

# The Institute of Cancer Research: Royal Cancer Hospital

Company Number 534147

## Financial Statements for the year ended 31 July 2004

<b>CONTENTS</b>	<b>Page Number</b>
Report of the Board of Trustees	2 - 16
Independent Auditor's Report	17 - 18
Consolidated Statement of Financial Activities	19
Consolidated Balance Sheets	21
Consolidated Cash Flow Statement	22
Notes to the Consolidated Cash Flow Statement	23
Notes to the Financial Statements	24 - 41
Governing Committees, Fellows, Members, and Associates of The Institute of Cancer Research	42 - 47
Legal and Administrative Details	48



## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 JULY 2004**

The Board of Trustees of The Institute of Cancer Research ('The Institute') present their Annual Report and Financial Statements for the year ended 31 July 2004.

1. **Accounting Policies**

The Institute follows accounting policies contained in the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued by the Charity Commission in October 2000.

2. **Objectives**

The Institute was established in 1909 to carry out research into the causes of cancer and to develop new strategies for its prevention, diagnosis, treatment and cure.

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 Institute has authorised a total of 1089 posts of which some 61 are Royal Marsden staff who work within The Institute. During the year The Institute had an average of 888 employees of whom 91% (2003:91%) are directly engaged in research and research support. It raised £56.1 million (2003:£51.7 million) during the year from research grants and voluntary income and spent some £59.3 million (2003:£52.0 million) which included £6.0 million (2003:£4.1 million) of capital expenditure.

The Institute is

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

The Institute's objects, powers and framework of governance are set out in its Memorandum and Articles of Association, the current version of which was approved by the Members of The Institute in March 2001.

The overall governing body of The Institute is its Board of Trustees.

- **The Board of Trustees** (Chaired by Lord Faringdon)  
As a charity The Institute is governed by charity trustees collectively known as the Board of Trustees. The trustees carry the responsibility of company directors of The Institute. The Board of Trustees comprises 21 individuals nominated by The University of London, The Royal Marsden NHS Foundation Trust, Cancer Research UK; individuals co-opted by the Board of Trustees itself and others elected by the Academic Board, together with ex-officio members (the Chief Executive, the Academic Dean and the Chairman of The Royal Marsden NS Foundation Trust) and a student nominee.

The Board of Trustees carries the overall responsibility for ensuring that The Institute 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. In addition, the Board of Trustees recognises the principles underlying 'The Committee on Corporate Governance's Combined Code' and applies them within The Institute.

The Board of Trustees determines The Institute's strategies; approves its scientific and financial plans, annual report and accounts and governance structure, makes key appointments (Chief Executive, Academic Dean, Secretary of The Institute and Heads of Laboratories) and monitors The Institute's strategic performance. It also approves new initiatives and non-recurrent expenditure costing £500,000 or more.

To aid Board members' understanding of The Institute's research priorities scientific presentations are given at the start of each Board meeting.

During the financial year The Institute welcomed Mr Corey Gutierrez and Professor Alex Markham to its governing body. Dr Roshan Agarwal has been appointed to the Board of Trustees since 1 August 2004.

Professor Howard Morris stepped down from the governing body during the financial year and Mr Corey Gutierrez and Dr Trevor Hince have stepped down since 1 August 2004. The Institute is extremely grateful for their valuable contributions during their appointments.

The Institute was saddened to learn of the death of Dr Derry Wilman on 25 October 2004. Dr Wilman had been a member of the governing body since October 2002.

The Board of Trustees met six times in 2003/04. During the

year the Board undertook its annual review of its own performance and that of the sub-committees that report to the Board. No major areas of concern arose from the review.

To facilitate the smooth running of The Institute, 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 Academic Board** (Chaired by Professor Robert Ott)  
The Academic Board meets three times a year and advises, through the Academic Dean, the Board of Trustees on education strategies and priorities.
- **The Audit Committee** (Chaired by Mr Ronald Spurgeon)  
The Audit Committee meets three or four times a year. The Committee supervises internal and external audit in order to safeguard the integrity of The Institute's financial systems and ensure economy, efficiency and effectiveness in the use of The Institute's resources. All meetings are attended by senior members of The Institute's external auditors and The Institute's Senior Internal Auditor. The Committee has full access to the internal and external auditors who in turn have access at all times to the chairman of the Audit Committee.
- **The Constitutional and Nomination Committee** (Chaired by Lord Faringdon)  
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 Institute committees so that The Institute 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 Institute. The Committee recommends to the Board of Trustees the admission of Fellows and Members of The Institute 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 2003/04 the three new appointments to the Board of Trustees were to nominated positions (Cancer Research UK – Professor Markham; Student – Mr Gutierrez for 2003/04 and Dr Agarwal for 2004/05) and therefore no external consultation or open advertising was undertaken.

- **The Remuneration Committee** (Chaired by Lord Faringdon)  
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 9-11.

- **The Corporate Management Group** (Chaired by Professor Peter Rigby)  
The Corporate Management Group meets every three or four weeks to assist the Chief Executive in managing The Institute to achieve its strategic aim and objectives within the approved strategy for research and education, and within the approved budget.
- **The Joint Research Committee** (Chaired by Professor Christopher Marshall)  
The Joint Research Committee meets six times a year. The Committee advises the Chief Executives and through them, The Institute's Board of Trustees and The Royal Marsden NHS Foundation Trust's Board of Directors on all research strategies and priorities.
- **The Investments and Building Development Committee** (Chaired by Mr Edward Cottrell)  
The Investments and Building Development Committee meets four times a year. The Committee manages The Institute's investments and building developments.
- **The Fundraising and PR Committee** (Chaired by Dr John Ashworth)  
The Fundraising and PR Committee meets four times a year. The Committee manages The Institute's fundraising and public relations activities.
- **The Intellectual Property Committee** (Chaired by Dr Susan Foden)  
The Intellectual Property Committee meets four times a year. The Committee manages the strategic direction and has oversight of all aspects of The Institute's intellectual property and commercial development including Rewards to Inventors.

#### **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 Institute is not the individual's predominant allegiance, the individual non-executive member will normally be expected to withdraw from The Institute 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.

#### 4. **Research Review**

Some 81% (2003:83%) of The Institute's activities are funded from competitively won peer-reviewed grants or through the Higher Education Funding Council for England's Research Assessment Exercise. These mechanisms ensure the timely external review of all The Institute's research activities. Our ability to prosecute such research depends on our ability to win funds to do so.

#### 5. **Internal Control**

The Institute is committed to following best practice in all aspects of corporate governance. The summary describes how The Institute 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.

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

The Institute'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 Accounting Officer and the Designated Office Holder for Higher Education Funding Council for England (HEFCE) purposes and has designated the Secretary of The Institute as its Principal Financial Officer. The Chief Executive is responsible to the Board of Trustees for managing The Institute within the approved budget and recommending the allocation of resources; the Secretary of The Institute 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 Institute to respond to a variety of risks. These are described below.

**a. Risk Management**

The Corporate Management Group 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 Institute's strategic objectives. This review covers all risks including financial, business, operational and compliance risks. Each risk identified by the Group 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 Corporate Management Group and approved annually by the Board of Trustees. Significant risks may be added, revised or removed from the Risk Register after evaluation by the Corporate Management Group throughout the year.

The Key Risk List is abstracted from the Risk Register and compiled by the Corporate Management Group. It helps to facilitate the identification, assessment and ongoing monitoring of key risks significant to The Institute. Emerging key risks are added and improvement actions implemented as required also throughout the year.

The Key Risk List is formally appraised every four months by the Corporate Management Group and the Board of Trustees.

**b. Policies and Procedures**

The Institute 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 Institute has put in place strict

authorisation, approval and control levels within which staff operate. The Institute'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 Corporate Management Group
- (iv) Financial Procedures are approved by the Secretary, as Principal Financial Officer, and/or the Director of Finance

The overall budget of The Institute is approved by the Board of Trustees. The Board of Trustees is required to authorise any proposal costing £500,000 or more. The Board of Trustees has set authorisation levels for operation by The Institute'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 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 Institute'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 the Accountability and Audit : HEFCE Code of Practice. Internal Audit was last reviewed for effectiveness by the HEFCE Audit Service in January 2001 and found to be satisfactory.

