



Company number England & Wales: 01863614

Company number Isle of Man: 005851F

Charity number England & Wales: 326730

Charity number Scotland: SC038415

Charity number Isle of Man: 1177

# British Lung Foundation

Report and financial statements for the year ended 30 June 2019

**British Lung Foundation trustees' report**

**Reference and administrative information for the year ended 30 June 2019**

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## British Lung Foundation trustees' report

### Reference and administrative information for the year ended 30 June 2019

**Company number** 01863614 (England & Wales)  
005851F (Isle of Man)

**Charity number** 326730 (England & Wales)  
SC038415 (Scotland)  
1177 (Isle of Man)

**Registered office and operational address** 73-75 Goswell Road  
London  
EC1V 7ER

**Website** [blf.org.uk](http://blf.org.uk)

**President** Professor Sir Michael Marmot

**Trustees** Trustees who are also directors under company law, who served during the year and up to the date of this report were as follows:

Baroness Tessa Blackstone	Chair
Professor Stephen Spiro	Vice Chair
Mr John Graham	Treasurer and Chair, Finance and Audit Committee
Mr Ralph Bernard CBE	
Ms Teresa Burgoyne	
Ms Emily Bushby	Chair, Governance and Nominations Committee
Professor Edwin Chilvers	Chair, Research Committee (appointed 1 August 2018)
Mr Graham Colbert	Resigned 18 December 2018
Ms Isabel DiVanna	
Dr Francis Gilchrist	
Mr David Gill	
Professor Stephen Holgate CBE	Chair, Research Committee (resigned 31 July 2018)
Mr John Loots	
Mr Richard Pettit	

<b>Key senior management</b>	Dr Penny Woods	Chief Executive
	Mr Joseph Carter	Head of Devolved Nations
	Dr Alison Cook	Director of External Affairs
	Mr James Culling	Director of Fundraising
	Dr Nicholas Hopkinson	Medical Director
	Mr Mike McKeivitt	Director of Patient Services
	Mr John Whiterow	Interim Director of Finance and Corporate Services

## British Lung Foundation trustees' report

### Reference and administrative information for the year ended 30 June 2019

<b>Medical and nursing advisors</b>	Dr Noel Baxter Professor James Chalmers Dr Francis Gilchrist Professor Jonathan Grigg Dr Steve Holmes Dr Nicholas Hopkinson	Professor Toby Maher Dr Irem Patel Debbie Roots Dr Richard Russell Professor Steven Spiro
<b>Scientific advisors</b>	Professor Frank Kelly Professor Stephen Holgate	Professor Sir David King
<b>Bankers</b>	HSBC plc Onslow Square Branch 1 Sydney Place London SW7 3NW	Bank of Scotland Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
<b>Solicitors</b>	Bates Wells LLP 10 Queen Street Place London EC4R 1BE	
<b>Investment managers</b>	Cazenove Capital 1, London Wall Place London EC2Y 5AU	
<b>Auditors</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane London EC1Y 0TL	

The trustees present their report and the audited financial statements for the year ended 30 June 2019. After the end of the financial year, and during the finalisation of this report and the accounts, the merger with Asthma UK became a reality, leading to the public announcement on 7 November 2019 of the proposed merger. This report covers the activities of BLF for the year ending 30 June 2019 and therefore concentrates on the activities conducted solely in BLF. Consideration of the implications of the merger are made in the section, Plans for the future, on page 28.

Reference and administrative information set out on pages 3-4 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Strategic report

### Objectives

The Foundation, established in 1984, is for the relief of persons suffering from diseases of the lung, in particular by:

- the promotion of medical research into the prevention, treatment, alleviation and cure of the said diseases
- the dissemination of the useful results of such research for the benefit of the public
- the promotion of postgraduate training and the creation of fellowships in hospitals, medical centres and research institutes

### Vision, mission, values and beneficiaries

Our **vision**: For everyone to breathe clean air with healthy lungs.

Our **mission**: We offer hope, help and a voice:

- We fund research to find cures and treatments for lung disease.
- We empower people affected by lung disease through support, services and information.
- We campaign for healthy lungs and clean air.

Our **values**:

- **Empathy**: We listen with empathy and treat people with respect. Our work is guided by what people tell us they need.
- **Empowerment**: We empower people with the skills, knowledge and confidence to take control of their lives.
- **Excellence**: We inspire and lead action. We always work hard to improve what we do and respond positively to challenges.

Our **beneficiaries**: Anyone in the UK affected by any lung disease, today and tomorrow.

The trustees have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives, and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives.

Our current five-year strategic plan is anchored by key aims and strategic objectives:

- **We aim to prevent people from getting lung disease.** This will mean that we better understand the causes of lung disease, we promote awareness of the causes and we campaign for changes in public health.
- **We aim to improve people's health and increase life expectancy.** To do this, we will support research into better treatments and cures, promote early and accurate diagnosis, and improve access to the best treatments.
- **We aim to improve people's quality of life.** This will mean we give information and knowledge to people living with lung conditions and work to encourage everyone to look after their lungs.
- **We aim to be an effective and well-run charity.** We hope to demonstrate our effectiveness and wider impact while having the highest standards of governance, and to be robust both organisationally and financially.

We look to focus growth on our research and policy work - including leading the Taskforce for Lung Health - to enable us to reach the most people and have the biggest impact. Our health information and patient services remain a cornerstone of our work to help people affected by lung disease.

Following our strategic refresh, during the year we have updated strategies for our research, patient services, and digital work to ensure all areas of the BLF are aligned.

#### **Our research strategy**

This year we have redeveloped our research strategy to make sure that our investment in research has the maximum possible benefit for people living with lung conditions. Our new strategy will be formally launched later in 2019-20.

From 2019-20, we will aim to enable more research funding each year than ever before.

We plan to continue to award research grants by our tried-and-tested response mode funding approach - where researchers pitch their best ideas to us. We will also drive the research agenda by raising funds to support larger initiatives such as networks of excellence. These will bring together the best minds in the UK to collaborate on answering the most important questions in key lung conditions, which have been identified by patients, clinicians and researchers. We will also seek to raise funds to drive forward new drug development and drug repurposing.

#### **Our patient services strategy**

This year we developed, and started to implement, an updated patient services strategy. The strategy shifts our focus to a grass roots approach, with greater emphasis on initiatives generated by our support groups and individual beneficiaries.

Central to the strategy of developing projects based on the experience and knowledge of those directly affected, we plan to convene a council of people with lung conditions to help us design future projects. The council will be involved in identifying key themes of unmet need, generating ideas, developing those ideas, and co-designing projects. The aim is to seek funding for projects developed for people with lung conditions by people with lung conditions.

#### **Our digital strategy**

Since 2014, we've seen a 207% increase in visits to our website and a 224% increase in online donations. Our new digital strategy supports our strategic plan and aims to ensure we surpass this level of growth and are ready for changes in technology and society over the next five years.

The strategy we developed this year identified three focus areas for digital in BLF:

- **innovation and information:** move to 'digital-first' to deliver more personalised, interactive, health information online
- **community and social media:** grow engaged communities of supporters online, where we can offer support, people can support each other, and we can develop our supporter base
- **marketing and fundraising:** increase our reach, profile and income through integrated marketing and fundraising activity

To support this, we plan to develop a culture of learning and collaboration, and develop and recruit for first-class digital skills among our staff and volunteers.

### Priority areas

Lung disease costs the UK £11 billion every year. It's one of the three biggest killer disease areas, killing 115,000 people every year. It also accounts for over 700,000 hospital admissions and over 6.1 million hospital bed days. It is a major driver of winter pressure on the NHS.

Lung disease creates an enormous burden on the people it affects, their families and communities. We want to help everyone affected by lung disease - around 12 million people in the UK. Our strategy aims to focus our efforts on where we can make the greatest difference to people's lives.

Our priority areas are:

- **bronchiectasis**

Our research found about 210,000 people lived with bronchiectasis in 2012. Other research suggests bronchiectasis prevalence is over 300,000. From 2008 to 2012, deaths from bronchiectasis went up by 30%. It is a long-term condition and people with bronchiectasis have repeated chest infections.

- **chronic obstructive pulmonary disease (COPD)**

Our research found over 1.2 million people in 2012 lived with diagnosed COPD and suggested the prevalence was growing. Evidence suggests two-thirds of people with COPD are undiagnosed. It is a long-term, progressive condition and has a significant impact on people's lives.

- **pulmonary fibrosis**

Idiopathic pulmonary fibrosis (IPF) is the most common of the many interstitial lung diseases that cause pulmonary fibrosis. About 32,500 people live with IPF in the UK. Over 5,000 people die from IPF each year. The cause of IPF is unknown and there are no cures.

- **mesothelioma**

Mesothelioma is an aggressive cancer caused by exposure to asbestos. It takes about 30 to 40 years to develop. An estimated 5,400 people had mesothelioma in 2012. Five-year survival rates are around 10% and most people die within a year. There are no cures or effective treatments yet.

- **children's lung disease**

Lung disease is less common in children than in adults, but it accounts for about 11% of deaths in children under 15 and around 9% of all child hospital admissions. Too little is known about the impact of childhood respiratory disease on later life and research is much needed.

- **air quality**

Poor air quality adversely and dramatically affects our beneficiaries by worsening their symptoms, leading to hospital admissions and early deaths. It also directly causes some lung diseases such as lung cancer and damages lung development in children, leading to a lifelong disadvantage. A priority for our campaigning is to improve UK air quality to meet the standards recommended by the World Health Organization (WHO).

## Volunteers

Our volunteers provide invaluable knowledge, help and support to our organisation. This year over 2,200 people volunteered for us in many ways. Our **patient support groups** are run by 588 volunteers. They worked tirelessly to make sure their groups were well-run and well-supported. Fifty-five **patient think tank members** and think tank alumni ensure that the views, concerns and ideas of people affected by lung conditions remain at the heart of everything we do. This year **80 patient and health care professional reviewers** helped create and update our health information. They ensure our information is medically accurate, helpful and easy to understand for all people with lung conditions.

Our president and trustees oversee our strategy, policies and performance. Many also volunteer for us in other ways too - as media spokespeople, medical and scientific advisers, and health information reviewers. Thirty-one volunteers also contribute to our research, including **15 non-trustee members of our research committee** who assess applications for research funding and recommend to our trustees which projects to support; members of the steering group of our mesothelioma research network, and our college of experts, who are ad hoc advisers. In addition, **12 non-trustee medical and scientific advisers** help shape our policy work and make sure our communications are clinically and scientifically accurate. They also represent us in the media. We had **five volunteers**, working in a variety of departments, in our offices in Cardiff, Glasgow, Liverpool and London.

## Activities, achievements and performance

Our activities, achievements and performance during the financial year ended 30 June 2019 aligned with our mission to offer hope, help and a voice.

### Hope: funding research to find cures and treatments for lung disease

We achieve this by:

- funding research into the causes of lung disease, cures, improved treatment, diagnostics and care
- supporting early career researchers
- making research into respiratory illness a UK-wide priority and increasing the UK's overall investment in lung research



Respiratory research receives a disproportionately low amount of funding considering the burden lung disease puts on society, receiving less funding than disease areas that exert a smaller burden, such as neurological conditions and general infections. That is why our research funding is so vital.

Our research this year was funded in line with our priority areas and our existing strategy. We mainly offer open research grants where researchers set out their own proposals. Our emphasis is on funding projects designed to have practical and rapid benefits for people living with a lung condition.

This year, in addition to our ongoing funding, we invested an additional £1.8 million in 16 new research grants. This intentional drop from the previous year's investment (£2.7 million) allowed us to conserve our resources while we developed a new research strategy to be launched in 2019-20. Additional detail is in notes 7 and 22 to the financial statements. The focus of awards were projects tackling our priority areas:

- **COPD:** two grants totalling £41,600
- **interstitial lung disease:** three grants totalling £143,131
- **COPD and interstitial lung disease:** one grant of £25,000
- **mesothelioma:** nine grants totalling £1.5 million

We also funded a further award of £24,000 to investigate respiratory infections.

