



Putting theory into practice
Annual Report and Accounts 2017

SCIENCE NOT FICTION.

**FIGHT
FOR EVERY
HEARTBEAT**

bhf.org.uk



Our Strategy to 2020



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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.

Overview

Professor Michael Schneider leads a BHF-funded team investigating regenerative techniques that could be used to repair the heart after it has been damaged by a heart attack. His work could radically improve the lives of thousands of patients and potentially prevent heart failure after heart attacks.

I'M IN THIS FOR ANSWERS.

Professor Michael Schneider,
Imperial College London



Our challenge



Every three minutes another person in the UK dies from heart and circulatory disease



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



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



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



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

Our work



Our free membership scheme, the BHF Alliance, supports over 3,700 healthcare professionals caring for those affected by heart and circulatory disease



We set our goals high, aiming to fund around £100 million of new research every year

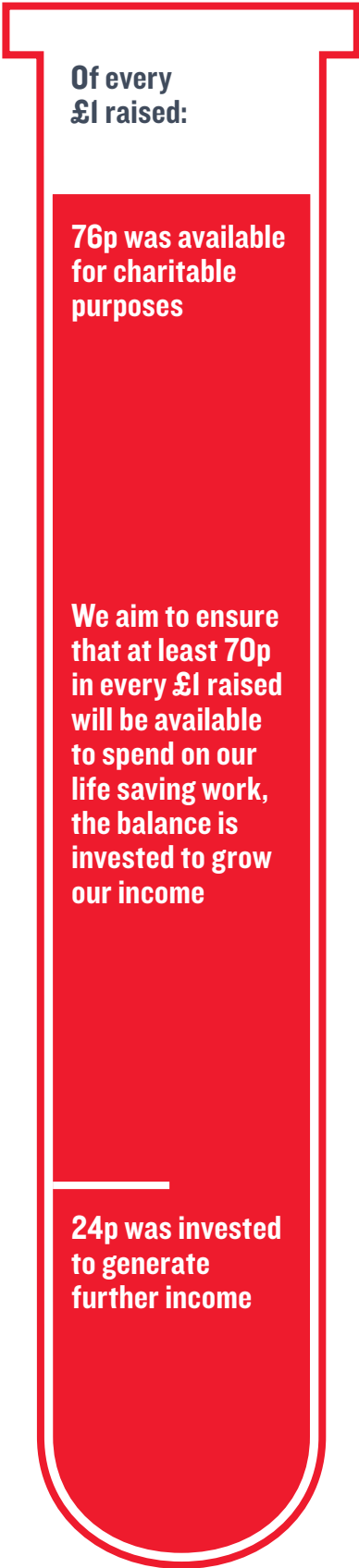
The total grants awarded for life saving research in 2016-17



Where our money came from in 2016-17



How your money was spent in 2016-17



How we delivered our mission in 2016-17



*£107.5m of research grant awards, less accounting adjustments including for grant claim experience and a time-related discount factor.

Highlights of the year

In a year of important research breakthroughs, significant achievements in our ambition to create a nation of life savers, and incredible success in fundraising and retail, it's a challenge to pick our landmark moments from the last year's. Here are just a few of the highpoints in 2016-17's fight for every heartbeat.



July 2016
New celebrity ambassadors
Former Liverpool FC Manager Graeme Souness and Olympic medalist Roger Black MBE join our fight, becoming BHF Ambassadors for Research.

July 2016
Miles Frost Fund Summer Party
The Frost family hosts their annual Summer Party one last time, to raise vital funds for the Miles Frost Fund.

April 2016
Testosterone & heart disease research
BHF-funded researchers at the University of Edinburgh link testosterone with an increased risk of heart disease, sparking new hope that the risks might be reduced for men.

May 2016
MyMarathon launched
Over 30,000 people take part in our new MyMarathon fundraiser in May and September, raising over £1m.

June 2016
Manikins to schools
A London school receives our 100,000th CPR manikin. The unique gold manikin is helping children learn life saving CPR skills.



August 2016
Congenital & inherited conditions
An international team of researchers, part-funded by the BHF, discover that some heart defects can be inherited from healthy parents.

September 2016
Our new Medical Director
Professor Sir Nilesh Samani succeeds Professor Peter Weissberg as our new Medical Director.

Pippa Middleton's book
BHF Ambassador Pippa Middleton launches Heartfelt, a book including 100 heart healthy recipes to raise funds for BHF research.

October 2016
Restart a Heart Day
Over 150,000 people in the UK learn life saving CPR on European Restart a Heart Day as part of our nation of life savers campaign.

Next Home retail stock partner launch
We launch a new partnership with Next Home Stores encouraging customers to donate their unwanted furniture to the BHF, contributing £245,000 so far.



December 2016
Heart attack research
Researchers who are part-funded by the BHF develop a patch that could bridge the gap in a heart's electrical signals after a heart attack.

January 2017
Peter Weissberg commended
Professor Peter Weissberg, our former Medical Director, is awarded a CBE for services to medical research and cardiovascular health.



February 2017
Sudden devastation
We launch our When You Least Expect It campaign to raise awareness that heart disease can strike at any time.

March 2017
HRH Prince Philip
HRH The Duke of Edinburgh hosts a dinner with BHF supporters to celebrate his 55 years of patronage.

Message from our Chairman

When I wrote my message for the last annual report I had been Chair of Trustees for just six months. Over the past twelve months my impression of an amazing organisation has been endlessly reinforced.

Against all the challenges, from the implications of the Brexit referendum, to changes to Government funding of research, unprecedented media attacks on the charity sector, and a salutary reminder from the Information Commissioner's Office on the need for the very highest standard in handling personal supporter information, we have strengthened our position as one of the UK's largest and most loved charities.

Through all of this, I am proud of the way our staff and volunteers have remained focused on our goals. This report showcases some of the incredible breakthroughs we have made this year, and our progress in accelerating our discoveries into clinical practice to improve patients' lives.

Our ambition is as focused as ever. We seek to end the devastation experienced by the 7 million people in the UK living with cardiovascular disease, by investing in world-leading research, and ensuring the benefits of those breakthroughs are brought to patients as soon as possible.

Last year we awarded over £100m of research grants and have committed to maintaining this level for at least the next five years to support the inspirational scientists whose work saves and transforms millions of lives here and around the world, and in particular to increase our investment in exciting emerging areas such as regenerative medicine and the applications of data science to improving outcomes by enabling earlier identification of cardiovascular disease.

We have an enviable global reputation which gives us opportunities to collaborate and lead on an international scale to tackle the biggest challenges in heart disease, stroke, dementia and other conditions.

At the heart of everything we do are the needs and hopes of the millions of people who struggle with the burden and impact of heart disease. I am inspired every day by the incredible stories of people who have been affected by heart and circulatory disease, who are willing to share their emotional and sometimes difficult stories, and do anything they can to support the BHF. Their bravery inspires us to use research to change the future.

Dr Douglas Gurr, Chairman

Message from our Chief Executive

In 2016-17 we awarded over £107m of research grants, funding numerous life saving scientific discoveries which will change peoples lives in the future. We've trained 2.4 million people to date in life saving CPR as part of our nation of life savers programme.

These are the headlines of the transformational work of the BHF, working on behalf of the 7 million people in the UK with heart and circulatory disease.

But we still have so much more to do, as heart and circulatory disease is responsible for around 1 in 4 deaths in the UK, and each day 12 babies are diagnosed with congenital heart defects.

In order that we can invest in saving lives we have to earn and maintain the trust and confidence of our supporters and volunteers. The new Fundraising Regulator was introduced this year to set and maintain standards for charitable fundraising. We welcome these changes and have been at the forefront of the sector's work to deliver the highest standards. Our supporters are at the heart of everything we do. We continue to listen to them and adapt, and uphold our supporter promise to ensure we do not abuse the generosity of supporters who may be vulnerable.

New regulations about consent and the use of data being introduced next May mean we will have to invest to make sure we keep pace with the requirements of the law but, most importantly, meet the high standards our supporters and volunteers expect. Despite these challenges, I am delighted that we remain one of the most loved and trusted charities in the UK.

Looking forward, there are opportunities for us to capitalise upon our reputation as a world leader in cardiovascular research to extend our reach further, to use our expertise to influence decision makers on how best to tackle one of the UK's biggest killers. This year I am proud that we launched an All Party Parliamentary Group report on living with heart disease which made a number of recommendations to Government and the NHS to help reduce hospital admissions.

As president of the European Heart Network, I work closely with colleagues across Europe, and at the World Heart Federation, to seize opportunities to operate internationally. Our successes benefit people all over the world, so it is right that we explore the opportunities to work collaboratively across the world.

We are relentless in our determination to do all we can to beat cardiovascular disease and our incredible achievements this year are set out in the pages of this report. I would like to say a personal thank you to our generous supporters and volunteers who make all this possible. We are also indebted to our Trustees and our Advisory Board, all of whom give their time and expertise freely to help guide our organisation towards winning the fight for every heartbeat.

Simon Gillespie, Chief Executive

Trustees' report: Strategic report

Professor Rhian Touyz is based at the University of Glasgow. Her BHF-funded team discovered that excessive free radicals, produced by the Nox5 enzyme, are partly responsible for causing damage and inflammation in small blood vessels. This finding could lead to new treatments and healthier blood vessels for the estimated 15 million people across the UK with high blood pressure – a condition that greatly increases the risk of heart disease, stroke and also dementia.

IT TAKES PASSION.

Professor Rhian Touyz,
University of Glasgow



Research Breakthroughs

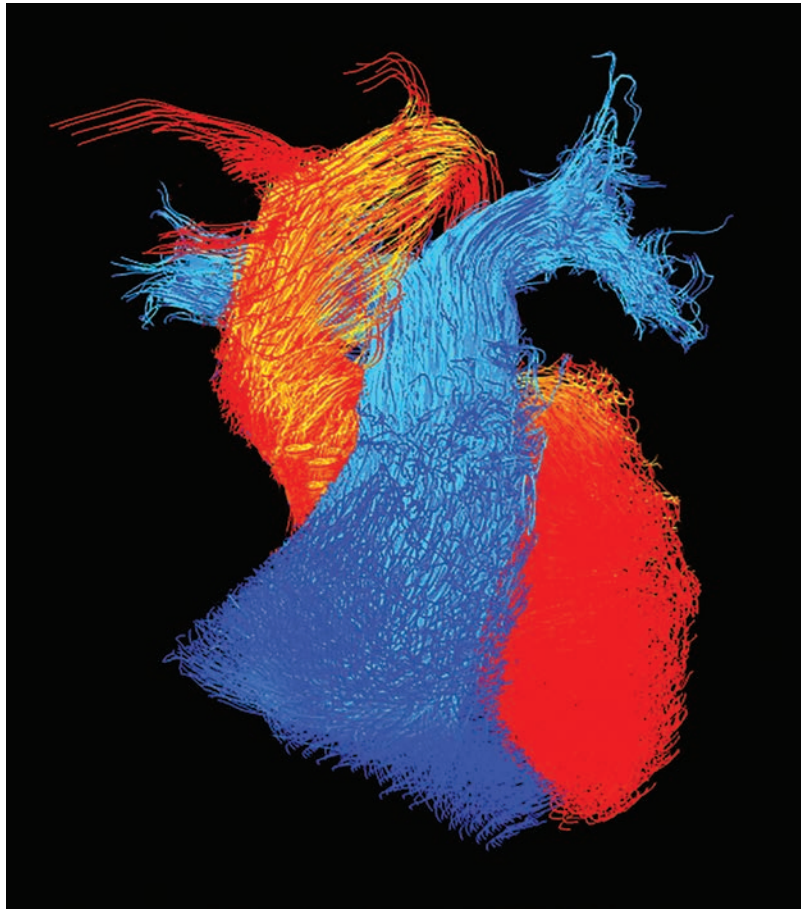
Our aims

To build on our position as a research-driven charity and the UK's leading independent funder of cardiovascular research, by understanding the social, genetic, cellular and molecular causes of cardiovascular disease (CVD), by discovering better ways of preventing, diagnosing and treating it, and by translating those discoveries into patient care.

Next steps

We will continue to invest in people, paying particular attention to supporting women in research and attracting the most talented scientists from around the world to fight against all forms of CVD.

We will target an unmet need by increasing the impact of our research through a wider portfolio incorporating informaticians, nurses and allied healthcare professionals, and will build capacity in under-developed research areas including cardiac and vascular surgery and congenital heart disease.



Beating heart and circulatory disease takes incredible levels of investment. This year alone we have awarded a total of £107.5m in life saving research grants, supporting over 550 leading cardiovascular scientists across the UK. Each discovery they make is another step towards ending tragedy and loss. Here are some of the highpoints from their work over the past 12 months.

Genetic role in congenital heart disease

Congenital heart defects are the most common type of birth defect. In the UK around 4,000 babies are diagnosed with congenital heart disease each year – equivalent to around one in every 180 births. In severe cases they may need corrective surgery. A team of international researchers, funded by the BHF, has discovered that some congenital heart disease can be inherited from a person's seemingly healthy parents. The research, led by Professor David Brook's team at the University of Nottingham, discovered that a genetic cause can be identified in around 10–20% of people with congenital heart disease.

While larger studies are needed to pinpoint the exact combination of genetic and environmental factors that contribute to congenital

heart disease, this research project could one day lead to new ways to diagnose or treat different congenital heart conditions.

New blood pressure research

Doctors could soon be able to identify patients at risk of high blood-pressure and target treatments accordingly, thanks to a study funded by the BHF.

Researchers at Imperial College London and Queen Mary University of London have discovered 107 new gene regions associated with high blood pressure which, when tested for, could indicate which patients should take preventative medication and make lifestyle changes to reduce their risk of heart disease and stroke.

£107.5m

The total we invested in life saving research in 2016–17

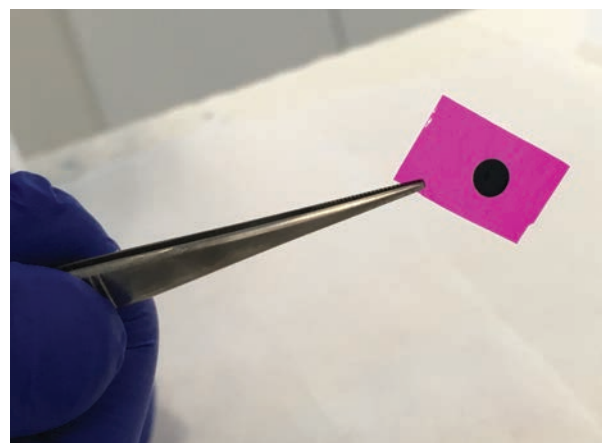


I haven't had a heart operation yet, but I'm getting close to the point where they will have to operate to replace part of my aorta. Both my grandad and uncle died very suddenly after developing an aneurysm, so my heart problems definitely play on my mind a lot. It's reassuring to see that progress is being made that may mean people like me don't need to undergo such an invasive procedure as open heart surgery in the future.

Shona, 19

Breakthroughs for heart failure

Over half a million people in the UK are living with heart failure, a condition where a person's heart becomes damaged – usually after a heart attack – making it less able to pump blood around the body effectively. We are supporting an international research collaboration to try and identify new ways to mend these broken hearts.



