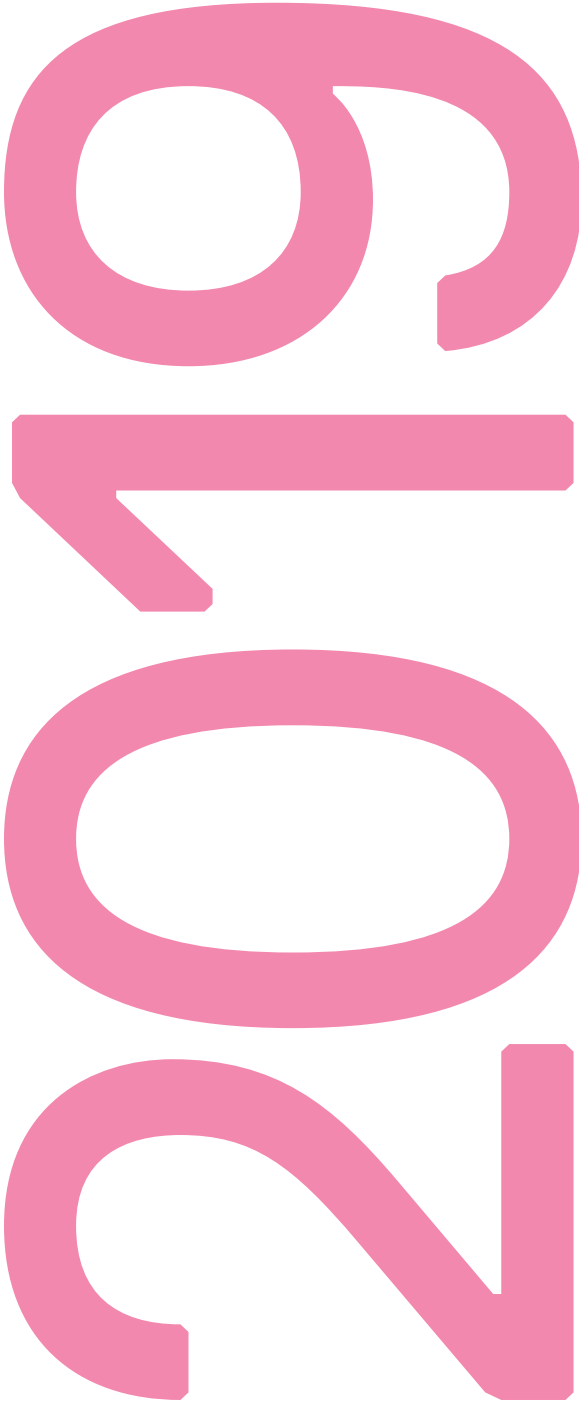
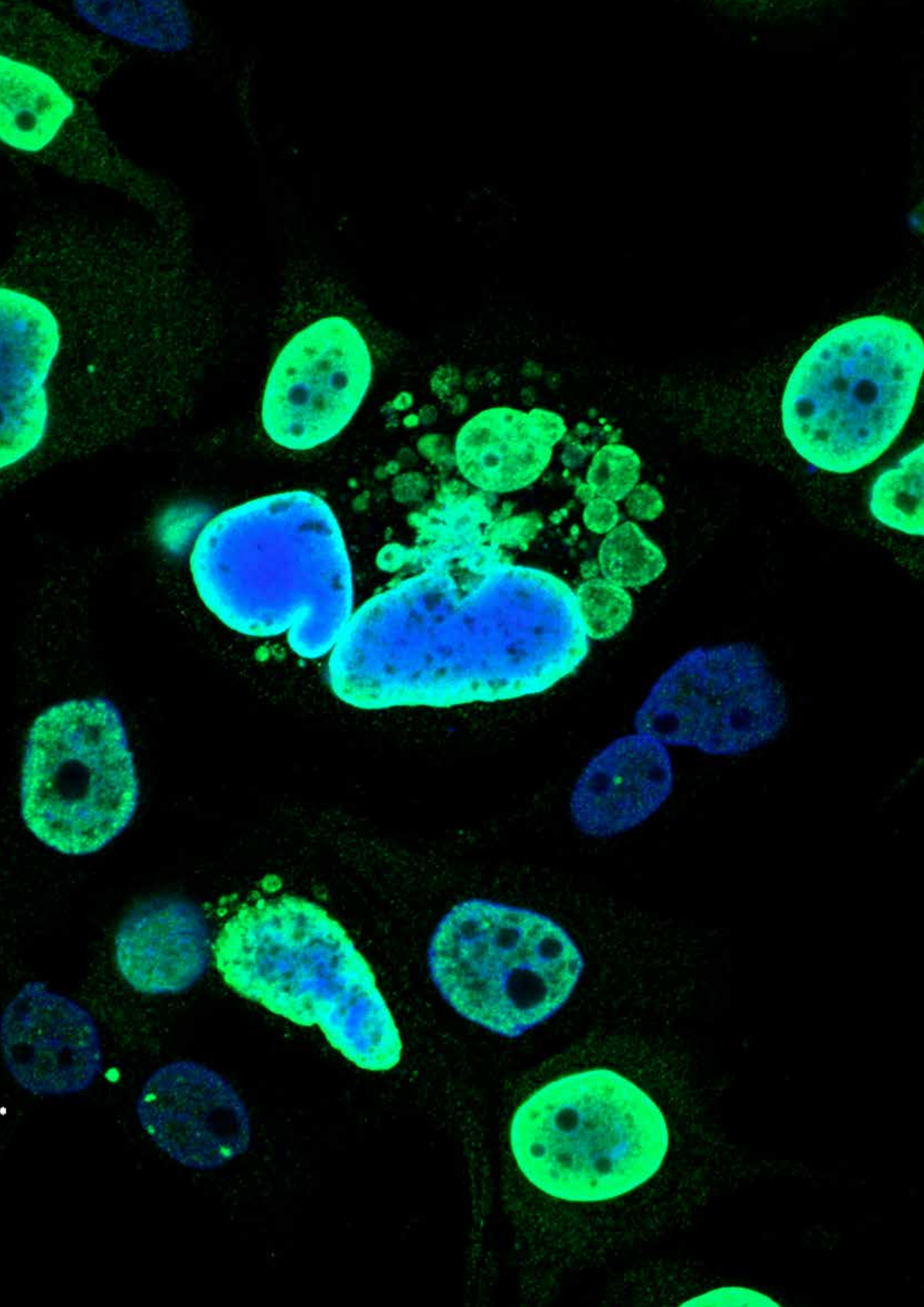

Annual Report and
Financial Statements
for the year ended
31 July 2019





Contents

| | | |
|----------|---|--------------|
| | Executive summary | 4–9 |
| 1 | Report of the Board of Trustees | 11–45 |
| | <i>Objectives and activities</i> | 12–15 |
| | <i>Strategic report</i> | 17–37 |
| | <i>Governance and management</i> | 39–42 |
| | <i>Statement of the responsibilities of members of the Board of Trustees</i> | 44–45 |
| 2 | Independent Auditor’s Report | 47–51 |
| 3 | The Financial Statements | 53–79 |
| | <i>Consolidated and ICR statement of comprehensive income and expenditure</i> | 54 |
| | <i>Consolidated and ICR statement of changes in reserves</i> | 55 |
| | <i>Consolidated and ICR balance sheets</i> | 56 |
| | <i>Consolidated statement of cashflows</i> | 57 |
| | <i>Statement of accounting policies</i> | 58–62 |
| | <i>Notes to the financial statements</i> | 63–79 |
| 4 | ICR information | 81–86 |
| | <i>The Board of Trustees</i> | 82 |
| | <i>Governing committees, fellows, members and associates</i> | 83–85 |
| | <i>Legal and administrative information</i> | 86 |

**The Institute of Cancer Research:
Royal Cancer Hospital**

Company Number 00534147

Financial Statements for the
year ended 31 July 2019

Executive summary

Our finances

£167.4m

of income in 2018/19



In 2018/19 The Institute of Cancer Research, London, had total income of £167.4m. We received 40% of our income from research grants, 27% in public funding as a higher education institution, 22% from royalty income, 7% from donations and endowments, and 4% from tuition fees, investments and other income.

£143.3m

of operating expenditure in 2018/19



Expenditure was £143.3m, of which 78% was spent directly on research. We spent 17% on supporting this research by creating the best possible environment for our scientists, 3% on fundraising and 2% on information and other activities.

£3.0m

unrestricted surplus in 2018/19



Our unrestricted surplus was £3.0m, representing 2% of total income. We commit all surplus funds to long-term investment through our ambitious research strategy – over 2018/19 our unrestricted surplus funded the recruitment of 10 new research teams. A restricted surplus of £24.4m includes capital funding of £22.3m from the UK Research Partnership Investment Fund for the construction of our new Centre for Cancer Drug Discovery building, due to open in 2020.

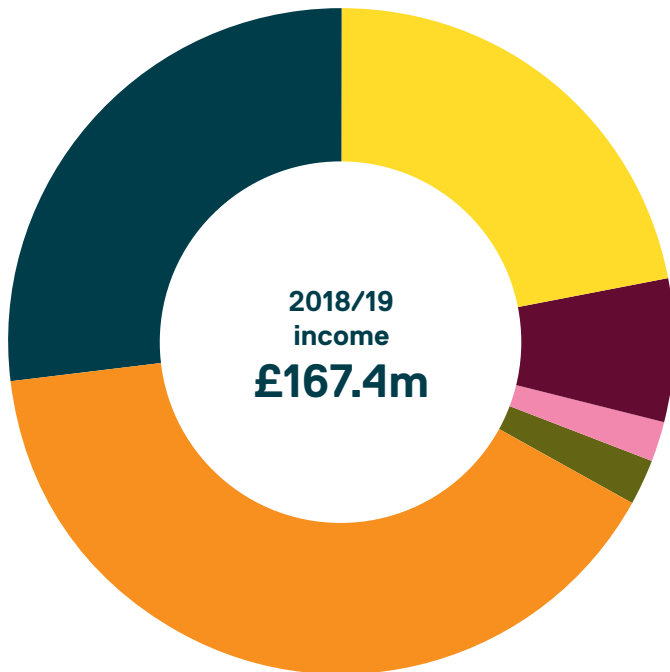
£41.0m

investment in new buildings and equipment in 2018/19



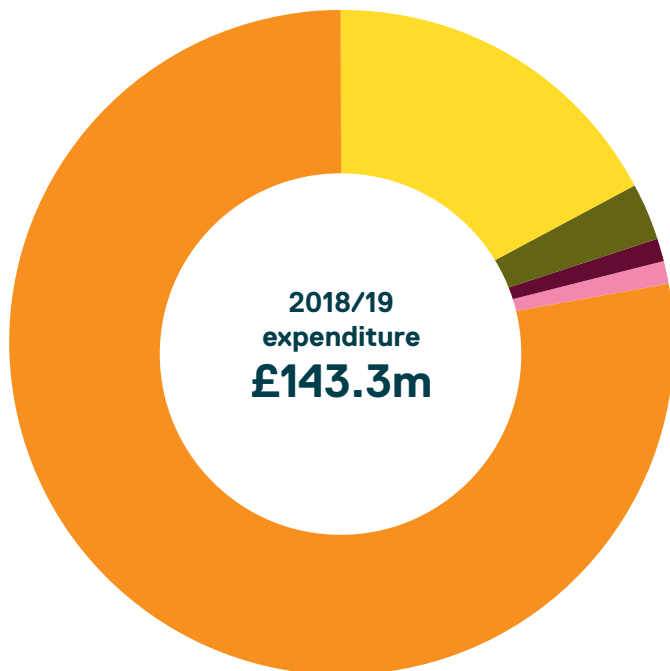
Capital expenditure was £41.0m, including £36.7m on the new Centre for Cancer Drug Discovery building, and £2.4m on the MR Linac radiotherapy machine – the first of its kind in the UK, and now being used to treat patients at our partner hospital, The Royal Marsden NHS Foundation Trust.

Total income 2018/19



- 40%**
Research grants of which:
 - 39%** Cancer Research UK
 - 13%** Breast Cancer Now
 - 5%** Wellcome Trust
 - 2%** MRC
- 27%**
Funding body income
- 22%**
Royalty income
- 7%**
Donations and endowments
- 2%**
Investments and other income
- 2%**
Tuition fees and education contracts

Total expenditure 2018/19



- 78%**
Direct research costs
- 17%**
Research support costs
- 3%**
Fundraising
- 1%**
Information and education
- 1%**
Other

Strategic achievements

It has been a year of bold advances for The Institute of Cancer Research (ICR) – from the announcement of a ‘world-first’ drug discovery building dedicated to overcoming cancer evolution and drug resistance, to a new collaboration with Imperial College London to stimulate convergence science, to the launch of our values to underpin how we work as we go about our mission to defeat cancer.

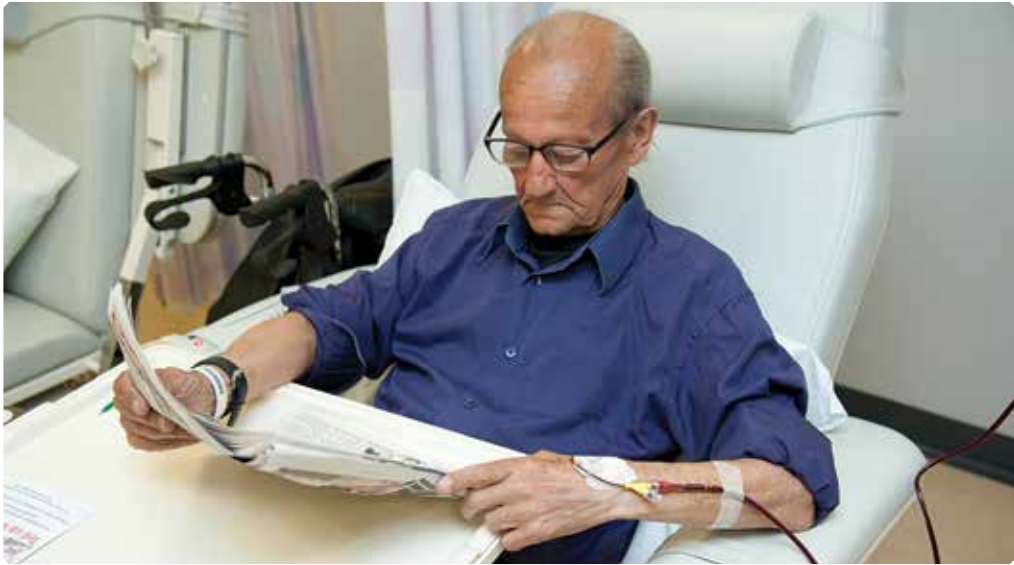
ICR announces world’s first ‘Darwinian’ cancer drug programme in new Centre for Cancer Drug Discovery building

The ICR launched plans for the world’s first ‘Darwinian’ drug discovery programme focused on overcoming cancer evolution and drug resistance as it pushed to raise the final £15m for the state-of-the-art £75m Centre for Cancer Drug Discovery.



UK first with launch of new convergence science centre

The ICR established an ambitious new Convergence Science Centre with Imperial College London and Cancer Research UK in July. The virtual centre across the ICR and Imperial will receive £13 million in funding from Cancer Research UK over five years.



ICR report sparks debate on drug access

An ICR report on access to the latest cancer drugs sparked debate across the media, web and among patients and policy makers about how to get the most innovative new treatments into the NHS more quickly.

ICR staff and students come together to launch values

Developed together as an organisation, the ICR's values make clear how each and every one of us works to meet our mission – to make the discoveries that defeat cancer.



ICR adopts new model for pay and reward

The ICR has adopted a new performance-related pay framework, which simplifies and modernises our pay scales – and better brings together staff performance and reward in a way which is financially sustainable for our organisation.



Scientific discoveries

Over 2018/19, ICR researchers published major discoveries improving our understanding of cancer and setting out potential new treatment strategies for various tumour types. The following are just a few of our top discoveries representing the best and breadth of our research.

A study led by researchers at the ICR and The Royal Marsden showed that blood tests could predict how long it takes until bowel cancer returns, based on the same mathematical AI modelling principles used in forecasting the weather.



Scientists at the ICR designed and synthesised a new drug candidate which blocks a key protein involved in cell division. The protein plays a crucial role in driving the rapid division of several different cancer cell types, including breast, lung, prostate and bladder. The first clinical trials are now taking place.





Scientists at the ICR discovered a new cancer-preventing role for a ring of proteins that hold our chromosomes together as they replicate. The researchers showed that the structure plays a vital role in stopping DNA damage from leading to cancer.

ICR researchers discovered that patients with bowel cancer who have stopped responding to a widely used targeted drug – cetuximab – could benefit from immunotherapy, with tumours becoming more visible to the immune system after developing resistance.



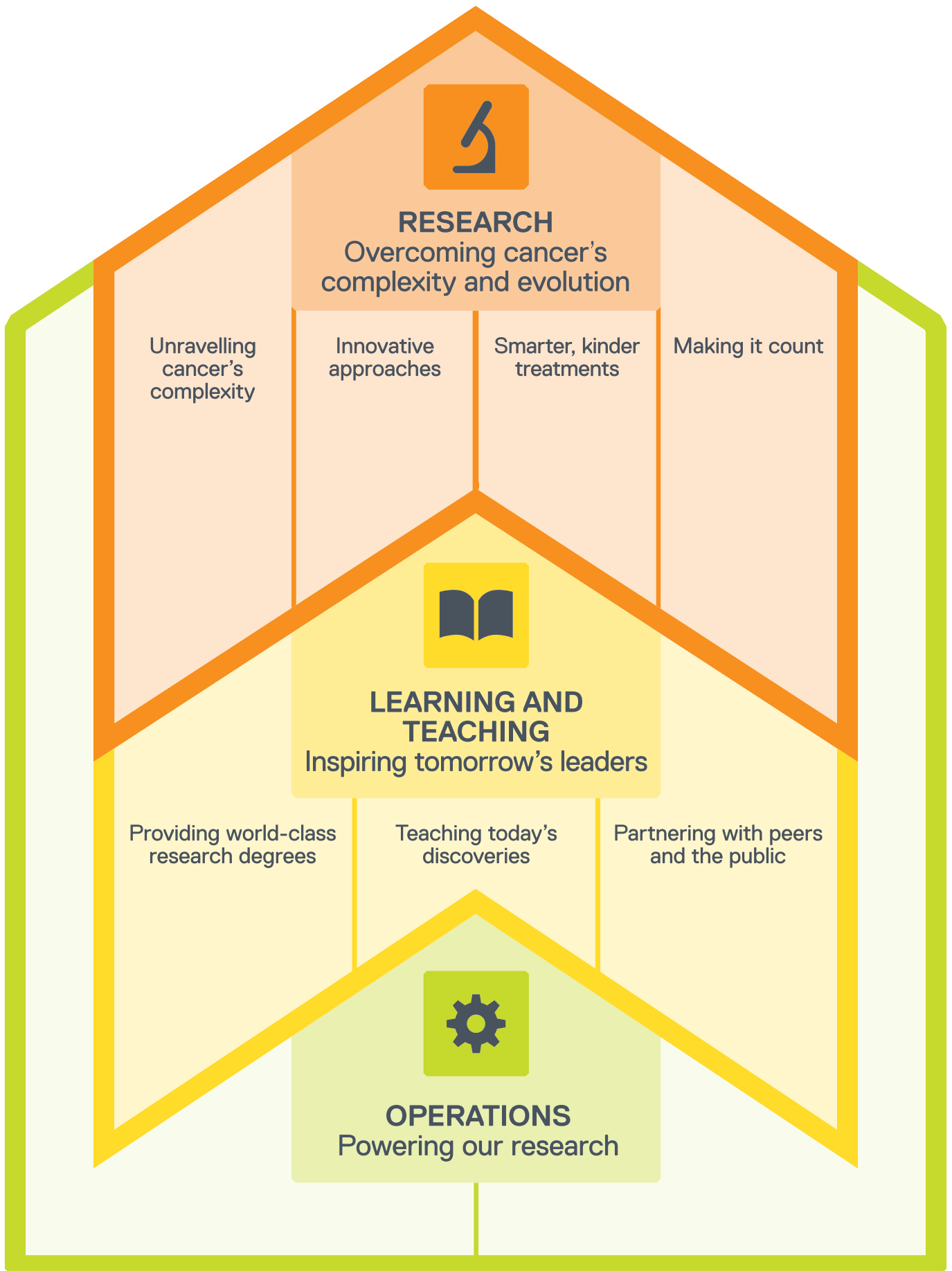
A team at the ICR discovered a crucial change in cancer cells that allows them to spread around the body – by using fatty acids rather than sugar to fuel their growth when glucose is limited. Shutting down this tactic in cells could potentially open up new approaches to cancer treatment.

