



British Heart  
Foundation

HEART  
DISEASE

HOPE

**FIGHT  
FOR EVERY  
HEARTBEAT**

[bhf.org.uk](http://bhf.org.uk)

**Rewriting people's  
futures through research**

**Annual Report and Accounts 2016**

## Our Strategy to 2020



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**PAIN AND SUFFERING  
WE FIGHT. FOR AN  
END TO HEART DISEASE,  
FOR AN END TO  
THE DEVASTATION.  
WE FIGHT FOR  
EVERY HEARTBEAT,  
EVERYWHERE.  
UNTIL WE WIN.**

For over 50 years, we've pioneered life saving research. And already, we've helped halve the number of people dying from heart and circulatory disease in the UK. Tomorrow, we'll break new ground, create new treatments, discover new cures. So one day, we'll beat heart disease for good. All of our work is underpinned by our values: brave, informed, compassionate and driven.

# Our challenge



# 1

Coronary heart disease is the UK's single biggest killer

# 3



Cardiovascular disease kills one person every 3 minutes in the UK

# 188K

188,000 people go to hospital with a heart attack each year in the UK



A large, stylized graphic featuring a white lightning bolt striking the number '10'. The lightning bolt is composed of several parallel lines, creating a sense of motion and impact. The number '10' is rendered in a bold, sans-serif font.

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

A large, stylized graphic featuring a white baby in a cot next to the number '12'. The baby is depicted in a simple, rounded style, and the cot is represented by a white outline. The number '12' is rendered in a bold, sans-serif font.

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

A large, stylized graphic featuring a white heart next to the number '7m'. The heart is depicted in a simple, rounded style, and the number '7m' is rendered in a bold, sans-serif font.

An estimated 7 million people  
are living with heart and  
circulatory disease in the UK

# Our challenge

## Our work

The BHF Alliance supports 2,500 healthcare professionals working with people affected by cardiovascular disease

2,500



125%



We are working to make sure the Government meets the WHO's target to reduce premature deaths from cardiovascular disease by 25% by 2025

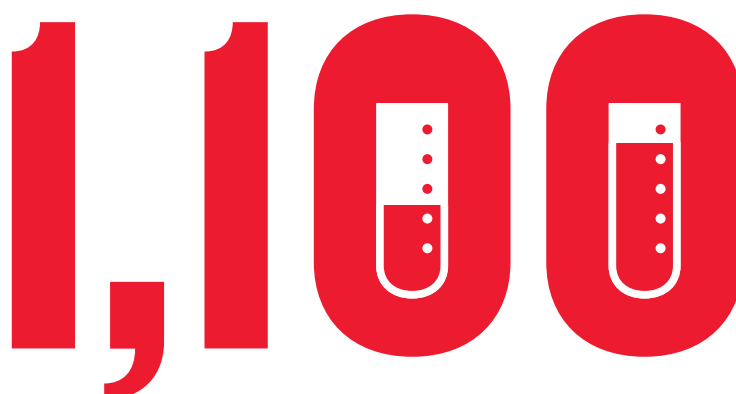
We aim to fund £100 million of new research each year

£100m



We are currently funding over 1,100 research projects

1,100



## Where our money came from in 2015-16

**£156.6m**  
Net income

**£67.0m**  
Legacies

**£54.3m**  
Fundraising

**£29.1m**  
Retail net profit

**£6.2m**  
Investment +  
other income

## How your money was spent in 2015-16

**77p** was available  
for charitable  
purposes in 2015-16

We aim to ensure  
that at least 70p in  
every £1 raised will  
be available to spend  
on our life saving work,  
the balance is invested  
to grow our income

**23p** was invested  
to generate  
income in 2015-16

## How we delivered our mission in 2015-16

**£133.5m**  
Charitable  
expenditure

**£102.7m**  
Research

**£30.8m**  
Prevention,  
survival  
and support

# Highlights from the year

We invested millions of pounds into life saving research, collected and sold thousands of items, held hundreds of fundraising events and saw countless individuals giving everything to the fight for every heartbeat. Here's a snapshot of our activities in 2015-16.



**April 2015**

419 runners do us proud in the London Marathon and raised a staggering £0.8m for our work.



**September 2015**

The family of the late Peter Sellers works with us to hold a photography exhibition in his memory to raise money towards our Nation of Lifesavers campaign.

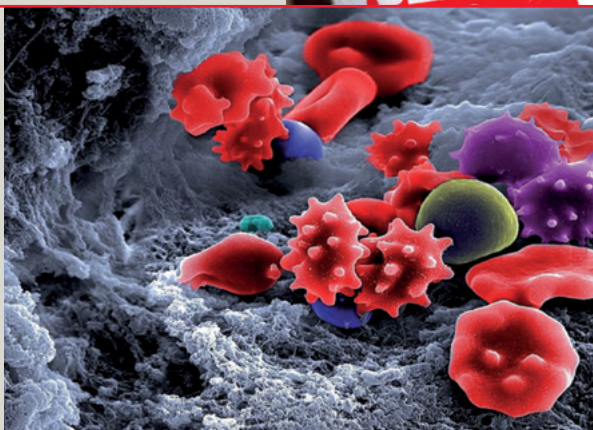


**September 2015**

Our generous supporters provide us with over a million bags of donations for our shops as part of 'Bag it. Beat it.'

**October 2015**

We launch our Research Strategy which will drive our work over the next 5 years.



**December 2015**

The UK's 175<sup>th</sup> BHF Furniture and Electrical store opens in Perth, Scotland.



**February 2016**

The nation wears red, goes red and shows red as part of our UK-wide fundraising day 'Wear It. Beat It.'



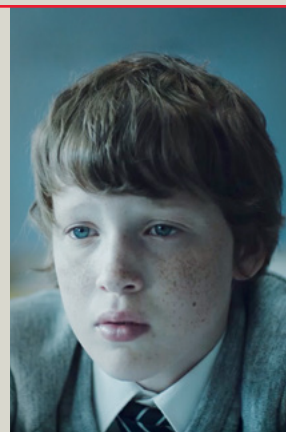


**June 2015**

Pippa Middleton launches our annual fundraising London to Brighton Bike Ride, marking its 40<sup>th</sup> anniversary.

**August 2015**

Heart Disease is Heartless campaign launches – a TV and social media campaign showing the grief and shock of losing a loved one to heart disease.

**October 2015**

Sir Ranulph Fiennes takes on the challenge of becoming a BHF Ambassador.

**October 2015**

BHF scientists publish groundbreaking research which will radically improve heart attack diagnosis in A&E patients.

**January 2016**

The Frost family set up The Miles Frost Fund in memory of Miles Frost, with the goal of raising £1.5m to fund genetic cascade testing to identify an inherited heart condition called hypertrophic cardiomyopathy (HCM).

**February 2016**

BHF researchers publish groundbreaking research on genetic testing.

**March 2016**

The BHF eBay shop celebrates 10 years of online trading after opening a new facility in Leeds.

# Message from our Chairman

**I joined the BHF as Chair of the Board of Trustees in October 2015. Prior to joining the BHF I was Chairman of the Science Museum Group and my day job is running Amazon UK. I'm inspired by our mission and like the other Trustees, I'm incredibly proud to be part of a world-class organisation that is focused on winning the fight against heart disease.**

The Board of Trustees is made up of 14 volunteers who give their time and expertise to guide, advise and scrutinise the charity. Between us, we bring knowledge and insight from business, the voluntary sector and medicine. This breadth of experience means it is one of the strongest Boards you will find in any charitable organisation across the world.

We are here to ensure the BHF is an efficient and effective organisation and spends every single penny wisely. As Chairman, my role is to make sure we have a great team in place, we have the vital funds we need and that we're focusing on the right things.

We have done so much this year and I am particularly encouraged by the research discoveries our research funding has helped achieve. We understand that the decisions we make impact on people's lives in a very real way and we are confident that the BHF is hitting cardiovascular disease hard on every front. There is always more to do, and Trustees have an important role to play in supporting the charity moving forward. For example, I hope to guide the way we utilise data analysis and informatics to make sure we are benefitting from the latest thinking in this area. I am confident this emerging field has an important role to play in helping us triumph over heart disease.

Of course the BHF can only achieve its aims with the funds that supporters raise. I have been stunned by the incredible levels of time and energy that people across the country give to the fight against heart disease – it shows the level of desire for us to succeed.

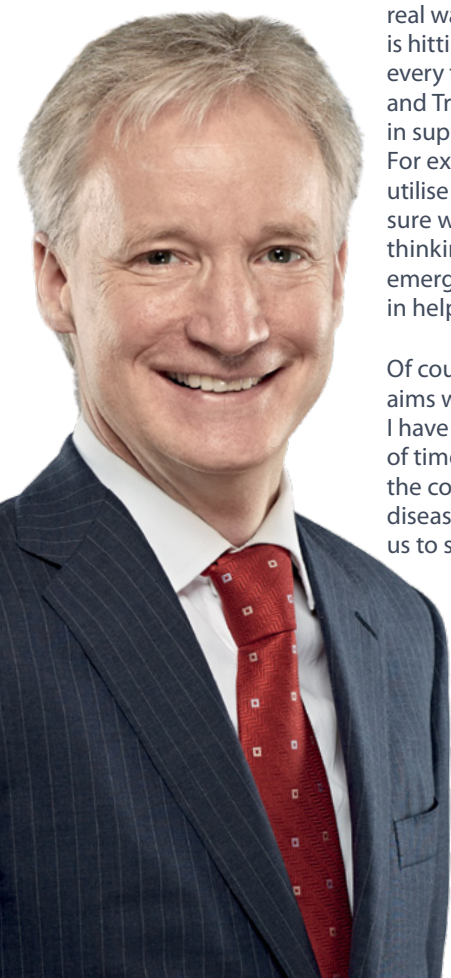
The role of trustees and the methods charities use to raise and spend funds have been a focus for many this year. As Trustees, we take this issue very seriously and frequently inspect and audit the fundraising practices the charity engages in. In addition, we looked hard at how income is spent. After a review, we concluded that the BHF is an efficient charity. In fact, the Board are more confident than ever that funds are being used in the best way they can: to promote cutting-edge research, reduce unnecessary deaths, and alleviate the suffering of people with cardiovascular conditions.

But we are an ambitious charity. We want to do things quickly and achieve results as soon as we can. We spent over £100m on research this year. Our research strategy has set out our goal to spend £500m on research over the next five years so as a charity we will need to be bold, we will need to invest to grow and develop as a world-class organisation.

Our mission is simple, but one we are passionate about. We will continue to seek out and support the best minds in science and medicine to re-write the future of thousands of ordinary people who live with the daily struggle of heart disease. The BHF has the team to get this done: from our incredible supporters across the UK, through to our talented, hard-working staff and including our world-class senior management, we have the right people in the right places. We will win this battle.



Dr Douglas Gurr, Chairman





# Message from our Chief Executive

**It has been another incredible year for the British Heart Foundation – our vision of a future where people do not die prematurely from heart disease has been taken forward with determination, energy and skill by our staff and volunteers. Thanks to our supporters we have been able to invest an incredible £102.7m in new life saving medical research and have continued to deliver significant breakthroughs that will help change the lives of millions of people across the UK and globally.**

We are working to make sure the Government meets the WHO's target to reduce premature deaths from cardiovascular disease by 25% by 2025. We see research as being at the heart of achieving this goal, and we continue to adapt our approach to keep the BHF at the forefront of research into the prevention, diagnosis and treatment of heart disease and stroke across the world.

We are innovative in our approach.

This year we made our first Translational Awards to help support promising science and bring treatments to the clinical trial stage more quickly. And we continue to attract the brightest and best minds in cardiovascular research. Our researchers have made great strides in their work with troponin to ensure more rapid, more accurate heart attack diagnosis. This is hugely beneficial for patients but is also significant for the NHS by reducing the need for unnecessary tests and hospital stays, thus reducing costs.

Our new research strategy, launched in October, established the areas where we can have the most impact. Our ambition is matched by a commitment to invest £500m in life saving research over the next five years.

We rely on the generosity of the public, raising millions of pounds, donating around 66,000 tons of goods to our 735 shops across the UK and volunteering tens of thousands of hours for the BHF, so we can continue transforming the lives of people across the world.

Their time and energy fuels the fight for every heartbeat and every pound or unwanted item donated or hour that is given brings us another step closer to beating heart disease.

As the nation's heart charity we are uniquely placed to support survivors of heart and circulatory disease. Our authority and expertise means we can work effectively in partnership with the NHS and other agencies to bring about changes to services and treatment that will improve and save lives. Our work in devising innovative models of care and support for patients that are safe, effective, cost-effective and patient-focused has been recognised nationally and internationally.

But heart and circulatory disease still claims the lives of one in four people in the UK. We know that the more research we do, the more lives we can save. We are impatient. We want to achieve these life-changing breakthroughs sooner. Which is why we are determined to grow our income and deliver our research aspirations as soon as we can, and in order to grow as a charity that will require investment.

Our Medical Director Professor Peter Weissberg announced that he will retire at the end of September 2016. Peter has been with the BHF for 12 years, and has made a lasting impact in transforming the charity and shaping us for the future. His achievements at the BHF have built on his significant contribution as a BHF Professor and expert clinician, and we have all benefitted from his knowledge and insight. We are excited that the role of Medical Director will be filled by Professor Sir Nilesh Samani who will continue driving forward our programme of world-class research.

We would like to thank our former chairman Phil Yea for his dedication to the charity and welcome Douglas Gurr as our new chairman. I am confident that with the partnership between our tireless supporters and dedicated researchers we can win the fight, and transform millions more lives in the UK and beyond.



Simon Gillespie, Chief Executive



# RESEARCH CHALLENGE BREAK- THROUGH



# RESEARCH CHALLENGES GHS

## Trustees' report: Strategic report

Our mission is to win the fight against cardiovascular disease. **Research** is at the heart of everything we do. It's why we are building a **World Class Organisation** capable of **Growing Income** to fund the best scientists and research infrastructure.

Our research is improving the way we prevent, diagnose and treat heart disease and informs how we implement best practice in hospitals and communities through our **Prevention, Survival and Support** work. The BHF's agenda is shaped by **Listening** to our stakeholders, including patients and our researchers. This voice informs how we **Engage** with and **Influence** the public and key decision-makers across government and the NHS, where our work is focused on ensuring cardiovascular disease is seen as a priority.

Over the following pages we have set out our progress over the year in the fight for every heartbeat. And on page 39, we have summarised our strategic aims and how they will shape the next steps in the fight, which focus on fully aligning to being a research charity, protecting and growing income for research and boosting our operational effectiveness to support our research.

# Making discoveries

**As a world-class medical research charity our ambition is to invest half a billion pounds on life saving research in the next five years. This year we invested £102.7m in over 250 new research awards and now have over 1,100 active awards. Here are some of our biggest victories as we fight to reduce the number of premature deaths from cardiovascular disease in the UK.**

## Driving medical innovation

We brought the fight against heart disease a major step forward this year by awarding our first round of BHF Translational Awards. In line with our Research Strategy, we've put these awards in place to bridge the gap between innovation in the lab and treatments in the clinic.

Until now, research findings that could be saving and improving the lives of heart patients are too often held up in the development stage, which can take more than a decade. Our Translational Awards inject funding and support into promising projects to accelerate advances in cardiovascular science. This approach aims to bring more treatments to the clinical trial stage faster and is likely to result in better prevention, diagnosis and treatment for heart patients.

## Septic shock

Sepsis is a life-threatening condition caused by infection and it leads to more than 100,000 people being admitted to UK hospitals every year. While antibiotics can be a successful treatment in a lot of cases, for many people sepsis can mean dangerously low blood pressure, organ failure and death. Around 37,000 – more than a third of people with sepsis – die each year, which is why an effective treatment for this aspect of sepsis is urgently needed.

The BHF is funding research into a drug called L-257 which could prove to be a promising new treatment. The project, led by Dr James Leiper at the Medical Research Council Clinical Sciences Centre, is the culmination of almost 15 years of BHF-funded research. If successful, the team will have the new drug ready for testing in just 18 months. The treatment will have the potential to save tens of thousands of lives every year across the UK.

