



# The Institute of Cancer Research: Royal Cancer Hospital Annual Report and Financial Statements 2011

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Company Number 534147

# The Institute of Cancer Research: Royal Cancer Hospital

**Company Number 534147**

**Financial Statements for the year ended 31 July 2011**

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## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 JULY 2011**

**The Board of Trustees of the Institute of Cancer Research ('the ICR') present their Annual Report and Financial Statements for the year ended 31 July 2011.**

### **1. ACCOUNTING POLICIES**

The ICR follows accounting policies contained in the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued by the Charity Commission in March 2005. The accounts consolidate the activities of the ICR's subsidiaries ICR Sutton Developments Limited and ICR Chelsea Developments Limited which undertake construction work for the ICR, ICR Enterprises Limited which carries out the ICR's trading activities and ICR Equipment Leasing No.8 which holds a lease over one of the ICR's properties. None of these companies had any external activities.

### **2. PUBLIC BENEFIT**

The ICR is an exempt charity under the Second Schedule of the Charities Act 1993.

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 the education and practical training in subjects relevant to the study of cancer and allied diseases and the alleviation of suffering.

It is estimated that one in three people will be diagnosed with cancer at some point in their life. Even for those who have not been personally affected, it is likely that someone they know has gone through their own cancer experience.

The Board of Trustees give due consideration to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit and this ethos is embedded in the Institute's Strategic Plan 2011-16 ([www.icr.ac.uk/about\\_us/strategic\\_plan](http://www.icr.ac.uk/about_us/strategic_plan)) which sets out the future plans of the Institute.

### **Research**

The ICR is one of the world's foremost independent cancer research organisations.

Our goal is to be a world leader in fundamental research into cancer and the translation of research discoveries into improved outcomes for cancer patients. During the year our new Scientific Strategy 2010 was approved and published. ([www.icr.ac.uk/about\\_us/scientific\\_strategy](http://www.icr.ac.uk/about_us/scientific_strategy))

The strategy continues to focus on basic, translational and clinical research but there is a much greater emphasis on impact and improved outcomes for cancer

patients through developing personalised treatment regimes.

Our research and educational objectives are closely aligned with those of The Royal Marsden NHS Foundation Trust. Approximately one third of our Faculty are medically qualified and many of these staff lead developments in clinical practice through their work in the hospital as well as leading their research teams. It is the integrated way in which we work together which optimises the ability of the joint organisation to rapidly translate research findings into advances in patient care.

Our Annual Research Report ([www.icr.ac.uk/about\\_us/annual\\_research\\_report](http://www.icr.ac.uk/about_us/annual_research_report)) is jointly published with The Royal Marsden NHS Foundation Trust. The report includes in-depth reviews of key achievements and developments in our research.

### **Education**

The Institute provides postgraduate courses for scientists and clinicians. Our goal is to educate and train the next generation of cancer researchers and clinicians.

We run an MSc in Oncology which is a modular taught course aimed primarily at Specialist Registrars in the field of Clinical and Medical Oncology. The course is taught by both ICR and Royal Marsden Hospital staff and by experienced clinicians drawn from the wider UK Oncology community. There are exit points at Certificate, Diploma and MSc degree level. The course currently attracts the majority of London-based Medical Oncology trainees and about half of all clinical oncology trainees in the UK.

### **Community**

The ICR has a long history of encouraging staff and student volunteering, community interaction and the communication of science. We are committed to working to promote both the public understanding of science in general and the work of the ICR in particular. We identify and promote relevant volunteering opportunities for our staff and in particular encourage young people into science, technology, engineering and mathematics (STEM) higher education courses and careers.

We provide support for our staff and students to develop their science communication skills, for instance through Science Communications training and through the ICR's annual Science Writing Prize, and encourage them to deploy these skills in the wider community. We will build relationships and enhance our profile with key University undergraduate departments providing PhD student candidates through targeting of our summer vacation scholarship scheme.

### **Sustainability**

The ICR recognises the need to have a sustainable economic plan which includes a commitment towards knowledge exchange, enterprise and forging strategic alliances and partnerships where these may contribute to the wider collaborative benefit of the patient.

We recognise our responsibility to the environment and commit to reducing where possible the impact of our activities upon the local and wider community and

environment. We have the EcoCampus Scheme to develop our Environmental Management System and have so far achieved the Bronze & Silver awards. We aim to achieve the Gold & Platinum awards in November 2011. We have also developed a Carbon Management Plan in conjunction with the Carbon Trust. This is now being implemented in order to further reduce our carbon emissions. ([www.icr.ac.uk/about\\_us/sustainability](http://www.icr.ac.uk/about_us/sustainability))

### **3. CORPORATE GOVERNANCE**

The Institute of Cancer Research together with The Royal Marsden NHS Foundation Trust forms the largest comprehensive cancer centre in Europe, and one of the leading centres in the world. The ICR has authorised a total of 1162 posts. During the year the ICR had an average of 1075 employees of whom 91% (2010: 91%) are directly engaged in research and research support. It raised £87.4 million (2010: £88.3 million) during the year from research grants and voluntary income and spent some £91.1 million (2010: £85.6 million). Capital expenditure was £7.6 million (2010: £5.4 million).

The ICR is

- a research enterprise
- a higher education institution
- a company limited by guarantee
- an exempt charity

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. Details of the Trustees in the year are given on page 45.

#### **The Board of Trustees (Chaired by Lord Ryder of Wensum)**

As a charity the ICR is governed by charity trustees collectively known as the Board of Trustees. The trustees carry the responsibility of company directors of the ICR. The Board of Trustees comprises 18 individuals nominated by The Royal Marsden NHS Foundation Trust, Cancer Research UK; individuals co-opted by the Board of Trustees itself and one member elected by the Academic Board, together with ex-officio members (the Chief Executive and the Academic Dean) and a student nominee.

The Board of Trustees carries the overall responsibility for ensuring that the ICR pursues its charitable objects, complies with its own constitution and relevant legislation and regulations, applies its resources exclusively to its objects and enacts cancer research of the highest international standard. The Board endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). In addition, the Board of Trustees recognises the principles underlying 'The Committee on Corporate Governance's Combined Code' and The Committee of University Chairmen Governance Code of Practice and applies them within the ICR.

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, Chief Operating Officer, Academic Dean) and monitors the ICR's strategic performance. It also approves new initiatives and non-recurrent expenditure costing £1m or more.

During the financial year the ICR welcomed Professor Alan Ashworth, Mr Ian Molson, Mr Christopher Shepherd and Mr Michael Usher to its governing body.

During the financial year Mrs Tessa Green, Miss Kathrin Heinzmann, Mr John Pearce, Professor Peter Rigby, Miss Monica Watson and Professor Steve Webb stepped down from the governing body. The ICR is grateful for their valuable contributions during their appointments. Professor Pascal Meier, Professor Andrew Pearson and Professor Caroline Springer have stepped down since 1 August 2011.

The Board of Trustees met seven times in 2010/11. During the year the Board undertook a review of the ICR's governance structure and implemented a revised structure on 1 August 2011; this included reducing the membership of the Board of Trustees from 24 to 18 members. The Board received an annual report relating to Key Performance Indicators. The vast majority of research, as judged by international peer review, is rated as of international standard and in the opinion of the Board of Trustees satisfactory progress is being made towards the ICR's long-term goals.

To facilitate the smooth running of the ICR, the Board of Trustees has established a number of sub-committees. The terms of reference of each committee have been approved by the Board of Trustees.

#### **The Audit Committee (Chaired by Mr Michael Usher)**

The Audit Committee meets at least four times a year. The Committee supervises internal and external audit in order to safeguard the integrity of the ICR's financial systems and ensure economy, efficiency and effectiveness in the use of the ICR's resources. Meetings are usually attended by senior members of the ICR's external auditors and the ICR's Chief of Internal Audit Services. The Committee has full access to the internal and external auditors who in turn have access at all times to the Chair of the Audit Committee.

#### **The Constitutional and Nomination Committee (Chaired by Lord Ryder of Wensum)**

The Constitutional and Nomination Committee meets at least twice a year and approves the balance of skills and attributes required of non-executive members of ICR committees so that the ICR may be properly and independently governed. The Committee appoints such individuals to fulfil that function (except to the Board of Trustees) and appoints Associates of the ICR. The Committee recommends to the Board of Trustees the admission of Fellows and Members of the ICR and appointments to the Board of Trustees.

When considering new appointments the Constitutional and Nomination Committee seeks proposals for candidates from a number of sources. During

2010/11 four new appointments were made to the Board of Trustees. All new Trustees are offered a tailored induction programme and further training is available on request.

The appointment of Professor Ashworth (ex officio) followed his appointment as Chief Executive of the ICR. Mr Molson (Royal Marsden alternate) was appointed following his appointment as Chairman of The Royal Marsden NHS Foundation Trust. Mr Shepherd (student) was appointed to an elected position. Mr Usher was appointed following his appointment as Chair of the Audit Committee (his appointment to the Audit Committee had been made following an advertisement in the national press).

#### **The Remuneration Committee (Chaired by Lord Ryder of Wensum)**

The Remuneration Committee meets at least once a year. The Committee determines the remuneration policy and the salaries of senior members of staff. A Report from the Remuneration Committee is set out on pages 10 to 11.

#### **The Executive Strategy Board (Chaired by Professor Alan Ashworth)**

The Executive Strategy Board meets six times a year. The Executive Strategy Board is responsible for formulating strategies, plans and budgets for approval by the Board of Trustees and has been established to assist the Chief Executive in managing the ICR to achieve its strategic aim and objectives within the approved strategies and budget. The Executive Strategy Board has three sub-committees reporting to it – the Research Directorate, the Academic Board and the Operations Board.

#### **The Investments and Building Development Committee (Chaired by Konstantin Graf von Schweinitz)**

The Investments and Building Development Committee meets four times a year. The Committee manages the ICR's investments and building developments.

#### **Declaration of Interests**

The Board of Trustees has adopted the following policy on the 'Registration and Declaration of Interests':

- (1) All Board and committee members should declare any interests which may potentially cause a conflict in the course of fulfilling their duties and responsibilities as a Board or committee member.
- (2) Charities should work together for the public good and the betterment of cancer research. Cross trusteeship and committee membership between cancer charities should be seen as complementary and beneficial providing such trusteeship or committee membership is properly exercised.
- (3) Individuals who are a trustee or an employee of more than one charity or a director of a business will have to recognise that there may be occasions when, for example, joint ventures between such organisations require legal agreements or financial arrangements to be negotiated. On such occasions the individual will need to decide which organisation has his/her predominant allegiance and participate only in the discussion and decision

of that organisation. Where the ICR is not the individual's predominant allegiance, the individual non-executive member will normally be expected to withdraw from the ICR meeting. Such withdrawal could, exceptionally, be waived at the Committee's discretion. Such interests, when declared, withdrawal or waiver thereof, will be recorded in the minutes.