This year we have seen two important breakthroughs. A team including Professor Sian Harding, Director of the BHF Centre of Regenerative Medicine at Imperial College London, successfully created a material designed to bridge the gap in the heart's electrical signals caused by a heart attack. There is much excitement as this innovation holds the potential to transform the lives of heart attack patients and prevent them going into heart failure.

In addition, researchers we help to fund at Imperial College London and the MRC Clinical Sciences Centre have found that around 1% of the population carry a faulty gene which could put them at greater risk of heart failure. The research, carried out on rats, found that by carrying this gene the development of dilated cardiomyopathy is more likely when the heart is placed under



abnormal stress, such as through pregnancy, high blood pressure or alcoholism. The findings suggest that around 75 million people worldwide could be at risk of developing heart failure if their hearts are placed under abnormal stress. Research is now underway to find out which genetic factors or environmental triggers may put people with these mutations at greater risk.

The total active BHF grants into heart attack and angina

£48.6m

A first for Marfan

An estimated 13,000 people in the UK have Marfan syndrome, caused by mutations in a gene known as fibrillin-1. These people are at significant risk of a life-threatening rupture of the main artery. There is no cure for Marfan syndrome, only treatments that can prevent or delay complications, and manage symptoms.

Our researchers at the University of Cambridge have, for the first time, created blood vessel tissues in a petri dish which mimic Marfan syndrome in human arteries. These models show how this inherited disease can lead to fatal aneurysms and potentially provide insight towards the development of new treatments.

Shaping congenital heart disease research

Understanding how a foetus's heart develops in the womb could be key to preventing congenital heart conditions. Until recently, researchers thought that the first time human heart muscles contracted was around day 21 of pregnancy.

Now, thanks to BHF Professor Paul Riley's team at the University of Oxford, we know that it is in fact earlier – starting as early as 16 days after conception.

This discovery could ultimately mean better health outcomes for the estimated 4,000 babies each year diagnosed with congenital heart disease in the UK as scientists

hope one day to be able to prevent heart conditions that arise as a foetus develops. The research is also significant to those working to repair the damage left behind after a heart attack, as the BHF-funded team have also begun to investigate how the beating of new heart muscle cells might be triggered and used to replace damaged heart muscle after a heart attack.

Testosterone risk

Each year almost 200,000 people in the UK go to hospital due to a heart attack, which is around one person every three minutes – and hospitals see almost twice as many men as women. Researchers are keen to understand why men are at such increased risk as it may offer insight on how to bring heart attack rates down.

Scientists at the University of Edinburgh, part funded by us, examined the effects of testosterone on blood vessel tissue in mice. They found that the hormone triggers cells from the blood vessels to produce bone-like deposits – a process called calcification.

This affects the heart in a number of ways and is strongly linked to increased risk of heart attack and stroke. The research is at an early stage, and more evidence is needed to conclusively show that testosterone may increase the risk of heart disease in humans. However, scientists believe their research is an important finding which may ultimately help reduce the number of deaths from heart attacks.

IT'S WITHIN MY GRASP.

Professor Hugh Watkins,
University of Oxford

Professor Hugh Watkins is leading one of the largest studies to identify genes that increase the risk of coronary heart disease. His work is already resulting in genetic screening schemes that identify people with life-threatening heart conditions and enable potentially life saving interventions.

Research Our people

Every year in the UK, around 160,000 people die of heart and circulatory disease and millions fight their daily battles with different heart conditions. The stakes couldn't be higher – so we fund the best scientists in the world to bring their skill and experience to every aspect of cardiovascular research. We're making incredible progress. But we won't stop until the fight is over.

We currently fund over 550 of the UK's leading cardiovascular scientists in around 50 different research locations across the UK. They push research boundaries to transform the lives of the thousands of people who fight a daily battle with heart and circulatory disease.

Developments

Professor Sir Nilesh Samani, Medical Director

The BHF Medical Director oversees and sets the strategy for the charity's research funding of around £100m each year. We were proud to see Professor Sir Nilesh Samani take over this role in 2016. He is a former BHF Professor of Cardiology and Head of the Department of Cardiovascular Sciences at the University of Leicester. He is a Consultant Cardiologist at the Cardiac Centre, Glenfield Hospital, Leicester, where he continues to undertake clinical work. He is also Director of the National Institute for Health Research (NIHR) Leicester Biomedical Research Unit in Cardiovascular Disease. His research focuses on the inherited basis of common cardiovascular diseases and he is one of the most highly cited researchers in the world.

In 2015 Professor Samani was awarded a knighthood for his contribution to medicine and research.

Professor Metin Avkiran, Associate Medical Director

In September Professor Metin Avkiran was appointed as Associate Medical Director for Research at the British Heart Foundation, on secondment from King's College London. He is at the forefront of cardiovascular research as Professor of Molecular Cardiology at Kings College London and Deputy Head of the Cardiovascular Division within the BHF Centre of Research Excellence. His team focuses on investigating the molecular signalling mechanisms that regulate cardiac function in health and disease. He has previously served as Chair of the British Society for Cardiovascular Research and President of the International Society for Heart Research.

Professor Peter Weissberg, CBE, former Medical Director

Professor Peter Weissberg, our former Medical Director, has been awarded a CBE for his lifelong commitment to medical research and cardiovascular health. Professor Weissberg, who retired as our Medical Director in 2016, led our research funding strategy from 2004, supporting more than half of all cardiovascular research in the UK, and enabling breakthroughs that are today saving lives.

Professor Sven Plein, BHF Professor of Cardiovascular Imaging

In September we announced Sven Plein as our BHF Professor of Cardiovascular Imaging in recognition of his world-class research in the fight against heart disease. We awarded him and his team a £1m grant to enable expansion of their ground-breaking research programme into how MRI can improve our understanding of heart disease and diagnose it more accurately without the need for invasive tests.



Right:
Professor Sir Nilesh Samani, Medical Director

Research Centres of Excellence

To date we have awarded almost £58m into research at our BHF Centres of Research Excellence. These Centres bring together some of the world's best researchers in cardiovascular disease in universities across the UK. Their vital work conducted at the very frontline of our fight against heart disease brings hope that we will one day beat these devastating conditions for good.

Predicting future heart attacks

The BHF Centre of Research Excellence at the University of Edinburgh has played a leading role in developing a high-sensitivity blood test. The troponin test is currently used to diagnose heart attacks, but BHF Senior Clinical Research Fellow Professor Nicholas Mills and his team have found that it could also help assess the risk of future heart disease. This is a crucial step in reducing early deaths through coronary heart disease.

Improving diagnosis of inherited heart conditions

Researchers at our Centre of Excellence at the University of Oxford, along with experts at Royal Brompton Hospital, have discovered better ways to interpret the genetic information in patients tested for inherited heart conditions called cardiomyopathies. Cardiomyopathies are diseases of the heart muscle which can affect the size and shape of the heart, and its ability to beat properly. Comparing genetic data from nearly 8,000 patients with over 60,000 samples from the general population, they were able to identify the most relevant genes to test for. The research will save countless lives as it means that individuals with a cardiomyopathy will be more effectively identified, monitored and treated.

Nitric oxide and high blood pressure

Researchers at our Centre at King's College London have uncovered a new aspect to the role of nitric oxide which is involved in regulating blood pressure. They have found that nitric oxide is formed in nerves, not the walls of blood vessels as previously thought which could lead to better treatment for high blood pressure and so reduce the risk of stroke and heart attacks.

International study analyses DNA

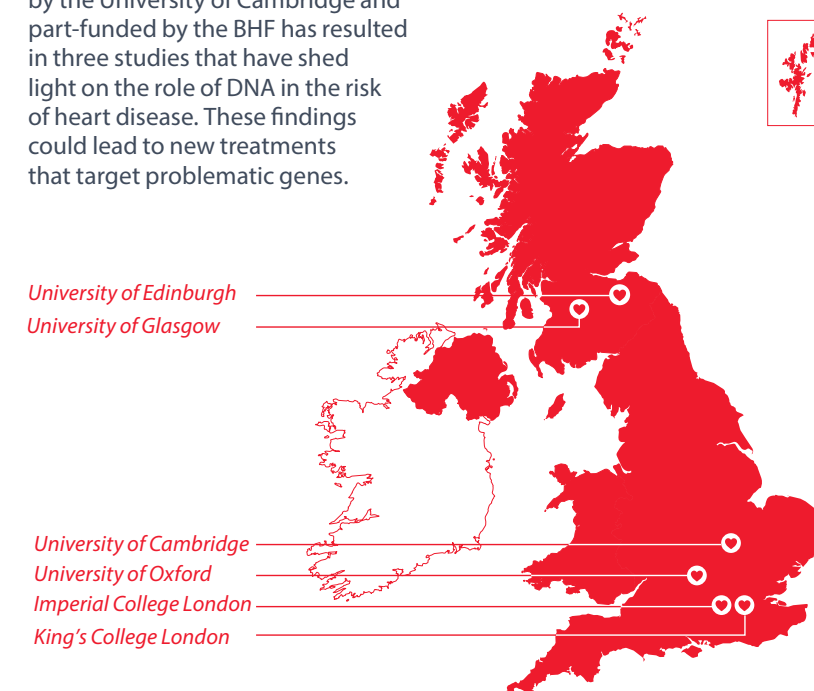
An international collaboration led by the University of Cambridge and part-funded by the BHF has resulted in three studies that have shed light on the role of DNA in the risk of heart disease. These findings could lead to new treatments that target problematic genes.

Small blood vessels

Research from our Centre of Excellence at the University of Glasgow focuses on small blood vessel injury. These are the root cause of major cardiovascular diseases like heart attacks, stroke and hypertension. They have developed new systems to detect these small vessels, which will help doctors know when a patient needs more intensive treatment, increasing survival rates and healthier populations free of heart disease.

Artificial intelligence predicts heart condition

Pulmonary arterial hypertension (PAH) affects over 7,000 people in the UK. It is a debilitating illness that could leave the patient in need of a lung and heart transplant. Breakthrough research from our Centre at Imperial College London used new software and MRI scans to accurately predict the prognosis of those with PAH and ultimately could be used to improve treatments.



“

I am young, and I feel healthy. But I had a heart attack out of the blue and I'm scared it will happen again. I've since found out I have a rare condition called spontaneous coronary artery dissection (SCAD) and the BHF is funding the UK's first clinical trial into my condition. They're working out how to stop these heart attacks from happening and how to identify who could be at risk. That research could save lives like mine.

Rebecca Breslin, 39



Research Investment

Funding clinical trials

As the biggest independent funder of cardiovascular research in the UK, funding clinical trials represents a significant area of the work we do to improve patient care and drive forward medical breakthroughs. Clinical trials are key to pushing us forward in the fight to end heart disease because they show if treatments are safe and effective, and can be adopted into clinical practice in the future.

We currently have around £32.5m of active grants funding clinical trials and we are closely monitoring results on a huge range of diverse projects – all of which hold the potential to improve treatment for patients or save lives. A brief overview of our current trials includes the development of a more sensitive troponin test that could identify patients having a heart attack more easily, leading to earlier and more effective interventions.

A UK wide study is also being conducted to establish whether or not taking iron supplements could reduce hospitalisation in heart failure patients, and improve their ability to exercise without becoming breathless and fatigued. We are also funding a new clinical trial for a stroke patch – a new type of sticking plaster that dispenses potentially life saving medicine before a stroke patient even reaches hospital.

Researchers testing patients' troponin levels to identify if they have suffered a heart attack.



Accelerating treatments

Our new Translational Awards Committee met for the first time in November 2016 to identify which discoveries have the most potential to make it from laboratories into clinical practice more rapidly, to help transform patients' lives.

This year the Committee made two awards and invited six preliminary applicants to submit full applications for the next meeting. Since we launched the scheme, we have invested £1.6m in seven projects which include drugs, cell therapy, medical devices and diagnostic development. These awards are an important part of our fight to end heart disease as they accelerate the development of early stage medicines and technologies to a point where they become attractive for larger investors or for further funding.



Active BHF grants funding clinical trials for people with cardiovascular disease

£32.5m

Professor David Newby's BHF-funded project is a world first. With colleagues, he has explained the link between air pollution and poor heart-health. He has used this finding to advise the UK government on pollution and its role in reducing heart disease.

THIS IS SOLVABLE.

Professor David Newby,
University of Edinburgh



Prevention, Survival & Support

Life saving CPR

Our aims

To work with decision-makers, healthcare professionals and patients to increase the rate of early diagnosis and effective treatment of all types of cardiovascular disease; to increase survival rates from cardiac events; and to support patients and carers in the management of conditions.

Next steps

We will take the findings of our research and implement them in clinical settings, delivering the best possible outcomes for patients and the widespread adoption of best practice.

We will increase the use of cardiopulmonary resuscitation (CPR) and defibrillation through our vision of a nation of life savers, reaching more schools and communities than ever before.

We will provide information and guidance to everyone affected by cardiovascular disease (CVD) and empower patients and healthcare professionals to join our fight.

We fight to improve the diagnosis and treatment of all types of cardiovascular disease; support the people affected by these devastating conditions and improve survival rates from cardiac arrest. We're getting closer to our ultimate aim of beating heart disease: here's an overview of what we achieved in 2016-17.

Landmarks in CPR Training

Since we launched our vision of a nation of life savers in October 2014, we estimate that 2.4 million people have been trained in CPR across the UK through our Heartstart and Call Push Rescue schemes.

Over 3,000 secondary schools in the UK have now received one of our CPR training kits, and this year we celebrated awarding a total of 100,000 manikins. This means that more people than ever before are being taught the vital CPR skills needed to act when someone has a cardiac arrest.

2.4 million people across the UK now trained as part of our nation of life savers programme



Restart a Heart Day

A European initiative, Restart a Heart Day, saw us team up with three other major charities and ambulance services to get behind the day and deliver CPR training to over 150,000 young people in October.

We were also approached by Twitter to be the partner of choice when their 'like' button changed to a heart. With 45,000 tweets of #RestartaHeart, the campaign got our message out as far as Australia and South America.

150,000 Young people trained in CPR on Restart a Heart Day

Creating a nation of life savers

Across the UK, there are over 30,000 cardiac arrests outside of hospital every year, but the survival rate is less than 1 in 10. Put simply, thousands more mums, dads, grandparents and children could be saved every year if more people knew life saving CPR skills. By training people across the UK in the life saving skills they need to respond in an emergency, we can push up survival rates and save lives lost to a cardiac arrest.

Saving lives Nationwide
Partnerships are a very important tool in our struggle to fight heart disease and we're thrilled to have partnered with Nationwide who funded CPR kits for 226 schools to train 32,000 children to be the life savers of tomorrow. Over 3,000 Nationwide colleagues were also trained in CPR. The scheme led Branch Manager Gayle Wiseman to perform CPR when a member of the public collapsed outside her branch and could save many more lives in the future.

£31.2m

The total spent to improve outcomes for people affected by heart and circulatory disease

Prevention, Survival & Support Progressing

We continue to push ahead in all areas of our Prevention, Survival & Support work: funding life saving genetic testing; supporting health professionals and educating the public on risk factors so they can increase their own chances of avoiding the nation's biggest killer.