Report of the Board of Trustees



OUR MISSION

Making the discoveries that defeat cancer



Objectives and activities

Our mission is to make the discoveries that defeat cancer.

The ICR is one of the world's most influential cancer research organisations. We are dedicated to enhancing our understanding of cancer and its treatment, and translating our discoveries into advances that make a real difference for cancer patients. We are a higher education institution and a charity.

The ICR's strategy brings together three areas of focus aimed at helping us to make the discoveries that defeat cancer and enhance our position as a world leader in cancer research.



Making the discoveries

Together with our partner The Royal Marsden NHS Foundation Trust, we undertake world-leading research that can overcome the challenges posed by cancer's complexity, adaptability and evolution.



Inspiring tomorrow's leaders

The ICR offers internationally excellent learning and teaching for the very best researchers and clinicians. We provide postgraduate research degrees, tailored training and support for postdoctoral researchers, and research-led education for clinicians specialising in oncology, to help take the latest advances to patients.



Powering our research

The ICR works to deliver world-class operations that can support research and education of the highest quality, building a world-class environment that provides excellent services, infrastructure and support for our research and education.



MAKING THE DISCOVERIES

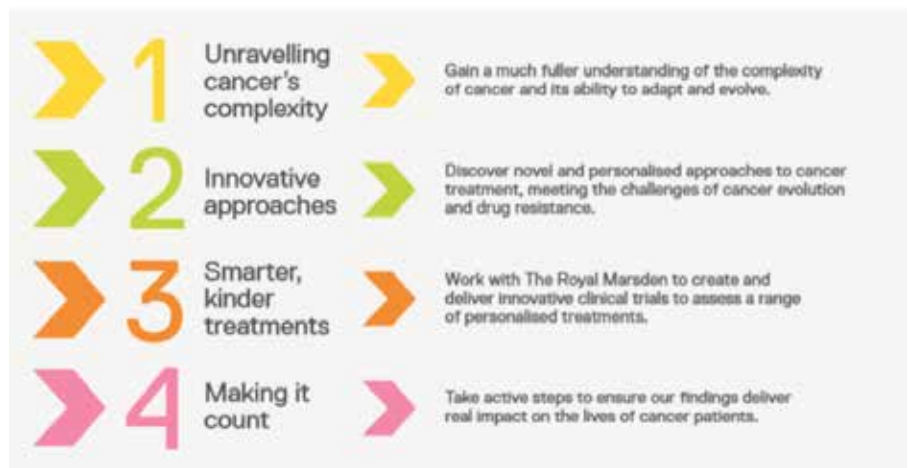
We aim to combat cancer's complexity and evolution through scientific and clinical excellence, innovation and partnership.



Our pioneering research strategy 2016-21, *Making the discoveries: our strategy to defeat cancer* – developed together with our hospital partner The Royal Marsden – aims to confront cancer's huge complexity and ability to adapt and evolve.

The strategy is structured around four central pillars: unravelling cancer's complexity to identify new weaknesses, exploiting those weaknesses through innovative approaches to therapy, developing smarter, kinder treatments for patients, and making our research count by helping embed advances into routine care.

These pillars are underpinned by strong foundations – investing in our people and their skills, putting in place world-leading digital infrastructure, enhancing our culture and support for multidisciplinary team science, and working in partnership with a range of other organisations.



INSPIRING TOMORROW'S LEADERS

The ICR has a strategic goal to educate and train the next generation of cancer researchers and clinicians.

Our learning and teaching strategy 2016-21, *Inspiring tomorrow's leaders*, sets out our priorities and principles for education and training at the ICR. It guides us as in our efforts to secure the capacity and quality of the future global cancer research community.

The strategy is structured around three pillars of activity.

Pillar 1 – Provide world-class research degree programmes

We aim to further develop and enhance the world-class quality of the ICR's research degree programme and student support.



Pillar 2 – Teach tomorrow’s leaders today’s discoveries

We aim to provide postgraduate taught degrees that 1) support the rapid translation of scientific advances into benefits for cancer patients 2) fuel the pipeline of highly skilled researchers working to defeat cancer.

Pillar 3 – Partner with our peers and the public

We aim to maintain, forge and develop partnerships that support our education and training goals, and to widen participation in science education through promotion of student and staff volunteering, community outreach and public engagement.



POWERING OUR RESEARCH

Our operational strategy 2017-21, Powering our research, sets out how corporate staff and scientists will build on our strengths and work together as One ICR to provide exceptional support for our research and teaching.

The operational strategy groups programmes of activities within two central pillars – growing our income and delivering a world-class environment.

By attracting new sources of income to the ICR, we aim to support our ambitions for our research and teaching. Our strategy sets out how we are working to increase our grant funding by identifying new opportunities and optimising cost recovery, and expanding commercial activities by enhancing the entrepreneurial dimension of our culture. We remain strongly focused on philanthropy for the Centre for Cancer Drug Discovery appeal and the London Cancer Hub.

We want to deliver the best possible environment for staff, offering infrastructure and tailored support services to support our research and teaching. As part of creating a world-class environment, we are providing tailored support services for researchers at every stage in their working lives, and identifying opportunities to streamline our governance and improve use of information to support decision making.

Through the ICR’s service improvement and efficiency programme, our corporate staff are leading the redesign of services, to identify opportunities to improve efficiency and effectiveness to ensure maximum resources can be deployed to our science.



The ICR commissioned Simon Armitage, poet Laureate, to pen a poem for our new Centre for Cancer Drug Discovery. The poem was then micro-engraved onto an anti-cancer pill.



'Science and poetry are closer associates than many people assume, and it was exciting to work on a project that deals with cutting edge medical research. And like science, poetry is a "what if" activity, imagining outcomes and possibilities based creative thinking.

"I liked the sense that poem and pill might collaborate to produce both a medical and emotional cure, and that something so minimalist could aim to bring down something so enormous and destructive. I experimented for a long time with the language - the shortest poems are always the hardest to write, their smallness making them so much more conspicuous and vulnerable.'

Poet Laureate Simon Armitage

Finishing it

I can't configure
a tablet
chiselled by God's finger

or forge
a scrawled prescription,
but here's an inscription, formed

on the small white dot
of its own
full stop,

the sugared pill
of a poem, one sentence
that speaks ill

of illness itself, bullet
with cancer's name
carved brazenly on it.

www.icr.ac.uk/poem

Strategic report

The ICR is committed to carrying out research that improves the lives of cancer patients.

20

Since 2005, the ICR has discovered 20 new targeted cancer drug candidates and taken 10 into clinical trials

£75m

Around 270 researchers from different disciplines will come together in the ICR's new £75 million Centre for Cancer Drug Discovery to lead an unprecedented 'Darwinian' programme that aims to overcome cancer's ability to evolve resistance to drugs

£13m

The Cancer Research UK Convergence Science Centre at the ICR and Imperial will be funded as part of a £13 million new investment from Cancer Research UK over five years – engaging the physical and engineering sciences to solve problems in cancer research and treatment

Strategic achievements

ICR announces world's first 'Darwinian' cancer drug programme in new Centre for Cancer Drug Discovery

The ICR's plans for the world's first 'Darwinian' drug discovery programme focuses on overcoming cancer evolution and drug resistance captured the public's imagination – as we launched a high-profile appeal to raise the final £15 million needed for the building.

Fundraising for the new centre has led to some exciting and unusual collaborations. We partnered with the Royal Philharmonic Orchestra to create an 'unfinished symphony' that stops abruptly before the end – symbolising the need to complete the building and the challenge that remains to defeat cancer – and we commissioned a special 51-word poem by Poet Laureate Simon Armitage, entitled *Finishing it*, which was micro-engraved on an anti-cancer pill.

UK first with launch of new convergence science centre

July marked the launch of the Cancer Research UK Convergence Science Centre at the ICR and Imperial – the UK's first centre focusing on convergence science in cancer. Our new centre is funded with £13 million over five years from Cancer Research UK.

Our shared vision is to bring the best minds together to tackle cancer by integrating the knowledge, methods and expertise from different disciplines – from physics to data science, and from engineering and the biological sciences and medicine.

Bursting cancer cells with microscopic bubbles and analysing the immune system in real time are just two of the first pioneering projects being taken forward at our new centre.

To find out more about our industry partnerships visit www.icr.ac.uk/enterprise

ICR report sparks debate on drug access

An ICR report on access to the latest cancer drugs sparked debate across the media, web and among patients and policy makers about how to get innovative treatments into the NHS more quickly.

The report, *From Patent to Patient: analysing access to innovative cancer drugs*, revealed that NHS patients are waiting longer for new cancer drugs because of delays in taking them through clinical trials and licensing. It also highlighted stark differences in the rate of development of new cancer drugs for different tumour types – with 15 drugs licensed for breast cancer from 2000-16, but none at all for brain cancer.

A follow-up 10-point manifesto called for action to speed up access to innovative cancer drugs, and was released alongside a survey of 1,000 cancer patients which found that many face barriers in receiving the latest treatments.

To help deliver consensus on the way forward, the ICR held a Summer Summit roundtable which invited experts from industry, policy organisations, academia and charities to discuss the landscape for cancer drug discovery and development, and how to provide access to new treatments more cheaply and quickly.

ICR staff and students come together to launch values

Staff and students across the ICR came together to launch our values at two special events in November 2018. Cancer patients who have benefited from the ICR's research and members of staff told their stories as part of the launch events.

Developed together as an organisation, the ICR's values make clear how each and every one of us works to meet our mission – to make the discoveries that defeat cancer. We have adopted the slogan 'Six values, One ICR' to express how the values together underpin all parts of our organisation, scientific and corporate.

Our values are Pursuing excellence, Acting with integrity, Valuing all our people, Working together, Leading innovation and Making a difference.

ICR adopts new model for pay and reward

The ICR is adopting a new performance-related pay framework, which simplifies and modernises our pay scales – and better brings together staff performance and reward in a way which is financially sustainable for our organisation.

Developed through repeated rounds of consultation across staff and managers, the new model allows the ICR to confidently reward high performance whilst improving and standardising the appraisal process, to support the ICR to recruit and retain the best people.

The new model went into effect from 1 August 2019.

Six values, one ICR

Our values – developed together as an organisation – make it clear how each and every one of us work to meet our mission – to make the discoveries that defeat cancer.

'Our values represent a shared understanding of our desired behaviours, attitudes and culture. They guide how we make decisions and treat each other. They make it clear how each and every one of us work together to meet our mission – to make the discoveries that defeat cancer.'

Professor Paul Workman, CEO



PURSUING EXCELLENCE

We aspire to excellence in everything we do, and aim to be leaders in our fields.



ACTING WITH INTEGRITY

We promote an open and honest environment that gives credit and acknowledges mistakes, so that our actions stand up to scrutiny.



VALUING ALL OUR PEOPLE

We value the contribution of all our people, help them reach their full potential, and treat everyone with kindness and respect.



WORKING TOGETHER

We collaborate with colleagues and partners to bring together different skills, resources and perspectives.



LEADING INNOVATION

We do things differently in ways that no one else has done before, and share the expertise and learning we gain.

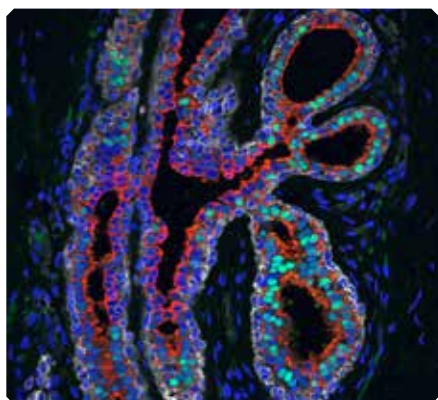


MAKING A DIFFERENCE

We all play our part, doing a little bit more, a little bit better, to help improve the lives of people with cancer.

Scientific discoveries

Each year, the ICR selects the 10 scientific discoveries that best represent the quality and breadth of its research. Here are the 10 discoveries chosen for 2018/19.



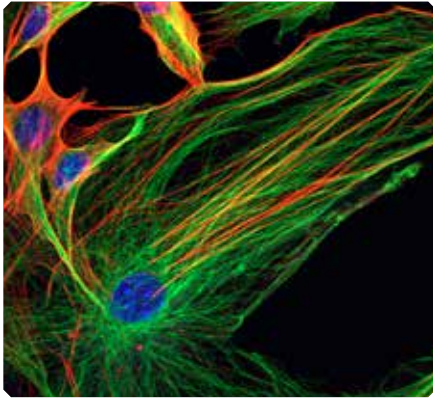
Genetic weather forecasting could predict bowel cancer's response to treatment

A study led by Professor Andrea Sottoriva and Professor Nicola Valeri at the ICR and The Royal Marsden showed that blood tests could predict, much earlier than is currently possible, how long it takes until bowel cancer treatment stops working, based on the same principle used in forecasting the weather. The blood tests, or 'liquid biopsies', could also pick out people unlikely to respond to treatment in the first place. The researchers analysed tumour and blood samples from people with advanced bowel cancer, combining cancer DNA analysis from frequent liquid biopsies with mathematical modelling to track how the genetic make-up of the tumour evolved over time. The study found that the computer model could predict the estimated time until the tumour stopped responding to the cancer drug cetuximab for individual patients. The blood-based test represents a rapid and cost-effective way to monitor patients' response to treatment and could give clinicians more time to prepare for the next step in a person's treatment, identifying potential vulnerabilities and alternative treatment options based on the tumour's makeup.

Read more about our drug discovery research at www.icr.ac.uk/research

New drug candidate blocks key protein that drives cancer cell proliferation

Scientists at the ICR, led by Dr Swen Hoelder, have designed and synthesised a new drug candidate which blocks a key cell division protein called monopolar spindle 1 (MSP1). This protein helps cells to assemble DNA on cellular 'rails' during cell division and is known to help drive the rapid proliferation of several different cancer cell types, including breast, lung, prostate and bladder. The project was led by an interdisciplinary team at the ICR. The researchers took a group of known MSP1 inhibitors, previously discovered at the ICR, which worked well in cells but couldn't be used in patients as they were broken down in the body too easily, and optimised the structure, creating new molecules which were much more stable in the body. They used X-ray crystallography to optimise the structure of drug molecules so they bound strongly to the protein, and tested them in mice transplanted with human cancer cells to show that they effectively inhibited MSP1. The leading molecules were tested in mice and rats to see how they were metabolised in a whole animal. Finally, the most promising candidate known as BOS172722 was selected and is currently undergoing Phase I clinical trials.



New role identified for key protein which could be a potential target in tumours with BRCA mutations

Professor Wojciech Niedzwiedz and his team identified a new role for a protein known to promote genome stability and which could be a potentially druggable target for future cancer therapies. The team was looking at how cells avoid DNA errors during genome replication and discovered that a protein, EXD2, is essential for maintaining error-free replication. EXD2 had previously been identified as a key player in cutting DNA around double-strand breaks, the first step towards its repair. The researchers found that the protein was a key component of the replication fork pathway, and that cells lacking it displayed increased levels of DNA errors during replication. In cells with BRCA gene faults, the additional loss of EXD2 causes a build-up of DNA errors and eventually cell death. EXD2 could be a potential therapeutic target in tumours with BRCA mutations.

Major trial shows targeted drug palbociclib extends breast cancer survival

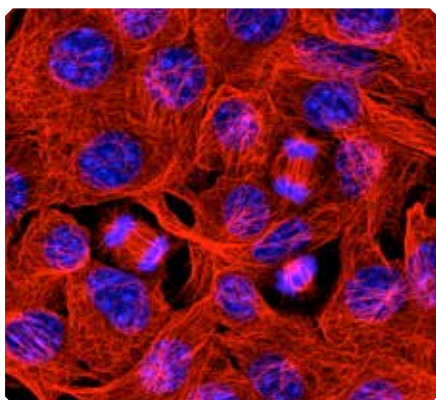
A trial led by Professor Nick Turner at the ICR and The Royal Marsden showed that women with breast cancer taking palbociclib together with hormone therapy lived seven months longer than those on hormone treatment alone. The findings add to previous data showing that the combination could delay breast cancer's progression. The international PALOMA-3 clinical trial, involving 144 research centres in 17 countries, tested the benefit of adding palbociclib to the hormone therapy fulvestrant in 521 women with advanced, hormone-sensitive breast cancer whose tumours did not have a protein called HER2. The team found that women who received combination treatment survived for an average of 34.9 months – 6.9 months longer than those who received fulvestrant and a dummy pill. The group of women given the combination treatment also saw a longer delay until the start of chemotherapy.



New cancer-preventing role found for ring of proteins

Research led by Professor Jessica Downs at the ICR showed how a ring of proteins that hold our chromosomes together as they replicate also plays a vital role in stopping DNA damage from leading to cancer. This 'cable tie'-like ring of proteins – called cohesin – helps to stop DNA from being transcribed while it is severely damaged. The study reveals that cohesin stops DNA from being transcribed at the site of double-strand breaks, until they are repaired. The findings further our understanding of cohesin as an important tumour suppressor.

Join in and support
the ICR. See
icr.ac.uk/fundraiser



New AI shapeshift test identifies women with very high risk ovarian cancer

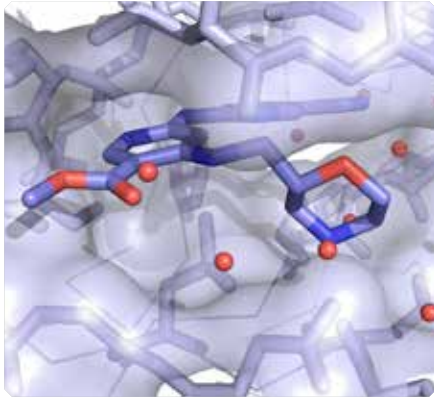
Scientists at the ICR, led by Dr Yinyin Yuan, have developed a new test that scans the shapes of tumour cells to pick out women with especially aggressive ovarian cancer, so treatment can be tailored to their needs. The team created an artificial intelligence tool that looks for clusters of cells within tumours with misshapen nuclei – the control centres within each cell. The AI tool analysed tissue samples from 514 women with ovarian cancer – looking at nearly 150 million cells – to assess shape and spatial distribution of ovarian cancer cells and their surroundings. They found that tumours containing clusters of cells with misshapen nuclei had lower levels of activity of key DNA repair genes, including BRCA1, which could make them susceptible to PARP inhibitors or platinum chemotherapy. The team also found that the clusters had higher levels of a protein called galectin-3, compared to cells with normal nuclei, which is known to cause key immune cells to die. It might be possible to target this mechanism with new forms of immunotherapy.

Immunotherapy could work against bowel cancers resistant to important targeted treatment

A study led by Dr Marco Gerlinger found that patients with bowel cancer who have stopped responding to a widely used targeted drug could benefit from immunotherapy. The researchers found that bowel tumours which had initially responded to cetuximab before developing resistance became more visible to the immune system. The team studied tumour samples from 35 people with advanced bowel cancer enrolled in a trial at the Royal Marsden and found novel potential resistance biomarkers, although 64% of samples had no detectable genetic cause of resistance. In five out of seven patients who had stopped responding to cetuximab, they discovered that tumours had become heavily infiltrated by non-cancerous fibroblasts. They showed in laboratory models that these so called cancer-associated fibroblasts helped the cancer cells to grow during treatment and that this growth stimulation could be prevented by treating with a combination of three drugs. In addition, immune cells were six times more active in tumours that had become resistant to cetuximab as those that had not responded to the drug from the outset, suggesting that immunotherapies designed to take the brakes off the immune system could be effective in these cancers. This hypothesis is now being tested in a phase II trial. The study could not only lead to new approaches to treatment, but also tests to assess which patients are likely to develop resistance to cetuximab most quickly.

Immunotherapy keeps some patients with relapsed or metastatic head and neck cancer alive for more than three years

A large international clinical trial, led in the UK by Professor Kevin Harrington, found that immunotherapy drug pembrolizumab can greatly extend the lives of people with recurrent or metastatic head and neck cancer. The trial of nearly 500 patients with head and neck cancer that had recurred or had spread to distant sites found that pembrolizumab had significant benefits for patients, with 37 per cent of those who received it surviving for a year or more, compared with only 26.5 per cent of those on standard chemotherapy. Some patients responded extremely well to pembrolizumab – with a median length of response of 18.4 months, compared with five months for standard chemotherapy. The next steps include identifying in advance which patients are most likely to benefit and increasing response rates in those who currently show limited benefit from immunotherapy.

