

Beating
cancer,
saving
lives.

Our Annual Report and Accounts

2011/12

Cancer Research UK undertakes pioneering, life-saving research to bring forward the day when all cancers are cured.

Every two minutes someone is diagnosed with cancer. With the help of our supporters we can accelerate our impact on this devastating disease.

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About us

Cancer is the UK's biggest killer. As the population grows and ages, the number of people diagnosed with the disease in the UK is predicted to rise steeply – to around 432,000 cases by 2030.

More than 1 in 3 people will develop cancer at some point during their lifetime

Despite this, more people are beating cancer than ever before. Survival rates for leukaemia have quadrupled. And people with breast, bowel, and ovarian cancers and non-Hodgkin lymphoma are twice as likely to survive for at least 10 years as those diagnosed in the early 1970s.

Cancer survival in the UK has doubled over the last 40 years

Our scientists, doctors and nurses continue to bring new and better treatments to people with cancer.

They have contributed to some of the world's most important cancer drugs, including tamoxifen and Herceptin to treat breast cancer and temozolomide to treat brain tumours. And thanks to their pioneering work, thousands of people benefit from radiotherapy every year in the UK.

We have helped millions understand the disease, such as the links between lifestyle choices and cancer risk.

Together with our supporters we helped secure smoke-free legislation across the UK and a ban on sunbeds in England and Wales for under-18s. Both laws protect people from preventable causes of cancer.

Diagnosing cancer earlier, when it can be treated more effectively, could save thousands of lives every year in the UK.

Our research laid the foundations for the UK's national screening programmes. Our scientists showed that a new screening test called 'flexi sig' can prevent many people from developing bowel cancer.

New technologies and the pace of discovery are leading us towards personalised medicine that will reduce side effects and help more people survive.

Our vision is to bring forward the day when all cancers are cured. But with over 200 different types of cancer there's still much more we need to do.

Around 40,000 volunteers give up their time to support us

Our achievements are made possible thanks to our volunteers and supporters. Together we will beat cancer.

Financial highlights

£493 million

Total income was £493 million, up 2% on 2010/11.

£332 million

Annual research activity was £332 million, in line with 2010/11.

80% of every £1 donated to us was available to beat cancer



80% of donations were available to beat cancer.

We invest 20% to raise future funds. For every £1 we spent on fundraising we raised over £4 more.

Research highlights

→ Three new cancer drugs, based on our research, reached patients. Abiraterone for advanced prostate cancer; and vismodegib and vemurafenib for different forms of skin cancer.

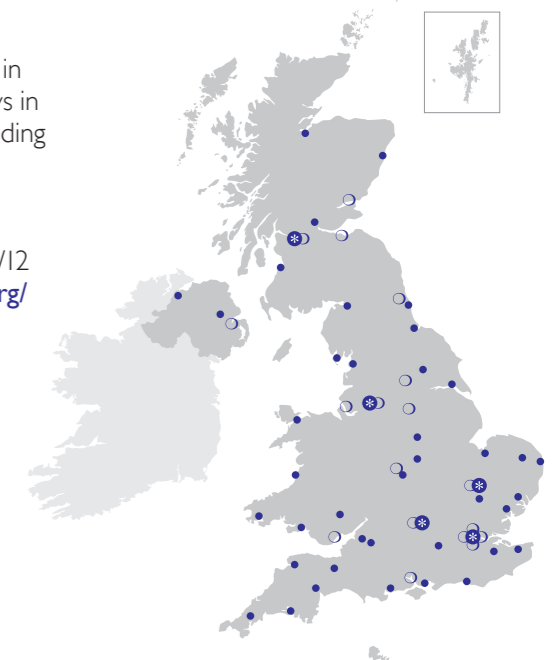
→ Our scientists identified ten new sub-types of breast cancer, which will change the way the disease is treated in the future.

→ We published the most comprehensive study of links between lifestyle choices and cancer in the UK.

→ We played a major role in banning cigarette displays in shops as well as tobacco vending machines.

For more on these stories see our Annual Review 2011/12 aboutus.cancerresearchuk.org/our-annual-publications

- ⊛ Our Institutes
- Our Centres
- Just some of the locations where we fund research and support clinical trials



Chairman's statement



Michael Pragnell
Chairman
30 May 2012

Michael Pragnell

As the leading independent cancer research organisation, Cancer Research UK invests more in almost every type of cancer than any other research organisation outside North America. We fund over half the UK's cancer research through the Charity's institutes and all leading UK academic and clinical institutions, supporting more than 4,000 world-class scientists and clinicians.

The success of this endeavour is made possible thanks to the many thousands of donors and volunteers who give so generously each year to support our work and to whom we are hugely grateful.

More people are surviving cancer than ever before. Yet cancer is now the major cause of premature death in the UK: more than one in three people are at risk of developing cancer and this is expected to increase over the next decade, not just in the UK but worldwide.

Progress against cancer is advancing at an unprecedented pace, thanks to acceleration in many fields, not least the rapid development of genetic science and technologies – an immense opportunity for cancer research. Our Stratified Medicine Programme and our role in the International Cancer Genome Consortium launched during the year further reinforce the Charity's research progress towards personalised medicine. Investment in clinical and translational research, medical imaging and radiotherapy continues to increase. The year was also marked by a number of treatment breakthroughs, and you can read the highlights elsewhere in this report.

Prevention and early diagnosis remain priorities. Among the many achievements of the year was a landmark UK study which concluded that over 40% of cancers are preventable through the control of lifestyle factors including smoking, diet, alcohol and obesity. Our political outreach seeks to influence public policy and is aimed in particular at further reducing smoking – the largest single preventable cause of a number of cancers.

Construction of The Francis Crick Institute, conceived as a world-leading biomedical research institute and enjoying strong government support, began in June 2011. It is on schedule for completion by 2015. We are delighted that Charles Manby of Goldman Sachs International has agreed to chair the campaign board to raise the Charity's share of the £650 million capital cost.

In the current circumstances of economic austerity, it is encouraging to report that last year's fundraising income was broadly unchanged, with a slight increase in total income. The Charity maintained research activity at the same level as the prior year while addressing new research opportunities. Capital expenditure and payments towards The Crick Institute resulted in a small reduction in year-end cash and reserves.

Four new Trustees were welcomed to Council during the year: Anne Baldock, a recently retired partner at Allen and Overy LLP; Wendy Becker, former partner at McKinsey & Company and non-executive director at Whitbread plc and Ocado plc; Helen Calcraft, Chairman of Dare; Dr Adrian Crellin, Vice-President of the Royal College of Radiologists.

In September 2011 Liz Hewitt, Dr Keith Palmer and Leah Sowden stepped down from Council, and in March 2012 Professors Colin Bird and Jeffrey Tobias also retired as Trustees. I should like to extend warmest thanks and appreciation to each and all for their distinguished service and invaluable contributions to the progress of the Charity over many years.

With an uncertain economic outlook, I am impressed by the positive response of Cancer Research UK's leadership to economic challenges and equally by their determined exploitation of scientific opportunity. The outlook for cancer research has rarely been more exciting.

Chief Executive's statement



Harpal S Kumar
Chief Executive
30 May 2012

Harpal S Kumar

We are living in a golden age for cancer research. More people are beating cancer than ever before. The pace of progress is unprecedented. Thanks to phenomenal advances in treatments and technologies, survival rates will continue to improve year on year. However, there are significant challenges ahead.

Thanks to our supporters Cancer Research UK is making a profound impact on how we prevent, detect and treat cancer. But our progress is limited by the funds we have available. There's much more that we'd like to do – with increased support, we could save more lives sooner.

Our life-saving research

It's been an exciting year for the Charity. Our research into the genetic faults at the heart of cancer continues to reveal important insights. A landmark study revealed a new way to classify breast cancer based on a tumour's genetic fingerprint. Our scientists also revealed the complexity of gene faults that drive kidney cancer. This research showed that personalising treatment will be more difficult than expected, but offered important pointers to how we need to approach this challenge.

Three new cancer drugs, based on our pioneering research, reached patients this year. One of these, abiraterone, is used to treat advanced prostate cancer, whilst the other two, vismodegib and vemurafenib, treat different forms of skin cancer.

To nurture future drug development and take potential treatments from discovery into early trials, we have created the Cancer Research Technology 'Pioneer Fund' jointly with the European Investment Fund to provide investment for promising new approaches.

We're dedicated to helping more people survive hard-to-treat or rare cancers. We launched a trial of a new test called 'Cytosponge', which aims to detect the early signs of oesophageal cancer and help prevent the disease in those most at risk. This disease is often diagnosed late, when treatment is less likely to be successful. And to boost treatment options for patients with very rare cancers we formed the International Rare Cancers Initiative with groups from the UK, Europe and America to design and fund vital new clinical trials.

Detecting and diagnosing cancer as early as possible

Thousands of lives could be saved each year if cancer was diagnosed earlier. That's why we co-lead the National Awareness and Early Diagnosis Initiative and why we've supported the Department of Health's 'Be Clear on Cancer' campaigns, which raise public awareness of how to spot cancer and the importance of reporting symptoms promptly.

Giving health professionals the information and support they need is essential in our fight against cancer. Working with partners such as the Royal College of General Practitioners and doctors.net.uk, we're equipping GPs with the tools they need to save more lives by diagnosing more cancers earlier.

Campaigning and influencing

Our 'Voice for Radiotherapy' campaign raised awareness about the importance of radiotherapy for cancer patients. At the end of the campaign the Government announced that, by 2016, cancer patients in England will be able to receive a type of radiotherapy called proton beam therapy. We'll continue to lobby the Government to ensure the latest radiotherapy techniques are made available to patients across the UK.

We're also calling on the Government to remove glitzy branding from cigarette packets so that children are less likely to be seduced by sophisticated marketing techniques. Smoking is the single biggest preventable cause of cancer in the world, and it's vital we give millions of young people one less reason to start.

Thank you

I'd like to thank every one of our supporters, scientists, clinicians, nurses, employees and volunteers. It's your dedication and unfailing generosity that make our life-saving work possible. We have a great deal more to do, but together we are making our vision of beating cancer a reality.

Progress against our 2011/12 objectives

Our life-saving research

01

Continue to create environments where world-leading researchers can collaborate to make faster advances in cancer research

The Francis Crick Institute is on schedule to open in 2015. The institute will bring together the very best scientists from around the world, working to understand and beat diseases that affect everyone, including cancer, heart disease and stroke.

To help us fund our £160 million contribution to the institute, we launched a fundraising campaign called 'Create the Change'. We are securing donations from philanthropists and foundations in the UK and internationally.

In October 2011 King's College London and Imperial College London joined the partnership.

Together with partners The Christie and The University of Manchester, we have launched a campaign to raise funds for a new Manchester Cancer Research Centre building. This will provide better opportunities and facilities for researchers and clinicians to work together to develop new treatments for cancer patients.

Through its collaborative approach to science, The Francis Crick Institute will make a step-change in cancer research.

This 'super-laboratory' will bring together world-class scientists from fields as diverse as structural biology and genetics, mathematics and computing. Using the latest technology, scientists will exploit our understanding of human biology, leading to new treatments for the most significant diseases affecting people today.

Being part of the institute will accelerate our goal to beat cancer and keep the UK at the forefront of innovation in medical research. Discoveries made here will become the cures, vaccines and drugs of the future, transforming the healthcare of generations to come.

→ crick.ac.uk

Our London Research Institute, Cambridge Research Institute, and The Cancer Research UK – MRC Gray Institute for Radiation Oncology and Biology in Oxford had successful quinquennial reviews, receiving commendations on the excellence of their research. These institutes continue to contribute greatly to our understanding of cancer and translate this into patient benefit.

02

Continue to develop the next generation of world-class cancer researchers

In 2011/12 we launched two new Cancer Research UK Centres, bringing the total to 18 across the UK.

The Centres have their own training budget to equip scientists and doctors with the skills to become the next generation of international research leaders.

We committed £1.2 million over three years for a new initiative in surgical research – creating eight post-doctoral training positions at our Centres in Oxford, Cambridge, Southampton, University College London and Imperial College London.

These posts allow PhD surgeons to remain in research while completing their training. The first trainees have been appointed.

03

Drive forward research into cancer genomics, as part of our strategy to deliver better, tailored treatments to patients

We funded nine new projects using state-of-the-art gene sequencing technology. They will cover eight cancer types, including a fatal childhood cancer and other hard-to-treat cancers such as melanoma.

As part of the International Cancer Genome Consortium, we launched two pilot projects to identify the genetic faults in prostate and oesophageal cancer. The pilot studies were successfully reviewed and full projects will begin in 2012/13.

Over a thousand patients have volunteered to be part of our pioneering Stratified Medicine Programme, aiming to demonstrate how affordable genetic tests could be used within the NHS to improve cancer diagnosis and match the most appropriate treatment to individual cancer patients.

This involves seven Experimental Cancer Medicine Centres (ECMCs), some 20 UK hospitals, and a strong partnership with the Government's Technology Strategy Board and industry.

Our Stratified Medicine Programme will lay the foundations for personalised cancer treatment. It's the first step towards doctors being able to select the right treatment for each patient based on the genetic make-up of their individual tumour.

To make this happen we need to develop tests that identify genetic changes in cancer and make them a routine part of treatment selection. An essential part of this will be establishing a research database with information about tumours, treatments and survival rates, helping researchers design more effective cancer tests and treatments in the future.

The programme focuses on bowel, breast, lung, prostate and ovarian cancer and melanoma in the pilot phase.

The Department of Health is already working with us to prepare for the roll-out of genetic tests throughout the NHS.