**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 Institute'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 Institute's arrangements for risk management, control and governance throughout the year, through examination of the work undertaken by Internal and External Audit, including consideration of all audit reports and through them the management of The Institute. This review also covers compliance with laws and regulations and the economy, efficiency and effectiveness of operations.

**i. Conclusion**

The Audit Committee's opinion is that The Institute 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.

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing The Institute's key risks, and that it has been in place for the year ended 31 July 2004 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 Institute. 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 Institute's Chairman, who chairs the Committee, the Deputy Chairman of The Institute, 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 Institute (the Chief Executive, the Secretary of The Institute, the Academic Dean, the Director of Clinical Research and Development and the Head of the Chester Beatty and Haddow Laboratories) and other senior staff (the chairmen of the research sections, professors and the directors of corporate service functions).

The Chief Executive is a non-executive director of The Royal Marsden

NHS Foundation Trust. The remuneration received from this post is donated to The Institute.

#### *Remuneration Policy*

It is the aim of The Institute's Human Resource Strategy to provide a framework within which The Institute 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 Institute can recruit, retain and motivate the best staff to further its research aims and objectives by enabling The Institute to:

- compete selectively 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 rates;
- recognise achievement financially.

The Committee has therefore determined the 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 section/team or service for which the individual is responsible;
  - the individual's contribution to The Institute's overall performance.
2. Individual remuneration determined by reference to:
  - pay awards agreed for other staff within The Institute;
  - 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.

#### *Disciplinary Action*

In the event that The Institute 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 Institute 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 18 of the Annual Accounts.

**7. Overall results**

The full accounts are reproduced on pages 19 to 39.

Incoming resources for 2004 were £56.1 million compared to £51.7 million in 2003. The higher level of incoming resources reflects the receipt of a capital grant of £2.5 million towards the cost of the Genetic Epidemiology Building received in the year. Excluding the effect of exceptional capital grants the growth in income was 4.7% which reflects the increase in research grants awarded to The Institute (£1.6 million) and the growth in fundraising income (£1.0 million).

The accounts show a deficit on unrestricted net incoming resources before transfers for 2004 of £1.1 million (2003 surplus:£1.0 million).

The Consolidated Statement of Financial Activities also shows net incoming resources before transfer of £3.9 million (2003:£2.8 million) on restricted funds. The increase reflects the higher level of restricted donations largely for the Everyman appeal. The high level in both years reflects the receipt of capital grants. In 2004 capital grants totalling £3.3 million were received, including the £2.5 million contribution toward the Genetic Epidemiology Building. In 2003 £1.5 million of capital grants were received. These grants were fully expended in the year but in accordance with SORP the Statement of Financial Activities does not include capital expenditure.

**8. Research expenditure**

Expenditure on research was £48.8 million (2003:£44.1 million). This rise is largely a result of the increase in expenditure by the research sections. The largest increases have been in the Cancer Research UK Centre for Cancer Therapeutics which increased its research expenditure by £934,000 and the Cancer Research UK Centre for Cell & Molecular Biology which increased its research expenditure by £672,000 compared to 2003.

**9. Fundraising**

Legacy income increased by £740,000 to £3.0 million in 2004. Fundraising income also increased by £219,000, a rise of 13% largely

from the Everyman campaign. This follows the increase of 25% in 2003.

10. **Capital developments**

Land was purchased from The Royal Marsden NHS Foundation Trust in April 2004 at a cost of £2.8 million. A new building for the Epidemiology and Clinical Trials sections of The Institute will be constructed on this site. As part of the sale agreement The Institute's library building was sold to The Royal Marsden NHS Foundation Trust for £330,000 and the library incorporated into the Brookes Lawley Building.

In addition to the cost of the land the Genetic Epidemiology Building will cost £8.6 million to construct. The land and the construction will be largely funded by a grant of £9.2 million from HEFCE's Science Research Investment Fund. By 31 July a total of £2.5 million of this grant had been received.

The new facility for chemists from the Cancer Research UK Centre for Cancer Therapeutics was completed in the period. Expenditure of £941,000 was incurred in the period bringing the total cost to £2.4 million.

The Institute's residential properties were subject to a revaluation as at 31 July 2004. This resulted in a revaluation gain of £398,000.

11. **Reserves policy**

Approximately 60% of The Institute's work is financed from competitively won grants for specific research projects and programmes, a quarter from competitively won research funding resulting from the Higher Education Funding Councils' Research Assessment Exercise and the remainder from The Institute's voluntary and investment income.

The Institute's mission is a long-term undertaking and whilst the Board of Trustees of The Institute 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 Institute'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 Institute'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 Institute of not being able to meet them.

The Board of Trustees' opinion is that The Institute should maintain free reserves of between £18 million and £22 million or 21 to 26 weeks of The Institute'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 explaining its overall reserves position and level of free reserves the Board of Trustees believes it is important to explain the composition of The Institute's total net assets.

The current position is shown on the face of the balance sheet. The Institute has total net assets of £108.7 million (2003:£104.7 million) made up as follows:

	2004 (£m)	2003 (£m)
Funds invested in fixed assets		
- General funds	33.9	32.1
- Restricted funds	28.2	26.3
Designated funds		
- Development funds	14.0	15.1
- Other funds	5.1	4.9
Restricted funds	6.3	5.5
Endowment funds	1.7	1.6
Free reserve	<u>19.5</u>	<u>19.2</u>
	<u>108.7</u>	<u>104.7</u>

## 12. Investment policy and performance

Under the Memorandum and Articles of Association The Institute can

“invest and deal with any monies not immediately required for its purposes in such a manner as may be thought fit”. The Institute is prohibited from investing in any company perceptibly involved in the sale of tobacco or tobacco products and uses the EIRIS definition of tobacco investments. 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 Institute’s liquidity requirements. The asset distribution is subject to review at regular Investments and Building Development Committee meetings and is dependent on The Institute’s programme for future development.

The capital value of The Institute’s investment portfolio has risen resulting in a gain of £774,000 in unrestricted funds.

The General Fund is within the range set by the Board of Trustees, albeit at £19.5 million at the lower end of the range. The Board of Trustees is continuing to monitor the position.

### 13. **Pensions**

The first accounting period which will include details of FRS 17 will be the year ended 31 July 2005. In accordance with FRS 17 The Institute has included in a note to the Accounts the impact on the Statement of Financial Activities if The Institute had been required to adopt the approach prescribed in FRS 17.

This shows that The Institute of Cancer Research Pension Scheme is in deficit by £8.3 million. In common with many defined benefit schemes, the scheme has been affected by falling investment returns, annuity rates and the impact of increasing life expectancy forecast by the actuary.

The Institute has responded to this position by making changes to the scheme. Contribution rates were increased for both employer and employee. The retirement age was increased to 65. The next actuarial valuation is due as at 31 March 2004. On the basis of advice from the actuary The Institute is confident of the long-term viability of the scheme.

### 14. **Employees**

#### *Disabled employees:*

The Institute recognises its obligations to disabled persons. In accordance with the provisions of the Disability Discrimination Act 1995, The Institute 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 Institute uses a number of methods to keep its staff fully informed of matters of concern to them. These include a joint Institute/Royal Marsden in-house magazine (LINK), four-monthly briefings by the Chief Executive of all staff, Board of Trustees' minutes, summaries of Corporate Management Group meetings and regular organisational updates which are distributed by e-mail and displayed throughout The Institute.

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 Institute policy to promote by discussion and consultation the involvement of staff, when appropriate, in the development of personnel policy and practice.

15. **Charitable and political donations**

The Institute made no charitable or political donations during the year.

16. **Auditors**

BDO Stoy Hayward, Chartered Accountants, resigned as auditors in March 2004 as part of a periodic review of external audit. Deloitte & Touche LLP were appointed by the directors from that date. A resolution to confirm their appointment as auditors will be put to the members at the Annual General Meeting.

**Non audit services**

From time to time it is necessary to employ The Institute'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 Institute's external auditors. The Audit Committee monitors the level of non-audit fees paid to the external auditors.

17. **Statement of the financial responsibilities of members of the Board of Trustees**

The Institute 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 Institute, are therefore both its company directors and charity trustees.

United Kingdom company law requires the members of the Board of

Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of The Institute and of the net incoming or outgoing resources of The Institute for that period.