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

#### **4. RESEARCH REVIEW**

Some 90% (2010: 91%) of the ICR's activities are funded from competitively won peer-reviewed grants or through the competitive Research Assessment Exercise of the Higher Education Funding Council for England, which measures research excellence. These mechanisms ensure the timely external review of all the ICR's research activities. Our ability to prosecute such research depends on our ability to win funds to do so.

#### **5. INTERNAL CONTROL**

The ICR is committed to following best practice in all aspects of corporate governance. The summary describes how the ICR has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998 and parts 1 and 2 of the Committee of University Chair's Guide for Members of Higher Education Governing Bodies in the UK issued in March 2009.

The Board of Trustees is responsible for the maintenance of a system of internal control which provides reasonable assurance that risks to the achievement of policies, aims and objectives are being satisfactorily managed, assets of the ICR are safeguarded, transactions are properly authorised, financial statements are prepared from reliable records and the requirements of applicable laws and regulations are met.

The ICR's financial affairs are overseen by the following sub-committees of the Board of Trustees - the Audit Committee, the Remuneration Committee and the Investments and Building Development Committee.

The Board of Trustees has designated the Chief Executive as its Accountable Officer and the Designated Office Holder for Higher Education Funding Council for England (HEFCE) purposes and has designated the Chief Operating Officer of the ICR as its Principal Financial Officer. The Chief Executive is responsible to the Board of Trustees for managing the ICR within the approved budget and recommending the allocation of resources; the Chief Operating Officer of the ICR is responsible for recommending the resources which are available for allocation.

The system of internal control is risk-based and encompasses a number of elements that facilitate an effective and efficient operation, enabling the ICR to respond to a variety of risks. These are described below.



### **a. Risk Management**

The Executive Strategy Board (this role was undertaken by the Corporate Management Group until 31 July 2011) and Corporate Service Directors, assisted by the individual responsible for the risk, are responsible for the identification and management of all the major risks to achievement of the ICR's strategic objectives. This review covers all risks including financial, business, operational and compliance risks. Each risk identified by the Board is assessed and prioritised with reference to the potential impact if the risk occurred and the likelihood of occurrence. The responsibility for specific risks is assigned to the relevant academic, scientific and support staff who provide assurance of the action taken.

The Risk Register is compiled by the Executive Strategy Board and approved annually by the Board of Trustees. Significant risks may be added, revised or removed from the Risk Register after evaluation by the Executive Strategy Board throughout the year.

The High Impact Risk List is abstracted from the Risk Register and compiled by the Executive Strategy Board. It helps to facilitate the identification, assessment and ongoing monitoring of key risks significant to the ICR. Emerging key risks are added and improvement actions implemented as required also throughout the year.

The High Impact Risk List is appraised every four months by the Executive Strategy Board and the Board of Trustees.

### **b. Policies and Procedures**

The ICR has a series of policies set by the Board of Trustees that have regard to risks and underpin the internal control process. Written procedures support the policies where appropriate.

### **c. Financial Controls**

In managing its affairs, the ICR has put in place strict authorisation, approval and control levels within which staff operate. The ICR's financial controls are organised as follows:

- (i) The Financial Strategy is approved by the Board of Trustees
- (ii) The Standing Financial Instructions are approved by the Board of Trustees
- (iii) The Financial Regulations are approved by the Executive Strategy Board
- (iv) Financial Procedures are approved by the Chief Operating Officer, as Principal Financial Officer, and/or the Director of Finance.

The overall budget of the ICR is approved by the Board of Trustees. The Board of Trustees has reserved to itself the requirement to authorise any proposal costing £1m or more and has set in place authorisation levels for operation by the ICR's staff for expenditure below this level.

### **d. Planning**

A planning process is used to set objectives, agree action plans and allocate resources. Risk identification is integrated into the planning process and risk reporting into the regular review of progress against plans.

#### **e. External Consultants**

External Consultants are used as necessary to report on specialist areas such as Health and Safety or Information Technology and provide advice on actions required to achieve improvements.

#### **f. Internal Audit**

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 economy, efficiency and effectiveness and the extent to which the Board of Trustees can rely on these.

In undertaking its work, Internal Audit has regard to Annexes A and B of the Model Financial Memorandum between HEFCE and Institutions, and engagements are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. The Chief of Internal Audit Services ultimately has the right of direct access to the Chairman of the Board of Trustees, the Chief Executive and the Chair of the Audit Committee.

Internal Audit's independence is safeguarded by virtue of its direct reporting line to the Audit Committee. It is not directly responsible to any ICR officer other than to the Chief Operating Officer in respect of general administration and guidance in day-to-day matters. Once a year the Audit Committee meets with the Chief of Internal Audit Services and representatives of the External Auditors without any ICR officers present. Throughout the year Internal Audit had access to all areas of the ICR and its records.

#### **g. External Audit**

The External Auditors provide feedback to the Audit Committee on the operation of internal financial controls reviewed as part of the external audit and include within their audit procedures the monitoring of the ICR's management of risk.

#### **h. Audit Committee**

The Audit Committee, on behalf of the Board of Trustees, keeps under review the adequacy and effectiveness of the ICR's arrangements for risk management, control and governance throughout the year, and for the management and quality assurance of data submitted to HESA, HEFCE and other funding bodies, through assessment of the work undertaken by Internal and External Audit, including consideration of all reports from the auditors and other working groups, and through them the management of the ICR. This review also covers compliance with laws and regulations and the economy, efficiency and effectiveness of operations. The Audit Committee reviews the ICR's arrangements for the management of risks, including use of the self assessment checklist for Audit Committees contained in HEFCE's Good Practice Guidance for risk management in higher education.

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. Its opinion regarding the adequacy and effectiveness of the arrangements for the management and quality assurance of data provided to HEFCE, HESA and other public bodies, is that remaining areas of weakness are being dealt with and overall they are effective.

### **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 2011 and up to the date of the approval of the annual report and accounts, that it is regularly reviewed by the Board of Trustees and that it accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

## **6. REPORT OF THE REMUNERATION COMMITTEE**

### **Remit of the Remuneration Committee**

The Remuneration Committee comprises four Members of the ICR. Appointments are such that between them, the members of the Remuneration Committee have expertise in the management of medical/biomedical research, the commercial sector, the public sector and any other areas, as the Committee deems necessary. The current membership comprises the ICR's Chairman, who chairs the Committee, the Deputy Chairman of the ICR, the Honorary Treasurer and one other co-opted member of the Board of Trustees.

The Committee determines, on behalf of the Board of Trustees, all matters concerning the terms and conditions and remuneration packages (including pension benefits and severance payments, if any, but see also below) of the Executive Directors of the ICR (the Chief Executive, the Chief Operating Officer, the Academic Dean) and other senior staff (the Heads of the research divisions, Professors and the Directors of Corporate Service functions).

The Chief Executive is a non-executive director of The Royal Marsden NHS Foundation Trust.

### **Remuneration Policy**

It is the aim of the ICR's Human Resource Strategy to provide a framework within which the ICR may direct and develop staff to realise their full potential to enact cancer research of the highest international standards.

To that end it is an objective of the strategy to create a climate where the ICR can recruit, retain and motivate the best staff to further its research aims and objectives by enabling the ICR to:

- compete effectively in the market place;
- encourage innovation and improve performance;
- develop the research leaders of tomorrow;
- identify and reward excellence.

Within this aim and objective it is current practice to:

- have regard to market pay rates;
- recognise achievement financially.

The Committee has therefore determined a pay policy for senior staff which takes account of the following factors:-

1. Individual performance assessed by reference to:
  - the responsibilities of the individual post;
  - the management and performance of the research division/team or service for which the individual is responsible;
  - the individual's contribution to the ICR's overall performance.
2. Individual remuneration determined by reference to:
  - pay awards agreed for other staff within the ICR;
  - sustained exceptional performance which may be rewarded by increases in basic pay (ie permanent additions);
  - exceptional contributions in a particular year which may be rewarded by one-off bonuses;
  - the need to recruit and retain rare skills and abilities, both nationally and internationally;
  - the strategic needs of the organisation.
3. Comparison with other relevant organisations.
4. Is underpinned by the Faculty Remuneration Policy.

### **Disciplinary Action**

In the event that the ICR is considering disciplinary action against a member of staff whose remuneration falls within the remit of the Remuneration Committee, the Committee has determined that the ICR should make no financial commitment relating to the departure of the member of staff before completing the necessary disciplinary action.

The remuneration of the Executive Officers and other senior staff is disclosed in Note 17 of the Annual Accounts.

## **7. OVERALL RESULTS**

The full accounts are reproduced on pages 20 to 44.

The ICR's principal activities are research into the causes, prevention, diagnosis and methods of treatment of cancer and the education and advanced training of medical and scientific staff. There have not been any significant changes in the ICR's principal activities in the year under review.

Incoming resources for 2011 were £87.4 million compared to £88.3 million in 2010, a reduction of 1 per cent. Lower revenue and capital funding from HEFCE (£23.2 million compared to £27.7 million) and falls in investment income (£0.3 million compared to £1.0 million), legacy income (£2.9 million compared to £3.0 million) and other income (£0.6 million compared to £1.3 million, mainly due to a reduction of £0.5 million in Enterprise income) were largely offset by increased research grant funding awarded to faculty members (£54.0 million compared to £51.2

million) and higher fundraising income (£5.2 million compared to £3.0 million).

Despite the pressures on income, and in view of the level of reserves, the ICR increased its expenditure on charitable activities by 8% from £81.6 million to £88.1 million and total resources expended increased by 6% from £85.6 million to £91.1 million.

The Consolidated Statement of Financial Activities shows net outgoing resources for 2011 of £3.6 million (2010: net incoming resources of £7.8 million including a £5 million pension credit). Unrestricted net outgoing resources were £7.3 million before investment gains of £3.1 million and actuarial gains of £5.7 million. Unrestricted funds at 31 July 2011 were £1.5 million higher than at 31 July 2010. Restricted net incoming resources before transfers were £3.7 million (2010: £4.1 million) and restricted funds at 31 July 2011 were £3.8 million higher than at 31 July 2010. The restricted funds mainly comprise the receipt of research grant funds and the surplus in 2011 includes unspent capital grants.

## **8. RESEARCH EXPENDITURE**

Expenditure on research and information & education was 7 per cent higher than the previous year at £87.5 million (2010: £81.6 million).

## **9. VOLUNTARY INCOME**

Legacy income fell in 2011 by £0.1 million to £2.9 million. Donations rose to £5.2 million from £3.0 million, in particular due to increased income from trusts and major donors. The Institute participated in the Matched Funding initiative of the Higher Education Funding Council for England which covered the three years from 1 August 2008 to 31 July 2011. The additional HEFCE grant income arising from the matching of donations in 2011 was £1.0 million.