Our grants have funded research projects that relate to key strands of our research strategy:

- **To support early career lung researchers**

Without qualified and dedicated researchers, the UK cannot deliver world-class research. Our grants include studentship and travel fellowship awards to early career researchers to enable them to enter and remain in the field of lung research. This year:

- We gave a **PhD Studentship award**. This pulmonary fibrosis-focused grant enables an early career investigator to carry out research and train in world-class research facilities, where they will learn the skills they need to become part of the next generation of breakthrough researchers. We are grateful to the Masonic Charitable Foundation for their generous funding of this award in 2018-19, and their commitment to do so again in the coming year.
- We recognised research excellence among early career investigators by awarding prizes as part of the **Early Career Investigator Awards** presented at the British Thoracic Society 2018 Winter Meeting. We also awarded £17,250 for 23 **travel fellowships** so early career researchers could present their research at, and attend, the American Thoracic Society and European Respiratory Society conferences.
- We funded four **summer studentships** to provide promising medical and basic science undergraduates with hands-on research experience. This year, our studentships supported work investigating what the inherited form of pulmonary fibrosis can tell us about the sporadic form at the University of Cambridge; a study investigating the mutations that cause mesothelioma at the University of Glasgow; a project looking to improve care in chronic hypersensitivity pneumonitis at the University of Exeter, and a project looking to improve treatments for bacterial lung infections at Queen's University Belfast.

- **To establish research networks and actual or virtual centres of excellence**

We believe it is important to bring together researchers from different backgrounds to collaborate on specific issues and find solutions. The Victor Dahdaleh Charitable Foundation's gift in 2016 meant we could launch our **mesothelioma research network (MRN)** in October 2017. The network brings together the UK's mesothelioma research community to accelerate progress in finding treatments and better care for people with mesothelioma. The network has over 140 members who work in mesothelioma research and patient care. Many came to the [MRN research day](#) in June 2019.

We kept in touch with our network of previous and current research grant recipients through our biannual alumni newsletter. Several of our alumni were supported by our early career grants and are now eminent respiratory professors.

- **To offer funding to support discrete research projects and seek opportunities to co-fund research**

Grants awarded during the year included awards made in collaboration with the Victor Dahdaleh Charitable Foundation, Mesothelioma UK, SarcoidosisUK, the Pulmonary Fibrosis Trust, the Masonic Charitable Foundation and the family and friends of Dr Joseph Footitt. £350,000 of our mesothelioma awards were funded through our Mick Knighton Mesothelioma Research Fund.

- **To tell people in plain language about the research we fund**

Through our [online research hub](#), we communicate our research to a wide audience. People can read about research into specific diseases, the impact of our research and how we choose which projects to fund. They can also meet some of our researchers – putting a human face to the work we fund.

This year we published powerful blogs about our research and its impact. In [one](#), we outlined a range of new research grants we've awarded to fight mesothelioma. In [another](#), Dr Jonathan Baker shared how his research into COPD could help transform diagnosis and treatment of this condition.

We launched new online channels to give more opportunities to keep up-to-date with our research. The new [@blfresearch](#) Twitter account offers original articles about the science behind the projects we fund, and updates on the events we hold for researchers and on future funding calls. Our new [research-focused blog](#), launched in June 2019, gives more in-depth insights into some of the most interesting projects we've funded. We've already published blogs on a ['pregnancy test' for chest infections](#) and [why some non-smokers get COPD](#). We continue to tell research stories on our main blog.

## **Help: empowering people affected by lung disease through support, services and information**

We empower people affected by lung disease to improve their health and quality of life. We do this by providing the knowledge, skills, confidence and opportunities to support people in self-managing their health and becoming more physically and socially active.

This year, with an updated strategy, our new grass roots approach started to be reflected in projects and is a common theme running through our work. We continue to promote a range of physical activities, such as tai chi, gardening and walking, and the Singing for Lung Health initiative, but we

have shifted the emphasis from funding one-off developments towards signposting interested groups and individuals to existing activities or supporting them to start their own.

Rather than create a standalone gardening initiative, for example, we offered BLF support groups the opportunity to create their own gardening projects. While the previous gardening projects received excellent feedback, we found they were not sustainable beyond the defined project period. So, following discussions with Roche, who funded Breathing Green Air, it was agreed to provide one-off funding to groups. As a result, eight groups received start-up funding for a range of sustainable projects from growing fresh produce to turning a disused piece of land into a flowerbed.

### **Support groups**

Our volunteer-led support groups bring people affected by lung disease together, creating a peer support network across the UK. They provide members with vital information and friendship in addition to helping them build the skills and confidence to self-manage their conditions.

We are in the process of formalising the structure of our support groups with different options for them to choose from. During the year, members of staff visited 85 groups to help them decide which structure best fits their groups way of working. To date, 27 groups have become 'BLF support groups', a formal part of the BLF charity, which will continue to be closely supported by our team and actively involved in the wider BLF organisation and activities. A further 32 have chosen the 'affiliated group model' which gives financial and structural autonomy with an informal link to BLF. Another 25 groups have either become groups separate from BLF or have closed, mainly because of a lack of volunteers to run them. The transition programme is scheduled to run until December 2020, with a further 100 groups still to be visited.

To ensure that support groups are sustainable and can grow their impact, our main focus in 2018-19 has been to develop ways to recruit, engage and retain volunteers. We launched a digital learning hub with bespoke modules to support volunteer induction and training. We also created a volunteer forum for our volunteers to share ideas and advice, and to engage with our dedicated team of group support officers and the wider BLF.

We are planning our national volunteer conference in June 2020 in Birmingham. This event will celebrate the contribution and success of our volunteers.

### **Integrated Breathe Easy (IBE) support groups**

We continued to roll out the Integrated Breathe Easy support model, a variation on the traditional group structure, which has the groups integrated with local NHS services. This evidence-based programme still aims to improve participants' health outcomes by giving them the skills to self-manage their condition and reduce unplanned hospital admissions, and encourages closer engagement with local health care professionals. This year we have rolled out the model across Scotland and the East of England.

The five-year programme, which started in 2015, is funded by a £958,000 award from the Big Lottery Funding partnership and NESTA, the UK's innovation foundation. As part of the programme we have delivered a further 11 respiratory information events across the UK during the 2018-19 period. These events were attended by 824 patients and carers.

We also completed the set-up of IBE groups across Leeds, as part of a separate initiative funded by Leeds City Council. Based upon our experiences from both these programmes we are looking to further refine the model, for delivery across a number of discreet areas. The University of Kent will produce an evaluation of this project, providing further insight into the impact of peer support on people's ability to self-manage.

### **Severe COPD support group**

In Glasgow, a support group for people with severe COPD received good feedback from participants following a two-year set-up phase. Those who attended regularly learnt more about COPD, felt more confident about living with their condition, less isolated and more supported. We worked with NHS Greater Glasgow and Clyde respiratory team and Dolby Vivisol to support 32 people and six carers with information, support and activities such as singing, gardening and tai chi.

### **Singing for Lung Health groups**

Singing for Lung Health in Wales had a great first year and saw the establishment of nine groups supporting 99 participants, with further groups already in the process of being set up. This was made possible by an award of £73,466 from the National Lottery Community Fund Wales to fund the set-up of 20 groups and support 100 people. We are currently on track to far exceed this reach. We hosted a singing-focussed parliamentary reception at the National Assembly for Wales for World COPD Day to promote the benefits and have arranged Assembly Member visits to showcase the project.

### **Meet the Experts events**

In autumn 2018, we delivered four events in central Scotland and the Highlands focussed on bronchiectasis and IPF that were attended by 106 patients and carers. Feedback for these events were very positive: 97% of attendees agreed or strongly agreed they learnt more about the condition, 86% felt more confident as a result, and 90% found out where to get further support.

Later we secured £9,942 from Awards for All Wales to deliver Meet the Experts events in Wales. The first IPF one took place in June 2019, with three more to follow.

### **Our helpline**

It was another busy year on our helpline which answered over 22,000 telephone enquiries, made over 8,000 calls and replied to just under 6,000 emails. The helpline continues to provide both clinical and non-clinical support:

- The clinical team consists of five respiratory nurse specialists and a specialist respiratory physiotherapist. This year they supported over 2,300 callers. With their specialist clinical experience and training they provide evidence-based advice on a range of topics including breathlessness, diet, exercise and medication.
- The non-clinical helpline continues to handle a diverse range of enquiries. The most frequent enquiries concern living with a lung condition including oxygen therapy and travel, financial advice, information about specific lung conditions and donating to the BLF.

Our latest customer satisfaction survey showed 98% of callers would recommend the helpline to their family and friends. The service holds the Helpline Standards quality accreditation and we look to renew this next year as part of our ongoing quality plans.

We are particularly grateful to Seqirus for their funding of the helplines 'Keep Well in Winter' programme this year. The helpline was able to provide advice on a range of winter-related issues, from flu jabs to fuel grants, with the initiative supported by media articles, interviews and social media posts.

### **IPF support service**

In a separate initiative, our IPF support service supported over 100 people this year. The service provides an opportunity for patients and carers to have regular phone calls with a dedicated IPF advisor for six months and to have access to other members of the helpline team to support their wider needs. The service aims to help people with IPF make informed choices that will improve their health, wellbeing and health-related behaviours, by promoting self-management. Roche continue to fund the project.

### **Our health information**

We produce a wide range of printed information about lung conditions and living with breathing problems. Our information can be read online, downloaded as a PDF, or ordered free of charge from [blf.org.uk/publications](http://blf.org.uk/publications) or by calling our helpline. In July 2019, NHS England ended the Information Standard accreditation scheme, but we continue to follow a rigorous process to make sure our materials are up to date, evidence-based and reviewed regularly by people with lung conditions and health care professionals.

In 2018-19, our online health information was viewed over 7.5 million times. We sent out over 860,000 publications. Our most popular printed information was our booklet about living with COPD, of which we distributed over 78,000. Our most popular leaflet was also about COPD, with over 73,000 sent out. Our Stay Active, Stay Well exercise DVD and online videos was highly commended in the 2019 BMA patient information awards.

We also get positive feedback directly from our readers. One commented on our pneumonia information: 'Both your website and leaflet were just so clear but also reassuring and I wanted to just let you know what a great help they had been. It is a pity that I didn't get this information while I was in hospital or as part of my discharge process as I think it would have saved a fair bit of frustration and worry. Thank you again for being there.'

In the coming year, we will publish updated online information for parents about children's lung health, and we are grateful for support from The Steel Charitable Trust which enables us to do this.

### **Our online support**

#### **Our website**

Millions of people continued to access our website for support and information for people affected by lung disease. There were over 9.9 million page views this year.

Page views for our priority lung conditions were:

- COPD 0.8 million
- pulmonary fibrosis 0.7 million
- bronchiectasis 0.4 million

- mesothelioma 0.07 million
- children's lung disease 0.7 million

Our life-changing online tools keep improving lives. Our [online breath test](#) has now been completed 600,000 times, up from around 450,000 in 2017-18. Our COPD passport, which helps people check if they're getting the care they're entitled to for their COPD, has been used 46,947 times.

### Our blog

Our blog is where we share personal stories about people affected by lung disease. We share updates from our researchers, policy team and campaigns. This year the blog was viewed almost 288,000 times, up from 240,000 views in 2017-18.

By sharing stories, we give people a voice and help them know they're not alone. Brian [explained the realities of living with COPD](#), Niki shared how [a correct diagnosis helped her enjoy life](#) and 16-year-old Nathan explained how [he's not letting his lung condition stop him running a fun run!](#)

### Our web community

Our web community enables people to share experiences of managing and treating their lung conditions. Members share their daily challenges and their strategies to deal with them. The community is also a space for friendship and emotional support. This year the web community grew to 37,000 members.

### Support for physical activity

Physical activity is one of the best ways to manage a lung condition, and we continue to support a range of projects and services that offer people the opportunity to get, and stay, more active.

#### BLF Active

We have over 200 BLF Active classes running across the UK, supporting about 1,900 people with lung conditions. These exercise classes help people improve their fitness levels, strengthen muscles, manage breathlessness and grow in confidence. We continued to work with Loughborough College, which provides respiratory training to instructors, to promote BLF Active and share best practice in the physical activity community.

#### Keep Active, Keep Well

This year, we completed this innovative project that helped 600 people with lung conditions manage their health through peer support and exercise. The Sport England-funded project ran in four sites and received national and local recognition. All sites plan to continue the programme with local funding.