04

Fund more research into pancreatic cancer and other cancers that are hard to treat successfully, aiming to improve survival rates

We funded a project to use state-of-the-art gene sequencing technology to analyse a unique collection of samples from patients on several large European pancreatic cancer treatment trials. The project aims to understand individual differences in the way patients respond to treatment.

We are assessing a new clinical trial for patients with pancreatic cancer, and have supported a new trial in oesophageal cancer and two new trials in lung cancer.

We have launched an International Rare Cancers Initiative with research groups from the UK, Europe and the US.

The initiative will design and fund clinical trials to boost the development of new treatments for patients with rare cancers. To begin with, it will focus on seven diseases including salivary gland cancer, melanoma of the eye, penile cancer and rare types of bowel and womb cancer.

Progress against our 2011/12 objectives (continued)

Our life-saving research

05

Enhance our clinical and translational research so that discoveries are translated into new diagnostic tests and treatments for patients as quickly as possible

We launched a new scheme to provide five-year grants in clinical and translational research. Four programmes have been funded, two in radiotherapy and two that will investigate new types of tests (biomarkers) for use in treatment and early diagnosis.

A panel of international experts reviewed our Experimental Cancer Medicine Centres (ECMCs). As a result, together with the UK Health Departments, we will continue to fund a network of 18 ECMCs across the UK, investing a total of £35 million over the next five years.

These centres will bring new medicines or ways of diagnosing cancer to the clinic more rapidly and maintain the UK's position as a world leader in experimental cancer medicine.

Our unique network of ECMCs focuses on running early stage trials that bridge the gap between lab discoveries and new treatments across the UK.

A joint initiative between Cancer Research UK and the Departments of Health for England, Scotland, Wales and Northern Ireland, each ECMC unites world-class researchers and clinicians.

They share ideas and resources to drive forward the discovery, development and testing of new anti-cancer treatments and tests to benefit patients.

→ ecmcnetwork.org.uk

06

Continue to ensure that advances in radiotherapy benefit patients and that the UK remains a world leader in this field

The Cancer Research UK – MRC Gray Institute for Radiation Oncology and Biology was reviewed in June 2011. This confirmed the world-class quality of the institute, which was established in Oxford in 2008 and has grown to become the largest centre for radiobiology research in the world.

Six Cancer Research UK Centres – Belfast, Liverpool, UCL, Manchester, Oxford and The Institute of Cancer Research – specialise in research into radiotherapy, to refine and improve this important treatment.

We supported three new trials with a specific focus on improving radiotherapy, and are continuing our funding for a national initiative that encourages new research into radiotherapy.

Our researchers also published a major trial demonstrating the benefit of intensity modulated radiotherapy, which delivers radiation more precisely to the tumour, for patients with head and neck cancer.

→ For more information on our research visit aboutus.cancerresearchuk.org/research

Helping people to prevent and understand cancer

01

Continue our work to prevent cancer and make sure it is diagnosed earlier, when treatment is more likely to be successful

We manage the International Cancer Benchmarking Partnership, which investigates how and why cancer survival differs between countries. This year the group examined variation in stage at diagnosis and access to treatment and their impact on survival.

We started an educational programme for GPs with doctors.net.uk, focusing on bowel and lung cancers to improve GPs' ability to spot cancer symptoms and make appropriate referrals.

We assisted the Department of Health (DH) on their 'Be Clear on Cancer' campaigns to raise awareness of possible signs or symptoms and the importance of prompt reporting. We're also supporting the DH to develop cancer awareness resources for primary care and pharmacy staff at local, regional and national levels.

Our Cancer Awareness Roadshows received their 200,000th visitor. Playing a vital role in helping people to spot cancer early and reduce cancer risk, our mobile units visited over 150 locations. We also trained around 200 health workers, pharmacists and local community workers in cancer awareness.

02

Continue to improve our information about cancer so that people understand their diagnosis and can make informed decisions about treatment options

We launched a mobile version of our patient information website, CancerHelp UK, now used by over 100,000 visitors a month. Our nurses answered 10,000 enquiries and ran Q&A sessions on our patient discussion forum Cancer Chat.

→ For more on our prevention and information work visit aboutus.cancerresearchuk.org/information

Influencing public policy and campaigning for change

01

Work with politicians to improve access to chemotherapy, radiotherapy and surgery and ensure new treatments are adopted quickly within the NHS

36,000 people supported our 'Voice for Radiotherapy' campaign, calling on the Government to introduce better radiotherapy services. The Government announced that proton beam therapy will be available in England by 2016.

We secured amendments to the Health and Social Care Bill as it went through Parliament to ensure the NHS protects cancer services and remains supportive of cancer research.

We influenced the Government's Public Health Outcomes Framework, which will monitor how local healthcare services perform to increase life expectancy and reduce differences between communities. The framework now measures the proportion of cancers diagnosed early and cancer mortality rates to identify where action needs to be taken.

02

Work with politicians to protect our world-leading science base and create the best possible environment for research

We lobbied the Government to ensure essential approvals needed to carry out clinical research are managed by the Health Research Authority, to streamline the process.

We launched a report at the European Parliament outlining the improvements we want to see to the EU Clinical Trials Directive to stop delays to trials and reduce set-up costs.

Our report 'Building the ideal environment for medical research' outlined our priorities for Government policy changes that will improve cancer research.

→ For more information on our influencing work visit aboutus.cancerresearchuk.org/influencing-public-policy

Some of our objectives for 2012/13

Our life-saving work to prevent, treat and cure cancer

01

Promote cancer prevention and early diagnosis and inform the public by:

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- Developing an enhanced research strategy in these areas, including an evaluation of research supported by the National Awareness and Early Diagnosis Initiative.
- Funding new research investigating the use of aspirin in preventing cancer.
- Campaigning for the plain packaging of tobacco, which we believe will save lives by dissuading young people from taking up smoking.
- Raising public awareness of the benefits of detecting cancer early by providing information on signs and symptoms and tackling the fear of cancer.
- Developing a comprehensive programme of GP engagement, providing them with high quality information and support to promote early diagnosis and improve survival rates.
- Publishing an independent review of breast screening, which will clarify the benefits and risks and better inform women in the future.

02

Create environments that will lead to faster progress in the fight against cancer by:

-
- Continuing to develop The Francis Crick Institute with our partners. We will contribute to the institute's science strategy and plan for the transfer of scientists from our London Research Institute. And we will continue to raise funds for the institute through our 'Create the Change' campaign.
- Working with The Christie Hospital and The University of Manchester to raise funds for a new Manchester Cancer Research Centre building, to increase collaborative working between research and clinical staff.
- Monitoring cancer services during NHS reform, calling for world-class care for patients.
- Lobbying the government to ensure it protects and funds medical research in the UK.
- Building our policy influence locally, including providing regional cancer statistics for MPs and health commissioners.

03

Drive forward research that will lead to new ways of tackling cancer and help deliver our vision for more effective, tailored treatments to patients by:

-
- Completing collection and analysis of the unique genetic signatures of 9,000 patient tumour samples as part of our Stratified Medicine Programme. We will make the genetic and clinical data available to scientists to help with new life-saving research.
- Building on the success of our pilot projects, we will fully launch two International Cancer Genome Consortium projects – to pinpoint the genetic faults in prostate and oesophageal cancer and identify new tests and treatments for these diseases.
- Continuing to fund research that will unravel the complexity of cancer, including our genomics projects, which are expected to produce their first results.
- Continuing to support a wide portfolio of research, including a budget of £70 million to fund new awards during the year.

04

Accelerate the translation of laboratory research into new treatments for cancer by:

-
- Bringing together more pharmaceutical partners to enable our scientists to test combinations of new cancer drugs in early clinical trials.
- Improving and increasing the sharing of expertise and resources between our Experimental Cancer Medicine Centres, which run early-phase trials of new treatments at hospitals across the UK.
- Increasing investment to bridge the gap between drug discovery and development through a new Cancer Research Technology Pioneer Fund – a joint initiative with the European Investment Fund.
- Developing a new strategy for our drug discovery work.

05

Support a broad range of clinical research that will deliver better treatments for patients by:

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- Continuing to fund high quality research to improve surgery and radiotherapy.
- Making sure our clinical trials have the maximum impact by prioritising innovative trials that include research into biomarkers – tests that help doctors monitor how cancer is developing or whether a treatment is working.
- Asking a panel of international experts to judge the quality of all our Clinical Trials Units across the country.
- Lobbying the Government to streamline regulation and governance in support of clinical research.

06

Boost research into rare or hard-to-treat cancers to deliver urgently needed new treatments and tackle poor survival rates by:

-
- Running a lung cancer workshop with an international group of experts, to increase collaboration and stimulate research aiming to improve survival rates for this disease.
- Building on our rare cancers initiative, by recruiting the first patients into clinical trials and finding new partners to join this collaboration. The initiative encourages doctors all over the world to work together on clinical trials for cancers that affect small numbers of people.

Our finances

Financial summary

	2012 £m	2011 £m	Change %
Total income	493	483	+2
Fundraising income	432	433	-
Annual research activity	332	332	-
Total funds	181	186	-3
Managed cash and investments	182	206	-12

Although the UK economy has stagnated in the period and fundraising competition has continued to intensify, we are pleased to report a 2% increase in total income to £493 million.

The economic outlook remains challenging, and we continue to place particular emphasis on long-term financial planning. We maintain a prudent level of reserves to enable us to manage through economic and financial uncertainty while still delivering on our research commitments, including our contribution to the construction of The Francis Crick Institute.

Our income and reserves enabled us to maintain our annual research activity at £332 million, in line with the previous year. Our year-end financial position (total funds of £181 million and managed cash and investments of £182 million) provides a sound platform from which we can continue to meet our commitments.

Fundraising income and costs

Income from fundraising was £432 million – in line with the previous year (2011: £433 million). A reduction in legacy income, reflecting lower notifications and average values, was offset by increased income from our high-value donors. Sustaining the fundraising we need to finance our life-saving work remains a challenge in the current giving market, and requires continued support. We reduced the costs of generating funds to £149 million (2011: £151 million), a 6% decrease in real terms. In particular, our continued focus on driving efficiencies and optimising costs has enabled reductions in overhead costs during the year. As a result, despite flat income and continued investment in technology to support fundraising, 80% of every £1 donated was available to beat cancer (2011: 80%).

Costs of charitable activities

Our research is carried out in many institutes, universities and hospitals across the UK, both by our in-house and grant-funded researchers – in many cases working closely together.

Research costs and how we report grants

Many of our research grants are awarded for several years and may then be renewed to support the next stage in the research process. In all areas we carry out the same rigorous process of review and evaluation to ensure our funds are allocated to research of the highest standard. Committees of international experts in each research field review funding applications, including the renewal of existing awards, and monitor the quality of research programmes.

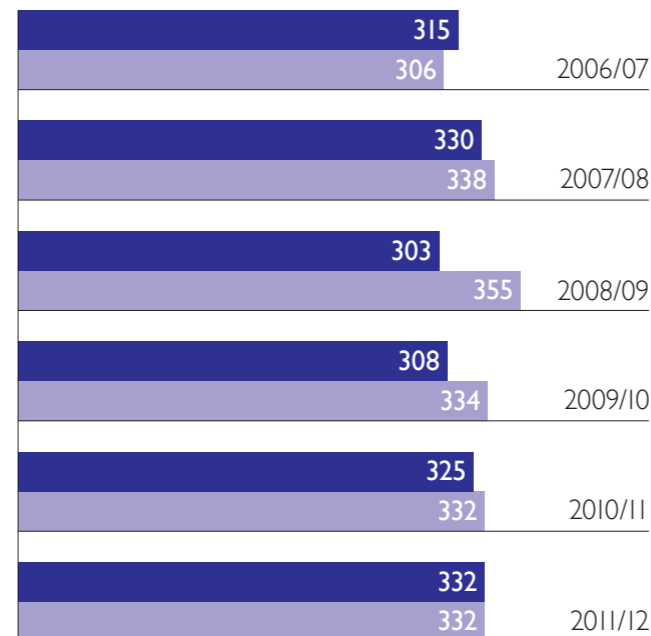
Some 50% of our research is carried out at third-party institutions which are grant-funded by the Charity. Research expenditure included in the Statement of Financial Activities on page 23 continues to reflect the requirement to account for our research grants to universities and hospitals at the time we make an award. The remaining 50% of our research is carried out through directly funded activities, where research work is accounted for in line with activity in the year. Together, grants and directly funded work make up 'costs of research' in the financial statements. The total for the year was up 2% at £332 million (2011: £325 million).

The way that we account for grants affects the reported cost of research. We set scientific milestone review dates for each type of research grant. These reviews are timed so that the progress of each grant can be properly assessed. We account for each grant by providing in advance for all expected payments up to the next scientific review.

As an example, most five-year programme grants are recognised in two tranches – one of three years and the second of two years. The difference between when we account for grants and when we actually pay them affects the picture of costs over time. Where grants are recognised in larger, less frequent tranches, the pattern of research costs can be more volatile than the underlying trend of annual research activity.

We also measure the research undertaken during the period, by calculating the cost of the research work actually carried out in the year using our funds (regardless of awarding patterns). This is termed 'annual research activity'. The annual research activity remained stable at £332 million (2011: £332 million).

Costs of research and annual research activity (£m)



■ Costs of research
■ Annual research activity

Annual research activity

Some 39% of our research activity is directed towards the biology of cancer, which underpins our understanding for all types of cancer. The remaining 61% is directed to specific cancer types. The annual research activity by cancer type, itemising the 20 types with the most research activity, is shown opposite.