## **10. CAPITAL DEVELOPMENTS**

A total of £7.6 million of capital expenditure was incurred in 2011.

As a result of the difficult economic environment and reduced income expectations in the near term, the completion of the development of our Centre for Cancer Imaging as phase 2 of the Sir Richard Doll Building was postponed in 2009 until economic conditions improve and further funding becomes available. No costs were incurred on this development during the year. Capital expenditure in 2011 was directed to investment in scientific infrastructure and equipment necessary for the advancement of the research strategy of the ICR.

## **11. REVALUATION OF PROPERTY FIXED ASSETS**

The ICR's accounting policy is to revalue its scientific properties. A full revaluation was carried out as at 31 July 2010 on a depreciated replacement cost basis and the ICR's properties were revalued at £77.9 million.

## **12. RESERVES POLICY**

Approximately sixty per cent of the ICR's work is financed from competitively won grants for specific research projects and programmes, thirty per cent from competitively won research funding resulting from the Higher Education Funding Councils' Research Assessment Exercise and the remainder from the ICR's

voluntary and investment income.

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

In determining the level of free funds to be held in reserve the Board of Trustees considers the ICR's future needs and possible risks. In particular the Board of Trustees considers, having designated funds for particular research and infrastructure needs (if to be financed from reserves) and for capital developments, and in accordance with Charity Commission guidance:

- the forecast for levels of income in future years, taking into account the reliability of each source of income and the prospects for opening up new sources
- the forecasts of expenditure in future years on the basis of planned activity
- its analysis of any future needs, opportunities, contingencies or risks the effects of which are not likely to be met out of income if and when they arise
- its assessment, on the best evidence available, of the likelihood of each of these needs, opportunities, contingencies or risks arising and the consequences for the ICR of not being able to meet them.

The Board of Trustees' opinion is that the ICR should maintain free reserves of £18.6 million, and allow this level to fluctuate due to market movements in the range of £16.8 million to £20.5 million, which equates to 10 to 12 weeks of the ICR's budgeted annual expenditure for the next year.

The Board of Trustees reviews this policy and the assessment and calculation of the level of free reserves each year. In setting out its overall reserves position and level of free reserves the Board of Trustees believes it is important to explain the composition of the ICR's total net assets.

The current position is shown on the face of the balance sheet. The ICR has total net assets of £140.1 million (2010: £134.7 million) made up as follows:

	<b>2011 (£m)</b>	2010 (£m)
Funds invested in fixed assets		
- Unrestricted funds	<b>48.2</b>	49.3
- Restricted funds	<b>40.2</b>	38.5
Designated funds		
- Development funds	<b>6.4</b>	8.7
- Other funds	<b>0.9</b>	1.0
Restricted funds	<b>21.8</b>	19.9
Pension reserve	<b>(6.1)</b>	(11.7)
Endowment funds	<b>2.1</b>	1.9
Free reserves	<b><u>26.6</u></b>	<u>27.1</u>
	<b><u>140.1</u></b>	<u>134.7</u>

The ICR anticipated that funding challenges would arise in the near term and has consciously preserved unrestricted funds through the use of restricted grants for planned capital investment. As a result, the free reserves, at £26.6 million, are above the normal range set by the Board of Trustees. The ICR faces the prospect of reduced levels of funding in the immediate future whilst implementing a new Scientific Strategy. Reduced income expectations and significant revenue and capital expenditure on new scientific activities are expected to reduce the reserves to the target range over the next five years.

### **13. 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 exercise of the investment powers is the responsibility of the Investments and Building Development Committee.

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 Investments and Building Development Committee meetings and is dependent on the ICR’s programme for future development.

Derivative investments are used only for the purposes of managing risk related to foreign currency exposures and not for speculation.

A gain on investments of £3.3 million is reported in the consolidated statement of financial activities.

### **14. PENSIONS**

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

The last actuarial valuation of the ICR Pension Scheme was undertaken as at 31 March 2010 and this showed that the scheme deficit had improved from £12.7 million as at 31 March 2007 to a deficit of £8.3 million at 31 July 2010.

The financial statements show that the Scheme is in deficit by £6.1 million on an FRS17 basis at 31 July 2011. The Trustees continue to review the options with regard to the future of the closed scheme and how best to secure the funding position.

The reported scheme liabilities also include an allowance of approximately £4.4 million for discretionary pension increases which may be made in future for pensions in payment where no index-linking is provided for under the Scheme Rules. The Board of Trustees decides annually whether discretionary payments should be made. Discretionary increases were approved at 50% of the Consumer Prices Index (CPI) in the financial year.

### **15. RISKS**

The principal risks facing the ICR concern the security of its funding streams. The

funding from HEFCE is dependent on the ICR maintaining the high quality of its research activity and, also, the resources available for distribution to the sector by the Funding Council. The income from external grant funders is dependent on the continued success of ICR scientists in securing funding for its projects in competitive peer-reviewed programmes and the resources grant giving charities have available. The ICR seeks to limit this risk by diversifying its sources of funding and retaining reserves to address funding fluctuations.

The ICR operates a defined benefit pension scheme now closed to future accrual and is exposed to movements in its assets and liabilities. The ICR seeks to limit these risks by seeking ways to manage down the size of the scheme liabilities and adopting a diversified investment strategy.

## **16. EMPLOYEES**

### **Disabled employees:**

The ICR recognises its obligations to disabled persons. In accordance with the provisions of the Disability Discrimination Act 1995, the ICR endeavours to provide equality in recruitment, training, career development, working conditions and dismissal as the demands of its research work and the ability of each individual allows.

### **Employee involvement:**

The ICR uses a number of methods to keep its staff fully informed of matters of concern to them. These include briefings by the Chief Executive of all staff, Board of Trustees' minutes, summaries of Executive Strategy Board meetings and regular organisational updates which are distributed by e-mail and displayed throughout the ICR.

Formal communications with staff take place through four-monthly meetings of the Staff Consultative Committee. This consists of an equal number of representatives of the staff and management and is chaired by the Director of Human Resources. It is ICR policy to promote by discussion and consultation the involvement of staff, when appropriate, in the development of personnel policy and practice.

## **17. CHARITABLE AND POLITICAL DONATIONS**

The ICR made no charitable or political donations during the current and previous year.

## **18. COMPANY NUMBER AND REGISTERED OFFICE**

The Company Registration Number is 534147. The details of the registered office of the Institute are given on page 51.

## **19. AUDITORS**

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

### **Non-audit services**

From time to time it is necessary to employ the ICR's external auditors for certain non-audit work. In order to maintain the independence of the external auditors, the Audit Committee has determined policies as to what non-audit services can be provided by the ICR's external auditors. The Audit Committee monitors the level



of non-audit fees paid to the external auditors. No non-audit fees were paid to the external auditors in 2011 or 2010.

### **Provision of information to auditors**

Each of the persons who is a trustee at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## **20. STATEMENT OF THE FINANCIAL RESPONSIBILITIES OF MEMBERS OF THE BOARD OF TRUSTEES**

The Institute of Cancer Research is a company limited by guarantee, a College of the University of London, and an exempt charity under the Second Schedule of the Charities Act 1993. Members of the Board of Trustees, the governing body of the ICR, are therefore both its company directors and charity trustees.

The Trustees are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the financial position of ICR for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICR will continue in business.

The Trustees are 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 them to ensure that the financial statements comply with 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.

## **21. GOING CONCERN**

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

## **22. APPROVAL OF THE FINANCIAL STATEMENTS**

The Financial Statements were approved by the Board of Trustees on 17 November 2011.



Lord Ryder of Wensum  
Chairman of The Institute of Cancer Research

## **Independent Auditor's Report to the Members of the Institute of Cancer Research: Royal Cancer Hospital**

We have audited the financial statements of the Institute of Cancer Research: Royal Cancer Hospital for the year ended 31 July 2011 set out pages 20 to 44.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Board of Trustees and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

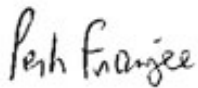
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given 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.

### **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:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Pesh Framjee

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

London

**THE INSTITUTE OF CANCER RESEARCH**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(Incorporating the Consolidated Income and Expenditure Account) for the year ended 31 July 2011

	Note	Unrestricted funds £000	Restricted funds £000	Total funds 2011 £000	Total funds 2010 £000
<b>Incoming resources</b>					
<i>Incoming resources from charitable activities</i>					
External grants	2	21,909	56,555	<b>78,464</b>	79,993
<i>Incoming resources from generated funds</i>					
Voluntary income	3	4,341	3,737	<b>8,078</b>	6,014
Income from investments	4	297	-	<b>297</b>	1,017
Other incoming resources		605	-	<b>605</b>	1,282
<b>Total incoming resources</b>		<b>27,152</b>	<b>60,292</b>	<b>87,444</b>	<b>88,306</b>
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		1,627	-	<b>1,627</b>	2,069
Legacy development		1,346	-	<b>1,346</b>	1,230
Investment management		174	-	<b>174</b>	170
Charitable activities	5	30,599	56,858	<b>87,457</b>	81,637
Governance costs	6	486	-	<b>486</b>	467
Exceptional pension past service credit	17 ii	34,232	56,858	<b>91,090</b>	85,573
		-	-	-	(5,044)
<b>Total resources expended</b>		<b>34,232</b>	<b>56,858</b>	<b>91,090</b>	<b>80,529</b>
<b>Net incoming/(outgoing) resources before transfers</b>					
		(7,080)	3,434	<b>(3,646)</b>	7,777
Transfers between funds	14	(269)	269	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>					
		(7,349)	3,703	<b>(3,646)</b>	7,777
<i>Other recognised gains/(losses)</i>					
Gains on investment assets		3,162	143	<b>3,305</b>	907
Revaluation losses on fixed assets	8	-	-	-	(3,809)
Actuarial gains/(losses) on defined benefit pension schemes	17	5,693	-	<b>5,693</b>	(8,354)
<b>Net movement in funds</b>		<b>1,506</b>	<b>3,846</b>	<b>5,352</b>	(3,479)
Fund balances at 1 August 2010		74,438	60,297	<b>134,735</b>	138,214
<b>Fund balances at 31 July 2011</b>		<b>75,944</b>	<b>64,143</b>	<b>140,087</b>	<b>134,735</b>

Restricted funds include endowment funds of £2,087,000 comprising brought forward balances of £1,944,000 and investment gains of £143,000.

All the Institute's operations are continuing.  
There were no gains or losses other than those stated above.

As provided by the Companies Act 2006 no Statement of Financial Activities is presented for The Institute. The deficit for Companies Act purposes is £3,646,000 (2010: surplus £7,777,000).

The notes on pages 24 to 44 form part of these financial statements.