Building on learning from the motivational and behavioural change component of the programme, we have launched a new service, Active Steps.

#### Active Steps

This new initiative aims to encourage and support people to become active, rather than prescribing specific activities. The programme is funded by Sport England until January 2021 and we plan to give at least 200 people long-term support.

Our new dedicated Active Steps team of two work alongside our helpline and support individuals over 12 months. The helpline signposts the service to people who could benefit from being more active, and we also use Facebook advertising to recruit people. After an initial discussion and providing an information pack, the team uses motivational interviewing techniques during regular phone calls and sends emails full of encouragement, tips and inspirational stories. The team supports each person to set their own goals and targets, increasing activity levels and building confidence over the year. This is a very exciting pilot project which, if successful, could be adapted to a range of health and lifestyle scenarios. The service is being evaluated by the University of Lincoln and an interim report is planned in January 2020. We've already had great feedback from participants on the service, including [Eamon](#).

### Helping You Help Yourself

This was the second year of our self-management and exercise programme in Wales, Helping You Help Yourself. The three-year project is funded by the National Community Fund Wales and aims to support 65 programmes across three Health Boards.

The programme is for people with mild COPD, who may not have access to pulmonary rehabilitation. It is delivered by a BLF programme coordinator, a health care professional and a volunteer tutor with experience of living with COPD. Over seven sessions, participants are equipped with tools for self-care, such as an understanding of the benefits of being active and information about how best to be active.

Initial results are very positive. Participants reported being 39% less breathless. Over half were better able to do everyday activities at home, 56% were less affected by their cough and a third were more confident in getting out of the house. When tested, 83% improved their walking ability, with an average increase of 60 metres walked, about a 20% increase.

### Involving people with lung conditions

So that we deliver services that reflect the needs of our beneficiaries, we have adopted the approach of 'nothing about us, without us'. In other words, developing services, health care information and policies *with* people affected by lung conditions ensures they are at the core of all our work.

Our patient think tank - and patient think tank alumni - continues to go from strength to strength, providing us with frank feedback about what people affected by lung conditions want and need. This year, the group has been involved in early development work for a digital COPD flare-up plan, creating content for Active Steps newsletters and feeding back on ideas for a future programme of BLF local ambassadors.

We have also supported greater involvement of people with lung conditions in work with pharmaceutical companies, including activities with GSK, Verona Pharma and Trudell Medical, among others. Financial commitments made by the companies as a result of this, generated income of over £10,000.

### Supporting respiratory health care professionals

Our BLF Professionals network continues to grow, with membership of over 1,200 health care professionals. Our network includes respiratory nurses, physiotherapists, clinical physiologists, GPs



and pharmacists. We help BLF Professionals to improve care, educate their patients and develop more effective services for people with lung disease.

We held eight study days across the UK this year and saw a 73% increase in the number of attendees. Over 400 health care professionals joined us to update their knowledge and skills on a wide range of respiratory topics including air pollution, e-cigarettes, end of life care, breathlessness, bronchiectasis and asthma in children.

We send a monthly e-newsletter to over 6,500 health care professionals to keep them informed about the latest in respiratory health and research, share new resources, alert them to relevant professional events and engage them in our work.

## A voice - campaigning for healthy lungs and clean air

We are working to mobilise the public, raise awareness of lung disease and influence decision makers across the country so lung health gets the attention it deserves. We want everyone to breathe clean air with healthy lungs.

### Taskforce for Lung Health

The Taskforce for Lung Health, a coalition of over 30 organisations and individuals with an interest in lung health, published a [Five Year Plan for Lung Health](#). (We set up the Taskforce and provide its secretariat.) The plan makes 44 recommendations in key areas - prevention, diagnosis, treatment, living with a lung disease, end of life, and workforce. Taken together and implemented acted on in full, these would transform outcomes for people with a lung condition.

The plan was launched in parliament and at the British Thoracic Society winter meeting, and was well received by the respiratory sector and politicians. Speakers at the launch included Professor Gina Radford, the Deputy Chief Medical Officer, and James Brokenshire MP, then Secretary of State for local government and a survivor of lung cancer.

The Taskforce's biggest achievement has been to persuade NHS England that respiratory disease deserves a higher priority. We are delighted that for the first time there is a [respiratory programme](#) in the new NHS Long Term Plan. Our director of external affairs will co-chair the respiratory delivery board responsible for implementing the plan.

The Taskforce's focus is now to influence decision makers to take forward the report's recommendations, through NHS England policy, RightCare, local health systems and other bodies. The Taskforce has prioritised recommendations on diagnosis, pulmonary rehabilitation and medicines optimisation - identified as affecting the largest number of people and having the greatest chance of early success.

Work has begun on a new, digital data tracker to measure progress against the Taskforce recommendations. In a clear and engaging way, it will show how fast things are changing and to demonstrate how this helps our beneficiaries. We expect to launch this in December 2019.

### Scottish respiratory care action plan

This year, we worked with the Scottish Government and the clinical lead, Dr Tom Fardon, to shape the new respiratory care action plan. We're involved in workstreams for all five priority areas



(asthma, COPD, bronchiectasis, ILD and sleep) and sit on the executive group. Progress has been slow. So, as well as working with health care professionals, we worked with backbench MSPs to question the Minister for Public Health, attended all the Scottish party conferences to raise awareness of the plan, and called for the plan to be fully resourced in order that it can make a significant difference to the lives of people with lung conditions.

Minister for Public Health Joe Fitzpatrick praised the BLF's contribution in May 2019 at our event at the Scottish Parliament to celebrate the exciting research projects we are funding.

### Welsh respiratory health delivery plan

The Welsh plan, including many of our policy and practice recommendations, was relaunched in January 2018. This year, building on the Royal College of Physicians' primary care audit, the Welsh Government piloted a new quality improvement platform to replace the Quality Outcomes Framework (QOF). We helped shape a new guideline for the use of inhalers and non-pharmacological interventions, such as pulmonary rehabilitation and singing. We continue to press the Welsh Government to fully fund the plan, and tackle longer-term issues as well as quick wins.

### Clean air

Our campaign on clean air has gone from strength to strength this year and we have cemented our position as the leading health voice working on air pollution.

In October, we published a major new analysis of levels of particulate pollution (PM2.5) around hospitals and GP surgeries. Our report, [Toxic Air at the Door of the NHS](#), showed that over 2,000 health centres across the UK are located in areas with levels of particulate pollution that are within legal guidelines, but above the internationally recognised 'safe' limit. This started our campaign for new lower legal limits for pollution in the upcoming Environment Bill. Our work was endorsed by stakeholders including the World Health Organisation.

[The Clean Air Parents' Network](#) has grown and developed. The BLF coordinates campaigning in Manchester, Birmingham and Liverpool. Our biggest success this year has been influencing Birmingham to introduce a full Category D clean air zone that will charge private cars to drive in the city centre. Despite opposition from drivers' groups and even the West Midlands Mayor, the council approved the strongest plans in the country outside London. The influence of the Clean Air Parents' Network continued with the council launching a consultation on a new programme to monitor and reduce air pollution around schools across the city. In Manchester, we are campaigning for the Greater Manchester combined authority and elected Mayor to support similar plans.

In April, we supported the launch of the London Ultra Low Emission Zone, which will charge diesel and petrol vehicles to drive anywhere in the congestion charge zone. The zone is expected to reduce pollution levels in the city centre. Following lobbying from the BLF and other stakeholders, it will be expanded later in 2019 to cover most of the city, reaching to the North and South Circular roads.

We made progress towards joining up health and environment decision-making around air pollution. The government published its [clean air strategy](#) jointly between the Department for Food and Rural Affairs and the Department for Health. For the first time, the NHS Long Term Plan has a workstream on air pollution. This is expected to focus on how the NHS can reduce its own contribution to pollution, through hospital fleets, staff and patient travel, and better prescribing of inhalers.

In Scotland, air pollution hit the headlines with the effects on lung health a major feature. We worked with politicians across parties to influence the new Transport Bill currently progressing through the Scottish Parliament; we are helping to write the Clean Air Review for Scotland and we established Healthy Air Scotland. Our polling showed 75% of Scots want a ban on cars around school gates, and was reported on the front page of The Times' Scottish edition. Locally, we worked with Glasgow and Edinburgh councils on their Low Emission Zones and made the case for similar measures in Aberdeen and Dundee.

In Wales, we chair the Healthy Air Cymru alliance and are working with the Welsh Government on the new Clean Air Plan. The new First Minister, Mark Drakeford AM, promised to introduce a Clean Air Act when he took office at the end of 2018, so we have set up a Clean Air Act cross-party group to bring the parties together with the voluntary sector to push for ambitious legislation.

### Smoking

We published our report [Less help to quit](#) in July 2018. It explored the growing issue of access to NHS treatments for stopping smoking in primary care and found that overall the number of items of varenicline dispensed had fallen by more than 50% since 2010-11. We also found some areas in England where clinical commissioning groups (CCGs) banned staff from prescribing the drug. This left many smokers with no access to the most effective treatment. Our work to highlight this issue was supported by Public Health England, Cancer Research UK and the Royal College of Physicians. We secured exclusives with [The Observer](#) and [Sunday Express](#) to launch the report, alongside widespread national, regional and broadcast coverage.

Following our report, we engaged with CCGs which banned prescriptions for varenicline. We lobbied in around 20 areas asking for a change to local policy so all smokers who would benefit could be prescribed the drug. With the help of a local MP, we were successful in changing the policy in Corby and the rest of Northamptonshire so all smokers can now get varenicline on prescription there.

During the year, our policy on e-cigarette issues was widely shared. In March, we responded to the All-Party Parliamentary Group on Smoking and Health report supporting their calls for raising the age of tobacco sale from 18 to 21, urging the government to commit to achieving a smoke-free generation.

### Raising awareness of our priority areas

Throughout the year, we worked to raise awareness of our priority areas through our blog and social media activities. We're reaching and engaging more people than ever online.

- On Facebook, we increased our followers to over 90,000, up 25% from 72,000 in 2017-18. Our posts reached more people than ever, peaking on World COPD Day in November. We continue to invest in building our community on Facebook with paid advertising that targets individuals who share similar traits to our current supporters.
- The number of our Twitter followers grew by 25%, to 19,500, and our tweets were viewed 2.9 million times. Our tweets were viewed less this year, partly due to fewer campaigns involving celebrities.

Our priority areas and campaigns reached a wide audience through a range of media.

## The Taskforce for Lung Health

The launch of the Taskforce for Lung Health's plan received wide support on Twitter and our call for greater use of spirometry testing was covered in the medical press including the [BMJ](#). The [Times](#) and [Independent](#) featured lung health stories mentioning the Taskforce.

## Lung disease

- We highlighted our research into mesothelioma on **Action Mesothelioma Day**. Our posts were seen more than 70,000 times on Facebook and Twitter.
- During **IPF week** in September our posts on Facebook and Twitter were viewed over 325,000 times and 7,000 people read our two blogs, with more than £1,000 was raised by website donations. In August, we had contributed to Channel 4 News' coverage of IPF.
- On **World COPD Day** Our posts created a buzz on Facebook, with one reaching nearly 160,000 people. We published [a photo blog](#) about the journey of someone with COPD that had a great response. In January 2019, there was great coverage of the launch of our COPD cohort study at Queen's University Belfast, including from the [BBC](#), [ITV News](#) and the Belfast Telegraph. One of our patient case studies Kim, who lives with COPD, was the first person interviewed for [Metro's](#) You Don't Look Sick feature.
- Our nation-wide **Love your Lungs week** in June 2019 was widely reported, including by the Daily Express and Daily Mirror. Previously known as Breathe Easy week, it was well supported by our support groups and we had an amazing photo call at the Scottish Parliament, featuring representatives from all the main parties.

## Clean Air

Our report on levels of PM2.5 air pollution around hospitals and GP surgeries got more than 100 pieces of coverage including in The Times, Daily Mail, Metro, The Guardian, and Daily Mirror. [Public Health England](#) shared a blog about our report.

