

The Institute of Cancer Research: Royal Cancer Hospital

Company Number 534147

Financial Statements for the year ended 31 July 2006

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Legal and administrative information

Auditors

Deloitte & Touche LLP

3 Victoria Square, Victoria Street, St Albans AL1 3TF

Bankers

Coutts & Co

Chandos Branch, 440 Strand, London WC2R OQS

HSBC plc

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

Investment Managers

BlackRock Fund Managers 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

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 JULY 2006

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 2006.

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 March 2005. The accounts consolidate the activities of The Institute's subsidiaries ICR Sutton Developments Limited and ICR Chelsea Developments Limited which undertake construction work for The Institute and ICR Equipment Leasing No.8 which holds a lease over one of The Institute's properties. None of these companies had any external activities. The other subsidiary undertakings, The Moulton Trust and ICR Enterprises Limited made small surpluses which were paid to The Institute but are not consolidated as the amounts involved are not material.

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 1130 posts of which some 84 are Royal Marsden staff who work within The Institute. During the year The Institute had an average of 943 employees of whom 91% (2005: 91%) are directly engaged in research and research support. It raised £60.2 million (2005: £63.6 million) during the year from research grants and voluntary income and spent some £68.5 million (2005: £64.6 million) which included £6.1 million (2005: £5.2 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 2005.

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

- **The Board of Trustees** (Chaired by Lord Ryder of Wensum)
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 24 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 and the Academic Dean) 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 The CUC (Committee of University Chairmen) Governance Code of Practice 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, Secretary of The Institute, Academic Dean) and monitors The Institute's strategic performance. It also approves new initiatives and non-recurrent expenditure costing £250,000 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 Lord Ryder of Wensum, Miss Louise Coutts, Mr Dermot Gleeson, Professor Alan Horwich, Professor Andrew Pearson, Professor Steve Webb and Professor Keith Willison to its governing body. Mr Neil Rzechorzek has been appointed to the Board of Trustees since 1 August 2006.

During the financial year Lord Faringdon, Dr Roshan Agarwal,

Professor Martin Leach, and Professor Robert Ott stepped down from the governing body. Miss Louise Coutts has stepped down since 1 August 2006. The Institute is extremely grateful for their valuable contributions during their appointments.

The Board of Trustees met six times in 2005/06. 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. The Board also received an annual report relating to Key Performance Indicators. All research, as judged by international peer review, is rated as of international standard and in the opinion of the Board of Trustees satisfactory progress is being made towards The Institute's long-term goals.

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 Alan Horwich)
The Academic Board meets at least twice 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 Chief of Internal Audit Services. The Committee has full access to the internal and external auditors who in turn have access at all times to the chairman of the Audit Committee.
- **The Constitutional and Nomination Committee** (Chaired by Lord Ryder of Wensum)
The Constitutional and Nomination Committee meets at least twice a year and approves the balance of skills and attributes required of non-executive members of 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 2005/06 seven new appointments were made to the Board of Trustees. All new Trustees are offered a tailored induction programme.

The appointment of Lord Ryder as Chairman resulted from wide consultation and open advertisement undertaken with the assistance of a firm of Search Consultants. Mr Gleeson was appointed following internal and external consultation relating to appointments in areas of expertise that the Board would benefit from. Other appointments were to nominated positions - Academic Dean – Professor Horwich, Academic Board – Professors Pearson, Webb and Willison and student – Miss Coutts.

- **The Remuneration Committee** (Chaired by Lord Ryder of Wensum)
The Remuneration Committee meets at least once a year. The Committee determines the remuneration policy and the salaries of senior members of staff. A Report from the Remuneration Committee is set out on pages 10-11.
- **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 Centenary Committee (formerly the Fundraising and PR Committee)** (Chaired by Lord Ryder of Wensum)
The Centenary Committee meets six times a year. The Committee manages The Institute's Centenary project and

fundraising and public relations activities.

- **The Intellectual Property Committee** (Chaired by Dr Susan Foden)

The Intellectual Property Committee meets three 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.

A copy of the Register of Interests of Board members is available upon application to the Secretary of The Institute.

4. **Research Review**

Some 78% (2005: 76%) 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 and has set in place 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 November 2005 and as part of a review of the internal control arrangements at The Institute. The conclusion of the review was that the internal control arrangements provide a high level of assurance.

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 assessment 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. The Audit Committee reviews The Institute's arrangements for management of risks using the self assessment checklist for Audit Committees contained in HEFCE's Good Practice Guidance for risk management in higher education.

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 2006 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. The Audit Committee has also reviewed The Institute's arrangements for management of risks using the self assessment checklist for Audit Committees contained in HEFCE's Good Practice Guidance for risk management in 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) 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 effectively in the market place;
- encourage innovation and improve performance;
- develop the research leaders of tomorrow; and

- identify and reward excellence.

Within this aim and objective it is current practice to:

- have regard to market rates; and
- 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; and
 - 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; and
 - 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 20 to 41.

The Institute's principal activities are research into the causes, prevention, diagnosis and methods of treatment of cancer and the education and advanced training of medical and scientific staff. There

have not been any significant changes in The Institute's principal activities in the year under review.

Incoming resources for 2006 were £60.2 million compared to £63.6 million in 2005. The fall in income reflects the timing of receipts of capital grants. Incoming resources in 2005 included the receipt of a capital grant of £5.5 million towards the cost of the Sir Richard Doll Building – only £1.2 million of capital grant was received for this project in 2006. Excluding the effect of capital grants the growth in income was 3.3% which reflects the increase in research grants awarded to The Institute.

The accounts show a deficit on unrestricted net incoming resources before transfers for 2006 of £2.7 million (2005 surplus: £0.5 million). The deficit reflects the investment in new areas of scientific activity following the recruitment of new faculty and the high level of refurbishment costs written off in the year (£1.3 million).

The Consolidated Statement of Financial Activities also shows net incoming resources before transfer of £0.5 million (2005: £4.0 million) on restricted funds. The restricted funds mainly comprise the receipt of research grant funds. The surplus in both years reflects the receipt of capital grants towards the Sir Richard Doll Building. These grants were fully expended in the year but in accordance with the SORP the Statement of Financial Activities does not include capital expenditure.

8. Research expenditure

Expenditure on research was £59.2 million (2005: £56.2 million). This rise is largely a result of the increase in expenditure by the research sections. The largest increases have been as a result of expansion in the Section of Structural Biology and the Breakthrough Breast Cancer Centre.

9. Voluntary income

Legacy income increased by £122,000 to £2.6 million in 2006. Donations also increased by £774,000 (45%) as a result of an increase in income from charitable trusts.

10. Capital developments

The Sir Richard Doll Building was completed in October 2006. The land and the construction was largely funded by a grant of £9.2 million from HEFCE's Science Research Investment Fund (SRIF).

During the year work commenced on a refurbishment of the Chester Beatty Laboratory which is also largely funded by SRIF. A total of £400,000 of expenditure had been incurred by 31 July 2006.

11. **Reserves policy**

Approximately 65% 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 £17 million and £21 million or 15 to 18 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 setting out its overall reserves position and level of free reserves the Board of Trustees believes it is important to explain the composition of The Institute's total net assets.

The current position is shown on the face of the balance sheet. The Institute has total net assets of £113.2 million (2005: £112.6 million)

made up as follows:

	2006 (£m)	2005 (£m)
Funds invested in fixed assets		
- General funds	41.8	40.0
- Restricted funds	33.9	32.7
Designated funds		
- Development funds	11.5	15.2
- Other funds	6.3	7.4
Restricted funds	5.6	6.0
Pension reserve	(9.7)	(10.6)
Endowment funds	2.1	1.9
Free reserve	21.7	20.0
	<u>113.2</u>	<u>112.6</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 Ethical Investment Research Service 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 £1.8 million on unrestricted funds.

The General Fund at £21.8 million is just above the range set by the Board of Trustees. However there is significant expenditure on new scientific activities planned in the next two years which will reduce this level to the lower end of the amount required.