In preparing those financial statements, the members of the Board of Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that The Institute will continue to pursue its objectives.

The members of the Board of Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of The Institute and enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of The Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

18. **Going concern**

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

19. **Approval of the Financial Statements**

The Financial Statements were approved by the Board of Trustees on 30 November 2004.

Approved by the Board of Trustees 30 November 2004.



Lord Faringdon  
Chairman of The Institute of Cancer Research

## **INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY 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 2004 which comprises the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net funds, the statement of total recognised gains and losses, the statement of historical cost surplus, the statement of accounting policies and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, as a body, in accordance with the Financial Memoranda dated 1 August 2000 and 1 October 2003. Our audit work has been undertaken so that we might state to the Governing Body's members those matters we are required to state to them in an auditors' 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 Governing Body and the Governing Body's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Governing Body and auditors**

As described in the statement of the members of the Board of Trustees' responsibilities, the Board of Trustees is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions.

We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by The Institute have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memoranda with the Higher Education Funding Council for England.

We also report to you if, in our opinion, the Report of the Board of Trustees is not consistent with the financial statements, if the group has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Board of Trustees, including the corporate governance statement, and consider the

implications for our report if we become aware of any apparent misstatements with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and estimates and judgements made by the Trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- i) the financial statements give a true and fair view of the state of affairs of the Institution and the group as at 31 July 2004 and of the group's result for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- ii) in all material respects income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by The Institute have been applied only for the purposes for which they were received; and
- iii) in all material respects income has been applied in accordance with The Institute's Statutes and, where appropriate, with the financial memoranda, dated 1 August 2000 and 1 October 2003 with the Higher Education Funding Council for England.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
St Albans

~~30 November 2004~~

*21 December*

**The Institute of Cancer Research**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 July 2004

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	Note	2004 £000	2003 £000
<b>Income</b>			
Funding Council grants	1	10,743	11,016
Academic fees and support grants	2	438	682
Research grants and contracts	3	33,139	30,151
Other operating income	4	5,526	4,001
Endowment and interest income	5	3,525	3,552
<b>Total income</b>		<u>53,371</u>	<u>49,402</u>
<b>Expenditure</b>			
Staff costs	21	30,411	27,656
Other operating expenses	6	18,879	16,467
Depreciation		2,326	2,005
Interest payable	7	1,835	1,800
<b>Total expenditure</b>		<u>53,451</u>	<u>47,928</u>
<b>(Deficit)/surplus on continuing operations after depreciation of fixed assets at valuation and before tax</b>		(80)	1,474
<b>Taxation</b>		-	-
<b>(Deficit)/surplus on continuing operations after depreciation of fixed assets at valuation and tax</b>		<u>(80)</u>	<u>1,474</u>

All the Institute's operations are continuing.

The notes on pages 5 to 16 form part of these financial statements.

# The Institute of Cancer Research

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2004

	2004 £000	2003 £000
<b>Recognised gains relating to the year</b>		
(Deficit)/surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	(80)	1474
Unrealised surplus on revaluation of fixed assets	398	6,760
Movement of asset investments	772	305
<b>Total recognised gains relating to the period</b>	<b>1,090</b>	<b>8,539</b>
<b>Reconciliation</b>		
Opening reserves and endowments	73,441	
Total recognised gains and losses for the year	1,090	
<b>Closing reserves and endowments</b>	<b>74,531</b>	

## STATEMENT OF HISTORICAL COST SURPLUS FOR THE YEAR ENDED 31 JULY 2004

(Deficit)/Surplus on continuing operations before tax	(80)	1,474
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	155	229
<b>Historical cost surplus for the period before and after taxation</b>	<b>75</b>	<b>1,703</b>

The notes on pages 5 to 16 form part of these financial statements.

# The Institute of Cancer Research

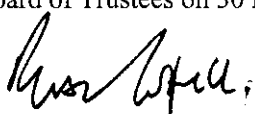
## BALANCE SHEETS


31 July 2004

		Group		Institute	
	Note	2004 £000	2003 £000	2004 £000	2003 £000
<b>FIXED ASSETS</b>					
Tangible assets	8	62,102	58,373	62,102	58,373
Investments	9	67,393	67,606	67,393	67,606
		<u>129,495</u>	<u>125,979</u>	<u>129,495</u>	<u>125,979</u>
<b>ENDOWMENT ASSETS</b>	10	1,664	1,596	1,664	1,596
<b>CURRENT ASSETS</b>					
Stocks		226	175	226	175
Debtors	11	5,557	4,202	5,597	4,231
Cash at bank and in hand		400	226	360	197
		<u>6,183</u>	<u>4,603</u>	<u>6,183</u>	<u>4,603</u>
<b>CREDITORS: Amounts falling due within one year</b>	12(i)	(13,904)	(11,783)	(13,904)	(11,783)
<b>NET CURRENT LIABILITIES</b>		<u>(7,721)</u>	<u>(7,180)</u>	<u>(7,721)</u>	<u>(7,180)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		123,438	120,395	123,438	120,395
<b>CREDITORS: Amounts falling due after more than one year</b>	12(ii)	(20,688)	(20,688)	(20,688)	(20,688)
<b>NET ASSETS</b>		<u>102,750</u>	<u>99,707</u>	<u>102,750</u>	<u>99,707</u>
<b>DEFERRED CAPITAL GRANTS</b>	13	28,219	26,266	28,219	26,266
<b>ENDOWMENTS</b>	17	1,664	1,596	1,664	1,596
<b>RESERVES</b>					
Revaluation reserve	16	11,740	11,561	11,740	11,561
Restricted reserve	15	397	483	397	483
General reserve	14	60,730	59,801	60,730	59,801
Total reserve		<u>72,867</u>	<u>71,845</u>	<u>72,867</u>	<u>71,845</u>
<b>TOTAL</b>		<u>102,750</u>	<u>99,707</u>	<u>102,750</u>	<u>99,707</u>

These financial statements were approved by the Board of Trustees on 30 November 2004.

  
Lord Faringdon  
Chairman of the Board of Trustees

  
Edward Cottrell  
Honorary Treasurer

  
Andrew Whitehead  
Director of Finance

The notes on pages 16 to 21 form an integral part of these financial statements.

**The Institute of Cancer Research**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 July 2004

	<b>Note</b>	<b>2004 £000</b>	<b>2003 £000</b>
Net cash (outflow)/inflow from operating activities	1	(115)	4,030
Returns on investments and servicing of finance	2	1,725	1,789
Capital expenditure and financial investment	3	748	(7,601)
Financing	4	-	-
<b>CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES</b>		<b>2,358</b>	<b>(1,782)</b>
Management of liquid resources	5	(2,184)	1,644
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>174</b>	<b>(138)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>1 August 2003 £000</b>	<b>Cash flows £000</b>	<b>31 July 2004 £000</b>
Cash at bank and in hand	226	174	400
Money market and other deposits	44,350	2,184	46,534
Finance leases	(20,688)	-	(20,688)
	<b>23,888</b>	<b>2,358</b>	<b>26,246</b>

# The Institute of Cancer Research

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 July 2004

<b>1</b>	<b>RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>2004 £000</b>	<b>2003 £000</b>
	(Deficit)/surplus on continuing operations after depreciation of fixed assets at valuation	(80)	1,474
	Interest element of finance lease rental payment	1,835	1,800
	Release of deferred capital grant	(1,375)	(1,232)
	Depreciation charges	2,326	2,005
	Property income	(35)	(37)
	Investment income	(3,525)	(3,552)
	Loss on disposal of fixed assets	24	-
	(Increase) in stocks	(51)	(54)
	(Increase)/decrease in debtors	(1,355)	1,372
	Increase in creditors	2,121	2,254
		<u>(115)</u>	<u>4,030</u>
<b>2</b>	<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>2004 £000</b>	<b>2003 £000</b>
	Investment income	3,525	3,552
	Rent receivable	35	37
	Interest element of finance lease rental payment	(1,835)	(1,800)
		<u>1,725</u>	<u>1,789</u>
<b>3</b>	<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>2004 £000</b>	<b>2003 £000</b>
	Payments to acquire tangible fixed assets	(6,013)	(4,068)
	Deferred capital grants received	3,328	1,537
	Receipts from sales of tangible fixed assets	330	-
	Purchases of investments	(10,215)	(19,001)
	Receipts from sales of investments	13,318	13,931
		<u>748</u>	<u>(7,601)</u>
<b>4</b>	<b>FINANCING</b>	<b>2004 £000</b>	<b>2003 £000</b>
	Capital element of finance lease rental payment	-	-
		<u>-</u>	<u>-</u>
<b>5</b>	<b>MANAGEMENT OF LIQUID RESOURCES</b>	<b>2004 £000</b>	<b>2003 £000</b>
	Decrease/(increase) in short term deposits	(2,184)	1,644

# The Institute of Cancer Research

## NOTE 1: ACCOUNTING POLICIES

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### (i) BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting for Further and Higher Education " and annual accounts direction issued by the Higher Education Funding Council for England (HEFCE) and UK accounting standards.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2004 or 2003, but is derived from those accounts. Statutory accounts for 2003 have been delivered to the Registrar of Companies and those for 2004 will be delivered following the Institute's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s237(2) or (3) Companies Act 1985.