	2012 £m	2011 £m
Research into the biology of cancer	129	123
Site-specific research¹		
Breast	42	45
Colon and rectal	23	25
Prostate	20	19
Leukaemia	18	17
Lung	12	12
Ovarian	12	11
Melanoma	9	9
Pancreatic	7	8
Non-Hodgkin lymphoma	7	8
Skin	6	5
Bladder	5	6
Oesophageal	4	5
Brain	4	4
Kidney	4	3
Cervical	4	4
Myeloma	3	3
Liver	2	2
Testicular	2	2
Small intestine	2	2
Pharyngeal	2	2
Other	15	17
Total site-specific research	203	209
Total annual research activity in the year²	332	332
Difference between annual research activity and accounting costs of research	-	(7)
Total costs of research as per financial statements (page 23)	332	325

➔ For more information on the research we fund, visit our website at science.cancerresearchuk.org/research/who-and-what-we-fund

¹ Site-specific research includes an apportionment of research that is relevant to all sites. Wherever possible, research is assigned to a specific cancer type; however, some research is neither biology of cancer nor can it be tied to an individual cancer, e.g. a project on pain control relevant to all cancer patients.

² The figures include apportionment of uncoded work totalling £14 million in 2012 (2011: £11 million), which cannot be tied specifically to one piece of research but underpins all areas of research.

Our finances

(continued)

Information and influencing public policy

We spent £16 million (2011: £16 million) on information and influencing public policy, activities that contribute to the prevention and treatment of cancer.

Funds

General funds were £165 million at 31 March 2012, a decrease of £17 million. The pension fund showed an accounting deficit of £6 million. This is a £10 million improvement from the previous year, £8 million of which was due to deficit contributions paid in the year. Restricted and endowment funds increased £2 million to £22 million. Total funds at 31 March 2012 were therefore £181 million, a decrease of £5 million.

Cash and investments reduced by £18 million during the year to £193 million. A net £9 million of cash was generated from operations, while capital expenditure on the programme-related investment in UKCMRI and other tangible fixed assets was £31 million.

Reserves policy and management

We maintain a prudent level of reserves to enable the Charity to manage financial risk and deliver our research commitments, including our contribution to the Crick Institute, over a rolling five-year planning horizon.

Since our research commitments span many years, we plan over the long-term. But as a fundraising charity, we are subject to the effects of short-term volatility in income. We hold funds in reserve to ensure that we can meet our research commitments in the face of such fluctuations. We use a rolling five-year plan to model how the Charity will manage resources optimally in delivering its strategy, while holding reserves at no more than is necessary.

Our reserves policy mandates a minimum level of cash and investments to enable the Charity to discharge its financial commitments as they fall due over the course of the five-year plan. During the year we made a minor revision to this measure to include all amounts available to finance the general activities of the Charity – 'managed cash and investments'. The policy is always to hold a minimum of two months total cash outflows.

We also monitor a balance sheet based measure of reserves – 'adjusted net assets'. This enables us to maintain an adequate surplus of realisable assets over short-term liabilities to absorb any unplanned shortfall in our future fundraising contribution.

As shown below, we met our reserves measures as at 31 March 2012.

Managed cash and investments	31 March 2012 £m	31 March 2011 £m
Cash and investments	193	211
Less: funds under separate management ¹	(11)	(16)
Add: undrawn amounts on secured loan facility	–	11
Managed cash and investments	182	206
Months of future total cash outflows	4.4 months	4.9 months
Policy = 2 months minimum		

Adjusted net assets	31 March 2012 £m	31 March 2011 £m
Investments – financial	66	69
Fixed assets – realisable	5	5
Current assets	250	263
Current liabilities	(202)	(191)
Provisions payable in the next 12 months ²	(10)	(14)
Adjusted net assets	109	132
% of planned annual fundraising contribution	34%	39%
Policy = 10% minimum		

¹ Consolidated endowments and charities.

² Including pensions deficit contributions

We continue to place particular emphasis on prudent management of our reserves and on long-term financial planning. During the year, we completed the annual review of the reserves policy, updated our rolling five-year plan and monitored our reserves measures monthly. This is particularly important now as we meet the challenge of sustaining our fundraising in an uncertain economic climate, while maintaining research funding and delivering our commitment to invest in The Francis Crick Institute. We expect our reserves to reduce from current levels towards the policy minimum levels over the five-year planning horizon.

Investment policy and performance

Our investment policy is designed to meet the requirement of the reserves policy to exceed minimum levels of managed cash and investments over the five-year planning horizon. The policy aims to minimise exposure to capital losses, provide the liquidity required by our five-year plan and, subject to those constraints, to generate stable income. As a result, we invest in cash and cash-like investments up to the minimum reserves levels. Above these levels investments that might provide higher returns are considered, while still focusing on capital preservation. The policy is reviewed annually.

During 2011/12 we reconfigured the Charity's bond fund, shortening average investment maturities to be more closely aligned to planned net use of funds over the next three years.

The total return on investments for the year was £4 million (2011: £5 million). Across the asset classes returns were generally in line with or exceeded benchmarks. Cash and cash-like investments had an average return of 0.8% against a benchmark of 0.6%. The bond fund had a total return of 4.6%, against a benchmark of 3.2%. The endowment funds had an average return of 5.2%, against a benchmark of 5.4%.

We maintain a £5 million overdraft facility with the Royal Bank of Scotland. A secured loan facility of £11.3 million with HSBC was cancelled in March 2012. Neither of these facilities was used during the year.

Smoking causes around a third of all cancer deaths in the UK and it is our policy not to invest in tobacco companies or related businesses.

Fixed assets and investments

We continued to develop plans for The Francis Crick Institute, managed by UKCMRI Ltd. During the year, we contributed a further £16 million towards the construction of the building. We and our partners fund the design and build by means of capital contributions to UKCMRI Ltd. The total costs of this initiative to date are included in programme-related investments at £45 million (2011: £29 million). In total, we expect our investment in completing the new institute to be £160 million by 2015 (including £18.5 million investment in land).

We spent £15 million on other fixed assets additions (2011: £24 million). This included investment in research facilities at our directly-funded institutes and point-of-sale technology in our shops, enabling us to claim Gift Aid on donated goods sold.

Subsidiaries and related parties

Activities in furtherance of our objectives

Cancer Research Technology Ltd (CRT) is a wholly-owned subsidiary. Its principal activity is to exploit intellectual property rights arising from research to ensure that any discoveries that could lead to patient benefit reach the clinic by the most effective development route.

Revenues were £37 million (2011: £33 million) including grants from the Charity of £4 million (2011: £7 million). Profit on ordinary activities was £4 million (2011: £2 million). Although future royalty income from temozolomide is expected to decline as its patents expire, the launch of abiraterone acetate as a treatment for prostate cancer is anticipated to generate compensating growth in royalty income. In light of the new CRT Pioneer Fund (see page 9) and the potential of other products in advanced clinical development, the outlook for CRT is considered to be promising.

Our finances

(continued)

The Beatson Institute for Cancer Research, as a core funded Institute, has developed a distinct approach to support high quality science and world-class facilities. The Institute has been substantially strengthened by the development of its Drug Discovery Programme, the expansion and modernisation of its Biological Services Unit and the establishment of a screening facility as well as building proteomics and metabolomics capability. The Institute continues to provide an outstanding environment to support the training and development of scientists, allowing it to develop strong interactions and partnerships with the NHS and local universities.

UKCMRI Ltd is a UK registered charity and limited company formed to manage the creation of The Francis Crick Institute. At 31 March 2012 the Charity had provided 22% of the funding for the construction of the new building and held 22% of UKCMRI Ltd's shares. Our partners in this venture are the Medical Research Council, University College London, the Wellcome Trust, Imperial College London and King's College London.

The Gibb Research Fellowship Endowment Fund has four research fellows and an annual reward scheme promoted by the Charity to encourage and recognise those making outstanding contributions to cancer research.

Activities for generating funds

Cancer Research UK Trading Ltd is a wholly-owned subsidiary which generates income from trading activity within the fundraising portfolio. The sale of bought-in goods in the retail chain generated income of almost £7 million (2011: £7 million). Some 57% of this was delivered during the Christmas trading period (2011: 60%). The company also generates trading income through fees, sales, auctions and corporate sponsorship associated with our events, the largest being Race for Life. Other activities include the selling of cause-related merchandise through our corporate partnerships and royalty income. Total revenue was £22 million in the year (2011: £23 million), and profit on ordinary activities was £2 million (2011: £1 million).

The Imperial Cancer Research Fund and The Cancer Research Campaign continue to receive legacy income on behalf of the Charity. This income is transferred to the Charity immediately on receipt.

Pensions

Employees participate in both defined contribution and defined benefit plans. Employees may join the Cancer Research UK Retirement Plan, a defined contribution scheme, at any time. The Cancer Research UK Pension Scheme (the Scheme), a defined benefit scheme, is closed to new entrants.

In line with normal practice, there are two bases for assessing the value of the assets and liabilities of the Scheme. For accounting purposes, they are reported in accordance with the relevant accounting standard – FRS17. In addition, the trustees of the Scheme commission a triennial actuarial funding valuation to ensure the Scheme is appropriately funded. The prescribed basis for the latter currently results in a higher value for Scheme liabilities – mainly due to a more cautious discount rate.

On a FRS17 basis, the Scheme had a deficit at 31 March 2012 of £6 million (2011: £16 million), equivalent to 1.5% of Scheme liabilities. The improvement reflects the deficit contributions paid in the year of £8 million, while returns on Scheme assets in excess of expected rates were offset by the effect on the valuation of Scheme liabilities by changes in actuarial assumptions. The valuation is particularly sensitive to the impact of the discount rate assumption on Scheme liabilities: a variation of 0.1% in the discount rate results in a change to the surplus of around £9 million (2011: £8 million).

The last triennial funding valuation took place as at 31 March 2009, and showed a deficit of £102 million (2006: £12 million). A pension deficit recovery plan is in place, which includes a schedule of additional contributions to be made over the next 11 years. On the basis of the 2009 triennial valuation assumptions, the ongoing funding deficit would be eliminated by 2023. We continue to work with the Scheme trustees to manage any deficit. The funding deficit as at 31 March 2012 was heavily influenced by interest rates and inflationary expectations which reflect extraordinarily low base rates and the impact of quantitative easing. It is estimated at around £90 million (2011: £50 million deficit).

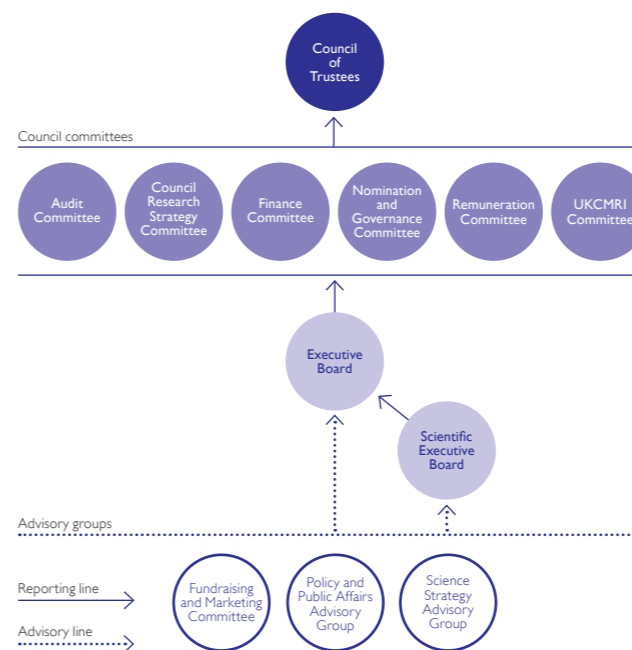
Our governance, structure and management

Structure and management

Cancer Research UK is a company limited by guarantee and is a registered charity (the Charity). It is governed by a Council of Trustees, chaired by Michael Pragnell. The Council is ultimately responsible for the Charity's strategic direction, supported by its Committees to whom Council delegates some of its authority. The day-to-day running of the Charity is the responsibility of the Executive Board, supported by the advisory groups.

The Council of Trustees is committed to business integrity in all its activities and has put in place a robust governance framework to ensure, amongst other things, that appropriate measures are in place to manage risk, to comply with all relevant rules which govern the Charity and to ensure clear and transparent reporting.

Committees and advisory groups



Council

The Council is currently made up of 11 Trustees who are also Members and Directors of the Charity. They set the Charity's strategic direction and are responsible for ensuring it upholds its values and governance, and delivers its objectives. They guide, advise and support the Chief Executive and approve annual budgets. They review a schedule of matters reserved to them and delegate certain responsibilities to Council Committees and the Executive Board, outlined below. Council met six times during the year.

Members

The Charity's constitution allows the appointment of up to 100 Members. They are entitled to attend all general meetings, including the Annual General Meeting (AGM). Their most significant duties are to receive the Annual Report and Accounts and to elect or re-elect Trustees. Regular contact is maintained with Members, mainly through a quarterly letter from the Chairman.

Trustees

The Trustees and Chairman are appointed for an initial period of three years, which can be extended for a further three-year period. Any further extensions to either the Trustees' or the Chairman's term would only be made in the best interests of the Charity.

Each Trustee benefits from an induction programme tailored to his/her knowledge and experience. It includes visits to the Charity's research institutes and meetings with management. Each Trustee is formally appraised once in each three-year term and meets at least once a year privately with the Chairman and Chief Executive. The Trustees continue to deploy a wide range of skills and experience essential to good governance and their biographies can be found on pages 17 and 18.