13. Pensions

This is the first accounting period in which FRS 17 has been adopted in full. A prior period adjustment has been included to reflect the adoption of FRS17.

The last actuarial valuation of the scheme was undertaken at 31 March 2004. As a result of the deficit of £8.7 million additional

contributions and other measures were put in place to eliminate the deficit by 2017. The actuary has confirmed that the strategy remains on course to eliminate the deficit by 2017.

The financial statements show that The Institute of Cancer Research Pension Scheme is in deficit by £9.7 million. There has been an improvement in the year of £860,000.

14. Risks

The principal risks facing The Institute concern the security of its funding streams. The funding from HEFCE is dependent on The Institute maintaining the high quality of its research activity. The income from external grant funders is dependent on the continued success of the Institute scientists in securing funding for its projects in competitive peer reviewed programmes. The Institute seeks to limit this risk by diversifying its sources of funding.

The Institute operates a defined benefit pension scheme and is exposed to movements in investment markets. The Institute seeks to limit this risk by developing an investment strategy which takes account of the impact on the funding position of each investment assets class considered for investment.

15. 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.

16. **Charitable and political donations**

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

17. **Auditors**

A resolution to re-appoint Deloitte & Touche LLP 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.

Provision of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

18. **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.

Company law requires the members of the Board of Trustees to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group and of the result of The Institute for that period and comply with UK GAAP and the Companies Act 1985.

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.

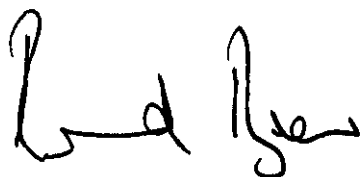
19. **Going concern**

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.

20. **Approval of the Financial Statements**

The Financial Statements were approved by the Board of Trustees on 21 November 2006.

Approved by the Board of Trustees 21 November 2006.



Lord Ryder of Wensum
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 2006 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement, notes to the consolidated cash flow statement and the related notes 1 to 24, which have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the statement of trustees' responsibilities, the trustees, who are also the directors of The Institute for the purposes of company law, are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International 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 Companies Act 1985. We also report if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the trustees' report and other information contained within the annual report as described in the contents section for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and

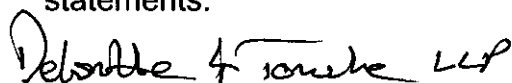
estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of The Institute of Cancer Research : Royal Cancer Hospital company's and group's state of affairs as at 31 July 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the report of the Board of Trustees is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
St Albans

30 November 2006

The Institute of Cancer Research
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Consolidated Income and Expenditure Account)
for the year ended 31 July 2006

	Note	Unrestricted funds £000	Restricted funds £000	Endow- ment funds £000	Total funds 2006 £000	Total funds Restated 2005 £000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	3	3,544	1,547	-	5,091	4,195
Income from investments	4	1,913	-	-	1,913	3,405
Other incoming resources		328	-	-	328	484
Incoming resources from charitable activities						
External grants	2	26,514	26,390	-	52,904	55,481
Total incoming resources		32,299	27,937	-	60,236	63,565
Resources expended						
Cost of generating funds						
	5	1,788	411	-	2,199	1,870
Charitable activities	6	32,785	27,017	-	59,802	56,755
Governance costs	7	417	-	-	417	425
Total resources expended		34,990	27,428	-	62,418	59,050
Net (outgoing)/incoming resources before transfers		(2,691)	509	-	(2,182)	4,515
Transfers between funds	15	(202)	202	-	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		(2,893)	711	-	(2,182)	4,515
Other recognised gains & losses						
Gains & losses on investment assets		1,760	-	164	1,924	1,934
Actuarial gains/(losses) on defined benefit pension schemes	18	860	-	-	860	(2,300)
Revaluation gain on fixed assets for own use		-	-	-	-	8,016
Net movement in funds		(273)	711	164	602	12,165
Fund balances at 1 August 2005 as previously reported		82,378	38,864	1,914	123,156	108,691
Prior year adjustment	24	(10,600)	-	-	(10,600)	(8,300)
Fund balances at 1 August 2005 restated		71,778	38,864	1,914	112,556	100,391
Fund balances at 31 July 2006		71,505	39,575	2,078	113,158	112,556

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

The notes on pages 23 to 41 form part of these financial statements.

The Institute of Cancer Research

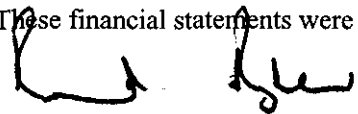
BALANCE SHEETS

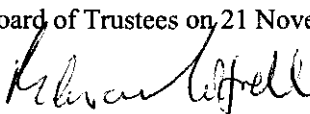
31 July 2006

		Group		Institute	
	Note	2006	Restated 2005	2006	Restated 2005
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	9	75,712	72,669	75,712	72,669
Investments	10	44,075	50,688	44,080	50,693
		<u>119,787</u>	<u>123,357</u>	<u>119,792</u>	<u>123,362</u>
CURRENT ASSETS					
Stocks – finished goods		164	155	164	155
Debtors	11	5,119	6,669	5,066	7,131
Cash at bank and in hand		4,454	923	4,522	456
		<u>9,737</u>	<u>7,747</u>	<u>9,752</u>	<u>7,742</u>
CREDITORS: Amounts falling due within one year	12(i)	(6,269)	(7,234)	(6,284)	(7,234)
NET CURRENT ASSETS		<u>3,468</u>	<u>513</u>	<u>3,468</u>	<u>508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>123,255</u>	<u>123,870</u>	<u>123,260</u>	<u>123,870</u>
CREDITORS: Amounts falling due after more than one year	12(ii)	(357)	(714)	(357)	(714)
Net assets excluding pension liability		<u>122,898</u>	<u>123,156</u>	<u>122,903</u>	<u>123,156</u>
Defined benefit pension scheme liability		(9,740)	(10,600)	(9,740)	(10,600)
Net assets including pension liability		<u>113,158</u>	<u>112,556</u>	<u>113,163</u>	<u>112,556</u>
UNRESTRICTED FUNDS					
General funds	14	21,755	19,997	21,760	19,997
Revaluation reserve	9	18,102	18,478	18,102	18,478
Designated funds	14	41,388	43,903	41,388	43,903
Pension reserve		(9,740)	(10,600)	(9,740)	(10,600)
		<u>71,505</u>	<u>71,778</u>	<u>71,510</u>	<u>71,778</u>
RESTRICTED FUNDS					
Income funds	15(i)	39,575	38,864	39,575	38,864
ENDOWMENT FUNDS	15(ii)	2,078	1,914	2,078	1,914
		<u>113,158</u>	<u>112,556</u>	<u>113,163</u>	<u>112,556</u>

Comparative figures have been revised as a result of a change in accounting policy following the adoption of FRS17 Retirement Benefits – further details are included in Note 28.

These financial statements were approved by the Board of Trustees on 21 November 2006.


Lord Ryder of Wensum
Chairman of the Board of Trustees


Edward Cottrell
Honorary Treasurer

The notes on pages 23 to 41 form part of these financial statements.