### (ii) BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and investments to market value, in accordance with applicable accounting standards. The Institute has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of The Institute's activities.

### (iii) 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 2000 for scientific properties and 31 July 2004 for residential properties. There was an interim valuation of scientific properties on 31 July 2003.

Valuations are made on a Depreciated Replacement Cost basis for scientific properties or Open Market Value for residential properties as appropriate. Unrealised gains arising at each revaluation are shown in the Revaluation Reserve. Unrealised losses are taken to the Income and Expenditure Account, except to the extent that they reverse revaluation gains on the same asset.

Where buildings are acquired and depreciated with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as Deferred Capital Grants and released to income over the expected useful life of the buildings.

### (iv) INVESTMENTS

Fixed asset investments are stated at their market value at the date of the balance sheet. Unrealised gains and losses arising during the year are included in the Statement of recognised gains and losses and are taken to the General Fund.

Investments that are not listed on a recognised stock exchange are carried at their historic cost less any provision for impairment in their value.

### (v) RECOGNITION OF INCOME

Income from Research Grants, contracts and other services is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Income from short-term deposits is included in the Income and Expenditure Account in the period in which it is earned.

Recurrent grants from HEFCE are recognised in the period in which they are receivable. Non-recurrent grants from HEFCE or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

# The Institute of Cancer Research

## NOTE 1: ACCOUNTING POLICIES

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Legacies and donations are included in the Income and Expenditure Account in the year in which they are received except for items in excess of £50,000 where income is accounted for once it is known with certainty that an identifiable sum of money is going to be received. This includes the value of material properties which have been bequeathed to The Institute but not realised at the balance sheet date.

### (vi) 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 either at the year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### (vii) 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 depreciation are as follows; -

Freehold buildings	2%
Leasehold buildings	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.

### (viii) EQUIPMENT AND DEPRECIATION

Equipment (including computers and software) and furniture costing less than £25,000 for each individual item 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.

### (ix) STOCKS

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

### (x) PENSIONS

The Institute participates in three defined benefit schemes – details are shown in note 21.

The liabilities are valued periodically by a professionally qualified independent actuary. The rates of contribution payable are determined on the advice of the actuary. Pension costs are assessed in accordance with the advice of the actuaries based on the most recent actuarial valuation of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the Institute benefits from the employees' services.

### (xi) CONSOLIDATION BASIS

The Institute owns 100% of the share capital of ICR Chelsea Development Ltd and ICR Sutton Developments Ltd. These companies have been set up to act as developers for the construction of laboratories. The consolidated statements include the financial statements of these companies as well as Everyman Action Against Male Cancer. As provided by Section 230 of the Companies Act 1985 no Income and Expenditure Account is presented for The Institute.

ICR Enterprises Ltd undertakes trading activities and is wholly owned by The Institute. The results are not consolidated into the results of The Institute as they are not material.

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

# The Institute of Cancer Research

## NOTE 1: ACCOUNTING POLICIES

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### (xii) 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.

The Institute receives no similar exemption in respect of Value Added Tax. The Institute is a partially exempt organisation for VAT purposes and consequently input tax on its purchases is largely irrecoverable.

**The Institute of Cancer Research**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2004

**1 FUNDING COUNCIL GRANTS**

The following grants were received from the Higher Education Funding Council for England:

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Recurrent grant	10,024	10,349
HEROBC	75	75
HR supplement	290	251
HEIF innovation funds	137	112
Other funds	51	63
Release of deferred capital grants	166	166
	<u>10,743</u>	<u>11,016</u>

**2 ACADEMIC FEES AND SUPPORT GRANTS**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Fees and support grants	438	682
	<u>438</u>	<u>682</u>

**3 RESEARCH GRANTS AND CONTRACTS**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
UK based charities	23,500	22,148
UK Government, local health and hospital authorities	4,384	3,874
Research Councils	2,666	2,399
EU	188	415
Industry and commerce	1,631	890
Other overseas	567	482
Other UK	203	(57)
	<u>33,139</u>	<u>30,151</u>

**4 OTHER OPERATING INCOME**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Residences, catering and conferences	35	37
Legacies and donations	4,869	3,410
Release of deferred capital grants	369	-
Invention income	253	554
	<u>5,526</u>	<u>4,001</u>

Fund-raising income is largely derived from the UK. Legacy income includes £325,000 (2003: £322,500) which relates to legacies bequeathed to The Institute but not realised at the balance sheet date.

**The Institute of Cancer Research**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2004

**5 ENDOWMENT INCOME AND INTEREST INCOME**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Income from investments	3,525	3,552

**6. OTHER OPERATING EXPENSES**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Laboratory consumables	9,495	7,716
Heat, light water and power	470	622
Repairs and general maintenance	1,189	1,394
Laboratory maintenance	1,817	956
Rent, rates and insurance	672	584
Audit fee	23	28
Other expenses	5,213	5,167
	<u>18,879</u>	<u>16,467</u>

Audit fees for 2003 includes an amount of £5,566 which represents the impact of an under accrual for audit fees in 2002.

**7. INTEREST PAYABLE**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Interest payable on finance leases	1,835	1,800

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2004

### 8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold land and buildings £000	Furniture, plant and equipment £000	Total £000
<b>Cost or valuation</b>				
1 August 2003	37,566	19,296	3,570	60,431
Additions at cost	4,701	-	1,312	6,013
Disposals		(340)	(154)	(494)
Gain on revaluation	275	-	-	275
<b>At 31 July 2004</b>	<b>42,542</b>	<b>18,955</b>	<b>4,728</b>	<b>66,225</b>
<b>Depreciation</b>				
1 August 2003	523	54	1,482	2,059
Provided in the year	727	379	1,220	2,326
Disposals	-	(20)	(119)	(139)
Revaluation gain	(123)	-	-	(123)
<b>At 31 July 2004</b>	<b>1,127</b>	<b>413</b>	<b>2,583</b>	<b>4,123</b>
<b>Net book value</b>				
31 July 2004	41,415	18,542	2,145	62,102
31 July 2003	37,043	19,243	2,088	58,373
<b>Historic cost</b>				
31 July 2004	33,947	14,268	2,145	50,360
31 July 2003	29,873	14,850	2,088	46,811

There were no fixed assets other than those held by The Institute.

Net book value of assets held under finance lease was £20.0 million (2003: £20.4 million) which comprised leasehold properties. The depreciation on these assets for the year was £343,000 (2003: £324,000)

The Institute's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2000. The valuations were undertaken on a depreciated replacement cost basis. Gerald Eve carried out an interim valuation on the scientific properties (excluding the Brookes Lawley Building which was completed in June 2002) as at 31 July 2003.

As a result of the arrangements stated in note 12 concerning the Chester Beatty Laboratories, it is not possible to obtain a valuation for this property under normal RICS guidelines. However in accordance with FRS 5 The Institute has, after making enquiries, valued the laboratories on the hypothetical assumption that it has an unfettered freehold title and the leases referred to in Note 12 did not exist. On this basis using the depreciated replacement cost method, the laboratories are included in the financial statements at a value of £20 million. The trustees are not aware of any material changes since the last valuation.

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

The laboratories were valued at £32.2 million which included the Chester Beatty Laboratories valued at £20.4 million.