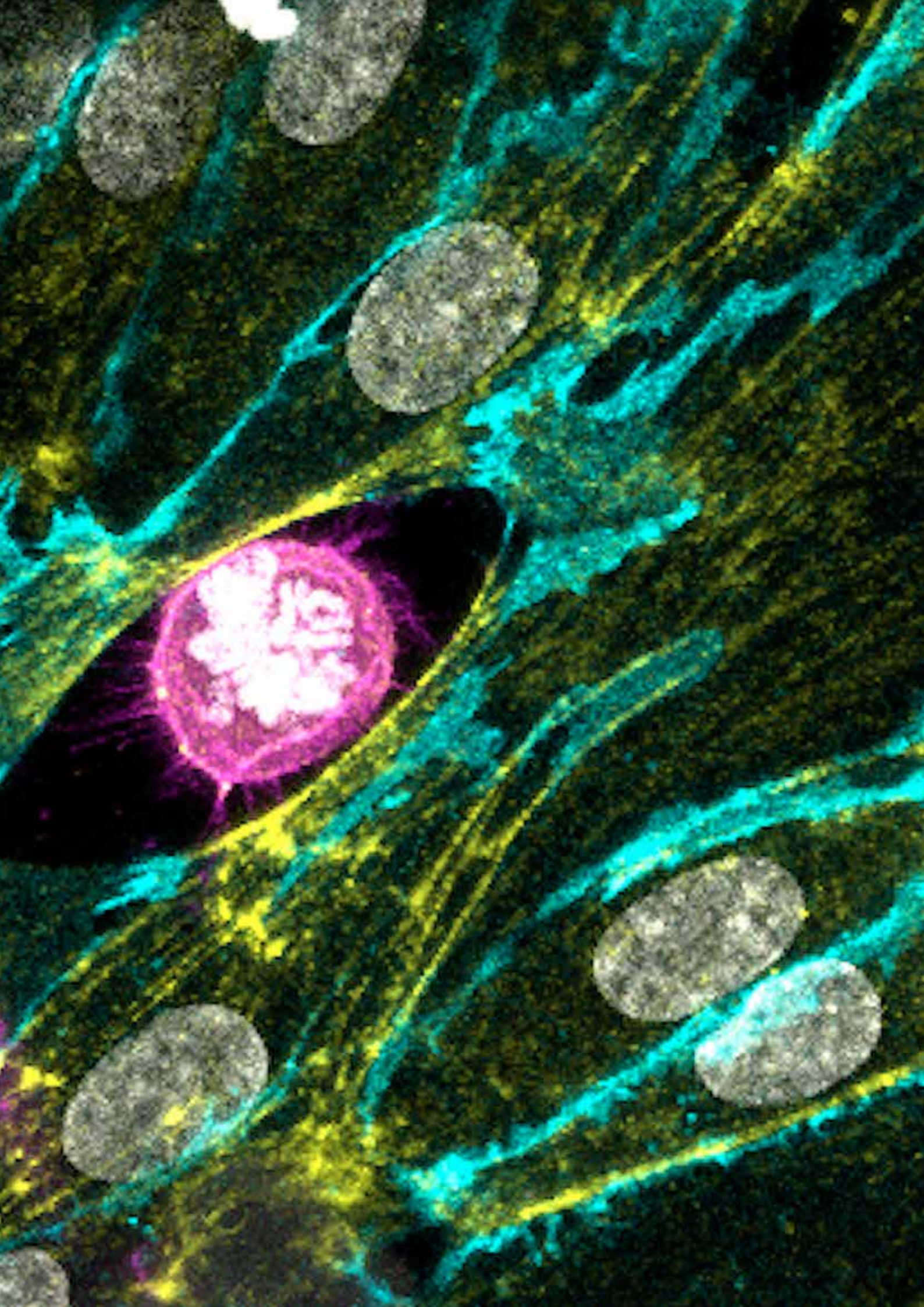


Cancer trades in sugar for fatty acids in order to spread around the body

Professor Clare Isacke and her team at the ICR uncovered a crucial change in cancer cells that allows them to spread around the body – by using fatty acids rather than sugar to fuel their growth when glucose is limited. The researchers carried out a screen for proteins which, when produced at high levels, helped cancer cells adjust to new environments, and identified the protein AKR1B10. Cancer cells with high levels of AKR1B10 are less dependent on sugar and more able to use fatty acids as a fuel source instead than other cells. The study focused on breast cancer cells, but high levels of AKR1B10 are also seen in liver, lung and pancreatic cancers. The researchers were able to reduce relapse rates in mice by shutting down the ability of cancer cells to use fatty acids, potentially opening up new approaches to cancer treatment.

Cell death triggers keep cancer at bay in healthy cells

Professor Pascal Meier and his team showed that two proteins, RIPK1 and Casp8, work together to copy DNA correctly when cells divide, playing a key role in protecting the genome and preventing cancer. The two proteins are known for their role in triggering cell death, but the study found that they also seem to act as ‘tumour suppressors’, preventing healthy cells becoming cancerous by stopping the genetic faults that trigger cancer. The researchers found that RIPK1 and Casp8 come together to form a larger protein complex that helps to coordinate proper cell division and the segregation of chromosomes. Disrupting RIPK1 and Casp8 activity in cells, or deleting the protein in cells in mice, caused chromosomes to become misaligned. Chromosome instability is a defining feature of cancer, so the study could help open up new ways to treat the disease.





Measures of performance

We are determined to deliver real impact from our work – by doing excellent research that benefits patients, and by inspiring the cancer researchers and clinicians of the future.



RESEARCH EXCELLENCE

- The ICR is the leading academic research centre in the UK. We were ranked first for the quality and impact of our research in the Times Higher Education league table of universities compiled from the 2014 Research Excellence Framework.
- The ICR ranked in the top five higher education institutions in the world for academic influence and commercial impact in an independent 2019 evaluation funded by the European Commission, called U-Multirank. The ICR was ranked third in the world for the citation rate of scientific research published across all fields – following only Rockefeller University and MIT. We ranked third worldwide for top-cited research publications, and top for the second year running for the proportion of our research publications that are cited in patents.
- The ICR is the most successful higher education institution in the UK at earning invention income per member of research staff. The ICR's intellectual property income was more than £36 million in 2018/19.
- The ICR was recognised for its many successes in drug discovery through the award of blue plaques in Sutton and Chelsea, under the Royal Society of Chemistry's Chemical Landmark scheme. The plaques mark the role the ICR has played in cancer drug discovery from the 1950s until the present day – including the discovery of chemotherapy drug carboplatin, prostate cancer drug abiraterone and the genetic targeting of olaparib for ovarian and breast cancer.
- Professor Mel Greaves was knighted in the 2019 New Year's Honours list, in recognition of his groundbreaking work to understand the hidden natural history and causes of childhood leukaemia during a 35-year career at the ICR – leading to advances in diagnosis, treatment and potentially prevention.
- ICR Chief Executive Professor Paul Workman was appointed as an Honorary Fellow of the Association of Cancer Physicians. Professor Andrew Tutt was elected as a Fellow of the Academy of Medical Sciences and Professor Sir Mel Greaves was elected a Fellow of the Academy of the American Association of Cancer Research. Professor Laurence Pearl was awarded the prestigious Novartis Medal and Prize by the Biochemical Society.
- The ICR's total awards (multi-year value), excluding industrial funding, grew to £247 million as at 31 July 2019, up from £242 million in 2018, despite the increasingly competitive funding environment.
- The ICR was selected by Understanding Animal Research as a Leader in Openness, recognising our commitment to communicating clearly and openly about our animal research.

£36m

The ICR's intellectual property income was more than £36 million for 2018/19

£247m

The ICR's total awards (multi-year value), excluding industrial funding, grew to £247m as at 31 July 2019



100%

PhD pass rate

EDUCATION AND TRAINING

- The ICR has continued to expand the number of PhD studentships available, with 26 advertised for the 2019/20 intake.
 - Four studentships are attached to the recruitment of new Team Leaders
 - Three studentships are attached to the Cancer Research UK Convergence Science Centre at the ICR and Imperial, with another three registered at Imperial.
 - Five studentships are translational projects funded by the NIHR Biomedical Research Centre at The Royal Marsden and the ICR.
 - Two studentships are part of the MRC iCASE scheme, in partnership with AstraZeneca and Merck.
 - Five studentships are funded via charitable trusts and major donors.
 - The remaining studentships are supported by core ICR and Cancer Research UK studentship funds.
- The Cancer Research UK-Wellcome Trust Clinical Fellowship Programme continues, with six fellowships awarded for 2019/20. We are also continuing our collaboration with the Francis Crick Institute, and will be registering one clinical fellow under this scheme in 2019/20.
- The performance of the ICR's students continues to be excellent. Our PhD students consistently achieve a 100 per cent pass rate.
- The ICR ranked top nationally for student experience in the UK-wide Postgraduate Research Experience Survey, with our current postgraduate research students giving the ICR its highest ever overall satisfaction rate of 92 per cent.
- Our MSc in Oncology programme also continues to receive very high satisfaction ratings, with the ICR placing third nationally in the overall rankings.

ENVIRONMENT AND INFRASTRUCTURE

- We closely monitor our financial sustainability. We achieved a surplus of £26.5m in 2019 and our net funds grew by £27.4m. Our unrestricted reserves as at 31 July 2019 were £247.1m, including £20.6m free reserves, which is within the target range set out in the ICR's reserves policy. £24.7m of unrestricted reserves have been designated towards completing the new Centre for Cancer Drug Discovery at our Sutton site. £92.0m of unrestricted reserves are held in the Development Fund, which is designated by the Trustees to complete current and meet future commitments to drive the new research strategy.
- We are committed to minimising the adverse impact of our activities on the environment. Our new Health, Safety, Environment and Quality Strategy for 2020-2025 sets new objectives for areas where we are making ongoing improvements, including in procurement and laboratory waste management. A new strategic sustainability steering group will advise on our environmental strategy as the ICR continues to grow – aligning the ICR with the United Nations' sustainable development goals – particularly with respect to tackling the climate change crisis.
- The ICR hosted the SANE charity's Black Dog campaign over Mental Health Awareness Month in May 2019 to launch new wellbeing resources and information for staff and students, and to signpost staff and students towards our network of wellbeing advisers and student confidants. The campaign aims to support all our people to feel valued, supported and happy in the workplace and in our interactions with one another – and is the first part of a wider plan of activity around our people and culture.



Future developments

The ICR is planning a range of new strategic initiatives over the 2019/20 academic year to drive forwards our strategy and enhance our working environment.



EXPANDING CAPACITY THROUGH FACULTY RECRUITMENT

The ICR is building research expertise and capacity through a major recruitment drive, with the aim to grow capacity by bringing in new Team Leaders in key strategic areas such as cancer evolution and immune-oncology. The recruitment drive also aims to support the ICR in succession planning by developing tomorrow's leaders.

PEOPLE, CULTURE AND ENGAGEMENT PROGRAMME

The ICR launched its six values in November 2018, and has been working to embed these across the way we work – from recruitment, to induction, training and appraisals. We will be launching a people, culture and engagement strategy during this academic year, to build on the progress made and to identify where we can do more, to build a vibrant and inclusive culture which truly aligns with our values. This work will tie into the ICR's five-year Athena SWAN commitment to achieve greater equality in the workplace across genders and different ethnic groups.

To support the Centre for Cancer Drug Discovery and help transform the future of cancer treatment, contact development@icr.ac.uk

OPENING OUR NEW CENTRE FOR CANCER DRUG DISCOVERY

Our new Centre for Cancer Drug Discovery is due to open in spring 2020, housing around 270 researchers from a range of disciplines across drug discovery and cancer evolution. The centre will bring researchers together under one roof to lead the world's first 'Darwinian' drug discovery programme that aims to overcome cancer's ability to adapt, evolve and become resistant to treatment.



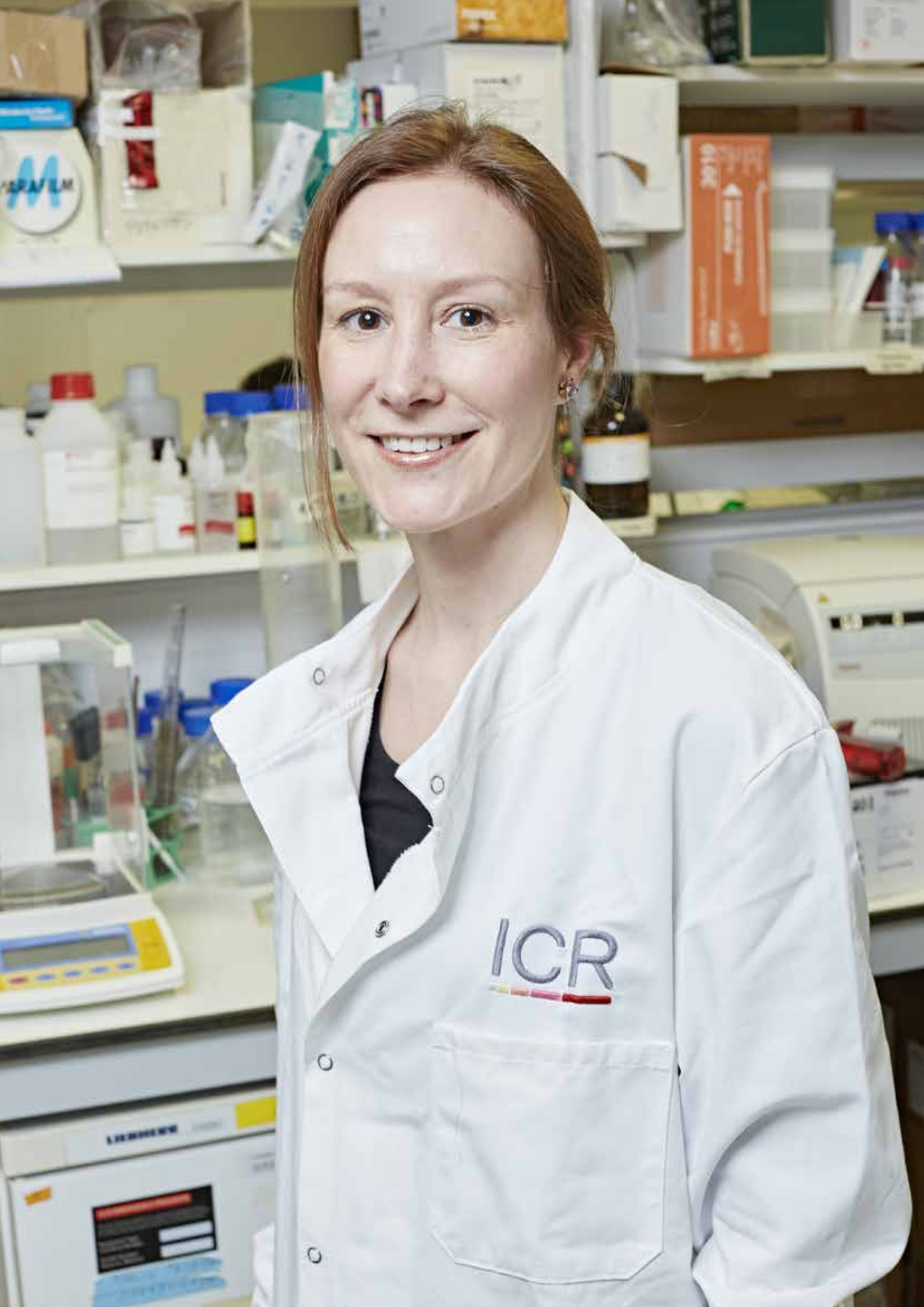
ICR STRUCTURAL BIOLOGISTS GAIN ACCESS TO CUTTING-EDGE CRYO-EM TECHNOLOGY

The ICR, together with Imperial College London, King's College London and Queen Mary University of London set up the LonCEM consortium to purchase a new Titan Krios cryo-EM advanced electron microscope, in which the ICR has a 30% stake. The Titan Krios has been fully functional since September 2019, and enables world-leading research on protein structure determination.

We are also upgrading our in-house cryo-EM capability, with the delivery in February 2020 of a new dedicated cryo-EM microscope suited for cryo-EM sample screening and small scale data collection.

SHAPING POLICY TO HELP PATIENTS ACCESS INNOVATIVE NEW DRUGS

Following on from the publication of our report on access to innovative cancer drugs, *From Patent to Patient*, the ICR is driving wider discussions on the landscape for cancer drug discovery and development by bringing together policy makers, and experts across industry, healthcare, charities and academia. We hope to help facilitate a consensus on how to incentivise the drug research environment, and improve drug pricing and access for patients.



Financial review

Overall results

The ICR's total income for 2018/19 was £167.4m, an increase of £27.3m (20%) compared with the prior year. The increase was driven by capital funding from the UK Research Partnership Investment Fund (UKRPIF) for the new Centre for Cancer Drug Discovery and higher royalty income.

Expenditure was £143.3m, an increase of £29.0m (25%) on last year's spend. The increase is primarily due to elevated staff costs caused by a £25.1m increase in the pension costs provision relating to the Universities Superannuation Scheme (USS), arising from the scheme's 2017 valuation. Excluding this exceptional charge, expenditure was £118.1m, an increase of £3.9m (3.4%) on last year. This underlying increase was driven by continuing growth in the number of new research projects and collaborations under way at the ICR.

The surplus after gains and losses ('total comprehensive income for the year') was £27.4m. This comprised:

- an unrestricted surplus of £3.0m; and
- a restricted surplus of £24.4m.

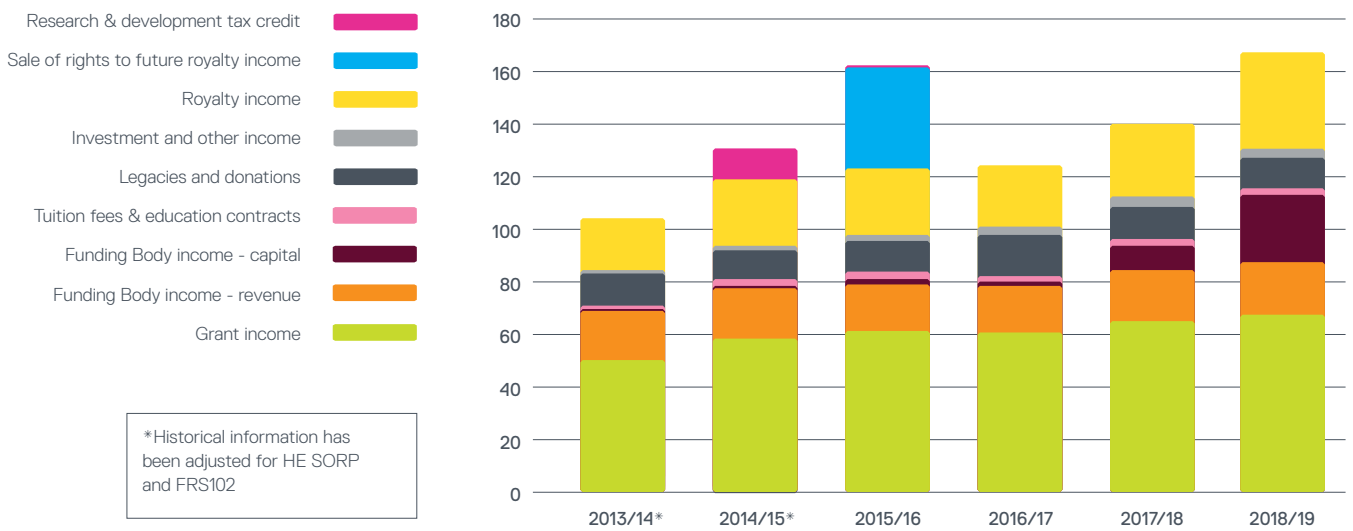
During the year we made capital investments of £41.0m, of which £36.7m related to the new Centre for Cancer Drug Discovery being built at our Sutton campus and £4.3m to investment in new scientific equipment.

INCOME

The breakdown of our total income was as follows:

- 40% research grant income and industrial collaboration, with 39% of this income received from Cancer Research UK, 13% from Breast Cancer Now and 5% from the Wellcome Trust.
- 27% funding body income, received from the Office for Students (OfS) and UK Research and Innovation (UKRI). This included £18.9m funding for research, £1.2m for teaching and £25.1m capital funding.
- 22% royalty income (included in other income).
- 7% legacy income and donations raised through our Development Office.
- 2% tuition fees and education contracts.
- 2% income from investments and other sources.

Income history – £m*



Total income for the year was £27.3m (20%) higher than in 2018, the main movements of which were:

- Funding body income increased by £16.6m (58%), driven by the receipt of UKRPIF grant funding for the building of the Centre for Cancer Drug Discovery.
- Royalty income increased by £8.5m (30%) due to increased sales of ICR drug and treatment inventions.

