

**Juvenile Diabetes
Research Foundation
Limited**

**Annual Report and Financial
Statements**

30 June 2017

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") for the year ended 30 June 2017.

This report has been prepared in accordance with Part 8 of the Charities Act 2011 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 32 to 36 therein 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 our 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: FY15-17

Pioneering Progress, Forging Partnerships, Transforming Type 1

Research Funding

Our three year ambition: By the end of FY17 our goal is to be spending at least £2.3 million on research supporting our international research programme, growing from £1.9 million in FY14.

Our FY17 results in numbers

The UK's type 1 research community continues to attract significant funding from JDRF's international research programme, reinforcing our country's reputation as a leader in the field of autoimmunity and demonstrating the excellence of researchers working to deliver the artificial pancreas and to treat the complications of type 1 diabetes. The JDRF network's total funding of research in the UK for FY17 totalled £4.9 million, from a global portfolio commitment of £70 million (\$90 million). UK researchers received one quarter of the value of the research funded by JDRF in the world outside the US. JDRF UK spent **£2.4 million** supporting the global JDRF research programme in the UK last year, which surpassed our target of funding £2.3 million by FY17.

Highlights this year from our UK and global research programmes

As well as UK highlights of our global research programme, we report here on the highlights of the work funded elsewhere in the world, to give a picture of the true impact of the JDRF global network and international research strategy.

Cure research

Two groups in the USA are working on growing good-quality beta cells in the lab from a type of human stem cell.

- ◆ In type 1, the majority of the insulin-producing beta cells in the pancreas are destroyed by an autoimmune attack
- ◆ One way to replace these lost cells is to grow beta cells in the laboratory and transplant them in
- ◆ Two groups are working on growing beta cells from a type of stem cell known as human pluripotent stem cells, which can be manipulated into growing into any cell type in the body
- ◆ This only address one side of the problem, however, as transplanted cells are still vulnerable to the autoimmune attack

“This idea that a stem-cell-derived beta cell can be useful for cell replacement therapy is getting closer and closer as we go forward” – Dr Jeffrey Millman, a principal investigator at Washington University in St Louis.

OUR THREE YEAR STRATEGY: FY15-17 (continued)

Transplanting functioning beta cells would allow people with type 1 to produce their own insulin once again in response to changing glucose levels. If combined with a treatment or technology to prevent the immune system attacking the new beta cells, this work could lead to a cure for type 1 diabetes. Professor Doug Melton and Dr Jeffrey Millman previously developed a technique to grow millions of beta cells from stem cells in 2014 at Harvard University. They have since been working to improve the technique so that the beta cells grown are of a higher quality.

JDRF supported Dr Jeffrey Millman to start a new project in April 2017 at Washington University in St Louis. Dr Millman is focusing on improving the quality of the beta cells that are grown from human pluripotent stem cells so that they behave more similarly to the beta cells naturally grown in the body; he presented his laboratory's work in September at the annual meeting of The European Association for the Study of Diabetes (EASD) 2017.

Treat research

Glucose Responsive Insulin

A glucose responsive insulin would change the daily routine for those with type 1, replacing multiple injections and carb counting with one injection a day, or even a week.

- ◆ Currently, people living with type 1 must inject insulin multiple times a day
- ◆ A 'smart' insulin could mean one injection a day, or even one a week
- ◆ Dr John Fossey is developing insulin-containing capsules that will dissolve in high levels of glucose
- ◆ These capsules might one day be a treatment that could react to blood glucose level changes, just like a fully functioning pancreas

“If I could tell my daughter that instead of ten injections a day she would only have to have one, it would be one of the greatest feelings in my life!” - Roger Thornton

At the end of 2016, we were able to launch JDRF's first glucose responsive insulin project in the UK. Led by Dr John Fossey, this project is investigating materials that can be used to build insulin capsules which could, in the future, be injected once a day, or even once a week, replacing the multiple daily injections of current insulin regimens. The capsules will dissolve in the presence of high glucose levels, releasing the enclosed insulin.

While the project is currently laboratory based, Dr Fossey hopes that, if successful, by the end of the two year study the team could produce a glucose responsive insulin ready to test in an animal model. Ultimately, a working glucose responsive insulin could mean one injection a day and less frequent blood glucose testing for people with type 1.

OUR THREE YEAR STRATEGY: FY15-17 (continued)

Improving Hypo Awareness

JDRF is funding four projects in the UK focused on improving hypo awareness in people living with type 1.

- Hypoglycaemia (hypos) is when blood glucose levels drop below a healthy range
- Hypos can usually be treated by having a sugary snack or drink
- Severe hypos are when blood glucose levels drop so low a person is unable to treat themselves, risking coma or even death if not treated quickly by someone else.
- Up to a third of people living with type 1 have impaired awareness of hypos and so are unable to treat themselves easily as they do not realise they are having a hypo
- We are funding four projects looking into different ways of improving hypo awareness and the body's own response to hypos

**“Many things keep me motivated - of which the main one is that we still haven't solved the problems of hypoglycaemia for many of our patients with type 1 diabetes”
– Professor Stephanie Amiel, a principal investigator at King's College London**

Professor Stephanie Amiel from King's College London is trialling a talking therapy programme – named HARPdoc – to improve management of hypo unawareness. Professor Amiel's pilot study had a 100% success rate, with everyone who had completed the programme not experiencing any severe hypos, compared with an average of 20 a year before.