**THE INSTITUTE OF CANCER RESEARCH**

**BALANCE SHEETS**

31 July 2011

	Note	Group		Institute	
		2011 £000	2010 £000	2011 £000	2010 £000
<b>Fixed assets</b>					
Tangible assets	8	<b>88,478</b>	87,830	<b>88,478</b>	87,830
Investments	9	<b>51,124</b>	47,630	<b>51,129</b>	47,635
		<b>139,602</b>	135,460	<b>139,607</b>	135,465
<b>Current assets</b>					
Stocks - finished goods		<b>211</b>	254	<b>211</b>	254
Investments		<b>3,845</b>	5,816	<b>3,845</b>	5,816
Debtors	10a	<b>11,892</b>	10,563	<b>12,288</b>	10,719
Cash at bank and in hand		<b>994</b>	1,270	<b>972</b>	1,102
		<b>16,942</b>	17,903	<b>17,316</b>	17,891
<b>Creditors:</b> amounts falling due within one year	11a	<b>(9,723)</b>	(7,080)	<b>(10,102)</b>	(7,073)
<b>Net current assets</b>		<b>7,219</b>	10,823	<b>7,214</b>	10,818
<b>Total assets less current liabilities</b>		<b>146,821</b>	146,283	<b>146,821</b>	146,283
<b>Debtors:</b> amounts falling due after more than one year	10b	-	628	-	628
<b>Creditors:</b> amounts falling due after more than one year	11b	<b>(220)</b>	(147)	<b>(220)</b>	(147)
<b>Provisions for liabilities and charges</b>	11c	<b>(409)</b>	(354)	<b>(409)</b>	(354)
<b>Net assets excluding pension liability</b>		<b>146,192</b>	146,410	<b>146,192</b>	146,410
Defined benefit pension scheme liability	17	<b>(6,105)</b>	(11,675)	<b>(6,105)</b>	(11,675)
<b>Net assets including pension liability</b>		<b>140,087</b>	134,735	<b>140,087</b>	134,735
<b>Unrestricted funds</b>					
General funds	13	<b>26,594</b>	27,145	<b>26,594</b>	27,145
Revaluation reserve	8	<b>26,811</b>	27,358	<b>26,811</b>	27,358
Designated funds	13	<b>28,644</b>	31,610	<b>28,644</b>	31,610
Pension reserve	17	<b>(6,105)</b>	(11,675)	<b>(6,105)</b>	(11,675)
		<b>75,944</b>	74,438	<b>75,944</b>	74,438
<b>Restricted funds</b>					
Income funds	14a	<b>62,056</b>	58,353	<b>62,056</b>	58,353
Endowment funds	14b	<b>2,087</b>	1,944	<b>2,087</b>	1,944
		<b>64,143</b>	60,297	<b>64,143</b>	60,297
<b>Total funds including deficit on pensions reserve</b>		<b>140,087</b>	134,735	<b>140,087</b>	134,735

These financial statements were approved by the Board of Trustees on 17 November 2011.



LORD RYDER OF WENSUM  
CHAIRMAN OF THE BOARD OF TRUSTEES



KONSTANTIN GRAF VON SCHWEINITZ  
HONORARY TREASURER

The notes on pages 24 to 44 form part of these financial statements.

**THE INSTITUTE OF CANCER RESEARCH**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 July 2011

	Note	2011 £000	2010 £000
Net cash inflow from operating activities	1	5,185	7,545
Returns on investments and servicing of finance	2	297	1,017
Capital expenditure and financial investment	3	<u>(14,374)</u>	<u>(5,077)</u>
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>		<b>(8,892)</b>	3,485
Financing and management of liquid resources	4	<u>6,645</u>	<u>528</u>
<b>(Decrease)/increase in cash in the year</b>		<b><u>(2,247)</u></b>	<b><u>4,013</u></b>

ANALYSIS OF NET FUNDS

	1 August 2010 £000	Cash Flows £000	31 July 2011 £000
Cash at bank and in hand	1,270	(276)	994
Current asset investments	<u>5,816</u>	<u>(1,971)</u>	<u>3,845</u>
	7,086	(2,247)	4,839
Money market and other deposits	<u>8,595</u>	<u>(6,645)</u>	<u>1,950</u>
	<u>15,681</u>	<u>(8,892)</u>	<u>6,789</u>

STATEMENT OF HISTORICAL COST SURPLUS  
for the year ended 31 July 2011

	2011 £000	2010 £000
(Deficit)/surplus on continuing operations before tax	<b>(3,646)</b>	7,777
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	<u>631</u>	<u>(1,299)</u>
<b>Historical cost (deficit)/surplus for the period before and after taxation</b>	<b><u>(3,015)</u></b>	<b><u>6,478</u></b>

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**THE INSTITUTE OF CANCER RESEARCH****NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**for the year ended 31 July 2011

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	<b>2011</b>	2010
	<b>£000</b>	£000
<b>1. Reconciliation of changes in resources to net inflow from operating activities</b>		
Net (outgoing)/incoming resources	<b>(3,646)</b>	7,777
Depreciation charges	<b>6,925</b>	4,223
Revaluation loss	-	576
Investment income	<b>(297)</b>	(1,017)
Decrease/(increase) in stocks	<b>43</b>	8
Decrease/(increase) in debtors	<b>(701)</b>	1,935
(Decrease)/increase in creditors	<b>2,771</b>	(1,502)
Defined benefit pension scheme settlement gain	-	(154)
Pension contributions less current service and finance costs	<b>90</b>	743
Exceptional pension past service credit	-	(5,044)
	<b><u>5,185</u></b>	<b><u>7,545</u></b>
<b>2. Returns on investments and servicing of finance</b>		
	<b>2011</b>	2010
	<b>£000</b>	£000
Investment income	<b><u>297</u></b>	<b><u>1,017</u></b>
<b>3. Capital expenditure and financial investment</b>		
	<b>2011</b>	2010
	<b>£000</b>	£000
Payments to acquire tangible fixed assets	<b>(7,573)</b>	(5,399)
Purchases of investments	<b>(20,105)</b>	(37,450)
Receipts from sales of investments	<b><u>13,304</u></b>	<b><u>37,772</u></b>
	<b><u>(14,374)</u></b>	<b><u>(5,077)</u></b>
<b>4. Financing and management of liquid resources</b>		
	<b>2011</b>	2010
	<b>£000</b>	£000
Decrease in finance lease	-	(1,000)
Decrease in short term deposits	<b><u>6,645</u></b>	<b><u>1,528</u></b>
	<b><u>6,645</u></b>	<b><u>528</u></b>



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**THE INSTITUTE OF CANCER RESEARCH****NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 July 2011

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**1. Accounting policies****(i) Accounting convention**

The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings and investments to market value, in accordance with applicable UK accounting standards.

Although not a legal requirement for an exempt charity, the accounts comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005 except that the emoluments of staff and student representatives elected by the Academic Board to serve on the Board of Trustees are not disclosed as they receive no remuneration for their service as trustees and only receive remuneration based on the normal salary and stipend levels of The Institute for staff of their position. The Institute has availed itself of Regulation 4 of Schedule 1 of SI 2008/410 *The Large and Medium Sized Companies and Groups (Accounts and Reports Regulations 2008)*

and adapted the specified formats to reflect the special nature of The Institute's activities.

The Trustees consider that The Institute 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.

**(ii) Land and buildings**

Land and buildings are valued every five years in accordance with the Guidance Notes for the Valuation of Assets issued by the Royal Institute of Chartered Surveyors for the purpose of balance sheet valuations. The last full valuation took place on 31 July 2010. 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 Statement of Financial Activities (SOFA) except to the extent that they reverse revaluation gains on the same asset.

**(iii) Investments**

Listed investments are stated at the market value at the date of the balance sheet. Any unrealised or realised gains or losses arising during the year are included in the Statement of Financial Activities. Investments in subsidiaries are stated at cost less any provision for impairment. Impairments are charged to resources expended on charitable activities. Investment income is the amount received by The Institute in the year.

**(iv) Incoming resources**

Income is included in the accounts in the year in which it is receivable.

**(v) Grants accounting**

Income from external grants other than capital grants is recognised in the Statement of Financial Activities as soon as it is receivable unless there are requirements of the funder related to performance and specific deliverables. These grants are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of its recognition it is deferred and included in creditors. Where entitlement occurs before the income is received the income is accrued and included in debtors.

**(vi) Capital grants**

Grants for capital expenditure are recognised in the Statement of Financial Activities (SOFA) when the grant is receivable. The depreciation of the asset is charged to the SOFA over the life of the asset.

**(vii) Legacies and donations**

Legacies and donations are included in the Statement of Financial Activities in the year in which they are received except where income is accounted for once it is known with certainty that an identifiable sum of money is going to be received. Entitlement to legacy income is taken to be the earlier of estate accounts being finalised and cash received. This includes the value of material properties which have been bequeathed to The Institute but not realised at the balance sheet date.

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**THE INSTITUTE OF CANCER RESEARCH****NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 July 2011

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**1. Accounting policies** continued**(viii) Depreciation**

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.

The cost of refurbishing and maintaining the buildings is written off in the year the expenditure is incurred.

**(ix) Equipment and depreciation**

Equipment (including computers and software) and furniture costing less than £25,000 are written off in the year of acquisition. All other items of equipment and furniture are capitalised in the year of acquisition. Capitalised equipment is stated at cost and depreciated over four years on a straight-line basis.

**(x) Stocks**

Stocks of research material have been valued using the average of opening and closing stock prices.

**(xi) Resources expended**

Support costs are allocated to activities on the following basis:

IT costs - number of computers used by each activity  
Premises costs - number of staff  
Pension financing costs - number of staff  
Other costs - based on the time spent.

Governance costs relate to the general running of The Institute and include both direct and support costs as well as internal and external audit and legal advice for the trustees.

Research and development costs are written off in the period in which they are incurred.

The cost of administering current legacy income is included in the costs of generating voluntary income. Legacy development costs are incurred to build and maintain The Institute's future legacy income and are shown separately.

**(xii) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of the charity and which have not been designated for any other purposes.

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.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by grant bodies or donors. This includes funds invested in fixed assets.

Endowment funds are funds for which the capital is required to be retained in accordance with the donor's wishes. The income is also treated in accordance with the donor's wishes.

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**THE INSTITUTE OF CANCER RESEARCH****NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 July 2011

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**1. Accounting policies** continued**(xiii) Pensions**

The Institute participates in three defined benefit schemes, the Universities' Superannuation Scheme (USS), National Health Service Pension Scheme (NHSPS) and The Institute of Cancer Research Pension Scheme (ICRPS). USS and NHSPS are multi-employer schemes for which employer contributions are charged directly to the Statement of Financial Activities as if the schemes were defined contribution schemes.