EXPENDITURE

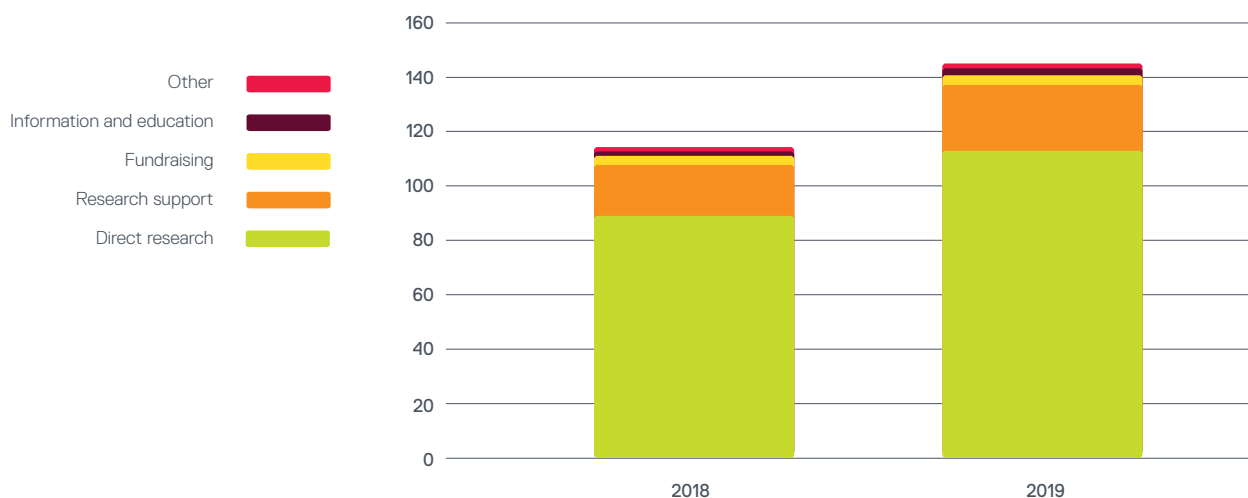
Total expenditure in 2019 was £143.3m, up by £29m (25%) compared with 2018. The increase was primarily driven by growth in our staff costs due to new contribution requirements arising from the USS 2017 valuation, which has resulted in a £25.1m increase in the related pension provision. Approximately £18.4m of this increase is expected to reverse in 2019/20, due to a new USS valuation as at 31 March 2018, which was finalised in September 2019 and is showing a significantly lower deficit and lower contribution requirements. The majority of ICR staff, of whom 77% are researchers working purely on ICR research projects, are USS members.

Aside from the exceptional pension provision increase, expenditure has increased by £3.8m (3.4%) due to continuing growth in ICR research projects, with a £3.9m (6%) increase in expenditure on research grants and contracts. Key research expenditures include:

- £4.7m arising from the completion of the £10.0m MR Linac radiotherapy project and transfer of the clinically approved machine to The Royal Marsden for patient treatment.
- £17.3m on research grants for teams working in the ICR's Cancer Therapeutics Unit and Centre for Evolution and Cancer, who in 2020 will come together in the new Centre for Cancer Drug Discovery building to lead a pioneering 'Darwinian' drug discovery programme focused on overcoming cancer's ability to evolve resistance to treatment.
- More than £2.6m expenditure on projects to develop knowledge exchange, increase the ICR's economic and societal impact and accelerate patient benefit, funded by the Higher Education Innovation Funding (HEIF) programme.
- £7.1m on new industry collaborations, including £2m on projects exploring emerging areas of drug discovery, and £3.8m on running clinical trials.

In addition, the ICR has committed £2m in respect of the new £13m Convergence Science Centre with Cancer Research UK and Imperial College London. The ICR is investing an additional £30m in new Faculty and team recruitments and research infrastructure investments in key strategic areas over the next six years, and £13m of this money has already been spent or committed.

Overall, 95% of ICR's expenditure is on research activity – 78% on direct research costs and 17% on research support costs. Direct research expenditure comprises academic and related expenditure, research grants and contracts expenditure, and those premises costs that relate directly to the construction and fit-out of research laboratories and some laboratory services. The expenditure chart, right, analyses the ICR's expenditure in these areas.

Expenditure analysis – £m

In 2019 we spent £112.3m on the direct costs of research (2018: £88.9m), driven by increases in research grants and contracts expenditure and in staff costs associated with the USS pension liability. We increased our expenditure on both internally and externally funded research. Research support costs have also increased by £5.2m, in line with the increase in research expenditure.

NET ASSETS

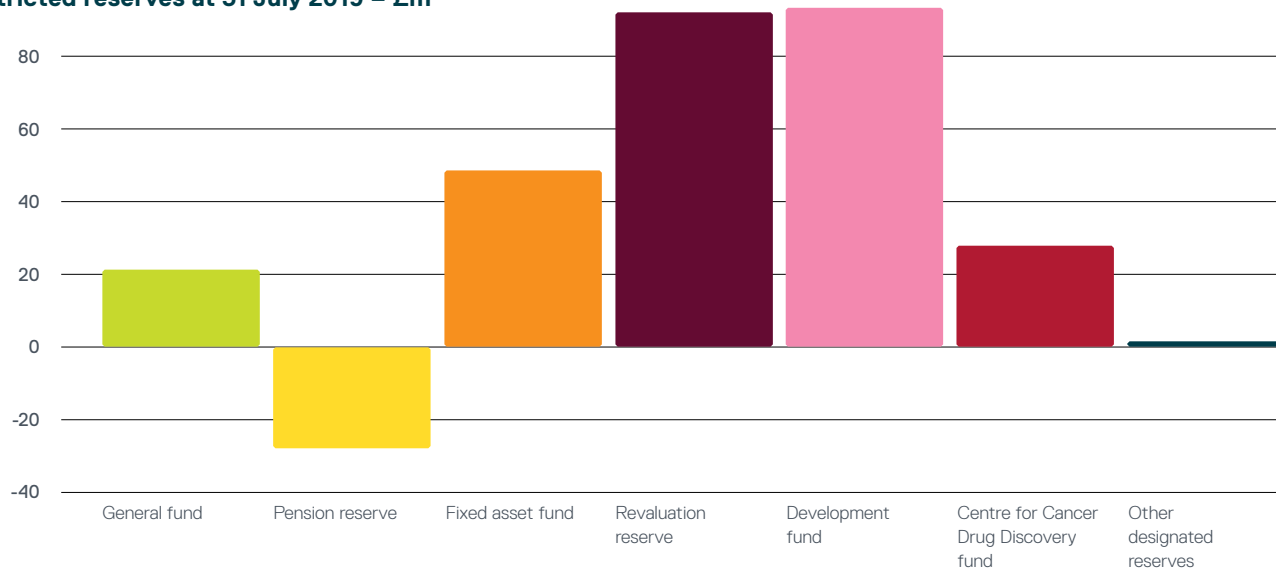
The ICR's total net assets have increased by £27.4m since 2018, from £342.5m to £369.9m. This movement was due to the surplus achieved in 2019 (£24.1m), gain on investments (£2.3m) and revaluation of land and buildings (£7.3m), partly offset by an actuarial loss in respect of the ICR Pension Scheme (£6.4m).

RESERVES POLICY AND POSITION

The ICR's mission is a long-term undertaking and, while the Board of Trustees expends all the funds it receives towards its mission within a reasonable time of receiving them, it also considers it prudent to maintain a reserve of free funds to protect our long-term financial viability. Free reserves are expendable at the Trustees' discretion and not designated for a particular purpose.

The Board of Trustees has decided that the ICR should maintain free reserves in the range of £20.4m to £24.9m, which equates to 9-11 weeks of the ICR's budgeted annual expenditure for the next year. In determining the level of free funds to be held in reserve the Board of Trustees considers the ICR's income and expenditure forecasts, and its future needs, opportunities, contingencies and possible risks. The Board reviews its Reserves policy and the assessment and calculation of the level of free reserves at least every three years.

Unrestricted reserves at 31 July 2019 – £m



Total reserves as at 31 July 2019 were £369.9m, of which £247.1m were unrestricted, including £20.6m free reserves (“General Fund”) which was within the target range and £91.0m revaluation reserves, which has limitations to its use.

Some £92.0m of unrestricted reserves are held within the Development Fund, which includes recent royalty income. This is being committed to make long-term investments in the priorities detailed in our new research strategy, including key areas of infrastructure. The Development Fund comprises £57.2m committed to scientific initiatives in the delivery of our Research Strategy, £19.5m to capital projects and £15.3m to other projects including the delivery of our Operational Strategy. However, further funding is required by the ICR both to meet the aims set out in the strategy and to sustain the ICR’s work in the longer term, as royalty income is expected to reduce with the expiry of patents and market changes.

The ICR has £24.7m in reserves for the ongoing construction of the new Centre for Cancer Drug Discovery at our Sutton Site.

INVESTMENT POLICY AND PERFORMANCE

Under the Articles of Association the ICR can “invest and deal with any monies not immediately required for its purposes in such a manner as may be thought fit”. The ICR does not invest directly in any company perceptibly involved in the sale of tobacco or tobacco products.

The aim of the Investment Policy is to maintain a balance between current income and capital growth commensurate with the ICR’s liquidity requirements. The asset distribution is subject to review at regular meetings of the Investments and Building Development Committee and is dependent on the ICR’s programme for future development.

The ICR’s investments appreciated in value by £2.3m over the year and the total return on investments was £4.8m.

PENSIONS

As detailed on pages 30 and 32, the majority of ICR staff are members of the USS. The ICR recognises a liability for the contributions that will arise from the current Recovery Plan agreement, based on the 2017 USS valuation, amounting to £39.3m. This is expected to reduce to approximately £20.9m in 2019/20, due to the agreement of a new recovery plan based on the 2018 USS valuation, with lower contribution requirements, in September 2019.

The ICR Pension Scheme (ICRPS) closed to future accrual on 31 July 2008 and active members were able to build future pension within the USS after that date.

The financial statements report that the ICRPS deficit, calculated under the FRS102 accounting standard, increased in the year to £28.4m (£22.3m as at 31 July 2018).

The ICRPS's and the ICR's Trustees continue to review the options with regard to the future of the closed scheme and how best to secure the funding position and build on the Pension Risk Management Framework and new investment strategy adopted in 2016. Following completion of the 2016 actuarial valuation, the Scheme Trustees and the ICR agreed a new Recovery Plan which targets clearing the deficit by 2036. The 2019 valuation will be completed in 2019/20.

PRINCIPAL RISKS AND UNCERTAINTIES

Brexit

The UK's planned departure from the EU risks causing serious damage to this country's position as a world leader in science and the ability of our researchers to work collaboratively with colleagues across Europe.

It is essential that the Government secures a deal that keeps the UK's regulatory frameworks for science, and especially for clinical trials and drug licensing, aligned with the EU. Otherwise, Brexit is likely to prove a significant barrier to the ability of the UK's researchers to collaborate in clinical trials, and for our patients to access the latest cancer treatments.

The ICR Brexit preparation plan sets out potential risks from Brexit, and what we have been doing to mitigate them. Actions cover key areas such as grant funding, workforce and student recruitment, research and commercial collaborations, data sharing, procurement, income and investments.

Our planning has confirmed that we do not face major risks of loss of EU funding, but we are concerned for our ability to recruit and retain the best staff from across the EU, and about the potential impact for running collaborative clinical trials. The European Commission has issued statements making it clear that after we leave the EU the UK will fall outside the regulation with no access to systems supporting the approval and safety monitoring of medicines across the EU, and the UK will be required to find an alternative legal representative in a member state for EU-wide trials.

In August 2018 the Government reiterated that it would continue to guarantee funding for EU projects after we leave the EU. This recognises not only the financial benefits of EU research funding but also how these grants foster cross-border collaborations and provide access to shared facilities and expertise across the continent.

The Government has released plans for a no deal Brexit, outlining regulatory procedures for drugs, medical devices and clinical trials. While we welcome the fact that planning is under way to prepare for a no-deal Brexit, we believe such an outcome could be extremely damaging to UK research and patients. We believe the Government must do all it can to avoid such an outcome.

Medicines, medical technologies and their components currently move smoothly between EU countries, and there is a risk that the final agreement over customs arrangements could impede the supply of these products. The ICR is working with our key suppliers to ensure continuity for the provision of our essential goods and services currently sourced from the EU.

It's essential that the Government secures firm commitments for science and healthcare as soon as possible. A deal should avoid negative impacts on recruitment and collaboration in research, and allow patients to be able to benefit from research by continuing to access new treatments and clinical trials.

Higher education funding

The 2018/19 academic year represented the final period of transition from the higher education sector's previous regulatory body (HEFCE) to the Office for Students and Research England, with these organisations also responsible for recurrent and capital funding awards to the ICR.

To date, neither the Office for Students nor Research England have made significant changes to the methodology of their grant funding. For 2019/20, the ICR's teaching grant from the Office for Students will remain largely static compared to 2018/19. Whilst the research element of the Research England grant also remains static, the knowledge exchange element will increase by the maximum 10 per cent.

There continues to be competitive external funding available in support of the Government's Industrial Strategy to meet the target of increasing expenditure on research and development to 2.4% of GDP by 2027. In order to realise this ambition, substantial additional public spending will be required to maintain the current and intended ratio of public to private spend.

The Augar review of post-18 education and funding was published in May 2019, and includes recommendations to protect 'high quality' specialist institutions, particularly in the context of reduced undergraduate tuition fees, through increased recurrent teaching grants. How many of the review's recommendations become Government policy will become clearer over the coming year.

Pensions

The liabilities on defined-benefit pension arrangements continue to be significant.

Most ICR staff are members of the USS pension scheme, which has a deficit, calculated as at 31 March 2018, of £3.6bn. USS increased the required total contributions to 30.7% of salaries from 1 October 2019, of which 21.1% is the employer contribution. This is an 18% increase to the contribution required up to 31 March 2019.

There is a risk that the financial resources available to support our research activities will be reduced as the costs of pension provision and funding pension deficits continues to increase in the future.

In addition to this financial risk, there are also risks to employee relations as this cost pressure falls on both the employer and the employee and also risks to the recruitment and retention of staff.

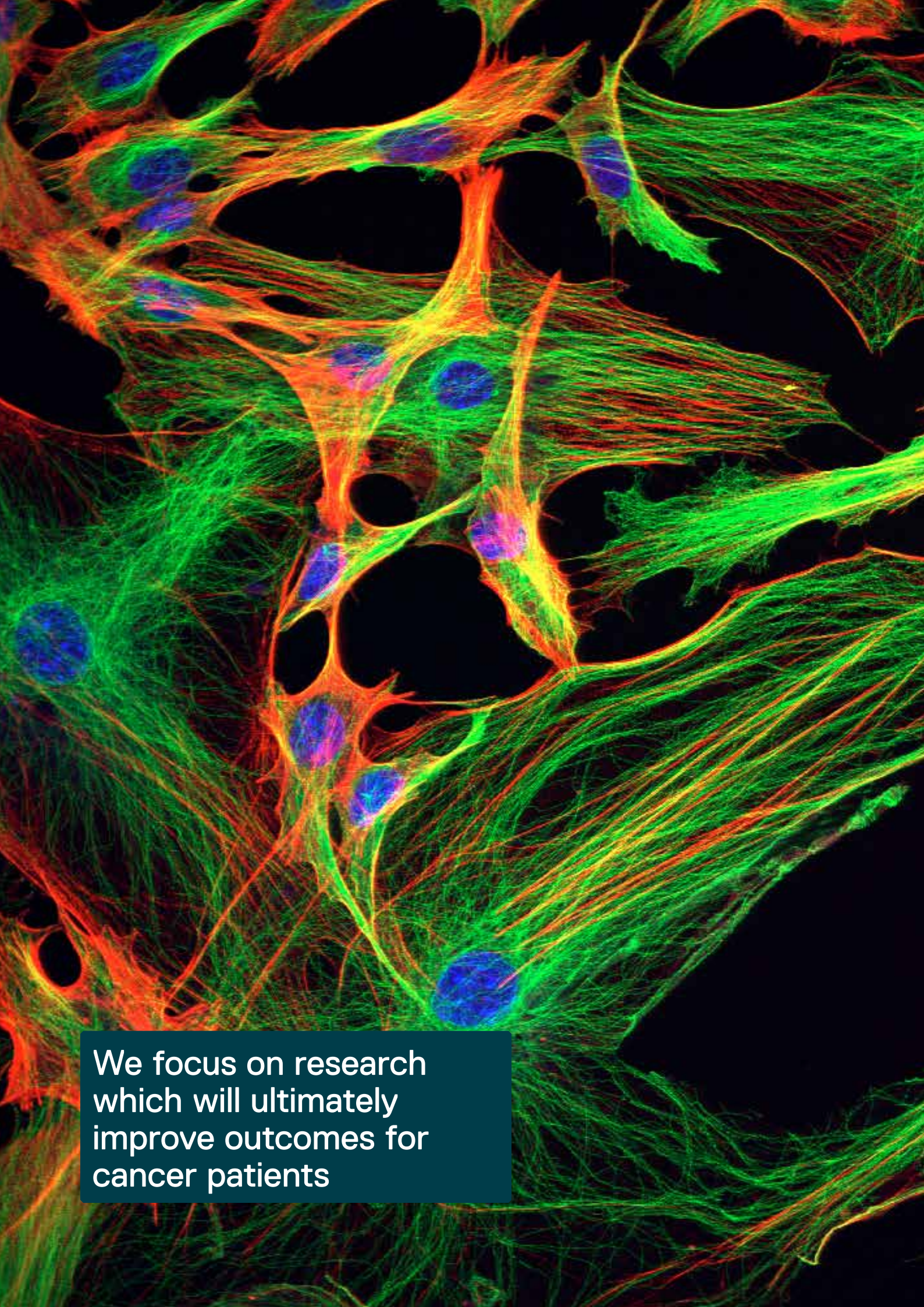
Donations

The ICR continues to rely on philanthropic income to meet the needs of our Research Strategy, including for the construction of our new Centre for Cancer Drug Discovery. There is a risk that we could find it difficult to raise these essential funds due to uncertainties in the economy caused by Brexit.

Research funding environment

The research funding environment continues to be challenging, with increasing competition for grants and contracts and a growing gap between the full economic cost of research and the level of resource which charity funders are able or willing to contribute towards the cutting edge research projects at the ICR. Over the last 10 years the ICR's full economic cost shortfall on charity funded research has risen from 26% to 35%.

The UK research funding model has seen the continued erosion of the funding body Charity Support Fund contribution towards this gap over the same period. The ICR now only receives 18 pence per pound of eligible funding, 46% less than ten years ago. Including CSF, the total charity funding shortfall is currently estimated to be £13m annually for the ICR. The ICR has been highly successful in using industrial partnerships and commercialisation to mitigate the impact of this trend, and maintain its commitment to investing in innovation and research excellence. This forms a key theme in the ICR's Operational Strategy.



We focus on research
which will ultimately
improve outcomes for
cancer patients

Governance and management

Everything we do is aimed at fulfilling our mission.

PUBLIC BENEFIT

The charitable objects of the ICR are:

- the study of disease and particularly the disease of cancer and allied diseases
- to initiate, encourage, support and carry out research into the causes, prevention, diagnosis and methods of treatment of such diseases
- to assist in the prevention, diagnosis and treatment of such diseases; and
- to provide for education and practical training in subjects relevant to the study of cancer and allied diseases and the alleviation of suffering.

Everything we do is aimed at fulfilling our mission, which is to make the discoveries that defeat cancer. We are focused on undertaking research of the highest quality which will ultimately have significant impact on improving outcomes for cancer patients. Our research students make a significant contribution to our scientific endeavour and we are committed to inspiring them to become the next generation of researchers. On pages 20-23 we detail 10 scientific achievements that demonstrate the quality and breadth of our research in 2018/19 and the impact that these findings will have for patients. Our long-term achievements are set out on our website and highlight the ICR's contribution to many significant advances in reducing mortality for a wide range of cancers.

The Board of Trustees gives due consideration to the Charity Commission's guidance on public benefit.

GOVERNANCE

The ICR's governance reflects its multiple organisational roles.