Reducing deaths through genetic testing

Familial hypercholesterolaemia (FH) is a genetic condition that causes extremely high cholesterol levels, which is believed to affect around 260,000 people in the UK. On average FH can shorten life expectancy by between 20 and 30 years if left untreated, but we're fighting to push those figures down through early diagnosis.

BHF research discovered one of the faulty genes responsible, prompting The National Institute for Health and Care Excellence (NICE) to recommend genetic testing for immediate family members of those affected.

However this is not yet offered widely and services are patchy across the UK.

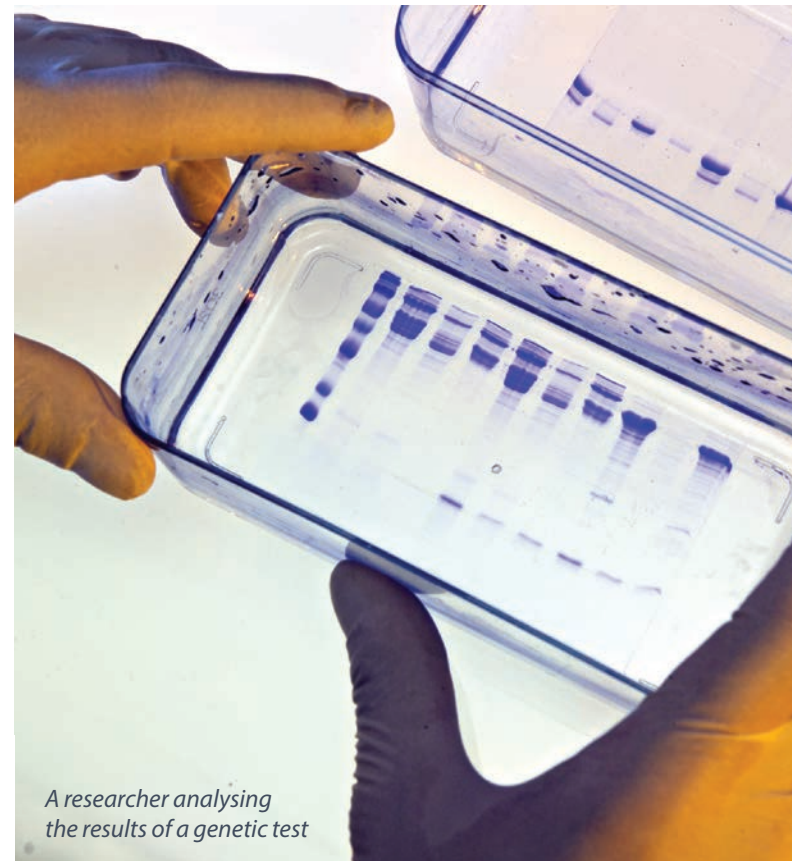
The BHF is leading a £2m project to better identify people at risk of FH. The scheme has already identified over 2,000 people who have the condition, allowing early intervention to help them live longer, healthier lives. But more must be done to sustain funding and broaden reach.

260,000
people in the UK are
estimated to have FH

Saving lives through awareness

As part of our mission to help prevent heart disease we developed and launched the Heart Age Tool in partnership with Public Health England to encourage people to understand their risk of heart and circulatory disease and take steps to reduce it. This interactive online assessment has been used by 1.2 million people so far and showed that almost 80% of the UK population have a heart age older than their actual age, putting them at increased risk of heart attack or stroke. The tool motivates people to reduce their cholesterol and blood pressure, stop smoking, increase exercise and take steps to reduce their risk.

1.2 million+
people have used our
Heart Age Tool as of
March 2017



A researcher analysing the results of a genetic test



Working in partnership for health

Tesco are a vital fundraising partner, and to date they have raised more than £18.3m for our charity partnership with Diabetes UK. The partnership works to support people to make better choices and live longer, healthier lives. So far we have reached more than 17 million people through our Let's Do This campaign, and helped over 254,000 people to eat more healthily or become more active.

Raising awareness

High blood pressure is a significant risk factor for cardiovascular disease. Nearly 30% of adults in the UK have high blood pressure but as many as 7 million of them are not receiving treatment. We are currently funding an ongoing programme of work to tackle high blood pressure in the British population. Ultimately this work will help us support health professionals and members of the public to be more aware of their blood pressure levels and the significant impact it can have on people's lives.

7 million
UK adults are not receiving
treatment for high blood
pressure

The BHF Alliance

Our free membership programme that supports healthcare professionals who work with people affected by, or at increased risk of, cardiovascular disease has grown significantly this year from 2,500 to over 3,700, meaning more practitioners are being supported to drive transformation and innovation in UK cardiovascular care and services.



Above Paul Stern, Lead Practitioner in Heart Failure and Cardiac Rehabilitation, UHNM, received a BHF Alliance Award for transforming cardiac rehabilitation in Staffordshire

The total amount
raised so far
through our
Tesco Charity
Partnership
with Diabetes UK

£18.3m

Prevention, Survival & Support Influence

Our aims

To work with national and regional governments to make cardiovascular disease a priority for politicians and senior NHS decision-makers; to actively engage patients, supporters, volunteers, health and research professionals, staff and our partners to inform and shape our work; and to increase public perception that CVD is a real and pressing problem that needs to be addressed now.

Next steps

We will engage the public through our network of shops. We will ensure that research is recognised as the solution to the suffering caused by heart disease.

We will develop a more influential voice with senior decision-makers in Government and the NHS. We will work to ensure our supporters' experience meets their expectations.

We are proud to support world-leading scientists in our fight to end heart disease. But to win our fight we also need to work with senior decision-makers in politics and healthcare, as well as the British public. These groups help to shape our work and raise awareness of heart disease as an urgent problem to be addressed. Here's an overview of some engagement activities over the past year.

Improving heart patients' lives

Making sure patients get the right treatment and best outcomes is a crucial part of our struggle to overcome heart disease. In September, we launched the All Party Parliamentary Group (APPG) report on living with heart disease. To produce the document we listened to patients, healthcare professionals and commissioners and combined their insights to make 10 recommendations designed to help the Government and NHS meet objectives around reducing hospital admissions.

Having a central role in forums such as the APPG enables us to deliver our promise to ensure that services for heart patients are informed by the latest research and delivered to the highest standard.



From left to right Stuart Andrew MP, Chair of the APPG, Julie Bartlett, patient, and Caroline Simmons, carer



Jeremy Hunt MP with BHF researcher and Chief Executive Simon Gillespie.

Launch of the BHF Alumni Programme

Since 1961 we have supported and funded the most brilliant minds in cardiovascular research and healthcare, playing a pivotal role in supporting the careers of thousands of professionals. This year we developed the BHF Alumni Programme to bring all of our current and former researchers, healthcare professionals and other affiliates back into the BHF community and support informal networks between researchers working to end heart disease.

Overcoming obstacles

In order to maximise the impact our researchers have on the lives of patients, we need key decision-makers to understand the research journey. Party conference season gave us the opportunity to speak to politicians about the pathway from 'bench to bedside'. We invited them to take part in our research board game, asking them to guide a marble through various obstacles designed to represent different phases of the research journey.

The game helped us to talk to MPs about the value of our research, the importance of Government support for science, and the potential impact of Brexit on research. Many MPs, including Cabinet Ministers Jeremy Hunt MP and Philip Hammond MP, engaged with the game and the message behind it.

“

My dad collapsed on the floor in cardiac arrest. He would have died. But the BHF had given our school CPR training materials so I knew what to do. I've since found out that they are trying to get every secondary school child in the country to learn CPR. I saved my dad's life, and the work BHF are doing will save countless more.

Sarah Salami, 15



The Miles Frost Fund

Miles Frost was a normal, healthy 31-year-old when he collapsed and died while jogging near his family home. His friends and family were truly devastated and shocked by his sudden death.

As a result, Miles' family partnered with the BHF to start the Miles Frost Fund as a life saving legacy. Its goal is to raise £1.5m to fund genetic nurses and counsellors who will improve diagnosis for immediate family members of those with HCM.

Miles had a hidden heart condition called hypertrophic cardiomyopathy (HCM) which causes a thickening of the heart muscle and rhythm disturbances. The Frost family discovered that it is likely that Miles inherited the condition from his father, the late Sir David Frost, who passed away just two years earlier.

For most people, this genetic condition goes undetected until it's too late.

About 1 in 500 of the UK population has the condition and it's often symptomless and a silent killer. In a major breakthrough, BHF-funded researchers discovered several of the faulty genes that cause HCM and now a potentially life changing genetic test can identify these genes.

This year the fund enabled us to take a bold step forward by inviting Specialist Inherited Cardiac Condition Centres across the UK to apply for BHF funding for specialist cardiac posts including cardiomyopathy specialist nurses, genetics counsellors and support staff. This means that in 2017, professionals will be in place to detect patients with HCM and refer them for appropriate treatment before it's too late.

But our work is not done. At the end of this financial year, Miles' family and their supporters had brought the Fund's total to an incredible £718,000. Alongside the Frost family, we're determined to keep fundraising and keep on funding the science needed to end tragedies like the devastating loss of Miles.

“

The best way of honouring Miles' memory is for us to take action, in partnership with the British Heart Foundation, to help save lives in the future.

Wilfred Frost, Miles' brother



Dr Sanjay Sinha leads a BHF funded team that are leading the way in cardiovascular research. They use the very latest techniques to reproduce individual patients' diseases in a dish to better treat them. They also hope to transform heart surgery by using stem cells to develop a patch that will be used by surgeons to repair damaged hearts. This work holds the potential to save thousands of lives across the UK.

FOR ME, IT'S PERSONAL.

Dr Sanjay Sinha,
University of Cambridge

Fundraising to save lives

Our aims

We will deliver an ambitions programme of activity to raise more money to power our life saving work.

Next steps

We will develop and enhance supporter journeys and drive forward digital innovation in fundraising. We will also explore new income streams within our existing work and search for new ways to generate income.

The British public are pushing back against heart disease with everything they've got. This year thousands of groups, organisations and individuals pushed for personal bests, went the extra mile or left a life saving legacy to raise a staggering £126.9m to support the world's finest researchers in their fight for every heartbeat.

It's thanks to the enormous generosity of the public that we are able to continue funding cutting-edge research that is revolutionising the fight against heart disease, and saving lives every day. Without our incredible supporters we would not be able to continue our life saving work.

Charities are the bridge between donors and beneficiaries, allowing the generous British public to help the people and causes they care about. We're committed to ensuring we uphold our duty of care to our supporters, and effective regulation lies at the heart of this.

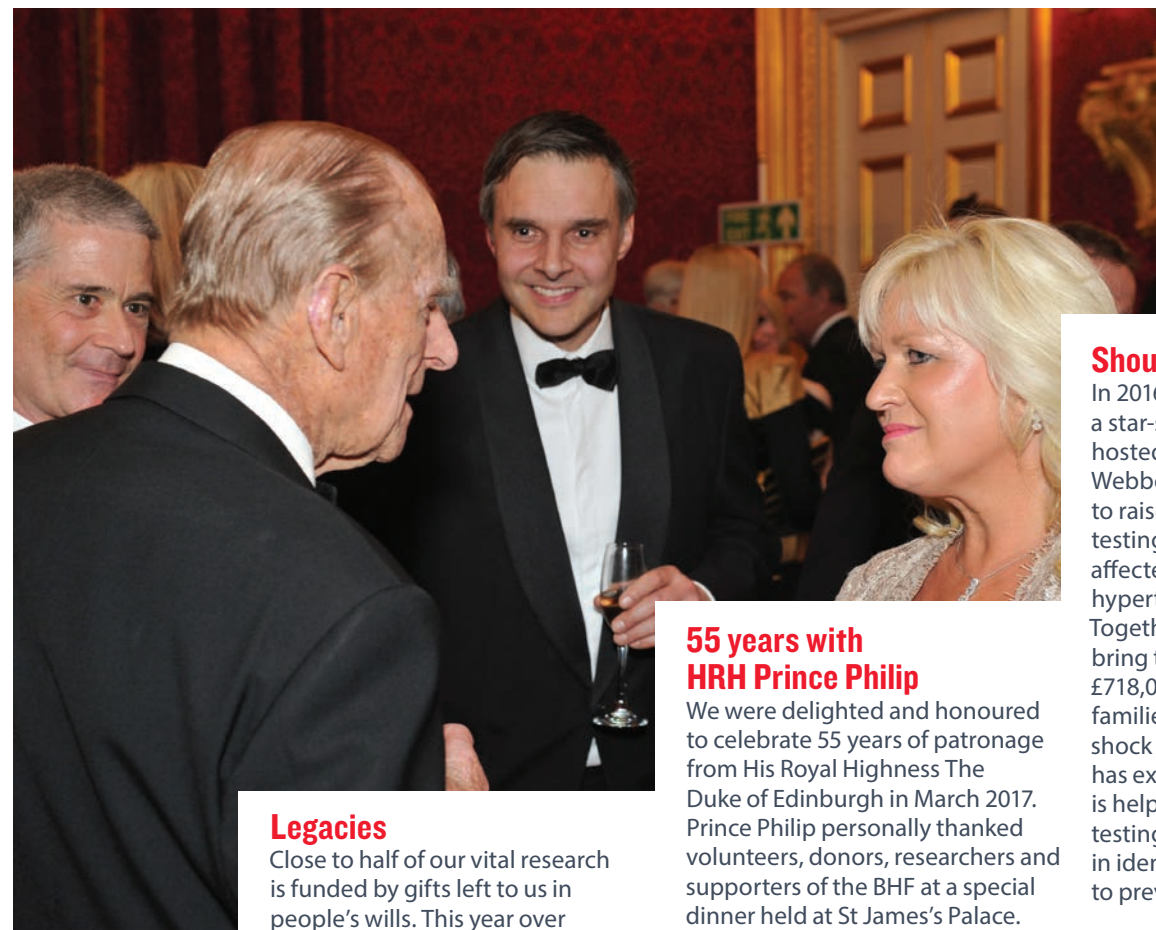
Since the Etherington Review of Fundraising Self-Regulation in 2015 there has been a heightened focus on charity governance, and the BHF has played a leading role in shaping the sector's response to the crisis in public trust and confidence. We welcomed the creation of the new Fundraising Regulator in January 2016 and are preparing for the new regulations being brought in next year around how charities communicate with their supporters.

During 2016-17 we have developed a new strategy setting out the principles that our fundraising should reflect.

It will be a difficult time for the charity sector to adapt, flourish and deliver the highest standards for our supporters and beneficiaries. Together with our trustees we are deciding on our approach and the future of our excellent fundraising practice. Our relationship with our dedicated supporters is paramount to us, and we're committed to making their experience as positive and rewarding as we can.



Kieran Sandwell embarking on his year-long trek around the coast of Britain with the aim of raising £100,000 by February 2018.



55 years with HRH Prince Philip

We were delighted and honoured to celebrate 55 years of patronage from His Royal Highness The Duke of Edinburgh in March 2017. Prince Philip personally thanked volunteers, donors, researchers and supporters of the BHF at a special dinner held at St James's Palace.