For defined benefit schemes 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 Statement of Financial Activities 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 Statement of Financial Activities. Gains arising on a curtailment not allowed for in the actuarial assumptions are recognised in the SOFA under incoming resources.

Defined benefit scheme assets are held separately from those of The Institute. 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. The resulting defined benefit asset or liability is shown separately on the face of the balance sheet. A pensions reserve has been created within the unrestricted funds in compliance with paragraph 335 of the SORP.

**(xiv) Consolidation basis**

The Institute owns 100% of the share capital of four companies: ICR Enterprises Limited, ICR Chelsea Developments Ltd (ICRCD), ICR Sutton Developments Ltd (ICRSD) and ICR Equipment Leasing No.8. Limited (ICRENo8). ICR Enterprises Ltd undertakes trading activities and is wholly owned by The Institute. 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 Laboratory which is occupied by The Institute. The consolidated statements include the financial statements of these companies as well as Everyman Action Against Male Cancer.

**(xv) Leases**

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to The Institute are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge.

Other leases are regarded as operating leases and the rentals are charged directly to the Statement of Financial Activities on a straight-line basis over the term of the lease.

**(xvi) Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

**THE INSTITUTE OF CANCER RESEARCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2011

**2. External grants**

	Unrestricted funds	Restricted funds	<b>Total funds 2011 £000</b>	Total funds 2010 £000
Higher Education Funding Council for England	18,873	4,346	<b>23,219</b>	27,739
Grants for research	3,036	50,983	<b>54,019</b>	51,162
Grants and contracts for teaching and support services	-	1,226	<b>1,226</b>	1,092
	<u>21,909</u>	<u>56,555</u>	<u><b>78,464</b></u>	<u>79,993</u>

**3. Voluntary income**

	Unrestricted funds	Restricted funds	<b>Total funds 2011 £000</b>	Total funds 2010 £000
Legacies	2,911	-	<b>2,911</b>	3,040
Donations	1,430	3,737	<b>5,167</b>	2,974
	<u>4,341</u>	<u>3,737</u>	<u><b>8,078</b></u>	<u>6,014</u>

Voluntary income is largely derived from the UK. The Institute has been notified of legacies of £2,286,000 which have not been recognised as income at 31 July 2011 as no notification of impending distribution or approval of estate accounts has been received (2010: £3,169,000).

**4. Investment income**

	Unrestricted funds	Restricted funds	<b>Total funds 2011 £000</b>	Total funds 2010 £000
UK Listed				
UK Government	90	-	<b>90</b>	884
Other UK	185	-	<b>185</b>	49
Overseas	-	-	<b>-</b>	36
Unlisted				
UK	9	-	<b>9</b>	10
Investment cash and deposits	13	-	<b>13</b>	38
	<u>297</u>	<u>-</u>	<u><b>297</b></u>	<u>1,017</u>

Rebalancing of the investment portfolio to adopt a more diversified investment strategy has led to a reduction in the holdings of fixed interest investments and the associated investment income.

**THE INSTITUTE OF CANCER RESEARCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2011

**5. Charitable activities**

	Direct costs £000	Support costs £000	<b>Total 2011 £000</b>	Total 2010 £000
Research expenditure	75,554	11,431	<b>86,985</b>	80,990
Information and education	411	61	<b>472</b>	647
	<u>75,965</u>	<u>11,492</u>	<u><b>87,457</b></u>	<u>81,637</u>

**6. Governance costs**

	<b>Total 2011 £000</b>	Total 2010 £000
Fees payable to the Institute's auditors for the audit of the annual accounts	<b>30</b>	25
The audit of the Institute's subsidiaries, pursuant to legislation	<b>6</b>	6
Total external audit fees	<b>36</b>	31
Legal and professional	<b>16</b>	2
Internal audit	<b>61</b>	73
Support costs	<b>373</b>	361
	<u><b>486</b></u>	<u>467</u>

No other fees were paid to the external auditors during 2011 or 2010.

**7. Support costs**

	Directorate £000	Finance £000	HR £000	Pension financing costs £000	Premises £000	IT £000	<b>Total 2011 £000</b>	Total 2010 £000
Fundraising costs	129	60	51	16	171	98	<b>525</b>	516
Legacy development	-	60	-	3	28	2	<b>93</b>	67
Investment management	7	60	-	-	-	-	<b>67</b>	61
	<u>136</u>	<u>180</u>	<u>51</u>	<u>19</u>	<u>199</u>	<u>100</u>	<u><b>685</b></u>	<u>644</u>
Research expenditure	586	970	970	534	5,816	2,555	<b>11,431</b>	11,739
Information and education	29	-	-	3	29	-	<b>61</b>	62
	<u>615</u>	<u>970</u>	<u>970</u>	<u>537</u>	<u>5,845</u>	<u>2,555</u>	<u><b>11,492</b></u>	<u>11,801</u>
Governance	297	61	-	1	7	7	<b>373</b>	361
	<u>1,048</u>	<u>1,211</u>	<u>1,021</u>	<u>557</u>	<u>6,051</u>	<u>2,662</u>	<u><b>12,550</b></u>	<u>12,806</u>

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**8. Tangible assets**  
Group and Institute

	Freehold land and buildings	Leasehold land and buildings	Furniture plant and equipment - owned	Furniture plant and equipment - leased	Total
	£000	£000	£000	£000	£000
<i>Cost or valuation</i>					
At 1 August 2010	77,840	2,556	23,540	1,000	104,936
Additions at cost	-	-	7,573	-	7,573
Disposals at cost	-	-	(100)	-	(100)
<b>At 31 July 2011</b>	<b>77,840</b>	<b>2,556</b>	<b>31,013</b>	<b>1,000</b>	<b>112,409</b>
<i>Depreciation</i>					
At 1 August 2010	10	249	16,347	500	17,106
Provided in the year	1,497	115	5,063	250	6,925
Disposals in the year	-	-	(100)	-	(100)
<b>At 31 July 2011</b>	<b>1,507</b>	<b>364</b>	<b>21,310</b>	<b>750</b>	<b>23,931</b>
<i>Net book value</i>					
<b>At 31 July 2011</b>	<b>76,333</b>	<b>2,192</b>	<b>9,703</b>	<b>250</b>	<b>88,478</b>
of which:					
Scientific properties	76,283	1,685	-	-	77,968
Other properties	50	507	-	-	557
At 31 July 2010	77,830	2,307	7,193	500	87,830
of which:					
Scientific properties	77,780	1,719	-	-	79,499
Other properties	50	588	-	-	638
<i>Historic cost - net book value</i>					
<b>At 31 July 2011</b>	<b>50,346</b>	<b>993</b>	<b>9,703</b>	<b>250</b>	<b>61,292</b>
At 31 July 2010	51,230	1,090	7,193	500	60,013

The net book value of freehold land and buildings includes £1,590,000 in respect of assets under construction (2010: £1,590,000). The construction of the new ICR Centre for Cancer Imaging as Phase 2 of the Sir Richard Doll building was suspended in 2009 due to the adverse financial environment. No costs were incurred on this development in the year. Funding for the completion of the Centre is being sought.

*Revaluation reserve*

	2011 £000	2010 £000
Reserve at 1 August 2010	27,358	31,167
Revaluation loss	-	(3,809)
Transfer to fixed asset fund in respect of depreciation	(547)	-
<b>Reserve at 31 July 2011</b>	<b>26,811</b>	<b>27,358</b>

The Institute's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2010 on a depreciated replacement cost basis. The laboratories were valued at £77.9m. Other properties are included at original cost.

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**9. Investments**

Group	Market value 1 Aug 10 £000	Additions at cost £000	Disposals at book value £000	Gains/ (losses) £000	Market value 31 Jul 11 £000
Listed					
UK Government	7,687	3,085	(6,696)	165	4,241
Other UK	5,193	1,477	(212)	752	7,210
Overseas	9,563	14,571	(6,711)	985	18,408
	<u>22,443</u>	<u>19,133</u>	<u>(13,619)</u>	<u>1,902</u>	<u>29,859</u>
Unlisted					
UK	131	-	-	18	149
Overseas	16,669	972	-	1,387	19,028
	<u>16,800</u>	<u>972</u>	<u>-</u>	<u>1,405</u>	<u>19,177</u>
Derivatives	<u>(208)</u>	<u>-</u>	<u>-</u>	<u>346</u>	<u>138</u>
Investment cash and deposits	<u>8,595</u>	<u>-</u>	<u>-</u>	<u>(6,645)</u>	<u>1,950</u>
	<u>47,630</u>	<u>20,105</u>	<u>(13,619)</u>	<u>(2,992)</u>	<u>51,124</u>

Derivatives comprise forward currency contracts which are used for the purpose of risk management rather than speculation in order to translate investment assets denominated in foreign currencies into Sterling and as part of the investment strategy. As at 31 July 2011 the notional value of open forward contracts amounted to £13,578,000 (2010: £23,197,000).

The investments held by the Group were all held by The Institute which in addition held investments of £5,000 in subsidiary companies.

The historical cost of the Group and The Institute investments at 31 July 2011 was £46,154,000 (2010: £45,783,000) and £46,159,000 (£45,788,000) respectively.

The following investments represented holdings in excess of 5% of the investment portfolio at 31 July 2011:

	2011	2010
BlackRock Ascent UK Real Return Bond Fund	12.2%	5.6%
BlackRock GiltTrak Fund	5.4%	8.3%
BlueBay Diversified Corporate Bond Fund	14.6%	-
BlueBay Investment Grade Bond Fund	-	5.9%
BlueBay Investment Grade Libor Fund	-	5.7%
CQS Diversified Fund (SPC)	6.7%	-
Partners Capital Eagle Fund (C) Ltd	18.1%	20.2%
Partners Capital Falcon Fund (C) Ltd	7.1%	8.9%
Partners Capital Harrier Fund (C) Ltd	7.3%	8.9%
UK Treasury 4.25% 07/03/2011	-	7.4%
Pictet Funds (LUX) - Emerging Local Currency Debt Fund	8.3%	-

**10. Debtors**

**a. Amounts falling due within one year**

	Group		Institute	
	2011 £000	2010 £000	2011 £000	2010 £000
Revenue grants	3,363	2,345	3,363	2,345
Other trade debtors	367	269	367	236
Legacy debtors	219	595	219	595
Other debtors	689	154	669	154
Amounts due from subsidiary undertakings	-	-	416	189
Prepayments and accrued income	7,254	7,200	7,254	7,200
	<u>11,892</u>	<u>10,563</u>	<u>12,288</u>	<u>10,719</u>

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**10. Debtors (continued)**

**b. Amounts falling due after more than one year**

	Group		Institute	
	2011 £000	2010 £000	2011 £000	2010 £000
Accrued income	-	628	-	628