Our governance, structure and management

(continued)

Committees

Many of the Trustees serve on Council Committees. The Chairman and the Treasurer are ex officio members of all Council Committees, except the Audit Committee, which they may attend if invited by the Committee Chairman. The Committees each have specific delegated responsibilities outlined below on behalf of Council and review key strategic activities of the Charity. They also meet in order to provide advice, good counsel and expertise to the Executive Board. Details of membership of Committees are shown in the table on page 17.

Audit Committee

The Committee monitors the effectiveness of the Charity's risk management and internal control systems and provides an annual assessment of the risk processes and policies to Council. It is responsible for reviewing the Annual Report and Accounts of the Charity, the accounting policies and practices and the significant financial reporting judgements included therein. It ensures the independence and objectivity of the external auditors and provides oversight of the external and internal audit activities. It met three times during the year.

Council Research Strategy Committee

The Committee is responsible for the development, review and implementation of the Charity's research strategy. It considers the research strategy and any changes to it as part of the annual operating plan and recommends it to Council. It reviews scientific performance objectives and targets for the Charity and monitors progress made towards them. It exercises delegated authority on the implementation of the research strategy and the research budget when this has been approved by Council. It met three times during the year.

Finance Committee

The Committee is responsible for the oversight of all aspects of the Charity's corporate financial policies and operations. It monitors the short and long-term viability of the Charity, ensuring there are sufficient reserves to fund its work to beat cancer. It reviews and approves the Investment and Reserves policies and monitors compliance with them on a regular basis. It reviews the annual and long-term financial plans of the Charity, ensuring research expenditure is maximised. It monitors performance against plans and recommends action where necessary to maintain a strong financial position.

It oversees the management of the Charity's investments and ensures that these are managed to underpin the strategic objectives of the Charity. It met four times during the year.

Nomination and Governance Committee

The Committee is responsible for reviewing and making recommendations to Council that the governance policies and procedures of the Charity accord with best practice and are suitable for the Charity. It assesses the effectiveness of the governance structure, the size and composition of the Membership, Council, Council Committees and their respective roles. It plans and initiates the search and selection process for new Members, Trustees and Senior Executives, assisted by independent search companies and open advertising as required, and recommends appointments to Council. The Committee also initiated a triennial review of the Charity's governance framework, including updating the Articles of Association. It met five times during the year. It recommended the appointment of four new Trustees to Council: Anne Baldock, Wendy Becker, Helen Calcraft and Dr Adrian Crellin, all of which were approved.

Remuneration Committee

The Committee is responsible for reviewing and approving the remuneration of the Executive Board. It determines and agrees the overall policy for the remuneration and pension arrangements of all the Charity's employees and oversees any major changes in employee benefits. It also annually reviews the remuneration trends in the Charity. It met twice during the year.

UKCMRI Committee

The Committee provides direction to and scrutiny of the investment in UKCMRI (The Francis Crick Institute). It reviews the detail of the corporate and commercial matters involved prior to them being considered by Council. It meets when major milestones require review and decisions. It met three times during the year.

Advisory groups

There are also three advisory groups – Fundraising and Marketing Committee, Policy and Public Affairs Advisory Group and Science Strategy Advisory Group – who provide expert advice and support to the Executive Board.

Committees and Trustee membership as at 31 March 2012

Trustees	Year of Trustee Appointment	Council Committees						Advisory Groups	
		Audit	Finance	Nomination and Governance	Remuneration	Council Research Strategy	UKCMRI	Fundraising and Marketing	Policy and Public Affairs
Michael Pragnell (Chairman)	2010	●	⊙	●	●	⊙	●		
Sir James Crosby (Treasurer)	2008	○	●	⊙	⊙	⊙	⊙		
Ms Anne Baldock	2011	⊙		⊙					
Ms Wendy Becker	2011	⊙						⊙	
Professor Anton Berns	2010					⊙			
Professor Adrian Bird	2010					●	⊙		
Professor Colin Bird	2005				⊙				
Ms Helen Calcraft	2011		⊙					●	
Dr Philip Campbell	2003			⊙		⊙			●
Dr Adrian Crellin	2012		⊙			⊙			
Professor Jonathan Knowles	2011					⊙			
Roger Matthews	2008	●	○				⊙		
Professor Jeffrey Tobias	2001		⊙			⊙			

● Chairman ⊙ Member ○ Invited to attend ⊙ Ex officio ● Retiring 31 March 2012

Executive Board

The Executive Board is responsible for the day-to-day running of the Charity under authority delegated by Council. It proposes to Council where the Charity should invest its time, money and expertise. It also proposes to Council the short and long-term strategy for the Charity. As part of this, it proposes the annual operating budget to Finance Committee and Council for their approval. It met 12 times during the year. A list of the Board members can be found on page 19.

The Scientific Executive Board

The Scientific Executive Board is responsible for the implementation of scientific strategy and policy after its approval by the Council Research Strategy Committee and Council. It works closely with the Council Research Strategy Committee, the Science Strategy Advisory Group and the Executive Board. It met six times during the year.

➔ For more information on how the Charity is governed visit the website aboutus.cancerresearchuk.org/how-we-are-governed

Trustees

The Trustees who served during the year as of 30 May 2012 are listed below.

Michael Pragnell MA (Oxon) MBA (INSEAD), Chairman. He was the founder Chief Executive Officer of Syngenta AG where he led the creation of Syngenta to become world leader in crop protection following the merger of the agrochemicals and plant bio-science businesses of AstraZeneca and Novartis. He retired at the end of 2007 after a 39-year executive career in the chemical and bio-technology industries. He is a Director of Cancer Research Technology, a non-executive director of VINCI SA and a member of the board of INSEAD.

Anne Baldock LLB Solicitor, is a recently retired partner at Allen & Overy LLP, the leading global law firm. During her time at Allen & Overy, she played a pivotal role in establishing and maintaining the firm's position at the top of the legal profession. Anne also sits on the board providing scrutiny and advice to the Secretary of State for Energy and Climate Change on new nuclear decommissioning.

Our governance, structure and management

(continued)

Wendy Becker BA MBA was a partner at McKinsey followed by a career in consumer technology. At Carphone Warehouse, she built the TalkTalk Group, and as Group Chief Marketing Officer at Vodafone she helped build the company's leading international position. Wendy is a non-executive director of Whitbread plc and Ocado plc.

Professor Doctor Anton Berns is the former Director of Research and Chairman of the Board of Directors of the Netherlands Cancer Institute. He is a member of a number of scientific advisory boards of academic institutes such as CNIO Madrid, Genomic Institute Singapore, IMP Vienna, WEHI Melbourne and European Institute of Oncology in Milan. He is Secretary General of the European Molecular Biology Organisation.

Professor Adrian Bird CBE FRS FRSE has held the Buchanan Chair of Genetics at the University of Edinburgh since 1990. His awards include the 1999 Louis-Jeantet Prize for Medicine and the 2008 Charles Léopold Mayer Prize of the French Academy of Sciences.

Helen Calcraft BA (Hons) MBA co-founded Miles Calcraft Briginshaw Duffy, the advertising agency behind an advert which was named ITV's ad of the decade. She is chairman of Dare, an agency combining broadcast and digital expertise. Helen is a member of two of the advertising industry's most prestigious networking clubs – Women in Advertising and Communications (WACL) and the 30 Club.

Dr Philip Campbell BSc MSc DSc FInstP FRAS is the Editor-in-Chief of *Nature* and of *Nature* publications. He is a Fellow of the Institute of Physics and a Fellow of the Royal Astronomical Society. He has advised or collaborated with the Wellcome Trust, US National Institutes of Health, the UK Office of Science and Technology and the European Commission.

Dr Adrian Crellin MA FRCR FRCP is Vice-President of the Royal College of Radiologists and the Department of Health's National Clinical Lead on Proton Beam Therapy. He studied medicine at the University of Cambridge and completed his medical training at three London hospitals: St Bartholomew's, The Middlesex and Mount Vernon.

Sir James Crosby BA FFA, *Treasurer*. Sir James is a Fellow of the Faculty of Actuaries. He is Chairman of Misys plc and the Senior Independent Director of Compass Group plc. He is also a member of the European Advisory Board of Bridgepoint Capital and a member of the Finance Committee of the Delegacy of Oxford University Press. He previously served as a non-executive director of ITV and the FSA, following a 30-year executive career in fund management, insurance and banking.

Professor Jonathan K.C. Knowles is former Head of Group Research and Member of the Executive Committee at Roche. He was a member of the Board at Genentech and Chugai Pharmaceuticals. He is Professor of Translational Medicine at EPFL in Switzerland and holds a Distinguished Professorship in Personalised Health Care at FIMM (Finnish Institute for Molecular Medicine) at the University of Helsinki.

Roger Matthews ACA BSocSci is a Chartered Accountant and is currently non-executive Chairman of MITIE Group plc, LSL Property Services plc and Pertemps Network Group Limited and is non-executive Director of Zetar plc. He previously held the roles of Group Finance Director of J. Sainsbury PLC, Managing Director and Group Finance Director of Compass Group plc, and worked for Grand Metropolitan plc, Cadbury Schweppes plc and PricewaterhouseCoopers LLP.

Trustees who retired during the year:

20 September 2011

Liz Hewitt FCA BSc(Econ) FRSA; Dr Keith F Palmer OBE; Leah Sowden FCA CTA DChA.

31 March 2012

Professor Colin Bird CBE FRSE; Professor Jeffrey Tobias MD FRCP FRCP.

➔ For more information on the Trustees and their full biographies please visit the website aboutus.cancerresearchuk.org/trustees

Executive Board

The Executive Directors who were members of the Executive Board during the year and as of 30 May 2012 were:

Harpal Kumar MA MEng MBA DSc
Chief Executive (Chair of Executive Board)

Iain Foulkes PhD
Executive Director, Strategy and Research Funding

Professor Peter Johnson MA MD FRCP
Chief Clinician

Professor Nic Jones PhD
Chief Scientist (Chair of Scientific Executive Board)

Sarah Lyness MA
Executive Director, Policy and Information

Lynne Robb BSc FCA
Chief Financial Officer and Executive Director,
Corporate Resources

Elizabeth Sideris BA MA FCIPD
Executive Director, Human Resources

Richard C Taylor
Executive Director, Fundraising and Marketing

Clare Shepherd BA
General Counsel
The General Counsel is not a member of the Executive Board but attends Executive Board meetings.

➔ For more information on the Executive Board and their biographies please visit the website aboutus.cancerresearchuk.org/executive-board

Employees

It is the Charity's policy to provide equal opportunities to job applicants and employees of any race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status. The Charity does not condone or tolerate any form of discrimination in its recruitment or employment practices. All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal access to training, development, reward and progression opportunities and accountable for the impact of their own behaviour and actions. All of the Charity's policies follow these principles. During the year, regular communications to employees have been provided on matters affecting them, including factors affecting the Charity's progress and they have been consulted on decisions affecting them.

Volunteers

Around 40,000 volunteers support the Charity by working in shops and offices, at events and by fundraising in their communities.

People who volunteer make a vital contribution towards the Charity's achievements. Their presence and impact are wide-ranging. The Charity has over 17,500 volunteers in its retail chain, 11,000 supporting events series, including Race for Life, and 7,800 in local fundraising – in addition to all the volunteers who contribute in offices and through placements and internships. 165 Cancer Campaigns Ambassadors now actively lobby on behalf of the Charity. All Trustees contribute their time voluntarily.

An internship scheme continues to develop, involving 132 volunteer interns in challenging 12-week projects. The scheme has been recognised, for the sixth consecutive year, in the National Council for Work Experience awards and was also highly placed in Rate My Placement, which is voted for by the interns themselves. The number of applicants finding volunteering opportunities through the Charity's website was over 3,360, in addition to online Race for Life volunteer registrations.

Our governance, structure and management

(continued)

The annual 'Flame of Hope' awards recognised volunteers from across the UK and from almost every area of work. Michael Pragnell, Chairman, hosted an event showcasing the achievements of some of the most remarkable volunteers and their exceptional commitment and dedication to the Charity.

Management of risk

The Trustees ensure that the Charity maintains sound risk management and internal control systems. The Audit Committee monitors these arrangements and reports to Council on their effectiveness.

During the year, the Audit Committee reviewed reports on internal audits undertaken across key operations of the Charity, and the major risks, control recommendations and follow-up actions, reviewed the progress and delivery of several key programmes to monitor delivery of benefits and met the external auditors in private sessions.

Financial risk management

The impact of the continuing economic uncertainty remains a major risk to the Charity. As a result, the Charity regularly updates and reviews the rolling five-year financial plan, reserves and investment policies (see pages 12 and 13). During the year, these plans demonstrated that the Charity is able to maintain its research funding capacity over the long-term.

The Charity's activities expose it to a number of other financial risks including credit risk, market risk, cash flow risk and liquidity risk. Any use of financial derivatives is governed by policies approved by Council. Derivatives are not used for speculative purposes.

Credit risk

The principal financial assets are bank balances, investments, trade and other receivables. The Charity's credit risk is primarily attributable to bank balances and a policy is in place to limit the amount held with any one banking group and to constantly review their credit ratings.

Market risk

Some of the Charity's investments are subject to market movements and some limited realised and unrealised gains have been recorded in the year. The Charity's investment policy focuses on minimising its exposure to losses as explained in 'Investment policy and performance' on page 13.

Cash flow risk

The Charity's activities expose it to some risk of changes in foreign currency exchange rates, primarily on US dollars and Euros. These exposures are monitored and from time to time foreign exchange forward contracts may be used to hedge net exposures.