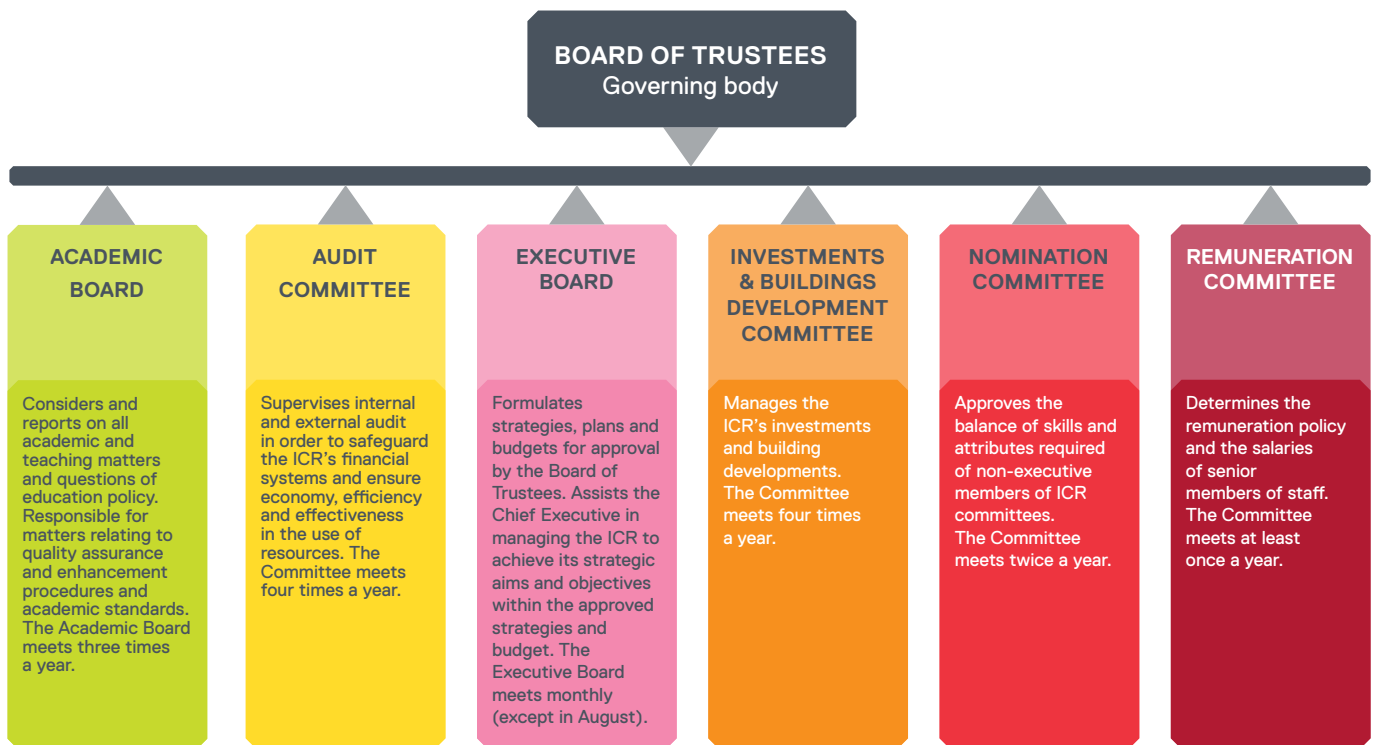
The ICR is a company limited by guarantee, incorporated in 1954. We are also a college of the University of London and adhere to regulations as set by the Office for Students and UK Research and Innovation.

The ICR is an exempt charity under the Third Schedule of the Charities Act 2011. The ICR's objects, powers and framework of governance are set out in its Articles of Association, the current version of which was approved by the Members of the ICR in September 2011.

The overall governing body of the ICR is its Board of Trustees. Our Trustees are responsible for ensuring the ICR pursues its charitable objects, complies with its constitution and relevant legislation and regulations, applies its resources exclusively to its objects, and enacts cancer research of the highest international standard. They carry the responsibility of company directors of the ICR.

The Executive Board reports to the Board of Trustees. It is chaired by the ICR’s Chief Executive, Professor Paul Workman, and its membership during 2018/19 included the Chief Operating Officer, the Academic Dean, three Heads of Research Divisions and three Corporate Service Directors.

The Board of Trustees has also established several committees: the Academic Board, the Audit Committee, the Investments and Building Development Committee, the Nomination Committee, and the Remuneration Committee.



THE BOARD OF TRUSTEES

The Board of Trustees determines the ICR’s strategies, approves its scientific and financial plans, annual report and accounts and governance structure, makes key appointments (Chief Executive, Academic Dean, Chief Operating Officer) and monitors the ICR’s strategic performance. It also approves new initiatives and non-recurrent expenditure costing £1 million or more.

The Board of Trustees comprises 16 individuals currently. The majority of Board members are co-opted by the Board itself, with one nominated by each of The Royal Marsden and Cancer Research UK, one member elected by the Academic Board, together with ex-officio members (the Chief Executive and the Academic Dean) and a student nominee. Details of the current membership of the Board of Trustees is given on page 82.

Members of the Board of Trustees and its committees conduct their business in accordance with the seven principles identified by the Committee on Standards in Public Life, namely selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The ICR also complies with the primary elements of The Committee of University Chairs Higher Education Code of Governance. The Board met seven times in 2018/19.

A copy of the Register of Interests of Board members is available upon application to the Chief Operating Officer.

The Nomination Committee recommends to the Board of Trustees appointments to the Board and the admission of Members of the ICR. When considering new appointments the Nomination Committee seeks proposals for candidates from a number of sources. All new Trustees are offered a tailored induction programme and further training is available on request.

During the year, Karl Munslow Ong replaced Dr Liz Bishop on the Board of Trustees as The Royal Marsden NHS Foundation Trust Alternate Director. The Board has recently also welcomed Nithya Paranthanam to the Board as the student nominee on the governing body as successor to David McBay. The ICR is grateful to them for their valuable contributions during their terms of appointment.

AUDITORS

Grant Thornton UK LLP has indicated willingness to be reappointed as statutory auditor.

Non-audit fees of £5,000 were paid to the external auditors for payroll taxation advice in 2018/19 (2017/18: £nil).

STATEMENT OF INTERNAL CONTROL

The Board of Trustees is responsible for the ICR's system of internal control and reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can only provide reasonable not absolute assurance of effectiveness.

The Executive Board is responsible for the identification, and with the risk owners, the management of all the major risks to the achievement of the ICR's strategic objectives – this covers business, operational, compliance and financial risk. The Executive Board is supported and advised on risk matters by the Academic Board, Research Leadership Board and Corporate Leadership Board, with a member of the Executive Board designated Risk Management Leader.

The Risk Register is agreed with the Executive Board and approved annually by the Board of Trustees. Each risk identified is assessed and prioritised with reference to the potential impact if the risk occurred and likelihood of occurrence. The responsibility for specific risks is assigned to the relevant academic, scientific and support staff who provide assurance on the action taken. There is a continuous process of review throughout the year; significant risks may be added, revised or removed from the Risk Register after evaluation by the Executive Board. A significant risk report is appraised quarterly by the Executive Board and the Board of Trustees.

PwC are the ICR's internal auditors. Internal Audit adopts a risk-based approach undertaking a programme of examinations covering all aspects of the ICR's activities and provides to the Board of Trustees and the Chief Executive an independent annual statement on the adequacy and effectiveness of risk management, control and governance and arrangements for the economy, efficiency and effectiveness and the extent to which the Board of Trustees can rely on these.

The external auditors provide feedback to the Audit Committee on the operation of internal financial controls reviewed as part of the external audit.

The Audit Committee is responsible for assuring the governing body about the adequacy and effectiveness of the ICR arrangements for risk management, control and governance, economy, efficiency and effectiveness, and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, Office for Students, Research England and other bodies.

No significant internal control weaknesses have been identified by the ICR, and therefore none are disclosed in this statement.

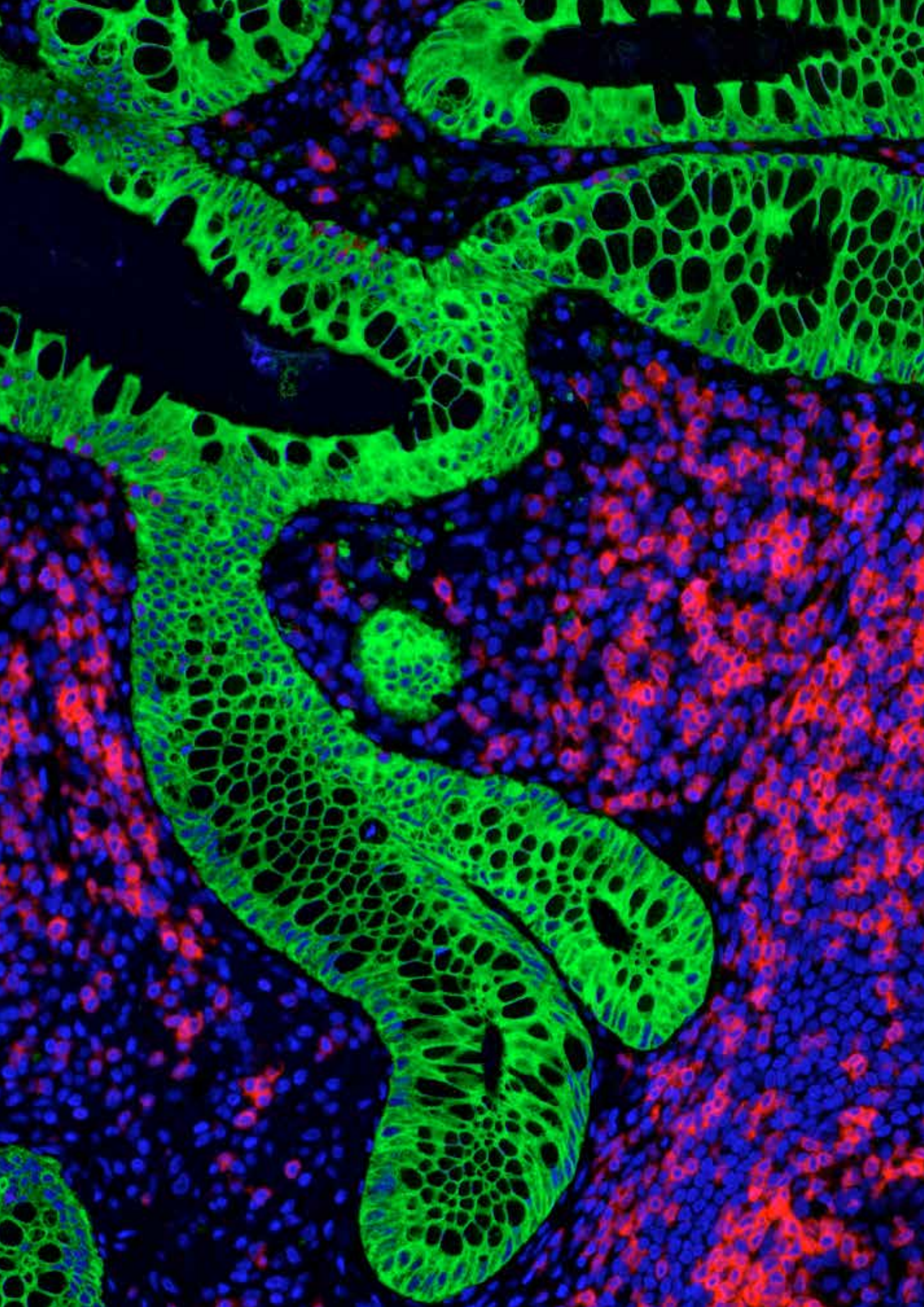
The Audit Committee's opinion is that the ICR has adequate and effective arrangements for risk management, control and governance, and economy, efficiency and effectiveness, and that the Board of Trustees can place reliance on those arrangements.

CONCLUSION

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the ICR's key risks, and that it has been in place for the year ended 31 July 2019 and up to the date of the approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees and accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

GOING CONCERN

The Board of Trustees has considered the level of reserves and the financial resources available to the Institute and considers these are adequate to meet its operational needs for the foreseeable future. Consequently the going concern basis has been adopted in preparing the financial statements.



Statement of the responsibilities of members of the Board of Trustees

In accordance with the ICR's Memorandum and Articles of Association, the Board of Trustees is responsible for the administration and management of the affairs of the Institution and is required to present audited financial statements for each financial year.

The Board of Trustees (the Trustees of which are also the directors of the ICR for the purposes of company law) is responsible for preparing the Strategic Report and Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board of Trustees to prepare financial statements for each financial year. Under that law, the Board of Trustees is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, the Board of Trustees is required to prepare the financial statements in accordance with the Office for Student's (OfS) Terms and conditions of funding for higher education institutions (issued March 2018) through its accountable officer. Under company law, the Board of Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the ICR and the Group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the ICR and the Group for that year.

In preparing the financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Group will continue in business.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the ICR's transactions and

disclose with reasonable accuracy at any time the financial position of the ICR and enable it to ensure that the financial statements comply with the OfS Terms and conditions of funding for higher education institutions (issued March 2018), the Statement of Recommended Practice - Accounting for Further and Higher Education as issued in March 2014, and any subsequent amendments, the Office for Student's Accounts Direction (issued June 2018) and the Companies Act 2006. They are also responsible for safeguarding the assets of the ICR and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members of Board of Trustees have taken reasonable steps to:

- ensure that funds from the OfS and other funding bodies are used only for the proper purposes for which they have been given and seek to achieve value for money in accordance with the OfS Terms and conditions of funding for higher education institutions (issued March 2018) and any other conditions which the funding body may from time to time prescribe;
- ensure that the ICR has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities;
- ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- plan and manage the ICR's activities to remain sustainable and financially viable;
- ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the ICR and the OfS;
- ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS, Research England and other funding or regulatory bodies;
- ensure an effective framework – overseen by the ICR's senate, academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and
- consider and act on the OfS' assessment of the ICR's risks specifically in relation to these funding purposes.

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

The Board of Trustees confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the ICR's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the ICR's auditor is aware of that information.

Approved on behalf of the Board of Trustees by:



Luke Johnson

Chair of The Institute of Cancer Research, London

Date of approval: 2 December 2019

Independent auditor's report

2

Independent auditor's report to the Board of Trustees of The Institute of Cancer Research: Royal Cancer Hospital.

OPINION

We have audited the financial statements of The Institute of Cancer Research: Royal Cancer Hospital (the 'ICR' or 'parent institute') and its subsidiaries (the 'group') for the year ended 31 July 2019, which comprise the consolidated and ICR statement of comprehensive income and expenditure, the consolidated and ICR statement of changes in reserves, the consolidated and ICR balance sheets, the consolidated statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the ICR's affairs as at 31 July 2019 and of the group's and the ICR's surplus, and its income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Board of Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statement set out on pages 4--86, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report, prepared for the purposes of company law, included in the report of the board of trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included in the report of the board of trustees have been prepared in accordance with applicable legal requirements.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the group and the parent institute and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included in the report of the board of trustees.

OPINION ON OTHER MATTERS PRESCRIBED BY THE OFFICE FOR STUDENT'S ('OFS') TERMS AND CONDITIONS OF FUNDING FOR HIGHER EDUCATION INSTITUTIONS (ISSUED MARCH 2018) AND THE OFS'S ACCOUNTS DIRECTION (ISSUED JUNE 2018)

In our opinion, in all material respects:

- funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued June 2018) have been met.

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 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF THE BOARD OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of responsibilities of the Board of Trustees set out on pages 44 to 45, the Board of Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

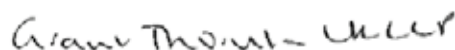
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the ICR's Board of Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the ICR's Board of Trustees those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICR and the ICR's Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, London
2 December 2019

The financial statements for the year ended 31 July 2019

3

The Institute of Cancer Research
Consolidated and ICR statement of comprehensive income and expenditure
Year ended 31 July 2019

| | Notes | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|---|----------|-------------------------|----------------|-------------------------|----------------|
| | | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 2,678 | 2,678 | 2,770 | 2,770 |
| Funding body grants | 2 | 45,212 | 45,212 | 28,601 | 28,601 |
| Research grants and contracts | 3 | 67,362 | 67,362 | 65,205 | 65,205 |
| Donations and endowments | 4 | 11,735 | 11,735 | 12,208 | 12,208 |
| Investment income | 5 | 2,432 | 2,432 | 1,961 | 1,961 |
| Other income | 6 | 37,979 | 38,377 | 29,329 | 29,415 |
| Total income | | 167,398 | 167,796 | 140,074 | 140,160 |
| Expenditure | | | | | |
| Staff costs | 7 | 92,470 | 92,470 | 64,918 | 64,918 |
| Other operating expenses | | 43,674 | 44,330 | 41,499 | 41,700 |
| Depreciation | 11 | 6,280 | 6,280 | 6,728 | 6,728 |
| Interest and other finance costs | 10 | 918 | 918 | 1,169 | 1,169 |
| Total expenditure | 8 | 143,342 | 143,998 | 114,314 | 114,515 |
| Surplus before other gains and losses | | 24,056 | 23,798 | 25,760 | 25,645 |
| Gain on disposal of fixed assets | | 103 | 103 | - | - |
| Gain on investments | 12 | 2,334 | 2,334 | 8,410 | 8,410 |
| Surplus for the year | | 26,493 | 26,235 | 34,170 | 34,055 |
| Unrealised surplus on revaluation of land and buildings | 11 | 7,307 | 7,307 | 21,090 | 21,090 |
| Actuarial (loss)/gain in respect of pension schemes | 20 | (6,397) | (6,397) | 10,427 | 10,427 |
| Total comprehensive income for the year | | 27,403 | 27,145 | 65,687 | 65,572 |
| Represented by: | | | | | |
| Endowment comprehensive income for the year | | (76) | (76) | 159 | 159 |
| Restricted comprehensive income for the year | | 24,497 | 24,497 | 13,894 | 13,894 |
| Unrestricted comprehensive income for the year | | 2,982 | 2,724 | 51,634 | 51,519 |
| | | 27,403 | 27,145 | 65,687 | 65,572 |

All items of income and expenditure relate to continuing activities.

The notes on pages 58-79 form part of these financial statements.

The Institute of Cancer Research
Consolidated and ICR statement of changes in reserves
Year ended 31 July 2019

| Consolidated | Income and expenditure account | | | Revaluation | |
|--|--------------------------------|---------------------------|-----------------------------|------------------------|----------------------|
| | <i>Endowment</i> £000 | <i>Restricted</i> £000 | <i>Unrestricted</i> £000 | <i>Reserve</i> £000 | <i>Total</i> £000 |
| Balance at 1 August 2017 | 2,632 | 80,531 | 127,261 | 66,392 | 276,816 |
| Surplus from the income and expenditure statement | 159 | 13,894 | 20,117 | - | 34,170 |
| Other comprehensive income | - | - | 31,517 | - | 31,517 |
| Transfers between revaluation and income and expenditure reserve | - | - | (19,975) | 19,975 | - |
| Other transfers between reserves | - | 537 | (537) | - | - |
| Total comprehensive income for the year | 159 | 14,431 | 31,122 | 19,975 | 65,687 |
| Balance at 1 August 2018 | 2,791 | 94,962 | 158,383 | 86,367 | 342,503 |
| Surplus/(deficit) from the income and expenditure statement | (76) | 24,497 | 2,072 | - | 26,493 |
| Other comprehensive income | - | - | 910 | - | 910 |
| Transfers between revaluation and income and expenditure reserve | - | - | (5,858) | 5,858 | - |
| Other transfers between reserves | (1,190) | 1,832 | 560 | (1,202) | - |
| Total comprehensive income for the year | (1,266) | 26,239 | (2,316) | 4,656 | 27,403 |
| Balance at 31 July 2019 | 1,525 | 121,291 | 156,067 | 91,023 | 369,906 |

| ICR | Income and expenditure account | | | Revaluation | |
|--|--------------------------------|---------------------------|-----------------------------|------------------------|----------------------|
| | <i>Endowment</i> £000 | <i>Restricted</i> £000 | <i>Unrestricted</i> £000 | <i>Reserve</i> £000 | <i>Total</i> £000 |
| Balance at 1 August 2017 | 2,632 | 80,531 | 127,065 | 66,392 | 276,620 |
| Surplus from the income and expenditure statement | 159 | 13,894 | 20,002 | - | 34,055 |
| Other comprehensive income | - | - | 31,517 | - | 31,517 |
| Transfers between revaluation and income and expenditure reserve | - | - | (19,975) | 19,975 | - |
| Other transfers between reserves | - | 537 | (537) | - | - |
| Total comprehensive income for the year | 159 | 14,431 | 31,007 | 19,975 | 65,572 |
| Balance at 1 August 2018 | 2,791 | 94,962 | 158,072 | 86,367 | 342,192 |
| Surplus/(deficit) from the income and expenditure statement | (76) | 24,497 | 1,814 | - | 26,235 |
| Other comprehensive income | - | - | 910 | - | 910 |
| Transfers between revaluation and income and expenditure reserve | - | - | (5,858) | 5,858 | - |
| Other transfers between reserves | (1,190) | 1,832 | 560 | (1,202) | - |
| Total comprehensive income for the year | (1,266) | 26,329 | (2,574) | 4,656 | 27,145 |
| Balance at 31 July 2019 | 1,525 | 121,291 | 155,498 | 91,023 | 369,337 |

The notes on pages 58-79 form part of these financial statements.