The Institute's residential properties were valued by Lamberts Surveyors as at 31 July 2004. The valuations were undertaken on an open market basis. The valuation was £1,750,000.

### 9. INVESTMENTS

	<b>Listed Fixed interest £000</b>	<b>Listed Equities and unit trusts £000</b>	<b>Unlisted Equities and unit trusts £000</b>	<b>Money market deposits £000</b>	<b>Total £000</b>
Market value at 1 August 2003	11,877	11,371	8	44,350	67,606
Movements in deposits	-	-	-	2,184	2,184
Additions at cost	4,160	6,055	-	-	10,215
Disposals at book value	(4,582)	(8,392)	-	-	(12,974)
Unrealised (losses) /gains	3	359	-	-	362
<b>Total at 31 July 2004</b>	<b>11,458</b>	<b>9,393</b>	<b>8</b>	<b>46,534</b>	<b>67,393</b>
<b>Historic cost as at:</b>					
<b>31 July 2004</b>	<b>11,417</b>	<b>9,253</b>	<b>8</b>	<b>46,534</b>	<b>67,212</b>
<b>31 July 2003</b>	<b>11,791</b>	<b>10,973</b>	<b>8</b>	<b>44,350</b>	<b>67,122</b>

There were no investments other than those held by The Institute.

### 10. ENDOWMENT ASSETS

	<b>Listed Fixed interest £000</b>	<b>Listed Equities and unit trusts £000</b>	<b>Unlisted Equities and unit trusts £000</b>	<b>Money market deposits £000</b>	<b>Total £000</b>
<b>Market value</b>					
Total at 1 August 2003	360	1,236	-	-	1,596
Additions at cost	-	-	-	-	-
Disposals at book value	-	-	-	-	-
Unrealised (losses) /gains	(11)	79	-	-	68
<b>Total at 31 July 2004</b>	<b>349</b>	<b>1,315</b>	<b>-</b>	<b>-</b>	<b>1,664</b>
<b>Historic cost as at:</b>					
<b>31 July 2004</b>	<b>361</b>	<b>1,443</b>	<b>-</b>	<b>-</b>	<b>1,804</b>
<b>31 July 2003</b>	<b>361</b>	<b>1,443</b>	<b>-</b>	<b>-</b>	<b>1,804</b>

The above endowments are restricted.

**The Institute of Cancer Research**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2004

**11. DEBTORS**

	<b>Group</b>		<b>Institute</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Grant debtors:				
-Revenue grants	4,426	2,791	4,426	2,791
Other trade debtors	298	415	298	415
Legacy debtors	325	323	325	323
Prepayments	288	418	288	418
Amounts due from subsidiary undertaking	-	-	159	174
Other debtors	220	255	101	110
	<u>5,557</u>	<u>4,202</u>	<u>5,597</u>	<u>4,231</u>

**12. CREDITORS:**

	<b>Group</b>		<b>Institute</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>(i) Amounts falling due within one year</b>				
Trade creditors	2,105	1,304	2,105	1,304
Accruals	3,467	3,097	3,467	3,097
Other creditors	1,607	1,709	1,607	1,709
Deferred research grants	5,942	5,009	5,942	5,009
Taxes and social security	783	664	783	664
	<u>13,904</u>	<u>11,783</u>	<u>13,904</u>	<u>11,783</u>
<b>(ii) Amounts falling due after more than one year</b>				
Finance lease payable - over five years	20,688	20,688	20,688	20,688
	<u>20,688</u>	<u>20,688</u>	<u>20,688</u>	<u>20,688</u>

The Institute has entered into an arrangement with Lloyds Bank Property Company Ltd (Lloyds) whereby a long leasehold has been granted on The Institute's freehold property, the Chester Beatty Laboratories, to Lloyds. Lloyds have undertaken to pay for the development of the Laboratories up to a maximum of £20.6 million exclusive of VAT. It has granted an occupational lease to The Institute to occupy the Laboratories.

HSBC Plc have granted an irrevocable Letter of Credit to Lloyds in respect of costs related to the project. At 31 July 2004, The Institute has placed on deposit at HSBC a sum of £21.4 million (2003: £21.7 million) which includes security for the Letter of Credit. In accordance with Financial Reporting Standard 5 the transaction has been accounted for by treating the amounts paid to the contractor in respect of the development as additions to the fixed assets of The Institute. The corresponding entry, which represents the amounts paid by Lloyds, has been treated as a long-term loan.

**The Institute of Cancer Research**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2004

**13. DEFERRED CAPITAL GRANTS**

	<b>HEFCE</b>	<b>Other funders</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 August 2003</b>			
Land	8,109	16,701	24,810
Equipment	-	1,456	1,456
<b>Cash receivable in the year</b>			
Land	2,547	-	2,547
Equipment	-	781	781
<b>Released to income and expenditure</b>			
Land	(166)	(369)	(535)
Equipment	-	(840)	(840)
<b>At 31 July 2004</b>			
Land	10,490	16,332	26,822
Equipment	-	1,397	1,397
<b>Total</b>	<u>10,490</u>	<u>17,729</u>	<u>28,219</u>

**14. GENERAL RESERVE**

	<b>Balance at 1 August 2003</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers, gains and losses</b>	<b>Balance at 31 July 2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Designated funds</b>					
Fixed asset funds	20,545	-	-	1,598	22,143
Development Fund	15,133	-	-	(1,125)	14,008
FC Hunter Studentship Fund	569	-	-	-	569
Joan Francis Stowe Fund	14	-	-	-	14
Unrestricted external funds	4,298	11,268	(11,070)	(4)	4,492
	<u>40,559</u>	<u>11,268</u>	<u>(11,070)</u>	<u>469</u>	<u>41,226</u>
<b>General Fund</b>	19,242	21,265	(22,390)	1,387	19,504
<b>Total General Reserve</b>	<u>59,801</u>	<u>32,533</u>	<u>(33,460)</u>	<u>1,856</u>	<u>60,730</u>

The Development Fund is the amount set aside by The Institute for the 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>£'000</b>
Capital commitments (see note 19)	3,484
Scientific initiatives	1,511
Other development funds	9,013
	<u>14,008</u>

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

The FC Hunter Studentship Fund is a legacy from the estate of Mr FC Hunter designated by The Institute for the purpose for supporting research studentships. The Joan Frances Stowe Fund finances the Joan Frances Stowe Prizes in Palliative and Nursing Care.

The Unrestricted external funds are grants awarded to The Institute for which The Institute has discretion as to their use.

### 15 RESTRICTED RESERVE

	Balance at 1 August 2002 £000	Income £000	Expen- diture £000	Transfers, gains and losses £000	Balance at 31 July 2003 £000
Everyman and other restricted donations	-	1,290	-	(1,290)	-
Cancer Research UK Epidemiology Fund	483	-	-	(86)	397
Restricted legacies	-	295	-	(295)	-
<b>Total restricted reserve</b>	<b>483</b>	<b>1,585</b>	<b>-</b>	<b>(1,671)</b>	<b>397</b>

The Cancer Research UK Epidemiology Fund represents the accumulated surplus on an endowment originally received from, and subsequently returned to Cancer Research UK. This surplus continues to fund The Institute's Epidemiological research.

### 16 REVALUATION RESERVE

	Group and Institute £'000
At 1 August 2003	11,561
Revaluation gain	398
Transfer to Fixed Asset Fund in respect of depreciation	
- Current year	(155)
- Disposal	(64)
Revaluation reserve at 31 July 2004	11,740

### 17 ENDOWMENTS

	Balance at 1 Aug 2003 £000	Income £000	Expen- diture £000	Transfers, gains and losses £000	Balance at 31 July 2004 £000
Hensley Nankivell Studentship Fund	861	-	-	37	898
Sir SK Tang Fund	443	-	-	19	462
The Ivan and Felicite Stoller Fund	292	-	-	12	304
<b>Total endowment funds</b>	<b>1,596</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>1,664</b>

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

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 the late Sir S.K.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 are for cancer research.