**11. Creditors**

**a. Amounts falling due within one year**

	Group		Institute	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade creditors	2,579	2,004	2,560	1,999
Accruals	4,966	3,073	4,962	2,973
Amounts due to subsidiary companies	-	-	404	98
Other creditors	1,147	992	1,147	992
Taxes and social security	1,031	1,011	1,029	1,011
	<b>9,723</b>	<b>7,080</b>	<b>10,102</b>	<b>7,073</b>

**b. Amounts falling due after more than one year**

	Group		Institute	
	2011 £000	2010 £000	2011 £000	2010 £000
Other creditors	220	147	220	147

**c. Provisions for liabilities and charges**

	Group		Institute	
	2011 £000	2010 £000	2011 £000	2010 £000
<i>Dilapidations and decommissioning</i>				
At 1 August 2010	354	340	354	340
Provided in the year	55	14	55	14
Utilised in the year	-	-	-	-
	<b>409</b>	<b>354</b>	<b>409</b>	<b>354</b>

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

**12. Analysis of net assets between funds**

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total funds 2011 £000
Tangible fixed assets	26,811	21,430	40,237	-	88,478
Investments	20,004	7,214	21,819	2,087	51,124
Net current assets	7,219	-	-	-	7,219
Long term creditors	(629)	-	-	-	(629)
Pension creditor	(6,105)	-	-	-	(6,105)
Total net assets	<b>47,300</b>	<b>28,644</b>	<b>62,056</b>	<b>2,087</b>	<b>140,087</b>



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**13. Unrestricted funds**

Group and Institute

	Balance at 1 August 2010 £000	Income £000	Expend- iture £000	Transfers, gains and losses £000	Balance at 31 July 2011 £000
<i>Designated funds</i>					
Fixed Asset Fund	21,981	-	-	(551)	<b>21,430</b>
Development Fund	8,722	5	(12)	(2,273)	<b>6,442</b>
Studentship Fund	234	-	-	(117)	<b>117</b>
FC Hunter Studentship Fund	569	-	-	-	<b>569</b>
Joan Frances Stowe Fund	14	-	-	-	<b>14</b>
Faringdon Fund	12	-	(50)	25	<b>(13)</b>
Amenity Fund	78	-	-	7	<b>85</b>
	<u>31,610</u>	<u>5</u>	<u>(62)</u>	<u>(2,909)</u>	<u><b>28,644</b></u>
Revaluation Reserve	27,358	-	-	(547)	<b>26,811</b>
Pension Reserve	(11,675)	-	(35)	5,605	<b>(6,105)</b>
General Fund	<u>27,145</u>	<u>27,147</u>	<u>(34,136)</u>	<u>6,438</u>	<u><b>26,594</b></u>
	<u><b>74,438</b></u>	<u><b>27,152</b></u>	<u><b>(34,233)</b></u>	<u><b>8,587</b></u>	<u><b>75,944</b></u>

The Fixed Asset Fund represents the amount invested in Fixed Assets from unrestricted funds.

The Development Fund is the amount set aside by The Institute for future commitments relating to the buildings, capital equipment and scientific development. The amount is calculated based on the position at the balance sheet date and a transfer is effected to or from unrestricted funds to achieve the amount required. The fund is made up as follows:

	<b>2011</b> <b>£000</b>	2010 £000
Capital projects and refurbishments	<b>1,243</b>	1,764
Scientific initiatives	<b>3,511</b>	5,327
Other development funds	<b>1,688</b>	1,631
	<u><b>6,442</b></u>	<u>8,722</u>

The Studentship Fund provides funds to support studentships.

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

The Joan Frances Stowe Fund finances the Joan Frances Stowe Prizes in Palliative and Nursing Care.

The Faringdon Fund provides funds to enable the commercial potential of inventions by Institute scientists to be developed.

The Amenity Fund provides fund for staff welfare.

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**14. Restricted funds**

Group and Institute

	Balance at 1 August 2010 £000	Income £000	Expend- iture £000	Transfers, gains and losses £000	Balance at 31 July 2011 £000
<b>a. Income funds</b>					
<i>Funds invested in fixed assets</i>					
Breakthrough Breast Cancer	4,425	-	(111)	-	<b>4,314</b>
The Bob Champion Cancer Trust	800	-	(20)	-	<b>780</b>
Everyman Appeal	634	-	(16)	-	<b>618</b>
The Garfield Weston Foundation	400	-	(10)	-	<b>390</b>
The Monument trust	278	-	(7)	-	<b>271</b>
The Wolfson Foundation	1,040	-	(25)	-	<b>1,015</b>
Higher Education Funding Council for England	16,787	-	(422)	-	<b>16,365</b>
The Wellcome Trust	6,689	-	(159)	-	<b>6,530</b>
Equipment funds	7,439	4,510	(4,958)	2,963	<b>9,954</b>
	<u>38,492</u>	<u>4,510</u>	<u>(5,728)</u>	<u>2,963</u>	<u><b>40,237</b></u>
<i>Other restricted funds</i>					
Everyman and other restricted donations	154	3,737	(1,787)	(1,939)	<b>165</b>
Research grants	16,744	51,749	(49,343)	2,083	<b>21,233</b>
Other capital and refurbishment grants	2,963	296	-	(2,838)	<b>421</b>
	<u>19,861</u>	<u>55,782</u>	<u>(51,130)</u>	<u>(2,694)</u>	<u><b>21,819</b></u>
<i>Total restricted income funds</i>	<u>58,353</u>	<u>60,292</u>	<u>(56,858)</u>	<u>269</u>	<u><b>62,056</b></u>
<b>b. Endowment funds</b>					
Hensley Nankivell Studentship Fund	1,049	-	-	77	<b>1,126</b>
Sir SK Tang Fund	541	-	-	40	<b>581</b>
The Ivan and Felicite Stoller Fund	354	-	-	26	<b>380</b>
	<u>1,944</u>	<u>-</u>	<u>-</u>	<u>143</u>	<u><b>2,087</b></u>
<b>Total restricted funds</b>	<u>60,297</u>	<u>60,292</u>	<u>(56,858)</u>	<u>412</u>	<u><b>64,143</b></u>

Transfers totalling £269,000 were made from unrestricted to restricted funds, comprising:  
(i) £133,000 from general funds to restricted research grants following a review of closing balances; and  
(ii) £136,000 from general funds to restricted equipment funds following a review of capitalised items.

Breakthrough Breast Cancer contributed funding for the Breakthrough Toby Robins Breast Cancer Research Centre, part of the Chester Beatty Laboratories.

The Institute has received monies 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 have contributed funding to the building of The Brookes Lawley Building. The Higher Education Funding Council for England also contributed funding to the Sir Richard Doll Building.

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

**14. Restricted funds** (continued)

The Everyman donations represent amounts raised to fund expenditure on male cancers and other restricted purposes.

The research grants are funds received by The Institute for specific cancer research projects. The transfers to and from restricted funds reflect adjustments to restricted grant funds following the review of balances held. Within research grants there are funds with negative balances where funding is expected to be received.

Other capital and refurbishment grants represent grants received for these purposes.

The endowment funds are permanent and as such the capital cannot be expended.

The Hensley Nankivell Studentship Fund was received from the estate of Mrs SMA Nankivell for the purpose of supporting research studentships at The Institute. The Sir SK Tang Fund (Endowment 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 income from both the Tang and Stoller funds is for cancer research.

**15. Capital commitments**

	<b>2011</b>	2010
	<b>£000</b>	£000
Contracted but not provided for	<b>584</b>	3,061
Authorised by the Board of Trustees but not contracted for	<b>4,000</b>	1,936
	<b><u>4,584</u></b>	<u>4,997</u>

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

**16. Emoluments of the Board of Trustees**

No fees are paid to the 21 members of the Board of Trustees for their services as charity trustees or company directors. During the year, there were six members of staff of The Institute who are members of the Board of Trustees who receive only the normal remuneration of their appointments. This includes the Chief Executive and Academic Dean whose remuneration is shown in note 17 (iii). The other four staff members, Professor Meier, Professor Pearson, Professor Springer and Professor Webb are the representatives elected by the Academic Board to serve on the Board of Trustees whose remuneration is included in note 17 (iv). In addition Miss Heinzmann (until January 2011) and Mr Shepherd (from February 2011) were the student representatives on the Board of Trustees who received the normal PhD student stipend. The aggregate emoluments of those who serve on the Board of Trustees was £865,071 (2010: £820,182). The emoluments of the highest paid director, who is a member of a multi-employer defined benefit pension scheme, were £229,000 (2010: £222,000). The six staff who are trustees participate in defined benefit pension schemes. Five non-executive trustees received a total of £3,172 (2010: six received £2,713) for reimbursement of travel expenses.

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**17. Staff costs**

**(i) Average number of employees**

	<b>2011</b>	2010
	<b>No.</b>	No.
Research Staff	<b>837</b>	854
Research support staff	<b>138</b>	139
Fundraising services	<b>28</b>	33
Corporate services including academic services	<b>72</b>	70
	<b><u>1,075</u></b>	<u>1,096</u>

**(ii) Remuneration**

	<b>2011</b>	2010
	<b>£000</b>	£000
Wages and salaries	<b>41,723</b>	42,387
Social security costs	<b>3,170</b>	3,290
Other pension costs	<b>5,385</b>	5,649
Pension past service cost	<b>-</b>	(5,044)
	<b><u>50,278</u></b>	<u>46,282</u>

The pension past service cost credit in 2010 relates to the move from RPI to CPI on which index-linked pension increases will be based in future.

**(iii) Remuneration of Executive Directors**

The remuneration of Executive Directors is listed below inclusive of distinction awards. National Insurance contributions and employer's pension contributions are excluded except where indicated.

	<b>2011</b>	2010
	<b>£000</b>	£000
Chief Executive:		
- 1 August 2010 to 16 January 2011	<b>101</b>	212
- 17 January 2011 to 31 July 2011	<b>121</b>	-
Academic Dean and Head of Clinical Laboratories	<b>210</b>	222
Chief Executive including employer's pension contributions:		
- 1 August 2010 to 16 January 2011	<b>125</b>	243
- 17 January 2011 to 31 July 2011	<b>139</b>	-

**(iv) Remuneration of higher paid staff**

	<b>2011</b>	2010
	<b>No.</b>	No.
£60,001 - £70,000	<b>27</b>	30
£70,001 - £80,000	<b>17</b>	9
£80,001 - £90,000	<b>7</b>	8
£90,001 - £100,000	<b>8</b>	8
£100,001 - £110,000	<b>2</b>	5
£110,001 - £120,000	<b>5</b>	4
£120,001 - £130,000	<b>3</b>	2
£130,001 - £140,000	<b>1</b>	3
£140,001 - £150,000	<b>2</b>	3
£150,001 - £160,000	<b>3</b>	2
£160,001 - £170,000	<b>3</b>	4
£170,001 - £180,000	<b>5</b>	4
£180,001 - £190,000	<b>-</b>	-
£190,001 - £200,000	<b>1</b>	-
£200,001 - £210,000	<b>2</b>	1
£210,001 - £220,000	<b>1</b>	2
£220,001 - £230,000	<b>1</b>	-

**17. Staff costs** (continued)

**(v) Superannuation schemes**

The Institute 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. All three schemes provide benefits based on final pensionable salary.