In January, our response to the government's new Clean Air Strategy resulted in more than 200 pieces of coverage, including Sky News, Good Morning Britain and Victoria Derbyshire. In April, our response to a Lancet study on air pollution resulted in more than 180 pieces of coverage, including an interview with our director of external affairs on Radio 4's PM programme. We also featured in The Times' Clean Air for All campaign. One of our medical advisers, Professor Jonathan Grigg, and our patient voice volunteer, Agnes Griffiths, were interviewed about indoor pollution on BBC Radio 4.

We organised interviews with Talk Radio and BBC Five Live to discuss the link between air pollution and asthma. Our comment on schools banning the school run went in [The Guardian](#) and [Daily Mail](#).

The Clean Air Parents' Network often featured in the media. We worked with network to produce a video featuring seven-year-old Eloise asking a doctor about air pollution and a children's health video, which was included on the Birmingham Mail website. In December, the network's parliamentary reception was reported in The Times. We also secured an interview in [The Guardian](#) on air pollution and the network. MP Jeff Smith wrote [a blog welcoming](#) the Clean Air Parents' Network in Manchester, and network member Sandra Green was interviewed on BBC West Midlands.

## Fundraising

Our work to offer hope, help and a voice to people affected by lung conditions is only made possible by our passionate and dedicated supporters - without them, we would not exist.

This year was the third year of our current fundraising strategy and by the end of the year, thanks to our fantastic supporters, we had raised a cumulative total of over £23 million. There was a decline of about £0.5 million this year due to legacy income returning to expected levels after a sharp rise in 2017-18. Outside of legacy income, fundraised income grew in line with expectations of the strategy. We are still on track to exceed our target of £36.92 million over the lifecycle of the five-year strategy.

Over 125 amazing supporters left us a gift in their will. Our legacy programme continues to show the great value of asking people to support the BLF in their wills, with over 600 telling us of their intention to do so. Continuing our legacy TV advertising, as well as direct mail appeals and face-to-face presentations, have all helped spread the message of legacy giving.

Generous grant giving bodies continued to show their support for us in 2018-19. This included another extremely generous donation of £761,000 from the Victor Dahdaleh Charitable Foundation, matched by government funding for mesothelioma research and £27,500 from The Mintz Family Foundations Trust, including £25,000 for research into pulmonary fibrosis. We are also incredibly grateful to Greendale Charitable Foundation and PF Charitable Trust for their generous donations towards our research; the Peacock Charitable Trust for their support and trust in our work; and The Steel Charitable Trust, whose grant has helped us review our online children's information, which provides vital information to children and families affected by lung conditions.

Our corporate partners also made significant contributions this year through our Living Well Alliance and Mesothelioma Patron schemes. The Living Well Alliance partners worked with us to bring treatments, devices and products to people living with a lung condition so they can be supported to manage their condition effectively. They also made donations to help our patient services team continue supporting people living with lung conditions. We expanded our Mesothelioma Patron scheme to eight patrons, who all made donations to continue our investment in world-class mesothelioma research.

At the heart of fundraising are always our individual supporters. This year over 12,000 people generously gave over £3.1 million to support our work. Whether running marathons, organising their own events or responding to appeals, our supporters continue to show their dedication, determination and inspiration to raise money to support people affected by lung disease. We are of course extremely grateful for their continued commitment.

## Fundraising compliance

We believe that giving to us should be a great experience and we're constantly striving for the highest standards to ensure our supporters and the wider public are treated fairly and with respect.

To guarantee our fundraising is in line with recognised standards we maintained our membership of the Institute of Fundraising (IOF) and abide by its relevant codes of fundraising practice. We are also registered with the Fundraising Regulator and all our activity is GDPR (General Data Protection Regulation) compliant.

Our fundraising activity and overall strategy is regularly reviewed by the Board of Trustees carrying out their duties under the Charity Commission's guidance, CC20 - *Charity Fundraising - A guide to trustee duties*. Our Finance and Audit Committee monitors significant risks and ensures these risks are properly addressed. The executive team has oversight of all fundraising activities and monitors performance against key indicators to identify any significant challenges or changes we need to make.

Most of our fundraising is carried out by our own staff, but to ensure that our compliance with regulations is suitably robust, we also make sure that, where necessary, all campaign training with commercial participants is carried out by a member of the relevant BLF team. We ensure these teams are trained appropriately, with a particular focus on approaches to vulnerable adults.

We comply with the Institute of Fundraising guidance, set out in *Treating Donors Fairly: Responding to the Needs of People in Vulnerable Circumstances and Helping Donors Make Informed Decisions*. We also require our staff, and any agencies contacting members of the public on our behalf, to comply with guidelines provided by the Direct Marketing Association and the Public Fundraising Regulatory Association.

In 2018-19, we continued our mystery shopping programme to give an independent review of our supporter care. We had a great deal of positive feedback, particularly around the revitalisation of the delivery of our Breath of Life in memoriam tribute funds. We ranked in the top five of all charities taking part in the programme, but we believe there is always scope for us to improve our supporter care.

#### **General Data Protection Regulation (GDPR)**

GDPR guides how we should collect, process and store personal information, to make sure that personal data is protected and held securely. By May 2018 we ensured that all our processes are GDPR-compliant. Data protection is an ongoing process - we will continue to build data protection into everything we do.

#### **Best not-for-profit organisations**

We were proud to be ranked 45<sup>th</sup> in the 2017 *Sunday Times* 100 best not-for-profit organisations to work in, as evaluated by employees' responses.

## Structure, governance and management

### Legal structure

The organisation is a charitable company limited by guarantee, incorporated on 14 November 1984 and registered as a charity in England and Wales on 11 December 1984. The BLF registered as a charity in Scotland on 4 July 2007 and in the Isle of Man on 16 December 2014.

The governing document is the Articles of Association, which were updated in line with the Companies Act 2006 in November 2009. The Board of Trustees comprises the directors of the company who are also the members of the British Lung Foundation. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 30 June 2019 was 12 (2018: 14).

The BLF has two subsidiary companies: BLF Limited and BLF Services Limited. More details on both subsidiary companies are available in note 15 to the financial statements.

### Organisational structure and governance

The trustees who have served during the year are listed on page 3. No member of the Board of Trustees or the Research Committee receives any remuneration for their services. The Board of Trustees met five times during the year. The table below shows the number of meetings trustees attended, and the number of meetings they could have potentially attended while serving as a trustee.

### Attendance

	Attended	Available
Baroness Tessa Blackstone	5	5
Professor Stephen Spiro	4	5
Mr John Graham	5	5
Mr Ralph Bernard CBE	3	5
Ms Teresa Burgoyne	5	5
Ms Emily Bushby	4	5
Professor Edwin Chilvers	4	5
Mr Graham Colbert	2	2
Ms Isabel DiVanna	4	5
Dr Francis Gilchrist	5	5
Mr David Gill	3	5
Mr John Loots	5	5
Mr Richard Pettit	4	5

Subcommittees report to the Board of Trustees and comprise the Finance and Audit Committee, Research Committee, and Governance and Nominations Committee. The Finance and Audit Committee meets two weeks before each Board of Trustees' meeting. The full Research Committee meets face-to-face once a year, with additional business carried out by correspondence. Sub-panels from the Research Committee may also be convened to make specific grant awards during the year. The Governance and Nominations Committee meets twice a year.

## British Lung Foundation trustees' report For the year ended 30 June 2019

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The aim of the Governance Committee is to review our current governance arrangements and recommend how we will meet and exceed expectations of the Charity Commission Code of Good Governance. A review of our governance was completed earlier in the year and recommendations implemented, assisted by the National Council for Voluntary Organisations (NCVO).

### Committee membership

#### Finance and Audit Committee

John Graham (Chair)  
Emily Bushby  
Graham Colbert (resigned 18 December 2018)  
Isabel DiVanna (joined 31 January 2019)  
Richard Pettit  
Professor Stephen Spiro

#### Governance and Nominations Committee

Emily Bushby (Chair)  
Teresa Burgoyne (Observer)  
Graham Colbert (resigned 18 December 2018)  
Isabel DiVanna  
John Graham  
Richard Pettit

#### Research Committee

Professor Stephen Holgate CBE (Chair to 31 July 2018)  
Professor Edwin Chilvers (Chair from 1 August 2018)  
(plus eminent respiratory scientists, clinical researchers and people affected by respiratory disease)

### Related parties and relationships with other organisations

The BLF is a member of the Association of Medical Research Charities and maintains close links to the British Thoracic Society, Primary Care Respiratory Society UK and other professional respiratory societies, and patient charities. We are a member of the Richmond Group, a group of 14 health and health-related charities that work together on issues common to their beneficiaries. We are also a member of the UK Lung Cancer Coalition, the Global Lung Cancer Coalition, the Common Cancers Coalition, the Smoke Free Action Coalition, and the Healthy Air Campaign. A number of trustees and senior management sit on other respiratory health committees and programme boards and the BLF is involved in initiatives across the UK. We are a member of the Fundraising Standards Board, Association of Chief Executives of Voluntary Organisations and NCVO.

### Management

The trustees set strategic direction, policies, approve an annual plan and budget, monitor performance against the plan and budget, monitor risk and make major decisions about trustee appointments, capital expenditure and senior staff appointments.

The trustees delegate the day-to-day responsibility to the executive team led by the chief executive, Dr Penny Woods.



### **Appointment of trustees**

Trustees with expertise in researching and treating lung disease are recruited through contacts of the current Board of Trustees and professional networks. Other trustees are recruited through targeted and national advertising, and recruitment agencies. Potential trustees are interviewed by members of the Governance and Nominations Committee, who recommend appointments to the full Board of Trustees. Trustees are appointed for an initial term of three years and can be re-elected for a further two terms of three years each, to a maximum total of nine years. One-third of trustees seek re-election annually. The Board monitors its composition and diversity with the aim of reflecting the beneficiaries we serve.

All trustees give their time voluntarily and receive no benefits from the BLF. Any expenses reclaimed from the BLF are set out in note 9 to the financial statements.

### **Trustee induction and training**

A new trustee's induction programme is tailored to their role and specialist areas. They visit the London and Liverpool offices to meet relevant staff and senior management team members. The induction programme also includes historical information including committee minutes, governance, strategic plans, business plans, risk registers and management accounts. Each trustee is given information on the legal duties and expectations of a trustee and invites to attend external trustee training events funded by the BLF. On appointment, each trustee completes a register of interests, which is renewed annually and agrees to abide by the Charity Governance Code.

## **Policies**

### **Our grant making policy**

Each year we offer several funding streams, open to any biomedical researcher or health care professional working in the field of lung conditions in the UK. We invite applications for lung research projects through a variety of methods such as advertising on our website, through publicity at conferences and via news bulletins issued by related organisations and professional societies. Applicants submit their proposals and these are reviewed by our research committee and external peer reviewers. The research committee is made up of 14 respiratory researchers and two lay members. The committee ranks the applications in order of scientific merit and benefit to people with lung disease and makes recommendations to our trustees. Funding is granted to the top-ranking grants, taking into account our priority areas and the funding available.

### **Remuneration policy for key management personnel**

The Board of Trustees approves the remuneration policy for key management personnel. The BLF is committed to ensuring that it pays its staff fairly and in a way that enables it to attract and retain staff with the right skills to have the greatest impact in delivering its charitable objectives.

The salary of the chief executive is set by the Finance and Audit committee, and it considers the ratio between chief executive and median employee pay as part of this review. Executive team salaries are set by the chief executive and the Finance and Audit committee. All salaries must remain within the overall budgets approved by the Finance and Audit committee and Board of Trustees. We aim to ensure that salaries reflect the knowledge, skills, responsibilities and personal competencies required for the performance of each job. We must also retain staff in a competitive market. Salaries are set in the context of the job market and reflect mean pay rates based on



comparisons made with similar sized organisations operating in similar sectors and locations. Benchmarking comparisons are made with reference to published salary surveys and recently advertised roles. It is acknowledged that salaries in the third sector are often lower than in equivalent-sized commercial organisations of similar complexity. There are no bonus schemes or long-term incentive plans.

We are committed to ensuring all employees are paid at least the Living Wage (or the London Living Wage when appropriate) and we require our contractors to also adopt this policy. Salaries are published openly in job adverts. We operate a defined contribution pension scheme through a group personal pension with Scottish Widows. Other non-contractual benefits, including a health care cash plan, season ticket loan and life assurance apply equally to all staff on successful completion of their probation period.

