,295	<b>285,795</b>	308,717

**14 Creditors: amounts due within one year** (continued)

Included in deferred income are amounts received in advance for events and sponsorship as set out below:

	<b>Group 2018 £</b>	Charity 2018 £
Deferred income brought forward at 1 July 2017	<b>78,805</b>	53,980
Additional income deferred in year	<b>39,421</b>	23,171
Brought forward funds released in year	<b>(78,805)</b>	(53,980)
Deferred income carried forward at 30 June 2018	<b>39,421</b>	23,171

**15 Analysis of group net assets between funds**

Group:	Restricted funds £	General funds £	<b>Total funds £</b>
Tangible fixed assets	2,561	76,878	<b>79,439</b>
Net current assets	310,583	1,042,733	<b>1,353,316</b>
Net assets at the end of the year	313,144	1,119,611	<b>1,432,755</b>

  

Charity:	Restricted funds £	General funds £	<b>Total funds £</b>
Tangible fixed assets	2,561	76,878	<b>79,439</b>
Investments	—	10,001	<b>10,001</b>
Net current assets	310,583	1,032,732	<b>1,343,315</b>
Net assets at the end of the year	313,144	1,119,611	<b>1,432,755</b>

**16 Movement in funds**

	At 1 July 2017 £	Income £	Expenditure £	At 30 June 2018 £
<b>Restricted funds</b>				
Research funding	150,382	649,543	(582,659)	<b>217,266</b>
Support and awareness	230,201	660	(134,983)	<b>95,878</b>
<b>Total restricted funds</b>	380,583	650,203	(717,642)	<b>313,144</b>
<b>Unrestricted funds</b>				
General funds	1,266,494	5,374,321	(5,521,204)	<b>1,119,611</b>
<b>Total funds</b>	1,647,077	6,024,524	(6,238,846)	<b>1,432,755</b>

***Purpose of restricted funds***

Restricted funds are received for the purpose of carrying out particular activities; usually research grant funding, support and awareness and advocacy activities. They either directly contribute to these activities, or are applied to core costs related to information/education about type 1 diabetes and the related dissemination of research information.

**17 Operating lease commitments**

The group and charity had future minimum commitments at the year end under operating leases as follows:

	<b>2018</b>	2017
	<b>Land and buildings</b>	Land and buildings
	<b>£</b>	£
Payments which fall due:		
Less than one year	<b>172,961</b>	197,382
Between two and five years	<b>663,288</b>	668,788
Over five years	<b>298,479</b>	449,101

**18 Related party transactions**

Trustee expenses for the year totalled £nil (2017 - £nil) and charitable donations received from trustees totalled £46,043 (2017 - £136,056).

There were no other transactions with related parties which required disclosure during the year (2017 - none).