Liquidity risk

In the current economic climate, the Charity must ensure it is able to meet its liabilities as and when they fall due. The Charity has continued to improve its cash flow management and forecasts. The reserves policy is explained on page 12.

Going concern

The Trustees have reviewed the Charity's financial position, taking account of the satisfactory levels of reserves and cash, amounts receivable that are not included in the accounts (principally from the committed giving supporter base), the annual plan and the five-year financial plan, and its systems of financial and risk management. As a result of their review, the Trustees believe that the Charity is well placed to manage operational and financial risks successfully despite the current uncertain economic outlook.

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

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the Charity for the purposes of company law) are responsible for preparing the Annual 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 the financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditors are unaware; and
- 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 have a duty to report on how the Charity provides public benefit by explaining:

- the significant activities undertaken in order to carry out its aims for the public benefit; and
- its achievements measured against those aims.

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the Charity's objectives and achievements on pages 4 to 9.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on Cancer Research UK's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Legal and Administrative Details on page 54 form an integral part of this report.

Auditors

A resolution for the reappointment of PricewaterhouseCoopers LLP as auditors for the Charity will be proposed at the forthcoming Annual General Meeting.

On behalf of the Trustees



Michael Pragnell
Chairman
30 May 2012

Independent Auditors' Report to the Members and Trustees of Cancer Research UK

We have audited the financial statements of Cancer Research UK for the year ended 31 March 2012 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21 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.

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

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 2011/12 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2012, and of the group's incoming resources and application of resources, including its income and expenditure and group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; 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.



Liz Hazell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
30 May 2012

Consolidated Statement of Financial Activities for the year ended 31 March 2012

(incorporating an income and expenditure account)

Note	Unrestricted funds 2012 £m	Endowment /restricted funds 2012 £m	Total 2012 £m	Restated Total 2011 £m
Incoming resources				
Incoming resources from generated funds				
			350.1	351.0
2a	312.7	37.4		
			82.1	81.9
2b	82.1	—		
			2.9	3.8
	2.7	0.2		
3	44.0	13.5	57.5	44.4
			—	1.4
			—	
			492.6	482.5
	441.5	51.1		
Total incoming resources				
Resources expended				
Costs of generating funds				
			80.1	80.6
4a	80.1	—		
			68.6	70.3
4b	68.6	—		
			0.2	0.1
	0.2	—		
			148.9	151.0
	148.9	—		
			343.7	331.5
	292.6	51.1		
Net incoming resources available for charitable application				
Costs of charitable activities				
			332.2	324.7
5	279.9	52.3		
			15.7	15.7
5	12.1	3.6		
			347.9	340.4
	292.0	55.9		
Total costs of charitable activities				
			1.5	1.4
7	1.5	—		
			498.3	492.8
	442.4	55.9		
Total resources expended				
Net outgoing resources before transfers				
			(5.7)	(10.3)
			—	—
24, 25	(0.9)	(4.8)		
	(6.9)	6.9		
			(5.7)	(10.3)
	(7.8)	2.1		
Net outgoing resources after transfers				
Other recognised gains and losses				
			2.0	(0.5)
14	1.9	0.1		
			(0.2)	(0.7)
	(0.2)	—		
			(3.9)	(11.5)
9	(6.1)	2.2		
Net expenditure for the year				
			(0.6)	2.0
14	(0.7)	0.1		
			(0.2)	13.6
20	(0.2)	—		
			(4.7)	4.1
	(7.0)	2.3		
	166.1	19.8	185.9	181.8
			181.2	185.9
24, 25	159.1	22.1		
Funds carried forward				

All amounts relate to continuing operations. All gains and losses recognised in the year are included in the Consolidated Statement of Financial Activities. There are no material differences between the net income for the year and the historical cost equivalents. Prior year amounts have been restated to reflect the allocation of events expenditure – see Note 4.

Balance Sheets as at 31 March 2012

Registered company number 4325234

Note	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Fixed assets				
Negative goodwill	12	(4.0)	(4.8)	–
Tangible fixed assets	13	96.6	102.1	79.0
Investments	14	65.7	68.5	59.8
Programme-related investment	15	44.9	28.9	44.9
		203.2	194.7	183.7
Current assets				
Stock		1.9	1.7	0.6
Debtors	17	120.1	118.4	110.6
Investments	14	55.2	–	55.2
Cash and short-term deposits		72.5	142.6	64.7
		249.7	262.7	231.1
Creditors: amounts falling due within one year	18a	(201.6)	(191.1)	(200.3)
Net current assets		48.1	71.6	30.8
Total assets less current liabilities		251.3	266.3	214.5
Creditors: amounts falling due after more than one year	18b	(57.2)	(59.0)	(56.9)
Provisions for liabilities and charges	19	(6.9)	(5.9)	(6.8)
Net assets (excluding net pension liability)		187.2	201.4	150.8
Net pension liability	20	(6.0)	(15.5)	(6.0)
Net assets (including net pension liability)	26	181.2	185.9	144.8
Funds				
Restricted and endowment funds				
Restricted funds	24	18.2	14.3	1.0
Permanent endowment funds	24	3.9	5.5	–
		22.1	19.8	1.0
Unrestricted funds				
General funds (including revaluation reserve)	25	165.1	181.6	149.8
Pension deficit	20	(6.0)	(15.5)	(6.0)
		159.1	166.1	143.8
Total funds	26	181.2	185.9	144.8

The financial statements on pages 23 to 53 were approved by the Trustees on 30 May 2012 and signed on their behalf by



Michael Pragnell, Chairman



Sir James Crosby, Treasurer

Consolidated Cash Flow Statement for the year ended 31 March 2012

Note	Group 2012 £m	Group 2011 £m
Net cash inflow/(outflow) from operating activities	9.2	(9.0)
Investment income	2.9	3.8
Capital expenditure		
Purchase of tangible fixed assets	13a	(15.0)
Receipts from sale of tangible fixed assets		–
Increase in programme-related investment	15	(16.2)
	(31.2)	(9.6)
Financial investments		
Purchase of fixed and current asset investments	14	(128.2)
Proceeds from sale of fixed asset investments	14	113.3
	(14.9)	3.1
Net cash outflow from investing activities	(46.1)	(6.5)
Management of liquid resources		
(Increase)/decrease in cash and deposits (investment assets)	14	(36.1)
Decrease in short-term deposits (current assets)	b	10.0
Net cash (outflow)/inflow from liquid resources	(26.1)	97.4
(Decrease)/increase in cash	(60.1)	85.7

Notes

Note	Group 2012 £m	Group 2011 £m
a) Reconciliation of net outgoing resources to net cash flow from operating activities		
Net outgoing resources	(5.7)	(10.3)
Investment income	(2.9)	(3.8)
Depreciation charge for the year	13a	19.9
Write-off of book value on disposal of tangible fixed assets	13a	0.6
Proceeds received from sale of tangible fixed assets		–
Amortisation of negative goodwill	12	(0.8)
Increase in stock		(0.2)
(Increase)/decrease in debtors		(1.7)
Increase/(decrease) in creditors		8.7
Increase/(decrease) in provision for liabilities and charges		1.0
Total pension cost recognised in SOFA	20	9.3
Pension contributions by employer	20	(19.0)
Net cash inflow/(outflow) from operating activities	9.2	(9.0)
b) Movement in cash and short-term deposits		
Cash and short-term deposits at 1 April 2011	142.6	153.9
Decrease in short-term deposits	(10.0)	(97.0)
(Decrease)/increase in cash	(60.1)	85.7
Decrease in cash and short-term deposits	(70.1)	(11.3)
Cash and short-term deposits at 31 March 2012	72.5	142.6

Notes to the Accounts

I. Accounting policies

Accounting convention

These accounts have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of investment properties and listed investments. They comply with the Statement of Recommended Practice 'Accounting and Reporting by Charities' as revised in 2005 ('the SORP'), together with the reporting requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and applicable accounting standards in the United Kingdom. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities.

Basis of consolidation

The consolidated accounts incorporate the results of Cancer Research UK ('the Charity') and its subsidiary undertakings on a line by line basis, as well as its share of the results of its associate using the net equity method. The consolidated entity is referred to as 'the Group'. No separate company Statement of Financial Activities (SOFA) has been prepared for the Charity as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

Incoming resources

Incoming resources are accrued and included in the SOFA when the Group is entitled to the income and it can be quantified with reasonable certainty.

Voluntary income

Pecuniary legacies are recognised when probate is granted. Residuary legacies are recognised when probate is granted and there is sufficient information to value them: they are included at 90% of their valuation (to reflect the uncertainty of estate administration) less an adjustment for any loss of value on unrealised property and investment assets. Reversionary interests involving a life tenant are not recognised. Direct giving donations, including regular gifts, are accounted for when received. Voluntary income from events is recognised when the event takes place. Income from local committees is included when received by the committee. Donations in kind are recognised at their value to the Group when received and an equivalent amount is included in the appropriate cost line: the only amounts included for donated services are those provided in a professional capacity. Gift Aid receivable is included in income when there is a valid declaration from the donor.

Activities for generating funds

Retail income, including income from donated goods, is accounted for when the sale takes place. Events registration fees are recognised when the event takes place. Events merchandise is accounted for when the sale occurs.

Income resources from charitable activities

Grants are recognised when the Group is entitled to receipt. Donations in kind (such as pharmaceuticals for use in drug development or clinical trials) are included at market value and an equivalent amount is included in research costs. Income from intellectual property rights is recognised gross, before revenue share payments to third parties, on completion of any contractual obligations.

I. Accounting policies (continued)

Resources expended

Expenditure is accounted for on an accruals basis. Support costs, which are not directly attributable to generating funds or charitable activities, are allocated to those categories based on the appropriate combination of staff time, department headcount, direct expenditure and activity levels. Irrecoverable VAT is included with the expense item to which it relates.

Costs of generating funds

The costs of fundraising trading do not include any valuation of donated goods sold.

Costs of charitable activities

A research grant is recognised when the Group formally notifies the recipient of the award following scientific review. The liability is measured as the total of expected payments for the period to the next scientific review. Payments due after a scientific review are disclosed as grant commitments. Expected total payments on life chairs/fellowships are provided for when the appointment is made. Liabilities for awards where more than five years of expected payments are provided at the outset are discounted to current value using a weighted average cost of capital.

Governance costs

These are the costs of providing strategic direction and ensuring public accountability.

Negative goodwill

Negative goodwill arises when the aggregate fair values of a consolidated entity's assets and liabilities exceed any acquisition cost, and is amortised in the SOFA over ten years.

Tangible fixed assets and depreciation

Tangible fixed assets are capitalised at cost, including purchase price and any costs of bringing the asset to working condition for its intended use. The costs of laboratory refurbishments are written off as they are incurred. The Group applies minimum levels for capitalisation per item – £5,000 for the Charity and £500 to £5,000 for its subsidiaries. Batches of items below those thresholds are capitalised where they form part of one project and together cost more than £50,000. Software is only capitalised where its cost exceeds £50,000. Depreciation is provided so as to write off the cost of fixed assets on a straight-line basis over their expected useful lives, as follows:

Freehold land	Not depreciated
Freehold buildings	25 years
Leasehold buildings and research facilities	25 years, or lease period if shorter
Plant and equipment	4–5 years
Retail fixtures and fittings	5 years
Computer equipment and software	3 years

Investments

Listed investments are stated at market value. Unlisted investments are included at cost as an approximation to market value. The SOFA includes realised gains and losses on investments sold in the year and unrealised gains and losses on revaluation of investments.

Notes to the Accounts

(continued)

1. Accounting policies (continued)

Programme-related investments

Programme-related investments are held at cost less any provision for diminution in value.

Impairment of fixed assets and investments

Fixed assets and investments are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs.

Stock

Stock is valued at the lower of cost and net realisable value. Stock does not include the value of goods donated for sale in the Group's charity shops.

Short-term deposits

Short-term deposits are current asset investments that are readily convertible into cash at or close to their carrying amount.

Fund accounting

Restricted funds can only be used for particular purposes specified by the donor. Permanent endowment funds are funds where the capital must be retained and invested. General funds may be used for any purpose within the Charity's objects.

Pension costs

The amounts charged to the SOFA for defined contribution schemes represent the contributions payable in the period. For the defined benefit scheme the current service cost is charged to employee costs over the anticipated period of employment; net pension finance income or costs are included immediately in employee costs; actuarial gains and losses are recognised immediately on the face of the SOFA; and the scheme surplus or deficit is shown on the face of the balance sheet and separately in reserves.

Foreign currency

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

Leases

Rentals payable under operating leases are charged to the SOFA evenly over the period of the lease.

Taxation

The Group is exempt from income and corporation taxes on income and gains to the extent that they are applied to its charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to pay taxable profits to the Charity as Gift Aid. Foreign tax incurred by overseas subsidiaries is charged as it is incurred.

2. Incoming resources from generated funds

a) Voluntary income

	Group 2012 £m	Group 2011 £m
Legacies	136.5	148.2
Direct giving	100.6	99.5
Events	55.0	59.9
Volunteer fundraising	26.9	24.0
High-value donors	27.1	15.3
Donations at shops	3.2	3.3
Amortisation of negative goodwill (Note 12)	0.8	0.8
	350.1	351.0

The estimated amount of legacies for which the Group has received notice of entitlement, but which has not been accrued – either because probate has not yet been obtained, or on grounds of insufficient information or certainty – was £24 million (2011: £23 million). At 31 March 2012, the Charity had an interest in 1,409 estates that are subject to a life interest (2011: 1,431).

b) Activities for generating funds

	Group 2012 £m	Group 2011 £m
Retail income (sale of donated and bought-in goods)	66.1	64.9
Events registrations and merchandise	14.2	15.4
Other	1.8	1.6
	82.1	81.9

3. Incoming resources from charitable activities

	Group 2012 £m	Group 2011 £m
Research	55.3	42.8
Cancer information and influencing	2.2	1.6
	57.5	44.4

In the year to 31 March 2012, £0.2 million (2011: £1.2 million) of gifts in kind relating to free drugs were included in Research income.