Dr Pratik Choudhary from King's College London will be taking brain scans of participants from Professor Amiel's trial, to see if the talking therapy programme can 're-wire' the brain and restore normal brain responses to hypos.

Professor Rory McCrimmon will be trialling whether high-intensity exercise, when the heart is working at over 90 per cent of its maximum rate, can improve hypo awareness and the body's responses to hypos.

Dr Craig Beall is testing in rats whether a drug that stimulates a protein known as AMPK in the brain can improve the body's response to hypos.

By funding these different approaches to treating hypo unawareness, we hope that management of this common complication of insulin therapy can be significantly improved for people living with type 1. This would hugely benefit people who struggle to find work or are not allowed to drive because of the debilitating effect severe hypos can have.

OUR THREE YEAR STRATEGY: FY15-17 (continued)

Prevent research

JDRF funded researchers in California worked with 14 newly diagnosed people to use their own immune system cells to control the autoimmune reaction behind type 1. The researchers collected regulatory immune cells from each person, grew them in large numbers in the laboratory, then gave each person back a higher dose of their own cells. Although this trial was a safety study to make sure the approach didn't make anyone more ill, the results were promising enough that JDRF is now helping to fund the next phase of the study that will investigate whether the treatment is effective in helping people with type 1.

A vaccine that slows the progression of type 1 developing has completed its first clinical trial at a London hospital

- ◆ 27 people with newly diagnosed type 1 were recruited
- ◆ They received a 'type 1 vaccine' that aims to retrain the immune system to prevent beta cell destruction
- ◆ The vaccine was shown to be safe and also indicated that the treatment was effective in preserving beta cell function

"I can't wait for the day when other children like Sophie don't have to go through living with type 1. I'm hopeful that exciting research like this will eventually lead to a cure for Sophie." - Jo Abbot, mum of Sophie, age four

We were able to support Professor Mark Peakman, of King's College London, to complete the MonoPepT1De immunotherapy trial, the results of which were published in August 2017. Twenty seven people with a recent diagnosis of type 1 were given either the potential 'type 1 vaccine' via injection, or a placebo. The results of the trial showed that the treatment was safe, and also indicated that the treatment could preserve beta cell function, allowing people to produce their own insulin for longer.

The next step for Professor Peakman will be to test the intervention on a larger group of participants. Ultimately, a type 1 vaccine could halt further beta cell destruction in newly diagnosed people who have some functioning beta cells remaining, reducing the amount of insulin they need to inject. It could also one day stop the condition ever developing in those at risk.

Research Advocacy

Our three year ambition: By the end of FY17 we will have:

- ◆ ***secured or influenced an additional £2 million per year of research funding from partner organisations directly into type 1 research***
- ◆ ***supported researchers to secure EUR15 million for type 1 diabetes research from the EU***

Directors' report

OUR THREE YEAR STRATEGY: FY15-17 (continued)

- ◆ *increased patient involvement in clinical trials*
- ◆ *recruited and supported new researchers into JDRF funding mechanisms*
- ◆ *Implemented priority recommendations from our type 1 diabetes research roadmap*

Our FY17 results in numbers

During FY17 the total value of funding committed to these and previously established partnership research projects secured or influenced by JDRF research advocacy was **£2.97 million**.

€11 million of EU funding has been committed to active type 1 diabetes projects following involvement from JDRF.

Three research fellows have received the JDRF UK Research Communication Award.

Highlights of our research advocacy activity

JDRF worked with Arthritis Research UK, the Medical Research Council, and Wellcome to hold an international scientific meeting for more than 70 world-leading experts on autoimmune and other inflammatory conditions. The goal of the meeting was to sketch out how the grand challenges - identified through our previous working collaborations - could be answered by the scientific community working together outside traditional disease-specific silos. This has led to an agreement between Arthritis Research UK and JDRF to fund a pilot collaborative award enabling this work to go forward. We expect to make a joint award in FY18. If successful we believe other funders from the charity, government and industry sectors will subsequently get involved in supporting this important avenue of research.

We worked closely with JDRF colleagues internationally to develop a new tool to give people with type 1 in the UK an additional, user-friendly way to find clinical trials they may be interested in joining. The tool was launched in September 2017. In addition we facilitated the involvement of people affected by type 1 in giving researchers early feedback on clinical study design at a number of workshops, addressing one of the major barriers to the progress of medical research.

We brought together scientists from different specialisms in a teleconference workshop to discuss ideas for type 1 diabetes focused projects relevant to a funding opportunity in stratified medicine – a discipline based on identifying subgroups of patients with distinct mechanisms of disease, or particular responses to treatments which allows researchers to identify and develop treatments that are effective for particular groups of patients. New scientific connections have been made and we anticipate these scientists will go on to apply for collaborative funding for the ideas generated at this workshop.

Directors' report

OUR THREE YEAR STRATEGY: FY15-17 (continued)

We brought together scientists and politicians involved in diabetes research in Scotland to discuss the opportunities and challenges of research in type 1 diabetes in Scotland. This small meeting was especially useful in clarifying JDRF's research strategy to individuals who had not worked with us before and identifying where the strengths of the Scottish health system and the needs of people with type 1 aligned particularly effectively. In FY18 we expect to develop some of the ideas explored at this meeting in partnership with the Chief Scientists Office in Scotland.

FY17 has seen advances in a number of areas identified in the Research Roadmap – notably an increased focus on hypoglycaemia work, and the establishment of the EU – funded INNODIA project which involves many UK scientists and will begin to push forward our understanding of who is at risk of developing type 1 diabetes, how they differ from people who do not develop type 1, and how we may be able to mitigate these risks so fewer people ever develop type 1.