The Institute of Cancer Research
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2006

	Note	2006 £000	2005 £000
Net cash (outflow)/inflow from operating activities	1	(852)	4,054
Returns on investments and servicing of finance	2	1,913	1,931
Capital expenditure and financial investment	3	(8,437)	6,599
CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>(7,376)</u>	<u>12,584</u>
Management of liquid resources	5	10,907	8,628
Financing	4	-	(20,688)
INCREASE IN CASH IN THE YEAR		<u>3,531</u>	<u>524</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1 August 2005 £000	Cash flows £000	31 July 2006 £000
Cash at bank and in hand	923	3,531	4,454
Money market and other deposits	37,906	(10,907)	26,999
	<u>38,829</u>	<u>(7,376)</u>	<u>31,453</u>

The Institute of Cancer Research

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 July 2006

1	RECONCILIATION OF CHANGES IN RESOURCES TO NET INFLOW FROM OPERATING ACTIVITIES	2006 £000	2005 £000
	Net (outgoing)/incoming/resources	(2,182)	4,515
	Interest element of finance lease rental payment	-	1,483
	Depreciation charges	3,024	2,415
	Loss on disposal of fixed assets	-	110
	Property income	-	(9)
	Investment income	(1,913)	(3,405)
	(Increase)/decrease in stocks	(9)	71
	Decrease/(increase) in debtors	1,550	(1,112)
	Decrease in creditors	(1,322)	(14)
		<u>(852)</u>	<u>4,054</u>
2	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2006 £000	2005 £000
	Investment income	1,913	3,405
	Rent receivable	-	9
	Interest element of finance lease rental payment	-	(1,483)
		<u>1,913</u>	<u>1,931</u>
3	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2006 £000	2005 £000
	Payments to acquire tangible fixed assets	(6,067)	(5,178)
	Receipts from sales of tangible fixed assets	-	1,173
	Additional expenditure on leased asset	-	(1,071)
	Purchases of investments	(10,094)	(6,824)
	Receipts from sales of investments	7,724	18,499
		<u>(8,437)</u>	<u>6,599</u>
4	FINANCING	2006 £000	2005 £000
	Capital element of finance lease rental payment	-	(20,668)
5	MANAGEMENT OF LIQUID RESOURCES	2006 £000	2005 £000
	Decrease in short term deposits	10,907	8,628

The Institute of Cancer Research

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings and investments to market value, in accordance with applicable UK accounting standards. They comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005. 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.

(ii) LAND AND BUILDINGS

Land and buildings are valued every five years in accordance with the Guidance Notes for the Valuation of Assets issued by the Royal Institute of Chartered Surveyors for the purpose of balance sheet valuations. The last full valuation took place on 31 July 2005.

Valuations are made on a Depreciated Replacement Cost basis for scientific properties. Unrealised gains arising at each revaluation are shown in the Revaluation Reserve. Unrealised losses are taken to the Statement of Financial Activities (SOFA) except to the extent that they reverse revaluation gains on the same asset.

(iii) INVESTMENTS

Listed investments are stated at the market value at the date of the balance sheet. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investments in subsidiaries are stated at cost. Investment income is the amount received by The Institute in the year.

(iv) GRANTS ACCOUNTING

Income from external grants is recognised in the Statement of Financial Activities as soon as it is receivable unless it is receivable in respect of specific activities which relate to future periods in which case it is treated as deferred income.

(v) CAPITAL GRANTS

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

(vi) LEGACIES AND DONATIONS

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

(vii) INCOMING RESOURCES

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

(viii) DEPRECIATION

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

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

The Institute of Cancer Research

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

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

(ix) EQUIPMENT AND DEPRECIATION

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

(x) STOCKS

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

(xi) RESOURCES EXPENDED

Support costs are allocated to activities on the following basis

IT costs – number of computers used by each activity

Premises costs – number of staff

Other costs – based on the time spent.

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

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

(xii) FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim of each designated fund is set out in the notes to the financial statements. This includes the Fixed Asset Fund which represents the amount of general funds invested in fixed assets and the Revaluation Reserve which represents the increase in fixed assets arising as a result of revaluation.

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

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

(xiii) PENSIONS

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

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest

The Institute of Cancer Research

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities

Defined benefit scheme assets are held separately from those of The Institute. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bonds. *The actuarial valuation is obtained at least tri-annually and is updated at each balance sheet date. The resulting defined benefit asset or liability is shown separately on the face of the balance sheet.* A pensions reserve has been created within the unrestricted funds in compliance with paragraph 335 of the SORP.

(xiv) CONSOLIDATION BASIS

The Institute owns 100% of the share capital of three companies - ICR Chelsea Development Ltd (ICRCD), ICR Sutton Developments Ltd (ICRSD) and ICR Equipment Leasing No.8 Limited (ICRENo8). ICRCD and ICRSD have been set up to act as developers for the construction of laboratories. ICRENo8 owns a long leasehold interest in the Chester Beatty Laboratory which is occupied by The Institute. The consolidated statements include the financial statements of these companies as well as Everyman Action Against Male Cancer. As provided by Section 230 of the Companies Act 1985 no Statement of Financial Activities is presented for The Institute. The deficit for Companies Act purposes is £2,182,000 (2005 surplus £4,515,000).

ICR Enterprises Ltd undertakes trading activities and is wholly owned by The Institute. The Moulton Trust Fund is a charity of which The Institute of Cancer Research is the sole trustee. The Fund's income is donated to The Institute to fund postgraduate medical research. The results of these entities are not consolidated into the results of The Institute as they are not material.

(xv) LEASES

Assets held under finance leases together with the related lease obligations are shown on the balance sheet at a value equivalent to the purchase price of the asset and are depreciated over the shorter of the period of the lease and the estimated useful economic life of the assets. The finance charges are allocated over the period of the lease in proportion to the lease obligation and are charged to the Statement of Financial Activities.

Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the life of the lease.

(xvi) FOREIGN CURRENCY TRANSLATION

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

The Institute of Cancer Research
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2006

2. EXTERNAL GRANTS

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2006 £000	Total funds 2005 £000
Higher Education Funding Council for England	13,167	1,462	-	14,629	17,517
Grants for research	13,324	24,600	-	37,924	37,296
Grants and contracts for teaching and support services	23	235	-	258	303
Grants for equipment and building	-	93	-	93	365
	<u>26,514</u>	<u>26,390</u>	<u>-</u>	<u>52,904</u>	<u>55,481</u>

3. VOLUNTARY INCOME

Voluntary income is largely derived from the UK. Legacy income includes £50,000 (2005: £580,000) which relates to legacies bequeathed to The Institute but not realised at the balance sheet date. The Institute has been notified of a further estimated amount of £645,000 (which has not been included as the amount could not be estimated with the sufficient certainty (2005 £700,000).

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2006 £000	Total funds 2005 £000
Legacies	2,600	-	-	2,600	2,478
Donations	944	1,547	-	2,491	1,717
	<u>3,544</u>	<u>1,547</u>	<u>-</u>	<u>5,091</u>	<u>4,195</u>

4. INVESTMENT INCOME

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2006 £000	Total funds 2005 £000
Interest income	1,406	-	-	1,406	3,096
Dividend income	507	-	-	507	309
	<u>1,913</u>	<u>-</u>	<u>-</u>	<u>1,913</u>	<u>3,405</u>

All investment income is derived from investments held within the UK.

5. COST OF GENERATING FUNDS

	Direct costs £000	Support costs £000	Total funds 2006 £000	Total funds 2005 £000
Costs of generating voluntary income	1,740	349	2,089	1,760
Investment management fees	57	53	110	110
	<u>1,797</u>	<u>402</u>	<u>2,199</u>	<u>1,870</u>

The Institute of Cancer Research
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2006

6. CHARITABLE ACTIVITIES

	Direct costs £000	Support costs £000	Total 2006 £000	Total 2005 £000
Research expenditure	50,908	8,285	59,193	56,220
Information and education	566	43	609	535
	<u>51,474</u>	<u>8,328</u>	<u>59,802</u>	<u>56,755</u>

7. GOVERNANCE COSTS

Governance costs comprised the following direct and indirect costs:

	Total 2006 £000	Total 2005 £000
Legal and professional	10	6
External audit fee	33	28
Internal audit	77	61
Other	1	43
Support costs	296	287
	<u>417</u>	<u>425</u>

In addition to the external audit fees Deloitte received £4,200 (2005 £8,200) in respect of advice in connection with the termination of the Chester Beatty laboratory lease.