Notes to the Accounts

(continued)

4. Costs of generating funds

a) Costs of generating voluntary income

	Group 2012 £m	Restated Group 2011 £m
Legacies	5.7	6.8
Direct giving	27.3	26.5
Events	20.1	18.7
Volunteer fundraising	9.8	9.0
High-value donors	8.4	7.7
Supporter relationship programme	8.8	11.9
	80.1	80.6

b) Costs of fundraising trading

	Group 2012 £m	Restated Group 2011 £m
Retail costs (including costs of bought-in goods)	54.0	54.5
Events	14.4	15.3
Other goods sold	0.2	0.5
	68.6	70.3

The total net contribution from fundraising activities, including retail, amounted to £284 million (2011: £282 million). Excluding retail, the total net contribution was £271 million (2011: £272 million). Costs of fundraising trading events were classified under 'events' within costs of generating voluntary income in the previous year. It is considered more appropriate to include them in costs of fundraising trading.

5. Costs of charitable activities

	Direct costs £m	Grant costs £m	Support costs £m	Group 2012 Total £m	Group 2011 Total £m
Research	154.9	166.7	10.6	332.2	324.7
Cancer information and influencing	13.1	–	2.6	15.7	15.7
	168.0	166.7	13.2	347.9	340.4

6a) Grant costs

	Group 2012 £m	Group 2011 £m
Grants provided in the year	171.1	176.3
Write-back of underused grants and other adjustments	(4.4)	(11.7)
	166.7	164.6

6b) Grant creditors and commitments

	Amounts due for payment in the year to 31 March					
	Total £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 onwards £m
Grant creditors – research grants, life chairs and fellowships						
Balance at 31 March 2012	193.2	136.0	38.5	15.1	3.0	0.6
Grant commitments (not included in the accounts)						
Balance at 31 March 2012	263.3	43.2	79.5	56.6	45.6	38.4

Amounts for awards where more than five years of expected payments are provided at the outset have been discounted using a weighted average cost of capital of between 2.46% and 4.29% (2011: between 2.81% and 6.38%). An analysis of grant-funded research by host institution with details of the grants awarded during the year, forming part of these audited financial statements, can be found on the Charity's website at aboutus.cancerresearchuk.org/grants

7. Governance costs

	Group 2012 £m	Group 2011 £m
Strategy, Council and Committee costs	1.2	1.1
Internal audit	0.2	0.2
Auditors' remuneration (including irrecoverable VAT)	0.1	0.1
	1.5	1.4

Notes to the Accounts

(continued)

8. Support costs

Support costs of £32 million have been allocated to SOFA categories as shown below.

Support cost	Basis of split	Research £m	Information & influencing £m	Costs of generating voluntary income £m	Costs of fundraising trading £m	Group 2012 £m	Group 2011 £m
Information technology	A	3.5	1.9	9.8	1.5	16.7	15.6
Corporate resources	A, B, C	3.8	0.3	2.2	1.0	7.3	7.4
Human resources	A, B	2.5	0.2	1.8	1.7	6.2	6.3
General Counsel ¹	A, D	1.0	0.2	0.8	0.6	2.6	2.9
Pension finance (credit)/charge	E	(0.2)	–	(0.1)	(0.1)	(0.4)	1.4
		10.6	2.6	14.5	4.7	32.4	33.6

¹ Includes Legal, Risk Management and Health & Safety

A Headcount C Transaction volumes E Employer pension contributions
B Time spent D Insurance premium share

Included in General Counsel is the market value of pro bono legal costs of £0.3 million (2011: £0.3 million).

9. Net expenditure for the year

	Group 2012 £m	Group 2011 £m
This is stated after charging/(crediting):		
Depreciation charge for the year (Note 13)	19.9	17.9
Loss on disposal of fixed assets	0.6	0.8
Amortisation of negative goodwill (Note 12)	(0.8)	(0.8)
Rentals payable under operating leases:		
– Land and buildings	19.0	20.4
– Vehicles and equipment	1.0	3.5
Rents receivable	(0.7)	(0.9)
Irrecoverable VAT	7.0	5.9
Auditors' remuneration for Group and Charity (excluding irrecoverable VAT)	0.1	0.1
Gift Aid income	(24.4)	(26.8)

10. Incoming resources and net decrease in funds – Charity only

The Consolidated Statement of Financial Activities is for the Group as a whole. The figures below are the equivalent figures for the Charity only:

- Charity only total incoming resources for the year were £441 million (2011: £434 million)
- Charity only net decrease in funds in the year totalled £7 million (2011: increase of £4 million)

11. Employees and Trustees

a) Employees

The employee costs for the Group and Charity were:

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Wages and salaries	107.3	108.9	90.2	92.8
Social security costs	9.4	9.4	7.9	8.0
Pension costs	12.7	12.6	11.0	10.8
	129.4	130.9	109.1	111.6

The average number of Group and Charity employees, analysed by function, was:

	Group 2012 No.	Group 2011 No.	Charity 2012 No.	Charity 2011 No.
Charitable activities	1,670	1,652	1,346	1,340
Fundraising	1,812	1,819	1,812	1,819
Support services	486	514	435	469
	3,968	3,985	3,593	3,628

In addition, over 2,800 scientists, technicians and other staff engaged in cancer research throughout the United Kingdom were supported by grants made by the Group (2011: over 2,800).

Notes to the Accounts

(continued)

11. Employees and Trustees (continued)

The number of employees during the year, whose gross pay and benefits (excluding employer pension contributions and awards to inventors) fell within the following bands, was:

Banding	Group 2012 No.	Group 2011 No.
£60,001 – £70,000	49	48
£70,001 – £80,000	36	35
£80,001 – £90,000	28	36
£90,001 – £100,000	13	12
£100,001 – £110,000	8	8
£110,001 – £120,000	8	5
£120,001 – £130,000	4	2
£130,001 – £140,000	4	6
£140,001 – £150,000	3	4
£150,001 – £160,000	2	3
£160,001 – £170,000	2	3
£170,001 – £180,000	2	1
£210,001 – £220,000	1	1
	160	164

In respect of employees in the above bandings, 96 accrued benefits under defined benefit pension schemes (2011: 123) and payments to defined contributions schemes totalled £390,000 (2011: £412,000).

b) Trustees

No Trustee has received any remuneration from the Group during the year (2011: none). The total expenses reimbursed to 16 Trustees amounted to £20,527 (2011: £13,446 to 15 Trustees). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity. As permitted by the Articles of Association, the Trustees have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Charity also purchased and maintained throughout the financial year Trustees' and Officers' liability insurance in respect of itself and its Trustees.

12. Negative goodwill

	Group 2012 £m	Group 2011 £m
Arising on consolidation of the Beatson Institute for Cancer Research		
At 1 April 2011	(4.8)	(5.6)
Amortisation	0.8	0.8
At 31 March 2012	(4.0)	(4.8)

13. Tangible fixed assets

a) Group

	Freehold land & buildings £m	Leasehold properties £m	Freehold & leasehold improvements £m	Plant, equipment, fixtures & fittings £m	Assets in the course of construction £m	Retail leases, fixtures & fittings £m	Total £m
Cost							
At 1 April 2011	51.9	20.5	17.5	137.7	4.7	13.1	245.4
Additions	–	0.1	1.3	9.8	1.5	2.3	15.0
Transfers	–	–	4.3	0.3	(4.6)	–	–
Disposals	–	–	(1.7)	(3.9)	–	(0.4)	(6.0)
At 31 March 2012	51.9	20.6	21.4	143.9	1.6	15.0	254.4
Depreciation							
At 1 April 2011	16.0	2.8	14.3	100.1	–	10.1	143.3
Charge for the year	1.7	1.0	0.8	15.2	–	1.2	19.9
Disposals	–	–	(1.5)	(3.5)	–	(0.4)	(5.4)
At 31 March 2012	17.7	3.8	13.6	111.8	–	10.9	157.8
Net Book Values							
At 31 March 2012	34.2	16.8	7.8	32.1	1.6	4.1	96.6
At 1 April 2011	35.9	17.7	3.2	37.6	4.7	3.0	102.1

The Group and the Charity has freehold property with a net book value of £34.2 million (2011: £35.9 million). Having discussed the matter with a firm of chartered surveyors, the Trustees believe that both the aggregate existing use value and the aggregate market value of the tangible fixed asset properties are in excess of £46 million (2011: £47 million). The Charity granted an option to the Group's associate, UKCMRI Ltd, on 16 April 2012 for the right to acquire a long leasehold interest in a freehold building owned by the Charity with a book value of £14.4 million at a consideration in excess of its book value.

Notes to the Accounts

(continued)

13. Tangible fixed assets (continued)

b) Charity

	Freehold land & buildings £m	Leasehold properties £m	Freehold & leasehold improvements £m	Plant, equipment, fixtures & fittings £m	Assets in the course of construction £m	Retail leases, fixtures & fittings £m	Total £m
Cost							
At 1 April 2011	51.9	19.0	16.1	123.4	0.1	12.5	223.0
Additions	–	0.1	0.4	6.8	0.1	2.3	9.7
Disposals	–	–	(1.7)	(3.5)	–	(0.1)	(5.3)
At 31 March 2012	51.9	19.1	14.8	126.7	0.2	14.7	227.4
Depreciation							
At 1 April 2011	16.0	2.7	14.1	93.6	–	9.7	136.1
Charge for the year	1.7	0.9	0.6	12.6	–	1.2	17.0
Disposals	–	–	(1.5)	(3.1)	–	(0.1)	(4.7)
At 31 March 2012	17.7	3.6	13.2	103.1	–	10.8	148.4
Net Book Values							
At 31 March 2012	34.2	15.5	1.6	23.6	0.2	3.9	79.0
At 1 April 2011	35.9	16.3	2.0	29.8	0.1	2.8	86.9

14. Investments

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
At market value				
UK listed equity investments	1.6	1.9	0.1	0.1
UK fixed and variable interest stocks	43.5	59.4	42.6	58.5
UK cash investments	17.5	5.7	15.0	3.0
UK investment properties	1.9	0.5	1.9	0.5
Investments in UK unlisted companies	0.4	0.3	–	–
Investment in subsidiaries	–	–	0.2	0.2
Total UK investments	64.9	67.8	59.8	62.3
Overseas fixed and variable interest stocks	0.8	0.7	–	–
Total fixed asset investments	65.7	68.5	59.8	62.3
UK cash investments	24.2	–	24.2	–
UK term bank deposits	31.0	–	31.0	–
Total current asset investments	55.2	–	55.2	–
Total investments	120.9	68.5	115.0	62.3

No investment represented 5% or more of the portfolio by market value in the Group and Charity (2011: none). Investment properties consist of land and property bequeathed to the Charity and its predecessor charities. The intention of the Trustees is to realise these investments at a time that will maximise their value to the Charity. In view of the number of investment properties held, separate details of each valuation are not reported.

	Group 2012 £m	Charity 2012 £m
Movements		
At 1 April 2011	68.5	62.3
Additions	128.2	127.8
Net movement in cash	36.5	36.3
Transfers out to short-term deposits	(0.4)	–
Disposal proceeds	(113.3)	(112.6)
Net realised investment gains	2.0	2.0
Net unrealised investment losses	(0.6)	(0.8)
At 31 March 2012	120.9	115.0

The historical cost of Group and Charity investments at 31 March 2012 was £90.1 million (2011: £68.1 million) and £85.6 million (2011: £60.7 million) respectively.

Notes to the Accounts

(continued)

15. Programme-related investment – UKCMRI Ltd

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Land	18.5	18.0	18.5	18.0
Loan	–	6.3	–	6.3
Investment in associate	26.4	4.6	26.4	5.0
Total programme-related investments	44.9	28.9	44.9	29.3

	Group 2012 £m	Charity 2012 £m
Movements		
At 1 April 2011	28.9	29.3
Conversion of loan to shares	(6.3)	(6.3)
New shares issued	22.0	22.0
Acquisition of land	0.5	0.5
Impairment	–	(0.6)
Loss on associate	(0.2)	–
At 31 March 2012	44.9	44.9

	Group 2012 £m	Group 2011 £m
Share of net assets		
The Group's 22.2% share (2011: 26.2%) of:		
Fixed assets	23.2	9.5
Current assets	7.3	4.8
Gross assets	30.5	14.3
Gross liabilities	(4.1)	(9.7)
	26.4	4.6

Share of net result

The Group's 22.2% share (2011: 26.2%) of:

	Group 2012 £m	Group 2011 £m
Total incoming resources	0.2	–
Total resources expended	(0.9)	(0.2)
Net outgoing resources	(0.7)	(0.2)
Other movements on associate interest	0.5	(0.2)
Loss on associate	(0.2)	(0.4)¹
New shares issued	22.0	5.0
Net movement in funds	21.8	4.6

At 31 March 2012, the Charity holds 27,009,653 out of 121,399,443 issued ordinary shares, 22,020,252 of which were issued at par during the year to help fund the construction of the UKCMRI building. The Charity jointly owns with the other founder partners land at Brill Place on which the UKCMRI research institute building is being constructed. The total acquisition cost of the land was £88 million. As at 31 March 2012, related party balances with UKCMRI Ltd comprised a £549,000 trading balance due from the Charity (2011: £386,000). The Charity also seconded staff to UKCMRI Ltd, for which it obtained reimbursement of £46,000 in the year (2011: £46,000). The share of net assets and net result above have been derived from the unaudited draft accounts of UKCMRI Ltd.