### 18 LEASE COMMITMENTS

At 31 July 2004 the Institute had annual operating lease commitments (excluding the lease arrangements of the Chester Beatty laboratories) in respect of property leases which expire as follows:

	2004 £000	2003 £000
Within one year	1	1
Over five years	321	321
	<u>322</u>	<u>322</u>

### 19 CAPITAL COMMITMENTS

	2004 £000	2003 £000
Contracted but not provided for	1,255	570
Authorised by the Board of Trustees but not contracted for	3,569	5,446
	<u>4,824</u>	<u>6,016</u>

The contracted commitments represent the cost to complete the Brookes Lawley Building in Sutton.

### 20 EMOLUMENTS OF THE BOARD OF TRUSTEES

No fees are paid to members of the Board of Trustees for their services as charity trustees. Those members of the staff of The Institute who are members of the Board of Trustees receive only the normal remuneration of their appointments.

Two non-executive trustees received a total of £748 for reimbursement of travel expenses.

### 21 STAFF COSTS

	2004 No.	2003 No.
(i) Average number of employees		
Research staff	732	707
Research support staff	75	74
Fundraising services	20	20
Corporate services including Academic services	62	61
	<u>889</u>	<u>862</u>

**The Institute of Cancer Research**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2004

Research student numbers exclude students who do not appear on the payroll and research staff who are registered for higher degrees.

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
<b>(ii) Remuneration:</b>		
Wages and salaries	25,096	23,025
Social security costs	2,074	1,795
Other pension costs	3,241	2,836
	<u>30,411</u>	<u>27,656</u>

**(iii) Remuneration of Executive Directors**

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

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Chief Executive	124	121
Head of Chester Beatty and Haddow Laboratories	92	95
Head of Clinical Laboratories	165	143
Academic Dean	68	65
Secretary of The Institute	102	87
Chief Executive including employer's pension contributions	142	138

**(iv) Remuneration of Higher Paid Staff**

	<b>2004</b>	<b>2003</b>
	<b>No.</b>	<b>No.</b>
£70,001 - £80,000	8	7
£80,001 - £90,001	5	5
£90,001 - £100,000	3	4
£100,001 - £110,000	3	3
£110,001 - £120,000	2	-
£120,001 - £130,000	6	4
£130,001 - £140,000	1	-
£140,001 - £150,000	-	3
£150,001 - £160,000	1	-
£160,001 - £170,000	1	1

**(v) Superannuation schemes**

The Institute participates in three superannuation schemes. The majority of scientific 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) and other staff are in the ICR Pension Scheme (ICRPS). All three schemes provide benefits based on final pensionable salary.

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

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### **a) Universities Superannuation Scheme (USS) (and the Universities Supplementary Dependants & 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 trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation was at 31 March 2002. 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) and the rates of increase in salary and pensions. In relation to the past services liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institute's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for The Institute was £1,080,000 (2003: £1,984,000). This includes £125,000 (2003: £121,000) outstanding contributions at the balance sheet date. The contribution rate payable by The Institute was 14% of pensionable salaries.

### **b) National Health Service Superannuation Scheme (NHSPS)**

This Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of 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 every four years. The last valuation took place as at 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published every October.

The Institute charges employer's pension costs contributions to operating expenses as and when they become due. Employer contribution rates are reviewed every four years, following a scheme

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

valuation carried out by the Government Actuary. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. From 2003/04 employer contribution rates were increased from 7% to 14%. Employees pay contributions of 6% of their pensionable pay. The total employer contribution payable in 2003/04 was £277,000 (£157,000 for 2003). This includes £41,000 (2003 : £25,000) 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.

The most recent actuarial valuation was carried out by the actuary as at 31 March 2001. The valuation as at 31 March 2004 is currently under preparation. The valuation based on the projected unit method indicated that the funding of the ICRPS was satisfactory, with the actuarial value of the assets covering the accrued liabilities based on estimated final pensionable salaries at retirement to the extent of 108%, a surplus of £2.3 million.

The assumptions used in the valuations were as follows:

Investment returns	6.8%
Discount rate	5.3%
Salary inflation	3.8%
Pensions increases	2.3%
Price inflation	2.3%

This valuation only allows for increases of up to 5.5% and any additional increase is funded by The Institute.

The valuation has been updated to 31 July 2004 in accordance with FRS17 by an independent actuary. The major assumptions used by the actuary at 31 July were:

	2004	2003	2002
Discount rate	5.5%	5.5%	6.0%
Salary inflation	4.4%	4.2%	4.0%
Pensions increases	3.0%	2.8%	2.5%
Price inflation	2.7%	2.7%	2.5%

The assets and liabilities of the scheme at 31 July 2004 and the expected return on assets over the following year measured in accordance with the requirements of FRS 17 were:

	2004	2003	2002	<u>Expected return</u>		
	£'million	£'million	£'million	2004	2003	2002
Bonds	14.0	3.5	3.2	5.0%	4.5%	5.0%
Equities	14.4	22.8	19.8	8.0%	7.5%	7.5%
Other	4.0	3.0	2.2	4.75%	3.9%	4.5%
<b>Total assets</b>	<b>32.4</b>	<b>29.3</b>	<b>25.2</b>			
Liabilities	(40.7)	(37.6)	(27.5)			
<b>(Deficit)/Surplus</b>	<b>(8.3)</b>	<b>(8.3)</b>	<b>(2.3)</b>			

If the above amounts had been recognised in the financial statements, The Institute's net assets and reserves at 31 July would have been as follows:

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

	2004 £'m	2003 £'m
Net assets excluding pension (liability)/asset	108.7	104.7
Pension (liability)/asset	(8.3)	(8.3)

<b>Net asset including pension (liability)/asset</b>	<b>100.4</b>	<b>96.4</b>
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	2004 £'m	2003 £'m
General fund excluding pension (liability)/assets	17.2	19.2
Pension (liability)/asset	(8.3)	(8.3)
<b>General fund including pension (liability)/asset</b>	<b>8.9</b>	<b>10.9</b>

If pension costs had been recognised in accordance with FRS 17, the following components of the pension charge would have been recognised in the Income & Expenditure account for the year ended 31 July 2004:

	2004 £'m	2003 £'m
Expected return on scheme asset	2.0	1.8
Interest cost	(2.2)	(1.7)
<b>Net expected return on pension asset/(liability)</b>	<b>(0.2)</b>	<b>0.1</b>
Current service cost	1.8	2.3
Past service cost	0.2	-
<b>Net amounts charged to Statement of Financial Activities</b>	<b>1.8</b>	<b>2.4</b>

	2004 £'m	2003 £'m
Actual return less expected return on scheme assets	0.1	-
Loss from change in assumptions underlying the present value of scheme liabilities	0.6	(5.6)
Experience gain/(loss) arising on scheme liabilities	(0.3)	0.1
<b>Total loss charged to Statement of Financial Activities</b>	<b>0.4</b>	<b>(5.5)</b>

### History of experience of gains and losses

	2004	2003	2002
Difference between actual and expected return on scheme assets			
- amount £'million	0.1	0.0	(7.0)
- percentage of scheme assets	0.3%	0.0%	(27.7%)
Experience gains (losses) on scheme liabilities			
- amount £'million	(0.3)	0.1	(0.4)
- percentage of scheme assets	0.7%	0.3%	(1.5%)

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

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Total amount recognised in Statement of  
Financial Activities

- amount £'million	0.4	5.5	(7.4)
- percentage of scheme assets	1.0%	18.8%	(27.0%)

The employer's contributions rate was increased from 13% to 15% on 1 May 2002 and increased to 16% on 1 August 2003 and will rise to 17% on 1 April 2004 and 18% on 1 August 2004. Members joining the scheme after 1 May 2002 contribute 6%. Contributions from members joining prior to 1 May 2002 are being introduced from 1 August 2003, starting at 2.5%, rising to 6% by 1 April 2006. On 31 July 2004 an amount of £193,000 was payable to the scheme (2003 - £148,000).

- d) 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.