8. SUPPORT COSTS

	Directorate £000	Finance £000	HR £000	Premises £000	IT £000	Total 2006 £000	Total 2005 £000
Fundraising costs	84	91	44	80	50	349	346
Investment management	8	45	-	-	-	53	47
	<u>92</u>	<u>136</u>	<u>44</u>	<u>80</u>	<u>50</u>	<u>402</u>	<u>393</u>
Research expenditure	466	725	845	4,461	1,788	8,285	7,592
Information and education	11	-	-	32	-	43	42
	<u>477</u>	<u>725</u>	<u>845</u>	<u>4,493</u>	<u>1,788</u>	<u>8,328</u>	<u>7,634</u>
Governance	247	45	-	-	4	296	287
	<u>569</u>	<u>906</u>	<u>889</u>	<u>4,573</u>	<u>1,842</u>	<u>9,026</u>	<u>8,449</u>

The Institute of Cancer Research
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2006

9. TANGIBLE ASSETS

	Freehold land and buildings £000	Leasehold land and buildings £000	Furniture, plant and equipment £000	Total £000
Cost or valuation				
1 August 2005	70,365	1,980	5,448	77,793
Additions at cost	3,524	-	2,543	6,067
At 31 July 2006	73,889	1,980	7,991	83,860
Depreciation				
1 August 2005	1,180	52	3,892	5,124
Provided in the year	1,481	39	1,504	3,024
At 31 July 2006	2,661	91	5,396	8,148
Net book value				
31 July 2006	71,228	1,889	2,595	75,712
31 July 2005	69,529	1,584	1,556	72,669
Historic cost				
31 July 2006	54,027	976	2,595	57,598
31 July 2005	51,624	1,002	1,556	54,182

There were no fixed assets other than those held by The Institute. There were no assets held under finance leases at 31 July 2006 (2005: £nil).

Revaluation Reserve	2006 £000	2005 £000
Reserve at 1 August 2005	18,478	11,740
Revaluation gain	-	8,016
Disposal of revalued assets	-	(1,161)
Transfer to Fixed Asset fund in respect of depreciation	(376)	(117)
Reserve at 31 July 2006	18,102	18,478

The Institute's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2005. The valuations were undertaken on a depreciated replacement cost basis.

The Institute of Cancer Research
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2006

10. INVESTMENTS

	Listed fixed interest	Listed equities and unit trusts	Unlisted equities and unit trusts	Hedge funds	Money market deposits	Total
	£000	£000	£000	£000	£000	£000
Group						
Market value at 1 August 2005	363	12,400	19	-	37,906	50,688
Movements in deposits	-	-	-		(10,907)	(10,907)
Additions at cost	-	6,094	-	4,000	-	10,094
Disposals at book value	-	(6,070)	-		-	(6,070)
Unrealised (losses) /gains	(14)	(194)	3	475	-	270
Total at 31 July 2006	349	12,230	22	4,475	26,999	44,075
Historic cost as at:						
31 July 2006	360	10,176	8	4,000	26,999	41,543
31 July 2005	360	10,341	8	-	37,906	48,615

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

The listed investments held by the General Fund (£10.5 million - 2005 - £11.2 million) are a segregated investment portfolio managed by BlackRock Investment Managers. The listed investments held by the Endowment Funds (£2.1 million - 2005 - £1.9 million) are invested in the Charishare Tobacco Restricted Fund (£1.7 million - 2005 - £1.5 million) and Charinco Tobacco Restricted Fund (£0.4 million - 2005 - £0.4 million) which are recognised charity common investment funds managed by BlackRock Investment Managers which exclude tobacco related investments.

At 31 July 2006 money market deposits included £18.2 million invested in the BlackRock Institutional Liquidity Fund (2005 - £26.7 million), £8.3 million invested in the BGI Sterling Liquidity Plus Fund (2005- £7.9 million) and £0.5 million of other deposits (2005 - £3.3 million).

11. DEBTORS

	Group		Institute	
	2006	2005	2006	2005
	£000	£000	£000	£000
Grant debtors:				
-Revenue grants	1,417	4,681	1,417	4,681
Other trade debtors	226	374	226	374
Legacy debtors	50	580	50	580
Other debtors	177	592	117	225
Amounts due from subsidiary undertakings	-	-	7	829
Prepayments and accrued income	3,249	442	3,249	442
	5,119	6,669	5,066	7,131

The Institute of Cancer Research
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2006

12.	CREDITORS:	Group		Institute	
	(i) Amounts falling due within one year	2006 £000	2005 £000	2006 £000	2005 £000
	Trade creditors	1,959	2,021	1,959	2,021
	Accruals and deferred income	1,837	2,064	1,837	2,064
	Amounts due to subsidiary companies	-	-	15	-
	Other creditors	1,458	2,219	1,458	2,219
	Taxes and social security	1,015	930	1,015	930
		<u>6,269</u>	<u>7,234</u>	<u>6,284</u>	<u>7,234</u>
	(ii) Amounts falling due after more than one year				
	Other creditors	357	714	357	714

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS					
Group	General funds £000	Designated funds £000	Restricted funds £000	Endow-ment funds £000	Total funds 2006 £000
Tangible fixed assets	18,104	23,666	33,942	-	75,712
Investments	19,665	17,582	4,750	2,078	44,075
Net current assets	2,445	140	883	-	3,468
Long term creditors	(357)	-	-	-	(357)
Pension creditor	<u>(9,740)</u>				<u>(9,740)</u>
Total net assets	30,117	41,388	39,575	2,078	113,158

14. UNRESTRICTED FUNDS	Group & Institute				Balance at 31 July 2006 £000
	Balance at 1 August 2005 £000	Income £000	Expenditure £000	Transfers, gains and losses £000	
Designated funds					
Fixed asset funds	21,500	-	-	2,166	23,666
Development Fund	15,201	-	-	(3,652)	11,549
Studentship Fund	1,031	-	-	(112)	919
FC Hunter Studentship Fund	569	-	-	-	569
Joan Francis Stowe Fund	14	-	-	-	14
Faringdon Fund	-	-	-	250	250
Amenity Fund	135	-	-	(19)	116
Unrestricted external funds	5,453	9,230	(10,386)	8	4,305
	<u>43,903</u>	<u>9,230</u>	<u>(10,386)</u>	<u>(1,359)</u>	<u>41,388</u>
Revaluation Reserve	18,478	-	-	(376)	18,102
Pension Reserve	(10,600)	-	-	860	(9,740)
General Fund	19,997	23,069	(24,604)	3,293	21,755
Total unrestricted funds	<u>71,778</u>	<u>32,299</u>	<u>(34,990)</u>	<u>2,418</u>	<u>71,505</u>

The Institute of Cancer Research

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2006

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

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

The fund is made up as follows:

	2006 £000	2005 £000
Capital commitments (see note 16)	1,991	5,527
Scientific initiatives	4,542	4,234
Other development funds	5,016	5,440
	<u>11,549</u>	<u>15,201</u>

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 Studentship fund provides funds to support studentships.

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

The Amenity Fund provides funds for staff welfare.

The Unrestricted external funds are grants awarded to The Institute for which The Institute has discretion as to their use. The transfers to and from unrestricted funds reflect adjustments to grant funds following the review of balances held.

15. RESTRICTED FUNDS

(i) Income funds

	Balance at 1 August 2005 £000	Income £000	Expen- diture £000	Transfers, gains and losses £000	Balance at 31 July 2006 £000
Funds invested in fixed assets					
Breakthrough Breast Cancer	4,932	-	(133)	-	4,799
The Bob Champion Cancer Trust	900	-	(20)	-	880
Everyman Appeal	718	-	(15)	-	703
The Garfield Weston Foundation	450	-	(10)	-	440
The Monument Trust	312	-	(7)	-	305
The Wolfson Foundation	1,165	-	(25)	-	1,140
HEFCE	15,830	1,186	(349)	-	16,667
The Wellcome Trust	7,486	-	(159)	-	7,327
Equipment funds	896	1,717	(932)	-	1,681
	<u>32,689</u>	<u>2,903</u>	<u>(1,650)</u>	<u>-</u>	<u>33,942</u>

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Other restricted funds					
Everyman and other restricted donations	-	1,547	(1,547)	-	-
Cancer Research UK Epidemiology Fund	397	-	-	-	397
Research grants	5,778	23,487	(24,231)	202	5,236
Sub total	6,175	25,034	(25,778)	202	5,634
Total restricted funds	38,864	27,937	(27,428)	202	39,575

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

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

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

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

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.