¹ 2011 included a loss on associate of £0.3 million for onCore UK which was formally closed on 28 February 2011.

Notes to the Accounts

(continued)

16. Investments in subsidiaries

Name	Control	Charity interest	Other Group companies interest	Activities
Beatson Technology Ltd	D		100%	Technology development
Cancer Research Campaign (Jersey Trust Fund)	D	100%		Charitable
Cancer Research Campaign Promotions Ltd	SC		100%	Dormant
Cancer Research Campaign Technology Ltd	SC	100%		Dormant
Cancer Research N. Ireland Ltd	SC	100%		Dormant
Cancer Research Technology Inc	SC		100%	Technology development
Cancer Research Technology Ltd	SC	100%		Technology development
Cancer Research Technology Transfer Ltd	SC	100%		Dormant
Cancer Research UK Guernsey Ltd	SC	100%		Dormant
Cancer Research UK Pension Trustee Ltd	SC	100%		Dormant
Cancer Research UK Scotland Ltd	SC	100%		Dormant
Cancer Research UK Trading Ltd	SC	100%		Income generation
Cancer Research Ventures Ltd	SC		100%	Dormant
Gibb Research Fellowship Endowment Fund	D	100%		Charitable
Imperial Cancer Research Fund	D	100%		Charitable
Imperial Cancer Research Fund Trading Ltd	SC		100%	Dormant
Imperial Cancer Research Technology Ltd	SC		100%	Dormant
North of England Cancer Research Campaign	D	100%		Dormant
Relay for Life Ltd	SC	100%		Dormant
The Beatson Institute for Cancer Research	D	100%		Charitable
The Cancer Research Campaign	D	100%		Charitable
The Nuffield Research Fellowship	D	100%		Charitable
UK Centre for Medical Research and Innovation Ltd	SC	100%		Dormant
War on Cancer	D	100%		Charitable

Control: D = deemed, SC = share capital

The Beatson Institute for Cancer Research, Beatson Technology Ltd and Cancer Research UK Scotland are incorporated in Scotland. Cancer Research Campaign (Jersey Trust Fund) is established in Jersey. Cancer Research N. Ireland Ltd is incorporated in Northern Ireland. Cancer Research UK Guernsey Ltd is incorporated in Guernsey. Cancer Research Technology Inc is incorporated in the state of Delaware in the United States of America. All other entities are incorporated or registered in England and Wales.

The summarised financial information of the subsidiary undertakings that are material to the Group is provided below:

a) Trading subsidiaries – activities for generating funds

	Cancer Research UK Trading Ltd	
	2012 £m	2011 £m
Turnover	21.8	23.0
Cost of sales	(19.9)	(22.1)
Profit on ordinary activities before Gift Aid and taxation	1.9	0.9
Gift Aid payable to Cancer Research UK	(1.9)	(0.9)
Retained profit for the year	–	–
Assets	5.4	6.3
Liabilities	(5.4)	(6.3)
Net assets	–	–

b) Trading subsidiaries – activities in furtherance of the Group's objects

	Cancer Research Technology Ltd	
	2012 £m	2011 £m
Turnover	36.7	32.7
Cost of sales	(32.5)	(30.6)
Profit on ordinary activities before Gift Aid and taxation	4.2	2.1
Gift Aid payable to Cancer Research UK	(2.2)	(1.1)
Retained profit for the year	2.0	1.0
Assets	33.5	27.2
Liabilities	(21.3)	(17.0)
Net assets	12.2	10.2

Notes to the Accounts

(continued)

16. Investments in subsidiaries (continued)

c) Charitable subsidiaries

	The Beatson Institute for Cancer Research		The Gibb Research Fellowship Endowment Fund	
	2012 £m	2011 £m	2012 £m	2011 £m
Total incoming resources	20.9	20.5	0.1	0.1
Total charitable expenditure	(19.0)	(16.6)	(0.1)	(0.5)
Total resources generated/(expended)	1.9	3.9	–	(0.4)
Net gains on investments	–	0.3	0.1	0.2
Net movement in funds	1.9	4.2	0.1	(0.2)
Assets	25.2	22.9	4.9	4.9
Liabilities	(4.1)	(3.7)	(1.0)	(1.1)
Net assets	21.1	19.2	3.9	3.8

	Imperial Cancer Research Fund		The Cancer Research Campaign	
	2012 £m	2011 £m	2012 £m	2011 £m
Total incoming resources	31.6	32.5	25.7	27.3
Transfer of funds to Cancer Research UK	(31.6)	(32.5)	(25.7)	(27.3)
Net movement in funds	–	–	–	–
Net assets	–	–	–	–

17. Debtors

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Trade debtors	4.6	5.4	3.1	4.4
Amounts owed from Group undertakings	–	–	4.0	4.9
Taxation recoverable	12.9	10.3	12.9	10.4
Other debtors	1.7	1.8	1.5	1.5
Prepayments	9.9	10.9	9.2	10.0
Accrued legacy income	75.9	80.7	75.9	80.7
Other accrued income	15.1	9.3	4.0	3.3
	120.1	118.4	110.6	115.2

Other debtors include balances due after more than one year of £0.8 million (2011: £0.9 million). Some accrued legacy income may be received after more than one year, but this has not been estimated due to uncertainty in the timing of the receipt of such income. The Charity has made a loan to its trading subsidiary company Cancer Research Technology Ltd (CRT) amounting to £1 million. The loan is secured on the assets of CRT, excluding intellectual property, and attracts interest at base rate plus 1%. The amount outstanding is repayable in full on 31 March 2015 or on 13 calendar months' notice from the Charity.

18a) Creditors: amounts falling due within one year

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Research grants payable	135.6	127.1	135.4	127.1
Life chairs and fellowships	0.4	0.8	0.1	0.5
Trade creditors	12.0	9.2	8.8	6.6
Amounts owed to Group undertakings	–	–	18.6	20.1
Tax and social security creditors	4.1	4.4	4.0	4.3
Other creditors	1.7	2.1	1.5	2.0
Accruals	27.8	27.7	15.4	19.2
Deferred income	20.0	19.8	16.5	15.1
	201.6	191.1	200.3	194.9

During the year, £15.1 million of deferred income was released; £15.3 million of income was deferred. The £20 million deferred income includes £9.2 million of deferred grants income.

18b) Creditors: amounts falling due after more than one year

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Grants payable – research grants	55.0	52.6	55.0	52.6
Life chairs and fellowships	2.2	6.4	1.9	5.7
	57.2	59.0	56.9	58.3

19. Provisions for liabilities and charges

	Properties £m	Research £m	Other £m	Group £m	Charity £m
At 1 April 2011	4.8	0.4	0.7	5.9	5.7
Charged to the SOFA	1.1	1.6	0.6	3.3	3.2
Used during the year	(1.6)	–	(0.7)	(2.3)	(2.1)
At 31 March 2012	4.3	2.0	0.6	6.9	6.8

The properties provision comprises:

- net rental costs of vacant offices and shops until they are reasonably expected to be sublet or otherwise disposed of, and
- dilapidation costs of offices and shops where the planned exit from the property has been confirmed before the year-end date.

The research provision includes accelerated depreciation on assets that are expected to be transferred to The Francis Crick Institute.

Notes to the Accounts

(continued)

20. Pensions

Cancer Research UK operates a defined benefit pension scheme, a defined contribution pension scheme, and participates in three other schemes. All of these schemes are contracted out of the State Second Pension (S2P).

a) Defined benefit scheme – Cancer Research UK Pension Scheme

This scheme is closed to new members. During the year the Group's employer contribution rates as a percentage of members' salaries ranged from 19.1% to 26.1%. In addition the Group contributed 2.4% of salaries for 'Stakeholder members' and 0.2% of salaries for members covered for lump sum death in service benefits only. The Group expects to pay contributions at 18.1% to 26.1% for the year to 31 March 2013.

Principal actuarial assumptions

The tables below state the FRS17 actuarial assumptions upon which the valuation of the scheme was based.

	Valuation at 31 March	
	2012	2011
Rate of increase in salaries (excluding promotional scale)	3.9%	4.1%
Rate of increase to pensions in payment	3.3%	3.5%
Rate used to discount scheme liabilities	5.1%	5.6%
Rate of future price inflation – RPI	3.4%	3.6%
Rate of future price inflation – CPI	2.4%	3.1%
Expected return on scheme assets	5.4%	6.2%

The demographic assumptions are the same as those adopted for the last actuarial funding valuation, except for the post-retirement mortality assumption. On the advice of our actuarial consultants, this now uses the self-administered pension schemes ('SAPS') mortality tables with future improvements in line with the Continuous Mortality Investigations Core projection model (CMI_2011 (Core)) with a long-term rate of improvement of 1.25% p.a. This is a new set of tables based on the mortality experience of other self-administered final salary pension schemes, which are of greater relevance to the scheme's membership than the PA92 base tables that were used previously. The life expectancies used to determine benefit obligations are as follows:

	31 March 2012		31 March 2011	
	Male	Female	Male	Female
Member aged 65 (current life expectancy)	22.4	24.6	22.7	25.8
Member aged 45 (life expectancy at 65)	24.1	26.6	24.5	27.8

Movements in the SOFA

	2012 £m	2011 £m
Current service cost	9.7	8.8
Interest cost on scheme liabilities	20.9	20.6
Expected return on assets in the scheme	(21.3)	(19.4)
Past service cost	–	0.2
Net finance (credit)/charge	(0.4)	1.4
Total pension cost recognised in the SOFA	9.3	10.2
Actuarial (losses)/gains recognised in the SOFA	(0.2)	13.6

Movement in scheme assets, liabilities and surplus/deficit

	Fair value of assets £m	Present value of (liabilities) £m	Surplus/ (deficit) £m
At 1 April 2011	359.6	(375.1)	(15.5)
Current service cost charged to the SOFA	–	(9.7)	(9.7)
Expected return on scheme assets	21.3	–	21.3
Interest cost	–	(20.9)	(20.9)
Net finance (credit)/charge	21.3	(20.9)	0.4
Actuarial gains/(losses) in the year	12.2	(12.4)	(0.2)
Employer contributions paid	19.0	–	19.0
Contributions by participants	0.1	(0.1)	–
Benefits paid to participants	(14.5)	14.5	–
At 31 March 2012	397.7	(403.7)	(6.0)

The actual return on scheme assets for the year was a gain of £33.5 million (2011: £24.9 million gain). Contributions by employer include deficit contributions of £8 million (2011: £8 million).

Notes to the Accounts

(continued)

20. Pensions (continued)

The analysis of scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2012 £m	2011 £m
Equities	202.8	215.8
Bonds	159.1	111.5
Property	31.8	28.7
Cash	4.0	3.6
Total assets	397.7	359.6

None of the scheme's assets are invested in any property or other assets currently used by the Group. The expected long-term rate of return on assets assumption for the portfolio is 5.4% for the year to 31 March 2013 (2012: 6.2%).

Five-year history of experience adjustments

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Actual return less expected return on assets	12.2	5.5	57.3	(63.5)	(19.9)
Percentage of scheme assets	3%	2%	18%	(26%)	(7%)
Experience adjustments on scheme liabilities	–	–	(13.6)	1.3	(0.4)
Percentage of scheme liabilities	0%	0%	(4%)	1%	(0%)
	£m	£m	£m	£m	£m
Total fair value of scheme assets	397.7	359.6	324.4	247.1	290.1
Present value of scheme liabilities	(403.7)	(375.1)	(360.9)	(251.0)	(294.6)
Net pension liability	(6.0)	(15.5)	(36.5)	(3.9)	(4.5)

Pensions payable by annuities held with Prudential have been excluded from the assets and liabilities of the Cancer Research UK Pension Scheme, as the value of these annuities (which is between £0.5 million and £1 million) equals the value of the pension liabilities they cover under FRS17. Also, as the future return on these annuities is assumed to be equal to the future increase in the value of the corresponding pension liabilities, this has no impact on the pension charge to the SOFA.

(b) Defined contribution scheme – Cancer Research UK Retirement Plan

New employees are entitled to join this scheme. Employer contributions at the year end varied, depending on the employee's own contributions.

(c) Other pension schemes accounted for as defined contribution schemes

The following multi-employer schemes are accounted for as defined contribution schemes as the Group is unable to identify its share of the underlying assets and liabilities on a reasonable and consistent basis.

(i) NHS Pension Scheme

A statutory unfunded multi-employer defined benefit scheme. 13 employees were members at 31 March 2012 (2011: 12).

(ii) Scottish NHS Pension Scheme

A statutory unfunded multi-employer defined benefit scheme. 28 employees were members at 31 March 2012 (2011: 29).

(iii) Universities Superannuation Scheme

An externally funded multi-employer defined benefit scheme. 166 employees were members at 31 March 2012 (2011: 146). At the latest actuarial valuation of the scheme at 31 March 2008, the assets were sufficient to cover 103% of the benefits that had accrued to members.

The employer contribution rates at the year end and the employer's total pension contributions made during the financial year in respect of these schemes were as follows:

	2012 Rate	2012 £m	2011 Rate	2011 £m
Cancer Research UK Retirement Plan	1-16%	2.4	1-14%	1.6
NHS Pension Scheme	14%	–	14%	0.1
Scottish NHS Pension Scheme	13.5%	0.1	13.5%	0.1
Universities Superannuation Scheme	16%	0.9	16%	0.7
Defined contribution pension charge in the SOFA		3.4		2.5

Contributions that were outstanding at the year-end in respect of these schemes amounted to £0.3 million (2011: £0.3 million).