## 22 VALUE ADDED TAX

The Institute incurred irrecoverable VAT amounting to some £1,008,000 during the year (2003: £906,000). 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 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 the Chester Beatty Laboratories. It did not make a profit or a loss for the period ended 31 July 2004 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 the Male Urological Cancer Research Centre and the Brookes Lawley Building. It did not make a profit or a loss for the period ended 31 July 2004 and its net assets at that date amounted to £2. The accounts of ICR Sutton Developments Ltd have been consolidated into the accounts of The Institute.
- (iii) **ICR Enterprises Limited** - This company undertakes trading activities (e.g. the sale of Christmas Cards) for the benefit of The Institute that it cannot carry out itself as an exempt charity. The Institute owns 100% of the issued share capital. The company made a profit of £2,392 for the year ended 31 July 2004 (2003 - £252) which was paid to The Institute by means of a covenanted payment. Its net assets at 31 July 2004 amounted to £2. The results have not been consolidated into the accounts of The Institute as they are not material.
- (iv) **Everyman Action Against Male Cancer** - The company is limited by guarantee and was dormant throughout the period ended 31 July 2004.
- (v) **Other investments** - The Institute is a founder and shareholder of a number of companies whose aims are to exploit the intellectual property generated at the Institute. The companies and The Institute's shareholding are PETRA Limited (20.2%), PROACTA Inc (1.3%), Domainex Limited (8.3%), Chroma Therapeutics Limited (0.7%)

# The Institute of Cancer Research

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2004

and Piramed Limited (2.0%). The results of these companies have not been consolidated into the accounts of The Institute as they are not material. The cost of The Institute's share holding of these companies is included in unlisted investments.

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

	2004 £000	2003 £000
<b>ICR Enterprises Limited</b>		
Turnover	6	5
Expenditure	(3)	(5)
Operating profit	3	-
Covenanted payment to The Institute	(3)	(-)
Profit for the year	-	-
Assets	5	1
Liabilities	(5)	(1)
Funds	-	-
<b>Development companies</b>		
<b>ICR Sutton Developments and ICR Chelsea Development Limited</b>		
Turnover	2,075	1,894
Cost of sales	(2,075)	(1,894)
Gross profit	-	-
Assets	159	174
Liabilities	(159)	(174)
Funds	-	-

### 24 THE MOULTON TRUST FUND

The Moulton Trust Fund is an independent charity of which The Institute of Cancer Research is the sole trustee. The Fund's income of £2,000 (2003: £2,000) was entirely donated to The Institute to fund postgraduate medical research. The Fund's net assets at 31 July 2004 were £46,000 (2003: £42,000). Audited accounts are available from The Institute.

### 25 RELATED PARTIES

The Institute has a joint project with Breakthrough Breast Cancer for the building of The Breakthrough Toby Robins Breast Cancer Research Centre at The Institute within the Chester Beatty Laboratories.

**The Institute of Cancer Research**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2004

26	<b>INSURANCE VALUATIONS</b>	<b>2004 £000</b>	<b>2003 £000</b>
	<b>Valuation as at 31 July 2004</b>		
	Freehold and crown land	47,648	45,379
	Long leaseholds	38,519	36,685
	Equipment and furniture	60,672	50,385
		<u>146,839</u>	<u>132,400</u>
27	<b>INDEMNITY INSURANCE</b>		

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 £4,987 (2003: £4,525).

### The Board of Trustees

The Board of Trustees is the governing body of The Institute of Cancer Research and is constituted under Article 23 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 03 To July 04
Lord Faringdon	Chairman/Co-option	9	9
Dr J M Ashworth MA PhD DSc	Deputy Chairman & senior member/Co-option	9	7
Mr E A C Cottrell	Honorary Treasurer/Co-option	9	7
Professor P W J Rigby PhD FMedSci	Chief Executive/Ex Officio	6	6
Professor R J Ott PhD FInstP CPhys	Academic Dean/Ex Officio	6	5
Sir Henry Boyd-Carpenter KCVO MA	Co-option	6	3
Dr S E Foden MA DPhil	Co-option	8	6
Mrs T M Green MA	Chairman, The Royal Marsden NHS Foundation Trust/Ex Officio	6	1
Mr C Gutierrez (to 9/2004)	Student	5	4
Dr R Agarwal (from 9/2004)		0	0
Mr R A Hambro	Co-option	6	2
Professor M O Leach PhD FInstP FIPEM CPhys FMedSci	Academic Board	6	6
Professor A Markham DSc FRCP FRCPath (from 12/2003)	Cancer Research UK	4	1
Dr T A Hince MSc PhD (to 9/2004)	Alternate Director	5	2
Dr M J Morgan BA PhD	Co-option	7	5
Professor H R Morris FRS (to 3/2004)	Co-option	4	3
Miss C A Palmer MSc MHSM DipHSM	The Royal Marsden NHS Foundation Trust	6	4
Dr D Weir-Hughes MA RN Neuro Cert	Alternate Director	2	1
Professor D H Phillips PhD DSc FRCPath	Academic Board	6	5
Miss A C Pillman OBE	Co-option	6	5
Mr R E Spurgeon	Co-option	6	6
Professor M Waterfield FRS FMedSci	University of London	6	3
Miss M I Watson MA MBA FCIPD	Co-option	6	5
Dr D Wilman PhD CChem MRSC ARPS (to 10/2004)	Academic Board	6	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

Mr J M Kipling FCA	Secretary of The Institute and Head of Corporate Services
Professor A Horwich PhD FRCP FRCR FMedSci	Director of Clinical Research and Development and Head of the Clinical Laboratories
Professor K R Willison PhD	Head of the Chester Beatty and Haddow Laboratories
Professor C J Marshall FRS FMedSci	Chairman of the Joint Research Committee

***The Institute benefits from external expertise on the following committees that report to the Board of Trustees:***

**The Constitutional and Nomination Committee**

Lord Faringdon - *Chairman*  
Dr J M Ashworth MA PhD DSc – *Deputy Chairman*  
Mr E A C Cottrell  
Dr S E Foden MA DPhil

**The Audit Committee**

Mr R E Spurgeon – *Chairman*  
Mr M G Lillywhite – *Deputy Chairman*  
Mr J M Pearce  
All members attended all 4 meetings held (August 2003 to July 2004)

**The Remuneration Committee**

Lord Faringdon - *Chairman*  
Dr J M Ashworth MA PhD DSc – *Deputy Chairman*  
Mr E A C Cottrell  
Dr M J Morgan BA PhD

**The Fundraising and PR Committee**

Dr J M Ashworth MA PhD DSc – *Chairman*  
Mr M S Smith MA – *Deputy Chairman*  
Mrs S A Read BA

**The Intellectual Property Committee**

Dr S E Foden MA DPhil - *Chairman*  
Mr E A C Cottrell

**The Investments and Building Development Committee**

Mr E A C Cottrell – *Chairman*  
Mr A E Lightly FRICS FBEng ACI Arb – *Deputy Chairman*  
Mr R J Elliott  
Mr A Wolstenholme BSc CEng MICE

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

Sir Henry Boyd-Carpenter KCVO MA – *Chairman*  
Mr E A C Cottrell  
Mr M G Lillywhite  
Miss M I Watson MA MBA FCIPD

## Academic Board

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

Professor R J Ott PhD FInstP CPhys *Chairman and Academic Dean*  
Professor P W J Rigby PhD FMedSci *Chief Executive*  
Professor A L Jackman PhD *Deputy Dean (Biomedical Sciences)*  
Professor K Pritchard-Jones PhD FRCPCH FRCPE *Deputy Dean (Clinical Sciences)*  
Dr G W Aherne\* PhD  
Dr K Allen PhD  
Professor A Ashworth PhD FMedSci  
Dr J Bamber PhD (*Senior Tutor – Sutton*)  
Professor D Barford DPhil FMedSci  
Mr D Barton MRCOG FRCS  
Ms J Bliss\* MSc FRSS  
Professor M Brada FRCP FRCR  
Dr G Cook MD FRCP FRCR  
Professor C S Cooper DSc FMedSci  
Professor D Cunningham MD FRCP  
Professor D Dearnaley MD FRCP FRCR  
Dr N deSouza MD FRCP FRCR  
Professor M Dowsett PhD  
Dr S Eccles\* PhD  
Dr R Eeles\* PhD FRCP FRCR  
Dr P Evans\* DPhil FInstP FIMA  
Dr B Felicetti  
Professor C Fisher MD DSc(Med) FRCPATH  
Dr G Flux  
Dr G H Goodwin\* PhD  
Professor M Gore PhD FRCP  
Professor M Greaves PhD HonMRCP FMedSci FRS  
Ms S Hockley  
Professor A Horwich PhD FRCP FRCR FMedSci  
Dr R S Houlston\* MD PhD FRCP FRCPATH  
Dr R Huddart PhD MRCP FRCR  
Dr D Hudson PhD  
Professor J Husband OBE FRCP FRCR FMedSci  
Professor C Isacke DPhil  
Professor I Judson MD FRCP  
Dr M Katan\* PhD  
Professor S Kaye MD FRCP FRCR FRSE FMedSci  
Professor M O Leach PhD FInstP FIPEM CPhys FMedSci  
Dr W Liu PhD BSc CBiol MIBiol  
Dr R M Marais\* PhD  
Professor C J Marshall FRS FMedSci  
Dr E Matutes\* MD PhD FRCPATH  
Dr S Mitnacht\* PhD  
Professor G Morgan  
Professor P S Mortimer MD FRCP MRCS  
Dr S Moss\* PhD HonMFPH  
Dr G Payne DPhil MInstP MIPEM  
Professor L H Pearl PhD  
Professor J Peto DSc HonMFPH FMedSci  
Professor D H Phillips PhD DSc FRCPATH  
Dr S Popat PhD MRCP  
Mrs J Provin MA PGCEA RN RHU  
Mr P H Rhys-Evans DCC LRCP FRCS  
Dr J Shipley\* PhD  
Mr H Smith  
Professor I Smith MD FRCP FRCPE