Treatment advocacy

Our three year ambition: By the end of FY17 we will have:

- ◆ ***Influenced the progress of all relevant treatments and technology through the National Institute of Health and Care Excellence (NICE) and the Scotland Intercollegiate Guidance Network (SIGN)***

- ◆ ***Supported the creation and development of an active patient population engaged in influencing and informing drug and device development, diabetes policy and healthcare professionals***

Our FY17 results in numbers

- ◆ We provided input into three NICE consultations
- ◆ Input to one NICE Public Involvement Review
- ◆ Supported one major UK Parliamentary investigation into variations in diabetes care
- ◆ Supported one consensus guideline to bring about positive responses from NHS Clinical Commissioning Groups about the anticipated placement of flash glucose sensing on the NHS tariff
- ◆ Input into one Scottish Government consultation, via its Public Petitions Committee, on technology and innovation in the NHS

Directors' report

OUR THREE YEAR STRATEGY: FY15-17 (continued)

In FY17 we were involved in National Institute of Health and Care Excellence (NICE) consultations on the following:

- ◆ Changes to NICE's technology appraisals. NICE states that this consultation will support more timely access to treatments (via the changing of details of NICE's 'budget impact threshold') whilst also meeting its needs for affordability and sustainability of care
- ◆ A review of the MOU of the Patients Involved In NICE advocacy group. This promises to allow JDRF to provide better opportunities for people with type 1 diabetes to shape the future of NICE and therefore influence the future of care provision in England and Wales
- ◆ The development of NICE's Technology Appraisal Support Tool. This tool enables NICE to better explain complex concepts such as opportunity cost and cost effectiveness to people affected by type 1 diabetes

JDRF, Diabetes UK and INPUT formed a coalition to ensure that patient views and needs were considered during decisions about NHS funding for flash glucose monitoring, a new type of blood glucose sensing which is an alternative to multiple daily finger prick tests. Partly due to the work of this coalition, in November 2017 the first flash glucose sensor became available on the NHS. The coalition will continue to work to address local barriers to access and to support nationwide availability of the technology.

Thanks to the generosity of a major donor, funds have been secured to begin a scoping exercise to understand how JDRF can play a larger and more effective role in speeding up access to new and relevant treatments for people with type 1 diabetes. This work will begin in FY18.

Support and awareness

Our three year ambition: By the end of FY17 we will have reached and helped more people with type 1 diabetes to access better information about their condition, to feel empowered to make decisions, with their health team, about their treatment and to get involved with the search for the cure.

Our FY17 results in numbers

- ◆ Over 9,000 support and information packs were given to children and adults living with type 1, their families and Health Care Professionals
- ◆ One new online information product was created for students heading to universities
- ◆ We supported over 2,800 people who signed up to attend one of our 16 Discovery days
- ◆ We achieved 93 pieces of national media coverage for JDRF and type 1, raising awareness of impact of type 1 diabetes and research to find the cure

Directors' report

OUR THREE YEAR STRATEGY: FY15-17 (continued)

In FY17 we continued to deliver ways to offer support and information across the life stage touch points of our key audiences in order to build long term engagement with people with type 1 diabetes. This included:

- ◆ Relaunching the Type 1 Discovery Day Programme, resulting in an increase in events and new participants
- ◆ Growing reach across the country as the community engagement officer roles become more established, meaning that JDRF can support more families from the point that they are diagnosed with type 1 diabetes and through their journey with the condition
- ◆ Launching the volunteer connect programme encouraging our supporters to go and talk to health care professionals about what information and support JDRF can offer people with type 1 diabetes
- ◆ Increasing our profile within the healthcare community by working in collaboration with NHS England and Diabetes UK to deliver an online resource for university students

Looking ahead: A new strategy for FY18-20

Through a process of volunteer and staff consultations, stretching objectives that will deliver progress towards JDRF's vision of a world without type 1 diabetes have been set for FY18-20.

We will continue to increase research funding in years where income increases. To progress towards our mission, we will continue to increase the effectiveness of our work in research partnerships, advocacy, awareness, support and information and will also need to increase our free reserves.

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. These are vital as we believe that our own research funding can be equalled or even surpassed by these research collaborations.

We recognised the important role that JDRF is playing internationally in influencing patient access to new treatments and technologies. This is a gap that exists in the UK and we will prioritise increasing JDRF UK's influence in this area.

OUR THREE YEAR STRATEGY: FY18-20

By the end of FY20, we will:

Research funding and Research Partnerships

- ◆ Aim for a minimum cumulative target for research over the next three years within the range of £8 million to £8.5 million (three years to FY17 £6.9 million)
- ◆ Develop multi-year research funding partnerships, building on UK strengths, leveraging £6 million over three years
- ◆ Engage in small-medium scale partnerships to stimulate training and development of type 1 diabetes researchers in the UK, totalling at least £250,000 over three years

Research advocacy and treatment delivery

- ◆ Influence policy changes that will affect JDRF's UK based research in the next five years, most notably our planned exit from the European Union and the merging of the budgets of the Research Councils to form UK Research and Innovation (UKRI)
- ◆ Build new networks and relationships in Scotland that will support new funding partnership initiatives
- ◆ Develop a new patient access strategy to help us be more influential and effective in treatment funding decisions made by the NHS