**a) Universities Superannuation Scheme (USS) (and the Universities Supplementary Dependents & Ill Health Retirement Pension Scheme (USDPS))**

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom one at least must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The Institute 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 and therefore, as required by FRS17 'Retirement benefits' accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new 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. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 are included in this note. The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum). To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality                      PA92 MC YoB tables - rated down 1 year

Female members' mortality                      PA92 MC YoB tables - no age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

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**17. Staff costs** (continued)

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the market value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the Scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if the USS was a single employer scheme, using an AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% on pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 91% (a deficit of circa £700m). Compared to the previous 12 months, the funding level has improved from 91% (as at 31 March 2010) to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company. With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on The Institute's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are:

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**THE INSTITUTE OF CANCER RESEARCH**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 July 2011

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**17. Staff costs** (continued)

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2bn
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5bn
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7bn
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6bn

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However in order to meet the long term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of the covenant of the employers enables it to take a long term view of its investments. Short term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and The Institute had 766 active members participating in the scheme.

The total pension cost for The Institute was £4,559,000 (2010: £4,566,000). This includes £379,000 (2010: £385,000) of outstanding contributions at the balance sheet date. The contribution rate payable by The Institute was 16% of pensionable salaries.

**b) National Health Service Pension Scheme (NHSPS)**

This Scheme 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 Institute to identify its share of the underlying scheme liabilities.

The scheme is subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to review the contribution rates. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities.

**17. Staff costs** (continued)

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees' contributions are on a tiered scale from 6% up to 8.5% of their pensionable pay depending on total earnings.

The Institute charges employer's pension costs contributions to operating expenses as and when they become due. The total employer contribution payable was £552,000 (2010: £531,000). There were £47,000 (2010: £44,000) of outstanding contributions at the balance sheet date.

**c) ICR Pension Scheme (ICRPS)**

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The assets of the scheme are held in a separate trustee-administered fund. On 31 July 2008, the ICRPS closed to future accrual.

The total charged to the Statement of Financial Activities under FRS 17 for the year amounts to £619,000 (2010: credit of £4,388,000). This is equal to the past service cost of £35,000 (2010: past service credit £5,044,000), plus the settlement gain of £nil (2010: £154,000) plus other finance income of £584,000 (2010: -£809,000).

A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2011 by a qualified independent actuary. The main assumptions used by the actuary were:

	<b>At 31 July 2011 (% p.a.)</b>	<b>At 31 July 2010 (% p.a.)</b>
Future salary increases	n/a	n/a
Future 5% LPI pension increases	<b>3.10%</b>	2.90%
Future 2.5% LPI pension increases	<b>2.50%</b>	2.50%
Discount rate	<b>5.20%</b>	5.30%
Consumer Prices Index ('CPI')	<b>3.10%</b>	2.90%
Revaluation in deferment	<b>3.10%</b>	2.90%
Assumed life expectancies on retirement at age 65 are:		
Retiring today		
Males	<b>22.2</b>	22.1
Females	<b>24.2</b>	24.1
Retiring in 20 years time		
Males	<b>23.6</b>	23.5
Females	<b>25.8</b>	25.7

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

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:



**THE INSTITUTE OF CANCER RESEARCH**  
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**17. Staff costs** (continued)

	Long term rate of return expected		Fair value	
	At 31 July 2011 (% p.a.)	At 31 July 2010 (% p.a.)	At 31 July 2011 £000	At 31 July 2010 £000
Equities and property	<b>7.00%</b>	7.30%	<b>26,286</b>	15,937
Fixed interest	<b>4.00%</b>	4.30%	<b>5,533</b>	3,962
Index linked gilts	<b>4.00%</b>	4.30%	<b>13,046</b>	20,891
Alternatives	<b>7.00%</b>	7.30%	<b>6,739</b>	8,562
Insured annuities	<b>5.20%</b>	5.30%	<b>854</b>	967
Cash and other	<b>0.50%</b>	0.50%	<b>7,801</b>	4,405
Overall return on scheme assets	<b>5.21%</b>	5.35%		

The assumptions used in determining the overall expected rate of return of the assets of the Scheme have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. None of the assets of the scheme are invested in The Institute's own financial instruments, and none of the assets are properties or other assets used by The Institute.

The amounts recognised in the balance sheet are as follows:

	At 31 July 2011 £000	At 31 July 2010 £000
Fair value of scheme assets	<b>60,260</b>	54,724
Present value of scheme liabilities	<b>(66,365)</b>	(66,399)
	<b>(6,105)</b>	(11,675)
Present value of unfunded obligation	-	-
Unrecognised past service cost	-	-
Deficit in the Scheme	<b>(6,105)</b>	(11,675)
Irrecoverable surplus	-	-
Deficit	<b>(6,105)</b>	(11,675)
Related deferred tax asset	-	-
Net liability	<b>(6,105)</b>	(11,675)
<i>Amounts in the balance sheet</i>		
Liabilities	<b>(6,105)</b>	(11,675)
Assets	-	-
Net liability	<b>(6,105)</b>	(11,675)

The amounts recognised in the Statement of Financial Activities are as follows:

	2011 £000	2010 £000
Service cost	-	1
Interest on obligation	<b>3,480</b>	3,732
Expected return on Scheme assets	<b>(2,896)</b>	(2,923)
Past service cost	<b>35</b>	(5,044)
Gains on curtailments and settlements	-	(154)
Total	<b>619</b>	(4,388)
Actual return on Scheme assets	<b>6,842</b>	4,101

**THE INSTITUTE OF CANCER RESEARCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Staff costs** (continued)

Changes in the present value of the Scheme liabilities	<b>2011</b> <b>£000</b>	2010 £000
Liabilities at beginning of the year	<b>66,399</b>	63,876
Service cost (net of employee contributions)	-	1
Contributions by employees	-	-
Interest cost	<b>3,480</b>	3,732
Gains on curtailments and settlements	-	(154)
Actuarial (gains)/losses	<b>(1,748)</b>	9,532
Past service cost	<b>35</b>	(5,044)
Benefits paid	<b>(1,801)</b>	(5,544)
Liabilities at end of year	<b><u>66,365</u></b>	<u>66,399</u>

The reported scheme liabilities at 31 July 2011 include obligations under the Scheme Rules of £61,917,000 (2010: £59,474,000) and constructive obligations of £4,448,000 (2010: £6,925,000). The Institute has an established practice of providing discretionary increases to pensions in payment where no inflation-linking is provided for under the Scheme Rules. The constructive obligation, as required under FRS17, represents the liabilities arising from the granting of further discretionary increases in future years. The Board of Trustees of the Institute decides annually whether discretionary payments should be made.

Changes in the fair value of assets are as follows:

	<b>2011</b> <b>£000</b>	2010 £000
Fair value of Scheme assets at beginning of year	<b>54,724</b>	56,100
Expected return on Scheme assets	<b>2,896</b>	2,923
Actuarial gains/(losses)	<b>3,945</b>	1,178
Contributions by employer	<b>496</b>	67
Contributions by employees	-	-
Benefits paid	<b>(1,801)</b>	(5,544)
Fair value of scheme assets at end of year	<b><u>60,260</u></b>	<u>54,724</u>

Actuarial gains/(losses) recognised in the Statement of Financial Activities:

	<b>2011</b> <b>£000</b>	2010 £000
Actuarial gains/(losses)	<b><u>5,693</u></b>	<u>(8,354)</u>

The Scheme's current Schedule of Contributions requires The Institute to contribute £465,750 to the Scheme in the year commencing 1 August 2011.

**THE INSTITUTE OF CANCER RESEARCH**  
NOTES TO THE FINANCIAL STATEMENTS  
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**17. Staff costs** (continued)

Amounts for the current and previous four periods are as follows:

	<b>At 31 July 2011 £000</b>	At 31 July 2010 £000	At 31 July 2009 £000	At 31 July 2008 £000	At 31 July 2007 £000
Present value of Scheme liabilities	<b>(66,365)</b>	(66,399)	(63,876)	(62,541)	(64,289)
Scheme assets	<b>60,260</b>	54,724	56,101	61,826	51,768
Deficit	<b>(6,105)</b>	(11,675)	(7,775)	(715)	(12,521)
Experience adjustments on Scheme liabilities	<b>(276)</b>	637	(1,687)	(154)	627
As a percentage of Scheme liabilities	<b>0%</b>	1%	(3%)	0%	1%
Experience adjustments on Scheme assets	<b>3,946</b>	1,178	(8,114)	(3,545)	1,056
As a percentage of Scheme assets	<b>7%</b>	2%	(14%)	(6%)	2%
Cumulative actuarial losses shown in SoFA	<b>(15,977)</b>	(21,670)	(13,315)	(6,239)	(5,809)

The asset values reported above are bid values, with the exception of the figures as at 31 July 2007 which are the mid-values as disclosed at prior year ends.

**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 Institute. These pensions are increased, at The Institute's discretion, by analogy, with the Pensions Act 1995.

**(vi) Health and Safety at Work**

The Institute through its Safety Committee performs its duties as an employing authority under the provisions of The Health and Safety at Work Act 1974.

**18. Subsidiary undertakings**

The Institute has the following subsidiary undertakings:

**(i) ICR Chelsea Development Limited** - The Institute 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 2011 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 Institute.

**(ii) ICR Sutton Developments Limited** - The Institute owns 100% of the issued share capital of this company which has been set up to act as the developer of Institute properties. It made a profit of £481 for the year ended 31 July 2011 (2010: £12,330) which will be paid to The Institute by means of a payment under gift aid. Its net assets at 31 July 2011 and 31 July 2010 amounted to £2. The accounts of ICR Sutton Developments Ltd have been consolidated into the accounts of The Institute.

**(iii) ICR Enterprises Limited** - The Institute owns 100% of the issued share capital of this company which undertakes trading activities for the benefit of The Institute that The Institute cannot carry out itself as an exempt charity. It made a profit after interest of £36,262 for the year ended 31 July 2011 (2010: £64,699) which will be paid to The Institute by means of a payment under gift aid. Its net assets at 31 July 2011 and 31 July 2010 amounted to £2. The accounts of ICR Enterprises Ltd have been consolidated into the accounts of The Institute.