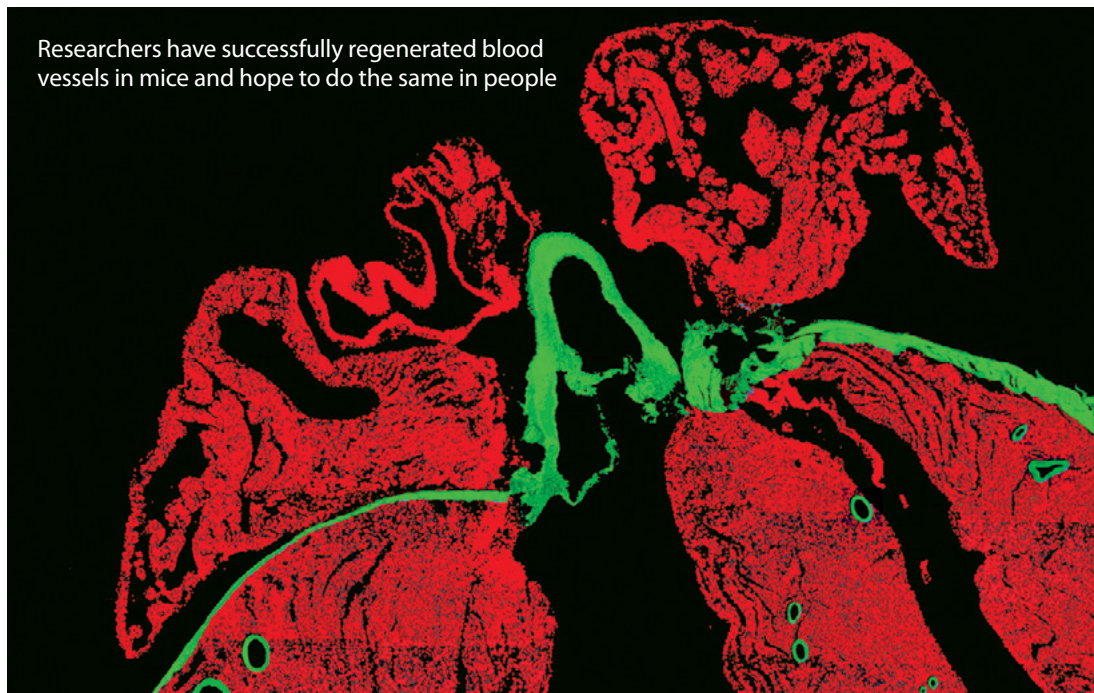
# £0.6m

**The total amount awarded in Translational Awards this year.**



Dr James Leiper at the Medical Research Council Clinical Sciences Centre

Researchers have successfully regenerated blood vessels in mice and hope to do the same in people



### Transforming heart attack diagnosis

There are around 188,000 heart attacks in the UK every year but hospitals also see a lot of false alarms. In fact, about a million times a year, people visit A&E with chest pain that, when investigated, turns out to be from some other cause.



**This research has highlighted a quick way to rule out a heart attack in A&E. With further results from this clinical trial we hope to have enough evidence to change clinical guidelines to ensure more accurate diagnosis of heart attacks.**

Dr Atul Anand, BHF Research Fellow and physician, who co-authored the research at the University of Edinburgh and Edinburgh Royal Infirmary

BHF-funded research has shown that using a high sensitivity test to detect very low levels of a protein called troponin in patients' blood can reveal whether the source of the chest pain is a heart attack or not. This world-leading research by the University of Edinburgh, published in *The Lancet*, involved a clinical trial of 6,000 people in four Scottish and two US hospitals. It is likely to rule out a heart attack in two-thirds of people arriving at A&E with chest pain.

The findings follow on from another BHF-funded research project published in January 2015 which used the same test to potentially double the diagnosis of heart attacks in women. The benefits of our work on troponin are significant both for individual patients and for the NHS as a whole. The new test will help make sure no heart attack diagnosis is missed, giving patients the treatment opportunities that go with an accurate diagnosis. At the same time, it will reduce the amount of resource spent on unnecessary tests and hospital stays.



### Repairing damaged hearts

This year saw the appointment of a new BHF Professor at the University of Bristol, Costanza Emanuelli, working to find new ways to encourage blood vessel growth to repair damaged hearts. Her team is also developing new approaches to predict and combat some of the complications caused by cardiac surgery. To make sure her pioneering work translates into benefits for patients as soon as possible, she is collaborating with researchers across the UK and around the world.

"We will make sure this pioneering work translates into benefits to patients as soon as possible."

BHF Professor Costanza Emanuelli







### Research breakthrough in inherited heart conditions

An estimated half a million people in the UK have a faulty gene which can lead to life-threatening inherited heart conditions. These conditions have been difficult to detect – often people are completely unaware that they have a heart condition until it is too late.



**Genetic tests are invaluable when managing inherited heart conditions. They can help make the initial diagnosis and to choose the best treatment for the affected person. But where they make the biggest impact is in looking after that person's family.**

**Without this new and more efficient way of undertaking genetic testing, we kept whole families under regular surveillance for many years. But now, it's more simple to test family members and countless hospital visits are avoided. And those who prove to have a faulty gene get the life saving treatment they need.**

Dr James Ware, Clinical Senior Lecturer & Consultant Cardiologist, Imperial College & Royal Brompton Hospital

This year our researchers made great advances in helping drive genetic testing forward by developing a new test which is already becoming a key weapon in our fight against heart disease. An international collaboration led by Professor Stuart Cook, involving researchers in Singapore, Imperial College London and at the MRC Clinical Sciences Centre has developed a method that promises reliable testing for the genetic mutations underlying all known inherited heart conditions with one simple test. They expect this to significantly improve detection rates and potentially save thousands of lives.

The BHF has been at the heart of the major breakthroughs in discovering the genetic mutations that cause inherited heart conditions. This new test builds on the pioneering work of BHF Professors Hugh Watkins and Steve Humphries whose research has led to genetic tests for hypertrophic cardiomyopathy and inherited high cholesterol – hypertrophic cardiomyopathy is a leading cause of sudden death in young people. Familial hypercholesterolaemia (inherited high cholesterol) leads to heart attacks in middle age.

The potential to look for all known genes in a single test could mean quicker and more cost-effective diagnosis for people at risk of inheriting a deadly gene. We hope that advances in genetic testing like this will make it easier for the NHS to rollout genetic testing of the close family members of people known to have an inherited heart condition. The test is already in use at the Royal Brompton and Harefield NHS Foundation Trust, where around 40 patients each month are now being positively tested for an inherited heart condition.

## Fighting stroke and circulatory disease

Plaque can build up in the arteries, causing them to become narrow. This is called atherosclerosis. The plaque can become unstable and rupture, and a blood clot can form around the ruptured plaque. If this happens in the arteries that supply the heart muscle this causes a heart attack, if this happens in the arteries that lead to the brain, it causes a stroke. As part of our mission to prevent heart and circulatory disease, we are currently funding £16 million of stroke research.

# £16m

The amount we are currently investing into stroke research

Last year, BHF-funded researchers published important findings in the British Medical Journal. The researchers, based at the University of Edinburgh, showed that short-term exposure to four different types of pollution increases the risk of hospitalisation

or death from stroke in the following week. In the study, the strongest adverse effects were seen on the same day of exposure to small particles that are around 30 times smaller than the thickness of a human hair, that float, unseen in the air.

The research reinforces what is already known about air pollution – that it represents a vicious attack on the health of the UK population. Unlike smoking or high blood pressure, the entire population is at risk of exposure. As such, this increased risk of stroke is in the wider population and not just those previously thought to be at high risk. We are determined to fight this danger that threatens the lives of thousands every year.



## Helping transplants succeed

Our newest BHF Professor, Federica Marelli-Berg, works with her team at Queen Mary University of London to tackle transplant rejection by studying the role that inflammation plays in a number of cardiovascular diseases. Her work aims to increase the survival rates and quality of life of transplant patients across the world.

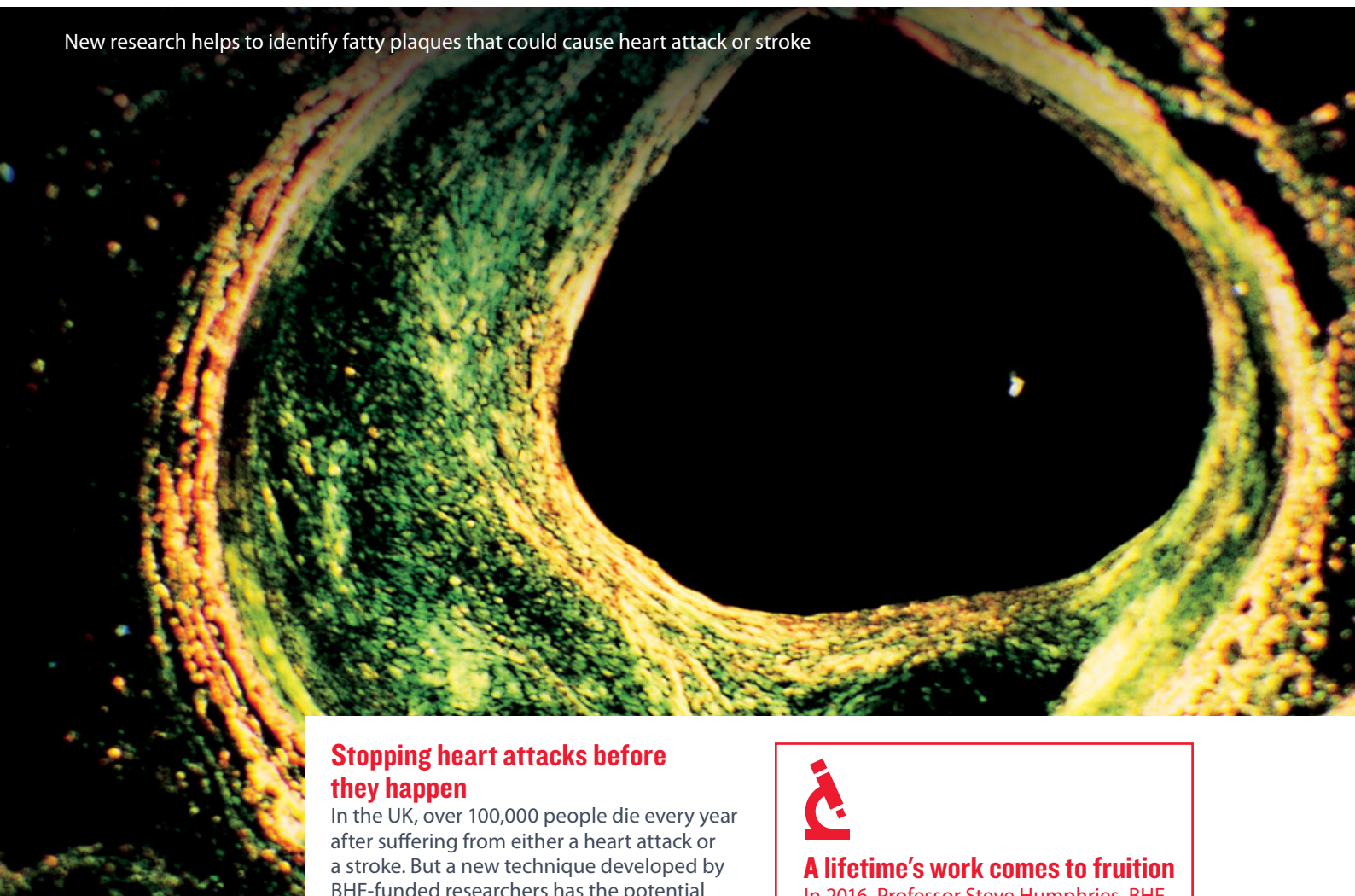
"I am very grateful to the BHF and its supporters for investing in me and my research, and I am determined to make a difference for those patients suffering from myocarditis and heart transplant rejection."

BHF Professor Federica Marelli-Berg





New research helps to identify fatty plaques that could cause heart attack or stroke



### Stopping heart attacks before they happen

In the UK, over 100,000 people die every year after suffering from either a heart attack or a stroke. But a new technique developed by BHF-funded researchers has the potential to push that number down.

Our researchers have published new findings that could make it easier for doctors to identify fatty plaques that can cause a heart attack or stroke. This means that they may be able to predict which patients are likely to suffer a heart attack or stroke and then use targeted drugs or implant a stent in the affected area. The team at Imperial College London used a new technique to look at these plaques in mice. Researchers are now working towards using the technique in people.

The BHF research team is also looking at the possibility of using the same technique that they developed to identify the plaque to deliver drugs directly to the plaque itself. This means that as well as establishing a possible new diagnostic tool, they may also have discovered a new way to treat heart disease and end the suffering of thousands.



### A lifetime's work comes to fruition

In 2016, Professor Steve Humphries, BHF Professor of Cardiovascular Genetics, completes more than 30 years of research focusing on familial hypercholesterolaemia (FH). Professor Humphries' team has successfully identified many of the mutations in the genes that contribute to the development of the condition, and the life saving genetic testing for FH developed by his research is now being rolled out across the NHS.

"I feel very honoured to have been able to carry out this work. Many people will now be able to have long, healthy lives thanks to this BHF-funded research."

BHF Professor Steve Humphries



## Our research strategy at a glance



### Investing in people

We will fund the most talented people at all career stages and seek to attract outstanding researchers from around the world.



### Forging partnerships

We will support research collaborations across borders and disciplines, and join forces with other funders to support more comprehensive research programmes.



### Fighting all cardiovascular diseases

We will support research into all forms of cardiovascular disease, whether common or rare.



### Targeting unmet needs

We will support research by informaticians, nurses and allied health professionals, and help build research capacity in cardiac and vascular surgery and congenital heart disease.



### From bench to bedside and beyond

We will continue to fund all types of research into cardiovascular disease, including laboratory studies, clinical studies and population studies.



### Translation

We will fund research aimed specifically at facilitating the translation of BHF-funded discoveries into patient benefit.

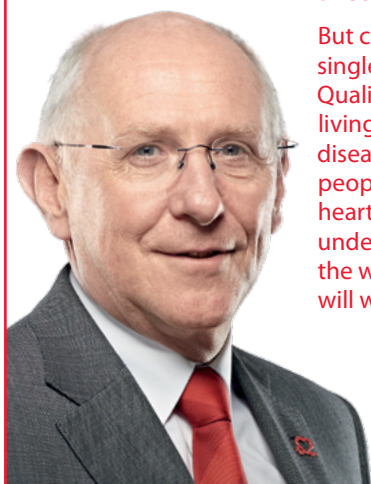


### Pushing the research agenda

Professor Peter Weissberg, our Medical Director who has driven our research for over 12 years, launched our most ambitious research strategy yet in 2015-16. We plan to fund over half a billion pounds of science over the next five years, enabling our work to continue at the forefront of cardiovascular research.

"Since the BHF was founded in 1961, death rates in the UK from cardiovascular disease have more than halved. Most babies with congenital heart disease now survive to adulthood. Much of this success can be directly attributed to research that we funded.

But coronary heart disease is still the single largest cause of death in the UK. Quality of life is diminished for the millions living with life-changing cardiovascular diseases. Each day, seemingly healthy young people die unexpectedly from undiagnosed heart conditions. Only when we fully understand the complex reasons behind the wide variety of cardiovascular diseases will we be able to neutralise their threat.



Our research strategy outlines our plans to continue to fund research that ranges from the laboratory to the clinic. We will build on our current strengths, such as our Centres of Research Excellence and Regenerative Medicine. And we will stimulate research in areas that we know are in need of particular support, such as congenital heart disease and heart surgery.

We will develop new ways to support international collaborations between scientists with complementary skills, and to support health care professionals, like nurses, undertaking research in our hospitals to improve the care of their patients.

After 12 years at the BHF I will be retiring in October. I leave the organisation in safe hands as Professor Sir Nilesh Samani, himself a BHF Professor, has been announced as the next Medical Director.

And I know the British public will continue to work hard to back us in the fight for every heartbeat. The BHF will continue to use that support to re-write the future of thousands of people who have been afflicted by cardiovascular disease."

Professor Peter Weissberg





### **Government funding: protecting the science budget**

When it comes to winning the fight against heart disease, research is vital. We aim to fund around £100m of crucial new research every year – that's more than half of the funding for cardiovascular research in the UK. The vast majority of our research is done in collaboration with universities and hospitals. But we need the Government to fund the indirect costs of research, like the day-to-day running of the laboratories and clinics.

# £4.7bn

**The Government agrees to protect  
its science budget**

The last Government agreed to protect the science budget until April 2016, but it was unclear what would happen after this date.

This autumn, the charity research community successfully campaigned to convince the current Government of the benefits of medical research to the nation's health and wealth.

Our argument was clear: the £4.7bn science budget boosts the UK economy and saves patients' lives. Around 1,500 of our supporters wrote to their MPs, calling for the current science budget to be maintained. In November 2015 the Government agreed to protect the budget.

Securing a stable science budget means the UK will continue to be a world-class centre for research and will attract the talent we need to fight for every heartbeat. The Government's decision will support our goal to fund half a billion pounds of life saving research over the next five years which will translate into cutting-edge research that saves lives and ends suffering.