The Institute of Cancer Research
Consolidated and ICR balance sheets
As at 31 July 2019

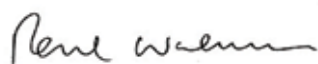
| | Notes | As at 31 July 2019 | | As at 31 July 2018 | |
|--|-------|----------------------|----------------|----------------------|-------------|
| | | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| Non-current assets | | | | | |
| Fixed assets | 11 | 209,726 | 209,726 | 173,641 | 173,641 |
| Investments | 12a | 115,413 | 115,418 | 106,795 | 106,800 |
| | | 325,139 | 325,144 | 280,436 | 280,441 |
| Current assets | | | | | |
| Stock | | 97 | 97 | 99 | 99 |
| Trade and other receivables | 13 | 32,282 | 33,430 | 34,926 | 39,695 |
| Investments | 12b | 90,717 | 90,717 | 67,940 | 67,940 |
| Cash and cash equivalents | | 6,631 | 1,767 | 12,821 | 6,713 |
| | | 129,727 | 126,011 | 115,786 | 114,447 |
| Less: creditors: amounts falling due within one year | 14 | (16,896) | (13,754) | (16,894) | (15,871) |
| Net current assets | | 112,831 | 112,257 | 98,892 | 98,576 |
| Total assets less current liabilities | | 437,970 | 437,401 | 379,328 | 379,017 |
| Provisions | | | | | |
| Pension provisions | 15 | (67,690) | (67,690) | (36,473) | (36,473) |
| Other provisions | 15 | (374) | (374) | (352) | (352) |
| Total net assets | | 369,906 | 369,337 | 342,503 | 342,192 |
| Restricted reserves | | | | | |
| Income and expenditure reserve – endowment reserve | 17b | 1,525 | 1,525 | 2,791 | 2,791 |
| Income and expenditure reserve – restricted reserve | 17a | 121,291 | 121,291 | 94,962 | 94,962 |
| Unrestricted reserves | | | | | |
| Income and expenditure reserve – unrestricted | 16a | 156,067 | 155,498 | 158,383 | 158,072 |
| Revaluation reserve | 16b | 91,023 | 91,023 | 86,367 | 86,367 |
| Total reserves | | 369,906 | 369,337 | 342,503 | 342,192 |

The notes on pages 58-79 form part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 28 November 2019 and were signed on its behalf on 2 December 2019 by:



Luke Johnson
Chairman of the Board of Trustees



Professor Paul Workman
Chief Executive and President



Paul Norris
Director of Finance

The Institute of Cancer Research
Consolidated statement of cashflows
Year ended 31 July 2019

| | Notes | 31 July 2019 £000 | 31 July 2018 £000 |
|--|-------|----------------------|----------------------|
| Cash flow from operating activities | | | |
| Surplus for the year | | 26,493 | 34,170 |
| Adjustment for non-cash items | | | |
| Depreciation | 11 | 6,280 | 6,728 |
| Investment income | 5 | (2,432) | (1,961) |
| Gain on endowments, donations and investment property | | (2,334) | (8,410) |
| Decrease in stock | | 2 | 22 |
| Decrease in debtors | 13 | 2,644 | 4,277 |
| Increase/(decrease) in creditors | 14 | 2 | (4,562) |
| Pension costs less contributions payable | 20 | (309) | (469) |
| Increase/ (decrease) in USS pension provision | 15 | 25,129 | (1,225) |
| Increase in other provisions | 15 | 22 | 9 |
| Impairment of fixed assets | | - | (79) |
| Grant of assets | 8/11 | 4,707 | - |
| Sale of assets | | 1,212 | - |
| Net cash inflow from operating activities | | 61,416 | 28,500 |
| Cash flows from investing activities | | | |
| Non-current investment disposal | 12 | 39,312 | 58,677 |
| New non-current asset investments | 12 | (45,596) | (82,201) |
| Investment income | 5 | 2,432 | 1,961 |
| Increase in current investments | 12 | (22,777) | (4,509) |
| Payments made to acquire fixed assets | 11 | (40,977) | (10,044) |
| | | (67,606) | (36,116) |
| Decrease in cash and cash equivalents in the year | | (6,190) | (7,616) |
| Cash and cash equivalents at beginning of the year | | 12,821 | 20,437 |
| Cash and cash equivalents at end of the year | | 6,631 | 12,821 |

The notes on pages 58-79 form part of the financial statements.

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with applicable accounting standards. The ICR is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

The Trustees consider that the ICR has adequate resources to continue its activities for the foreseeable future and that, for this reason, it should continue to adopt the going concern basis in preparing the accounts.

2. Basis of consolidation

The ICR owns 100% of the share capital of six companies – ICR Enterprises Ltd (ICRE), ICR Chelsea Development Ltd (ICRCD), ICR Sutton Developments Ltd (ICRSD), ICR Equipment Leasing No.8 Limited (ICRENo8), Everyman Action Against Male Cancer and ICR London Cancer Hub Company Limited (ICRLCH). ICRE undertakes trading activities. ICRCD and ICRSD have been set up to act as developers for the construction of laboratories. ICRENo8 owns a long leasehold interest in the Chester Beatty Laboratories which are occupied by the ICR. Everyman Action Against Male Cancer has not traded since its incorporation. ICRLCH was set up in 2016/17 to undertake activities in respect of the London Cancer Hub project, and has not traded since its incorporation. The consolidated statements include the financial statements of these companies.

The ICR makes a small contribution each year towards the costs of the Student Association. The ICR has no management responsibility for the association and therefore does not consolidate its accounts into the ICR's accounts.

3. Income recognition

Income is credited to the Consolidated Statement of Comprehensive Income and Expenditure (CSOCIE) in the year in which it is receivable.

3.i) Grant accounting

Government grants including funding council block grant, research grants from Government sources, other grants and donations from non government sources (including research grants from non government sources) are recognised within the CSOCIE when the ICR is entitled to the income and performance-related conditions have been met.

Where a grant funder has confirmed a set payment schedule that is in line with the planned undertaking of the funded research, the income is recognised when it is receivable as per the schedule. This will either be fixed-stage payments or based on expenditure incurred on the grant, dependent on the funder's terms for remitting funds.

Where a grant funder has specified requirements related to performance and deliverables, income is recognised when the ICR earns the right to consideration by its delivery of agreed milestones.

Where funds for multi-year grants are received in full in year one but linked to a multi-year programme of research, then this is treated as funds received in advance of performance-related conditions being met, and the element relating to future years is deferred and included in creditors.

Where entitlement occurs before the income is received the income is accrued and included in debtors.

Capital grants are recorded in income when the ICR is entitled to the income subject to any performance-related conditions being met. The depreciation of the asset is charged to the CSOCIE over the life of the asset.

3. Income recognition continued

3.ii) Royalty income

Royalty income is included in the CSOCIE in the year in which the ICR is entitled to claim it, where there is certainty of receipt and the amount due can be identified.

Income from the sale of rights to future royalties is included in the CSOCIE in the year in which the ICR is entitled to claim it, where there is certainty of receipt and the amount due can be identified.

3.iii) Legacies and donations

Non exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the CSOCIE when the ICR is entitled to the income and income is retained within the restricted reserve until such time that it is utilised in line with such restrictions.

Legacies are included in the year that entitlement and probability of receipt is established. Receipt is normally probable when there has been grant of probate, the executors have established that there are sufficient assets in the estate, and any conditions attached to the legacy are either within the control of the ICR or have been met.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the ICR.
3. Restricted expendable endowments – the donor has specified a particular objective and the ICR can convert the donated sum into Income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the CSOCIE when the ICR is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

3.iv) Investment income

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

4. Accounting for retirement benefits

The ICR participates in three defined benefit schemes: the Universities' Superannuation Scheme (USS), National Health Service Pension Scheme (NHSPS) and the ICR Pension Scheme (ICRPS).

The USS is a multi-employer scheme for which it is not possible to identify the ICR's share of the assets and liabilities due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for the contractual commitment to fund past deficits within the USS scheme.

The NHSPS is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of The Secretary of State, in England and Wales. As a consequence it is not possible for the ICR to identify its share of the underlying scheme liabilities.

The USS and NHSPS schemes are both therefore accounted for as defined contribution schemes. Obligations for contributions to these schemes are recognised as an expense in the CSOCIE in the periods during which services are rendered by employees.

For the ICRPS the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the CSOCIE if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the CSOCIE. Gains arising on a curtailment not allowed for in the actuarial assumptions are recognised in the CSOCIE under incoming resources.

ICRPS scheme assets are held separately from those of the ICR. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high quality corporate bonds. The actuarial valuation is obtained at least tri-annually and is updated at each balance sheet date.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the ICR. Any unused benefits are accrued and measured as the additional amount the ICR expects to pay as a result of the unused entitlement.

6. Finance leases

Leases in which the ICR assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

8. Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the CSOCIE.

9. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, with the exception of land and buildings which are revalued under the depreciated replacement cost basis.

9i) Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to depreciated replacement cost. The ICR has a policy of ensuring a full revaluation takes place on a sufficiently regular basis to ensure that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount. The ICR reviews annually whether interim valuations should be undertaken to ensure the value remains materially correct.

9. Fixed assets (continued)

A full valuation took place on 31 July 2017 and interim valuations at 31 July 2018 and 31 July 2019. Valuations are made on a depreciated replacement cost basis for scientific properties. Unrealised gains arising at each revaluation are shown in the revaluation reserve. Unrealised losses are taken to the CSOCIE except to the extent that they reverse revaluation gains on the same asset.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the ICR.

Depreciation is provided to write off the costs of leases and buildings over their useful economic lives based on their net book values. The annual rates of amortisation and depreciation are as follows:

| | |
|--------------------|---|
| Freehold buildings | 2% |
| Leasehold building | 2% or the length of the lease if shorter than 50 years. |

Freehold land is not depreciated.

9ii) Equipment

Equipment costing less than £25,000 per individual asset is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over four years on a straight-line basis.

9iii) Assets under construction

Buildings and furniture, plant and equipment under construction at year end are included in Note 11 as assets under construction, and are not depreciated. On completion of construction, these assets are transferred into the appropriate asset class and depreciated from the month of completion onwards in line with the depreciation policy for that asset.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

10. Investments

10i) Non-current investments

Listed investments are stated at the market value at the date of the balance sheet. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount. Investments in subsidiaries are stated at cost less any provision for impairment. Revaluation gains or losses and impairments arising during the year are included in the CSOCIE. Investment income is the amount receivable by the ICR in the year.

10ii) Current asset investments

Current asset investments are held at fair value with movements recognised in the CSOCIE.

11. Stock

Stocks of research material are held at the lower of cost and net realisable value, and are measured using an average cost formula.

12. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the ICR has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the ICR a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the ICR. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the ICR a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the ICR.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

14. Taxation

The ICR is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the ICR is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The ICR receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The ICR's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

15. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the ICR, are held as permanently restricted funds as the ICR must hold the funds to perpetuity.

Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the ICR is restricted in the use of these funds.

Additional accounting of ICR's reserves is provided in Notes 16 and 17. This includes information on restricted endowments and other restricted reserves.

Unrestricted designated funds are accounted for in Note 16. Designated funds comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim of each designated fund is set out in the notes to the financial statements. This includes the fixed asset fund which represents the amount of general funds invested in fixed assets and the revaluation reserve which represents the increase in fixed assets arising as a result of revaluation.

Revaluation gains and losses in respect of non current investments are included in the unrestricted income and expenditure reserve.

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|---|-------------------------|--------------|-------------------------|--------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 1 / Tuition fees and education contracts | | | | |
| Tuition fees | 893 | 893 | 1,003 | 1,003 |
| Research training support grants | 1,785 | 1,785 | 1,767 | 1,767 |
| | 2,678 | 2,678 | 2,770 | 2,770 |

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|----------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 2 / Funding body grants | | | | |
| Recurrent grant | | | | |
| Funding body grants | 17,143 | 17,143 | 16,693 | 16,693 |
| Specific grants | | | | |
| Higher Education Innovation Fund | 2,674 | 2,674 | 2,057 | 2,057 |
| Other specific funds | 256 | 256 | 511 | 511 |
| Capital funding | 25,139 | 25,139 | 9,340 | 9,340 |
| | 45,212 | 45,212 | 28,601 | 28,601 |

Capital funding includes £22,998,000 from the UK Research Partnership Investment Fund (UKRPIF) for the new Centre for Cancer Drug Discovery (2018: £7,002,000).

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 3 / Research grants and contracts | | | | |
| Research councils | 1,969 | 1,969 | 2,603 | 2,603 |
| Research charities | 43,304 | 43,304 | 42,102 | 42,102 |
| Government (UK and overseas) | 10,819 | 10,819 | 9,345 | 9,345 |
| Industry and commerce | 10,536 | 10,536 | 10,523 | 10,523 |
| Other | 735 | 735 | 632 | 632 |
| | 67,362 | 67,362 | 65,205 | 65,205 |

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|-------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 4 / Donations and endowments | | | | |
| Unrestricted legacies | 3,492 | 3,492 | 3,599 | 3,599 |
| Restricted legacies | 7 | 7 | 1 | 1 |
| Unrestricted donations | 3,503 | 3,503 | 3,510 | 3,510 |
| Restricted donations | 4,733 | 4,733 | 5,098 | 5,098 |
| | 11,735 | 11,735 | 12,208 | 12,208 |

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|--|-------------------------|--------------|-------------------------|-------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 5 / Investment income | | | | |
| Investment income on endowments | 10 | 10 | 16 | 16 |
| Investment income on restricted reserves | 797 | 799 | 544 | 544 |
| Other investment income | 1,624 | 1,623 | 1,401 | 1,401 |
| | 2,432 | 2,432 | 1,961 | 1,961 |

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|-------------------------|-------------------------|---------------|-------------------------|-------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 6 / Other income | | | | |
| Royalty income | 36,322 | 36,322 | 27,850 | 27,850 |
| Other income | 1,657 | 2,055 | 1,479 | 1,565 |
| | 37,979 | 38,377 | 29,329 | 29,415 |

The Institute of Cancer Research
Notes to the financial statements
Year ended 31 July 2019

| 7 / Staff costs | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|---------------------------|-------------------------|-------------|-------------------------|-------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| Salaries | 53,725 | 53,725 | 53,073 | 53,073 |
| Social security costs | 5,286 | 5,286 | 5,284 | 5,284 |
| Other pension costs | 8,637 | 8,637 | 8,077 | 8,077 |
| | 67,648 | 67,648 | 66,434 | 66,434 |
| Movement on USS provision | 24,822 | 24,822 | (1,516) | (1,516) |
| | 92,470 | 92,470 | 64,918 | 64,918 |

This note has been re-analysed to show the impact of the changes to contributions to the USS scheme following the 2017 valuation. For more information please refer to Notes 20a and 24.

| Average number of employees | No. | No. |
|--|-------|-------|
| Research staff | 842 | 876 |
| Research support staff | 149 | 151 |
| Fundraising services | 21 | 19 |
| Corporate services including academic services | 122 | 97 |
| | 1,134 | 1,143 |

Remuneration of the Chief Executive

The Chief Executive's remuneration package is set and reviewed by the Remuneration Committee, based on agreed performance criteria for the role. The package is considered by the Remuneration Committee within the context of market data for the medical research and higher education sectors in which the ICR operates.

The Chief Executive's salary is 7.0 times the median pay of staff (2018: 7.0), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the ICR to its staff.

The Chief Executive's total remuneration is also 7.0 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the ICR to its staff (2018: 7.0).

| | £000 | £000 |
|---------------------------|------|------|
| Salary | 277 | 273 |
| Performance related bonus | 13 | 10 |

| Remuneration of higher paid staff | No. | No. |
|-----------------------------------|-----|-----|
| £100,000 - £104,999 | 5 | 13 |
| £105,000 - £109,999 | 11 | 1 |
| £110,000 - £114,999 | 3 | 2 |
| £120,000 - £124,999 | 1 | 1 |
| £125,000 - £129,999 | 1 | 2 |
| £130,000 - £134,999 | 3 | 2 |
| £140,000 - £144,999 | 1 | 2 |
| £150,000 - £154,999 | - | 1 |
| £160,000 - £164,999 | 1 | 1 |
| £165,000 - £169,999 | 1 | - |
| £175,000 - £179,999 | 1 | 1 |
| £195,000 - £199,999 | 1 | 1 |
| £270,000 - £274,999 | - | 1 |
| £275,000 - £279,999 | 1 | - |

7 / Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the ICR. Staff costs include compensation paid to key management personnel. These costs relate to the Chief Executive, Chief Operating Officer and Academic Dean. The costs include salaries and employer's pension contributions:

| | Year ended 31 July 2019 | Year ended 31 July 2018 |
|--|-------------------------|-------------------------|
| | £000 | £000 |
| Key management personnel compensation | 653 | 641 |

Emoluments of the Board of Trustees

No fees are paid to the members of the Board of Trustees for their services as charity trustees or company directors. During the year, there were three members of staff of the ICR who are members of the Board of Trustees and who receive only the normal remuneration of their appointments. This includes the Chief Executive, whose remuneration is disclosed above. The other staff are the Academic Dean and the representative elected by the Academic Board to serve on the Board of Trustees – this role was undertaken by Professor Jeffrey Bamber. Remuneration for these staff is included in the remuneration of higher paid staff above. In addition, Mr David McBay undertook the role of student representative on the Board of Trustees until 31 August 2019 – from 1 September 2019 this role has been undertaken by Miss Nithya Paranthaman. The aggregate emoluments of those who serve on the Board of Trustees were £579,000 (2018: £646,000). The emoluments of the highest-paid director were £277,000 (2018: £273,000). Three of the four staff who are trustees participate in defined benefit pension schemes. Three non-executive trustees received a total of £1,655 (2018: four received £2,081) for reimbursement of travel expenses.

| 8 / Analysis of total expenditure by activity | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
|---|------------------------------|---------------------|------------------------------|---------------------|
| Academic and related expenditure* | 45,896 | 45,896 | 25,086 | 25,086 |
| Administration and central services* | 14,490 | 14,489 | 10,696 | 10,690 |
| Premises* | 15,088 | 15,088 | 14,425 | 14,425 |
| Residences, catering and conferences | 192 | 192 | 201 | 201 |
| Research grants and contracts | 64,991 | 64,991 | 61,062 | 61,062 |
| Other expenses* | 2,685 | 3,342 | 2,844 | 3,051 |
| | 143,342 | 143,998 | 114,314 | 114,515 |
| Other operating expenditure includes: | | | | |
| Investment management costs | 483 | 483 | 367 | 367 |
| External auditors remuneration: | | | | |
| Fees payable to the ICR's auditor for the audit of the ICR's annual accounts | 52 | 52 | 50 | 50 |
| Fees payable to the ICR's auditor for the audit of the accounts of subsidiaries | 6 | - | 6 | - |
| Operating lease expenditure | 635 | 635 | 594 | 594 |

*The expenditure on these lines in 2018/19 includes £25,129,000 in respect of the increase in the USS provision as analysed in Note 15. Research grants and contracts expenditure includes £4,707,000 in respect of the granting of the MR Linac machine to the Royal Marsden NHS Foundation Trust, see Note 11 for more details.

In addition to the audit fee disclosed above, a fee of £5,000 for non-audit services was paid to the external auditors relating to taxation advice.

9 / Taxation

The ICR is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of paragraph 1 of Schedule 6 of the Finance Act 2010. Accordingly the ICR is exempt from taxation in respect of income or capital gains received within categories covered by Section 471 and 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

In 2018/19 the group incurred no Corporation Tax charges in respect of the activity of its subsidiary companies (2018: £ nil). The ICR incurred irrecoverable VAT of £7,259,000 in 2018/19 (2018: £2,939,000).

The Institute of Cancer Research
Notes to the financial statements
Year ended 31 July 2019

| 10 / Interest and other finance costs | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|--|-------------------------|-------------|-------------------------|-------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| Net charge on ICR pension scheme | 611 | 611 | 877 | 877 |
| Unwinding of discount of USS pension provision | 307 | 307 | 292 | 292 |
| | 918 | 918 | 1,169 | 1,169 |

| 11 / Fixed assets (consolidated and ICR) | Freehold land and buildings | Leasehold land and buildings | Furniture plant and equipment- owned | Assets under construction | Total |
|--|--------------------------------|------------------------------------|---|------------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| <i>Cost or valuation</i> | | | | | |
| At 1 August 2018 | 150,659 | 2,134 | 53,538 | 15,732 | 222,063 |
| Revaluation | 4,803 | - | - | - | 4,803 |
| Additions at cost | - | - | 2,038 | 38,939 | 40,977 |
| Disposals at cost | - | (1,358) | (5,385) | - | (6,743) |
| Transfer of completed assets | - | - | 4,707 | (4,707) | - |
| At 31 July 2019 | 155,462 | 776 | 54,898 | 49,964 | 261,100 |
| <i>Depreciation</i> | | | | | |
| At 1 August 2018 | - | 597 | 47,825 | - | 48,422 |
| Revaluation | (2,504) | - | - | - | (2,504) |
| Provided in the year | 2,526 | 37 | 3,717 | - | 6,280 |
| Disposals in the year | - | (146) | (678) | - | (824) |
| At 31 July 2019 | 22 | 488 | 50,864 | - | 51,374 |
| <i>Net book value</i> | | | | | |
| At 31 July 2019 | 155,440 | 288 | 4,034 | 49,964 | 209,726 |
| of which: | | | | | |
| Scientific properties | 155,390 | - | 4,034 | 49,964 | 209,388 |
| Other properties | 50 | 288 | - | - | 338 |
| At 31 July 2018 | 150,659 | 1,537 | 5,713 | 15,732 | 173,641 |
| of which: | | | | | |
| Scientific properties | 150,609 | 1,240 | 5,713 | 15,732 | 173,294 |
| Other properties | 50 | 297 | - | - | 347 |
| <i>Historic cost – net book value</i> | | | | | |
| At 31 July 2019 | 64,418 | 288 | 4,034 | 49,964 | 118,704 |
| At 31 July 2018 | 65,529 | 300 | 5,713 | 15,732 | 87,274 |

11 / Fixed assets (consolidated and ICR) (continued)

The ICR's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2019. The valuations were undertaken on a depreciated replacement cost basis. The laboratory buildings were valued at £131,730,000 with associated land valued at £23,661,000. Gerald Eve Chartered Surveyors are independent and RICS qualified. The significant assumptions underpinning this revaluation are set out in more detail in Note 23.