**(iv) ICR Equipment Leasing No.8 Limited** - The Institute owns 100% of the share capital of this company which holds a leasehold interest in the Chester Beatty Laboratory. It made a profit of £103 for the year ended 31 July 2011 (2010: £103) which will be paid to The Institute by means of a payment under gift aid. Its net assets at 31 July 2011 and 31 July 2010 were £5,063. The accounts of ICR Equipment Leasing No.8 Limited have been consolidated into the accounts of The Institute.

**18. Subsidiary undertakings** (continued)

**(v) Everyman Action Against Male Cancer** - The company is limited by guarantee and was dormant throughout the period ended 31 July 2011.

**(vii) Other investments** - The Institute is a founder and shareholder of four companies whose aims are to exploit the intellectual property generated at The Institute. The companies and The Institute's shareholding are Gamma Technologies Ltd (10%), PETRRA Limited (5.9%), PROACTA Inc (0.5%), Domainex Limited (3%) and Chroma Therapeutics Limited (0.2%). The cost of The Institute's shareholding of these companies is included in unlisted investments.

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

**ICR Enterprises Limited**

	<b>2011</b>	2010
	<b>£000</b>	£000
Turnover	<b>87</b>	132
Expenditure	<b>(51)</b>	(67)
Operating profit	<b>36</b>	65
Interest income	-	-
Payment under gift aid to The Institute	<b>(36)</b>	(65)
Profit for the year	<b>-</b>	-
Assets	<b>91</b>	222
Liabilities	<b>(91)</b>	(222)
Funds	<b>-</b>	-

**ICR Equipment Leasing No. 8 Limited**

	<b>2011</b>	2010
	<b>£000</b>	£000
Turnover	-	-
Expenditure	-	-
Operating profit	-	-
Payment under gift aid to The Institute	-	-
Profit for the year	<b>-</b>	-
Assets	<b>5</b>	5
Liabilities	-	-
Funds	<b>5</b>	5

**18. Subsidiary undertakings** (continued)

<b>Development companies</b>		
<b>ICR Sutton Developments Limited and ICR Chelsea Development Limited</b>		
	<b>2011</b>	2010
	<b>£000</b>	£000
Turnover	<b>637</b>	594
Expenditure	<b>(637)</b>	(582)
Operating profit	-	12
Payment under gift aid to The Institute	-	(12)
Profit for the year	-	-
Assets	<b>352</b>	242
Liabilities	<b>(352)</b>	(242)
Funds	-	-

**19. Taxation**

The Institute is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly the Institute is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the ICTA 1988 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.

**20. Indemnity insurance**

The Institute has purchased indemnity insurance to provide the Board of Trustees and Officers with an indemnity against a wide range of legal actions which they might face in carrying out their duties. The cost of this insurance was £5,237 (2010: £5,237).

**21. Lease commitments**

At 31 July 2011 The Institute had annual operating lease commitments in respect of property leases which expire as follows:

	<b>2011</b>	2010
	<b>£000</b>	£000
Within one year	<b>350</b>	-
Between two and five years	<b>115</b>	465

**22. Value added tax**

The Institute incurred irrecoverable VAT amounting to some £2.0 million during the year (2010: £1.6 million). It is a member of the Charities Tax Reform Group which campaigns on behalf of its members for a reduction in their VAT burden.

**23. Related parties**

The Institute has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries. There are no other related party transactions.

## The Board of Trustees

The Board of Trustees is the governing body of The Institute of Cancer Research and is constituted under Article 13 of the Institute's Articles of Association.

Name	Title/Nominating Body	No <sup>1</sup> of meetings could have attended	No of meetings attended Aug 10 to July 11
Lord Ryder of Wensum OBE	Chairman/Co-option	10	10
Professor Sir Tom Blundell FRS FMedSci	Deputy Chairman & senior member/Co-option	10	9
Konstantin Graf von Schweinitz	Honorary Treasurer/Co-option	8	4
Professor P W J Rigby FRS FMedSci (to 1/2011)	Chief Executive/Ex Officio	3	3
Professor A Ashworth FRS FMedSci (from 1/2011)		4	4
Professor A Horwich PhD MRCP FRCR FMedSci	Academic Dean/Ex Officio	7	6
Mr A W C Edwards	Co-option	7	3
Dr P N Goodfellow FRS FMedSci	Co-option	8	6
Professor A L Harris DPhil FRCP FMedSci	Co-option	4	3
Miss K Heinzmann DipBiotech (to 1/2011)	Student	2	2
Mr C Shepherd BSc(Hons) (from 2/2011)		4	4
Mrs I Hotimsky MBA	Co-option	9	7
Dr H S Kumar MA MEng MBA DSc	Cancer Research UK	7	5
Professor R A Laskey CBE FRS FMedSci	University of London	9	8
Professor P Meier PhD (to 9/2011)	Academic Board	7	5
Lady Otton SRN	Co-option	7	7
Miss C A Palmer CBE MSc MHSM DipHSM Mrs T M Green CBE MA (to 10/2010) Mr I Molson BA(Hons) (from 12/2010)	The Royal Marsden NHS Foundation Trust Alternate Director	7	3
Mr J M Pearce (to 1/2011)	Co-option	3	3
Professor A Pearson MD FRCP FRCPCH DCH (to 9/2011)	Academic Board	7	5
Miss A C Pillman OBE	Co-option	7	4
Mr R S Sharp	Co-option	7	6
Professor C Springer PhD FSB CChem FRSC (to 9/2011)	Academic Board	7	6
Mr M J Usher BA CPFA (from 2/2011)	Co-option	4	3
Miss M I Watson MA MBA FCIPD (to 1/2011)	Co-option	3	3
Professor S Webb PhD DIC DSc ARCS FInstP FIPEM FRSA CPhys CSci (to 5/2011)	Academic Board	5	2

<sup>1</sup>Includes Board of Trustees, Constitutional and Nomination Committee and Remuneration Committee meetings

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

Professor C J Marshall FRS FMedSci	Director of Research
Mr P F W Norris BSc(Hons) ACA MBA	Director of Finance
Mrs C Scivier MSc FCIPD MIOd	Chief Operating Officer
Mr S Surridge BSc(Hons) MRICS CDir FIoD MBIFM	Director of Operations
Professor P Workman PhD DSc(Hon) FMedSci FSB FRSC (from 3/2011)	Deputy CEO

***The Institute benefits from external expertise on the following committees that report to the Board of Trustees (as at 31 July 2011):***

**The Constitutional and Nomination Committee**

Lord Ryder of Wensum OBE - *Chairman*  
Professor Sir Tom Blundell FRS FMedSci – *Deputy Chairman*  
Mrs I Hotimsky MBA  
Professor R A Laskey CBE FRS FMedSci

**The Audit Committee**

Mr J M Pearce – *Chairman to 1/2011*  
Mr M J Usher BA CPFA – *Deputy Chairman to 1/2011; Chairman from 2/2011*  
Mr D R Fryatt MA FCA FCIBS – *Deputy Chairman from 2/2011*  
Ms S Nebhrajani MA ACA *from 3/2011*  
Mr S A Taylor MBA FCCA  
Mr Pearce attended 2 (of 2) meetings, Mr Taylor attended 3 (of 4) meetings, Mr Fryatt and Mr Usher attended all 4 meetings held; Ms Nebhrajani attended 2 (of 2) meetings (August 2010 to July 2011)

**The Remuneration Committee**

Lord Ryder of Wensum OBE - *Chairman*  
Professor Sir Tom Blundell FRS FMedSci – *Deputy Chairman*  
Dr P N Goodfellow FRS FMedSci  
Konstantin Graf von Schweinitz

**The Investments and Building Development Committee**

Konstantin Graf von Schweinitz - *Chairman*  
Mr R J Elliott – *Deputy Chairman*  
Mr T Henderson *from 6/2011*  
Mrs M-C Riachi CFA *from 6/2011*  
Mr A Wolstenholme OBE BSc CEng FICE

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

Miss M I Watson MA MBA FCIPD – *Chairman*  
Mr A W C Edwards  
Mr R J Elliott  
Konstantin Graf von Schweinitz

## Academic Board (as at 31 July 2011)

The Academic Board advises the Board of Trustees upon all academic and teaching matters and questions of education policy.

Professor A Horwich PhD MRCP FRCP FMedSci *Chairman and Academic Dean*

Professor A Ashworth FRS FMedSci *Chief Executive*

Professor M Brada FRCP FRCP (Clinical Sciences) *Deputy Dean*

Dr J Bamber\* PhD (*Senior Tutor – Sutton*)

Professor N M deSouza MD FRCP FRCP (*Senior Tutor – Clinical*)

Professor K Jones PhD CChem FRSC *Deputy Dean (Biomedical Sciences)*

Professor P Meier PhD (*Senior Tutor – CBL*)

Dr J Shipley\* PhD (*Senior Tutor – Sutton*)

Professor D Barford FRS FMedSci

Professor J Blagg DPhil CChem

Professor J Bliss MSc FRSS

Dr J Caldwell

Dr I Collins\* PhD CChem FRSC

Miss R E Cook BA(Hons)

Professor C S Cooper DSc FMedSci

Professor D Cunningham MD FRCP FMedSci

Professor The Lord Darzi of Denham PC KBE HonFREng FMedSci

Professor D Dearnaley MD FRCP FRCP

Professor J de Bono MBCLB PhD FRCP

Dr S Dolan MSc RGN

Professor M Dowsett PhD

Dr S Eccles\* PhD

Professor R Eeles PhD FRCP FRCP

Professor P M Evans DPhil FInstP FIMA CPhys CMath

Professor C Fisher MD DSc(Med) FRCPath HonMRCP

Dr J Frankum

Professor M Garcia-Closas MD DrPH

Professor M E Gore PhD FRCP

Professor M Greaves PhD FRCPath HonMRCP FRS FMedSci

Dr K Harrington\* PhD FRCP FRCP

Mr A Hayes PhD FRCS

Professor P Hoskin BSc MD FRCP FRCP

Professor R S Houlston MD PhD FRCP FRCPath FMedSci

Dr R Huddart\* PhD MRCP FRCP

Professor C Isacke DPhil

Professor S Johnston PhD FRCP

Professor I Judson MD FRCP

Dr M Katan\* PhD

Professor S Kaye MD FRCP FRCP FRSE FMedSci

Dr V Khoo MD FRACR FRCP

Professor M O Leach PhD FInstP FIPEM FSB FMedSci

Professor R M Marais PhD FMedSci

Professor C J Marshall FRS FMedSci

Mr C Milton

Professor S Mitnacht PhD

Professor G Morgan PhD FRCP FRCPath

Dr S Moss\* PhD HonMFPH

Dr C Nutting\* MD ECMO FRCP FRCP

Dr G Payne DPhil MInstP MIPEM

Professor A Pearson MD FRCP FRCPCH DCH

Professor D H Phillips PhD DSc FRCPath

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### **Solicitors**

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### **Registered Office**

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### **Company number**

534147