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**"Joint funding from the UK Government and the charity sector was instrumental in establishing the Clinical Research Imaging Centre and the Edinburgh Clinical Research Facility."**

**BHF Professor David Newby**



## The Miles Frost Fund

Miles Frost was just 31 when he died suddenly in July 2015 of the inherited heart condition hypertrophic cardiomyopathy (HCM). The condition causes the heart muscle to become thickened and prone to life-threatening rhythm disturbances. Miles was fit and showed no signs of a health problem, and his loss came as a terrible shock to his family. In the time after his death, they learned that Miles inherited the condition from his father, the late Sir David Frost.

Thanks to our research, genetic tests to identify those at risk of HCM are available, and with treatment and advice, most people can lead a normal life. But Miles was never tested. In his memory, the Frost family have set up the Miles Frost Fund to make sure genetic testing is available to all immediate family members of those affected by HCM across the UK.

This partnership between the Frost family and the BHF will be a life saving legacy. The aim is to raise £1.5m over two years to fund nurses and genetic counsellors across the country so that more families at risk of HCM get the testing and treatment they need. Any money raised beyond the target will be used to support our research into inherited heart conditions including HCM.

In the UK, every week 12 people aged 35 and under die of an undiagnosed heart condition. HCM is one of the biggest causes of such deaths. We are working with the Frost family so more people will avoid what happened to Miles, and will get the vital treatment they need before it is too late.

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**"Miles was always by my side, through good times and bad. When he died it was utterly devastating to us as a family, but we were desperate to do something positive, and that's why we teamed up with the BHF to launch the Miles Frost Fund. Thanks to the BHF research, there is a test for this hidden condition, and the Miles Frost Fund will make sure more people who are at risk of the condition that killed Miles can and will have this potentially life saving test."**

Lady Carina Frost, Miles' mum







**Losing my mum when I was only 19 was devastating for the whole family. You just don't expect someone to die of coronary heart disease at 42.**

**I've always been determined to fight back against heart disease. I think she'd be proud to know that I am now Clinical Senior Lecturer at Imperial College, where I am funded by the BHF to find new ways to improve treatments and support heart patients.**

**Dr Sonya Babu-Narayan, Honorary Consultant Cardiologist, Royal Brompton Hospital**

# Introducing our researchers

**The fight for every heartbeat calls for researchers of the highest calibre. This year we funded over 2,000 scientists across the UK. We are determined to make sure we enlist the very best people from around the globe at all stages in their career. Whether they are PhD students or established professors, we fund researchers at more than 50 different research locations in the UK.**

Each year in the UK 155,000 people die of heart and circulatory disease, including 100,000 who die after suffering a heart attack or stroke. Thousands more fight a daily battle with life-threatening conditions and around 4,000 babies in the UK are diagnosed with congenital heart disease. Fighting back with research is one of the ways we can bring those numbers down.

This year we invested £102.7m in over 250 new research awards and now have over 1,100 awards active.

We've made incredible progress. In the decades since the BHF was established, death rates have fallen significantly. We currently fund 31 clinical trials, seven of which were new clinical studies this year. All our researchers are working on new and better treatments for people with heart and circulatory disease, or on new and improved ways to prevent and diagnose it.

We have six Centres of Research Excellence at leading UK universities that bring the brightest and best to lead innovative projects that will bring down the number of deaths from heart disease. In addition, we fund three Centres of Regenerative Medicine that support collaboration between a number of universities working on research into regenerative medicine, to repair the damage caused by heart attack. Professors with a range of scientific backgrounds lead their teams to make the breakthroughs that all bring us closer to the ultimate cure. This year's highlights include breakthroughs that will radically improve diagnosis of heart disease and heart attack as well as life saving discoveries that will impact on those with inherited heart conditions.

We have never been better equipped to win the battle against the nation's biggest killer than we are now. Thousands of our researchers are leading the fight and we're backing them with everything we've got.

# 1,100+

**The number of research projects and programmes into heart and circulatory disease currently being undertaken with the BHF**





# Centres of Research Excellence

**We continue to support six BHF Centres of Research Excellence in universities across the UK. This £34 million commitment supports pioneering partnerships that span a range of disciplines. They bring together world-leading researchers to innovate and find new ways to combat heart disease. This year the Centres have made a number of important breakthroughs and developments that bring us closer to our ultimate goal – beating heart disease.**

## **Lymphatic vessels and regeneration of the heart**

This year BHF Professor Paul Riley and his team at our Centre at the University of Oxford showed for the first time that the lymphatic system – which transports white blood cells around the body – plays a vital role in helping the heart repair itself after a heart attack.

## **Identifying children born with heart defects**

The Centre of Research Excellence at Imperial College London took a major step forward when they found new gene mutations which cause an inherited heart condition called dilated cardiomyopathy. The study looked at the DNA of over 5,000 people, examining the genetics involved in making a protein, called titin, which is crucial for healthy heart muscle. The findings will improve genetic diagnosis of the condition and help save lives.

## **New heart attack genes identified**

Researchers at our Centre at the University of Cambridge, took part in an international collaboration which discovered two new genes associated with a person's risk of coronary heart disease. The findings could lead to new treatments to help prevent heart attacks.

## **Revolutionising heart attack diagnosis**

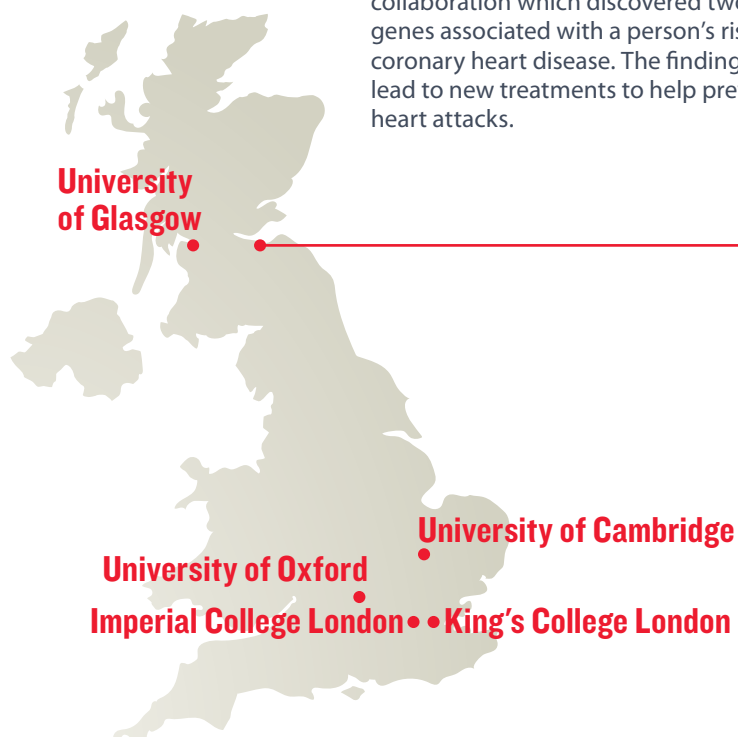
The Centre at the University of Edinburgh has developed a breakthrough blood test that can rule out a heart attack in two thirds of people arriving at A&E with chest pain. This finding will not only save lives but also reduce costs for the NHS. This work builds on a previous discovery by the team that used the same blood test to improve heart attack diagnosis, especially in women.

## **Wire to predict heart attacks**

Progress has been strong at the Centre based at the University of Glasgow where researchers are working to prevent heart failure after a heart attack. A study led by Professor Colin Berry has shown that, after a heart attack, a wire inserted into an artery which supplies blood to the heart can predict if the person will go on to develop heart failure. This has the potential to significantly reduce the number of deaths from heart failure and improve the wellbeing of thousands of patients world-wide.

## **Reducing amputations**

Critical limb ischemia (CLI) is a serious condition which occurs when the arteries in the limbs become blocked, dramatically reducing blood flow to the feet and legs. Up to 30 per cent of patients with CLI eventually have to have the affected limb amputated. We could be set to push this figure down, thanks to a new imaging technique developed by BHF Professor Bijan Modarai and his team at our Centre of Research Excellence at King's College London.



## **University of Edinburgh**

The BHF Centre for Research Excellence at University of Edinburgh was awarded the Queen's Anniversary Prize for Higher and Further Education this year for 'improving lives of patients with coronary heart disease'.

**I was playing upstairs  
with my sisters, then  
suddenly I just fell down  
and stopped breathing.**

**Dad heard the thud from  
downstairs. But he knew  
what to do. He started doing  
CPR, and he kept going  
until the ambulance arrived.  
He saved my life. Now I'm  
at theatre school, learning  
to sing and dance, and  
I love every second of it!**

Jadyn, 14





# Prevention, survival and support

**Preventing unnecessary suffering and early death through cardiovascular disease is central to our mission. That's why we've spent over £30m this year on improving survival rates from cardiac arrest and supporting patients who have heart disease. Here's an overview of just a few ways we've been doing this.**

## **A nation of lifesavers**

We know that in countries where cardiopulmonary resuscitation (CPR) is more widely taught in schools, survival rates are up to three times higher than those in the UK. So we're driving a revolution in CPR training and defibrillator awareness. We're working to turn the UK into a nation of lifesavers and we gained massive

momentum in 2015-16. Since the launch of Call Push Rescue CPR training in 2014, we have taken the fight into more than 2,700 different institutions across the UK, training an estimated 448,000 people in schools; 254,000 people in community groups; and 35,000 people in their workplaces.

We have also trained over 10,000 staff, volunteers, friends and family members across the BHF itself, in our offices, shops and through our community fundraising events.

Call Push Rescue is our simplified watch-and-learn approach to CPR training. Free kits are delivered to secondary schools that allow CPR skills to be taught in around 30 minutes. And we've ramped up our campaign across the UK to get more kits into schools and get more young people trained.

But our mission goes beyond educational institutions. Organisations from a range of sectors took up the CPR challenge and thousands have been trained in banks and offices around the UK.

# 745K

**The number of people who have learnt vital life saving skills with our Call Push Rescue training**







In addition, Heartstart – our programme to provide free, instructor-led CPR training – has 2,000 schemes running across the UK and has trained thousands to date. We gave CPR a place on the UK's high streets by training 5,500 people in our retail shops. The UK's Fire and Rescue services also got behind the fight, training over 5,000 people in CPR.

“

**We heard that one of our pupils, Alex, had collapsed with a cardiac arrest during P.E. I ran down with some of the teachers and started CPR. We also used the school defibrillator, and together with CPR, that helped save his life. Alex recovered and has gone on to do his 'A' levels. It's amazing to see this young man with his future ahead of him.**

Erica Melsom, School Matron,  
Fulford School, York

Everyone who is trained is given the power to save a life. Each year in the UK more than 30,000 out-of-hospital cardiac arrests happen as people are going about their ordinary lives. At the moment, more than nine out of ten people don't survive but we're aiming to change that. To date, we've trained thousands of people so they will know what to do in an emergency, and by 2020 we aim to bring the training to millions more.

### **£1 million in lifesaving kit**

In October, we launched a £1 million partnership with the Department of Health to place 700 defibrillators in community buildings such as community centres, parks, village halls and even disused phone boxes across England. This means that when members of the public suffer a sudden cardiac arrest, the life saving equipment they need could be closer to hand.



### House of Care

Research shows that a person-centred approach to care that highlights the needs of the individual, can improve patient experience, improve ability to self-manage and reduce the number of unnecessary doctor's appointments and stays in hospital. We are championing this approach as part of our work to support patients with cardiovascular disease.



**House of Care and care and support planning is of tremendous importance for patients and for the health care system more generally. This approach improves the patient experience, improves engagement and the ability to self-manage, improves health outcomes and potentially reduces costs. We are confident that the BHF-funded programme will teach us a lot and in time we hope to see this approach spreading across the UK.**

Deborah Dews, Nurse Practitioner  
and Gateshead CCG Lead Nurse

We've invested £1 million into a programme that puts patients at the heart of their own care. Using a model called the House of Care, patients are supported to be equal partners in managing their own healthcare. We're funding a two-year programme to implement the House of Care approach across five UK healthcare communities.

The programme will be independently assessed in 2017 and we hope to show good quality care does not necessarily cost more, and allows better use of services.

### A network of health professionals

To win the fight against heart disease, health professionals must have access to the most up-to-date training and innovative ways of working with patients. The BHF Alliance is our free membership scheme that supports healthcare professionals who work with people affected by, or at increased risk of, cardiovascular disease. We provide learning and development opportunities to enable healthcare professionals to deliver the best possible treatment with the best possible outcomes.

This has been an important year for the Alliance. Following a greater focus on recruitment, we have increased our membership from 1,816 members to 2,500 as part of our long term ambition to grow our membership to 5,000 by 2020. The more healthcare professionals we can train and support, the more we can improve the health of heart patients. Alliance members inspire others and carry the fight for every heartbeat throughout the health system across the country.

This recruitment drive has seen a significant increase in the number of members working in primary care. This will have a tangible impact on the thousands of people living with cardiovascular disease who rely on primary care to manage their condition.

**"The BHF has helped with my education and professional development throughout my career and I am proud to be associated with the charity. They provide opportunities to attend national conferences where I have been able to network with other professionals; sharing ideas and experience – all of which benefit patient care and their experience."**

Wendy Churchouse, Alliance member, awarded the British Empire Medal in 2015 for her dedication to developing and improving cardiac care for patients in Wales.



## Joining forces to prevent heart disease

This year was the first full year of our National Charity Partnership with Tesco and Diabetes UK. We have come together to inspire people to take small, positive steps to better health. The Partnership aims to raise £30 million and use this to inspire millions of people to eat better, get active and reduce their risk of Type 2 diabetes and heart and circulatory disease. Some of the funds raised will also support our research into the prevention of cardiovascular disease. This year the Partnership raised over £7.9 million, bringing the total raised to date to over £9.3 million.

# £7.9m

**The amount raised this year by the Tesco Charity Partnership**

In January 2016 the National Charity Partnership launched the nationwide Let's Do This campaign. It encourages women aged 20 to 45 to make small adjustments in their daily lives that will go a long way to improving their health.

In addition, the Partnership will work in nine areas of the UK to create events that will inspire over 500,000 people to eat better and be more active. We will also run Beat the Street and holiday lunch clubs for families in a further six areas. These two activities combined will support over 200,000 people to move more and eat a healthier diet.

## Our battle against air pollution

This year our researchers at Edinburgh University proved that recent exposure to air pollution increases a person's risk of stroke and circulatory disease. The implications of this discovery are huge and we are currently investing £16m into research which looks at how air pollution causes abnormalities in blood vessels.

The discovery highlights the urgency for the Government to bring air pollution in line with current EU limits. In many areas across the country, air pollution may not meet the required EU limits until 2020 – two decades after the EU deadline. And every day's delay puts thousands more people at risk of stroke and other circulatory diseases.

We know that being exposed to high levels of air pollution can make existing heart conditions worse, so we have launched a factsheet that explains the risk of air pollution to people already suffering from heart and circulatory diseases, and practical ways for people to reduce their own exposure.







I was training for a half marathon when I found out I had a serious heart condition. It was devastating.

Thanks to BHF research I had a pacemaker fitted. A year later I completed the run I was planning to do. Since then I've got married, we've bought our first home and I'm looking forward to our life together.

Laura, 33



# A nation of supporters

This year the nation showed its commitment to the fight. Thousands of individuals and hundreds of groups across the UK held events in their own communities, while thousands more joined in our big campaigns. Each minute of volunteer's time, each pound they raise pushes us one step further in the fight against heart disease. This year, together, our supporters raised a staggering £54.3m for life saving research – with an additional £67.0m generously left to the BHF in legacies. The scale of what has been achieved shows that when it comes to heart disease, the nation is fighting back – and we cannot thank our supporters enough for that. Have a look at these highlights of the fundraising year.

## £54.3m

The total fundraisers raised for life saving cardiovascular research in 2015-16





## Legacies

Almost half of our life saving research is powered through gifts left to us in wills and this year many of our dedicated supporters have remembered the BHF in this special way. £67m was left to the fight against heart disease in 2015-16. We rely on these donations to fund a world-leading research programme, and without the enormous generosity of our supporters who choose to leave this type of gift, we simply wouldn't be able to continue this vital work.

# £67m

**The total generously left to the BHF in legacies this year**

## Community fundraising

Thousands of people across the UK get behind the fight against heart disease every day in their own unique ways. This year a record £12 million was raised through community fundraising activities, including fundraising events, groups and associations, clubs, local partnerships, schools and money raised in memory of loved ones. 2015-16 saw the launch of 42 new BHF fundraising groups and this growing support will help transform the lives of people with cardiovascular disease.