During 2018/19 the MR Linac machine (a new type of radiotherapy machine combining MRI scanning and linear accelerator technologies) was completed and commenced clinical use. Under the terms of the research collaboration with The Royal Marsden NHS Foundation Trust on this project, the asset was granted to the hospital for clinical use, resulting in the transfer and disposal of the net book value of £4,707,000 in the ICR's fixed assets.

| 12 / Investments (consolidated) | Market value 31 July 2018 | Additions at cost | Disposals at book value | Gains/ (losses) | Market value 31 July 2019 |
|-----------------------------------|------------------------------|----------------------|----------------------------|--------------------|------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| a. Non-current investments | | | | | |
| <i>Listed</i> | | | | | |
| UK | 45,163 | 3,169 | (13,957) | (222) | 34,153 |
| Overseas | 34,535 | 4,365 | (4,995) | 960 | 34,865 |
| | 79,698 | 7,534 | (18,952) | 738 | 69,018 |
| <i>Unlisted</i> | | | | | |
| UK | 10,459 | 3,697 | - | (113) | 14,043 |
| Overseas | 15,186 | 8,178 | (195) | 1,344 | 24,513 |
| | 25,645 | 11,875 | (195) | 1,231 | 38,556 |
| Investment cash and deposits | 1,452 | 26,187 | (20,165) | 365 | 7,839 |
| | 106,795 | 45,596 | (39,312) | 2,334 | 115,413 |
| b. Current investments | 67,940 | 49,982 | (27,205) | - | 90,717 |

Current investments comprise cash held in short term cash funds. These do not have fixed maturity dates. Access to funds takes greater than 24 hours.

| 13 / Trade and other receivables | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|---------------------------------------|-------------------------|---------------|-------------------------|-------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| Amounts falling due within one year | | | | |
| Revenue grants | 6,896 | 6,896 | 6,833 | 6,833 |
| Other trade debtors | 1,435 | 1,435 | 1,729 | 1,729 |
| Legacy debtors | 1,856 | 1,856 | 1,487 | 1,487 |
| Other debtors | 264 | 264 | 769 | 769 |
| Amounts due from subsidiary companies | - | 949 | - | 4,769 |
| Prepayments and accrued income | 21,705 | 21,705 | 24,108 | 24,108 |
| Taxes and social security | 126 | 325 | - | - |
| | 32,282 | 33,430 | 34,926 | 39,695 |

| | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|-------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Consolidated £000 | ICR £000 | Consolidated £000 | ICR £000 |
| 14 / Creditors | | | | |
| Amounts falling due within one year | | | | |
| Trade creditors | 3,715 | 3,715 | 3,604 | 3,604 |
| Accruals | 11,942 | 8,795 | 11,254 | 10,366 |
| Amounts due to subsidiary companies | - | 5 | - | 5 |
| Other creditors | 1,239 | 1,239 | 1,017 | 1,017 |
| Taxes and social security | - | - | 1,019 | 879 |
| | 16,896 | 13,754 | 16,894 | 15,871 |

15 / Provisions for liabilities and charges (consolidated and ICR)

| | Obligation to fund deficit on USS pension £000 | Defined-benefit obligations (Note 20) £000 | Total pensions provisions £000 | Leasehold dilapidation and decommissioning £000 | Total other provisions £000 |
|------------------------|---|---|--------------------------------------|--|-----------------------------------|
| At 1 August 2018 | 14,198 | 22,275 | 36,473 | 352 | 352 |
| Utilised in year | (527) | (2,477) | (3,004) | - | - |
| Additions in year | 25,656 | 8,565 | 34,221 | 22 | 22 |
| At 31 July 2019 | 39,327 | 28,363 | 67,690 | 374 | 374 |

The USS pension provision is the discounted value of the agreed deficit reduction payments, under the deficit recovery plan agreed as part of the 2017 valuation. Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in Note 24. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £20,887,000, a decrease of £18,440,000 from the current year end provision.

The defined benefit obligations is the net liability under the obligation to the ICR Pension Scheme. More information on the calculation of this liability is provided in Note 20.

The dilapidation and decommissioning provisions are held to cover liabilities as a result of vacating leasehold premises and the safe removal of a caesium source.

16 / Unrestricted reserves (consolidated and ICR)

The Board of Trustees has designated elements of the unrestricted income and expenditure reserve for specific purposes. These designations represent an internal decision and are not imposed by donors or funding bodies.

| | Balance at 1 August 2018 £000 | Income £000 | Expenditure £000 | Transfers, gains and losses £000 | Balance at 31 July 2019 £000 |
|---|-------------------------------------|----------------|---------------------|--|------------------------------------|
| <i>a. Income and expenditure reserve – unrestricted</i> | | | | | |
| General Fund | 20,000 | 69,408 | (58,723) | (10,085) | 20,600 |
| Pension Reserve | (22,275) | - | (1,411) | (4,677) | (28,363) |
| Fixed Asset Fund | 37,252 | - | (1,500) | 10,619 | 46,371 |
| Development Fund | 88,527 | - | (6,585) | 10,051 | 91,993 |
| Centre for Cancer Drug Discovery | 34,116 | - | - | (9,417) | 24,699 |
| FC Hunter Studentship Fund | 472 | - | - | - | 472 |
| Faringdon Fund | 144 | - | - | - | 144 |
| Amenity Fund | 147 | - | (36) | 40 | 151 |
| | 158,383 | 69,408 | (68,255) | (3,469) | 156,067 |
| <i>b. Revaluation reserve</i> | 86,367 | - | (1,449) | 6,105 | 91,023 |
| Total unrestricted reserves | 244,750 | 69,408 | (69,704) | 2,636 | 247,090 |

The consolidated unrestricted reserves position includes £573,000 in respect of subsidiary company reserves. The ICR unrestricted reserves position is therefore as above, but with a Development Fund balance of £91,420,000 and total unrestricted reserves of £246,517,000.

The Board of Trustees has decided that the ICR should maintain free reserves (General Fund) of £20,600,000 at 31 July 2019. These reserves are expendable at the Trustee's discretion and not designated for particular purposes. The General Fund includes £18,470,000 cumulative net unrealised gains on revaluation of fixed asset investments.

The pension reserve recognises the shortfall in funds attributable to the ICR Pension Scheme (ICRPS) deficit.

The Fixed Asset Fund represents the amount invested in Fixed Assets from unrestricted funds, and is designated to meeting the future depreciation costs of these assets.

The Development Fund is the amount set aside by the ICR for future commitments relating to the buildings, capital equipment and Research Strategy. The fund is made up as follows:

| | 2019 £000 | 2018 £000 |
|-------------------------------------|--------------|--------------|
| Capital projects and refurbishments | 19,486 | 19,599 |
| Scientific initiatives | 57,221 | 55,255 |
| Other development funds | 15,286 | 13,673 |
| | 91,993 | 88,527 |

The Centre for Cancer Drug Discovery Fund is a designated fund in which unrestricted legacy and fund-raising income received since 1 August 2013 has been set aside towards the new centre.

The FC Hunter Studentship Fund is a legacy from the estate of Mr FC Hunter designated by the ICR for the purpose of supporting research studentships.

The Amenity Fund provides funds for staff welfare.

17 / Restricted reserves (consolidated and ICR)

| | Balance at 1 August 2018 | Income | Expenditure | Transfers, gains and losses | Balance at 31 July 2019 |
|---------------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| <i>a. Income funds</i> | | | | | |
| <i>Funds invested in fixed assets</i> | | | | | |
| Breast Cancer Now | 3,540 | - | (111) | - | 3,429 |
| The Bob Champion Cancer Trust | 640 | - | (20) | - | 620 |
| Everyman Appeal | 507 | - | (16) | - | 491 |
| The Garfield Weston Foundation | 780 | - | (20) | - | 760 |
| The Monument Trust | 222 | - | (7) | - | 215 |
| The Wolfson Foundation | 3,180 | 1,000 | (65) | - | 4,115 |
| The Ivan and Felicite Stoller Fund | 47 | - | (1) | 568 | 614 |
| Sir SK Tang Fund | - | - | - | 622 | 622 |
| Funding body capital funding | 30,019 | 25,118 | (2,853) | - | 52,284 |
| The Wellcome Trust | 5,417 | - | (159) | - | 5,258 |
| Building funds | 947 | 916 | - | - | 1,863 |
| Equipment funds | 4,721 | 3,798 | (6,459) | - | 2,060 |
| | 50,020 | 30,832 | (9,711) | 1,190 | 72,331 |
| <i>Other restricted funds</i> | | | | | |
| Other restricted donations | 6,626 | 1,988 | (1,834) | 68 | 6,848 |
| Research grants | 38,317 | 65,170 | (61,949) | 574 | 42,112 |
| Centre for Cancer Drug Discovery | - | - | - | - | - |
| | 44,943 | 67,158 | (63,783) | 642 | 48,960 |
| Total restricted income funds | 94,962 | 97,990 | (73,494) | 1,832 | 121,291 |

Transfers totalling £642,000 were made to restricted funds from unrestricted funds following a review of closing restricted research balances.

The ICR is proud to partner with a range of organisations in its investment in cutting edge laboratory facilities. Key examples reflected above include the following generous contributions from our partners:

Breast Cancer Now contributed funding for the Breast Cancer Now Toby Robins Breast Cancer Research Centre.

The ICR received funds from the Bob Champion Cancer Trust, the Monument Trust, the Garfield Weston Foundation, the Wolfson Foundation and donations from the Everyman Appeal to build the Male Urological Cancer Research Centre.

The Higher Education Funding Council for England, The Wellcome Trust and The Wolfson Foundation contributed funding to the building of The Brookes Lawley Building.

The Higher Education Funding Council for England, Wolfson Foundation, the Garfield Weston Foundation and Ivan and Felicite Stoller Fund contributed to the Centre for Cancer Imaging.

UKRI, The Wolfson Foundation, The Ivan and Felicite Stoller Fund and the Sir SK Tang Fund are important supporters of the Centre for Cancer Drug Discovery.

Equipment funds represent grants which have been invested in fixed asset equipment. Building funds represent grants which have been invested in fixed asset buildings.

Other restricted donations relate to philanthropic donations received to support specific research projects.

The research grants are funds received by the ICR for specific cancer research projects. Within research grants there are grants in deficit of £3.967,000 which represents grants where expenditure has been incurred ahead of funding expected to be received in 2018/19. There are no material individual fund deficits.

17 / Restricted reserves (consolidated and ICR) (continued)

| <i>b. Endowment funds</i> | Balance at 1 August 2018 | Income | Expenditure | Transfers, gains and losses | Balance at 31 July 2019 |
|------------------------------------|-----------------------------|--------|-------------|-----------------------------------|----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Permanent endowment funds | | | | | |
| Sir SK Tang Fund | 932 | - | - | (599) | 333 |
| Expendable endowment funds | | | | | |
| Hensley Nankivell Studentship Fund | 1,304 | - | (144) | 32 | 1,192 |
| The Ivan and Felicite Stoller Fund | 555 | - | - | (555) | - |
| <i>Total endowment funds</i> | 2,791 | - | (144) | (1,122) | 1,525 |

The ICR received no new endowments in 2018/19.

The Hensley Nankivell Studentship Fund was received from the estate of Mrs SMA Nankivell for the purpose of supporting research studentships at the ICR. The Sir SK Tang Fund is a legacy received from the estate of Sir SK Tang. The Ivan and Felicite Stoller Fund is a legacy received from the estate of Mr IM Stoller. The Tang and Stoller funds are for cancer research.

For permanent endowment funds the capital cannot be expended. For expendable endowment funds the capital can be spent on qualifying expenditure.

The Sir S K Tang Fund has been classified as a permanent endowment for which a total return approach to investment has been adopted and the unapplied total return can be spent on qualifying expenditure:

| | Endowment £000 | Unapplied total return £000 | Total £000 |
|--|-------------------|-----------------------------------|---------------|
| Balance as at 1 August 2018 | | | |
| Gift component of the permanent endowment | 333 | - | 333 |
| Unapplied total return | - | 599 | 599 |
| Total permanent endowments as at 1 August 2018 | 333 | 599 | 932 |
| Movements in the period | | | |
| Investment return: realised and unrealised gains | - | 23 | 23 |
| Less: investment management costs | - | - | - |
| Less: Transfer to funds invested in fixed assets | - | (622) | (622) |
| | - | (599) | (599) |
| Balance as at 31 July 2019 | | | |
| Gift component of the permanent endowment | 333 | - | 333 |
| Unapplied total return | - | - | - |
| Total permanent endowments as at 31 July 2019 | 333 | - | 333 |

18 / Capital commitments

| | 2019 £000 | 2018 £000 |
|---------------------------------|---------------|--------------|
| Contracted but not provided for | 19,109 | 58,065 |

The capital commitments relate to laboratory and office building works and equipment.

19 / Lease commitments

At 31 July 2019 the ICR had operating lease commitments in respect of all future payments for equipment and property leases which expire as follows:

| | 31 July 2019 | | | 31 July 2018 |
|--|----------------------------|-----------------------------|---------------|---------------|
| | Land and buildings £000 | Plant and machinery £000 | Total £000 | Total £000 |
| Payable during the year | 372 | 263 | 635 | 594 |
| Future minimum lease payments due: | | | | |
| Not later than 1 year | 216 | 408 | 624 | 459 |
| Later than 1 year and not later than 5 years | - | 680 | 680 | 216 |
| Total lease payments due | 216 | 1,088 | 1,304 | 675 |

20 / Superannuation schemes

The ICR participates in three superannuation schemes. The majority of scientific and other non-clinical staff are in the Universities Superannuation Scheme (USS) (and the Universities Supplementary Dependents & Ill Health Retirement Pension Scheme (USDPS)). The majority of clinical staff are in the National Health Service Superannuation Scheme (NHSPS). The ICR Pension Scheme (ICRPS) was closed to future accrual for new and existing members on 31 July 2008 and most of its active members joined the USS.

a. Universities Superannuation Scheme (USS)

The ICR participates in USS. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate Trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The ICR is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the ICR therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the ICR has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the ICR recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the CSOCIE is £6,967,000 (2018: £6,841,000). The latest available full actuarial valuation of the scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2018 was completed in September 2019.

Since the ICR cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

| | |
|-------------------------------|--|
| Pension increases (CPI) | Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a. |
| Discount rate (forward rates) | Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7% |

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

20 / Superannuation schemes (continued)

| | 2019 | 2018 |
|----------------------------------|--|---|
| Mortality base table | Pre-retirement: | |
| | 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. | 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. |
| | Post retirement: | |
| | 96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females. | 96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females. |
| Future improvements to mortality | CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. | CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. |

The current life expectancies on retirement at age 65 are:

| | | |
|-----------------------------------|-------------|------|
| Males currently aged 65 (years) | 24.6 | 24.5 |
| Females currently aged 65 (years) | 26.1 | 26.0 |
| Males currently aged 45 (years) | 26.6 | 26.5 |
| Females currently aged 45 (years) | 27.9 | 27.8 |

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

| | | |
|---------------------------|-------------|------|
| Discount rate | 2.44 | 2.64 |
| Pensionable salary growth | n/a | n/a |
| Pension increases (CPI) | 2.11 | 2.02 |

The 2018 actuarial valuation was finalised after the year end and indicated a shortfall of £3.6 billion and a funding ratio of 95%. Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation schedule of contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision for the ICR of £20,887,000, a decrease of £18,440,000 from the current year end provision.

b. ICR Pension Scheme

The ICR operates a funded final salary pension scheme in the UK. The scheme is registered under UK legislation. The Scheme is subject to the scheme funding requirements outlined in UK legislation. The Scheme provides final salary (defined benefit) benefits. The Scheme provides benefits in retirement and death benefits to members. Pension benefits are linked to a members' final salary at retirement or earlier withdrawal, and their length of service, revalued between their date of leaving service and date of retirement if appropriate. The Scheme was established from 1 April 1975 under trust and is governed by the Scheme's consolidated version of the Third Definitive Trust Deed and Rules including amendments to date. Since 31 July 2008 there has been no future accrual in the defined benefit section. The ICRPS Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the ICR. The Scheme exposes the ICR to actuarial risks such as market (investment) risk, interest rate risk, inflation risk and longevity risk.

The pension costs charged to the operating surplus under FRS 102 for the year amounts to £1,411,000 (2018: £1,211,000). This is equal to the past service cost of £800,000 (2018: £334,000) plus the finance income of £611,000 (2018: £877,000).

A full actuarial valuation was carried out at 31 July 2019 by a qualified independent actuary, based on membership data at 31 March 2019, updated to take account of actual revaluation, material member movements and expected benefit outgo, using actuarial assumptions at 31 July 2019. An allowance has been made for the discretionary increases awarded as at 1 April 2019.

Contributions to the Scheme for the year beginning 1 August 2019 are expected to be £1,756,000 based on the current schedule of contributions.

20 / Superannuation schemes (continued)

The major assumptions used by the actuary were (in nominal terms):

| | As at 31 July 2019 | As at 31 July 2018 | As at 31 July 2017 |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Discount rate | 2.10% | 2.80% | 2.70% |
| Consumer Prices Index ("CPI") | 2.40% | 2.30% | 2.40% |
| Future 5%LPI pension increases | 2.40% | 2.30% | 2.40% |
| Future 2.5%LPI pension increases | 2.40% | 2.30% | 2.40% |
| Revaluation in deferment | 2.40% | 2.30% | 2.40% |

Assumed life expectancies on retirement at age 65 are:

| | | 22.1 | 22.1 | 22.7 |
|---------------------------|---------|------|------|------|
| Retiring today | Males | | | |
| | Females | 24.4 | 24.4 | 25.2 |
| Retiring in 20 years time | Males | 23.6 | 23.5 | 24.8 |
| | Females | 26.0 | 25.9 | 27.5 |

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

| | Value at 31 July 2019 £000 | Value at 31 July 2018 £000 |
|-----------------------------|----------------------------------|----------------------------------|
| Equities | 39,483 | 39,128 |
| Fixed Interest | 9,753 | 4,541 |
| Inflation Linked Bonds | 18,217 | 13,796 |
| Alternatives | - | - |
| Insured Annuities | 23,509 | 22,018 |
| Cash and Other | 306 | 473 |
| Fair value of scheme assets | 91,268 | 79,956 |

| | | |
|--|----------|----------|
| The actuarial return (including interest) on assets over the period was: | 12,069 | 4,658 |
| Present value of funded obligations | 119,631 | 102,231 |
| Fair value of scheme assets | 91,268 | 79,956 |
| Deficit in funded scheme | (28,363) | (22,275) |
| Deficit | (28,363) | (22,275) |
| Net liability in balance sheet | (28,363) | (22,275) |

20 / Superannuation schemes (continued)

Reconciliation of opening and closing balances of the present value of the defined-benefit obligation

| | 31 July 2019 £000 | 31 July 2018 £000 |
|---|----------------------|----------------------|
| Benefit obligation at beginning of year | 102,231 | 108,756 |
| Interest cost | 2,839 | 2,914 |
| Actuarial losses/(gains) | 16,238 | (7,806) |
| Benefits paid | (2,477) | (1,967) |
| Past service cost | 800 | 334 |
| Benefit obligation at end of year | 119,631 | 102,231 |

Reconciliation of opening and closing balances of the fair value of scheme assets

| | | |
|--|---------|---------|
| Fair value of scheme assets at beginning of year | 79,956 | 75,585 |
| Interest income on scheme assets | 2,228 | 2,037 |
| Return on assets, excluding interest income | 9,841 | 2,621 |
| Contributions by employers | 1,720 | 1,680 |
| Benefits paid | (2,477) | (1,967) |
| Fair value of scheme assets at end of year | 91,268 | 79,956 |

The amounts recognised in CSOCIE:

| | | |
|--|-------|-------|
| Service cost – including current service costs, past service costs and settlements | 800 | 334 |
| Net interest on the net defined-benefit liability | 611 | 877 |
| Total expense | 1,411 | 1,211 |

Remeasurements of the net defined-benefit liability to be shown in CSOCIE:

| | | |
|--|---------|----------|
| Actuarial (gains)/losses on the liabilities | 16,238 | (7,806) |
| Return on assets, excluding interest income | (9,841) | (2,621) |
| Total remeasurement of the net defined benefit liability to be shown in CSOCIE | 6,397 | (10,427) |

20 / Superannuation schemes (continued)

c. NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at: www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the period between formal valuations is four years, with approximate assessments in intervening years. An outline of these follows:

i. Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019 is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data and the discount rate prescribed by HM Treasury. The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually.

ii. Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers. The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care has recently laid scheme regulations confirming that the employer contribution rate will increase to 20.6 per cent of pensionable pay from this date. The 2016 funding valuation was also expected to test the cost of the scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018, the government announced a pause to that part of the valuation process, pending conclusion of the continuing legal process.

d. Unfunded pensions

A small group of pensioners, who retired under the previous superannuation scheme are in receipt of unfunded pensions paid directly by the ICR. These pensions are increased, at the ICR's discretion, by analogy with the Pensions Act 1995.