Support, information and awareness

- ◆ Ensure JDRF has relevant support and information for families of children with type 1 at: diagnosis, schools, transition of schools, clinic transition (paediatrics into adult care), university and information for carers
- ◆ Ensure JDRF has easily accessible relevant support and information for adults at: transition, adult diagnosis, university, workplace, and pregnancy
- ◆ Investigate increased peer to peer community engagement in the type 1 community
- ◆ Build staff and volunteer networks to reach and engage more families and adults through clinics and other routes around the country
- ◆ Increase acquisition of supporters most likely to lead to achieving JDRF's income targets

Income

- ◆ Raise a cumulative total income in excess of £20 million, reaching circa £7.5 million per year by FY20 (three years to FY17 £17.4 million)
- ◆ Clear and deliverable growth strategies for each component of fundraising activity
- ◆ Invest in areas of fundraising that will give us the greatest chance of long term financial growth and stability – this may include investment in new areas as well as eliminating activities with poorer returns

Directors' report

OUR THREE YEAR STRATEGY: FY18-20 (continued)

- ◆ Access new and existing technologies in order to deliver and process higher volumes of voluntary income in the most efficient and effective way
- ◆ Organise ourselves in ways that enable collaborative and integrated working in order to maximise the chances of fundraising success.

FINANCIAL REVIEW

Financial summary of the year

JDRF's income has grown significantly in recent years, and exceeded the £6 million target for FY17 in both FY16 and FY17.

Despite the very small drop in gross income on the previous year, in FY17 JDRF:

- ◆ **Grew** net income on the previous year by reducing fundraising costs
- ◆ **Increased** spending on both research and support related charitable activities
- ◆ **Achieved** a higher income surplus than budgeted, growing both restricted and unrestricted reserves over those of FY16

Financial review in more detail

Income

Our three year ambition: By FY17 we will have achieved sustainable and growing annual income of £6 million, growing from £4.7 million in FY14.

Unusually for JDRF there was a small drop in income in FY17 of less than half a percent to £6.08m. Even so, income has grown by 29% over the last three years and 46% over the last four years. We expect a return to a high level of income growth in FY18.

Our long term financial growth reflects the success of our diversified portfolio of fundraising activities since JDRF implemented a growth strategy ten years ago and the considerable capability of our fundraising teams. Over this ten year period JDRF's fundraised income has grown by nearly two and a half times from £2.5 million to £6 million. **This equates to an average annual growth rate of nearly 10 per cent for ten successive years, a considerable achievement over this extended period of time.**

FINANCIAL REVIEW (continued)

Financial review in more detail (continued)

Expenditure - research and other charitable activities (continued)

The amount spent on research funding and advocacy increased by £60,000 to £2.43 million, despite the small drop in gross income experienced during the year. UK and global research achievements during the year are described on pages 4-9, which also note that we exceeded our three year goal of growing total research spend to £2.3 million from £1.9 million.

JDRF's support and awareness costs in FY17 grew by 20% to £1.1 million. Most of the growth in this area was in relation to restricted funds received from our 2016 partnership with asset management firm BlackRock. Details of the activities and achievements of our work in these areas are described on pages 10-11.

As a result of these initiatives, total spending on charitable objectives increased last year by £270,000 to £3.54 million. **Over the ten years identified above, the implementation of JDRF's growth strategy has meant spending on charitable objectives has more than tripled from £1.1 million to £3.5 million.**

Expenditure – costs of raising funds

In FY17 the cost of raising funds dropped by £100,000 to £2.43 million, resulting in a net increase in funds available for charitable objectives despite the small drop in gross income for the year. As we enter into our eleventh consecutive year of investment in income generation and growth, we are confident that, continuing the trend of the last ten years, our fundraising success will ensure that more funds will be made available each 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 £77,000 (FY16: £65,000), and operating profit for the year (entirely gift aided to JDRF) was £49,000 (FY16: £36,000). This is still lower than in previous years, and is due to a shift in our corporate fundraising from sponsorship and other trading forms of income to successful income generating partnerships not treated as trading income, such as staff fundraising, of which our partnership with BlackRock in 2016 is a striking example. The corporate team has an income target of which trading income is only a part, but the amount of income gained through trading activities has been reducing in recent years, despite substantial growth in the total income gained from our corporate supporters.

Directors' report

FINANCIAL REVIEW (continued)

Financial review in more detail (continued)

Balance sheet for the charitable group

The value of fixed assets dropped by £10,000 during the year from £107,000 to £97,000 as a result of the net depreciation charge applied to these. Cash and short term deposits at 30 June 2017 totalled £1,297,000 (FY16: £986,000). JDRF's policy is to hold its cash in instant access and short term deposit accounts that allow us the best rate of interest consistent with the level of risk deemed acceptable, and at levels that is consistent with our reserves policy.

Debtors at the year end were £588,000 (FY16: £746,000), of which £298,000 related to accrued income (FY16: £491,000). Of the total debtors figure, 98% had been received by 31 October, and the small outstanding balance is not considered at risk. Creditors were £336,000 (FY16: £306,000).

Funds

Restricted funds grew over FY17 from £317,000 to £381,000. Almost the entirety of this growth was due to net income received during the year from the BlackRock partnership. Funds held at the year end from this partnership were £230,000. These funds are set aside for the charitable purposes agreed with BlackRock. These consist of a three year programme of community engagement with people with type 1 and the health professionals who care for them, and digital developments benefiting the type 1 community.