Dr K Snell\* PhD FRSA LRPS  
 Professor C J Springer PhD CChem FRSC  
 Professor M Stratton MS BS PhD MRCPATH FMedSci  
 Professor A Swerdlow PhD DM DSc FFPH FMedSci  
 Dr G ter Haar\* DSc PhD FIPEM FAIUM  
 Dr M Watson PhD DipClinPsychol AFBPS  
 Professor S Webb PhD DIC DSc ARCS FInstP FIPEM FRSA CPhys CSci  
 Dr K Weston PhD (*Senior Tutor – Chelsea*)  
 Professor K R Willison PhD  
 Professor P Workman PhD FIBiol FMedSci  
 Dr A Wotherspoon MRCPATH  
 Professor J Yarnold MRCP FRCR  
 Dr A Zelent\* MPhil PhD  
 \*Reader

### **Fellows of The Institute**

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

Professor P Brookes DSc  
 Professor Sir Kenneth Calman KCB DL FRSE  
 Professor D Catovsky MD DSc(Med) FRCPATH FRCP FMedSci  
 Dr M J Crumpton PhD CBE HonFRCPATH FRS FMedSci  
 Professor T M Dexter FRS FMedSci  
 Professor Sir Richard Doll CH OBE DM FRCP FRS  
 Lord Faringdon  
 Professor P B Garland CBE MA MB PhD LLD(hc) FRSE  
 Professor P D Lawley MA PhD DSc  
 Professor Sir Michael Peckham MA MD FRCP FRCP(G) FRCR FRCPATH FRCS  
 Sir Kenneth Stowe GCB CVO  
 Professor R A Weiss PhD HonFRCP FRCPATH FRS FMedSci  
 Professor G Westbury OBE MB BS FRCP FRCS HonFRCSEd

### **Members of The Institute**

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

Dr J M Ashworth MA PhD DSc  
 Professor A J Bellingham CBE FRCP FRCPATH  
 Mr R Bentine  
 Professor J W Boag DSc FInstP FIEE  
 Sir Henry Boyd-Carpenter KCVO MA  
 Mr J M Cartwright FCA ATII  
 Mr E A C Cottrell  
 Miss P M Cunningham CBE  
 Professor G A Currie MD FRCP FRCPATH  
 Mr S R Davie CB  
 Professor A J S Davies PhD DSc FIBiol  
 Mr J J Defries BCom IPFA  
 His Honour Judge Keith Devlin PhD  
 Professor Sir Richard Doll CH OBE DM FRCP FRS  
 Mr R J Elliott  
 Lord Faringdon

Mr G G Ferguson DL  
 Mrs J M Firth CB PhD  
 Dr S E Foden MA DPhil  
 Professor A B Foster DSc  
 Mr B W Freedman  
 Professor P B Garland CBE MA MB PhD LLD(hc) FRSE  
 Mr R A Hambro  
 Dr T A Hince MSc PhD  
 Lord Hussey of North Bradley  
 Professor H E M Kay MD FRCP FRCPATH  
 Mr P J C Keemer MPhil  
 Mr K C Lawrance  
 Mr A E Lightly FRICS FBEng ACI Arb  
 Mr M G Lillywhite  
 Dr M J Morgan BA PhD  
 Professor H R Morris FRS  
 Professor G J Mufti MBBS DM FRCP FRCPATH  
 Professor A R Mundy MS FRCP FRCS  
 Professor S Neidle DSc PhD ARCS DIC FRSC  
 Mr A R Oldham  
 Mr J M Pearce  
 Professor Sir Michael Peckham MA MD FRCP FRCP(G) FRCR FRCPATH FRCS  
 Miss A C Pillman OBE  
 Mrs S A Read BA  
 Professor Dame Lesley Rees DBE MD DSc FRCP FRCPATH FMedSci  
 Mr G E Richardson FRICS  
 Dame Stella Rimington DCB  
 Mr M S Smith MA  
 Mr R E Spurgeon  
 Ms A Stevens BA  
 Sir Kenneth Stowe GCB CVO  
 Miss M I Watson MA MBA FCIPD  
 Professor G Westbury OBE MB BS FRCP FRCS HonFRCSed  
 Sir David Innes Williams MA MD MChir FRCS  
 Dr E Wiltshaw OBE MD FRCP FRCOG  
 Mr A Wolstenholme BSc CEng MICE

### **Associates of The Institute**

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

Mr D A Brunning ALA  
 Professor R L Carter CBE MA DM DSc FRCP FRCPATH FFPM  
 Professor J Chamberlain MB FRCP FFPHM  
 Mr N Clarke  
 Mr P F Collins  
 Professor J L Corner PhD BSc RGN OncCert  
 Dr A R Crathorn PhD  
 Dr D A Darcy DPhil  
 Dr E O Field DM DMRD  
 Mrs P M Goddard BA MPhil  
 Mr J W Goodwin  
 Professor N F C Gowing MD FRCPATH  
 Dr H S Greer MD FRCPsych  
 Mr L J Griggs BSc  
 Dr P L Grover DSc  
 Professor B A Gusterson PhD FRCPATH

Mr N P Hadow OBE MA  
Professor J G Hall MB BS PhD DSc MRCS LRCP FRCPATH  
Professor K R Harrap CBE DSc FRSC  
Mr J G Harris  
Mr A J Hewer CBiol  
Professor C R Hill DSc FInstP FIEEE HonFRCR  
Professor M Jarman MA DSc CChem FRSC  
Mr M Jones MIBiol  
Dr H King BA BSc MPhil PhD  
Mr R MacCormick  
Mr K A Markham FRICS  
Mrs R Marriott  
Mr R K Merrifield BSc MSc  
Mr E Merryweather  
Dr J H Peacock PhD  
Mrs R A Pendry FBIFM AMIOB  
Professor C R Pinkerton MD DCH FRCPI FRCPCH  
Dr F J C Roe DM DSc FRCPATH FATS  
Mr D J C Simmons MPhil FIBMS MIST  
Professor G G Steel DSc  
Mr A Stewart  
Dr J A Stock DSc FRSC  
Mrs S M Stockbridge  
Professor Sir Tom Symington MD DSc(Hon) FRSC FRCPG FRCPATH FRSE  
Professor D M Taylor DSc FRSC FRCPATH  
Miss D L Tharp BSc  
Dr S Venitt PhD  
Mr T West

## **Legal and administrative information**

### **Auditors**

Deloitte & Touche LLP

Verulam Point, Station Way, St Albans AL1 5HE

### **Bankers**

Coutts & Co

Chandos Branch, 440 Strand, London WC2R OQS

HSBC plc

Onslow Square Branch, 1 Sydney Place, London SW7 3NW

### **Investment Managers**

Merrill Lynch Investment Managers

33 King William Street, London EC4 9AS

### **Solicitors**

Farrer & Co

66 Lincoln's Inn Fields, London WC2A 3LH

### **Registered Office**

123 Old Brompton Road

London SW7 3RP

### **Company number**

534147