Legacies

Close to half of our vital research is funded by gifts left to us in people's wills. This year over £73.3m was donated in this special way. Many people want to remember the BHF in their will, some to say thank you for the help they have received in their lifetime, others to fund research that could protect those they leave behind. The BHF held eight Supporter Receptions to promote donating in this way. Rachel Milledge was just one of our pledgers: "They've been there with me every step of the way. Now I fully intend to be there for them."

£73.3m
Generously left to the BHF in legacies this year

Philanthropy

We are proud to bring so many people together in our mission to end heart disease. Every donation we receive makes a difference. We are incredibly grateful to the Trusts and individuals who have been able to make a major gift, helping us raise £6.5m towards our life saving research. These include the James and Patricia Hamilton Charitable Trust, Jeanne Sorensen Siegel and Herbert J. Siegel and the Quintessentially Foundation. With their incredible support we can give our world-class researchers the best chance of ending heart disease for good.

£6.5m
Generously raised through philanthropy

Shouting down silent killers

In 2016 the Miles Frost Fund held a star-studded Summer Party and hosted a preview of Andrew Lloyd Webber's new School of Rock musical to raise funds to help make genetic testing available to all families affected by the deadly heart condition hypertrophic cardiomyopathy (HCM). Together these events have helped bring the Fund's total to an incredible £718,000 to help prevent other families experiencing the devastating shock and loss which the Frost family has experienced. The Miles Frost Fund is helping more families access genetic testing for HCM. These tests are vital in identifying those at risk and helping to prevent unnecessary early deaths.

£718,000+
Raised so far for the Miles Frost Fund

Community fundraising

Our life saving work wouldn't be possible without all the wonderful people who fundraise for us. Communities have come together in schools, clubs and local enterprises to support our work, raising an incredible £12.0m this year. Our Fundraising Group network grew by 54 groups this year, and we were thrilled to be supported by local businesses like Dean's Garden Centre in Yorkshire who raised over £20,000 for the BHF.

£12.0m
Raised through community fundraising this year

£126.9m

Raised through fundraising and legacies this year

DECHOX

In March 2017 over 16,000 people signed up to DECHOX to raise money by giving up chocolate for a month. So far our DECHOX champions have raised £930,000 to hit back against heart disease.

£930k

To say 'no' to chocolate and 'yes' to saving lives

London to Brighton Bike Ride

The London to Brighton Bike Ride is always a highlight in our calendar. For over 40 years cyclists of all abilities have covered the 54 miles to fundraise for us. This year more than 14,000 cyclists joined us on the day and raised an astonishing £2.6m. Through this support we can keep innovating and funding research that helps us understand, treat and prevent heart disease.

£2.6m

Raised by our biggest annual bike ride

Supporter promise

Our supporters are at the heart of everything we do and giving to us should be a positive and rewarding experience. As such we promise:

- To commit to high standards
- We are clear, honest and open
- We are respectful
- We are fair and reasonable
- We are accountable and responsible

For further details of our Supporter Promise please go to: bhf.org.uk/about-us/supporter-promise

MyMarathon

Reinvent the rules

In May the BHF launched a fundraising event with a difference. Inspired by our supporters using technology to raise money, MyMarathon encouraged people to complete 26.2 miles over a month, whenever and wherever they liked. The response was overwhelming and the event was repeated in September, generating over 30,000 signups across the year and raising just under £1.1m. By thinking big you've helped us raise the bar funding the fight for every heartbeat.

£1.1m

Raised through MyMarathon in 2016-17



Joanna Lumley with brokerage firm BGC, raising funds for the Miles Frost Fund to combat inherited heart condition HCM.



Corporate partnerships

Our corporate partnerships are essential to bring us closer to our fundraising goals. In 2016-17, besides our partnership with Tesco & Diabetes UK, an amazing £5.4m was raised by our corporate partners. Fundraising activities at organisations including Travis Perkins, Travelodge and Carpetright committed significant funds to the fight against heart disease. Airbus Operations, Travelodge and David Lloyd have also been actively engaged in training their employees as part of our nation of life savers campaign.

In September, the Miles Frost Fund benefited from brokerage company BGC's charity trading day, where BHF celebrity supporters including Joanna Lumley and Pippa Middleton took to the phones in the fight for every heartbeat!

We'd like to say a huge thank you to all our partners who keep our pioneering research moving forward.

A global battle

The BHF and the Weizmann Institute brought together leading researchers in regenerative medicine to answer one key question: How can we repair damaged hearts? Hosted by Radio 4 presenter Justin Webb, the Britain Israel Research and Academic Exchange Partnership (BIRAX) informed guests about a breakthrough treatment where heart cells could be used to restore damaged heart muscle after a heart attack.



£5.4m

Raised through corporate partnerships

Retail

High street heroes

Our aims

Over the next five years, we aim to grow the BHF's total net income by 25%, establishing the foundations for future success.

Next steps

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

We're proud to be the nation's best-loved charity retailer, with our 724 shops taking the fight against heart disease to communities across the UK. With the help of our 17,600 retail volunteers, and 3,137 staff, our shops have raised £25.1m this year to save lives through research.

Reaching new communities

This year we opened 13 new stores across the UK, including two new Home and Fashion superstores. Our most recent store openings in Rotherham and Woking were attended by local councillors, staff, volunteers and BHF-funded researchers who spoke about how important high street stores are in supporting our vital research.

60 million
visitors to our shops each year



Restart a Heart

In October, 11 BHF Furniture and Electrical stores held CPR training events to support European Restart a Heart Day. In one day, 208 people joined our nation of life savers. Through initiatives like this, we were able to take our fight against heart disease into communities and give everyone the power to save a life.

BHF eBay shop

The BHF eBay shop and dedicated eBay team are instrumental in turning listings into life saving research. More than 98,000 items have been collected, sorted and sold on our eBay shop this year, raising an incredible £3.3m. A Piaget watch is the donation which stole the show this year, raising an incredible £6,640 alone for our vital work.

98,000
items sold through our eBay shop in 2016-17

Changing one life at a time

Louise first started working for the BHF in 1998 through the New Deal scheme. Her six-month placement turned into four months of volunteering which helped her secure a paid job. Since 2001 she has helped BHF Shops go from strength to strength and is now an Area Manager for South East England.

"I am forever grateful to the BHF for believing in me... without them I wouldn't be where I am today."

Louise Butler, Area Manager



Volunteering changes lives

Ending heart disease for good takes time and dedication. Last year thousands of people gave their time and expertise to our shops across the UK. Over 700 of our volunteers achieved or were working towards an NVQ and over 600 of our young volunteers worked towards a Duke of Edinburgh Award. We are committed to supporting the skill development of our volunteers in our fight to save lives.

17,600
active volunteers involved in BHF retail across the UK

Pack for Good

In one of the biggest reuse campaigns in the UK, Pack for Good encouraged university students to donate unwanted clothes, furniture and electrical items to BHF when they packed up at the end of term. This year 82 universities took part and raised nearly £1.2m through donations.

Retail partners

Our retail partners help customers support our fight with their unwanted furniture. DFS has achieved incredible results through their partnership with us, arranging collection of used sofas for sale in our Furniture and Electrical shops. This, along with their involvement in a number of BHF fundraising events has meant that, to date, they have contributed close to £13m.

Local councils and a number of other retailers now offer free collection services, and our partnership with Next is raising significant funds towards our scientific breakthroughs.

£13m
raised so far through our partnership with DFS



Sustainable sales

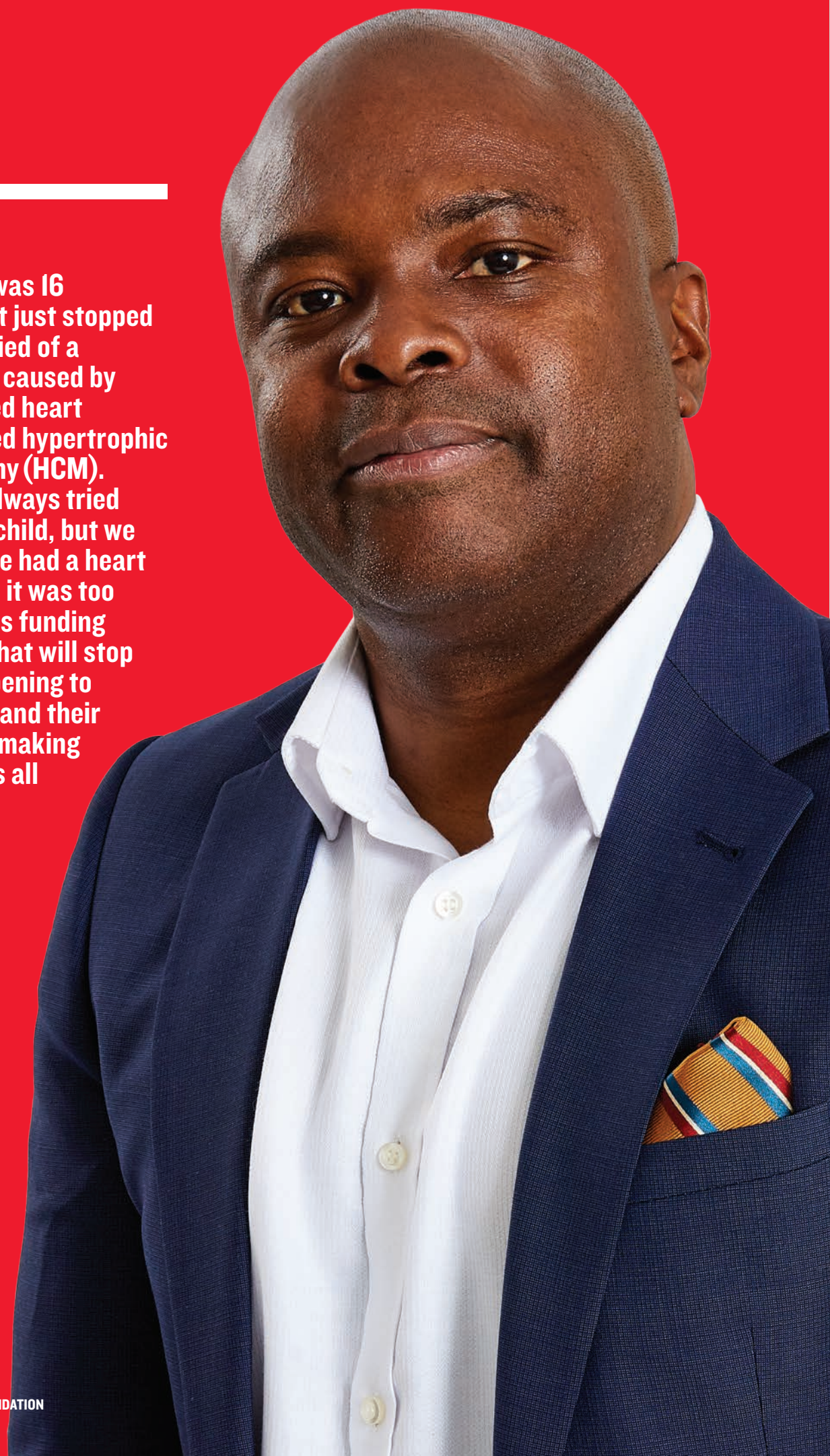
We are proud of the positive impact we have on the environment through waste reduction. We reuse and recycle phenomenal amounts in our mission to raise funds to beat heart disease, turning unwanted items into world class research. This year, 65,000 tonnes of goods that may have otherwise been disposed of have been collected, sorted and resold by our shops. This included over 130,000 sofas, 50,000 TVs and 5 million books.

65,000
Tonnes of goods collected for shops

“

My Daughter was 16 when her heart just stopped beating. She died of a cardiac arrest caused by an undiagnosed heart condition called hypertrophic cardiomyopathy (HCM). As a dad I've always tried to protect my child, but we didn't know she had a heart condition until it was too late. The BHF is funding the research that will stop this from happening to other families and their scientists are making breakthroughs all the time.

Glenn Easy, 50



A world-class organisation

To win the fight against heart disease, we need to be world-class in everything we do. That means attracting and retaining the best people, and running our organisation in the most efficient way possible.

Our aims

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

Next steps

We will continue to invest in our core systems to provide reliable and seamless services, as well as introducing smarter working principles. We will continue to nurture a culture of high performance in an environment that supports and promotes health and wellbeing and we will provide staff and volunteers with the leadership and support they need to help win the fight against heart disease.



Looking after our donations

We are the biggest independent funder of cardiovascular research in the UK and rely almost entirely on the enormous generosity of those people who give their time and money to the fight for every heartbeat.

We take the responsibility of making every penny count very seriously. We continuously scrutinise our performance and measure impact to ensure our activities represent good value for money, with almost £2m of savings realised last year.



Looking after our staff and volunteers

Last year, we launched our People Strategy, setting out our commitment to becoming a world-class employer and place to volunteer by 2020. This outlined how our focus for staff is on nurturing talent, increasing engagement, maintaining the best operational standards and ensuring smarter working. For volunteers, we are striving to make sure that they are all in the right role and receive the right support. In February, we launched our Staff Forum to ensure everyone has a voice and we also launched our leadership programme to support current leaders and identify future ones.



Looking after our supporters and customers

We are hugely grateful to every one of our supporters and it is important that they continue to have confidence in us. We remain fully committed to protecting our supporters and customers' data and respecting their wishes and diversity, as outlined in our Supporter and Vulnerable Person policies.

We regularly hold BHF Supporter Conferences, bringing together volunteers, supporters, patients, scientists, health professionals and staff. In the coming year, we will be focusing on developing our customer data strategy, to ensure their experience always meets their expectations.



Looking after our organisation

We are committed to making the most of your generous donations through careful planning and monitoring; ensuring we manage risk effectively and have robust assurance and compliance functions; and that we take advantage of the benefits of new technology. We have introduced a continuous improvement function with the aim of empowering staff to review and improve our operating processes.

Professor Leanne Hodson and her BHF-funded team are conducting research into how fat accumulation within organs affects the public's risk of heart disease. The team are working with human subjects to measure the impact eating sugar has on fat in the liver and heart.

IT'S A PRIVILEGE.

Professor Leanne Hodson,
University of Oxford

Financial review

Overview

In 2016-17, the BHF generated total income of £158.9m (2016: £156.6m), inclusive of the profit from retail trading activities. This income continues to be 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. Investment in growing our income was £38.3m (2016: £36.6m), meaning 76% of total income in the year was available for the fight against heart disease (2016: 77%). This is well within our target range of ensuring at least 70p in the £1 is available to spend on our life saving work. We remain very conscious of the need to spend wisely every penny of the money our supporters raise, whilst ensuring we continue to invest to grow our income to build on our position as the UK's leading funder of cardiovascular research.

We spent £127.1m on charitable expenditure to fight heart disease last year (2016: £133.5m). This included £95.9m of groundbreaking research (2016: £102.7m), and £31.2m (2016: £30.8m), 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 £317.0m of which £157.3m 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 2016-17 our 724 shops, as well as generating a profit of £25.1m to fund our research, were an extremely valuable means of promoting all aspects of the BHF in local communities across the UK.