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

The research grants are funds received by The Institute for specific cancer research projects. The transfers to and from restricted funds reflect adjustments to restricted grant funds following the review of balances held.

ii) Endowment funds	Balance at 1 Aug 2005 £000	Income £000	Expen- diture £000	Transfers, gains and losses £000	Balance at 31 July 2006 £000
Hensley Nankivell Studentship Fund	1,033	-	-	89	1,122
Sir SK Tang Fund	532	-	-	46	578
The Ivan and Felicite Stoller Fund	349	-	-	29	378
Total endowment funds	1,914	-	-	164	2,078

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

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(Endowment Fund) is a legacy received from the estate of Sir SK Tang. The Ivan and Felicite Stoller Fund is a legacy received from the estate of Mr IM Stoller. The income from both the Tang and Stoller funds are for cancer research.

16. CAPITAL COMMITMENTS	2006 £000	2005 £000
Contracted but not provided for	879	2,124
Authorised by the Board of Trustees but not contracted for	1,112	3,403
	<u>1,991</u>	<u>5,527</u>

17. 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.

Seven non-executive trustees received a total of £1,541 (2005: £1,592) for reimbursement of travel expenses.

18. STAFF COSTS	2006 No.	2005 No.
(i) Average number of employees		
Research staff	750	736
Research support staff	108	102
Fundraising services	25	24
Corporate services including Academic services	60	56
	<u>943</u>	<u>918</u>
	2006 £000	2005 £000
(ii) Remuneration		
Wages and salaries	30,344	27,832
Social security costs	2,543	2,404
Other pension costs	4,253	3,745
	<u>37,140</u>	<u>33,981</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 contributions are excluded except where indicated.

	2006 £000	2005 £000
Chief Executive	150	152
Head of Chester Beatty and Haddow Laboratories	-	84
Head of Clinical Laboratories (and Academic Dean from October 2005)	204	192
Academic Dean	-	73
Secretary of The Institute	99	107
Chief Executive including employer's pension contributions	171	171

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(iv) Remuneration of Higher Paid Staff	2006 No.	2005 No.
£60,001 - £70,000	10	6
£70,001 - £80,000	8	6
£80,001 - £90,000	3	7
£90,001 - £100,000	10	6
£100,001 - £110,000	3	4
£110,001 - £120,000	1	2
£120,001 - £130,000	1	1
£130,001 - £140,000	2	-
£140,001 - £150,000	5	3
£150,001 - £160,000	3	3
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-
£190,001 - £200,000	-	1
£200,001 - £210,000	2	-
£210,001 - £220,000	-	1
£230,001 - £240,000	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 Dependants & 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.

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. The Institute is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits" accounts for the scheme as if it were a defined contribution scheme. As a result the cost recognised within the deficit for the year in the Statement of Financial Activities represents the contributions payable to the scheme in respect of the financial year.

The latest actuarial valuation was at 31 March 2005. 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 4.5% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9%. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of past service liabilities was £28,308 million leaving a deficit of liabilities over assets of

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£6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The scheme actuary also valued the scheme on a number of other bases as at the valuation date details of which have been provided by USS. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if the USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries.

Surpluses or deficits which arise at future valuations may impact on The Institute's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2008 when the above rates will be reviewed.

The total pension cost for The Institute was £1,296,000 (2005: £1,145,000). This includes £152,000 (2005: £141,000) of outstanding contributions at the balance sheet date. The contribution rate payable by The Institute was 14% of pensionable salaries.

b) National Health Service Pension Scheme (NHSPS)

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

The last reported valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to review the contribution rates. This valuation took place on 31 March 2004 and is yet to be finalised. The last published valuation on which contributions are based 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 annually.

The Institute charges employer's pension costs contributions to operating expenses as and when they become due. Employer contribution rates are reviewed following a scheme 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 April 2004 employer contribution rates were increased from 7% to 14% of pensionable pay. Employees pay contributions of 6% of their pensionable pay. The total employer contribution payable in 2005/06 was £482,000 (2005: £390,000). There were £53,500 (2005: £49,000) of outstanding contributions at the balance sheet date.

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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 2004. 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 78%, a deficit of £8.7 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%

The Valuation has been updated to 31 July 2006 in accordance with FRS17 by an independent actuary. The major assumptions used by the actuary at 31 July were:

	2006	2005	2004
Discount rate	5.2%	5.0%	5.7%
Salary inflation	4.6%	4.2%	4.4%
Pensions increases	3.1%	2.7%	3.0%
Price inflation	3.1%	2.7%	2.9%

The assets and liabilities of the scheme at 31 July 2006 and the expected return on assets over the following year measured in accordance with the requirements of FRS 17 were:

	2006	2005	2004	<u>Expected return</u>		
	£'million	£'million	£'million	2006	2005	2004
Bonds	20.1	19.7	14.0	4.60%	4.25%	5.0%
Equities	22.6	15.4	14.4	7.60%	7.25%	8.0%
Other	<u>3.1</u>	<u>4.2</u>	<u>4.0</u>			
Total assets	45.8	39.3	32.4			
Liabilities	<u>(55.5)</u>	<u>(49.9)</u>	<u>(40.7)</u>			
Deficit	<u>(9.7)</u>	<u>(10.6)</u>	<u>(8.3)</u>			

The following components of the pension charge have been recognised in the Statement of Financial Activities for the year ended 31 July 2006:

	2006	2005
	£'m	£'m
Current service cost	2.1	1.8
Past service cost	0.1	0.1
Total operating charge (net of employee contributions)	2.2	1.9
Net expected return on pension assets		
Expected return on scheme assets	2.3	2.1
Interest cost	(2.5)	(2.4)
Net amounts charged to Statement of Financial Activities	2.0	1.6

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	2006	2005
	£'m	£'m
Deficit at the start of the year	(10,600)	(8,300)
Movement in year:		
Current service cost	(2,120)	(1,800)
Employer contributions	2,389	2,200
Past service costs	(106)	(100)
Other finance income	(199)	(300)
Actuarial gain	896	(2,300)
Deficit at the end of the year	(9,740)	(10,600)
	2006	2005
	£'m	£'m
Actual return less expected return on scheme assets	2.1	2.8
Loss from change in assumptions underlying the present value of scheme liabilities	(1.5)	(5.1)
Experience gain/(loss) arising on scheme liabilities	0.3	-
Total actuarial gain/(loss) charged to Statement of Financial Activities	0.9	(2.3)

History of experience of gains and losses

	2006	2005	2004	2003	2002
Difference between actual and expected return on scheme assets					
- amount £'million	2.1	2.8	0.1	0.0	(7.0)
- percentage of scheme assets	4.0%	7.1%	0.3%	0.0%	(27.7%)
Experience gains (losses) on scheme liabilities					
- amount £'million	0.3	(0.0)	(0.3)	0.1	(0.4)
- percentage of scheme assets	1.0%	(0.0%)	(0.7%)	0.3%	(1.5%)
Total amount recognised in Statement of Financial Activities					
- amount £'million	0.9	(2.3)	0.4	5.5	(7.4)
- percentage of scheme assets	2.0%	(4.6%)	1.0%	18.8%	(27.0%)

The employer's contributions rate was increased from 15% to 16% on 1 August 2003 and rose 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 were introduced from 1 August 2003, starting at 2.5% and rising to 6% by 1 April 2006. On 31 July 2006 an amount of £274,000 was payable to the scheme (2005 - £242,000).

d) Unfunded pensions

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

(vi) Health and Safety at Work

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

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19. SUBSIDIARY UNDERTAKINGS

The Institute has the following subsidiary undertakings:

- (i) **ICR Chelsea Development Limited** - The Institute owns 100% of the issued share capital of this company which has been set up to act as the developer of a refurbishment project which has now been completed. It did not make a profit or a loss for the period ended 31 July 2006 and its net assets at that date amounted to £2. The accounts of ICR Chelsea Development Ltd have been consolidated into the accounts of The Institute.
- (ii) **ICR Sutton Developments Limited** - The Institute owns 100% of the issued share capital of this company which has been set up to act as the developer of Institute properties. It did not make a profit or a loss for the period ended 31 July 2006 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 after interest of £1,827 for the year ended 31 July 2006 (2005 - £5,277) which was paid to The Institute by means of a covenanted payment. Its net assets at 31 July 2006 amounted to £2. The results have not been consolidated into the accounts of The Institute as they are not material.
- (iv) **ICR Equipment Leasing No.8 Limited** - This company was acquired from LloydsTSB Group in the period and holds a leasehold interest in the Chester Beatty Laboratory. The accounts of ICR Equipment Leasing No.8 Limited have been consolidated into the accounts of The Institute. The company made a profit of £2,577 for the year ended 31 July 2006 (2005 - £5,370) which was paid to The Institute by means of a covenanted payment.
- (v) **The Moulton Trust Fund** - The Moulton Trust Fund is a charity of which The Institute of Cancer Research is the sole trustee. The Fund's income of £1,077 (2005: £1,598) was entirely donated to The Institute to fund postgraduate medical research. The Fund's net assets at 31 July 2006 were £58,655 (2005: £50,000). The accounts have not been consolidated into the accounts of The Institute as they are not material.
- (vi) **Everyman Action Against Male Cancer** - The company is limited by guarantee and was dormant throughout the period ended 31 July 2006.
- (vii) **Other investments** - The Institute is a founder and shareholder of five companies whose aims are to exploit the intellectual property generated at The Institute. The companies and The Institute's shareholding are PETRRA Limited (7.8), PROACTA Inc (0.9%), Domainex Limited (8.3%), Chroma Therapeutics Limited (0.3%) and Piramed Limited (1.1%). 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:

	2006 £000	2005 £000
ICR Enterprises Limited		
Turnover	10	9
Expenditure	(8)	(4)
Operating profit	2	5

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Covenanted payment to The Institute	(2)	(5)
Profit for the year	-	-
Assets	5	9
Liabilities	(5)	(9)
Funds	-	-
	2006	2005
	£000	£000
ICR Equipment Leasing No.8 Limited		
Turnover	2	20,910
Expenditure	-	(20,905)
Operating profit	2	5
Covenanted payment to The Institute	(2)	(5)
Profit for the year	-	(-)
Assets	7	240
Liabilities	(2)	(235)
Funds	5	5
	2006	2005
	£000	£000
Development companies		
ICR Sutton Developments and ICR Chelsea Development Limited		
Turnover	4,583	4,801
Cost of sales	(4,583)	(4,801)
Gross profit	-	-
Assets	75	594
Liabilities	(75)	(594)
Funds	-	-

20. 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.

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21. INDEMNITY INSURANCE

The Institute has purchased indemnity insurance to provide the Board of Trustees and Officers with an indemnity against a wide range of legal actions which they might face in carrying out their duties. The cost of this insurance was £5,237 (2005: £5,237).

22. LEASE COMMITMENTS

At 31 July 2006 The Institute had annual operating lease commitments in respect of property leases which expire as follows:

	2006 £000	2005 £000
Over five years	320	320
	<u>320</u>	<u>320</u>

The amount included in the statement of financial activities is as follows:

	2006 £000	2005 £000
Hire of other assets – operating leases	320	320
	<u>320</u>	<u>320</u>

23. VALUE ADDED TAX

The Institute incurred irrecoverable VAT amounting to some £1.2 million during the year (2005 - £1.7 million). It is a member of the Charities Tax Reform Group which campaigns on behalf of its members for a reduction in their VAT burden.

24. PRIOR YEAR ADJUSTMENT

Comparative figures in the Statement of Financial Activities and the Balance Sheet have been revised as a result of a change in accounting policy following the adoption of FRS17 Retirement Benefits. The adoption of FRS17 has reduced the unrestricted funds of The Institute by £10.6 million as at 31 July 2005. The net movement in funds for 2005 was reduced by £2.3 million.

The impact of the change on the reserves of The Institute is as follows:

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2006 £000	Total funds 2005 £000
FRS 17 pension liability	(10,600)	-	-	(10,600)	(8,300)

The impact of the change on the incoming resources of The Institute for the year is as follows:

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2006 £000	Total funds 2005 £000
Actuarial losses on defined benefit pension schemes	(2,300)	-	-	(2,300)	-

STRATEGIC PLAN

The Institute has two strategic goals, which represent the priorities for its cancer research and through which it is able to fulfil its mission.

Goal 1

To continue to be one of the best cancer centres in the world.

Research

The Institute of Cancer Research is one of the world's leading cancer research organisations and is internationally renowned for the quality of its science. Together with The Royal Marsden NHS Foundation Trust it also forms the leading and largest Comprehensive Cancer Centre in Europe. Our integrated work in genetics, molecular biology and drug development is unrivalled in the world and provides the opportunity for Institute scientists to transform the prospects for cancer patients. Our first goal demonstrates our intention to continue to undertake and be recognised for research at the highest international level.

Goal 2

To continue to make a major contribution to the education and training of the next generation of the leaders of cancer research.

Education

Given the concentration of world class scientific and clinical expertise within our organisation, we believe we have the enthusiasm, the skills and motivation to ensure that our clinical and post-doctoral training fellows and post graduate taught and research students receive the best education and training to develop their talent and introduce them to a successful career in cancer research.

Strategic objectives

Our goals are underpinned by a series of objectives, which focus our attention on the practical way in which we will achieve them. In addition, we recognise the need to make sure we have both sufficient resources and the organisational capacity to deliver them.

Objective 1

To enact excellent basic, translational and clinical research throughout The Institute as defined by international peer review.

Objective 2

To achieve success in the three major strands of the scientific strategy as defined by the outputs in genetic epidemiology, molecular pathology and therapeutic development.

Objective 3

Together with The Royal Marsden NHS Foundation Trust to continue to be an internationally recognised top ranking Comprehensive Cancer Centre so that the results of our research translate into long term patient benefit.

How will we measure success?

- *Through our long term achievements*
- *Through peer review e.g.*
 - *achieving 'international ratings' from HEFCE/RAE*
 - *achieving Cancer Research UK site visit rating of Outstanding or Forefront or equivalent rating from other funding body*
 - *review by the external Scientific Advisory Committee*
- *Through monitoring our grant application success rates*
- *Through monitoring the number of citations of our scientific papers*

Cancer research, by the very nature of the disease, is a long term and complex undertaking. The timescale for a laboratory discovery to be translated into a proven and established patient benefit has in the past been over a decade. We therefore should be judged against our long term achievements and the surrogate measures of peer review. Both show The Institute to have made an enormous contribution to many of the significant advances in reducing mortality for a wide range of cancers and to have had a profound impact on cancer research throughout the world.

Peer Review Achievements

- All current research judged to be of 'international excellence' in the last Higher Education Funding Councils' Research Assessment Exercise 2001, scoring 5 or 5*. Currently 62% of our HEFCE QR grant derives from work upgraded to 6/5** due to its long term consistently high standard.
- Since October 2000 all our research has been rated as 'highest international calibre' or 'at the forefront internationally which will have an important and substantial impact' as judged by international panels on behalf of our funders.
- 81% of all grant applications have been successful (by value) over the last five years (2001-05); 72% by number.
- We are ranked fourth internationally (and first outside the USA) for publishing scientific papers with the biggest impact on basic and clinical cancer research between 1994-2003 according to bibliometric analysis undertaken by Evidence Ltd.
- The Evidence Ltd UK Higher Education Research Yearbook for 2005 shows that we lead all UK Higher Education Institutions in the impact of our research papers on biomedical science between 2000-2004 and that our papers have an impact that is twice the world average.