### **Investment policy, performance and ethical policy**

The BLF investment portfolio comprises four distinct funds: the GlaxoSmithKline (GSK) Endowment Fund, the BLF Balanced Portfolio, the BLF Investment Fund and the BLF Mesothelioma Fund Notice Account. The whole investment portfolio is managed by Cazenove Capital Management on a discretionary basis. Cazenove reports twice yearly on the performance of the portfolio to the treasurer and the Finance and Audit committee.

The investment strategy is to achieve a balance between generating sufficient income to support our ongoing activities, and for the GSK endowment to fund the GSK-BLF Chairs, while maintaining the real capital value of the investments over the long term. The trustees adopt a balanced investment strategy with a medium risk tolerance. The portfolio is primarily invested in equities (both domestic and foreign) and fixed interest products with diversification through exposure to alternative asset classes such as property. Cash deposits are managed directly by the Finance and Audit committee and deposits are made with UK institutions which have good credit ratings.

We have instructed the investment managers not to invest in companies that are associated with tobacco or tobacco-related products.

### **Financial review**

*(Note: 2017-18 figures are shown in italics in brackets.)*

#### **Summary**

The year saw another good financial performance with a surplus on unrestricted activity of £349,000. Both income and expenditure were lower than in 2017-18, an exceptional year for both legacy income and contributions towards research programmes that supported increased levels of charitable expenditure, in particular on research. While overall income was lower in 2018-19, the trend in income growth continues.

There was a drawdown of £645,000 of restricted funds to fund a range of charitable activities including research and patient services projects.

In total, including unrestricted and restricted activity, there was a net movement (deficit) of £296,000, including net investment losses of £80,000.

As a result, total reserves decreased to £5.3 million with unrestricted reserves increasing to £3.0 million. The Board of Trustees approved the transfer of £1 million of unrestricted reserves into a new investment-designated fund intended to support new strategic initiatives such as the new research strategy and various infrastructure projects.

### Income

Total income at £8.5 million was lower than in 2017-18 (£9.6 million) but continues to grow compared to previous years. This growth is mainly due to increases in legacy income resulting from a successful legacy marketing campaign in 2018. Legacy income of £2.7 million in 2018-19 compares to £2.3 million in 2016-17.

- Gifts and donations fell by £80,000 to £3.37 million. Additional resources have been allocated to support this area in 2019-20, in particular to work with corporate and trust donors to increase income to fund our charitable activities.
- Research income at £1.05 million (£1.48 million) includes a generous donation of £761,000 (£1.18m) from the Victor Dahdaleh Charitable Foundation towards mesothelioma research.
- Patient support income increased by 4% to £790,000. This included £245,000 to deliver our Integrated Breathe Easy project from the Big Lottery Fund via NESTA; £221,000 from Sport England for the Keep Active, Keep Well and Active Steps projects; £120,000 from the Big Lottery Fund Wales to fund various projects in Wales and a further £204,000 to fund other patient-centred projects.
- Income restricted to campaigns and awareness fell by £126,000 to £193,000 which is mainly due to timing differences in funding for the delivery of the Taskforce for Lung Health from a consortium of pharmaceutical companies.
- Other trading activities, which includes the sale of merchandise and sponsorship income, decreased by 20% to £156,000 (£194,000).
- Investment income grew by 12% to £172,000 (£153,000). No additions or withdrawals were made during the year.

### Expenditure

Unrestricted expenditure grew modestly by 3% to £5.82 million (£5.67 million). This included an increase in fundraising expenditure of £348,000.

Restricted expenditure, mainly on research, was lower than in 2017-18, an exceptional year due to the higher levels of income received. However, overall, restricted expenditure at £2.9 million remained in line with earlier years (2016-17 - £2.8 million) with a drawdown of restricted research and patient support grants. There was a small decrease in patient services spending offset by an increase in spending on campaigns.

Support costs have been allocated across charitable and fundraising activities in proportion to full-time equivalent staff numbers. The trustees believe this is a fair representation of how resources are used. Trustees and management continue to maintain a tight control on costs.

### Investments

The charity's investment strategy is:

- to achieve a balance between generating sufficient income to support our ongoing activities
- for the GSK endowment to fund the GSK-BLF Chairs

- to maintain the real capital value of the investments over the long term

This equates to a targeted annual real return of 3%. Both the BLF Investment Fund and the GSK Endowment Fund underperformed against the strategy at -0.1% and -0.4% return respectively. This was down to two factors:

- having an income bias in UK equities, which performed less well than growth companies
- being underweight in fixed income

The BLF Balanced Portfolio is a new fund, set up in Q3 2019, and its returns have been on target. The result was a small shortfall in investment income against target of £60,000 and a net unrealised capital loss on investments of £80,000, after an unrealised capital gain of £139,000 in 2017-18.

### Balance sheet

BLF's balance sheet remains healthy. There was a net cash inflow of £311,000, increasing cash to £3.80 million (£3.49 million). The balance of fixed assets represents predominantly the office at Goswell Road, which is held on a long lease. Coincidentally, the value of fixed assets remained at £896,000 with the investment in more efficient air conditioning at Goswell Road exactly offsetting the depreciation charge for the year. There was a small reduction in overall net assets as a result of increased long-term research creditors.

### Reserves, policy and going concern

The BLF defines reserves in accordance with the guidance from the Charity Commission, *Charity reserves: building resilience (CC19)*. Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. Free reserves are defined as total unrestricted funds, less tangible fixed assets, less funds designated for essential future spending. Our reserves were £1.09 million (£1.53 million), with the movement due substantially to the transfer to designated funds during the year.

Total reserves decreased to £5.3 million due mainly to the reduction in restricted reserves of £645,000. The BLF's total restricted funds are £2.33 million (£2.98 million) and comprise permanent endowment funds of £1.2 million and other restricted funds of £1.13 million (£1.78 million). The permanent endowment fund was donated by Glaxo Holdings plc in 1994 and the income is used to fund the GSK/BLF Professorships of Respiratory Science. Restricted funds are closely monitored to ensure they are spent as requested by donors.

Unrestricted reserves increased to £2.99 million (£2.64 million). The Board approved the creation of the new designated Investment fund of £1 million. The Breathe Easy designated fund was used to provide for the setting up of the affiliated support groups. This in excess of the target free reserves amount of £621,000 set by the Board.

The reserves policy is to hold current unrestricted reserves at two months of total staff costs. Based on historic expenditure, we exceeded the reserves target by 2.0 times (2.6 times). Based on future expenditure, this excess decreases to 1.8 times (2.8 times), leaving an excess of £472,000 (£987,000). The trustees of BLF have agreed to reconsider whether the reserves policy remains appropriate given the intention to merge with Asthma UK.

There is a cash balance of £3.80 million (£3.49 million) held in a variety of bank accounts and investments of £5.60 million (£5.65 million). There is no debt or other financing from external

parties. The property at Goswell Road is on a long-term (975 years unexpired) lease. Most expenditure is predictable in timing and amount, and any shortfall in fundraising for an envisaged programme is mitigated by minimal or no expenditure for that programme. The Board of Trustees is satisfied there are no material uncertainties. Together, these factors lead the Board of Trustees to conclude that the charity is a going concern and will remain a going concern for the next 12 months.

## Plans for the future

The British Lung Foundation and Asthma UK have announced their intention to merge in late 2019 and will become a single organisation from the beginning of 2020.

The move offers an opportunity to strengthen and build on existing collaboration between the two charities, making the new organisation a stronger force for research and support for asthma and lung health. It will save significant money on running costs, freeing up more funding for charitable purposes.

The merger will bring lasting benefits for our beneficiaries - everyone in the UK affected by asthma and other lung diseases. It will be a coordinated and powerful voice for all respiratory diseases to get more and better investment, and improve diagnosis and treatment in the NHS. As a partnership of equals, we will share a combined energy and passion to make a difference and become a stronger, more powerful voice for change. This will build on our existing collaboration, such as in the Taskforce for Lung Health.

Once complete, the merger is expected to release up to £2 million each year to fund world-leading research, campaigning and support services for asthma and lung disease.

The BLF Board of Trustees has agreed a budget and operating plan for the year 2019-20. The plan includes the following activities to further our mission:

- Translate the new research strategy into action, including repurposing of existing drugs for treating lung diseases and identifying additional opportunities for networks of excellence.
- Maintain the influence of the Taskforce for Lung Health by supporting the working groups on diagnosis, medicines optimisation and pulmonary rehabilitation. Publish the one-year-on report charting progress against the Taskforce recommendations.
- Develop and launch the digital health tracker, to give public access to respiratory disease statistics and NHS performance results.
- Grow the Clean Air Parents' network, extending to Cardiff and Glasgow.
- Deliver the Breathe Easy support groups transformation to schedule, including completing year 2 process for affiliated support groups.
- Upgrade the charity's IT and data analysis functionality, to create a better platform for engaging our supporters.

The BLF's agreed business plan is being combined with that for Asthma UK to create an integrated business plan to cover January through to June 2020.

## Principal risks and uncertainties

The Finance and Audit Committee reports to the Board of Trustees annually on the risk management process, for which it has responsibility. It regularly reviews the risk register and principal risks and

uncertainties, and monitors progress on strategies to mitigate risks. The Board of Trustees regularly reviews the principal risks and uncertainties as recommended by the Finance and Audit Committee.

The risk register is reviewed quarterly and was last reviewed in September 2019. The register identifies the likelihood and impact of each risk, to assess risks by priority. Ownership of each risk is assigned to a member of the executive team who is responsible for ensuring mitigation policies and procedures are implemented and improved. These policies and procedures include internal controls for safeguarding the BLF's assets and are designed to provide reasonable assurance against material financial misstatement or loss to the BLF. Insurance cover is reviewed annually.

The principal risks and mitigations agreed by the Finance Committee in September 2019 were:

- Failure to retain suitable experienced and qualified staff, volunteers and trustees leads to inability to deliver charitable objectives. We have a thorough induction process and documentation, conduct regular staff surveys, benchmark pay and regularly review financial and non-financial benefits.
- Clinical advice given by helpline nurses must be of high quality to ensure that it does not lead to harm to beneficiaries or reputational damage. A clinical review of the helpline was carried out and a clinical governance programme implemented. Clinical management is now in place as well as a new programme for staff training
- A new research strategy was set in 2018-19. The fundraising team have set targets for funding this programme but if the income is not raised then expenditure will not be committed.

There are a number of risks assessed to be at a lower level which include:

- Failure to achieve strategic objectives, or the economic environment, leads to reduced fundraised income, or the regulatory environment reduces the scope for fundraising activity. We focus on recruiting skilled staff and maintaining good relationships with funders. There is now better understanding internally of what charitable activity is fundable by various potential funders.
- Failure to achieve income targets and financial forecasts leads to failure to grow or maintain adequate levels of unrestricted funds. We have a robust budgeting and monthly management account review process including monitoring reserves and forecasting of the full year outturn at least quarterly. Executive team members take responsibility for their budgets. Further work is being carried out to produce a longer-term financial strategy with key performance indicators.
- Loss of engagement with our support group network. This risk is a result of pursuing plans to change the Breathe Easy model by giving groups the option of integrating more or becoming an associate. This is being controlled through timely and carefully considered communications to the groups.