Income

In 2016-17, we generated total income of £158.9m for our fight against heart disease, inclusive of the profit generated by our retail trading activities. This represented an increase of £2.3m (1%) on last year, driven by strong growth in legacies, which together with fundraising income contributed 80% of total income. The balance came from our retail activities (16%) and investment and other income (4%).

Legacies remain our largest single source of income, increasing this year to £73.3m, up 9% from £67.0m. This more than offset a 1% decline in income from fundraising activities to £53.6m

(2016: £54.3m). The fundraising performance continued to reflect an enormous level of effort from our many supporters, volunteers and corporate partners in numerous events and community activities across the UK.

We remain the largest charity retailer in the UK, in what continues to be a challenging retail environment. Gross retail income, including donations received in BHF shops, increased by 1.6% to £176.7m (2016: £174.0m), including 0.4% growth in like-for-like sales, with growth in specialist furniture & electrical stores more than offsetting the very competitive environment for standard charity shops. Total sales also benefitted from growth in online sales, primarily through eBay, which reached £3.6m, up 28% on last year. Total retail trading costs were £151.6m (2016: £144.9m), a 4.6% increase on the prior year, reflecting investment in our staff and infrastructure, although we remain dependent on the tireless work of our thousands of volunteers. Overall therefore, retail trading generated a profit of £25.1m in 2016-17, down from £29.1m in the prior year. As at 31 March 2017, the BHF operated 724 shops (2016: 735), including 552 standard charity shops (2016: 559) and 172 specialist furniture & electrical stores (2016: 176). During 2016-17, we opened eight new standard shops and five furniture & electrical stores, re-sited six shops and closed a total of 24 shops.

The growth in total income, particularly in fundraising activities, was supported by continued investment in the direct costs of generating funds, which increased by 5% to £38.3m (2016: £36.6m). As a result, the BHF generated £120.6m of net income for charitable purposes in the year (2016: £120m).

Charitable expenditure

During 2016-17, our charitable expenditure totalled £127.1m, down from £133.5m in 2015-16. This included £95.9m (2016: £102.7m) net investment in the UK's world-class cardiovascular research, as well as £31.2m (2016: £30.8m) to fund Prevention, Survival & Support (PSS) activities that represent the research findings put into practice, as new or better treatments for those with heart or circulatory disease, or new and improved ways to diagnose and prevent it.

During the current financial year 220 new grants were awarded at a cost of £107.5m (2016: £113.4m). The total reported investment in research of £95.9m (2016: £102.7m) is lower than the total new research grants awarded because it allows for the experience that the majority of grants are not claimed in full and the application of a discount factor to reflect the longterm nature of the majority of the grant liabilities. The reduced research investment primarily reflected the inclusion in the prior year of 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 PSS investment included £2.9m (2016: £4.0m) on our Survival programme, helping to create a nation of life savers through CPR training and increasing access to defibrillators. We continue to fund free CPR kits for secondary schools and community groups across the UK and, continuing a partnership with the Department of Health established in 2015-16, invested a further £1.0m in grant awards to over 500 organisations for public access defibrillators, defibrillator cabinets and CPR kits.

Investment in PSS also included £4.1m (2016: £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 (2016: £0.9m) through our partnership with Tesco and Diabetes UK to support people to make better choices and live longer, healthier lives. In addition, we allocated £1.3m of funding to two new grant programmes providing genetic cascade testing to identify the inherited heart condition HCM (funded by the Miles Frost Fund) and trialling innovative approaches to testing and detection of high blood pressure in the community.

Alongside these activities, we spent £9.6m (2016: £7.6m) on policy and communications as part of our charitable activities such as the Sudden Devastation campaign. 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.

Statement of financial activities – summary

	2017	2016	Growth
	£m	£m	%
Legacy income	73.3	67.0	9
Fundraising income ¹	53.6	54.3	(1)
Retail net profit ²	25.1	29.1	(14)
Investment & other income	6.9	6.2	11
Total income (net of retail costs)	158.9	156.6	1
Direct costs of generating funds ¹	(38.3)	(36.6)	5
Total net income	120.6	120.0	1
% of total income available for charitable purposes	76%	77%	
Research	(95.9)	(102.7)	(7)
Prevention, survival & support	(31.2)	(30.8)	1
Total charitable expenditure	(127.1)	(133.5)	(5)
Net outgoing resources	(6.5)	(13.5)	

Notes:

¹ Fundraising income and costs of generating funds includes non-retail trading income and associated costs. The prior year excludes a £1.1m exceptional impairment of an intangible asset.

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

Balance sheet

As at 31 March 2017, total cash, deposits and investments were £319.9m, an increase of £34.7m compared to 31 March 2016. This increase principally reflected the significant gains in global equity markets, as discussed in Investment policy and performance overleaf.

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 £316.0m as at 31 March 2017 (2016: £307.1m). Grants awarded are commitments by the BHF to reimburse recipients for expenditure properly incurred in accordance with each grant agreement. It is our policy to provide for the total expected commitment at the point a grant is agreed and communicated to the grantee. However, there is often a substantial time lapse between recording a new grant 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 total net funds of £78.7m compared to £46.2m last year. This position includes a surplus on reserves shown by the General Reserve under the caption Total Unrestricted Funds in the Group balance sheet of £54.2m (2016: £28.0m).

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 and the cash required to settle grant liabilities and sustain the BHF’s operations for a period.

Trustees have decided that after an allowance for future income expectations, the BHF should at all times maintain cash and readily realisable assets sufficient to fund between not less than 12 and not more than 24 months of forecast cash outflow to settle grant awards, plus 12 months of non-retail operating costs (excluding direct costs of income generation). The inclusion of an allowance for future income expectations in the assessment of reserves represented a revision to the policy as agreed by Trustees during the financial year. In the event of the BHF facing difficult financial circumstances, these reserves would allow us to both meet our responsibilities to grant holders and for operations to continue during a period of managed adjustment to these new circumstances. Based on the current grants position, this policy requires us to hold between £89m and £127m in liquid and readily realisable assets.

At 31 March 2017, our total cash, deposits and investments of £319.9m was therefore significantly above the upper end of the reserves range, inclusive of the strong investment performance in the financial year as discussed below. Our strategic plans assume the excess will reduce over the medium term as we are currently awarding total research grants at a level above our net income generated after non-research charitable spend.

The Trustees review the BHF reserves policy annually.

Investment policy and performance

The BHF held total cash, deposits and investments of £319.9m as at 31 March 2017, an increase of £34.7m on 2016. The BHF has two portfolios: the growth portfolio and the cash portfolio.

The investment objective of the growth portfolio, which was valued at £233.0m as at 31 March 2017 (2016: £193.5m) is to provide real growth over five to ten years. The growth portfolio consists almost entirely of equities, and is split between a UK equity portfolio managed by Smith & Williamson Investment Management LLP and a global equity portfolio managed by Schroder Investment Management Limited. The growth portfolio generated a total return for the year ended 31 March 2017 of 26.2%, against a benchmark of 28.0%.

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 £77.6m held as at 31 March 2017 (2016: £80.1m). These readily realisable investments are reported within the total cash and cash equivalents on the balance sheet of £86.9m (2016: £91.7m). 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 2017 of 0.74%, against the benchmark return of 0.36%.

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 (including net investment income) was a net gain of £49.2m (2016: loss of £6.5m). This reflected strong growth in equity markets, including the translation benefit of the BHF’s global equity portfolio in sterling terms.

Ethical investment policy

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

Pensions

The BHF UK Retirement Plan, a defined contribution scheme, is available for employees to join at any time. The total cost of the Plan during the financial year was £3.2m (2016: £3.2m).

In addition, the Charity retains a funding obligation to the BHF UK defined benefit pension scheme (‘the Scheme’), which was closed to new entrants from 30 June 2001 and to future accrual from 31 May 2016. The Scheme remains subject to a formal triennial funding valuation, with the most recently completed being as at 1 July 2014. This showed a funding deficit of £3.3m, as a result of which a deficit recovery plan was agreed over the period to April 2022. The actuary carries out a separate annual valuation in accordance with ‘FRS 102: Employee Benefits’, in which different funding assumptions are applied. The FRS 102 valuation as at 31 March 2017 showed a deficit of £6.2m (2016: £1.1), and is further explained in note 16 to the financial statements.

Reserves and grant commitments		
	2017	2016
	£m	£m
Cash and cash equivalents	86.9	91.7
Investments	233.0	193.5
Total cash and investments	319.9	285.2
Grants - year end provision	316.0	307.1
Unrestricted funds	54.2	28.0
Total funds	78.7	46.2

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. Thirty-four research grants, totalling £12.2m 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

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 Limited, BHF Shops Limited and London to Brighton Bike Ride Limited) was £7.2m in (2016: £6.8m). Profits of trading subsidiaries are detailed in note 15 to the accounts.

Going concern

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

Accordingly, the Trustees have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis 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 BHF’s internal audit partner Deloitte, who deliver a risk-based audit programme approved by our Audit and Risk Committee. The Audit and Risk Committee reviews internal audit follow-up by BHF management, as well as more detailed reports from senior management on key areas of risk.
- All major programmes and projects are scrutinised by the Executive Group and monitored through an Operations Board to ensure they are properly planned and implemented.

Risk management

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

In March 2017, the Trustees completed their annual review of the CRR. In the course of this review, the Board has considered:

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

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

Risk	Management
Economic pressures, competition and consumer behaviour changes, impact negatively on voluntary income.	<ul style="list-style-type: none">• Annual budgeting and ongoing management reporting and monitoring of financial performance.• The preparation of long-term financial forecasts aligned to the BHF’s strategy to 2020 that target a diversification of income streams and incorporate an ongoing consideration of market and consumer trends.
Incidents that damage reputation and/or negatively impact operations (including cyber security, serious fraud, major health and safety incidents and internal process failures).	<ul style="list-style-type: none">• Proactive detection, monitoring, reporting, investigation of potential adverse events and incidents.• Proactive and reactive media management in place, including ongoing digital and traditional media monitoring.• Dedicated specialist resource is applied in key areas such as health and safety, risk and assurance and legal that support organisation-wide events and operations.• Continuing programme of health and safety improvements and training is being delivered to strengthen our safety management system.• Continuing programme to drive IT improvements and strengthening of infrastructure and cyber security to protect BHF assets.• Continuing programme to strengthen business continuity and disaster recovery plans that help minimise disruption to operations from unexpected events.
Changes in Government regulatory requirements and/or Charity Sector guidance negatively impact on the BHF’s strategy and activities.	<ul style="list-style-type: none">• 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. This includes a particular focus on developments in fundraising regulation and the requirements of the General Data Protection Regulation.• Active programmes of advocacy, influencing and senior level engagement to ensure our views are shared.• Senior BHF and partner representation at key events and forums to help shape the research agenda.• Strategic priorities and programme initiatives which target a diversification of income streams.
BHF strategy and activities are not properly or sufficiently focused in order for the charity to meet its strategic objectives.	<ul style="list-style-type: none">• BHF’s Executive Group and Trustees routinely scrutinise alignment with, and progress of, the BHF strategy to 2020.• Review and development supporting strategic plans by internal and external subject matter experts.• Scrutiny and approval of research funding applications by international expert committees.
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">• Expert financial advice informs investment and treasury policies that ensure our portfolio is adequately diversified and managed.• Oversight of investment performance by our Investment Committee, who monitor compliance and effectiveness of our investment and treasury policies.• The Trustees of the defined benefit scheme (closed to new members and future service accrual), in consultation with the BHF as sponsoring employer, ensure expert advice informs the Scheme’s investment and liability management policies.
Attracting, developing and retaining talented staff in a competitive employment market impacted by the uncertainties of ‘Brexit’ combined with the reliance on significant levels of volunteer support both in fundraising and in the BHF’s retail operations.	<ul style="list-style-type: none">• Employee and volunteer engagement surveys and follow-up plans.• An active communication programme to ensure staff and volunteers are always informed of the BHF’s strategy and the progress being achieved.• Regular benchmarking of compensation and benefits.• Talent management, development and succession planning programmes.• Ongoing proactive employee and volunteer recruitment campaigns.
Delivering effective change management through major process improvement programmes in support of the Strategy to 2020	<ul style="list-style-type: none">• Application of PMO processes for effective requirements capture, supplier selection, and project delivery.• Oversight and scrutiny of all major change programmes by Executive Group and Operations Board.• Independent assurance of key change programmes

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. Members are appointed for a renewable term of three years and are the directors of the company for the purposes of the Companies Act 2006.

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

The Board delegates specific responsibilities and activities to various sub-committees, including the Audit & 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 53.

Governance review

As part of the BHF Strategy to 2020, a detailed Governance Review was undertaken during 2014-15, and further work to fully implement the agreed changes flowing from the review was carried out during 2016-17. 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.

Our governance streams

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

Governance stream

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

Operational stream

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

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

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

Advisory communities

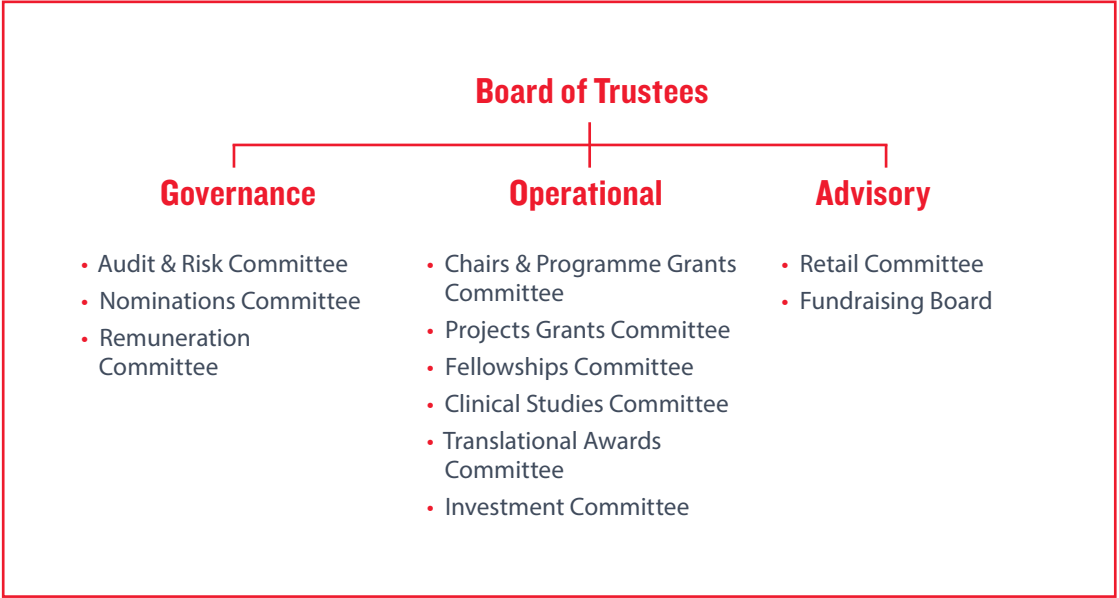
The BHF Advisory Communities cover specific areas of expertise each designed to support BHF’s key strategic themes. Working with supporters, specialist advisers, patient representatives and other key stakeholders to drive the new strategy through its key themes, the groups:

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

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

Advisory council

Our Advisory Council comprises the Board of Trustees and the members of all BHF Governance Committees, Operational Committees and Advisory Communities and is Chaired by Professor Sir Kent Woods, our Vice-Chair of the Board of Trustees. A one-day Summit is held annually to which all Advisory Council members are invited. The aim of this meeting is to provide input and expert advice towards BHF’s strategy and future direction.