21 / Subsidiary undertakings

The ICR has the following subsidiary undertakings:

i. ICR Chelsea Development Limited – the ICR owns 100% of the issued share capital of this company which has been set up to act as the developer of a refurbishment project which has now been completed. It did not make a profit or a loss for the period ended 31 July 2019 and its net assets at that date amounted to £2. The accounts of ICR Chelsea Development Ltd have been consolidated into the accounts of the ICR.

ii. ICR Sutton Developments Limited – the ICR owns 100% of the issued share capital of this company which has been set up to act as the developer of ICR properties. It made a profit of £345,704 for the year ended 31 July 2019 (2018: £113,973). Its net assets at 31 July 2019 amounted to £540,017 (2018: £308,286). The intention is to pay the 2018/19 profits to the ICR by means of a payment under gift aid, and therefore no corporation tax is accounted for, under the revised provisions of Financial Reporting Standard 102 (FRS102). The accounts of ICR Sutton Developments Ltd have been consolidated into the accounts of the ICR.

iii. ICR Enterprises Limited – the ICR owns 100% of the issued share capital of this company which undertakes trading activities for the benefit of the ICR that the ICR cannot carry out itself as an exempt charity. It made a profit after interest of £26,290 for the year ended 31 July 2019 (2018: £445). The intention is to pay the 2018/19 profits to the ICR by means of a payment under gift aid, and therefore no corporation tax is accounted for, under the revised provisions of Financial Reporting Standard 102 (FRS102). Its net assets at 31 July 2019 amounted to £27,871 (2018: £1,581). The accounts of ICR Enterprises Ltd have been consolidated into the accounts of the ICR.

21 / Subsidiary undertakings (continued)

iv. ICR Equipment Leasing No.8 Limited – the ICR owns 100% of the share capital of this company which holds a leasehold interest in the Chester Beatty Laboratory. It made a profit of £102 for the year ended 31 July 2019 (2018: £102) which will be paid to the ICR by means of a payment under gift aid. Its net assets at 31 July 2019 was £5,351 (2018: £5,249). The accounts of ICR Equipment Leasing No.8 Limited have been consolidated into the accounts of the ICR.

v. Everyman Action Against Male Cancer – the company is limited by guarantee and was dormant throughout the period ended 31 July 2019.

vi. Other investments – the ICR is a founder and shareholder of three companies whose aims are to exploit the intellectual property generated at the ICR. The companies and the ICR's shareholding are Domainex Limited (3%), Chroma Therapeutics Limited (0.2%) and Monte Rosa Technology (10%). The cost of the ICR's shareholding of these companies is included in unlisted investments.

vi. ICR London Cancer Hub Company Limited – the ICR owns 100% of the issued share capital of this company, which undertake activities in respect of the London Cancer Hub project. The company was incorporated on 2 March 2017 and has not traded in the period ended 31 July 2019 and period ended 31 July 2018.

A summary of the results of the subsidiaries is set out below:

| ICR Sutton Developments Limited | 2019 | 2018 |
|--|-----------------|-------------|
| | £000 | £000 |
| Turnover | 33,792 | 10,572 |
| Expenditure | (33,447) | (10,458) |
| Operating profit | 345 | 114 |
| Assets | 4,821 | 6,088 |
| Liabilities | (4,281) | (5,780) |
| Funds | 540 | 308 |

| ICR Equipment Leasing No.8 Limited | | |
|---|----------|---|
| Turnover | - | - |
| Expenditure | - | - |
| Operating profit | - | - |
| Assets | 5 | 5 |
| Liabilities | - | - |
| Funds | 5 | 5 |

ICR Chelsea Development Limited has net assets of £2. There were no transactions for this subsidiary during 2018/19

| ICR Enterprises Limited | | |
|--------------------------------|-------------|------|
| Turnover | 30 | 4 |
| Expenditure | 4 | 3 |
| Operating profit | 26 | 1 |
| Assets | 42 | 15 |
| Liabilities | (14) | (13) |
| Funds | 28 | 2 |

22 / Related parties

The ICR has taken the exemption given by Financial Reporting Standard 102, from disclosing transactions with wholly owned subsidiaries. One of the Trustees is employed by Cancer Research UK which provides funding to the ICR in the form of grants awarded through open competition and external peer review. Some £27,976,000 of funding was received from Cancer Research UK during the year, and £1,020,000 from its subsidiary company Cancer Research Technology Ltd. This includes £3,964,000 in pending grant instalments included on the ICR's balance sheet. Some £792,000 was owed to Cancer Research Technology Ltd at the year end. One of the Trustees is Chief Executive of The Royal Marsden NHS Foundation Trust ("The Royal Marsden"). The ICR's Chief Executive is a non-executive director of The Royal Marsden. Research expenditure includes £5,343,000 and research grant income includes £6,084,000 in respect of collaborative research undertaken with The Royal Marsden. The year end accounts receivable balance includes £2,884,000 owed to ICR by The Royal Marsden and £3,000 was owed to The Royal Marsden by the ICR.

23 / Accounting estimates and judgements

These accounts have been prepared using a number of assumptions concerning the carrying amount of assets and liabilities within the next financial year.

Legacy income of £1,856,000 has been accrued based on the estimated value of legacy cases for which probate has been granted and any other related conditions met, for which no funds have yet been received.

The freehold and leasehold properties comprising the ICR operational estate were valued as at 31 July 2019 by an external valuer, Gerald Eve LLP, a regulated firm of chartered surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Professional Standards, January 2014 amendment, and April 2015 UK amendment and Financial Reporting Standard 102 and the 2015 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost, and with non-specialised operational properties valued on a Fair Value basis equating to Market Value on the assumption of a continuation of the existing use. The valuation is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

The ICR has considered whether building assets should be separated into components in order that different useful economic lives are reflected in the depreciation charge. The ICR considers component accounting would not have a material impact on the depreciation charge.

The ICR has recognised a liability in respect of the commitment to contribute to a University Superannuation Scheme (USS) deficit recovery plan. FRS 102 makes the distinction between a group plan and a multi-employer scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The ICR is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at 31 July 2019.

The calculation of the liability uses a discount rate of 1.62% based on a discount rate for high quality corporate bonds. The calculation also uses assumptions around future salary inflation and changes in staff numbers.

In addition, see note 24 for further information on the impact of the 2018 USS valuation.

24 / Events after the reporting period

As set out in Note 20 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £18,440,000 in the provision for the obligation to fund the deficit on the USS pension, whereby the provision would be £20,887,000. This adjustment will be reflected in the ICR's Financial Statements for the year ended 31 July 2020.

ICR information



The Board of Trustees

The Board of Trustees is the governing body of The ICR and is constituted under Article 13 of its Articles of Association.

| Name | Title/nominating body | No ¹ of meetings could have attended | No of meetings attended August 2018 to July 2019 |
|---|--|---|--|
| Mr Luke Johnson MA(Hons) | Chair/Co-option | 10 | 9 |
| Dr Brendan O'Neill PhD | Deputy Chair and Honorary Treasurer /Co-option | 10 | 10 |
| Professor Paul Workman FRS FMedSci | Chief Executive and President/Ex Officio | 10 | 10 |
| Professor Clare Isacke FMedSci | Academic Dean/Ex Officio | 8 | 5 |
| Mr William (Bill) Burns BA(Hons) | Co-option | 9 | 7 |
| Professor Jeffrey Bamber MSc PhD | Academic Board | 7 | 6 |
| Mrs Mandy Donald BAcc | Co-option | 7 | 6 |
| Dr Iain Foulkes PhD | Cancer Research UK | 7 | 6 |
| Mr Charles Geffen | Co-option | 8 | 8 |
| Mrs Jane Hamilton BCom FRICS | Co-option | 10 | 10 |
| Mr Jeremy Hill | Co-option | 7 | 7 |
| Professor Timothy Maughan | Co-option | 7 | 4 |
| Professor Nicholas Jones FMedSci | Co-option | 7 | 6 |
| Mr David McBay MSci (until 31/8/2019) | Student | 7 | 5 |
| Miss Nithya Paranthaman (from 1/9/2019) | Student | 0 | 0 |
| Miss Cally Palmer CBE MSc MIHM DipHSM | The Royal Marsden NHS Foundation Trust | 7 | 5 |
| Dr Liz Bishop DClinPrac MSc BDc RGN (until 11/2018) | Alternate Director | | 0 |
| Karl Munslow Ong BA(Econ) MSc (from 1/3/2019) | Alternate Director | | 0 |

¹Includes Board of Trustees, Nomination Committee and Remuneration Committee meetings

Senior members of staff in attendance at Board of Trustees meetings:

| | |
|---|--|
| Dr Charmaine Griffiths PhD MBA | Chief Operating Officer |
| Mr Paul Norris BSc(Hons) ACA MBA | Director of Finance |
| Professor Rajesh Chopra FRCP FRCPATH PhD | Head, Division of Cancer Therapeutics |
| Professor Kevin Harrington PhD FRCP FRCR FRSB | Head, Division of Radiotherapy and Imaging |
| Professor Jon Pines FRS, FMedSci, PhD | Head, Division of Cancer Biology |

Governing committees, fellows, members and associates

The ICR benefits from external expertise on the following committees that report to the Board of Trustees (as at 31 July 2019):

The Nomination Committee

Mr Luke Johnson MA(Hons) – **Chair**
Dr Brendan O'Neill PhD – **Deputy Chair**
Mr William (Bill) Burns BA(Hons)
Mrs Jane Hamilton BCom FRICS

The Audit Committee

Mrs Mandy Donald BAcc – **Chair**
Mr Graham Clarke MSc MBA FCMA CGMA
Mr Christopher Molloy BSc
Dr Michael Young PhD FCA MIOd

Mrs Donald and Dr Young attended all four meetings held during the year. Mr Molloy attended three of the four meetings, and Mr Clarke one meeting.

The Remuneration Committee

Mr Charles Geffen – **Chair**
Dr Brendan O'Neill PhD – **Deputy Chair**
Mr Luke Johnson MA(Hons)
Mrs Jane Hamilton BCom FRICS

The Investments and Building Development Committee

Dr Brendan O'Neill PhD – **Chair**
Mrs Marie-Christine Riachi CFA – **Deputy Chair**
Mrs Jane Hamilton BCom FRICS
The Honourable Thomas Henderson HonDSc(Med)
Mr Michael Sales BA(Hons) MPhil MRICS

The ICR also benefits from the expertise of those it has appointed as Trustees of The Institute of Cancer Research Pension Scheme (ICRPS)

Mr John Roberts CBE BA(Hons) FRSA FColl – **Chair (retired 31/9/2019)**
Mr Fred Maroudas MA
Dr Brendan O'Neill PhD
Mrs Win Robbins
Mr Michael Weston MA MBA AIIIMR **Chair (from 1/10/2019)**

Fellows of the ICR

The honorary appointment of Fellow of the ICR is conferred upon distinguished individuals who have some connection with the organisation or with cancer research in its broadest sense. Such appointments are in recognition of past achievement and based on a major contribution to the advancement of the ICR's objectives.

Sir John Ashworth PhD DSc
Professor Sir Kenneth Calman KCB FRSE
Professor D Catovsky MD DSc(Med) FRCPATH FRCP FMedSci
Mr E A C Cottrell MA
Dr M J Crumpton CBE PhD HonFRCPATH FRS FMedSci
Professor T M Dexter DSc HonFRCP FRS FMedSci
Lord Faringdon KCVO
Professor P B Garland CBE MA PhD MB BChir DSc(hc) LLD(hc) FRSE
Mr J M Kipling FCA DChA
Baroness Morgan of Drefelin
Professor Sir Michael Peckham MD FMedSci
Professor M Waterfield FRS HonFRCPATH FMedSci
Professor R A Weiss PhD HonFRCP FRCPATH FRS FMedSci

Members of the ICR

Members of the ICR are people who, by reason of their past and present contributions, are, in the opinion of the Board of Trustees, likely to assist the furtherance of the objects of the ICR. Members are subscribers to the ICR's Articles of Association and as such are entitled to attend any Extraordinary General Meeting which may be convened.

Mr N Ashley DUniv BUniv BSc
Sir John Ashworth PhD DSc
Dr P J Bailey PhD
Dr D Barford FRS FMedSci
Lord Bell FIPA FIPPR FPRCA
Professor A J Bellingham CBE FRCP FRCPATH
Mr R Bird MA FCA
Professor Sir Tom Blundell FRS FMedSci
Dr M Bodmer PhD
Sir Henry Boyd-Carpenter KCVO MA
Mr W Burns BA(Hons)
Mr G Clarke MSc MBA FCMA CGMA
Mr E A C Cottrell MA
Miss P M Cunningham CBE FRSA
Mr S R Davie CB
Professor A J S Davies PhD DSc
Mr M de Ferranti BSc
Mr J J Defries BCom IPFA

Mrs M Donald BAAcc
Mr A W C Edwards
Mr R J Elliott
Lord Faringdon KCVO
Dr S E Foden MA DPhil
Mr B W Freedman
Mr D R Fryatt MA FCA FCIBS
Professor P B Garland CBE MA PhD MB BChir DSc(hc) LLD(hc)
FRSE
Ms S Gallagher BA MSc
Mr C Geffen
Mr D J Gleeson MA
Dr P N Goodfellow FRS FMedSci
Mrs J Hamilton BCom FRICS
Professor A Harris DPhil FRCP FMedSci HonDSc(Med)
Mr C Heaphy BSc FCPFA
The Honourable Thomas Henderson HonDSc(Med)
Mr J Hill
Dr T A Hince PhD
Mr J Hollond
Mrs I Hotimsky MBA
Mr L Johnson MA(Hons)
Mrs S A Johnson BA(Hons)
Professor N Jones FMedSci
Mr P J C Keemer MPhil
Mr J M Kipling FCA DChA
Professor R A Laskey CBE FRS FMedSci FLSW HonDSc(Med)
HonLLD
Mr K C Lawrance
Mr A E Lightly FRICS
Mr M G Lillywhite
Mr J N Macklin MSc FBCS
Mr K A Markham
Mr F Maroudas MA
Professor T Maughan
Mr C Molloy BSc
Dr M J Morgan PhD
Professor H R Morris FRS
Professor G J Mufti OBE DM FRCP FRCPATH
Ms S Nebhrajani OBE MA ACA
Professor S Neidle PhD DSc ARCS DIC FRSC
Dr B O'Neill PhD
Professor A van Oosterom MD PhD
Professor R J Ott PhD FInstP CPhys HonFBIR
Lady Otton SRN
Professor Sir Michael Peckham MD FMedSci
Miss A C Pillman CB OBE HonDSc(Med)
Mrs Tim Rathbone
Professor Dame Lesley Rees DBE MD DSc FRCP FRCPATH
FMedSci
Mrs M-C Riachi CFA
Dame Stella Rimington DCB
Mrs W Robbins
Mr A J Roberts CBE BA(Hons) FRSA FColl
Rt Hon Lord Ryder of Wensum OBE

Mr M Sales BA(Hons) MPhil MRICS
Mr G Sangster
Konstantin Graf von Schweinitz
Mrs C Scivier MSc FCIPD
Sir Julian Seymour CBE
Mr R S Sharp
Mr M S Smith MA
Dr K Snell PhD EFIAP PPSA LRPS
Mr R E Spurgeon
Ms A Stevens MA DLitt(Hon)
Professor Sir Michael Stratton FRS FMedSci HonDSc(Med)
Mr S A Taylor MBA FCCA
Mr J Thorne MA
Mr M J Usher BA CPFA
Miss M I Watson MA MBA
Professor S Webb PhD DIC DSc ARCS FIPEM FInstP HonFIPEM
FRSA HonMDGMP HonDSc(Med)
Mr M Weston MA MBA AIIIR
Mr J Williamson BSc(Hons) DipMgmt MBA CEng MIET
Mr A Wolstenholme OBE FEng BSc CEng FICE HonDSc
Sir David Wootton MA
Dr M Young PhD FCA MIOd

Associates of the ICR

Appointment as an Associate of the ICR is conferred on long-serving ex-employees of the ICR or on those former members of staff or students or other individuals who are deemed eligible by reason of their having rendered exceptional service to the ICR or having otherwise done something outstanding to enhance the reputation of the ICR.

Dr G Aherne PhD
Mrs R J Atkins
Mrs L Baldwin AIAT
Mrs R Barfoot
Dr S E Barrie MA PhD
Mrs E Bennett
Mrs S Braddish
Mr D A Brunning ALA
Mrs B Carey-Watts BA
Professor R L Carter CBE MA DM DSc FRCP FRCPATH
Professor J Chamberlain MB FRCP FFPH
Mr C Chandler
Mr N Clarke
Miss S Clinton
Mr P F Collins
Mrs G Coombes RN
Mrs J Cordell BSc(Hons) MPhil
Professor Dame Jessica Corner DBE PhD RN FMedSci
Mrs C Croucher
Dr D A Darcy MA DPhil
Dr L C Davies MA PhD
Professor S Eccles PhD
Mr P Farley

Mrs C A Faux
Dr E O Field DM DMRD
Dr M A Flower PhD FIPEM
Mrs A Ford
Mr F Friedlos MPhil
Professor M Garrett PhD
Mrs P M Goddard MPhil
Dr G H Goodwin PhD
Dr H S Greer MD FRCPsych FRANZCP
Mr L J Griggs BSc
Dr P L Grover DSc
Professor B A Gusterson PhD FRCPATH
Professor J G Hall MB BS PhD DSc FRCPATH
Mr J G Harris
Mr A J Hewer CBiol
Professor C R Hill DSc FInstP FIEE HonFRCR HonFIPEM
Mr P Hyett BA ABIPP RMIP MIMI
Professor A L Jackman PhD
Ms L Jackson
Professor M Jarman DSc CChem FRSC HonDSc(Med)
Mrs M Kipling
Mrs B Lloyd
Mr R MacCormick
Mrs R Marriott
Mrs C Martin MSc DMS
Dr E Matutes MD PhD FRCPATH
Dr E McDonald MA PhD ARCS
Mr R K Merrifield MSc
Mr E Merryweather
Ms J Mills MPhil
Dr M Osborne PhD
Dr K Owusu-Ankomah BSc(Hons)
Mr G Parnell CBiol MIBiol MISTR
Dr H Paterson PhD
Dr J H Peacock PhD
Mrs R A Pendry FBIFM AMIBiol
Ms N Perusinghe BSc
Professor C R Pinkerton MD FRCPCH FRACP
Mrs M Rangeley
Dr J Renshaw PhD
Dr M G Rowlands BSc(Hons) PhD
Mrs S Sanford
Mr D J C Simmons MPhil FIBMS
Mrs M Snigorska
Professor G G Steel DSc
Mr A Stewart
Mrs S M Stockbridge
Miss D L Tharp BSc
Mr M Valeri BSc(Hons)
Dr S Venitt PhD
Mr W Warren BSc
Dr K Weston PhD
Mrs E Williams SRN
Mrs M Zanelli

Legal and administrative information

Auditors

Grant Thornton UK LLP
30 Finsbury Square, London EC2A 1AG

Bankers

HSBC plc
70 Pall Mall, London SW1Y 5EZ

Investment Managers

Cazenove Capital Management
1 London Wall Place, London EC2Y 5AU

Solicitors

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol BS1 4QA

Registered Office

123 Old Brompton Road
London SW7 3RP

Company number

00534147