### **Statement of responsibilities of the trustees**

The trustees (who are also directors of the BLF 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and group and of the

incoming resources and application of resources, including 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 judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the BLF will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and 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.
- The trustees have taken all steps that they ought to have taken 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 corporate and financial information included on 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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 30 June 19 was 12 (2018: 14). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## Auditors

Sayer Vincent LLP were reappointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The trustees' annual report, which includes the strategic report, has been approved by the trustees on 9 December 2019 and signed on their behalf by

Baroness Tessa Blackstone  
Chairman

## Opinion

We have audited the financial statements of British Lung (the 'charitable company') for the year ended 30 June 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 June 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the



financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- The information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the

**British Lung Foundation trustees' report**  
**For the year ended 30 June 2019**

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charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)  
9 December 2019  
for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

**British Lung Foundation**

**Statement of financial activities** (incorporating an income and expenditure account)

**For the year ended 30 June 2019**

	Note	Unrestricted £'000	Restricted £'000	2019 Total £'000	Unrestricted £'000	Restricted £'000	2018 Total £'000
<b>Income from:</b>							
Donations and legacies	2	5,848	301	<b>6,149</b>	6,460	218	6,678
Charitable activities	3						
Research		46	1,001	<b>1,047</b>	75	1,407	1,482
Patient Support		48	742	<b>790</b>	52	711	763
Campaign and Awareness		-	193	<b>193</b>	-	319	319
Other trading activities	4	149	7	<b>156</b>	194	-	194
Investments	5	49	123	<b>172</b>	37	116	153
Other		-	-	<b>-</b>	-	-	-
<b>Total income</b>		<b>6,140</b>	<b>2,367</b>	<b>8,507</b>	<b>6,818</b>	<b>2,771</b>	<b>9,589</b>
<b>Expenditure on:</b>							
Raising funds	6	2,346	-	<b>2,346</b>	1,995	3	1,998
Charitable activities	6						
Research		234	1,921	<b>2,155</b>	178	2,814	2,992
Patient Support		1,408	669	<b>2,077</b>	1,605	682	2,287
Campaign and Awareness		1,827	318	<b>2,145</b>	1,890	215	2,105
Other		-	-	<b>-</b>	-	-	-
<b>Total expenditure</b>		<b>5,815</b>	<b>2,908</b>	<b>8,723</b>	<b>5,668</b>	<b>3,714</b>	<b>9,382</b>
<b>Net income / (expenditure) before net gains / (losses) on investments</b>		<b>325</b>	<b>(541)</b>	<b>(216)</b>	<b>1,150</b>	<b>(943)</b>	<b>207</b>
Net gains / (losses) on investments		24	(104)	<b>(80)</b>	22	117	139
<b>Net income / (expenditure) for the year</b>	8	<b>349</b>	<b>(645)</b>	<b>(296)</b>	<b>1,172</b>	<b>(826)</b>	<b>346</b>
Transfers between funds		-	-	<b>-</b>	-	-	-
<b>Net movement in funds</b>		<b>349</b>	<b>(645)</b>	<b>(296)</b>	<b>1,172</b>	<b>(826)</b>	<b>346</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		2,641	2,975	<b>5,616</b>	1,469	3,801	5,270
<b>Total funds carried forward</b>		<b>2,990</b>	<b>2,330</b>	<b>5,320</b>	<b>2,641</b>	<b>2,975</b>	<b>5,616</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21a to the financial statements.

**British Lung Foundation**

**Balance sheet**

Company no. 01863614

**As at 30 June 2019**

	Note	£'000	2019 £'000	£'000	2018 £'000
<b>Fixed assets:</b>					
Tangible assets	13		896		896
Investments	14		5,599		5,654
			<u>6,495</u>		<u>6,550</u>
<b>Current assets:</b>					
Debtors	16	1,001		1,165	
Cash at bank and in hand		3,804		3,493	
		<u>4,805</u>		<u>4,658</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	17	(4,387)		(4,383)	
<b>Net current assets / (liabilities)</b>			<u>418</u>		<u>275</u>
<b>Total assets less current liabilities</b>			<u>6,913</u>		<u>6,825</u>
Creditors: amounts falling due after one year	19		(1,593)		(1,209)
<b>Total net assets / (liabilities)</b>			<u>5,320</u>		<u>5,616</u>
<b>The funds of the charity:</b>	21a				
Restricted income funds					
Restricted Funds		1,130		1,775	
Endowment Fund		1,200		1,200	
Total restricted funds			<u>2,330</u>		<u>2,975</u>
Unrestricted income funds:					
Designated funds					
Fixed assets		896		896	
Investment funds		1,000		-	
Breathe Easy transition fund		-		212	
		<u>1,896</u>		<u>1,108</u>	
General funds/free reserves		1,094		1,533	
Total unrestricted funds			<u>2,990</u>		<u>2,641</u>
<b>Total charity funds</b>			<u>5,320</u>		<u>5,616</u>

Included within General Funds is a fair value reserve of £444k (2018: £531k) representing unrealised gains on investments.

Approved by the trustees on 9th December 2019 and signed on their behalf by

Baroness Tessa Blackstone  
Chair

**British Lung Foundation**

**Statement of cash flows**

**For the year ended 30 June 2019**

	Note	2019		2018	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>	23				
<b>Net cash provided by / (used in) operating activities</b>			194		590
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		172		153	
Purchase of fixed assets		(30)		-	
Proceeds from sale of investments		238		297	
Purchase of investments		(1,383)		(419)	
Movement in cash held by investment broker		1,120		91	
<b>Net cash provided by / (used in) investing activities</b>			117		122
<b>Change in cash and cash equivalents in the year</b>			311		712
Cash and cash equivalents at the beginning of the year			3,493		2,781
<b>Cash and cash equivalents at the end of the year</b>	24		3,804		3,493

**British Lung Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2019**

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**1 Accounting policies**

**a) Statutory information**

British Lung Foundation is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address and principal place of business is 73 – 75 Goswell Road, London, EC1V 7ER.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**g) Interest receivable**

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

**h) Fund accounting**

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

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

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

**i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of research grants and the costs of delivering services and awareness campaigns undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**j) Grants payable**

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

**k) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are allocated on an estimated basis, to each activity in proportion to the average number of full time equivalent (FTE) employees engaged in that activity.

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

**l) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**m) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £2,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

- |                                  |          |
|----------------------------------|----------|
| ● Long leasehold property        | 50 years |
| ● Office furniture and equipment | 5 years  |
| ● Computer software              | 3 years  |

**n) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

**Investments in subsidiaries**

Investments in subsidiaries are at cost.

**o) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**p) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.



**q) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**r) Financial instruments**

With the exception of the listed investments described above, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**s) Pensions**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from the charity in an independently administered fund. The pensions cost charged to the statement of financial activities represents contributions payable by the charity to the scheme during the year. The charity has no liability under the scheme other than for those contributions.

**2 Income from donations and legacies**

	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
Gifts	3,141	230	3,371	3,451
Legacies	2,674	71	2,745	3,221
Donated services	33	–	33	6
	<u>5,848</u>	<u>301</u>	<u>6,149</u>	<u>6,678</u>

As at 30 June 2019 the charity had been advised of its interest in residuary and pecuniary legacies with an estimated value of £785k (2018:£945k) and they were included in the accounts.

**3 Income from charitable activities**

	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
Victor Phillip Dahdaleh Charitable Foundation	46	715	761	1,250
Mesothelioma UK Charitable Trust	-	150	150	153
Masonic Foundation Trust	-	105	105	-
Sarcoidosis UK	-	-	-	60
PF Charitable Trust	-	15	15	15
Pulmonary Fibrosis Trust	-	12	12	-
General research	-	4	4	4
<b>Sub-total for research</b>	<b>46</b>	<b>1,001</b>	<b>1,047</b>	<b>1,482</b>
Big Lottery Fund\NESTA	-	245	245	277
Sport England	-	221	221	60
Big Lottery Fund Wales	-	120	120	52
Burdett Trust for Nursing	-	50	50	-
Leeds City Council	-	48	48	39
Sequirus	-	36	36	-
Peacock Charitable Trust	20	-	20	20
Telford	20	-	20	-
General patient support	8	22	30	44
Roche Products Ltd	-	-	-	94
GlaxoSmithKline	-	-	-	30
Boehringer Ingelheim	-	-	-	25
Cheisi Ltd	-	-	-	25
Novartis	-	-	-	25
Tameside	-	-	-	21
Morrison Foundation	-	-	-	21
Cardiff & Vale	-	-	-	20
Teva UK	-	-	-	10
<b>Sub-total for patient support</b>	<b>48</b>	<b>742</b>	<b>790</b>	<b>763</b>
Steel Charitable Trust	-	16	16	-
Client Earth	-	8	8	44
General campaigns and awareness	-	19	19	-
Taskforce for Lung Health (Note 21a)				
Sequirus	-	45	45	35
GlaxoSmithKline	-	45	45	30
Astra Zeneca	-	30	30	35
Sanofi	-	25	25	-
Other	-	5	5	-
Boehringer Ingelheim	-	-	-	35
Chiesi Ltd	-	-	-	35
Novartis	-	-	-	35
Pfizer	-	-	-	35
Roche Products Ltd	-	-	-	35
<b>Sub-total for campaigns and awareness</b>	<b>-</b>	<b>193</b>	<b>193</b>	<b>319</b>
<b>Total income from charitable activities</b>	<b>94</b>	<b>1,936</b>	<b>2,030</b>	<b>2,564</b>

**4 Income from other trading activities**

	2019		2018			
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Sale of health information, books and DVDs	44	-	44	44	-	44
Sale of Christmas cards and other merchandise	20	-	20	21	-	21
Event entry fees	16	-	16	13	-	13
Sponsorship	69	7	76	116	-	116
	<u>149</u>	<u>7</u>	<u>156</u>	<u>194</u>	<u>-</u>	<u>194</u>

**5 Income from investments**

	2019		2018			
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
UK common investment funds	36	123	159	33	116	149
Bank deposit accounts	13	-	13	4	-	4
	<u>49</u>	<u>123</u>	<u>172</u>	<u>37</u>	<u>116</u>	<u>153</u>

Restricted income of £123k includes investment income of £102k from the the Glaxo Endowment Fund. The balance of £21k is restricted to research grants.

## 6 Analysis of expenditure (current year)

	Charitable activities						2019 Total £'000	2018 Total £'000
	Raising funds £'000	Research £'000	Patient Support £'000	Campaigns and awareness £'000	Governance costs £'000	Support costs £'000		
Staff costs (Note 9)	648	153	824	947	–	688	<b>3,260</b>	3,569
Staff training	10	–	4	14	–	7	<b>35</b>	20
Grants awarded	–	1,821	–	–	–	–	<b>1,821</b>	2,684
Direct fundraising costs	615	17	–	–	–	–	<b>632</b>	707
Print, post and fulfillment	45	1	30	226	–	3	<b>305</b>	288
Office costs	3	2	54	33	–	221	<b>313</b>	233
Breathe Easy group expenditure	–	–	401	–	–	–	<b>401</b>	230
Finance and legal costs (including irrecoverable VAT)	23	30	6	21	29	367	<b>476</b>	254
Other costs	354	81	202	504	1	338	<b>1,480</b>	1,397
	<b>1,698</b>	<b>2,105</b>	<b>1,521</b>	<b>1,745</b>	<b>30</b>	<b>1,624</b>	<b>8,723</b>	<b>9,382</b>
Support costs	636	49	546	393	–	(1,624)	–	–
Governance costs	12	1	10	7	(30)	–	–	–
<b>Total expenditure 2019</b>	<b>2,346</b>	<b>2,155</b>	<b>2,077</b>	<b>2,145</b>	<b>–</b>	<b>–</b>	<b>8,723</b>	
Total expenditure 2018	1,998	2,992	2,287	2,105	–	–		<b>9,382</b>

Of the total expenditure, £5,815k was unrestricted (2018: £5,668k) and £2,908k was restricted (2018: £3,714k).

The allocation of support costs has been carried out on the basis of the full time equivalent rate of staff time spent on each area of activity.

## 6b Analysis of expenditure (prior year)

	Charitable activities						2018 Total £	2017 Total £
	Raising funds £	Research £	Patient Support £	Campaigns and awareness £	Governance costs £	Support costs £		
Staff costs (Note 9)	694	165	1,051	1,049	-	610	<b>3,569</b>	3,265
Staff training	3	-	4	6	-	7	<b>20</b>	27
Grants awarded	-	2,684	-	-	-	-	<b>2,684</b>	2,228
Direct fundraising costs	669	22	15	1	-	-	<b>707</b>	379
Print, post and fulfillment	44	1	40	198	-	5	<b>288</b>	309
Office costs	1	1	55	30	-	146	<b>233</b>	249
Breathe Easy group expenditure	-	-	230	-	-	-	<b>230</b>	263
Finance and legal costs (including irrecoverable VAT)	9	4	2	19	21	199	<b>254</b>	206
Other costs	252	70	366	388	18	303	<b>1,397</b>	1,186
	1,672	2,947	1,763	1,691	39	1,270	9,382	8,112
Support costs	316	44	508	402	-	(1,270)	-	-
Governance costs	10	1	16	12	(39)	-	-	-
<b>Total expenditure 2018</b>	<b>1,998</b>	<b>2,992</b>	<b>2,287</b>	<b>2,105.0</b>	<b>-</b>	<b>-</b>	<b>9,382</b>	<b>8,112</b>
Total expenditure 2017	<b>1,601</b>	<b>2,360</b>	<b>2,178</b>	<b>1,973</b>	<b>-</b>	<b>-</b>	<b>8,112</b>	

Of the total expenditure, £5,660k was unrestricted (2017: £5,263k) and £3,728k was restricted (2017: £2,849k).