Legal structure and governance

Board of Trustees

(under company law, the Board of Trustees act as the company directors of the Foundation, and under charity law they have legal duties and responsibilities as Trustees)

We are pleased to welcome three new Trustees, Professor John Iredale, Professor David Lomas and Peter Phippen 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 Professor Nishi Chaturvedi, Professor Sir Robert Lechler and Lance Trevellyan, who retired from the Board of Trustees this year, having played a huge role in the direction of BHF during their tenure.

Chair

Dr Douglas Gurr

Members

- Andrew Balfour LLB
- Professor Dame Anna Dominiczak DBE MD FRCP FAHA FRSE FMedSci
- Dr Robert Easton BSc ARCS DPhil
- Dr Evan Harris BM BCh MA (Oxon)
- Richard Hytner MA LLM
- Professor John Iredale FRCP FMedSci FRSE from November 2016
- Professor David Lomas PhD ScD FHEA FRCP FMedSci from November 2016
- Iain Mackay MA CA
- Professor Sussan Nourshargh PhD FBPhS FSB FMedSci
- Peter Phippen from January 2017
- Professor Simon Ray BSc MD FRCP FESC FACC
- Professor Liam Smeeth FRCGP PHD
- Professor Sir Kent Woods FMedSci

Retired during the year:

- Professsor Nishi Chaturvedi MD MSc MFPHM MRCP MBBS to July 2016
- Professor Sir Robert Lechler MB ChB PhD FRCP FRCPath FMedSci to November 2016
- Lance Trevellyan BSc FCA FRSA to November 2016

Recruitment, induction and training of Trustees

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

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

Public benefit

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

As highlighted earlier in this report, some of our health promotion, care and communications initiatives are specifically targeted at those population groups most at risk of heart 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.

BHF Fundraising

At the BHF, our supporters are at the heart of everything we achieve and our fundraised income represents 80% of our total income (net of retail costs). We have a diverse range of fundraising activities, as you would expect of a charity of our size, ranging from legacies, which represent over half of our fundraised income through to events, individual giving and community fundraising. We published our supporter promise in September 2015 and much of 2016-17 was spent increasing the robustness of our compliance activity. As part of our commitment to our supporters outlined in our updated supporter promise, we do not trade supporter data with third party organisations. We also monitor all complaints, compliments and comments across all of our fundraising activities and ensure all are appropriately addressed.

To ensure our fundraising conformed to recognised standards we maintained our membership of the Institute of Fundraising ("IOF"), registered with the new Fundraising Regulator and have taken active roles within the Public Fundraising Regulatory Association (before its merger with the IOF). A member of staff sits on the IOF Compliance Directorate door-to-door sub-committee and has been actively involved in the development of their telemarketing monitoring pilot.

In order to further assure ourselves of the standards of our fundraising, an audit of our compliance with the Fundraising Regulator's Code of Fundraising Practice was carried out by our Internal Auditors in 2016-17. The Code of Fundraising Practice details how fundraising is to be carried out in England and Wales, with Scotland and Northern Ireland maintaining their own equivalent system of self-regulation. The audit assessed our fundraising activities against the relevant aspects of the code. An action plan for addressing suggested improvements has been developed and is being implemented and overseen by our Audit and Risk Committee.

Fundraising activity and overall strategy is regularly addressed by the Board of Trustees in exercise of their duties under CC20. They, together with our Audit and Risk Committee, monitor significant risks and ensure they are being properly addressed.

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

Fundraising on our behalf

To enable the improved robustness of compliance we ensured all fundraising partners took on the new legal requirements introduced by the Charities (Protection and Social Investment) Act 2016. We also ensured all campaign training was carried out by a member of the relevant team leading on the fundraising campaign or by the training and compliance manager. We have ensured all agencies train their fundraisers appropriately with a particular focus on how to approach and work with members of the public who are potentially vulnerable. By reviewing all training materials and regularly attending initial fundraiser training we have maintained oversight of their activities and improved the supporter experience from sign-up onwards, and then into improved supporter journey programmes.

Our professional fundraising activities have been principally focused on door-to-door, private site and telephone fundraising. Working closely with the agencies who supply our door-to-door and private site fundraising, we have put in place a number of important changes to our partnerships. The agencies were engaged primarily to recruit new donors who would agree to giving regularly through direct debit, but we also engaged in some fundraising at private sites for donors to join our lottery programme. Because of the importance of this work we have conducted specific monitoring and oversight measures for these agencies in 2016-17, including regular job shadowing, mystery shopping and call monitoring, and additionally we have now audited each of these service providers for our door-to-door and private site activity, focusing on their recruitment, training, data processes and management structure and standards. This monitoring was managed by a member of BHF staff, and reports were regularly reviewed to ensure consistency and compliance to relevant standards.

For telephone fundraising we have engaged a supplier to complete a number of campaigns ranging from requesting a supporter convert a one-off gift to a regular direct debit, asking donors to consider leaving us a legacy and events marketing. We have also conducted a full audit of our supplier focusing on their recruitment, training and compliance practices, as well as specific oversight measures, including regular call monitoring to ensure high standards.

Legal structure and governance

We also work with corporate partners who provide services or goods and donate a proportion of the proceeds to us. The continuing National Charity Partnership with Tesco and Diabetes UK has been a great success this year. In addition, we have secured new commercial partners and continued many of our previous relationships. We have revised the due diligence processes for corporate partnerships and regularly monitor our commercial partners to ensure the continued success of the partnership.

ICO Investigation

During 2016-17, the BHF was subject to an investigation by the Information Commissioner's Office ("ICO") that resulted in the BHF receiving an £18,000 monetary penalty for breaches of prevailing data protection law. The ICO's view was that the BHF, along with a number of other charities, had not properly observed the requirements of prevailing data protection law when using supporters' personal data to fundraise. This event was highly regrettable and most disappointing for the BHF given our commitment to fundraise lawfully at all times and the importance placed on compliance. We have subsequently taken steps to review our internal processes, including the assessment carried out by our Internal Auditors referred to under "BHF fundraising" above.

BHF Events

The BHF events programme for 2016-17 included the London to Brighton Bike Ride, entering participants in the London Marathon and various other nationally recognised runs, walks and cycle rides. We also developed our overseas multi-day programme with events like Great Wall of China Trek and Peru Trail.

Vulnerable People

The BHF is committed to fundraise appropriately from all our supporters and we are particularly conscious of our responsibilities to vulnerable people. Our Vulnerability Policy applies to all of our fundraising activities and ensures that we are protecting the public from undue pressure and persuasion, as well as identifying potential vulnerabilities. In addition, the customer services team was given a Dementia Friends (an initiative from the Alzheimer's Society) information session to help their understanding of the potential needs of some of our supporters.

Complaints

The BHF recognises that from time to time, mistakes will be made, and we take all complaints very seriously and respond according to our complaints policy, which again is being reviewed and improved. From the millions of contacts we have with supporters each year, in 2016-17 we received 1,282 complaints about our fundraising practices.

We ensure all complaints follow a standard procedure; record, resolve, review and revise. This is outlined in our Compliments, Comments and Complaints procedure. This ensures not only that each individual complaint is effectively resolved but that we learn from any mistakes made and put them right in the future. Any complaints not resolved by the campaign team are escalated internally to more senior members of staff.

Grant-making policies

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

Executive Group

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

- Chief Executive – Simon Gillespie
- Medical Director – Professor Sir Nilesh Samani *from September 2016*
- Chief Financial Officer – Martin Miles FCA
- Director of Fundraising – Amanda Bringans
- Director of Marketing & Engagement – Carolan Davidge
- Director of Prevention, Survival & Support – Catherine Kelly
- Director of People & Organisational Development – Kerry Smith
- Retail Director – Mike Taylor

Other Executive Group members who served during the year were:

- Medical Director – Professor Peter Weissberg *to September 2016*

Company Secretary

- Senior Legal Counsel and Company Secretary – Sam Ryan *from May 2017*

- General Counsel and Company Secretary – Dr Deborah Prince PhD *to May 2017*

Our staff and volunteers

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

At 31 March 2017 we had a paid workforce of 3,671 staff, spread right across the UK (3,087 of whom are employed in our retail operation). The full time equivalent average headcount is detailed within note 5 to the accounts on page 72. Their skills, experience and commitment have enabled the BHF to continue to push the boundaries as the UK's leading independent funder of cardiovascular research. It is therefore essential for the BHF to be able to attract and retain the best talent and having an appropriate reward strategy is one of the many ways the BHF can secure this. The Executive Group is responsible for our reward strategy and policies and the annual remuneration review is established by the Executive Group and approved by the Board of Trustees. This is further discussed below.

Our volunteers continue to make an extraordinary contribution. Their annual financial contribution is vital, but their impact goes way beyond money. To many people across the UK, volunteers are the public face of our Charity. Our 20,400 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 BHF. We do not condone or tolerate any form of discrimination in our recruitment or employment practices.

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

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

Executive Pay

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

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

Legal structure and governance

Our Chief Executive's total pay was £174,241 in 2016-17. This is below the median for the charity sector, according to Third Sector's 2017 survey of executive pay. This survey also identified the BHF as the 11th largest charity by income, but only the 50th by salary for the highest paid employee.

- The ratio between our highest and median salary (including Retail) is 11.4 to 1
- The ratio between our highest and median salary (excluding Retail) is 5.1 to 1

Trustees' Indemnity

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

Patron

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

Auditors

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

The Trustees' report, including the strategic report, was approved by the Board of Trustees on 17 July 2017.

Sam Ryan
Senior Legal Counsel and Company Secretary
17 July 2017

Statement of Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether 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
17 July 2017

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 charity financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 March 2017 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 regulation 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 charity balance sheets as at 31 March 2017;
- the group statement of financial activities incorporating a group income and expenditure account for the year then ended;
- 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 matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

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

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 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 charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the charity 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, 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 charity's members and trustees as a body in accordance with 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 charity'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. With respect to the Strategic Report and Trustees' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors,
London
15 August 2017

I'M
ALWAYS
PUSHING.

Dr Zachary Whinnett,
Imperial College London

BHF Research Fellow Dr Zachary Whinnett and his team are working on a new therapy to help people with abnormal heart rhythms. It is hoped that his work will present an alternative to the painful and often damaging shocks that are currently relied on by patients with an ICD.



Group statement of financial activities for the year ended 31 March 2017

(Incorporating a Group income and expenditure account)
Company reg. number: 699547

	Note	2017			2016		
		Unrestricted funds	Restricted and endowment funds	Total funds	Unrestricted funds	Restricted and endowment funds	Total funds
		£m	£m	£m	£m	£m	£m
Income from							
Donations and legacies	2	114.6	10.5	125.1	105.7	12.8	118.5
Charitable activities	3	–	1.0	1.0	–	1.0	1.0
Investments		5.8	–	5.8	4.5	–	4.5
Other income		0.1	–	0.1	0.7	–	0.7
Total fundraising income		120.5	11.5	132.0	110.9	13.8	124.7
Expenditure on							
Raising funds: donations and legacies	5	(31.4)	–	(31.4)	(29.4)	–	(29.4)
Investment management fees	5	(1.2)	–	(1.2)	(1.1)	–	(1.1)
Total fundraising costs		(32.6)	–	(32.6)	(30.5)	–	(30.5)
Fundraising contribution		87.9	11.5	99.4	80.4	13.8	94.2
Trading income	4	178.5	–	178.5	176.8	–	176.8
Trading costs	4/5	(157.3)	–	(157.3)	(152.1)	–	(152.1)
Contribution from trading activities		21.2	–	21.2	24.7	–	24.7
Net income available for charitable purposes		109.1	11.5	120.6	105.1	13.8	118.9
Charitable expenditure							
Research	5	(93.9)	(2.0)	(95.9)	(93.8)	(8.9)	(102.7)
Prevention, survival and support	5	(28.0)	(3.2)	(31.2)	(27.8)	(3.0)	(30.8)
Total charitable expenditure		(121.9)	(5.2)	(127.1)	(121.6)	(11.9)	(133.5)
Net income before gain/(loss) on investments		(12.8)	6.3	(6.5)	(16.5)	1.9	(14.6)
Represented by							
Total income		299.0	11.5	310.5	287.7	13.8	301.5
Total expenditure		(311.8)	(5.2)	(317.0)	(304.2)	(11.9)	(316.1)
Net income before gain/(loss) on investments		(12.8)	6.3	(6.5)	(16.5)	1.9	(14.6)
Net gain/(loss) on investments	9	44.6	–	44.6	(9.9)	–	(9.9)
Net income/(expenditure)		31.8	6.3	38.1	(26.4)	1.9	(24.5)
Other recognised (losses)/gains							
Actuarial (loss)/gain on defined benefit pension scheme	16	(5.6)	–	(5.6)	4.0	–	4.0
Net movement in funds		26.2	6.3	32.5	(22.4)	1.9	(20.5)
Reconciliation of funds							
Funds balances brought forward at 1 April	6	28.0	18.2	46.2	50.4	16.3	66.7
Total funds carried forward	6	54.2	24.5	78.7	28.0	18.2	46.2

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 £297.3m (2016: £288.4m) and gross expenditure is £309.1m (2016: £301.9m). The notes on pages 67 to 82 form an integral part of these financial statements.

Balance sheets as at 31 March 2017

Company reg. number: 699547

		Group		Charity	
		2017	2016	2017	2016
	Note	£m	£m	£m	£m
Fixed assets					
Intangible asset	7	–	–	–	–
Tangible assets	8	25.8	24.0	25.8	24.0
Investments	9	233.0	193.5	233.0	193.5
Total fixed assets		258.8	217.5	258.8	217.5
Current assets					
Inventories		4.9	4.6	–	–
Debtors	10	74.9	67.8	82.7	74.8
Cash and cash equivalents		86.9	91.7	86.1	90.4
Total current assets		166.7	164.1	168.8	165.2
Creditors and provisions: amounts falling due within one year					
Provision for research and other grant awards	11	(99.9)	(97.5)	(99.9)	(97.5)
Other creditors	12	(21.8)	(24.3)	(23.7)	(25.4)
Total current liabilities		(121.7)	(121.8)	(123.6)	(122.9)
Net current assets		45.0	42.3	45.2	42.3
Total assets less current liabilities		303.8	259.8	304.0	259.8
Provisions falling due after more than one year					
Provision for research and other grant awards	11	(216.1)	(209.6)	(216.1)	(209.6)
Dilapidations provision	13	(2.8)	(2.9)	(2.8)	(2.9)
Total provisions due after more than one year		(218.9)	(212.5)	(218.9)	(212.5)
Net assets excluding pension liability		84.9	47.3	85.1	47.3
Defined benefit pension liability	16	(6.2)	(1.1)	(6.2)	(1.1)
Net assets including pension liability		78.7	46.2	78.9	46.2
Represented by:					
Endowment funds	6	7.5	7.5	7.5	7.5
Restricted income funds	6	17.0	10.7	17.0	10.7
Unrestricted funds					
General fund		60.4	29.1	60.6	29.1
Pension reserve	16	(6.2)	(1.1)	(6.2)	(1.1)
Total unrestricted funds		54.2	28.0	54.4	28.0
Total funds		78.7	46.2	78.9	46.2

The financial statements on pages 67 to 82 were approved by the Board of Trustees on 17 July 2017, and signed on its behalf by:

Dr Douglas Gurr, Chairman
The notes on pages 67 to 82 form an integral part of these financial statements.