Unrestricted funds increased from £1.22 million to £1.27 million. **Total funds** held at the year end increased from £1.53 million to £1.65 million. The impact of these changes on JDRF's reserves position is discussed under the relevant 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'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, who raise funds on JDRF's behalf. Our fundraising activities in Scotland delivered £665,000 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 FY17 funded work at the University of Glasgow and three projects at the University of Edinburgh.

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 reserves levels reached in the last few financial years, and takes into account the risk of income falling by more than a third 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 FY18 budget this gives an end of year free reserves target for FY17 of between £1.04 million and £1.27 million. Free reserves at the year end were £1.17 million (unrestricted funds minus fixed assets) 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 highest scoring 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 (likelihood x impact + impact). This creates a series of most significant risks for the organisation which in general are unlikely, but the impact of which is likely to be severe. These are risks that we have in common with organisations both 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 wish 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 FY17 and circulated to the relevant teams and volunteers.

GOVERNANCE INFORMATION (continued)

Financial policies and activities (continued)

Risk management and mitigation (continued)

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 2018. In relation to cyber security issues, JDRF follows SME good practice in relation to *protective solutions and systems*. In 2018 this issue and potential additional responses will be addressed by the ICT Roadmap prepared by our external support consultancy.

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, is only not achieved occasionally and for a short time. This guideline was achieved throughout FY17. 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.

Financial controls review

During the year the audit and risk committee and the full 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.

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 at the company's 2017 annual general meeting, reflecting up to date law and practice. These streamline and clarify a number of powers and practices, and relevant sections of this were approved by the charity commission and by JDRFI in the United States. JDRF's charitable objects were not changed as part of this review.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 will be made to processes relating to governance activities, with the aim of facilitating more focused and effective board level discussions and decision making.

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 many of JDRF's day to day 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, treasurer, 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. 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. This 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.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 board 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 (a) JDRF's most recent annual report and accounts; (b) JDRF's articles of association; (c) the Charity Commission's publication "The Essential Trustee" 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: mission; research partnerships; fundraising and finance and resources, as detailed in the reference section on page 22.

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 36. 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 FY17 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 he/she ought to have taken as a director in order to make himself/herself 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 2017 was 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 2018 and has expressed its willingness to act in that capacity.

Approved by the directors on 11 December 2017 and signed on their behalf by

James Cripps
Chairman

Reference and administrative details

President Her Royal Highness The Duchess of Cornwall

Directors 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 from September 2016)
Christina Croft (appointed September 2017)
Ian Edwards (Director/Chairman to September 2016)
Sarah Gordon (retired March 2017)
Karen Loumansky
James Lurie
David McTurk (appointed March 2017)
Eleanor Mills
Dr Roger Morton (resigned September 2016)
Sue Whelan Tracy (retired March 2017)
Ian Schneider (Treasurer)
Steven Turnbull (retired March 2017)
Graham White (retired December 2016)

Company Secretary Jonathan Taylor

Executive management team

Chief Executive	Karen Addington
Director of Fundraising	Dean Benton
Director of Research Partnerships	Rachel Connor
Director of Mission	Sarah Johnson
Director of Finance and Resources	Jonathan Taylor

Reference and administrative details

Registered office	17/18 Angel Gate City Road London EC1V 2PT
Telephone	T: 020 7713 2030 F: 020 7713 2031 E: info@jdrf.org.uk
Website	www.jdrf.org.uk
Social media	@JDRFUK/https://twitter.com/jdrfuk @JDRFUK/https://www.facebook.com/JDRFUK/JDRFUK JDRFUK/https://www.linkedin.com/company/jdrf-UK JDRFUK/https://www.instagram.com/jdrfuk/
Company registration number	02071638 (England and Wales)
Charity registration number	295716 (England) SC040123 (Scotland)
Regional Offices	JDRF Scotland: Aberdeen Office T: Aberdeen: 01224 248 677 T: Central Scotland: 07790 572188 E: scotland@jdrf.org.uk JDRF North: Leeds Office T: 0113 4576 425 E: north@jdrf.org.uk JDRF Midlands, West and Wales: Birmingham Office T: 0121 685 7102 E: midlands@jdrf.org.uk E: southwest@jdrf.org.uk E: wales@jdrf.org.uk JDRF South, East and London: London Office T: 0207 713 2030 E: info@jdrf.org.uk JDRF South, East and London: Southampton Office T: 023 8061 6622 E: south@jdrf.org.uk

Reference and administrative details

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers 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 for the year ended 30 June 2017 which comprise the consolidated statement of financial activities, consolidated 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).

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.

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 2017 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
- ◆ 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 annual 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' 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 trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' 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.

Auditor's responsibilities for the audit of the financial statements (continued)

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 auditor's report.

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

7 March 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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income and expenditure					
Income					
Donations and legacies	1	471,429	752,136	3,223,565	3,273,583
Other trading activities	2	350,323	39,420	2,389,743	2,267,394
Interest receivable		2,139	—	2,139	6,702
Charitable activities	3				
. Research grants		—	282,570	282,570	339,494
. Support and awareness		—	186,500	186,500	213,500
Total income		4,823,891	1,260,626	6,084,517	6,100,673
Expenditure					
Cost of raising funds		2,375,558	52,149	2,427,707	2,532,026
Charitable activities					
. Research funding		1,326,702	766,857	2,093,559	2,036,477
. Research advocacy		332,549	—	332,549	325,598
Subtotal research expenditure		1,659,251	766,857	2,426,108	2,362,075
. Support and awareness		738,763	377,571	1,116,334	912,391
Subtotal charitable activities		2,398,014	1,144,428	3,542,442	3,274,466
Total expenditure	4	4,773,572	1,196,577	5,970,149	5,806,492
Net income and net movement in funds	6	50,319	64,049	114,368	294,181
Reconciliation of funds:					
Fund balances brought forward at 1 July 2016		1,216,175	316,534	1,532,709	1,238,528
Fund balances carried forward at 30 June 2017	1	1,266,494	380,583	1,647,077	1,532,709

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 2016.