The allocation of support costs has been carried out on the basis of the full time equivalent rate of staff time spent on each area of activity.

**7 Grant making**

	Grants to institutions	2019	2018
	£'000	£'000	£'000
<b>Cost</b>			
Project and research fellowships awarded in year (see note 22)	1,760	1,760	2,307
GlaxoSmithKline BLF Chair	61	61	457
Unused awards written back / discount future liability	-	-	(80)
	<hr/>	<hr/>	<hr/>
At the end of the year	1,821	1,821	2,684
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The charity makes all research grants jointly in the name of an individual and their host institution. Where the researchers move between institutions, the grant typically follows the individual, but this is considered on a case by case basis. An award is written back as unused if there are unspent balances remaining once the project is considered complete.

**8 Net income / (expenditure) for the year**

This is stated after charging / (crediting):

	2019	2018
	£'000	£'000
Depreciation	32	36
Loss or (profit) on disposal of fixed assets	(2)	-
Operating lease rentals:		
Property	41	41
Other	16	17
Auditor's remuneration (excluding VAT):		
Audit	22	21
Other services	-	1
	<hr/> <hr/>	<hr/> <hr/>

**9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2019	2018
	£'000	£'000
Salaries and wages	2,828	2,982
Redundancy and termination costs	10	121
Social security costs	280	298
Employer's contribution to defined contribution pension schemes	121	145
Other forms of employee benefits	21	23
	<hr/>	<hr/>
	3,260	3,569
	<hr/> <hr/>	<hr/> <hr/>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	2	1
£80,000 – £89,999	–	3
£90,000 – £99,999	1	–
£100,000 – £109,999	1	–
	<u>          </u>	<u>          </u>

The total cost to the company of the key management personnel was £465k (2018: £617k).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs to attend trustee meetings totalling £1,349 (2018: £2,689) incurred by 3 (2018: 2) members relating to attendance at meetings of the trustees.

## 10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 92.6 (2018: 93.7).

Staff are split across the activities of the charitable company, the head count being as follows:

	2019 No.	2018 No.
Raising funds	26.8	17.5
Research	2.2	2.7
Patient support	31.3	36.8
Campaigns and awareness	19.3	24.8
Support	12.6	11.5
Governance	0.4	0.4
	<u>          </u>	<u>          </u>
	<u>92.6</u>	<u>93.7</u>

## 11 Related party transactions

There are no related party transactions to disclose for 2019 (2018: none).

Aggregate donations from related parties were £4,356 (2018: £2,500).

## 12 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

The charity is able to partially recover VAT on its expenditure. In the year to June 2019, the charity incurred £211k (2018: £140k) of unrecoverable VAT.

## 13 Tangible fixed assets

	Long leasehold property £'000	Office furniture and equipment £'000	Computer software £'000	Total £'000
<b>Cost or valuation</b>				
At the start of the year	1,286	60	322	<b>1,668</b>
Additions in year	30	–	–	<b>30</b>
Disposals in year	–	(35)	(292)	<b>(327)</b>
At the end of the year	<u>1,316</u>	<u>25</u>	<u>30</u>	<u><b>1,371</b></u>
<b>Depreciation</b>				
At the start of the year	391	59	322	<b>772</b>
Charge for the year	30	2	–	<b>32</b>
Eliminated on disposal	–	(37)	(292)	<b>(329)</b>
At the end of the year	<u>421</u>	<u>24</u>	<u>30</u>	<u><b>475</b></u>
<b>Net book value</b>				
At the end of the year	<u>895</u>	<u>1</u>	<u>–</u>	<u><b>896</b></u>
At the start of the year	<u>895</u>	<u>1</u>	<u>–</u>	<u>896</u>

All of the above assets are used for charitable purposes. Additions to fixed assets in the year amounted to £30k (2018 £nil). Assets already fully depreciated in previous years have been eliminated.



#### 14 Listed investments

	2019 £'000	2018 £'000
Fair value at the start of the year	5,654	5,484
Additions at cost	1,383	419
Disposal proceeds	(238)	(297)
Net gain / (loss) on change in fair value	(80)	139
Movement in cash deposits	(1,120)	(91)
	<u>5,599</u>	<u>5,654</u>
Cash held by investment broker pending reinvestment	-	-
Fair value at the end of the year	<u>5,599</u>	<u>5,654</u>
Historic cost at the end of the year	<u>5,155</u>	<u>5,123</u>
Investments comprise:		
	2019 £'000	2018 £'000
UK Common investment funds	4,496	3,431
Cash	1,103	2,223
	<u>5,599</u>	<u>5,654</u>

#### 15 Subsidiary undertakings

The charity has two wholly owned subsidiaries, BLF Services Ltd and BLF Ltd. BLF Services Ltd is not consolidated into these accounts as described below. BLF Ltd is dormant.

Both companies have net assets of £2 representing share capital called up but unpaid. Accordingly the charity values its investment in these subsidiary undertakings at £nil.

The principal activity of BLF Services Ltd is to run a lottery to BLF supporters. All profits are gift aided to the charity.

	BLF Services Ltd	
	2019 £'000	2018 £'000
Turnover	22	24
Expenditure	(21)	(16)
Net profit after taxation	<u>1</u>	<u>8</u>
Assets	1	8
Liabilities	(1)	(8)
Net assets	<u>-</u>	<u>-</u>

## 16 Debtors

	2019 £'000	2018 £'000
Trade debtors	33	29
Other debtors	32	64
Prepayments	151	127
Accrued income	785	945
	<u>1,001</u>	<u>1,165</u>

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 17 below.

## 17 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Research grants	3,185	3,355
Trade creditors	531	360
Taxation and social security	75	76
Other creditors	32	26
Accruals	98	312
Deferred income (note 18)	97	157
Provisions	369	97
	<u>4,387</u>	<u>4,383</u>

Research grants represents the value of grants made up to the balance sheet date that are payable within one year. Provisions comprise £252k for the Breathe Easy transition project (2018 £212k was included in designated funds), holiday pay provision £71k (2018 £55k), provision for property dilapidations £42k (2018 £42k) and provision for credit notes £4k (2018 Nil).

## 18 Deferred income

Deferred income comprises grant income where performance conditions have not been met at the balance sheet date and trading income where the charity had not provided the service or supply of goods at the balance sheet date.

	2019 £'000	2018 £'000
Balance at the beginning of the year	157	165
Amount released to income in the year	(157)	(165)
Amount deferred in the year	97	157
	<u>97</u>	<u>157</u>
Balance at the end of the year	97	157

**19 Creditors: amounts falling due after one year**

	2019 £'000	2018 £'000
Research grants	1,593	1,209
	<u>1,593</u>	<u>1,209</u>

Research grants represents the value of grants made up to the balance sheet date that are payable after more than one year.

**20a Analysis of net assets between funds (current year)**

	General unrestricted £'000	Designated £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	–	896	–	896
Investments	949	750	3,900	5,599
Net current assets	145	250	23	418
Long term liabilities	–	–	(1,593)	(1,593)
<b>Net assets at 30 June 2019</b>	<u>1,094</u>	<u>1,896</u>	<u>2,330</u>	<u>5,320</u>

**20b Analysis of net assets between funds (prior year)**

	General unrestricted £'000	Designated £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	–	896	–	896
Investments	1,902	–	3,752	5,654
Net current assets	(369)	212	432	275
Long term liabilities	–	–	(1,209)	(1,209)
<b>Net assets at 30 June 2018</b>	<u>1,533</u>	<u>1,108</u>	<u>2,975</u>	<u>5,616</u>

## 21a Movements in funds (current year)

	At 1 July 2018 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 30 June 2019 £'000
<b>Restricted funds:</b>					
<i>Research:</i>					
Burrow Hill Training Fund	34	5	(39)	-	-
GSK-BLF Chair	637	147	(267)	-	517
Mesothelioma research	238	241	(427)	-	52
Mesothelioma Research – Victor Dahdaleh Charitable Foundation	-	715	(715)	-	-
Mick Knighton Mesothelioma Research Fund	367	128	(426)	-	69
Research funds	2	194	(135)	-	61
Scottish Research Funds	13	-	(13)	-	-
Tuberculosis Fund	8	-	-	-	8
<i>Other:</i>					
Activities For All	31	-	(12)	-	19
Breathe Better, Feel Good, Do More	5	-	-	-	5
Breathe Easy Funds	48	5	-	-	53
Breathing Green Air – Roche	16	-	-	-	16
Big Lottery Fund/NESTA	-	341	(337)	-	4
Clean Air Parents Network	12	11	(22)	-	1
CLEAR Project Northern Ireland	6	-	-	-	6
East Midlands Respiratory programme	10	-	(8)	-	2
Giving the wee ones a breather	2	-	-	-	2
Grampian Asthma Project	6	-	-	-	6
Health Care Professionals	10	-	(10)	-	-
Helpline – IPF nurse advisor	86	-	(41)	-	45
Kings Fund Nurse	7	-	-	-	7
Other	4	166	(130)	-	40
Singing for Breathing & Wellbeing	7	-	-	-	7
Singing for Lung Health	22	40	(52)	-	10
Sport England – Active Steps	-	80	(71)	-	9
Sport England – Keep Active, Keep Wel	21	140	(161)	-	-
Support Group for Severe COPD	1	3	(3)	-	1
Taskforce for Lung Health	166	150	(142)	-	174
Wales Integrated Breathe Easy	5	-	-	-	5
Wales Rest Bay Fund	11	-	-	-	11
<b>Total restricted funds</b>	<b>1,775</b>	<b>2,366</b>	<b>(3,011)</b>	<b>-</b>	<b>1,130</b>
<b>Endowment Fund</b>					
Glaxo Endowment Fund	1,200	-	-	-	1,200
<b>Total restricted and endowment</b>	<b>2,975</b>	<b>2,366</b>	<b>(3,011)</b>	<b>-</b>	<b>2,330</b>

<b>Unrestricted funds</b>					
<b>Designated Funds:</b>					
Fixed assets	896	-	-	-	<b>896</b>
Breathe Easy transition fund	212	-	-	(212)	-
Investment Fund	-	-	-	1,000	<b>1,000</b>
<b>Total designated funds</b>	<b>1,108</b>	<b>-</b>	<b>-</b>	<b>788</b>	<b>1,896</b>
<b>General funds</b>	<b>1,533</b>	<b>6,164</b>	<b>(5,815)</b>	<b>(788)</b>	<b>1,094</b>
<b>Total unrestricted funds</b>	<b>2,641</b>	<b>6,164</b>	<b>(5,815)</b>	<b>-</b>	<b>2,990</b>
<b>Total funds</b>	<b>5,616</b>	<b>8,530</b>	<b>(8,826)</b>	<b>-</b>	<b>5,320</b>

The narrative to explain the purpose of each fund is given at the foot of note 21b.