Iain Mackay, Chairman of the Audit & Risk Committee

Members of the Board of Trustees

Group statement of cash flows for the year ended 31 March 2017

	2017 £m	2016 £m
Cash flows from operating activities:		
Net cash (outflow)/inflow from operating activities	(6.3)	7.2
Cash flows from investing activities:		
Investment income	5.8	4.5
Purchase of investments	(57.2)	(65.6)
Proceeds from sale of investments	62.3	66.0
Purchase of tangible fixed assets	(9.5)	(7.7)
Proceeds from sale of tangible fixed assets	0.1	0.1
Net cash inflow/(outflow) from investing activities	1.5	(2.7)
Net (decrease)/increase in cash and cash equivalents	(4.8)	4.5
Cash and cash equivalents at 1 April	91.7	87.2
Cash and cash equivalents at 31 March	86.9	91.7
Reconciliation of net cash flow from operating activities:		
Net income/(expenditure)	38.1	(24.5)
Add/(less):		
Depreciation	7.1	6.7
Exceptional impairment of intangible asset	–	1.1
Loss on sale of fixed assets	0.5	–
Investment income	(5.8)	(4.5)
Net (gain)/loss on investments	(44.6)	9.9
Defined benefit scheme pension costs recognised in SOFA	0.1	0.6
Employer contributions to defined benefit pension scheme	(0.6)	(0.8)
Increase in stock	(0.3)	(0.5)
Increase in debtors	(7.1)	(6.5)
(Decrease)/Increase in creditors	(2.5)	4.0
Decrease in dilapidations provision	(0.1)	(0.3)
Increase in provision for research grants and other awards	8.9	22.0
Net cash (outflow)/inflow from operating activities	(6.3)	7.2

The notes on pages 67 to 82 form an integral part of these financial statements.

Notes to the accounts

1. Accounting policies		
The Statement of compliance The Group and Charity financial statements have been prepared in accordance with the Statement of Recommended Practice: "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (SORP) issued on 16 July 2014 and the "Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). They also comply with the reporting requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011.	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.	<ul style="list-style-type: none">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.
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.	<ul style="list-style-type: none">Donations (including those raised through volunteer fundraising) are recognised when income has been received. Gift Aid income on donations is accrued when there is a valid declaration from the donor.Retail income is recognised at point of sale. Goods donated for sale are included as income at the point of sale. Gift Aid income claimed under the UK retail gift aid scheme is estimated and accrued at the point of sale.Legacy income is recognised in the Statement of Financial Activities when the BHF has entitlement to the income. For the majority of legacies entitlement is determined when probate has been granted. Where probate information is not available or probate is not required to execute an estate, a date of entitlement is estimated based on our experience data for similar legacies. Revisionary interests involving a life tenant are not recognised unless the life tenant has passed away.	<ul style="list-style-type: none">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.
Reporting period The financial statements for the year ended 31 March 2017 incorporate the trading results of BHF's retail operations for the 52 week period ended 25 March 2017 (2016: 52 week period ended 26 March 2016).	<p>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.</p>	<ul style="list-style-type: none">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:
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'.		<ul style="list-style-type: none">Costs of raising funds (donations and legacies) comprise costs incurred in generating donation and legacy income, including fundraising staff costs and fundraising marketing costs.Trading costs comprise costs associated with operating our retail operations together with costs of running trading activities conducted to generate fundraising income, such as events and lottery costs.

Notes to the accounts

1. Accounting policies (continued)

Charitable expenditure includes costs of grant awards and other direct costs incurred towards achieving the BHF's charitable objectives.

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

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

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

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

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

Awards

Grants awarded are included within charitable expenditure when the award of the grant has been communicated to the recipient. Grants awarded are commitments by the BHF to reimburse grant recipients for expenditure incurred, up to the value of the grant award. Grant payments are made to recipients retrospectively when invoiced by the recipient and when supporting evidence of costs incurred has been provided. Grants are recognised as a provision, reflecting the uncertainty of the timing and value of payment for grants. To calculate the

grants award provision, the timing and value of grant payments is estimated using a portfolio approach based on historical experience of similar grant awards. The expected underspend against award value reflected within the grant provision range from zero to 15% of award value and at 31 March 2017 reflects 6.9% (2016: 6.5%) of the grant award value for open grants.

All grant provisions in excess of one year are discounted to net present value. The discount rate used to determine the net present value is calculated with reference to UK Gilt yields at the balance sheet date, weighted to reflect the expected phasing of future grant payments. The discount rate applied at 31 March 2017 was 0.25% (2016: 0.48%).

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

Programme Grants – awards run initially for five years with a two and a half year review and can be extended for a further period of five years subject to Committee approval. On the basis of experience, it is assumed that the overwhelming majority of applicants will be successful at the mid-term review and therefore provision is made in the financial statements for expected future payments required to settle BHF's five year commitment.

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

Prevention, survival and support grants – grants are made in furtherance of the BHF's prevention,

survival and support charitable objectives. On award of a grant, provision is made in the financial statements for the expected future payments required to settle the grant award.

Fund accounting

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

Tangible fixed assets

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

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

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

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

1. Accounting policies (continued)

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 intangible assets are subject to an annual impairment review.

Investments

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

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

Foreign currency

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

Cash and cash equivalents

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

Stock

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

Pension costs

The current service cost of the BHF's defined benefit pension scheme is charged to employee costs over the anticipated period of employment. Net pension finance income or costs are recognised immediately as employee costs. Actuarial gains and losses are recognised immediately on the face of the statement of financial activities. The pension scheme net deficit is shown separately on the face of the balance sheet and separately within reserves. The detailed assumptions relating to the liability recognised on the defined benefit scheme are to be found in note 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. 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 fund £m	Restricted funds £m	2017 Total funds £m	2016 Total funds £m
Legacies	71.6	1.7	73.3	67.0
Donations	28.4	8.8	37.2	36.8
Donations received in BHF Shops	2.6	–	2.6	2.7
Volunteer fundraising	12.0	–	12.0	12.0
Total	114.6	10.5	125.1	118.5

The charity has received notification of 492 legacies (2016: 444) with an estimated value of £12.2m (2016: £15.6m) 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 (2016: £1.0m) 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	2017 Total £m	2016 Total £m
Retail income*	174.1	–	174.1	171.3
Retail costs	(148.5)	(3.1)	(151.6)	(144.9)
Retail net profit	25.6	(3.1)	22.5	26.4
Income from fundraising trading activities	4.4	–	4.4	5.5
Costs of fundraising trading	(5.7)	–	(5.7)	(6.1)
Net fundraising trading income	(1.3)	–	(1.3)	(0.6)
Exceptional impairment of intangible asset	–	–	–	(1.1)
Contribution from trading activities	24.3	(3.1)	21.2	24.7
Represented by:				
Total trading income	178.5	–	178.5	176.8
Total trading costs	(154.2)	(3.1)	(157.3)	(152.1)
Contribution from trading activities	24.3	(3.1)	21.2	24.7

* 2017 includes income of £38.0m (2016: £43.0m) representing donations from our supporters on which Gift Aid of £9.6m (2016: £10.7m) has been claimed from sale of goods through the Retail Gift Aid Programme.

5. Gross expenditure

	Awards (note 11) £m	Staff costs £m	Other direct costs £m	Support costs allocated £m	Total 2017 £m	Total 2016 £m
Expenditure on raising funds						
Costs of raising funds	–	10.9	17.2	3.3	31.4	29.4
Investment management fees	–		1.2	–	1.2	1.1
Total fundraising costs	–	10.9	18.4	3.3	32.6	30.5

Expenditure on trading activities

Retail costs	–	52.9	95.6	3.1	151.6	144.9
Other trading costs	–	1.4	4.3	–	5.7	6.1
Impairment of intangible asset	–	–	–	–	–	1.1
Total trading costs	–	54.3	99.9	3.1	157.3	152.1

Expenditure on charitable activities

Research	94.4	1.1	(0.2)	0.6	95.9	102.7
Prevention, survival and support	4.1	4.1	19.8	3.2	31.2	30.8
Total charitable expenditure	98.5	5.2	19.6	3.8	127.1	133.5

Support cost allocated	–	8.1	2.1	(10.2)	–	–
Total expenditure	98.5	78.5	140.0	–	317.0	316.1

Support costs included in gross expenditure

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

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

Analysis of support costs

	Charitable expenditure				Total 2017 £m	Total 2016 £m
	Fundraising £m	Trading £m	Research £m	Prevention, survival and support £m		
CEO, strategy and legal	0.5	0.3	0.1	0.4	1.3	1.4
Information technology	0.6	1.4	0.1	0.7	2.8	2.9
Finance and procurement	1.1	0.7	0.2	1.0	3.0	2.9
Human resources	0.8	0.4	0.2	0.8	2.2	2.4
Facilities management	0.1	0.1	0.0	0.2	0.4	0.5
Governance costs	0.2	0.2	0.0	0.1	0.5	0.5
Total support	3.3	3.1	0.6	3.2	10.2	10.6

Support costs are made up of:	2017 £m	2016 £m
Staff costs	8.1	7.1
Other costs	2.1	3.5
Total support	10.2	10.6

Notes to the accounts

5. Gross expenditure (continued)		
Gross expenditure for the year is stated after charging:	2017	2016
	£m	£m
Operating lease rentals (land and buildings)	26.5	25.7
Loss on disposal of fixed assets	0.5	–
Depreciation charge for the year	7.1	6.7
Auditors' remuneration*:		
Audit fee	0.1	0.1

* Auditors' remuneration comprises £62,742 (2016: £62,133) for the audit of the charity and £17,425 (2016: £16,917) audit fees of subsidiary undertakings (all numbers exclude VAT). In addition £nil (2016: £84,972) was incurred in respect of non-audit services. All numbers exclude VAT.

Staff and Trustee information	2017	2016
Staff costs	£m	£m
Wages and salaries	67.9	63.7
Social security costs	5.7	5.1
Pension costs (see note 16)	3.3	3.8
Other benefits	0.8	0.7
Other staff costs	0.8	1.9
Total	78.5	75.2

Wages and salaries include redundancy cost of £ nil (2016: £0.6m)

All staff are employed by the BHF. The average number of staff, employed in the year, was:	2017	2016
Head office	468	459
Regions	62	41
Shops	3,111	2,909
Total	3,641	3,409

Reflecting:		
Full time staff	2,258	2,161
Part time staff	1,383	1,248
Total	3,641	3,409

Full time equivalent average headcount	2,996	2,863
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The following numbers of staff have emoluments above £60,000:	2017	2016
Between £60,000-£70,000	26	22
Between £70,001-£80,000	17	16
Between £80,001-£90,000	3	4
Between £90,001-£100,000	5	4
Between £100,001-£110,000	5	3
Between £110,001-£120,000	–	–
Between £120,001-£130,000	–	1
Between £130,001-£140,000	–	–
Between £140,001-£150,000	1	1
Between £150,001-£160,000	1	1
Between £160,001-£170,000	–	–
Between £170,001-£180,000	1	2

The key management personnel of the BHF are the members of the Executive Group, further details of the membership and function of which is provided on pages 56. The total employee benefits of the Executive Group in the year was £1.2m (2016: £1.1m).

Trustee costs: no Trustees received any remuneration for services as members of the Board of Trustees, but a total of £3,522 (2016: £2,350) was reimbursed to five (2016: two) 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 £7,250 (2016: £4,505).

6. Statement of funds							
	Note	Balance 1 April 2016 £m	Incoming resources £m	Total resources expended £m	Net investment gain £m	Actuarial loss £m	Balance 31 March 2017 £m
Endowment funds (Group and Charity):							
Chair endowment trusts	a	7.1	–	–	–	–	7.1
G M Yule bequest	b	0.1	–	–	–	–	0.1
Dr John A Gordon memorial trust	c	0.3	–	–	–	–	0.3
Total endowment funds		7.5	–	–	–	–	7.5

Restricted income funds (Group and Charity):							
Legacy donations	d	5.0	1.7	(1.6)	–	–	5.1
Research	e	–	0.3	(0.3)	–	–	–
Prevention, survival and support	f	–	1.6	(1.6)	–	–	–
Department of Health grant	g	–	1.0	(1.0)	–	–	–
Oxford IDRM	h	(0.7)	3.2	–	–	–	2.5
Mending Broken Hearts Appeal	i	6.4	3.7	(0.7)	–	–	9.4
Total restricted funds		10.7	11.5	(5.2)	–	–	17.0

Unrestricted funds (Group)	28.0	299.0	(311.8)	44.6	(5.6)	54.2
Unrestricted funds (Charity)	28.0	241.1	(253.7)	44.6	(5.6)	54.4
Total Group funds	46.2	310.5	(317.0)	44.6	(5.6)	78.7
Total Charity funds	46.2	252.6	(258.9)	44.6	(5.6)	78.9

Note

- The Chair endowment trusts represent permanent endowments returned to the BHF by certain universities (see below). The interest earned on the money held is restricted and expended on the BHF's Chairs of Cardiovascular Medicine.
- Income from the G M Yule bequest is available for the general activities of the charity.
- Income from the Dr John A Gordon memorial trust fund is restricted to expenditure on 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 and accessibility 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") 50th anniversary appeal expended on the BHF's charitable activities.

Endowment of Chairs of Cardiovascular Medicine

Originally 13 of the BHF's Chairs of Cardiovascular Medicine were supported by endowments (the last of which was created in 1987); the remainder are personal chairs, of which there 31 as of 31 March 2017.

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	Restricted funds	Endowment funds	Total
	£m	£m	£m	£m
Tangible fixed assets	25.8	–	–	25.8
Investments	233.0	–	–	233.0
Current assets	142.2	17.0	7.5	166.7
Current liabilities	(121.7)	–	–	(121.7)
Long-term liabilities	(218.9)	–	–	(218.9)
Defined benefit pension liability	(6.2)	–	–	(6.2)
Total net assets as at 31 March 2017	54.2	17.0	7.5	78.7
At 31 March 2016	28.0	10.7	7.5	46.2

Analysis of Charity net assets between funds	Unrestricted funds	Restricted funds	Endowment funds	Total
	£m	£m	£m	£m
Tangible fixed assets	25.8	–	–	25.8
Investments	233.0	–	–	233.0
Current assets	144.3	17.0	7.5	168.8
Current liabilities	(123.6)	–	–	(123.6)
Long-term liabilities	(218.9)	–	–	(218.9)
Defined benefit pension liability	(6.2)	–	–	(6.2)
Total net assets as at 31 March 2017	54.4	17.0	7.5	78.9
At 31 March 2016	28.0	10.7	7.5	46.2

7. Intangible fixed asset			
Group	2017	2016	
	£m	£m	
Opening amortised value	–	1.1	
Exceptional impairment charge	–	(1.1)	
Closing value	–	–	

The right to run the London to Brighton Bike Ride event was acquired as a going-concern in 1992 and remained on our balance sheet at cost of £1.1m until 2016. 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 was impaired in 2016 to a zero carrying value.