Balance sheets 30 June 2017

	Notes	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Fixed assets					
Tangible assets	9	97,597	107,101	97,597	107,101
Investments	10	—	—	10,001	10,001
		97,597	107,101	107,598	117,102
Current assets					
Debtors	13	588,377	746,107	629,459	783,607
Cash at bank and in hand		1,297,398	985,726	1,218,737	928,542
		1,885,775	1,731,833	1,848,196	1,712,149
Liabilities					
Creditors: amounts falling due within one year	14	336,295	306,225	308,717	296,542
Net current assets		1,549,480	1,425,608	1,539,479	1,415,607
Total net assets	15	1,647,077	1,532,709	1,647,077	1,532,709
The funds of the charity:					
Funds and reserves	16				
Restricted funds		380,583	316,534	380,583	316,534
Unrestricted funds					
. General funds		1,266,493	1,216,175	1,266,493	1,216,175
		1,647,077	1,532,709	1,647,077	1,532,709

Approved by the Directors on 11 December 2017 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 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	327,204	102,018
Cash flows from investing activities:			
Interest received		2,139	6,702
Purchase of tangible fixed assets		(17,672)	(12,300)
Net cash used in investing activities		(15,533)	(5,598)
Change in cash and cash equivalents in the year		311,671	96,420
Cash and cash equivalents at 1 July 2016	B	985,726	889,306
Cash and cash equivalents at 30 June 2017	B	1,297,397	985,726

Notes to the statement of cash flows for the year to 30 June 2017.

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

	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	114,367	294,181
Adjustments for:		
Depreciation charge	27,176	24,369
Interest receivable	(2,139)	(6,702)
Decrease (increase) in debtors	157,730	(207,089)
Increase (decrease) in creditors	30,070	(2,741)
Net cash provided by operating activities	327,204	102,018

B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,297,398	985,726
Total cash and cash equivalents	1,297,398	985,726

Principal accounting policies 30 June 2017

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 2017.

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.

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.

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.

Income recognition (continued)

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.

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

Tangible fixed assets (continued)

- ◆ 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.

Notes to the financial statements 30 June 2017

1 Income from donations and legacies

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Donations	1,376,696	752,136	2,128,832	1,980,060
Legacies	42,000	—	42,000	21,079
Third party fundraising	1,052,733	—	1,052,733	1,270,444
2017 Total	2,471,429	752,136	3,223,565	3,271,583
2016 Total	2,662,238	611,345	3,273,583	

2 Income from other trading activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Walk to cure diabetes	274,196	—	274,196	275,868
Running and challenge events	1,622,772	—	1,622,772	1,246,284
Trading activities	101,322	—	101,322	85,034
Events and other fundraising activities	315,032	39,420	354,452	628,208
Rental/other income	37,000	—	37,000	32,000
2017 Total	2,350,323	39,420	2,389,743	2,267,394
2016 Total	2,170,773	96,621	2,267,394	

3 Income from charitable activities

	2017 Total Restricted £	2016 Total Restricted £
Research Grants		
The Alan & Babette Sainsbury Charitable Fund	55,000	55,000
The Childwick Trust	—	10,500
The Mary Kinross Charitable Trust	50,000	100,000
Cardogan Trust	50,000	—
The Hugh Fraser Foundation	—	—
The Charles Wolfson Charitable Trust	84,824	85,733
Diabetes Ireland Research Alliance	8,722	7,515
Masonic Charitable Foundation	—	50,000
Medtronic Foundation		
Sugar Free	6,003	20,000
Violet Richards Trust		
Donations £5,000 or less	28,020	10,746
	282,569	339,494
Support and awareness		
The Monument Trust	177,000	173,000
Beefy's Charitable Foundation	—	40,000
Donations £5,000 or less	9,500	500
	186,500	213,500
Total	469,069	552,994

Notes to the financial statements 30 June 2017

4 Total expenditure

	2017 Unrestricted £	2017 Restricted £	2017 Total £	2016 Unrestricted £	2016 Restricted £	2016 Total £
Costs of raising funds	2,375,558	—	2,427,707	2,441,587	90,439	3,532,026
Charitable activities						
. Research funding	1,326,702	766,857	2,093,559	1,345,114	691,363	2,036,477
. Research advocacy	332,549	—	332,549	325,598	—	325,598
. Support and awareness	738,763	377,571	1,116,334	653,787	258,604	912,391
Total	4,773,572	1,196,577	5,970,149	4,766,086	1,040,406	5,806,492