# £12m

**The amount raised for life saving research by communities across the UK**

## Tunnel of Love

In November 2015, we held our hugely successful, world-class fundraising event called Tunnel of Love. The high-profile event raised £0.2m in a night celebrating fashion, art and music. This income went directly to Mending Broken Hearts – our ambitious programme of research into cardiovascular regenerative medicine. The research aim is simple: we want to end the suffering of thousands by repairing the damage caused by a heart attack.

# £0.2m

**The figure raised in a night celebrating fashion, art and music**

## Corporate partnerships

Over the past year we've raised £7.5m through our work with partners. In a year of many highlights, Santander staff raised £1.1m, trained colleagues to perform life saving CPR and installed defibrillators across their head office sites. Barclays trained over 16,000 colleagues in CPR in just 10 days to help us towards creating a Nation of Lifesavers. Partners such as David Lloyd Clubs, Bellway and HSBC enjoyed and raised funds through a range of activities including Wear It. Beat It., pedometer challenges, and our London to Brighton Bike Ride to name but a few. Next raised a fantastic £0.1m through sales of Christmas cards and flowers and well-known orange brand Jaffa also came on board to sponsor our cycle series through to 2017.

# £7.5m

**The total raised through our Corporate Partnerships in 2015-16**

## Roll out the Red

In February 2016 some big names showed their commitment to the fight against heart disease at our A-list event. Celebrities and dedicated BHF supporters graced the red carpet for our Roll out the Red fundraising ball at The Savoy, London. Thanks to host Natasha Kaplinsky, BHF Ambassador Pippa Middleton and supporters such as Hugh Grant, Alesha Dixon, Sinitta, Ollie Proudlock, Emma Louise Connolly and Jessica Wright, we raised £0.2m towards our fight against heart disease.

# £0.2m

**The amount our celebrity fundraising ball raised**

## Wear it. Beat it.

Coronary heart disease is the UK's single biggest killer. We lead the way with campaigns that bring families, schools and work-places together to fight for the nation's heart health. Wear it. Beat it. is our flagship fundraising event when everyone wears red and holds their own red fundraising event. This campaign is fast becoming a national institution and on 5 February 2016 an incredible 15,564 people joined the fight against heart disease and signed up to Wear it. Beat it.

# £0.7m

**The amount raised by Wear It. Beat It. activities in 2015-16**



### London to Brighton Bike Ride

As a BHF Ambassador, Pippa Middleton has stepped up time after time in the fight against heart disease. This year she launched the 40<sup>th</sup> anniversary of our historic London to Brighton bike ride and in June she completed the 54-mile challenge in four hours. The ride raised £3.7m – a massive boost to our funds to fight heart disease.

# £3.7m

The sum raised by our 54-mile  
London to Brighton Bike Ride

### Major gifts

We are incredibly grateful for the support we receive from our philanthropic supporters whose extraordinary generosity is helping us to revolutionise the fight against heart disease. Philanthropic gifts like those from the Garfield Weston Foundation, the Stavros Niarchos Foundation, the Masonic Charitable Foundation, the Swire Charitable Trusts, the Wates Family Enterprise Trust – and many others – are vital if we are to continue funding ground-breaking research and get closer to our ultimate aim of beating heart disease.







## DECHOX

In March, over 19,800 people signed-up to DECHOX – our nationwide challenge that calls on the great British public to join the fight for every heartbeat by cutting out chocolate for a month. Spearheaded by Coronation Street's Shayne Ward, this sponsored challenge to quit sweet treats was bigger than ever before and DECHOX activities over 2015-16 raised £0.8m to fund research and end the suffering of millions.

# £0.8m

**The amount raised by DECHOX activities in 2015-16**

### A difficult year for charity fundraising

The BHF is a responsible, effective and cost-conscious charity and we take our responsibilities to our supporters very seriously.

2015-16 was a very difficult time for charity fundraising, and the BHF, along with other charities, has been reviewing how we can best manage our relationships with our supporters who drive everything we do. This year the Government asked Sir Stuart Etherington to undertake a review into charity fundraising practices and when the report was published in September it made several recommendations to improve the experience for charity supporters. These included the creation of a new single regulator with a more effective sanctions regime and the implementation of a Fundraising Preference Service where individuals can register if they no longer wish to be contacted by charities for fundraising purposes.

The British Heart Foundation welcomed these initiatives aimed at strengthening charity self-regulation to make sure giving to charity is the great experience we believe it should be.

As such, we have also volunteered to be part of the task force investigating how we can improve the experiences of charity supporters.

### Our promise to our supporters

At the BHF we have already done a lot of work to evaluate our policies, processes and procedures. We have developed a Supporter Promise which summarises our commitment to individuals who support our work. The promise includes a commitment to make our supporters' experience as positive and rewarding as we can. We are committed to being honest and transparent about where our supporters' donations go and why we need funds. The safety of our supporters' data is of paramount importance to the us. We are determined to take all obligations very seriously and we will:

- never sell or share our supporters' data with any third party organisations
- be both respectful and accountable to our supporters
- continue to be sensitive when engaging with vulnerable people and our practices will reflect this, and
- continue to ensure our supporters feel valued and in control of their relationship with us.

# Every heartbeat on the high street

Our 735 retail shops take the fight against heart disease into communities across the UK. In 2015-16, an army of 21,600 volunteers and 2,900 staff worked to collect, sort, style and sell 66,000 tons of goods and raised more vital funds for life saving research. As the most popular charity retailer in Europe, we're raising funds and saving lives across the nation.

## £29.1m

The total raised through BHF shops to save lives across the UK





## The nation's favourite charity shops

This year was our 30<sup>th</sup> anniversary on the high street. Since we opened our first shop in 1986 we have achieved so much. We have branched out into online selling via our eBay shop, launched dedicated Furniture and Electrical stores and our shops have become a brilliant beacon for heart health. Our researchers open new stores, health professionals hold blood pressure testing days and the shops are becoming vital venues for life saving CPR training.

# 19 million

Number of sales in 2015-16

## Specialist Stores

This year we opened our 175<sup>th</sup> Furniture and Electrical store, in Perth, making us one of the largest furniture retailers in the UK. Our Furniture and Electrical stores reuse vast amounts of furniture and provide fantastic value. This year alone we sold over 100,000 donated sofas and 50,000 televisions. In addition, we've opened Home and Fashion department stores which are proving hugely popular with the British public.

## Online sales

2015-16 was our 10<sup>th</sup> year trading on eBay which has become a substantial enterprise. Our shop staff identify the most suitable items to sell online and pass them on to our eBay headquarters in Leeds. We have a team of 40 specialists, based in a dedicated warehouse in Leeds, that sort, photograph, list and post over 1,900 high value items per week. Our online new goods shop also enables our supporters to buy BHF-branded and heart health-related items.

# 160,000

The number of items we sold online

## Partnerships

We work with some of the biggest names on the high street and our portfolio of retail partners continued to grow this year as Loaf, HSL and Made.com joined us. The success of our DFS partnership hit a new milestone, raising over £3.2m in 2015-16, to date the partnership has raised over £8.8m from furniture collected from their customers' homes. This year we also completed our biggest ever university stock appeal, working with 78 universities nationwide to collect unwanted items at the end of term from over 1.2m students. The campaign raised over £1.3m of stock and provides a unique platform to promote volunteering and CPR training to a younger audience.

## Volunteering

The success of our shops relies on around 21,600 volunteers across the UK. People of all ages, from all walks of life, give up their spare time to help fuel the fight against heart disease. They work in shops, sort goods, test electrical items and collect donations. This year we trained 750 people who were awarded National Vocational Qualifications. 15% of all our paid job vacancies were filled by people who started as volunteers.

# 21,600

The number of volunteers involved in BHF retail across the UK

## Bag It. Beat It

Our biggest stock fundraising campaign of the year encouraging the British public to bag up and donate their unwanted stuff to our charity shops. This year we generated over a million bags of donations, helping us to raise vital funds for cardiovascular research.

# 60 million

The number of visitors to our shops this year



# A world-class organisation

**We're building a world-class organisation by growing income to fund the best research and end heart disease.**



## Look after our donations

We are the UK's largest funder of cardiovascular research. We rely almost entirely on the generous support of our donors, those people who give their time and money to enable us to continue our life saving work. It is vital to us that we protect this privileged position and make full use of every pound by scrutinising our spend, monitoring our performance and measuring the impact of our work.



## Look after our staff and volunteers

To win the fight for every heartbeat we need the best team, doing the best work of their lives. In 2015-16 we launched the BHF's people strategy, setting out our total commitment to becoming a world class employer, and a world class place to volunteer by 2020. Since then we've already started and delivered key activities demonstrating a significant investment in our people. Our annual Share it. Change it. survey will continue to inform and focus our people strategy as we continue to build a world class team.



## Look after our supporters

We are so grateful to every supporter that chose the BHF and it is important that each one continues to have confidence in us. They need to know that we will protect their data and respect their wishes and diversity. We have strengthened our Supporter and Vulnerable Person policies, which are available on our website, and are always seeking to improve how we engage with our supporters as well as the experiences that they have.



## Look after the organisation

For the BHF to continue its proud history of medical advancements, it requires the proper structures and processes to function. To make sure as much money as possible goes to fund our research, proportionate steps are taken to invest in systems leading to longer term savings. These include better IT infrastructure and risk management processes to position us well to meet both existing and future challenges.





# Our strategic aims

Theme	Aim	Next steps
Research	Build on our position as a research-driven charity and the UK's leading independent funder of heart research, with the aim of understanding the social, genetic, cellular and molecular causes of cardiovascular disease (CVD), discovering better ways to fight it and translating those discoveries into patient care.	<ul style="list-style-type: none"> <li>• Continue to attract and support the most talented scientists to fight against the whole spectrum of CVD.</li> <li>• Target unmet need, increasing the impact of our research through a wider portfolio and building capacity in under-developed research areas.</li> </ul>
Prevention, survival and support	Work with decision-makers, healthcare professionals and patients to increase the rate of early diagnosis and the effectiveness of treatment of CVD, increase survival rates from out of hospital cardiac arrests and support patients and carers in the management of their condition.	<ul style="list-style-type: none"> <li>• Influence the implementation of research findings in front-line patient care.</li> <li>• Increase the rate of bystander CPR and defibrillation.</li> <li>• Provide information, support and guidance to everyone affected by CVD and their carers.</li> </ul>
Listen, engage and influence	Our impact is greatest when we are able to engage decision-makers to support our fight, and by engaging patients, supporters and volunteers, health and research professionals, staff, and our partners to inform and shape our work.	<ul style="list-style-type: none"> <li>• Drive an emotional connection to the cause with our audiences, and promote research as the solution to the suffering caused by CVD.</li> <li>• Develop a stronger, more influential voice with senior decision-makers in Government and the NHS.</li> </ul>
Grow income	Our ambition to increase the amount we invest in our life saving research requires we raise more funds for our cause than ever before. We must therefore continue to develop our fundraising and retail activities, as well as seeking new sources of funding.	<ul style="list-style-type: none"> <li>• Drive new retail shop formats and online retail platforms to ensure our customers have the most choice and best experience.</li> <li>• Enhance supporter journeys and drive forward digital innovation in fundraising.</li> <li>• Seek out new opportunities to raise funds and win our fight against cardiovascular disease sooner.</li> </ul>
World-class organisation	<ul style="list-style-type: none"> <li>• To run the most efficient, cost effective organisation we possibly can, maximising the use and impact of information and technology and become 'digital by default'.</li> <li>• To continue to attract, retain and develop high-quality staff and volunteers who share our values and believe passionately in our vision.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure high standard working practices are embedded throughout the organisation.</li> <li>• Continue to invest in our core systems to provide reliable and seamless services to staff, volunteers and supporters.</li> <li>• Provide staff and volunteers with the tools they need to reach their potential.</li> </ul>

# Financial review

## Overview

In the financial year 2015-16 total income for the BHF was £156.6m (2015: £150.2m), inclusive of the profit generated by our retail trading activities. This was achieved almost entirely through the extraordinary efforts of our many supporters, as our income from legacies, fundraising and retail trading accounted for 96% of the total. With fundraising costs of £36.6m, 77% of total income was available for charitable purposes to be spent on the fight against heart disease (2014-15: 79%). We remain very conscious of the need to spend wisely every penny of the money our supporters raise, whilst ensuring we continue to invest to grow our income to build on our position as the UK's leading funder of cardiovascular research.

We spent £133.5m on charitable expenditure to fight heart disease (2015: £114.8m). This included £102.7m of ground-breaking research (2015: £82.3m), and £30.8m (2015: £32.5m) supporting a range of other life saving activities to prevent heart disease, reduce deaths from cardiac arrests and support heart patients.

As set out in the Group statement of financial activities, our total expenditure for this year was £316.1m of which £152.1m was directly attributable to our trading activities, primarily our retail business which is by far

the largest and most profitable of any charity in the UK. In 2015-16 our 735 shops, as well as generating a profit of £29.1m to fund our research, were an extremely valuable means of promoting all aspects of the BHF in local communities across the UK.

## Income

In 2015-16, we generated total income of £156.6m for our fight against heart disease, inclusive of the profit generated by our retail trading activities. This represented an increase of £6.4m (4%) on last year, with strong growth in legacies and fundraising income, which together contributed 77% of total income, with the balance from our retail activities (19%) and investment and other income (4%).

Legacies remain our largest source of income, increasing this year to £67.0m, up 5% from £64.1m. In addition, income from fundraising activities increased by 8% to £54.3m (2015: £50.2m), which reflected an enormous level of effort from our fantastic supporters, volunteers and corporate partners in numerous events and community activities across the UK.

We remain the largest charity retailer in the UK, in what was a challenging retail environment in 2015-16. Gross retail income, including donations received in BHF shops,

## Statement of financial activities – summary

	2016 £m	2015 £m	Growth %
Legacy income	67.0	64.1	5
Fundraising income <sup>1</sup>	54.3	50.2	8
Retail net profit <sup>2</sup>	29.1	31.9	(9)
Investment and other income	6.2	4.0	55
<b>Total income (net of retail costs)</b>	<b>156.6</b>	<b>150.2</b>	<b>4</b>
Direct costs of generating funds <sup>1</sup>	(36.6)	(32.1)	14
<b>Total net income</b>	<b>120.0</b>	<b>118.1</b>	<b>2</b>
<b>% of total income available for charitable purposes</b>	<b>77%</b>	<b>79%</b>	
Research	(102.7)	(82.3)	25
Prevention, survival and support	(30.8)	(32.5)	(5)
<b>Total charitable expenditure</b>	<b>(133.5)</b>	<b>(114.8)</b>	<b>16</b>
<b>Net (outgoing)/incoming resources</b>	<b>(13.5)</b>	<b>3.3</b>	

<sup>1</sup> Fundraising income and costs of generating funds includes income from fundraising trading activities and the associated costs but excludes the £1.1m exceptional impairment of intangible asset.

<sup>2</sup> Retail net profit includes income from donations received in BHF shops reported within 'Donations and legacies' in the Group statement of financial activities.

increased by £1.0m in the year to £174.0m, reflecting growth in our specialist Furniture and Electrical stores, and in online sales. Online sales from our online shop and eBay together reached £2.8m, up 43% on last year driven particularly by strong growth in eBay sales.

This growth was offset by an overall 1.7% decline in like-for-like shop sales, primarily due to the very competitive environment for standard charity shops, which impacted net profitability, with our shops generating a profit of £29.1m in 2015-16, down from £31.9m in the prior year. As at 31 March 2016, the BHF operated 735 shops (2015: 735), including 559 standard charity shops (2015: 563) and 176 specialist Furniture and Electrical stores (2015: 172). During 2015-16, we opened eight new standard shops and seven Furniture and Electrical stores, re-sited six shops and closed a total of 15 shops.

The growth in total income, particularly in fundraising activities, required investment in the direct costs of generating funds, which increased by 14% to £36.6m (2015: £32.1m). As a result, the BHF generated £120.0m of net income for charitable purposes (before the exceptional impairment charge) in the year (2015: £118.1m).

### Charitable expenditure

During 2015-16, our charitable expenditure totalled £133.5m, up from £114.8m in 2014-15. The growth was primarily driven by increased investment in the UK's world-class cardiovascular research, with 252 new grants awarded in the year at a cost of £113.4m (2015: £86.2m). The 2015-16 total includes a £10m award towards the development of the new Heart and Lung Research Institute by the University of Cambridge and Papworth Hospital and a £5.0m award to help build the new Institute of Developmental and Regenerative Medicine at the University of Oxford. The total reported investment in research of £102.7m (2015: £82.3m) is lower than the total new grants awarded because allowance is made both for the experience that the majority of grants are not fully utilised and for the application of a discount factor to reflect the long-term nature of the majority of the grant liabilities.