Notes to the Accounts

(continued)

21. Operating leases

The Group and Charity are committed to payments in the year to 31 March 2013 under non-cancellable operating leases, which expire as follows:

	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Land and buildings				
Within one year	1.3	1.5	1.0	1.3
Between one and five years	6.4	7.9	6.4	7.4
After five years	9.9	3.7	9.9	3.7
Total	17.6	13.1	17.3	12.4
Vehicles and equipment				
Within one year	0.1	0.1	0.1	0.1
Between one and five years	1.5	0.7	1.5	0.7
Total	1.6	0.8	1.6	0.8

22. Guarantees

The Charity is party to a Group registration for VAT purposes. As the representative member, the Charity is jointly and severally liable for any VAT liabilities of the subsidiary companies that are part of the same VAT registration.

23. Commitments

As at the year end, the Group had contracted but not provided for future capital expenditure on specific projects of £1.6 million (2011: £5.6 million). This relates to the Beatson Institute for Cancer Research's expansion of its Biological Services Unit. In addition, the Group has a share in the capital commitments of UKCMRI Ltd at 31 March 2012 amounting to £19.5 million (2011: £21.5 million). In total the Group expects to contribute £160 million towards the cost of the project, of which £45 million has been invested at 31 March 2012. Cancer Research Technology Limited has a commitment to contribute up to £12.3 million of loan capital to the CRT Pioneer Fund over the next five years.

24. Restricted and endowment funds

	1 April 2011 £m	Balance at Incoming resources £m	Resources expended £m	Net investment gains £m	Transfers between funds £m	Balance at 31 March 2012 £m
Restricted funds						
Restricted funds for research						
UKCMRI	–	10.8	–	–	(10.0)	0.8
Grants for specific projects	–	8.8	(8.6)	–	–	0.2
Breast cancer research	–	3.0	(3.0)	–	–	–
Bobby Moore Fund	(0.8)	1.4	(1.5)	–	–	(0.9)
Ballesteros brain cancer research	–	1.2	(1.2)	–	–	–
Basic research	–	1.1	(1.1)	–	–	–
MGA giving club	–	1.0	(1.0)	–	–	–
Research in Scotland	–	0.9	(0.9)	–	–	–
Paterson Institute	–	0.7	(0.7)	–	–	–
ICGC Prostate	–	0.7	(0.7)	–	–	–
Manchester appeal	–	0.6	–	–	–	0.6
Bowel cancer research	–	0.6	(0.6)	–	–	–
Other restricted funds						
Intangible income	–	2.1	(2.1)	–	–	–
Sunsmart	–	1.9	(1.9)	–	–	–
NCRI conference funding	–	1.2	(1.1)	–	–	0.1
Sundry other funds	0.6	11.7	(12.1)	–	–	0.2
Total restricted funds – Charity	(0.2)	47.7	(36.5)	–	(10.0)	1.0
Gibb Research Fellowship Endowment Fund	–	–	(0.1)	–	0.1	–
The Nuffield Research Fellowship	0.1	–	–	–	–	0.1
The Beatson Institute for Cancer Research	14.4	2.8	(19.0)	–	18.9	17.1
Intangible income	–	0.3	(0.3)	–	–	–
Total restricted funds – Group	14.3	50.8	(55.9)	–	9.0	18.2
Permanent endowment funds						
Total endowment funds – Charity	1.8	0.2	–	–	(2.0)	–
Gibb Research Fellowship Endowment Fund	3.7	0.1	–	0.2	(0.1)	3.9
Total endowment funds – Group	5.5	0.3	–	0.2	(2.1)	3.9
Total – Group	19.8	51.1	(55.9)	0.2	6.9	22.1

The net assets of the Beatson Institute for Cancer Research at 31 March 2012 of £21.1 million (Note 16c) are offset by the negative goodwill in the balance sheet of £4 million (Note 12). Transfers in from general funds of £6.9 million comprise £18.9 million of grants awarded to the Beatson, less £10 million application of funds to programme-related investment in UKCMRI and £2 million of endowment funds released, as approved by the Charity Commission.

Notes to the Accounts

(continued)

24. Restricted and endowment funds (continued)

Fund	Purpose and restriction in use
UKCMRI	Construction and establishment of The Francis Crick Institute
Grants for specific projects	Grants awarded for specific research projects
Breast cancer research	Research relating to breast cancer
Bobby Moore Fund	Specific bowel cancer research and awareness projects
Ballesteros brain cancer research	Research relating to brain cancer
Basic research	Laboratory research into normal and cancerous cells
MGA giving club	Stratified Medicine, oesophageal cancer and genomics
Research in Scotland	Research in Scotland
Paterson Institute	Research Institute in Manchester
ICGC Prostate	The International Cancer Genome Consortium
Manchester appeal	Construction and establishment of the Manchester Cancer Research Centre
Bowel cancer research	Research relating to bowel cancer
Intangible income	Donations in kind received for specific purposes
Sunsmart	Information on skin cancer and sun protection
NCRI conference funding	Cancer conferences
Sundry other funds	Core activities such as research, patient and health information
Gibb Research Fellowship Endowment Fund	Fellowships and/or studentships for cancer research
The Nuffield Research Fellowship	Research and study into radiobiology
The Beatson Institute for Cancer Research	Research and investigation into the causes, mechanisms and treatment of cancer
Total endowment funds – Charity	Cancer research in the UK

25. Unrestricted funds

a) Group

	General funds £m	Pension surplus/ (deficit) £m	Total unrestricted funds £m
Funds/(deficit) at 1 April 2011	181.6	(15.5)	166.1
Net incoming/(outgoing) resources before transfers	8.4	(9.3)	(0.9)
Transfers between funds	(25.9)	19.0	(6.9)
Net gains on investments	1.2	–	1.2
Net loss on associate	(0.2)	–	(0.2)
Actuarial losses on pensions	–	(0.2)	(0.2)
Funds at 31 March 2012	165.1	(6.0)	159.1

b) Charity

	General funds £m	Pension surplus/ (deficit) £m	Total unrestricted funds £m
Funds/(deficit) at 1 April 2011	166.1	(15.5)	150.6
Net (outgoing)/incoming resources before transfers	(10.5)	(9.3)	(19.8)
Transfers between funds	(7.0)	19.0	12.0
Net gains on investments	1.2	–	1.2
Actuarial losses on pensions	–	(0.2)	(0.2)
Funds at 31 March 2012	149.8	(6.0)	143.8

Included within general funds are the following amounts: revaluation reserve relating to cumulative net unrealised gains on revalued investments of £0.9 million (2011: £0.5 million losses); and undistributed profits from trading subsidiaries of £12.2 million (2011: £10.2 million).

Notes to the Accounts

(continued)

26. Analysis of net assets between funds

a) Group

	General funds £m	Pension fund £m	Restricted funds £m	Endowment funds £m	Total £m
Fixed assets					
Negative goodwill	–	–	(4.0)	–	(4.0)
Tangible fixed assets	79.8	–	16.8	–	96.6
Investments	105.0	–	0.8	4.8	110.6
	184.8	–	13.6	4.8	203.2
Current assets	229.8	–	19.8	0.1	249.7
Current and long-term liabilities and provisions	(249.5)	–	(15.2)	(1.0)	(265.7)
Pension deficit	–	(6.0)	–	–	(6.0)
Total net assets/(liabilities)	165.1	(6.0)	18.2	3.9	181.2

b) Charity

	General funds £m	Pension fund £m	Restricted funds £m	Endowment funds £m	Total £m
Fixed assets					
Tangible fixed assets	79.0	–	–	–	79.0
Investments	104.7	–	–	–	104.7
	183.7	–	–	–	183.7
Current assets	219.0	–	12.1	–	231.1
Current and long-term liabilities and provisions	(252.9)	–	(11.1)	–	(264.0)
Pension deficit	–	(6.0)	–	–	(6.0)
Total net assets/(liabilities)	149.8	(6.0)	1.0	–	144.8

27. Funding committee members receiving grants

Listed below are scientists who both served on grant-making committees and led research projects that received grant funding from the Group during the year. They are set out below by institution of employment.

Cambridge University Hospitals NHS Trust	P Corrie
Cardiff University	A Clarke
Imperial College London	E Aboagye*, R Brown, R C Coombes, P Freemont, H Gabra, A Pearson
Institute of Cancer Research	J D Bono, R Eeles*, E Hall, A Horwich, K Harrington, M Leach*
King's College London	A Purushotham
Newcastle University	A Hall, R Griffin, R Plummer, J Vormoor
Paterson Institute for Cancer Research	C Dive, N Jones, R Marais*
Public Health Agency	R Wilson
Queen Mary, University of London	J Gribben, K Hodivala-Dilke, L Jones, N Lemoine, P Sasieni, B Vanhaesebroeck
University College London	D Sebag-Montefiore, J Timms, J Wardle
University of Bath	L Bauld
University of Birmingham	P Johnson*, D Morton, P Nathan
University of Bristol	R Martin
University of Cambridge	F Gilbert, J Pines, B Ponder, S Tavaré
University of Edinburgh	D Cameron, M Frame
University of Glasgow	J Evans, K Oien
University of Leeds	R E Banks, T Bishop, M Garrett, H Grabsch, A Melcher, M Seymour
University of Liverpool	T Jones, A Pettitt
University of Manchester	M Ranson, A Sharrocks
University of Oxford	A Kiltie, G McKenna*
University of Southampton	M Glennie, P Johnson, C Ottensmeier, J Primrose
University of St Andrews	S Herrington
University of Sussex	K Caldecott

*Scientists who headed projects that received grant awards in excess of £1 million in the year.

Scientists who serve on the Group's grant-making committees may not participate in any decisions that relate to funding either of research projects where they have an interest or of their institutions.

The group paid £69,000 in the year under a grant to Professor Alan Clarke of Cardiff University for a project on which Professor Adrian Bird, a Trustee, is a co-investigator.

Professor Peter Johnson, Chief Clinician, is a member of both the Charity's Executive and Scientific Executive Boards. Professor Nic Jones, Chief Scientist, is a member of both the Charity's Executive and Scientific Executive Boards and is also a fellow of the Gibb Research Fellowship Endowment Fund.

28. Related party transactions

The Group has taken advantage of the exemption available under FRS8 'Related Party Transactions' that permits non-disclosure of transactions with wholly-owned Group undertakings that are eliminated on consolidation. Related party disclosures concerning the associate are set out in Note 15. Related party disclosures concerning grant awards are shown in Note 27. Because of the diverse nature of the relationships connecting the Group, its officers and other parties, it is not possible to itemise all other related party transactions that may exist. However, there are no significant undisclosed transactions between related parties. Such transactions are conducted on an arm's length basis.

Legal and administrative details

Financial statements

The financial statements comply with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005, the Charities Act 2011, the Companies Act (2006), the Charities and Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, as amended.

Charity status

The Charity has a maximum permitted membership of 100. There are currently 93 Members, of which 11 are Trustees (see pages 17 and 18). Each Member guarantees to contribute up to one pound sterling (£1) to the Charity's debts, liabilities and costs in the event of the Charity being wound up and for one year after ceasing to be a Member.

Charity objects

The Charity's objects are to protect and promote the health of the public in particular by research into the nature, causes, diagnosis, prevention, treatment and cure of all forms of cancer; including the development of findings of research into the practical applications for the prevention, treatment and cure of cancer and, in furtherance of that primary object, to provide information and raise public understanding of such matters.

Governing document

Cancer Research UK is governed by its Memorandum and Articles of Association. Cancer Research UK also operates under the following names: Cancer Research UK Scotland, Cancer Research UK Cymru, Cancer Research UK Jersey, Cancer Research UK Guernsey and Cancer Research Northern Ireland.

Company number

4325234

Charity number

1089464 in England and Wales
SC041666 in Scotland

Registered office

Angel Building, 407 St John Street, London EC1V 4AD

Patron

Her Majesty The Queen

Joint Presidents

HRH The Duke of Gloucester; KG, GCVO
HRH Princess Alexandra the Hon. Lady Ogilvy; KG, GCVO

Company Secretary

Rosanna Roughley LLB Solicitor

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65 Aldwych, London WC2B 4EJ

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PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

Solicitors

Withers LLP, 16 Old Bailey, London EC4M 7EG

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cancerresearchuk.org

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.....
If you're looking for information about cancer that's up-to-date and easy to understand, visit our CancerHelp UK website. You can find out about cancer trials and research here too.

cancerhelp.cancerresearchuk.org

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Speak to a specialist nurse

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We have a team of specialist cancer nurses who can answer your questions in confidence.

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Call free on 0808 800 4040, Monday to Friday, 9am to 5pm. Or email using the contact form on CancerHelp UK

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Talk to others affected by cancer

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Our online discussion forum Cancer Chat is your space to talk to other people affected by cancer, share experiences and find information.

cancerchat.org.uk

How you can help

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Take part

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Discover all the different ways you can get involved with fundraising and volunteering.

supportus.cancerresearchuk.org

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Make a donation

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Regular donations can make a real difference to helping us beat cancer.

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Please call 0800 917 1602 to donate or visit our website.

supportus.cancerresearchuk.org/donate



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Cancer Research UK has committed to a series of social and environmental goals. You can find out more about these at aboutus.cancerresearchuk.org/sustainability

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Together we will beat cancer



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A PDF of both our Annual Report and Accounts
and Annual Review can be downloaded at
aboutus.cancerresearchuk.org/our-annual-publications