	Note	Cost of raising funds £	Research funding £	Research advocacy £	Support and awareness £	Governance costs £	Support costs £	2017 Total £	2016 Total £
Staff costs	7	1,025,759	239,462	208,848	554,523	139,205	222,735	2,390,532	2,201,736
Other staffing costs		47,959	1,901	370	19,045	266	59,259	128,800	82,914
Office costs		107,536	10,931	13,853	33,100	2,331	32,179	199,930	213,539
Rent and premises		105,475	16,347	26,571	52,066	4,954	44,582	249,995	258,917
Depreciation		—	—	—	—	—	27,176	27,176	24,369
Information technology costs		16,613	3,046	3,230	7,384	923	8,305	39,501	42,313
Direct fundraising costs									
. Donations and appeals		191,706	—	—	—	—	—	191,706	137,078
. Third party fundraising		1,133	—	—	—	—	—	1,133	65,976
. Walk to Cure Diabetes		85,358	—	—	—	—	—	85,358	88,963
. Running and challenge events		331,071	—	—	—	—	—	331,071	274,259
. Trading activities		15,307	—	—	—	—	—	15,307	10,733
. Events and other fundraising activities		207,667	—	—	—	—	—	207,667	338,972
Subtotal direct fundraising costs		832,242	—	—	—	—	—	832,242	915,981
Audit fees		—	—	—	—	11,660	—	11,660	12,620
Governance		—	—	—	—	10,800	—	10,800	2,052
Advocacy		—	12,237	26,635	—	—	—	37,872	34,964
Support and awareness		—	—	—	298,625	—	—	298,625	286,354
Research grants – unrestricted	5	—	976,159	—	—	—	—	976,159	1,077,251
Research grants – restricted	5	—	766,857	—	—	—	—	766,857	653,482
		2,135,584	2,026,940	278,507	964,743	170,139	394,236	5,970,149	5,806,492
Support costs		204,058	46,537	37,749	105,892	—	(394,236)	—	—
Governance costs		88,065	20,084	16,291	45,699	(170,139)	—	—	—
Total expenditure 2017		2,427,707	2,093,561	332,547	1,116,334	—	—	5,970,149	5,806,492
Total expenditure 2016		2,532,026	2,036,477	325,598	912,391	—	—	5,806,492	

5 Research grants

	Principal investigator	Restricted £	Unrestricted £	Total
University of Exeter	Andrew Hattersley			
Potential mechanisms of persistent C-peptide in type 1 diabetes		73,045	6,075	79,119
University of Exeter	Sarah Richardson			
Pancreatic enteroviral persistence - a molecular trigger for islet autoimmunity and type 1 diabetes in humans?		50,000	—	50,000
University of Exeter	Rob Andrews			
adAPT (autoimmune diabetes Acceleration Prevention Trial) - Stage 1 pilot		13,722	25,460	39,182
Cardiff University	Colin Dayan			
Microneedle arrays to deliver antigen specific immunotherapy		—	36,728	36,728
Cardiff University	Colin Dayan			
MonoPepT1De trial		—	8,050	8,050
Cardiff University	Colin Dayan			
Gold nanoparticles coupled with selective PAMP ligands to deliver antigen specific immunotherapy		—	90,792	90,792
University of Cambridge	Conor Farrington			
Clinician attitudes to closed-loop technology: barriers and opportunities		33,645	29,812	63,457
University of Cambridge	David Dunger			
Tracking of risk for diabetic nephropathy and cardiovascular disease in young people with type 1 diabetes recruited to the AddIT study		—	72,212	72,212
University of Cambridge	David Dunger			
Adolescent type 1 diabetes cardio-renal protection study		—	39,066	39,066
University of Cambridge	Roman Hovorka			
Overnight closed loop in sub-optimally controlled type 1 diabetes under free living conditions (APCam11)		4,395	115,699	120,095
University of Dundee	Helen Colhoun			
Extreme phenotypes relevant to diabetic complications in type 1 diabetes		—	6,966	6,966
University of Edinburgh	Helen Colhoun			
Extreme phenotypes relevant to diabetic complications in type 1 diabetes		—	13,431	13,431
University of Edinburgh	Helen Colhoun			
Predictors of early stage decline in kidney function in type 1 diabetes		1,000	36,095	37,095
University of Birmingham	John Fossey			
Glucose-Responsive Insulin Therapy (GRIT)		90,571	—	90,571
University of Glasgow	John Petrie			
REMOVAL study: Reducing with MetfOrmin Vascular Lesions in type 1 diabetes		85,258	60,611	145,869
University of Bristol	Kathleen Gillespie			
What protects islet antibody positive T1D relatives who do not progress?		32,129	108,048	140,177
University of Bristol	Polly Bingley			
The UK International Clinical Site (UK Trials Group)		31,796	120,656	152,452
Imperial College London	Mark Kalisz			
The role of novel epigenetic regulators in beta cell development and growth		—	31,783	31,783
Imperial College London	Mark Kalisz			
The role of novel epigenetic regulators in beta cell development and growth		—	15,000	15,000
University of Oxford	Mark McCarthy			
Integration of genome-wide association		17,835	14,868	32,703
University of Oxford	Paul Johnson			
Human islets for basic research (Oxford JDRF Human Islet Resource Centre)		50,524	—	50,524
University of Oxford	Kerry McLaughlin			
Role of the autoantigen tetraspanin-7 in type 1 diabetes		—	15,000	15,000
King's College London	Mark Peakman			
MonoPepT1De trial		13,392	11,844	25,236
King's College London	Peter Jones			
Islet encapsulation for transplantation: nano- versus micro-encapsulation		6,888	—	6,888
King's College London	Stephanie Amiel			
Beyond education		83,534	59,722	143,256
King's College London	Tim Tree			
Iatrogenic immunization reveals the properties of islet destructive T-cells		—	36,304	36,304
King's College London	Tim Tree			
Identifying a signature for islet-specific IL-10 secreting (ISIS) Tregs		23,123	—	23,123
University of Manchester BIRAX Israel	Kerry McLaughlin			
Deciphering the epigenome of human beta cells during development and in pathology for novel regenerative strategies in diabetes		71,000	21,936	92,936
Queen's University Belfast	Reinhold Medina			
Harnessing vascular stem cells to model and treat diabetic retinopathy		85,000	—	85,000
		766,857	976,159	1,743,015