BHF-funded research continues to identify new or better treatments for those with heart or circulatory disease, or new and improved

ways to diagnose and prevent it. Our Prevention, Survival and Support (PSS) activities represent these findings put into practice. Overall, in 2015-16 the total cost of our PSS programme was £30.8m (2015: £32.5m).

The expenditure included £4.0m on our Survival programme, helping to create a 'Nation of Lifesavers' through CPR training and increasing access to defibrillators. We continue to fund free CPR kits for schools and community groups across the UK and, in partnership with the Department of Health, invested £1.0m to place 700 defibrillators in community buildings and accessible locations across England.

Investment in PSS also included £5.6m on providing information to heart patients and others through the Heart Matters programme and a range of online and print resources and £1.9m on local engagement, including network of CVD Clinical Development Coordinators delivering targeted education and influencing key decision makers across England, Wales, Scotland and Northern Ireland.

Alongside these activities, we spent £7.6m on policy and communications as part of our charitable activities, including getting our message across through campaigns such as Fight for Every Heartbeat. We also continue to work with partners to campaign for tobacco control (mainly through our grant funding of Action on Smoking and Health in England, Scotland and Wales) and to highlight issues such as the impact of air pollution on cardiovascular disease.

### Exceptional impairment of intangible asset

Our current year financial results include a £1.1m exceptional charge arising from impairment of the London to Brighton Bike Ride (LBRR) intangible asset. The right to operate the LBRR event was acquired as a going-concern in 1992 and has remained on our balance sheet at cost of £1.1m since acquisition. The event has significantly transformed since acquisition, and as a result the value of the event to the BHF and the on-going revenue this generates cannot readily be attributed to the original asset acquired 24 years ago. Consequently the asset has been impaired to a zero carrying value in the current year.

# Financial review

## Balance sheet

As at 31 March 2016, total cash, deposits and investments were £285.2m, a decrease of £5.8m compared to 31 March 2015. This decrease principally reflected the volatility in global equity markets following the strong gains achieved in recent years, as discussed in Investment policy and performance below.

Our cash and investment portfolio is held to help us ensure we are always in the position to settle grant commitments, the total provision against which was £307.1m as at 31 March 2016 (2015: £285.1m). Grants awarded are commitments by the BHF to reimburse recipients for expenditure properly incurred in accordance with grant terms. It is our policy to provide for the total commitment at the point a grant is agreed and communicated to the grantee. However, there is often a substantial time lapse between recording a new grant award in our accounts and its subsequent payment, and the full grant commitment may not be utilised in full. These factors are reflected in the year end provision.

At the end of the financial year, the BHF Group is reporting a total net surplus of £46.2m compared to a £66.7m surplus last year. This position includes a surplus on the General Reserve (Unrestricted Funds) of £28.0m (2015: surplus of £50.4m).

## Reserves policy

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

Trustees have decided that at all times the BHF should maintain cash and readily realisable assets sufficient to fund between not less than six and not more than 24 months of forecast cash outflow to settle grant awards, plus 12 months of non-retail operating costs (excluding direct costs of income generation). In the event of the BHF facing difficult financial circumstances, this would allow us to both meet our responsibilities to grant holders and for operations to continue during a period of managed adjustment to these new circumstances. Based on the current grants position, this policy requires us to hold between £100m and £262m in liquid and readily realisable assets.

At 31 March 2016, our liquidity of £285.2m was sufficient to cover the defined operating costs, plus 26 months of forecast cash outflow to settle grant awards, both approved and contingent, and is therefore at the upper end of the limits established by the Trustees.

The Trustees review the BHF reserves policy annually.

## Investment policy and performance

The BHF held total cash, deposits and investments of £285.2m as at 31 March 2016, a decrease of £5.8m on 2015. The BHF has two portfolios: the growth portfolio and the cash portfolio.

The investment objective of the growth portfolio, which was valued at £193.5m as at 31 March 2016 (2015: £203.8m) is to provide real growth over five to ten years and the portfolio consists almost entirely of equities. The growth portfolio is split between a UK equity portfolio managed by Smith & Williamson Investment Management LLP and a global equity portfolio managed by Schroder Investment Management Ltd. The growth portfolio generated a total return for the year ended 31 March 2016 of -3.2%, against a benchmark of -3.0%.

## Reserves and grant commitments

	2016 £m	2015 £m
Cash and cash equivalents	91.7	87.2
Investments	193.5	203.8
<b>Total cash and investments</b>	<b>285.2</b>	<b>291.0</b>
<b>Grants – year end provision</b>	<b>307.1</b>	<b>285.1</b>
Unrestricted funds – surplus	28.0	50.4
<b>Total funds in surplus</b>	<b>46.2</b>	<b>66.7</b>



In addition, to balance short term cash requirements and investment risks, our cash portfolio invests in short-term fixed interest investments managed by Royal London Asset Management (RLAM), with £80.1m held as at 31 March 2016 (2015: £63.5m). These readily realisable investments are reported within the total cash and cash equivalents on the balance sheet of £91.7m (2015: £87.2m).

The investment objective of the cash portfolio is to preserve the absolute capital value of the assets. The benchmark is to earn a return net of fees in excess of the one month inter-bank LIBOR rate. The RLAM cash portfolio generated a total return for the year ended 31 March 2016 of 0.64%, against the benchmark return of 0.54%.

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

All investment managers are asked to demonstrate effective systems of internal control. Our strong preference is that investment managers comply with the requirements of the AAF assurance framework (or equivalent) on internal controls and these are reviewed on an annual basis.

The total return on investments for the year was a net loss of £6.5m (2015: gain of £27.9m). This reflected volatility in global equity markets following the strong gains achieved in recent years, with the growth portfolio generating a total return 1.2% ahead of the benchmark over the last five years.

### Ethical investment policy

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

### Pensions

During 2015-16, our employees participated in both defined contribution and defined benefit plans. Employees may join the BHF

UK Retirement Plan, a defined contribution scheme, at any time. However, the BHF UK defined benefit pension scheme ('the Scheme'), was closed to new entrants from 30 June 2001. Following a consultation with the current active members, the Scheme closed to future accrual on 31 May 2016, following which the active members will participate in a defined contribution arrangement for future service.

The Scheme remains subject to a formal triennial funding valuation, with the most recently completed as at 1 July 2014. This showed a funding deficit of £3.3m, as a result of which a deficit recovery plan was agreed over the period to April 2022. The actuary carries out a separate annual valuation in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), in which different funding assumptions are applied. The FRS 102 valuation as at 31 March 2016 showed a deficit of £1.1m (2015: £5.4m), and is further explained in note 16 to the financial statements.

### FRS 102: Transition

This is the first set of financial statements of the BHF prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). Until 31 March 2015 the BHF's financial statements were prepared under UK Generally Accepted Accounting Principles (UK GAAP). Prior year (2014-15) comparatives have been restated and these are used as the basis for comparison throughout this Annual Report.

The key changes arising from the adoption of FRS 102 are in respect of the timing of recognition of legacy income and the measurement of charitable grant awards. Full details of the changes are set out in note 19 to the financial statements. The impact of the transition to FRS 102 on the reported numbers for the year ended 31 March 2015 as reported in these accounts are:

- net income before gains on investments was £3.3m, £2.4m higher than £0.9m as previously reported under UK GAAP
- total funds at 31 March 2015 were £66.7m, £72.7m higher than the previously reported net deficit of £6.0m as reported under UK GAAP.

# Financial review

## Charitable activity in Scotland

As a charity registered in England, Wales, Northern Ireland and also in Scotland, we detail our activity in all these areas. The BHF has charity shops in Scotland and receives income from other fundraising activities undertaken in Scotland. Twenty-six research grants, totalling £12.0m were awarded this year to the Universities of Glasgow, Edinburgh, Dundee, Aberdeen and St Andrews.

Further information on our activities in Scotland, Wales, Northern Ireland and England is available at [bhf.org.uk](http://bhf.org.uk).

## Trading subsidiaries

We have four wholly owned trading subsidiary undertakings, one of which (British Heart Foundation Sales Ltd) is dormant. The distributable profit from the remaining three subsidiaries (British Heart Foundation Ventures Ltd, BHF Shops Ltd and London to Brighton Bike Ride Ltd) was £6.8m in 2015-16 compared with £6.6m in 2014-15. Profits of trading subsidiaries are detailed in note 15 to the accounts on page 71.

## Going concern

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

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

## Internal control

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

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

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

## Risk management

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

In March 2016, the Trustees completed their annual review of the CRR. In the course of this review, the Board has considered:

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

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

## PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Mitigation
Economic pressures, competition and consumer behaviour changes impact negatively on voluntary income.	<ul style="list-style-type: none"> <li>• Annual budgeting and ongoing management reporting and monitoring of financial performance.</li> <li>• The preparation of long-term financial forecasts aligned to the BHF's strategy that target a diversification of income streams and incorporate an ongoing consideration of market and consumer trends.</li> </ul>
Incidents that damage reputation and/or negatively impact operations (including cyber security, serious fraud and major incidents).	<ul style="list-style-type: none"> <li>• Proactive detection, monitoring, reporting and investigation of potential adverse events and incidents.</li> <li>• Proactive and reactive media management in place, including ongoing digital and traditional media monitoring.</li> <li>• Dedicated specialist resource is applied in key areas such as health and safety, risk and assurance and legal that support organisation-wide events and operations.</li> <li>• Continuing programme of Health and Safety improvements and training is being delivered to strengthen our safety management system.</li> <li>• Continuing programme to drive IT improvements and strengthen infrastructure and security to protect BHF assets.</li> <li>• Continuing programme to strengthen business continuity and disaster recovery plans, that help minimise disruption to operations from unexpected events.</li> </ul>
Changes in Government policy or budgets, charity sector regulations, or reform of the NHS or changes to the research environment that negatively impact on the BHF's research strategy and/or other activities, including fundraising.	<ul style="list-style-type: none"> <li>• The BHF risk management, legal and policy teams monitor public policy and the regulatory environment on an ongoing basis to ensure potential risks can be proactively managed.</li> <li>• Active programmes of advocacy, influencing and senior level engagement to ensure our views are shared.</li> <li>• Senior BHF and partner representation at key events and forums to help shape the research agenda.</li> <li>• Strategic priorities and programmes which target income diversification.</li> <li>• Monitor, consider and prepare for the implications of the UK referendum decision to leave the European Union, with a particular focus on UK medical research.</li> </ul>
BHF strategy and activities are not properly or sufficiently focused in order for the charity to meet its 2020 objectives.	<ul style="list-style-type: none"> <li>• The BHF's Executive Group and Trustees routinely scrutinise alignment with, and progress of, the BHF strategy to 2020.</li> <li>• Review and development of key charitable strategies (Research, Prevention, Support) by internal and external subject matter experts.</li> <li>• Scrutiny and approval of research funding applications by international expert committees.</li> </ul>
The BHF is exposed to financial risk and market movements through its cash and investment portfolio, and via the assets and liabilities of a defined benefit pension scheme.	<ul style="list-style-type: none"> <li>• Expert financial advice informs investment and treasury policies that ensure our portfolio is adequately diversified and managed.</li> <li>• Oversight of investment performance by our Investment Committee, who monitor compliance and effectiveness of our investment and treasury policies.</li> <li>• The Trustees of the defined benefit scheme, in consultation with the BHF as sponsoring employer, ensure expert advice informs the scheme's investment and liability management policies.</li> </ul>
Attracting, developing and retaining talented staff in a competitive employment market combined with the reliance on significant levels of volunteer support both in fundraising and in the BHF's retail operations.	<ul style="list-style-type: none"> <li>• Employee and volunteer engagement surveys and follow-up plans.</li> <li>• An active communication programme to ensure staff and volunteers are always informed on the BHF's strategy and the progress being achieved.</li> <li>• Regular benchmarking of compensation and benefits.</li> <li>• Talent management, development and succession planning programmes.</li> <li>• Ongoing proactive employee and volunteer recruitment campaigns.</li> </ul>



# Legal structure and governance

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

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

The Board meets on a quarterly basis and delegates day-to-day responsibility for the running of the BHF to the Executive Group. In addition to Board of Trustee meetings, a 1-day Annual Summit is held each year to which all members of the Advisory Council are invited and at which strategic issues and topics of the day are discussed.

The Board delegates specific responsibilities and activities to various sub-committees, including the Audit & Risk, Investment, Retail, Nominations and Remuneration committees. Our investment in research is overseen by five medical committees with responsibility for specific areas of Research including the review of grant requests and other scientific award proposals. An organisation chart listing all our current committees can be found on page 47.

## Governance review

As part of the BHF Strategy 2020, a detailed governance review was undertaken during 2014-15.

The overall aim of the review was to ensure that the BHF's governance arrangements are clear, fit for purpose and reflect current best practice, to assist the delivery of our strategy and, also, to provide oversight of the development and implementation of our strategic aims. Proposals for changes to our governance structure and processes were approved by the BHF Council in 2015, and a number of the key changes have been implemented including the following:

## Key changes

1. Our former Council was re-shaped and all of the Governance duties and associated functions previously performed by Council members were transferred exclusively to the Trustees. The Trustees now act as both the directors and the members of the BHF.
2. An Advisory Council was created in place of the former Council with the Advisory Council being larger and having a more diverse membership. Our Advisory Council comprises the Board of Trustees and the members of all BHF Governance Committees, Operational Committees and Advisory Communities and is chaired by Professor Sir Kent Woods, our Vice-Chair of Trustees. A 1-day Annual Summit is held in May to which all Advisory Council members are invited, the aim of this meeting being to provide input and support of the BHF's aims, in place of the previous twice-yearly Council meetings.
3. All current and future committees and Groups were and will be streamed into one of three streams – Governance, Operational or Advisory (see below).

## New governance streams

To clarify the role and function of each committee we have adopted a structure whereby each committee is placed in one of three streams: Governance, Operational or Advisory. In this way, the broad function of each committee and the way they contribute to the running of the BHF is immediately apparent. For each stream common terms of reference supplement specific terms of reference relevant to that committee and so make the decision-making process quicker and simpler.

### Governance stream

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

### Operational stream

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

- i. Grants – members of our five grant-making committees review and assess applications for scientific, medical, clinical studies or translational research grants for work that will assist the BHF to carry out its charitable activities. They also review the output and performance of grants throughout the lifetime of those awards.

- ii. Investment – the Investment Committee recommends investments and investment strategies and oversees investment performance in line with the BHF's aims, objectives and risk appetite.

Each Operational Committee operates within clearly defined delegated authority and budgetary limits set by the Board to further the strategic aims of the Charity.

### Advisory stream

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

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

The Advisory Communities currently comprise the Retail Committee and the Fundraising Board.



# Legal structure and governance

During the year, in addition to our Articles of Association being updated to reflect these changes, several key documents, such as the Trustee Scheme of Delegation, have also been reviewed and updated. Further work is required to fully implement the agreed changes flowing from the governance review and it is anticipated that this will be completed during 2016-17.

## Board of Trustees

We are pleased to welcome our new Chair, Dr Douglas Gurr, along with Iain Mackay, Professor Sussan Nourshargh, and Professor Sir Kent Woods who joined the Board of Trustees this year. The Board of Trustees is extremely grateful to all our Advisory Council and committee members for their support during the year, but our particular thanks go to the following individuals who retired from the Board of Trustees this year, having played a huge role in the direction of the BHF during their tenure.

- Philip Yea, Chair of the Board of Trustees (2009-2015), Chair of the Nominations Committee, and member of the Remuneration Committee;
- Professor Sir Christopher Edwards, Trustee and Chair of Council (2009-2015), and member of the Nominations and Remuneration Committees;
- Professor Kay-Tee Khaw, Trustee (2006-2015), Chair of the Prevention & Care Reference Group, and member of the Nominations Committee;
- Roger Pilgrim, Trustee (2008-2015), Chair of the Audit & Risk Committee, and member of the Investment, Nominations, and Remuneration Committees.