Long Term Achievements

The breadth and excellence of The Institute's work are demonstrated by its exceptional record of successes. These include:

- The discovery that the basic cause of cancer is DNA malfunction.
- The identification of the suspected link between smoking and lung cancer.
- The elucidation of the mechanism which *Ras*, the most commonly activated gene in cancer, uses to turn normal cells into tumour cells.
- The isolation of the breast cancer gene, *BRCA2*, enabling families with a history of the disease to be tested to eliminate the need for treatment for those not at risk.
- The characterisation of the melanoma gene, *BRAF*.
- The isolation of more cancer-related genes than any other organisation in the world.
- The synthesis of busulphan, chlorambucil and melphalan, important anti-cancer drugs used world-wide.
- The development of carboplatin, a major and widely used anti-cancer drug for ovarian, lung, testicular, head and neck and bladder cancers. In 1991 The Institute won the Queen's Award for Technological Achievement for this development as part of a unique three-way partnership with the Royal Marsden and Johnson Matthey.
- The development of Tomudex for colon cancer treatment.
- Taking 10 cancer drugs into clinical trials in 10 years; an achievement unmatched anywhere in the world.
- Making major contributions to modern high precision radiotherapy techniques, improving cancer control and reducing risk of toxicity.

Achievements

- The Section for Cancer Therapeutics continues to identify on average two clinical development candidates per year.
- All site visits achieved international levels of excellence. The Section of Medicine's Phase I Clinical Trials Unit received the highest possible score of 'Outstanding' for both past work and future proposals. Scientists in the Section of Structural Biology have determined the molecular structure of HSP90, a key anti-cancer drug target which may greatly help in developing treatments for a range of cancers including prostate, breast, bowel, ovarian and kidney.
- A new method for making tissue arrays from prostate needle biopsies has been developed by the Section of Molecular Carcinogenesis. It will make it easier to make a comprehensive assessment of the likelihood that prostate cancer will progress.
- Work in The Breakthrough Toby Robins Breast Cancer Research Centre, in collaboration with Astra Zeneca, has shown tumours carrying mutations of the *BRCA2*, the familial pre-disposition gene discovered at The Institute, and *BRCA1*, are very sensitive to particular enzyme inhibiting

drugs. These drugs have now entered Phase I Clinical Trials in the Oak Drug Development Unit of the Royal Marsden.

Objective 4

To ensure that those outputs of our research that can be commercially exploited are developed for maximum patient benefit.

How will we measure success?

- *Through the external Scientific Advisory Committee reviewing our commercial activities to confirm they are maximising patient benefit*
- *Through the financial success of industrial and licensing income, the number of industrial collaborations and the number of patents filed*

The Institute's discoveries are developed firstly for patient benefit and secondly for a fair financial reward. If a discovery could be used widely without further development then it should be made widely available through non-exclusive licensing; discoveries that require further development need to be progressed with an industrial partner.

Achievements

- In recent years a number of technologies have been licensed out non-exclusively to achieve broad access, e.g. MRI software.
- In the last five year period, The Institute has received £3 million from licensing income and £3.3 million from commercial research support
- The Institute has had considerable success in recent years in licensing novel cancer drugs to major industrial partners for example the *HSP90* programme was licensed to Novartis, the *PKB* programme to AstraZeneca and the *PI3 kinase* programme to Genentech.

Objective 5

To educate and train the next generation of cancer researchers.

How will we measure success?

- *Through consistently achieving 100% pass rate for PhD submissions*
- *Through achieving at least 70% of PhD submissions within four years*
- *By working to make the modular PG Cert / PGDip / MSc in Oncology one of the best training courses for Specialist Registrars in Clinical and Medical Oncology*
- *Through monitoring the number who gain top tier clinical and scientific positions in their future careers*

The development of the future leaders of cancer research can only really be measured on the basis of past achievements.

Achievements

- In the past all of our PhD submissions have been successful
- Internal data shows that the percentage of students submitting within four years from first registration has varied in the past, but the average for the 2000 –2004 cohort was 65%. This figure rises to 71% if the Clinical Fellows are omitted.
- The MSc in Oncology was validated in 2005 and the first cohort of students recruited in March 2006.

In order to achieve our goals we also need to ensure that The Institute has both the money and the organisational capacity to support them.

Objective 6

To deliver an environment which maximises the ability of people to achieve their research potential both in the laboratory and the clinic.

How will we measure success?

- *Through an annual review of our research team leaders (both Career Faculty and Career Development Faculty)*
- *Through undertaking a triennial staff survey*

Achievements

- The Career Development Review is carried out in June each year. The last review carried out in preparation for the 2008 RAE was in June 2006. Some 94% of staff were found to be performing to the expected high standard.
- The Staff Survey 2005 shows improvements in staff satisfaction with most aspects of working since the last survey in 2002. The 2005 survey shows a very positive and encouraging picture of HR practices and policies being implemented in response to employees expressed concerns and issues. Many of these have been positively received and have created a more stable workforce.

Objective 7

To obtain sufficient funds to ensure the long term financial viability of The Institute's work.

How will we measure success?

- *Through achieving the target level for The Institute's reserves of £18.5 million at the end of the five year planning period and to maintain them within the range of £16.7 million to £20.4 million throughout the planning period.*
- *Through increasing the level of fundraising and legacy income to a level of £15 million per annum by 2020.*

Achievements

- The reserves are currently in the target range and are expected to be there at the end of the planning period.
- Non-legacy fundraising income has increased from £1.3 million to £2.5 million over the last 5 years.
- Since the Will for Free Scheme was launched in January 2003 we have received legacy pledges estimated to be worth £28 million by October 2006.

Objective 8

To remain an employer of choice.

How will we measure success?

- *Through achieving vacancy rates of no more than 12% per annum*
- *Through having turnover rates that are no greater than the median of comparable organisations*
- *Through monitoring the numbers of our staff who take up opportunities for development and training*

Achievements

- Annual vacancy rate to March 2006 was 6.75% per annum.
- Turnover was 10.5% to December 2005, well below the median of comparable organisations of 14%.
- Launched a major Institute-wide training initiative.

Objective 9

To deliver value for money.

How will we measure success?

- *Through the proportion of expenditure applied for charitable purposes being above the average of major cancer charities*

Achievements

- The Institute's charitable expenditure in 2006 is 95.8% (2005 – 96.1%) of total expenditure which compares to the average for the major cancer charities of 70.1% in 2005.

Objective 10

To have the flexibility to accommodate new research.

How will we measure success?

By ensuring we have the resources and ability to respond to Joint Research Committee initiatives

Achievements

- Since 1997 the great majority of The Institute's space has been built anew or fully refurbished.
- The Sir Richard Doll building was completed in October 2005 and occupied in November 2005 as planned and within budget.
- The continued refurbishment of our laboratories in Fulham and Sutton has commenced using monies from SRIF 3.
- All Victorian accommodation in Sutton has been vacated.

Objective 11

To deliver high quality service as defined by the user.

How will we measure success?

- *Through achieving a user satisfaction survey score of 4 (good) or better on a scale of 1 (poor) to 5 (excellent) across all support services.*
- *Through achieving 90% of our Service Level Agreements during the year by delivering services to the agreed standard or higher.*
- *Through obtaining quality management accreditation where appropriate e.g. ISO9001, IIP.*

Achievements

- The Faculty Survey of Corporate Services has reflected a score of 4.0 in 2006.
- On average for the year to February 2006 the performance of 124 service level agreements exceeded the agreed level by 4%.
- OHSAS 18001 accreditation awarded to The Institute in 2005 and confirmed in October 2006.