6 Net income (expenditure) before transfers

This is stated after charging:

	2017 £	2016 £
Depreciation	27,176	24,369
Directors' indemnity insurance	781	853
Auditor's remuneration (excluding VAT)		
. Audit for current year	9,900	10,800
. Under accrual for previous year	—	200
Operating lease rentals		
. Property	165,822	156,683

7 Staff costs and numbers and remuneration of key management personnel

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	2,096,190	1,937,271
Social security costs	206,493	185,309
Pension contributions	87,849	79,156
	2,390,532	2,201,736

One employee earned between £90,000 and £100,000 during the year (2016 - one), one employee between £70,000 and £80,000 (2016 - none) and one employee between £60,000 and £70,000 (2016 - three). The pension contributions paid during the year for these employees totalled £37,858 (2016 - £36,143).

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 2017	Head count 2016	FTE 2017	FTE 2016
Raising funds	29	29	27.8	27.4
Charitable activities	27	24	25.9	22.0
Central support	10	11	9.6	8.6
	66	64	63.2	58.0

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 £368,223 (2016 - £365,854).

No trustee (2016 – none) received any remuneration for their services as a trustee. No expenses were reimbursed to trustees (2016 - £1,484 to two trustees).

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 £
Cost				
At 1 July 2016	98,661	65,338	7,176	171,175
Additions in the year	9,720	7,952	—	17,672
At 30 June 2017	108,381	73,290	7,176	188,847
Depreciation				
At 1 July 2016	19,732	41,811	2,531	64,074
Charge for the year	11,081	14,659	1,436	27,176
At 30 June 2017	30,813	56,470	3,967	91,250
Net book value				
At 30 June 2017	77,568	16,820	3,209	97,597
At 30 June 2016	78,929	23,527	4,645	107,101

10 Investments

	2017 £	2016 £
Investment in unquoted subsidiary undertaking at cost	10,001	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:

	2017 £	2016 £
Turnover	76,527	64,837
Cost of sales	—	—
Gross profit	76,527	64,837
Administrative expenses	(27,187)	(28,410)
Operating profit	49,340	36,427
Taxation	—	—
Profit on ordinary activities after taxation	49,340	36,427
Gift aid to parent undertaking	(49,340)	(36,427)
Profit (loss) for financial year	—	—

11 Subsidiary undertaking (continued)

The aggregate of the assets, liabilities and funds was:

	2017 £	2016 £
Assets	91,341	70,284
Liabilities	(81,340)	(60,283)
Funds	10,001	10,001

12 Parent undertaking

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

	2017 £	2016 £
Gross income	6,007,990	6,035,836
Results for the year	65,028	257,754

13 Debtors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	61,975	42,399	49,295	29,299
Other debtors	25,388	4,611	25,388	4,611
Amounts due from subsidiary	—	—	53,762	50,600
Prepayments	203,100	207,771	203,100	207,771
Accrued income	297,914	491,326	297,914	491,326
	588,377	746,107	629,459	783,607

14 Creditors: amounts due within one year

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	59,100	46,026	59,100	46,026
Taxation and social security	56,911	52,615	54,158	50,432
Other creditors	21,906	24,467	21,906	24,467
Rent free benefit over lease period	41,233	46,582	41,233	46,582
Deferred income	78,805	12,000	53,980	4,500
Accrued costs	78,340	124,535	78,340	124,535
	336,295	306,225	308,717	296,542

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:

	Group 2017 £	Charity 2017 £
Deferred income brought forward at 1 July 2016	12,000	4,500
Additional income deferred in year	78,805	53,980
Brought forward funds released in year	(12,000)	(4,500)
Deferred income carried forward at 30 June 2017	78,805	53,980

15 Analysis of group net assets between funds

	Restricted funds £	General funds £	Total funds £
Tangible fixed assets	3,697	93,900	97,597
Net current assets	376,886	1,172,594	1,549,480
Net assets at the end of the year	380,583	1,266,494	1,647,077

Charity:	Restricted funds £	General funds £	Total funds £
Tangible fixed assets	3,697	93,900	97,597
Investments	—	1,172,594	1,549,480
Net current assets	376,886	—	—
Net assets at the end of the year	380,583	1,266,494	1,647,077

16 Movement in funds

	At 1 July 2016 £	Income £	Expenditure £	At 30 June 2017 £
Restricted funds				
Research funding	105,320	811,919	766,857	150,382
Support and awareness	211,214	448,707	429,720	230,201
Total restricted funds	316,534	1,260,626	1,196,577	380,583
Unrestricted funds				
General funds	1,216,175	4,823,891	4,773,572	1,266,494
Total funds	1,532,709	6,084,517	5,970,149	1,647,077

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:

	2017	2016
	Land and buildings	Land and buildings
	£	£
Payments which fall due:		
Less than one year	197,382	162,333
Between two and five years	668,788	581,112
Over five years	449,101	777,402

18 Related party transactions

Trustee expenses for the year totalled £nil (2016 - £1,484 for two trustees) and charitable donations received from trustees totalled £136,056 (2016 - £83,002).

There were no other transactions with related parties which required disclosure during the year (2016 - none).