## Chair

- Dr Douglas Gurr from October 2015
- Philip Yea MA FCMA to October 2015

## Vice-Chair

- Professor Sir Kent Woods FMedSci from October 2015

## Members

- Andrew Balfour LLB
- Professor Nishi Chaturvedi MD MSc MFPHM MRCP MBBS
- Professor Anna Dominiczak DBE MD FRCP FAHA FRSE FMedSci
- Dr Robert Easton BSc ARCS DPhil
- Dr Evan Harris BM BCh MA (Oxon)
- Richard Hytner MA LLM
- Professor Sir Robert Lechler MB ChB PhD FRCP FRCPathFMedSci
- Iain Mackay MA CA from October 2015
- Professor Sussan Nourshargh PhD FBPhS FSB FMedSci from October 2015
- Professor Simon Ray
- Professor Liam Smeeth FRCGP PHD
- Lance Trevellyan BSc FCA FRSA

Other Members who served during the year were:

- Sir Christopher Edwards FRSE MD FRCP FRCPE FMedSci to October 2015
- Professor Kay-Tee Khaw CBE FRCP to October 2015
- Roger Pilgrim MA (Cantab) FCA to October 2015

## Recruitment, induction and training of Trustees

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



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

### Public benefit

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

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

### Grant-making policies

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

### Executive Group

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

- Chief Executive – Simon Gillespie
- Medical Director – Professor Peter Weissberg MD FMedSci
- Chief Financial Officer – Martin Miles FCA
- Director of Fundraising – Amanda Bringans from February 2016
- Director of Marketing & Engagement – Carolan Davidge
- Director of Prevention, Survival and Support – Catherine Kelly
- Director of People & Organisational Development – Kerry Smith
- Retail Director – Mike Taylor
- General Counsel & Company Secretary – Dr Deborah Prince PhD

Other Executive Group members who served during the year were:

- Mike Hobday, Director of Policy, to January 2016
- Dr Charmaine Griffiths PhD, Director of Strategy & Performance, to February 2016
- Louise Parkes, Director of Fundraising, to December 2015

### Our staff and volunteers

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

At 31 March 2016 we had a paid workforce of 3,496 staff, spread right across the UK (2,944 of whom are employed in our retail operation). Their skills, experience and commitment have enabled the BHF to continue to push the boundaries as the UK's leading independent funder of cardiovascular research. It is therefore essential for the BHF to be able to attract and retain the best talent and having an appropriate reward strategy is one of the many ways the BHF can secure this. The Executive Group is responsible for our reward strategy and policies and the annual remuneration review is established by the Executive Group and approved by the Board of Trustees.

# Legal structure and governance

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

Our volunteers continue to make an extraordinary contribution. Their annual financial contribution is vital, but their impact goes way beyond money. To many people across the UK, volunteers are the public face of the BHF. Our 23,729 retail and fundraising volunteers inform people about our work and services. They also act increasingly as passionate and informed advocates, campaigning on our behalf and helping to recruit more supporters. It is by working together in this way that we will achieve our goal of beating heart disease.

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

The BHF gives full and fair consideration to applications for employment from people with disabilities, having regard to their particular aptitudes and abilities. All reasonable adjustments are made for the continued employment and training, career development and promotion of people with disabilities employed by the BHF. We do not condone or tolerate any form of discrimination in our recruitment or employment practices.

All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal training, development, reward and progression opportunities and are accountable for the impact of their own behaviour and actions.

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

## Trustees' Indemnity

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

## Patron

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

## Independent Auditors

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

The Trustees' report, including the Strategic Report, was approved by the Board of Trustees on 22 July 2016.



Dr Deborah Prince, General Counsel  
and Company Secretary  
22 July 2016

# Statement of Trustees' responsibilities

**The Trustees (who are also directors of the British Heart Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.**

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the

UK and Republic of Ireland", and applicable law (which together form United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charitable Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware,

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

The Trustees are responsible for the maintenance and integrity of the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Dr Douglas Gurr, Chairman  
22 July 2016



LIVE FOR  
TODAY  
TOMORROW

# Financial statements

OR

ROW

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

## Report on the financial statements

### Our opinion

In our opinion, the British Heart Foundation's group financial statements and parent Charitable Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the parent Charitable Company's affairs as at 31 March 2016 and of the Group's incoming resources and application of resources, including its income and expenditure and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Group and parent Charitable Company balance sheets as at 31 March 2016;
- the Group statement of financial activities (incorporating the Group income and expenditure account) for the year then ended; and
- the Group statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## Opinion on other matters prescribed by the Companies Act 2006

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

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Charitable Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 51, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Charitable Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Nicholas Boden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers  
LLP Chartered Accountants and Statutory  
Auditors, London  
2 August 2016

# Group statement of financial activities for the year ended 31 March 2016

(Incorporating a Group income and expenditure account)

Company reg. number: 699547

		2016			2015		
		Unrestricted funds	Restricted and endowment funds	Total funds	Unrestricted funds	Restricted and endowment funds	Total funds
	Note	£m	£m	£m	£m	£m	£m
<b>Income from</b>							
Donations and legacies	2	105.7	12.8	118.5	103.4	9.1	112.5
Charitable activities	3	–	1.0	1.0	–	–	–
Investments		4.5	–	4.5	4.0	–	4.0
Other income		0.7	–	0.7	–	–	–
<b>Total fundraising income</b>		110.9	13.8	124.7	107.4	9.1	116.5
<b>Expenditure on</b>							
Raising funds: donations and legacies	5	(29.4)	–	(29.4)	(24.4)	(2.3)	(26.7)
Investment management fees	5	(1.1)	–	(1.1)	(1.0)	–	(1.0)
<b>Total fundraising costs</b>		(30.5)	–	(30.5)	(25.4)	(2.3)	(27.7)
<b>Fundraising contribution</b>		80.4	13.8	94.2	82.0	6.8	88.8
Trading income	4	176.8	–	176.8	174.8	–	174.8
Trading costs	4/5	(152.1)	–	(152.1)	(145.5)	–	(145.5)
<b>Contribution from trading activities</b>		24.7	–	24.7	29.3	–	29.3
<b>Net income available for charitable purposes</b>		105.1	13.8	118.9	111.3	6.8	118.1
<b>Charitable expenditure</b>							
Research	5	(93.8)	(8.9)	(102.7)	(79.0)	(3.3)	(82.3)
Prevention, survival and support	5	(27.8)	(3.0)	(30.8)	(31.7)	(0.8)	(32.5)
<b>Total charitable expenditure</b>		(121.6)	(11.9)	(133.5)	(110.7)	(4.1)	(114.8)
<b>Net income before (loss)/gain on investments</b>		(16.5)	1.9	(14.6)	0.6	2.7	3.3
<b>Represented by</b>							
Total income		287.7	13.8	301.5	282.2	9.1	291.3
Total expenditure		(304.2)	(11.9)	(316.1)	(281.6)	(6.4)	(288.0)
<b>Net income before (loss)/gain on investments</b>		(16.5)	1.9	(14.6)	0.6	2.7	3.3
Net (loss)/gain on investments		(9.9)	–	(9.9)	24.9	–	24.9
<b>Net (expenditure)/income</b>		(26.4)	1.9	(24.5)	25.5	2.7	28.2
<b>Other recognised gains/(losses)</b>							
Actuarial gain/(loss) on defined benefit pension scheme	16	4.0	–	4.0	(0.6)	–	(0.6)
<b>Net movement in funds</b>		(22.4)	1.9	(20.5)	24.9	2.7	27.6
<b>Reconciliation of funds</b>							
Funds balances brought forward at 1 April	6	50.4	16.3	66.7	25.5	13.6	39.1
<b>Total funds carried forward</b>	6	28.0	18.2	46.2	50.4	16.3	66.7

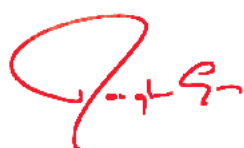
There are no recognised gains or losses other than those disclosed above. All results derive from continuing operations. Gross income for the year for the parent charity is £288.4m (2015: £278.5m) and gross expenditure is £301.9m (2015: £275.1m). The notes on pages 59 to 76 form an integral part of these financial statements.

# Balance sheets as at 31 March 2016

Company reg. number: 699547

	Note	Group		Charity	
		2016 £m	2015 £m	2016 £m	2015 £m
<b>Fixed assets</b>					
Intangible asset	7	–	1.1	–	–
Tangible assets	8	24.0	23.2	24.0	23.2
Investments	9	193.5	203.8	193.5	203.8
<b>Total fixed assets</b>		217.5	228.1	217.5	227.0
<b>Current assets</b>					
Inventories		4.6	4.1	–	–
Debtors	10	67.8	61.3	74.8	68.5
Cash and cash equivalents		91.7	87.2	90.4	84.6
<b>Total current assets</b>		164.1	152.6	165.2	153.1
<b>Creditors and provisions: amounts falling due within one year</b>					
Provision for research and other grant awards	11	(97.5)	(105.1)	(97.5)	(105.1)
Other creditors	12	(24.3)	(20.3)	(25.4)	(20.8)
<b>Total current liabilities</b>		(121.8)	(125.4)	(122.9)	(125.9)
<b>Net current assets</b>		42.3	27.2	42.3	27.2
<b>Total assets less current liabilities</b>		259.8	255.3	259.8	254.2
<b>Provisions falling due after more than one year</b>					
Provision for research and other grant awards	11	(209.6)	(180.0)	(209.6)	(180.0)
Dilapidations provision	13	(2.9)	(3.2)	(2.9)	(3.2)
<b>Total provisions due after more than one year</b>		(212.5)	(183.2)	(212.5)	(183.2)
<b>Net assets excluding pension liability</b>		47.3	72.1	47.3	71.0
Defined benefit pension liability	16	(1.1)	(5.4)	(1.1)	(5.4)
<b>Net assets including pension liability</b>		46.2	66.7	46.2	65.6
Represented by:					
<b>Endowment funds</b>	6	7.5	7.5	7.5	7.5
<b>Restricted income funds</b>	6	10.7	8.8	10.7	8.8
<b>Unrestricted funds</b>					
General fund	6	29.1	55.8	29.1	54.7
Pension reserve	16	(1.1)	(5.4)	(1.1)	(5.4)
<b>Total unrestricted funds</b>		28.0	50.4	28.0	49.3
<b>Total funds</b>		46.2	66.7	46.2	65.6

The financial statements on pages 56 to 76 were approved by the Board of Trustees on 22 July 2016, and signed on its behalf by:



Dr Douglas Gurr, Chairman



Iain Mackay, Chairman of the Audit & Risk Committee

The notes on pages 59 to 76 form an integral part of these financial statements.

Members of the Board of Trustees



# Group statement of cash flows for the year ended 31 March 2016

	2016 £m	2015 £m
<b>Cash flows from operating activities:</b>		
Net cash flow from operating activities	7.2	4.0
<b>Cash flows from investing activities:</b>		
Investment income	4.5	4.0
Purchase of investments	(65.6)	(71.9)
Proceeds from sale of investments	66.0	75.5
Purchase of tangible fixed assets	(7.7)	(6.9)
Proceeds from sale of tangible fixed assets	0.1	0.1
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(2.7)</b>	<b>0.8</b>
<b>Net increase in cash and cash equivalents</b>	<b>4.5</b>	<b>4.8</b>
Cash and cash equivalents at 1 April	87.2	82.4
<b>Cash and cash equivalents at 31 March</b>	<b>91.7</b>	<b>87.2</b>
<b>Reconciliation of net cash flow from operating activities:</b>		
Net (expenditure)/income	(24.5)	28.2
Add/(less):		
Depreciation	6.7	7.2
Exceptional impairment of intangible asset	1.1	-
Loss on sale of fixed assets	-	0.1
Investment income	(4.5)	(4.0)
Net loss/(gain) on investments	9.9	(24.9)
Defined benefit scheme pension costs recognised in SOFA	0.6	0.6
Employer contributions to defined benefit pension scheme	(0.8)	(0.8)
(Increase) in stock	(0.5)	(0.4)
(Increase)/decrease in debtors	(6.5)	2.1
Increase/(decrease) in creditors	4.0	(1.6)
(Decrease) in dilapidations provision	(0.3)	(0.2)
Increase/(decrease) in provision for research grants and other awards	22.0	(2.3)
<b>Net cash flow from operating activities</b>	<b>7.2</b>	<b>4.0</b>

The notes on pages 59 to 76 form an integral part of these financial statements.

# Notes to the accounts

## 1. Accounting policies

### Statement of compliance

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

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

As reported within the financial review (reserves policy, see page 42), total cash and investments of £285.2m as at 31 March 2016 are sufficient to cover 12 months of non-retail operating costs and 26 months of forecast payments to settle grant awards, both approved and contingent. The Trustees therefore consider that there are no material uncertainties about the BHF's ability to continue as a going concern.

### Basis of preparation

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

This is the first set of accounts presented by the BHF compiled in compliance with FRS 102 and the SORP. The effective date of transition to FRS 102 is 1 April 2014. In preparing the accounts the Trustees have determined that in applying the accounting policies required by FRS 102 and the Charities SORP a restatement of comparative items is needed. Details of the transition to FRS 102 and the SORP are disclosed in note 19.

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

### Reporting period

The Group financial statements are prepared for the year ended 31 March 2016, but incorporate the trading results of the BHF's retail operations for the 52 week period ended 26 March 2016 (2015: 52 week period ended 28 March 2015).

### Basis of consolidation

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

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

### Statement of cash flows

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

### Incoming resources

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

- **Donations** (including those raised through volunteer fundraising) are recognised when income has been received. **Gift Aid income** on donations is accrued when there is a valid declaration from the donor.
- **Retail income** is recognised at point of sale. Goods donated for sale are included as income at the point of sale. **Gift Aid income** claimed under the UK retail Gift Aid scheme is estimated and accrued at the point of sale.
- **Legacy income** is recognised when probate on the estate is granted. Reversionary interests involving a life tenant are not recognised unless the life tenant has passed away. Income is estimated based on the best available information at the time. Where estate accounts or notification of expected income have not been received for an estate, income is estimated using a portfolio approach based on historical experience of income from similar legacies.

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

- Income from **government grants** is recognised when the charity has entitlement to the funds and any performance conditions attached to the grants have been met.

- **Investment income:** interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity. Dividends are recognised once the dividend has been declared and the right to receive payment has been established.

- **Donated professional services** and donated facilities are recognised as income, if a value can be reliably measured, at the value to the Charity when received. In accordance with the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers, including professional services provided directly by volunteers.

### Resources expended

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

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

Grant expenditure is recognised in the year of award in line with the SORP (see 'Awards' for more detail on individual grant types).

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

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

# Notes to the accounts

## 1. Accounting policies (continued)

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

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

### Awards

Grants awarded are included within charitable expenditure when the award of the grant has been communicated to the recipient. Grants awarded are commitments by the BHF to reimburse grant recipients for expenditure incurred, up to the value of the grant award. Grant payments are made to recipients retrospectively when invoiced by the recipient and when supporting evidence of costs incurred has been provided. Grants are recognised as a provision, reflecting the uncertainty of the timing and value of payment for grants. To calculate the grants award provision, the timing and value of grant payments is estimated using a portfolio approach based on historical experience of similar grant awards. The expected underspend against award value reflected within the grant provision ranges from zero to 15% of award value and at 31 March 2016 reflects 6.5% of the grant award value for open grants.

All grant provisions in excess of one year are discounted to net present value. Discount rate used to determine the net present value are calculated with reference to UK Gilt yields at the balance sheet date, weighted to reflect the expected phasing of future grant payments. The discount rate applied at 31 March 2016 was 0.5% (2015: 0.7%).

**Chairs of cardiovascular disease** – awards are subject to a quinquennial site visit and review. The full award is disclosed as a contingent liability and recognised as a provision in the financial statements only on satisfactory completion of that review.

**Programme grants** – awards run initially for five years with a two and a half year review and can be extended for a further period of five years subject to Committee approval.

On the basis of experience, it is assumed that the overwhelming majority of applicants will be successful at the mid-term review and therefore provision is made in the financial statements for expected future payments required to settle the BHF's five year commitment.

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

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

**Prevention, survival and support grants** – grants are made in furtherance of the BHF's prevention, survival and support charitable objectives. The majority of these awards are for one year projects. On award of a grant, provision is made to reflect the expected payments required to settle the award.

### Fund accounting

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

### Tangible fixed assets

Tangible assets are stated at cost which includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight line basis. The costs of fixed assets are written off over their estimated useful lives at the following rates:



## 1. Accounting policies (continued)

- Freehold property: over 50 years

- Short leasehold property: over the life of the lease

- Shop fittings: over 7 years

- Plant, equipment and vehicles: over 3–4 years

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

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

### Intangible fixed assets

Intangible assets are held at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis to allocate the assets value evenly over a five year period from the date of transition to FRS 102. The amortised value of intangible assets are subject to an annual impairment review.

### Investments

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

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

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equity and fixed interest investments.

### Cash and cash equivalents

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

### Stock

Stock purchased for sale is valued on a weighted average cost basis and carried at the lower of cost and net realisable value. Provision is made to reduce carrying values to net realisable value for slow moving, obsolete and defective stock. Goods donated for sale are not included as stock.

### Pension costs

The current service cost of the BHF's defined benefit pension scheme is charged to employee costs over the anticipated period of employment. Net pension finance income or costs are recognised immediately as employee costs. Actuarial gains and losses are recognised immediately on the face of the statement of financial activities. The pension scheme net deficit is shown separately on the face of the balance sheet and separately within reserves. The detailed assumptions relating to the liability recognised on the defined benefit scheme are to be found in note 16.