## 21b Movements in funds (prior year)

	At 1 July 2017 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 30 June 2018 £'000
<b>Restricted funds:</b>					
<i>Research Funds</i>					
Burrow Hill Training Fund	19	39	(24)	-	34
GSK-BLF Chair	923	189	(475)	-	637
Mesothelioma Research	375	172	(309)	-	238
Mesothelioma Research – Victor Dahn	-	1,175	(1,175)	-	-
Mick Knighton Mesothelioma Research	383	35	(51)	-	367
Research Funds	568	218	(784)	-	2
Scottish Research Funds	13	-	-	-	13
Tuberculosis Fund	8	-	-	-	8
<i>Other:</i>					
Activities For All	61	-	(30)	-	31
Awards for All Wales – Your lungs you	-	5	(5)	-	-
Breathe Better, Feel Good, Do More	-	75	(70)	-	5
Breathe Easy Funds	46	10	(8)	-	48
Breathing Green Air – Roche	16	-	-	-	16
Big Lottery Fund\NESTA	-	277	(277)	-	-
Clean Air Parents Network	-	44	(32)	-	12
CLEAR Project Northern Ireland	6	-	-	-	6
East Midlands Respiratory programme	-	10	-	-	10
Giving the wee ones a breather	2	-	-	-	2
Grampian Asthma Project	6	-	-	-	6
Health Care Professionals	-	10	-	-	10
Helpline – IPF nurse advisor	-	94	(8)	-	86
Kings Fund Nurse	7	-	-	-	7
Leeds City Council – Respiratory Peer S	20	39	(59)	-	-
Other	-	47	(43)	-	4
Peacock Trust	-	20	(20)	-	-
Scottish Lottery Project	-	10	(10)	-	-
Singing for Breathing & Wellbeing	7	-	-	-	7
Singing for Lung health	22	32	(32)	-	22
Sport England – Keep Active, Keep Wel	92	60	(131)	-	21
Support Group for Severe COPD	4	-	(3)	-	1
Taskforce for Lung Health	-	275	(109)	-	166
The Evening Standard Dispossessed Ft	8	-	(8)	-	-
Wales Integrated Breathe Easy	5	-	-	-	5
Wales Rest Bay Fund	10	1	-	-	11
Welsh Lottery Project	-	51	(51)	-	-
<b>Total restricted funds</b>	<b>2,601</b>	<b>2,888</b>	<b>(3,714)</b>	<b>-</b>	<b>1,775</b>
<b>Endowment Fund</b>					
Glaxo Endowment Fund	1,200	-	-	-	1,200
<b>Total restricted and endowment</b>	<b>3,801</b>	<b>2,888</b>	<b>(3,714)</b>	<b>-</b>	<b>2,975</b>

**Unrestricted funds**

**Designated Funds:**

Fixed assets	932	-	-	(36)	<b>896</b>
Breathe Easy transition fund	-	-	-	212	<b>212</b>
<b>Total designated funds</b>	<b>932</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>1,108</b>
<b>General funds</b>	<b>537</b>	<b>6,840</b>	<b>(5,668)</b>	<b>(176)</b>	<b>1,533</b>
<b>Total unrestricted funds</b>	<b>1,469</b>	<b>6,840</b>	<b>(5,668)</b>	<b>-</b>	<b>2,641</b>
<b>Total funds</b>	<b>5,270</b>	<b>9,728</b>	<b>(9,382)</b>	<b>-</b>	<b>5,616</b>

**Purposes of restricted funds**

The charity's funds comprise amounts restricted to specific projects and not yet spent.

**Mick Knighton Mesothelioma Research Fund (MKMRF)**

These funds are used to raise awareness and fund research projects into Mesothelioma, including the funding of a MKMRF respiratory nurse based in the North East of England. In April 2014 the fund formally became part of the British Lung Foundation.

**Mesothelioma Research**

Several donors restricted their awards to Mesothelioma research including two insurance companies donating £250,000 each.

**Burrow Hill Training Fund**

This fund is used to relieve sickness and financial hardship amongst people who are suffering from any disease of the chest or related illnesses with a preference for ex-members of the Armed Forces of the Crown and their dependents.

**Scottish Research Fund**

Funding from the Chief Scientific Office of the Scottish Government of £150,000, matched with £150,000 from the BLF to fund research at Scottish universities.

**Tuberculosis Fund**

This fund is used to disseminate public information and to fund research into tuberculosis.

### **Research Funds**

Funding from various trusts and foundations to support research.

### **Mesothelioma Research – Victor Dahdaleh Charitable Foundation**

Funding from the Victor Dahdaleh Charitable Foundation for research into Mesothelioma.

### **Task Force for Lung Health**

The Taskforce is a group of 30 organisations and individuals with an interest in lung health that have come together to develop a new 5 year plan to improve lung disease outcomes. BLF provides the secretariat and the Taskforce is supported by a consortium of industry partners.

### **Helpline – IPF nurse advisor**

Funding for IPF nurse advisor.

### **Breathe Easy Funds**

These are funds from Breathe easy groups and from various trusts and foundations to support our Breathe Easy network and other support services.

### **Activities for All – Glaxo Smith Kline & AstraZeneca**

The charity was awarded funding to set up Tai-Chi and walking groups to support people with lung conditions.

### **Singing for Lung Health**

A number of funders have provided support for the BLF Singing project. This included £21,555 from The Morrison Foundation towards singing in the north of England. The project aims to encourage people with lung conditions to join a singing group. Research into singing in those with COPD has demonstrated positive physical and psychological benefits. It found that regular group singing helps to improve participants breathing and general wellbeing.

### **Sport England – Keep Active, Keep Well**

The charity was awarded funding by Sport England for the Keep Active, Keep Well project. The aim of the project is to encourage people with lung conditions to take up sport and exercise opportunities.

### **Breathing Green Air**

The charity was awarded funding towards bespoke gardening sessions designed to meet the needs of people with lung conditions.



### **Clean Air Parents' Network**

It is a project aimed at bringing parents together in key cities to call for action on air pollution. It is co-run with Client Earth and funded by the Children's Investment Fund Foundation.

### **Helpline – IPF nurse advisor**

Funding for IPF nurse advisor.

### **Leeds City Council – Respiratory Peer Support Groups**

The charity was awarded funding to set up 11 IBE (Integrated Breathe Easy) groups across the city of Leeds, with a focus on exercise.

### **Other funds**

Other funds include funds for supporting BLF Nurses, travel awards for young researchers, lung improvement and awareness.

### **Peacock Trust**

The charity was awarded funding to support costs related to the development of the helpline service.

### **Singing for Lung Health**

A number of funders have provided support for the BLF Singing project. This included £21,555 from The Morrison Foundation towards singing in the north of England. The project aims to encourage people with lung conditions to join a singing group. Research into singing in those with COPD has demonstrated positive physical and psychological benefits. It found that regular group singing helps to improve participants' breathing and general wellbeing.

### **Sport England – Active Steps**

The charity was awarded funding by Sport England for the Active Steps project. The aim of the project is to develop and test if a Very Brief Advice(VBA) and telephone health coaching service engages inactive people living with lung conditions to become and stay active.

### **Sport England – Keep Active, Keep Well**

The charity was awarded funding by Sport England for the Keep Active, Keep Well project. The aim of the project is to encourage people with lung conditions to take up sport and exercise opportunities.

### **Task Force for Lung Health**

The Taskforce is a group of 30 organisations and individuals with an interest in lung health that have come together to develop a new five year plan to improve lung disease outcomes. BLF provides the secretariat and the Taskforce is supported by a consortium of industry partners.

### **Wales Rest Bay Fund**

The Rest Bay Convalescent Hotel closed down and awarded funds to the charity for the purpose of supporting the elderly and infirm within South Wales.

**Investment Fund**

This is a designated fund of £1m set up to support investment projects, including the Research Strategy, IT refresh and data strategy projects, which have been approved by the BLF Trustees.

**22 Schedule of awards**

Grant awards for projects and research fellowships awarded in the year were as follows:

<b>Grant</b>	<b>Title</b>	<b>Duration</b>	<b>Award £'000</b>
VPDCF17-17C, Professor D. Fennell – university of Leicester	Mesothelioma Stratified Therapy (MiST): A stratified multi-arm phase II clinical trial to enable accelerated evaluation of targeted therapies for relapsed malignant mesothelioma	12 months	294
VPDCF17-18C, Dr R. Rintoul – Papworth Hospital	Mesobank and Research Fellows/Post Docs	12 months	294
JFRG18-1, Dr M. Pikoula – University College London	Novel COPD subtype discovery using machine learning approaches on electronic health records	36 months	17
MESOUK18-2, Dr J. Maher – King's College London	Immunotherapy for malignant mesothelioma using IL-6-neutralising CAR T-cells	24 months	150
MKMRFPG18-3, Dr R. Rintoul – University of Cambridge	Development of a living biobank of patient-derived Malignant Pleural Mesothelioma organoid models	36 months	154
MKMRFPG18-4, Dr D. Murphy – University of Glasgow	Pre-clinical in vivo evaluation of immuno-modulatory therapy in MPM	36 months	199
BLFMPG18-5, Dr R. Ladner – Queen's University Belfast	Enhancing efficacy of standard-of-care chemotherapy in malignant pleural mesothelioma	24 months	185
PFT18-6, Dr C. Scotton – University of Exeter	Drug target innovation: using synthetic sick/lethal screening combined with cutting-edge `variable dose analysis` assays to identify druggable gene interactions in primary lung fibroblasts	12 months	25
PPRG18-7, Dr J. Lee – University of Cambridge	Novel organoid models for chronic lung disease	4 months	25

PPRG18-8, Dr J Hurst – University College London	Research prioritisation in exacerbations of chronic obstructive pulmonary disease (COPD)	12 months	25
MPG17-11, Dr Z Tabi – University of Cardiff	Combination treatment modelling for the immunotherapy of mesothelioma	24 months	122
PPRG18-9, Dr M. Welch – University of Cambridge	Anatomy of a microbial coup d'état; development of an experimental model to investigate how <i>Pseudomonas aeruginosa</i> displaces the airway microbiota during chronic respiratory infections	36 months	24
PF18-10, Professor B Gooptu – University of Leicester	Defining new therapeutic targets in the gal-3-fibrosome, a profibrotic pathway implicated in IPF pathogenesis	36 months	25
VPDCF17-18D, Dr R. Rintoul – Papworth Hospital	Mesobank and Research Fellows/Post Docs	12 months	64
VPDCF17-17D, Professor D. Fennell – university of Leicester	Mesothelioma Stratified Therapy (MiST): A stratified multi-arm phase II clinical trial to enable accelerated evaluation of targeted therapies for relapsed malignant mesothelioma	12 months	64
RES-MAS19, Dr N. Hannan – University of Nottingham	Understanding how matrix remodelling and respiratory infection impact progression of idiopathic pulmonary fibrosis using stem cell derived alveolar cells	36 months	93
			<b>1,760</b>

Grant awards for GlaxoSmithKline BLF Chair were as follows:

<b>Grant</b>	<b>Title</b>	<b>Duration</b>	<b>Award £'000</b>
C17-1, Dr L. Wain – University of Leicester	Integration of genetic data to improve treatment strategy, drug discovery and patient care for Idiopathic Pulmonary Fibrosis and Chronic Obstructive Pulmonary Disease	60 months	40
C17-2, Dr J. Chalmers – Ninewells Hospital and Medical School, Dundee	Microbiota and inflammatory profiling to tackle disease heterogeneity: Towards stratified medicine for bronchiectasis	60 months	21
			<b>61</b>

**23 Reconciliation of net income / (expenditure) to net cash flow from operating activities**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(296)</b>	346
Depreciation charges	32	36
Gains/(losses) on investments	80	(139)
Dividends, interest and rent from investments	(172)	(153)
Profit on disposal of fixed assets	(2)	–
Increase/(decrease) in debtors	164	(834)
Increase in creditors	388	1,334
<b>Net cash provided by operating activities</b>	<b>194</b>	590

**24 Analysis of cash and cash equivalents**

	At 1 July 2018	Cash flows	At 30 June 2019
	£'000	£'000	£'000
Cash at bank and in hand	1,323	(18)	1,305
Notice deposits (less than 3 months)	2,170	329	2,499
<b>Total cash and cash equivalents</b>	<b>3,493</b>	311	<b>3,804</b>

**25 Operating lease commitments**

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property		Equipment	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Less than one year	43	40	15	15
One to five years	26	54	40	26
Over five years	–	–	6	–
	<b>69</b>	94	<b>61</b>	41

**26 Contingent assets or liabilities**

The Charity has been notified of certain legacies left to it which have not been accrued in the accounts as the recognition criteria explained in the accounting policies had not been met at the balance sheet date. An estimate of legacy income which is expected to be received in later accounting periods is £1.5m (2018 £2.0m)

**27 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.