8. Tangible fixed assets								
Group and Charity	Freehold property	Short leasehold property	Shop fixture and fittings	Vehicles	Furniture and equipment	Computers	Assets under construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
At 1 April 2016	2.4	24.3	23.3	2.8	10.9	17.4	–	81.1
Additions	–	1.7	4.0	0.7	0.8	1.0	1.3	9.5
Disposals	–	(0.9)	(1.0)	(0.5)	(0.2)	(0.1)	–	(2.7)
At 31 March 2017	2.4	25.1	26.3	3.0	11.5	18.3	1.3	87.9

Accumulated depreciation								
At 1 April 2016	0.4	15.6	17.4	1.4	9.3	13.0	–	57.1
Charge for year	–	1.7	1.6	0.6	0.9	2.3	–	7.1
Disposals	–	(0.7)	(0.7)	(0.4)	(0.2)	(0.1)	–	(2.1)
At 31 March 2017	0.4	16.6	18.3	1.6	10.0	15.2	–	62.1

Net book values								
At 31 March 2017	2.0	8.5	8.0	1.4	1.5	3.1	1.3	25.8
At 31 March 2016	2.0	8.7	5.9	1.4	1.6	4.4	–	24.0

Future capital expenditure commitments on specific projects for the Group of £0.2m (2016: £0.5m) has been contracted but no provision has been made.

9. Investments		
Group and Charity	2017	2016
	£m	£m
Market value		
At 1 April	193.5	203.8
Purchase of investments at cost	57.2	65.6
Disposal proceeds	(62.3)	(66.0)
	188.4	203.4
Net realised investment gains	10.1	2.0
Net unrealised investment gain/(loss)	34.5	(11.9)
At 31 March	233.0	193.5

Represented by		
Listed investments: equities	230.6	188.9
Cash held for investment purposes	2.4	4.6
Total investments at 31 March	233.0	193.5

Listed investments include overseas investments of £145.7m (2016: £106.9m).
No material shareholdings were held by the Charity in any one company.
The Trustees consider the value of the investments to be supported by their underlying assets, as appropriate.
The Charity holds 100% shareholdings in the four subsidiary undertakings within the Group; these are valued at cost of £8 (see note 15).

10. Debtors				
	Group		Charity	
	2017	2016	2017	2016
	£m	£m	£m	£m
Amount owed by subsidiary undertakings	–	–	7.3	7.0
Sundry debtors	3.9	3.3	4.4	3.3
Income tax recoverable	5.3	4.9	5.3	4.9
Prepayments	9.5	9.9	9.5	9.9
Accrued income	3.6	2.0	3.6	2.0
Accrued legacies	52.6	47.7	52.6	47.7
Total debtors	74.9	67.8	82.7	74.8

Notes to the accounts

11. Research and other awards

Group and Charity	Prevention, survival and support £m	Research £m	2017 £m	2016 £m
Provision for research and other grant awards				
Grants awarded during the year	4.3	107.5	111.8	116.9
Movement in estimated future grant underspend	(0.2)	(13.8)	(14.0)	(13.2)
Increase in grant discount	-	0.7	0.7	0.6
Net research grant awards as recognised in the statement of financial activities	4.1	94.4	98.5	104.3
Payment made during the year			(89.6)	(82.3)
Net movement in provision during the year			8.9	22.0
Grant provision at 1 April			307.1	285.1
Grant provision at 31 March			316.0	307.1
Awards falling due within one year			99.9	97.5
Awards falling due after more than one year			216.1	209.6
Grant provision at 31 March			316.0	307.1
Research and other grant awards commitments				
Total grants awarded and unpaid at 31 March, including conditional grant awards (total grant commitments)			388.9	374.2
Less conditional translation awards and Chairs grants *			(23.7)	(22.8)
Total unconditional grant awards outstanding at 31 March			365.2	351.4
Less estimated future grant award underspend *			(47.9)	(42.2)
Less grant discount			(1.3)	(2.1)
Grant provision at 31 March			316.0	307.1

* The BHF has a contingent liability of £71.6m (2016: £65m) including £23.7m (2016: £22.8) for awards conditional upon the favourable outcome of scientific reviews and £47.9m (2016: £42.2m) representing the expected future underspend against grant awards.

The Charity has discounted its long term liabilities, both for research and prevention, survival and support. A discount rate of 0.25% (2016: 0.48%) 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 £1.3m (2016: £2.1m) and for prevention, survival and support grant awards £0.0m (2016: £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 (this is unaudited). The top 50 grants made in 2016-17 are listed below.

Institution	Activity	Number of grants	2017 £m
King's College London	Research	9	9.7
University of Leicester	Research	5	5.6
Imperial College London	Research	5	4.8
University of Oxford	Research	5	4.5
University of Leeds	Research	5	4.2
University of Cambridge	Research	4	3.8
UK Biobank	Research	3	3.2
University of Edinburgh	Research	2	2.4
Queen Mary, University of London	Research	2	2.1
University of Bristol	Research	2	2.0
University College London	Research	2	1.7
University of Manchester	Research	1	1.3
University of Glasgow	Research	1	1.0
University of Hull	Research	1	0.9
Action on Smoking and Health	Prevention, survival and support	1	0.8
University of Sheffield	Research	1	0.7
University of Dundee	Research	1	0.6
Total		50	49.3
Other grants paid to institutions	Research		59.0
	Prevention, survival and support		3.5
Total grants and awards			111.8

Notes to the accounts

12. Other creditors				
	Group		Charity	
	2017	2016	2017	2016
	£m	£m	£m	£m
Amount owed to subsidiary undertakings	-	-	3.0	2.4
Sundry creditors	6.1	7.3	6.0	7.0
Taxes and social security	0.9	1.3	0.9	1.3
Accruals	12.3	13.5	11.8	12.9
Deferred income	1.8	1.5	1.3	1.1
Holiday pay accrual	0.7	0.7	0.7	0.7
Other creditors total	21.8	24.3	23.7	25.4
	Group		Charity	
	2017	2016	2017	2016
	£m	£m	£m	£m
Deferred income at 1 April	1.5	2.2	1.1	1.4
Released during the year	(1.5)	(2.2)	(1.1)	(1.4)
Income received during the year to be deferred	1.8	1.5	1.3	1.1
Deferred income at 31 March	1.8	1.5	1.3	1.1

13. Dilapidations provision				
	Group		Charity	
	2017	2016	2017	2016
	£m	£m	£m	£m
Provision balance at 1 April	2.9	3.2	2.9	3.2
Utilised during the year	(0.8)	(0.8)	(0.8)	(0.8)
Provision accrued during the year	0.7	0.5	0.7	0.5
Provision balance at 31 March	2.8	2.9	2.8	2.9

14. Operating leases			
At 31 March 2017 the Group had total annual commitments under non-cancellable operating leases, all for land, buildings and branded vehicles as follows:			
	2017	2016	
	£m	£m	
Payment due:			
Land, buildings and branded vehicles			
Within one year	25.3	26.7	
Between two and five years	71.1	82.2	
After five years	21.6	32.8	
Total	118.0	141.7	

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 undertakings is Greater London House, 180 Hampstead Road, London NW1 7AW		
These are:		
Company name	Registered company number	Activity
British Heart Foundation Ventures Ltd	02767880	Making commission arrangements and sponsorship agreements
BHF Shops Ltd	02472513	Retailing new (non donated) goods in BHF shops
London to Brighton Bike Ride Ltd	02672643	Owning rights to, and operating, London to Brighton Bike Ride.
British Heart Foundation Sales Ltd	00877530	Dormant

The share capital of each subsidiary is as follows - British Heart Foundation Ventures Ltd (3 ordinary shares of £1), BHF Shops Ltd (2 ordinary shares of £1), London to Brighton Bike Ride Ltd (1 ordinary share of £1) and British Heart Foundation Sales Ltd (2 ordinary shares of £1).

The taxable profits of these undertakings is transferred to the Charity (parent) each year as gift aid.

	British Heart Foundation Ventures Ltd	BHF Shops Ltd	London to Brighton Bike Ride Ltd	Total 2017	Total 2016
	£m	£m	£m	£m	£m
Turnover	0.3	22.6	0.8	23.7	22.7
Cost of sales	-	(12.5)	-	(12.5)	(12.4)
Gross profit	0.3	10.1	0.8	11.2	10.3
Other costs	-	(3.2)	(1.0)	(4.2)	(3.5)
Net taxable profit	0.3	6.9	(0.2)	7.0	6.8
Exceptional impairment of intangible asset	-	-	-	-	(1.1)
Net profit/(loss) after impairment	0.3	6.9	(0.2)	7.0	5.7
Distribution to parent	(0.3)	(6.9)		(7.2)	(6.8)
Assets	0.4	8.1	0.5	9.0	9.1
Liabilities	(0.4)	(8.1)	(0.7)	(9.2)	(9.1)
Net liabilities	-	-	(0.2)	(0.2)	-

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	2017 £m	2016 £m
Defined contribution scheme	3.2	3.2
Defined benefit scheme	0.1	0.6
	3.3	3.8

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 2017 was £3.2m (2016: £3.2m). From 1 August 2013, all employees have been automatically enrolled into the defined contribution scheme and BHF contributes between 2% and 25% of pensionable salaries.

ii) Defined benefit scheme

The BHF operates a defined benefit scheme, whose assets are held in a separate trustee-administered fund. The scheme closed to new entrants from 30 June 2001 and to service accrual on 31 May 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 the rate of 36.9% of pensionable salaries until 31 August 2015 and then increased to the rate of 40.2%. In addition an annual deficit-reducing contribution of £532,000 will be paid from April each year from 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 contributions expected to be paid to the scheme by the BHF for the year to 31 March 2018 is £0.5m.

In accordance with the requirements of FRS 102, the full actuarial valuation of the defined benefit scheme dated 1 July 2014 has been updated at 31 March 2017 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 102. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	2017 %	2016 %	2015 %	2014 %	2013 %
Salary growth	4.6	4.4	4.3	4.6	4.6
Pension increases in payment - Limited Price Indexation	2.6	2.4	2.3	2.6	3.4
Pension increases in payment - guaranteed	5.0	5.0	5.0	5.0	5.0
Discount rate	2.8	3.8	3.5	4.5	4.4
Inflation - RPI	3.6	3.4	3.3	3.6	3.6

Mortality

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

	2017	2016
Male	86.9	86.9
Female	88.7	88.9

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

	2017	2016
Male	88.0	88.2
Female	90.0	90.4

16. Pensions (continued)

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

	Asset categories as a percentage of plan	
	2017 %	2016 %
Equities	61	57
Fixed interest gilts	39	36
Cash/other	-	3
Index-linked gilts	-	2
Corporate bonds	-	2

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

	2017 £m	2016 £m
Current service cost	-	0.3
Expenses	-	0.1
Past service cost	-	-
Total operating charge	-	0.4
Interest income on pension scheme assets	(1.6)	(1.5)
Interest on pension scheme liabilities	1.7	1.7
Net finance - net	0.1	0.2
Total	0.1	0.6

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	
	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m
Scheme (liabilities)/assets at the start of the year	(44.1)	(48.7)	43.0	43.3	(1.1)	(5.4)
Current service cost	-	(0.3)	-	-	-	(0.3)
Interest cost	(1.7)	(1.7)	-	-	(1.7)	(1.7)
Interest income on assets	-	-	1.6	1.5	1.6	1.5
Employer contributions	-	-	0.6	0.8	0.6	0.8
Actuarial (loss)/gain	(9.8)	5.5	4.2	(1.5)	(5.6)	4.0
Benefits paid	1.7	1.1	(1.7)	(1.1)	-	-
Scheme (liabilities)/assets at the end of the year	(53.9)	(44.1)	47.7	43.0	(6.2)	(1.1)

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

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Defined benefit obligation	(53.9)	(44.1)	(48.7)	(42.1)	(42.3)
Fair value of pension scheme assets	47.7	43.0	43.3	37.1	35.3
Pension deficit	(6.2)	(1.1)	(5.4)	(5.0)	(7.0)
Experience gain/(loss) on pension scheme assets	4.2	(1.5)	(5.6)	(0.6)	2.4
Adjustments as a percentage of pension scheme assets	(3%)	(3%)	11%	(2%)	6%

Notes to the accounts

17. Financial instruments					
		Group		Charity	
	Note	2017 £m	2016 £m	2017 £m	2016 £m
Financial assets at fair value through statement of financial activities					
Investments	9	233.0	193.5	233.0	193.5
Financial assets that are debt instruments measured at amortised cost					
Amount owed by subsidiary undertakings	10	-	-	7.3	7.0
Sundry debtors	10	3.9	3.3	4.4	3.3
Taxes recoverable	10	5.3	4.9	5.3	4.9
Accrued income	10	3.6	2.0	3.6	2.0
Accrued legacies	10	52.6	47.7	52.6	47.7
Cash and cash equivalents		86.9	91.7	86.1	90.4
		385.3	343.1	392.3	348.8
Financial liabilities at fair value through statement of financial activities					
Grants provision	11	316.0	307.1	316.0	307.1
Dilapidations provision	13	2.8	2.9	2.8	2.9
		318.8	310.0	318.8	310.0
Financial liabilities that are debt instruments measured at amortised cost					
Amount owed to subsidiary undertakings	12	-	-	3.0	2.4
Sundry creditors	12	6.1	7.3	6.0	7.0
Taxes and social security	12	0.9	1.3	0.9	1.3
Accruals	12	12.3	13.5	11.8	12.9
Deferred income	12	1.8	1.5	1.3	1.1
		339.9	333.6	341.8	334.7

18. Related Party Transactions

For the year the charity received income of £6.9m (2016: £6.3) from BHF Shops Limited and £0.3m (2016: £0.5m) from BHF Ventures limited , being a corporate Gift Aid payment to the parent charity. In addition the subsidiaries reimbursed salary and other expenses recharged of from BHF shops Limited £2.8m (2016: £2.3m), BHF Ventures Limited £0.1m (2016: £0.1). At the year end £4.0 (2016: £4.1m) by BHF Shops Limited and £0.3m (2016: £0.5m) by BHF Ventures Limited was outstanding and included within net current assets.

The Charity awarded £0.3 million (2016: £3.1 million) for grants where members of Trustees were direct applicants acting on behalf of research institutions (Professor N Chaturvedi from University College London).

Legal and administrative details

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**British Heart
Foundation**

For over 50 years our research has saved lives.

We've broken new ground, revolutionised treatments and transformed care.

But heart and circulatory disease still kills one in four people in the UK.

That's why we need you.

With your support, your time, your donations, our research will beat heart disease for good.

**FIGHT
FOR EVERY
HEARTBEAT**

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