For defined contribution schemes, the amount charged to the statement of financial activities for pension costs is the total contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### Operating leases

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

### Taxation

As a registered charity the BHF is entitled to certain exemptions from corporation tax on profits from investments and any trading activities carried on in furtherance of the Charity's primary objectives.

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

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

### Significant areas of estimation and judgement

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

- Accrued legacy income is estimated based on the best information available at the balance sheet date and up to the date of signing the annual report. Historical average legacy income is used to provide an estimated valuation where no specific information is available.
- Grant provisions are estimated based on expected future cash flows and the expected underspend against award values, calculated based on historical grant payment profiles and underspend rates.
- The value reported within the balance sheet for the defined benefit pension liability is particularly sensitive to small changes in assumptions (see note 16). Advice is taken from a qualified actuary to determine an appropriate basis for valuation of the net liability as reported.

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

# Notes to the accounts

## 2. Donations and legacies

	Unrestricted funds £m	Restricted funds £m	2016 Total funds £m	2015 Total funds £m
Legacies	62.5	4.5	67.0	64.1
Donations	28.5	8.3	36.8	33.5
Donations received in BHF Shops	2.7	–	2.7	3.0
Volunteer fundraising	12.0	–	12.0	11.9
<b>Total</b>	<b>105.7</b>	<b>12.8</b>	<b>118.5</b>	<b>112.5</b>

The Charity has received notification of 444 legacies (2015: 620) with an estimated value of £15.6m (2015: £22.5m) which are not included in legacy income. This includes legacies which are subject to a life interest, legacies which have not yet been granted probate and contentious legacies.

## 3. Charitable activities

The Foundation received a grant of £1.0m (2015: £Nil) from the Department of Health during the year to increase accessibility of public defibrillators and numbers trained in cardiopulmonary resuscitation in England.

## 4. Trading activities

	Income/ direct costs £m	Support cost allocation £m	2016 Total £m	2015 Total £m
Retail income*	171.3	–	171.3	170.0
Retail costs	(142.1)	(2.8)	(144.9)	(141.1)
<b>Retail net profit</b>	<b>29.2</b>	<b>(2.8)</b>	<b>26.4</b>	<b>28.9</b>
Income from fundraising trading activities	5.5	–	5.5	4.8
Costs of fundraising trading	(5.9)	(0.2)	(6.1)	(4.4)
<b>Net fundraising trading income</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>(0.6)</b>	<b>0.4</b>
Exceptional impairment of intangible asset (see note 7)	(1.1)	–	(1.1)	–
<b>Contribution from trading activities</b>	<b>27.7</b>	<b>(3.0)</b>	<b>24.7</b>	<b>29.3</b>
Represented by:				
Total trading income	176.8	–	176.8	174.8
Total trading costs	(149.1)	(3.0)	(152.1)	(145.5)
<b>Contribution from trading activities</b>	<b>27.7</b>	<b>(3.0)</b>	<b>24.7</b>	<b>29.3</b>

\* 2016 includes income of £43.0m (2015: £42.0m) representing donations from our supporters on which Gift Aid has been claimed from sale of goods through the Retail Gift Aid Programme. Trading costs for 2016 include a £1.1m (2015: £nil) exceptional impairment charge arising from the impairment of the London to Brighton Bike Ride intangible asset (see note 7).

## 5. Expenditure

	Awards (note 11) £m	Staff costs £m	Other direct costs £m	Support costs allocated £m	Total 2016 £m	Total 2015 revised £m
<b>Expenditure on raising funds</b>						
Costs of raising funds	–	11.0	14.9	3.5	29.4	26.7
Investment management fees	–	–	1.1	–	1.1	1.0
Total fundraising costs	–	11.0	16.0	3.5	30.5	27.7
<b>Expenditure on trading activities</b>						
Retail costs	–	51.0	91.1	2.8	144.9	141.1
Other trading costs	–	–	5.9	0.2	6.1	4.4
Exceptional impairment of intangible asset (see note 7)	–	–	1.1	–	1.1	–
Total trading costs	–	51.0	98.1	3.0	152.1	145.5
<b>Expenditure on charitable activities</b>						
Research	101.0	0.4	0.7	0.6	102.7	82.3
Prevention, survival and support	3.3	5.7	18.3	3.5	30.8	32.5
Total charitable expenditure	104.3	6.1	19.0	4.1	133.5	114.8
Support cost allocated	–	7.1	3.5	(10.6)	–	–
Total expenditure	104.3	75.2	136.6	–	316.1	288.0

### Support costs included in expenditure

The BHF adopts a policy of allocating costs to the respective cost headings throughout the year, and this allocation includes support costs where they are directly attributable.

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

### Analysis of support costs

	Charitable expenditure				Total 2016 £m	Total 2015 £m
	Fundraising £m	Trading £m	Research £m	Prevention, survival and support £m		
CEO, strategy and legal	0.5	0.3	0.1	0.5	1.4	1.1
Information technology	0.7	1.4	0.1	0.7	2.9	2.9
Finance and procurement	1.2	0.5	0.2	1.0	2.9	2.8
Human resources	0.8	0.5	0.2	0.9	2.4	1.6
Facilities management	0.1	0.1	0.0	0.3	0.5	0.4
Governance costs	0.2	0.2	0.0	0.1	0.5	0.4
Total support and governance costs	3.5	3.0	0.6	3.5	10.6	9.2
Support costs are made up of:					2016 £m	2015 £m
Staff costs					7.1	6.3
Other costs					3.5	2.9
Total support and governance costs					10.6	9.2



# Notes to the accounts

## 5. Gross expenditure (continued)

Gross expenditure for the year is stated after charging:	2016 £m	2015 £m
Operating lease rentals (land and buildings)	25.7	25.6
Loss on disposal of fixed assets	–	0.1
Depreciation charge for the year	6.7	7.2
Auditors' remuneration*:		
Audit fee	0.1	0.1

\* Auditors' remuneration comprises £62,133 (2015: £60,915) for the audit of the Charity and £16,917 (2015: £16,586) audit fees of subsidiary undertakings. In addition £19,972 (2015: £Nil) was incurred in respect of non-audit services. All numbers exclude VAT.

Staff and Trustee information	2016 £m	2015 £m
<b>Staff costs</b>		
Wages and salaries	63.7	57.6
Social security costs	5.1	4.7
Pension costs (see note 16)	3.8	3.6
Other benefits	0.7	0.7
Other staff costs	1.9	1.8
<b>Total</b>	<b>75.2</b>	<b>68.4</b>

Wages and salaries include redundancy costs of £0.6m (2015: £Nil) arising from restructuring activities completed during the year.

All staff are employed by the BHF. The average number of staff, employed in the year, was:	2016	2015
Head office	459	408
Regions	41	56
Shops	2,909	2,804
<b>Total</b>	<b>3,409</b>	<b>3,268</b>

Reflecting:		
Full time staff	2,161	2,103
Part time staff	1,248	1,165
<b>Total</b>	<b>3,409</b>	<b>3,268</b>

Full time equivalent average headcount	2,863	2,709
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The following numbers of staff have emoluments above £60,000:	2016	2015
Between £60,000-£70,000	22	21
Between £70,001-£80,000	16	8
Between £80,001-£90,000	4	3
Between £90,001-£100,000	4	6
Between £100,001-£110,000	3	2
Between £110,001-£120,000	–	–
Between £120,001-£130,000	1	–
Between £130,001-£140,000	–	1
Between £140,001-£150,000	1	1
Between £150,001-£160,000	1	1
Between £160,001-£170,000	–	1
Between £170,001-£180,000	2	1
Between £180,001-£190,000	–	1

The key management personnel of the BHF are the members of the Executive Group, further details of the membership and function of which is provided on page 49. The total employee benefits of the Executive Group in the year was £1.1m (2015 £1.1m).

**Trustee costs:** no Trustees received any remuneration for services as members of the Board of Trustees, but a total of £2,350 (2015: £3,453) was reimbursed to two (2015: three) members for travelling expenses to and from meetings. As permitted in the Articles of Association, Trustee indemnity insurance was purchased at a total cost of £4,505 (2015: £5,035).

**6. Statement of funds**

	Note	Balance 1 April 2015 £m	Incoming resources £m	Total resources expended £m	Net investment loss £m	Actuarial gain pension fund £m	Balance 31 March 2016 £m
<b>Endowment funds (Group and Charity):</b>							
Chair endowment trusts	a	7.1	–	–	–	–	7.1
G M Yule bequest	b	0.1	–	–	–	–	0.1
P Gordon bequest	c	0.3	–	–	–	–	0.3
Total endowment funds		7.5	–	–	–	–	7.5
<b>Restricted funds (Group and Charity):</b>							
Legacy donations	d	2.3	4.5	(1.8)	–	–	5.0
Research	e	–	0.3	(0.3)	–	–	–
Prevention, survival and support	f	–	1.2	(1.2)	–	–	–
Department of Health grant	g	–	1.0	(1.0)	–	–	–
Oxford IDRM	h	1.7	2.6	(5.0)	–	–	(0.7)
Mending Broken Hearts Appeal	i	4.8	4.2	(2.6)	–	–	6.4
Total restricted funds		8.8	13.8	(11.9)	–	–	10.7
Unrestricted funds (Group)		50.4	287.7	(304.2)	(9.9)	4.0	28.0
Unrestricted funds (Charity)		49.3	274.6	(290.0)	(9.9)	4.0	28.0
Total Group funds		66.7	301.5	(316.1)	(9.9)	4.0	46.2
Total Charity funds		65.6	288.4	(301.9)	(9.9)	4.0	46.2

**Notes**

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

**Endowment of Chairs of Cardiovascular Medicine**

Originally 13 of the BHF's Chairs of Cardiovascular Medicine were supported by endowments (the last of which was created in 1987); the remainder are personal chairs, of which there are currently 33.

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

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

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

# Notes to the accounts

## 6. Statement of funds (continued)

### Analysis of Group net assets between funds

	Unrestricted funds £m	Restricted fund £m	Endowment fund £m	Total £m
Tangible fixed assets	24.0	–	–	24.0
Investments	193.5	–	–	193.5
Current assets	145.9	10.7	7.5	164.1
Current liabilities	(121.8)	–	–	(121.8)
Long-term liabilities	(212.5)	–	–	(212.5)
Defined benefit pension liability	(1.1)	–	–	(1.1)
<b>Total net assets as at 31 March 2016</b>	<b>28.0</b>	<b>10.7</b>	<b>7.5</b>	<b>46.2</b>
At 31 March 2015	50.4	8.8	7.5	66.7

### Analysis of Charity net assets between funds

	Unrestricted funds £m	Restricted fund £m	Endowment fund £m	Total £m
Tangible fixed assets	24.0	–	–	24.0
Investments	193.5	–	–	193.5
Current assets	147.0	10.7	7.5	165.2
Current liabilities	(122.9)	–	–	(122.9)
Long-term liabilities	(212.5)	–	–	(212.5)
Defined benefit pension liability	(1.1)	–	–	(1.1)
<b>Total net assets as at 31 March 2016</b>	<b>28.0</b>	<b>10.7</b>	<b>7.5</b>	<b>46.2</b>
At 31 March 2015	49.3	8.8	7.5	65.6

## 7. Intangible fixed asset

Group	2016 £m	2015 £m
Opening amortised value	1.1	1.1
Exceptional impairment charge	(1.1)	–
<b>Closing value</b>	<b>–</b>	<b>1.1</b>

The right to run the London to Brighton Bike Ride event was acquired as a going-concern in 1992 and has remained on our balance sheet at cost of £1.1m since acquisition. The event has significantly transformed since acquisition, and as a result the value of the event to the BHF and the on-going revenue this generates cannot readily be attributed to the original asset acquired 24 years ago. Consequently the asset has been impaired in 2016 to a zero carrying value.

## 8. Tangible fixed assets

### Group and Charity

	Freehold property £m	Short leasehold property £m	Shop fixture and fittings £m	Vehicles £m	Furniture and equipment £m	Computers £m	Total £m
<b>Cost</b>							
At 1 April 2015	2.4	22.9	20.5	2.4	10.5	16.3	75.0
Additions	–	1.9	3.3	0.8	0.5	1.2	7.7
Disposals	–	(0.5)	(0.5)	(0.4)	(0.1)	(0.1)	(1.6)
<b>At 31 March 2016</b>	<b>2.4</b>	<b>24.3</b>	<b>23.3</b>	<b>2.8</b>	<b>10.9</b>	<b>17.4</b>	<b>81.1</b>

### Accumulated depreciation

At 1 April 2015	0.3	14.5	16.4	1.3	8.4	10.9	51.8
Charge for year	0.1	1.5	1.4	0.6	1.0	2.1	6.7
Disposals	–	(0.4)	(0.4)	(0.5)	(0.1)	–	(1.4)
<b>At 31 March 2016</b>	<b>0.4</b>	<b>15.6</b>	<b>17.4</b>	<b>1.4</b>	<b>9.3</b>	<b>13.0</b>	<b>57.1</b>

### Net book values

<b>At 31 March 2016</b>	<b>2.0</b>	<b>8.7</b>	<b>5.9</b>	<b>1.4</b>	<b>1.6</b>	<b>4.4</b>	<b>24.0</b>
At 31 March 2015	2.1	8.4	4.1	1.1	2.1	5.4	23.2

Future capital expenditure commitments on specific projects for the Group of £0.5m (2015 £0.3m) has been contracted but no provision has been made.



**9. Investments**

<b>Group and Charity</b>	<b>2016 £m</b>	<b>2015 £m</b>
<b>Market value</b>		
At 1 April	203.8	182.5
Purchase of investments at cost	65.6	71.9
Disposal Proceeds	(66.0)	(75.5)
	203.4	178.9
Net realised investment gains	2.0	5.9
Net unrealised investment (loss)/gain	(11.9)	19.0
At 31 March	193.5	203.8
<b>Represented by</b>		
Listed investments : Equities	188.9	200.3
Cash held for investment purposes	4.6	3.5
Total investments at 31 March	193.5	203.8

Listed investments include overseas investments of £106.9m (2015: £112.0m).

No material shareholdings were held by the Charity in any one company.

The Trustees consider the value of the investments to be supported by their underlying assets, as appropriate.

The Charity holds 100 per cent shareholdings in the four subsidiary undertakings within the Group; these are valued at cost of £8 (see note 15).

**10. Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2016 £m</b>	<b>2015 £m</b>	<b>2016 £m</b>	<b>2015 £m</b>
<b>Debtors</b>				
Amount owed by subsidiary undertakings	–	–	7.0	7.3
Sundry debtors	3.3	4.6	3.3	4.6
Income tax recoverable	4.9	4.8	4.9	4.8
Prepayments	9.9	9.0	9.9	9.0
Accrued income	2.0	1.3	2.0	1.2
Accrued legacies	47.7	41.6	47.7	41.6
Total debtors	67.8	61.3	74.8	68.5

# Notes to the accounts

## 11. Research and other awards

### Group and Charity

	Prevention, survival and support £m	Research £m	2016 £m	2015 £m
<b>Provision for research &amp; other grant awards</b>				
Grants awarded during the year	3.5	113.4	116.9	90.7
Movement in estimated future grant underspend	(0.2)	(13.0)	(13.2)	(9.4)
Increase in grant discount	–	0.6	0.6	4.3
Net research grant awards as recognised in the statement of financial activities	3.3	101.0	104.3	85.6
Payment made during the year			(82.3)	(87.9)
Net movement in provision during the year			22.0	(2.3)
Grant provision at 1 April			285.1	287.4
<b>Grant provision at 31 March</b>			<b>307.1</b>	<b>285.1</b>
Awards falling due within one year			97.5	105.1
Awards falling due after more than one year			209.6	180.0
<b>Grant provision at 31 March</b>			<b>307.1</b>	<b>285.1</b>

### Research & other grant awards commitments

Total grants awarded and unpaid at 31 March, including conditional grant awards (total grant commitments)	374.2	346.4
Less conditional translation awards and Chairs grants *	(22.8)	(21.2)
<b>Total unconditional grant awards outstanding at 31 March</b>	<b>351.4</b>	<b>325.2</b>
Less estimated future grant award underspend *	(42.2)	(37.4)
Less grant discount	(2.1)	(2.7)
<b>Grant provision at 31 March</b>	<b>307.1</b>	<b>285.1</b>

\* The BHF has a contingent liability of £65.0m (2015: £55.7m) including £22.8m (2015: £21.2m) for awards conditional upon the favourable outcome of scientific reviews and £42.2m (2015: £37.4m) representing the expected future underspend against grant awards.

The Charity has discounted its long-term liabilities, both for research and prevention, survival and support grants. A discount rate of 0.48% (2015: 0.68%) has been applied to both amounts recognised in the financial statements as grant creditors and grant commitments (not applied to the financial statements). The discount rate applied is the Gilt under 10 years rate. The gross discount value included in total liabilities for research grant awards is £2.1m (2015: £2.7m) and for prevention, survival and support grant awards £0.0m (2015: £0.0m).

**11. Research and other awards (continued)**

The Charity occasionally receives applications for grants from, and makes awards to, universities and hospitals which employ members of the Board of Trustees in senior research capacities. All grants are made to institutions, and a list of awards made during the year is available in the Charity's website at [bhf.org.uk/research/information-for-researchers/previous-awards](http://bhf.org.uk/research/information-for-researchers/previous-awards) (this is unaudited). The top 50 grants made in 2015-16 are listed below.

Institution	Activity	Number of grants	2016 £m
King's College London	Research	3	2.3
University of Oxford	Research	11	17.4
University of Bristol	Research	1	1.5
University College London	Research	3	3.0
University of Manchester	Research	3	2.3
University of Nottingham	Research	1	1.1
University of Edinburgh	Research	5	3.7
University of Cambridge	Research	5	13.9
University of Loughborough	Research	1	0.5
University of Southampton	Research	2	1.8
University of Birmingham	Research	2	1.5
Imperial College London	Research	3	2.2
Cardiff University	Research	2	2.0
University of Newcastle upon Tyne	Research	1	1.7
Queen Mary, University of London	Research	3	2.8
University of Glasgow	Research	3	2.0
University of Leeds	Research	1	1.4
		50	61.1
Other grants paid to institutions	Research		52.3
	Prevention, survival and support		3.5
<b>Total grants &amp; awards</b>			<b>116.9</b>



# Notes to the accounts

## 12. Other creditors

	Group		Charity	
	2016	2015	2016	2015
	£m	£m	£m	£m
Amount owed to subsidiary undertakings	–	–	2.4	1.7
Sundry creditors	7.3	4.4	7.0	4.3
Taxes and social security	1.3	0.5	1.3	0.5
Accruals	13.5	12.5	12.9	12.2
Deferred income	1.5	2.2	1.1	1.4
Holiday pay accrual	0.7	0.7	0.7	0.7
<b>Other creditors total</b>	<b>24.3</b>	<b>20.3</b>	<b>25.4</b>	<b>20.8</b>

### Deferred income

	Group		Charity	
	2016	2015	2016	2015
	£m	£m	£m	£m
Deferred income at 1 April	2.2	2.5	1.4	1.5
Released during the year	(2.2)	(2.5)	(1.4)	(1.5)
Income received during the year to be deferred	1.5	2.2	1.1	1.4
<b>Deferred income at 31 March</b>	<b>1.5</b>	<b>2.2</b>	<b>1.1</b>	<b>1.4</b>

## 13. Dilapidations provision

	Group		Charity	
	2016	2015	2016	2015
	£m	£m	£m	£m
Provision balance at 1 April	3.2	3.4	3.2	3.4
Utilised during the year	(0.8)	(0.4)	(0.8)	(0.4)
Provision accrued during the year	0.5	0.2	0.5	0.2
<b>Provision balance at 31 March</b>	<b>2.9</b>	<b>3.2</b>	<b>2.9</b>	<b>3.2</b>

## 14. Operating leases

At 31 March 2016 the Group had a total annual commitments under non-cancellable operating leases, all for land and buildings, as follows:

	2016	2015
	£m	£m
Payment due:		
Within one year	26.7	24.5
Between two and five years	82.2	76.5
After five years	32.8	34.1
<b>Total</b>	<b>141.7</b>	<b>135.1</b>

### 15. Subsidiary undertakings

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

These are:

Company name	Registered company number	Activity
British Heart Foundation Venture Ltd	02767880	Making commission arrangements and sponsorship agreements
BHF Shops Ltd	02472513	Retailing new (non donated) goods in BHF shops
London to Brighton Bike Ride Ltd	02672643	Owning rights to, and operating, the BHF 'London to Brighton Bike Ride'.
British Heart Foundation Sales Ltd	00877530	Dormant

In February 2016 London to Brighton Bike Ride Ltd completed a share capital reduction, reducing share capital from 1,150,000 ordinary shares of £1 to 1 ordinary share of £1 and creating a distributable reserve of £1,149,999.

The taxable profits of these undertakings are transferred to the Charity (parent) each year as Gift Aid.

	British Heart Foundation Ventures Ltd £m	BHF Shops Ltd £m	London to Brighton Bike Ride Ltd £m	Total 2016 £m	Total 2015 £m
Turnover	0.5	21.1	1.1	22.7	22.3
Cost of sales	–	(12.3)	(0.1)	(12.4)	(11.9)
Gross profit	0.5	8.8	1.0	10.3	10.4
Other costs	–	(2.5)	(1.0)	(3.5)	(3.8)
Net taxable profit	0.5	6.3	–	6.8	6.6
Exceptional impairment of intangible asset	–	–	(1.1)	(1.1)	–
Net profit/(loss) after impairment	0.5	6.3	(1.1)	5.7	6.6
Distribution to parent	(0.5)	(6.3)	–	(6.8)	(6.6)
Assets	0.7	7.8	0.6	9.1	10.3
Liabilities	(0.7)	(7.8)	(0.6)	(9.1)	(9.2)
Net assets	–	–	–	–	1.1

# Notes to the accounts

## 16. Pensions

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

Pension costs	2016 £m	2015 £m
Defined contribution scheme	3.2	3.0
Defined benefit scheme	0.6	0.6
	<b>3.8</b>	<b>3.6</b>

### i) Defined contribution scheme

The BHF operates a defined contribution scheme for certain eligible employees, the total cost of which for the year ended 31 March 2016 was £3.2m (2015: £3.0m). From 1 August 2013, all employees have been automatically enrolled into the defined contribution scheme and the BHF contributes between 2% and 25% of pensionable salaries.

### ii) Defined benefit scheme

The BHF operates a defined benefit scheme, whose assets are held in a separate trustee-administered fund. The scheme closed to new entrants from 30 June 2001 and to service accrual from 31 May 2016, such that from this date the pension benefit for the remaining active members will be of a defined contribution type.

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

In the last valuation it was agreed that the rate of regular employer contribution was to be maintained at 36.9% of pensionable salaries until 31 August 2015 and then increased to a rate of 40.2%. In addition an annual deficit-reducing contribution of £532,000 will be paid in April each year from 2016 to 2022 inclusive. Following closure of the scheme to service accrual, regular employer contributions ceased with effect from the 31 May 2016 closure date.

The estimate of the total contributions expected to be paid to the scheme by the BHF for the year to 31 March 2017 is £0.6m.

In accordance with the requirements of FRS 102, the full actuarial valuation of the defined benefit scheme dated 1 July 2014 has been updated at 31 March 2016 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 102. Investments have been valued, for this purpose, at fair value.

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

The major assumptions used for the actuarial valuation were :

	2016 %	2015 %	2014 %	2013 %	2012 %
Salary growth	4.4	4.3	4.6	4.6	4.1
Pension increases in payment – Limited Price Indexation	2.4	2.3	2.6	3.4	3.1
Pension increases in payment – guaranteed	5.0	5.0	5.0	5.0	5.0
Discount rate	3.8	3.5	4.5	4.4	4.6
Inflation – RPI	3.4	3.3	3.6	3.6	3.1

### Mortality

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

	2016	2015
Male	86.9	87.1
Female	88.9	89.1

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

	2016	2015
Male	88.2	88.4
Female	90.4	90.6

**16. Pensions (continued)****Major categories of plan assets as a percentage of total scheme assets**

	Asset categories as a percentage of plan assets	
	2016	2015
	%	%
Equities	57	60
Fixed interest gilts	36	34
Cash/other	3	3
Index-linked gilts	2	2
Corporate bonds	2	1

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

	2016	2015
	£m	£m
Current service cost	0.3	0.3
Expenses	0.1	–
Total operating charge	0.4	0.3
Interest income on pension scheme assets	(1.5)	(1.6)
Interest on pension scheme liabilities	1.7	1.9
Other finance costs	0.2	0.3
<b>Total</b>	<b>0.6</b>	<b>0.6</b>

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

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2016	2015	2016	2015	2016	2015
	£m	£m	£m	£m	£m	£m
<b>Scheme (liabilities)/assets at the start of the year</b>	<b>(48.7)</b>	<b>(42.1)</b>	<b>43.3</b>	<b>37.1</b>	<b>(5.4)</b>	<b>(5.0)</b>
Current service cost	(0.3)	(0.3)	–	–	(0.3)	(0.3)
Interest cost	(1.7)	(1.9)	–	–	(1.7)	(1.9)
Interest income on assets	–	–	1.5	1.6	1.5	1.6
Employer contributions	–	–	0.8	0.8	0.8	0.8
Actuarial gain/(loss)	5.5	(5.5)	(1.5)	4.9	4.0	(0.6)
Benefits paid	1.1	1.1	(1.1)	(1.1)	–	–
<b>Scheme (liabilities)/assets at the end of the year</b>	<b>(44.1)</b>	<b>(48.7)</b>	<b>43.0</b>	<b>43.3</b>	<b>(1.1)</b>	<b>(5.4)</b>

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

	2016	2015	2014	2013	2012
	£m	£m	£m	£m	£m
Defined benefit obligation (DBO)	(44.1)	(48.7)	(42.1)	(42.3)	(38.0)
Fair value of pension scheme assets	43.0	43.3	37.1	35.3	30.6
Pension deficit	(1.1)	(5.4)	(5.0)	(7.0)	(7.4)
Experience (loss)/gain on pension scheme assets	(1.5)	4.9	(0.6)	2.4	(0.6)
Adjustments as a percentage of pension scheme assets	(3%)	11%	(2%)	6%	(2%)



# Notes to the accounts

## 17. Financial instruments

	Note	Group 2016 £m	2015 £m	Charity 2016 £m	2015 £m
<b>Financial assets at fair value through statement of financial activities</b>					
Investments	9	193.5	203.8	193.5	203.8
<b>Financial assets that are debt instruments measured at amortised cost</b>					
Amount owed by subsidiary undertakings	10	–	–	7.0	7.3
Sundry debtors	10	3.3	4.6	3.3	4.6
Taxes recoverable	10	4.9	4.8	4.9	4.8
Accrued income	10	2.0	1.3	2.0	1.2
Accrued legacies	10	47.7	41.6	47.7	41.6
Cash and cash equivalents		91.7	87.2	90.4	84.6
		343.1	343.3	348.8	347.9
<b>Financial liabilities at fair value through statement of financial activities</b>					
Grants provision	11	307.1	285.1	307.1	285.1
Dilapidations provision	13	2.9	3.2	2.9	3.2
		310.0	288.3	310.0	288.3
<b>Financial liabilities that are debt instruments measured at amortised cost</b>					
Amount owed to subsidiary undertakings	12	–	–	2.4	1.7
Sundry creditors	12	7.3	4.4	7.0	4.3
Taxes and social security	12	1.3	0.5	1.3	0.5
Accruals	12	13.5	12.5	12.9	12.2
Deferred income	12	1.5	2.2	1.1	1.4
		333.6	307.9	334.7	308.4

## 18. Related Party Transactions

The Charity has taken advantage of the exemption given by FRS 102, Related Party Disclosures, from disclosing transactions with its wholly owned subsidiaries.

During the year, CCA Galleries Ltd, a company controlled by a trustee, Lance Trevellyan, donated 8 art works totalling £36,500 for two fundraising events.

The Charity awarded £3.1m (2015: £3.0m) for grants where members of Trustees were direct applicants acting on behalf of research institutions (Professor N Chaturvedi from University College London; Professor C Cooper from University of Southampton and Professor M Wilkins from Imperial College London).

**19. Transition to FRS 102**

This is the first year that the Group has presented its financial statements under FRS 102 and the Charities SORP (2015). The last financial statements prepared under UK GAAP were for the year ended 31 March 2015; the date of transition to FRS 102 was 1 April 2014. In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (2015) the restatement of comparative items was required. Set out below are the impacts of changes in accounting policies reconciling net income/(expenditure) for the year ended 31 March 2015 and total funds as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

		01 April 2014		31 March 2015	
		Group	Charity	Group	Charity
Reconciliation of Group funds		£m	£m	£m	£m
<b>Total funds in deficit as previously reported</b>		<b>(30.6)</b>	<b>(31.7)</b>	<b>(6.0)</b>	<b>(7.1)</b>
Accrued legacy income	a	37.4		40.7	
Grant provision	b	35.2		34.9	
Accrued Gift Aid income	c	1.2		1.0	
Dilapidations provision	d	(3.4)		(3.2)	
Holiday pay accrual	f	(0.7)		(0.7)	
Total impact of transition		69.7	69.7	72.7	72.7
<b>Total funds as restated</b>		<b>39.1</b>	<b>38.0</b>	<b>66.7</b>	<b>65.6</b>
Reconciliation of net income		Group and charity			
		31 March 2015			
		£m			
<b>Net incoming resources (before other recognised gains and losses) as previously reported</b>		<b>0.9</b>			
Reclassification of net gains on investments previously recognised within net movement in funds		24.9			
Net income adjusted for reclassified balances		25.8			
Legacy income	a		3.3		
Grant provision	b		(0.3)		
Gift Aid income (retail)	c		(0.2)		
Dilapidations provision	d		0.2		
Defined benefit scheme costs	e		(0.6)		
Holiday pay accrual	f		–		
Total impact of transition		2.4			
<b>Net income as restated</b>		<b>28.2</b>			
Actuarial loss on defined benefit pension scheme as previously reported		(1.2)			
Changes resulting from FRS 102 transition		e 0.6			
<b>Actuarial loss on defined benefit pension scheme as restated</b>		<b>(0.6)</b>			

# Notes to the accounts

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## 19. Transition to FRS 102 (continued)

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### (a) Accrued legacy income

Legacy income is now estimated and recognised for legacies (except those subject to a life tenancy) when probate has been granted on the estate. Previously legacy income was recognised at the earlier of receipt of final estate accounts or on receipt of cash.

### (b) Grant liabilities

Research grant liabilities are now recognised at a reduced value as a provision, reflecting uncertainty of both the timing and value of future payments of grant awards. Previously grant awards were recognised at award value, with the impacts of any underspend against grant awards recognised on closure of the grant, typically 6 months after the grant end date.

### (c) Accrued Gift Aid income (retail)

Gift Aid income arising from the sale of donated stock (retail Gift Aid income) is now estimated and recognised when donated stock has been sold. Previously retail Gift Aid income was recognised when Gift Aid claims were submitted to the HMRC.

### (d) Dilapidation provision

Our shops are leased premises giving rise to an operating lease commitment as disclosed in note 14. Our practice is to ensure premises are maintained to a good standard throughout the lease term, such that the obligation arising at the end of the lease term is minimised. Under previous UK GAAP our accounting policy was to recognise the maintenance costs as incurred. Following transition to FRS 102, dilapidations costs are now estimated and recognised evenly over the term of each lease, with the provision adjusted as maintenance costs are incurred. This has resulted in the earlier recognition of a dilapidations commitment.

### (e) Defined benefit pension scheme

Under previous UK GAAP the BHF recognised an expected return on defined benefit plan assets within total expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised within total expenditure. The effect of the change has been to reduce the credit to total expenditure in the year to 31 March 2015 by £0.6m and increase the credit within the actuarial gain/(loss) by an equivalent amount. There has been no change to the defined benefit scheme net liability at either 1 April 2014 or 31 March 2015.

### (f) Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the Group recognising a liability for holiday pay of £0.7m on transition to FRS 102.

# Legal and administrative details

## Registered Office

British Heart Foundation  
Greater London House  
180 Hampstead Road  
London NW1 7AW

Tel: 020 7554 0000  
Fax: 020 7554 0100  
[bhf.org.uk](http://bhf.org.uk)

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

## Bankers and principal advisers

### Bankers

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

Bank of Scotland PLC  
The Mound  
Edinburgh EH1 1YZ

### Investment Managers

Schroder Investment Management Ltd  
31 Gresham Street  
London EC2V 7QA

Smith & Williamson Investment Management Ltd  
25 Moorgate  
London EC2R 6AY

### Cash Managers

Royal London Cash Management Ltd  
55 Gracechurch Street  
London EC3V 0UF

### Independent Investment Advisors

Stanhope Capital  
35 Portman Square  
London W1H 6LR

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London SE1 2RT





**British Heart  
Foundation**

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

But so many people still need our help.

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

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

**FIGHT  
FOR EVERY  
HEARTBEAT**

[bhf.org.uk](http://bhf.org.uk)

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