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 ¹ of meetings could have attended	No of meetings attended Aug 05 to July 06
Lord Faringdon (to 9/2005)	Chairman/Co-option	1	1
Lord Ryder of Wensum OBE (from 10/2005)		9	9
Dr J M Ashworth PhD DSc	Deputy Chairman & senior member/Co-option	10	8
Mr E A C Cottrell	Honorary Treasurer/Co-option	10	10
Professor P W J Rigby PhD FMedSci	Chief Executive/Ex Officio	6	6
Professor R J Ott PhD FInstP CPhys (to 9/2005)	Academic Dean/Ex Officio	1	0
Professor A Horwich PhD FRCP FRCR FMedSci (from 10/2005)		5	5
Dr R Agarwal (to 8/2005)	Student	5	3
Miss L Coutts MSc (from 10/2005 to 10/2006)			
Mr N Rzechorzek BSc(Hons) MRes (from 11/2006)			
Sir Henry Boyd-Carpenter KCVO MA	Co-option	6	3
Dr S E Foden DPhil	Co-option	9	6
Mr D J Gleeson (from 7/2006)	Co-option	1	0
Mr R A Hambro	Co-option	6	1
Professor M O Leach PhD FInstP FIPEM CPhys FMedSci (to 9/2005)	Academic Board	1	1
Professor A Markham PhD DSc FRCP FRCPATH FMedSci	Cancer Research UK	6	0
Dr M J Morgan PhD	Co-option	7	5
Professor A van Oosterom MD PhD	Co-option	6	2
Miss C A Palmer MSc MHSM DipHSM	The Royal Marsden NHS Foundation Trust Alternate Director	6	4
Mrs T M Green MA			
Professor A Pearson MD FRCP FRCPCH DCH (from 10/2005)	Academic Board	5	3
Professor D H Phillips PhD DSc FRCPATH	Academic Board	6	3
Miss A C Pillman OBE	Co-option	6	4
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
Professor S Webb PhD DIC DSc ARCS FInstP FIPEM FRSA CPhys CSci (from 11/2005)		5	4
Professor K R Willison PhD (from 10/2005)	Academic Board	5	4

¹Includes 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 (to 9/2005)	Director of Clinical Research and Development and Head of the Clinical Laboratories
Professor C J Marshall PhD 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 (as at 31 July 2006):

The Constitutional and Nomination Committee

Lord Ryder of Wensum OBE - *Chairman*
Dr J M Ashworth PhD DSc – *Deputy Chairman*
Mr E A C Cottrell
Dr S E Foden DPhil

The Audit Committee

Mr R E Spurgeon – *Chairman*
Mr M G Lillywhite – *Deputy Chairman*
Mr J M Pearce
Mr Spurgeon & Mr Pearce attended all 4 meetings held; Mr Lillywhite attended 3 meetings (August 2005 to July 2006)

The Remuneration Committee

Lord Ryder of Wensum OBE - *Chairman*
Dr J M Ashworth PhD DSc – *Deputy Chairman*
Mr E A C Cottrell
Dr M J Morgan PhD

The Centenary Committee (formerly the Fundraising and PR Committee)

Lord Ryder of Wensum OBE - *Chairman*
Dr J M Ashworth PhD DSc – *Deputy Chairman*
Mr R A Hambro
Lady Otton SRN
Mr M S Smith MA
Mrs S A Read BA

The Intellectual Property Committee

Dr S E Foden DPhil - *Chairman*
Dr P J Bailey PhD – *Deputy Chairman*
Dr M Bodmer PhD
Mr E A C Cottrell
Dr A Diment PhD

The Investments and Building Development Committee

Mr E A C Cottrell – *Chairman*
Mr R J Elliott – *Deputy Chairman*
Mr K D Dew FRICS
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 (as at 31 July 2006)

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

Professor A Horwich PhD FRCP FRCR FMedSci *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
Mr W Allum MD FRCS
Professor A Ashworth PhD FMedSci
Dr J Bamber PhD (*Senior Tutor – Sutton*)
Professor D Barford DPhil FMedSci FRS
Professor J Bliss MSc FRSS
Professor M Brada FRCP FRCR
Professor C S Cooper DSc FMedSci
Professor D Cunningham MD FRCP
Professor D Dearnaley MD FRCP FRCR
Dr N deSouza* BSc MD FRCP FRCR
Professor M Dowsett PhD
Dr S Eccles* PhD
Dr R Eeles* PhD FRCP FRCR
Dr P Evans* DPhil FInstP FIMA
Ms C Fang
Professor C Fisher MD DSc(Med) FRCPATH
Dr G H Goodwin* PhD
Professor M Gore PhD FRCP
Professor M Greaves PhD HonMRCP FMedSci FRS
Professor 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
Dr S Johnston* PhD FRCP
Professor K Jones PhD CChem FRSC
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 C Lord DPhil
Professor R M Marais PhD
Professor C J Marshall PhD FRS FMedSci
Dr E Matutes* MD PhD FRCPATH
Dr P Meier* PhD
Dr S Mitnacht* PhD
Professor G Morgan PhD FRCP FRCPATH
Professor P S Mortimer MD FRCP MRCS
Dr S Moss* PhD HonMFPH
Dr L Paon MSc
Dr G Payne DPhil MInstP MIPEM
Professor L H Pearl PhD
Professor A Pearson MD FRCP FRCPCH DCH
Professor J Peto DSc HonMFPH FMedSci
Professor D H Phillips PhD DSc FRCPATH
Professor N Rahman PhD FRCP
Mr N Rzechorzek BSc(Hons) MRes
Dr J Shipley* PhD
Dr M Smalley PhD
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 FRCPG FMedSci
 Dr D Tait MD MRCP FRCR
 Dr G ter Haar* DSc PhD FIPEM FAIUM
 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
 Professor J Yarnold BSc 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 DSc HonFRCP FRS FMedSci
 Lord Faringdon
 Professor P B Garland CBE MA MB PhD LLD(hc) FRSE
 Professor K R Harrap CBE DSc FRSC
 Professor P D Lawley PhD DSc
 Baroness Morgan of Drefelin
 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.

Mr N Ashley BSc FRSA HonDUniv
 Dr J M Ashworth PhD DSc
 Dr P J Bailey PhD
 Lord Bell
 Professor A J Bellingham CBE FRCP FRCPath
 Mr R Bentine
 Professor J W Boag DSc FInstP FIET
 Dr M Bodmer PhD
 Sir Henry Boyd-Carpenter KCVO MA
 Mrs E Brooks
 Mr R Brooks
 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 M de Ferranti BSc
 Mr J J Defries BCom IPFA
 His Honour Judge Keith Devlin PhD
 Mr K D Dew FRICS
 Dr A Diment PhD
 Mr R J Elliott
 Lord Faringdon
 Mrs J M Firth CB PhD
 Dr S E Foden DPhil
 Professor A B Foster DSc
 Mr B W Freedman
 Professor P B Garland CBE MA MB PhD LLD(hc) FRSE
 Mr D J Gleeson
 Mr R A Hambro
 Dr T A Hince PhD
 Mr J Hollond
 Lady Hurd
 Professor H E M Kay MD FRCP FRCPATH
 Mr P J C Keemer MPhil
 Mr K C Lawrance
 Mr A E Lightly FRICS
 Mr M G Lillywhite
 Dr M J Morgan PhD
 Professor H R Morris PhD Dottore Honoris Causa FRS
 Mr R Mould
 Professor G J Mufti MBBS DM FRCP FRCPATH
 Professor A R Mundy MS FRCP FRCS
 Professor S Neidle PhD DSc ARCS DIC FRSC
 Mr A R Oldham
 Professor A van Oosterom MD PhD
 Professor R J Ott PhD FInstP CPhys
 Lady Otton SRN
 Mr J M Pearce
 Professor Sir Michael Peckham MA MD FRCP FRCP(G) FRCR FRCPATH FRCS
 Miss A C Pillman OBE
 Mrs Tim Rathbone
 Mrs S A Read BA
 Professor Dame Lesley Rees DBE MD DSc FRCP FRCPATH FMedSci
 Mr G E Richardson FRICS
 Dame Stella Rimington DCB
 Lord Ryder of Wensum OBE
 Mr G Sangster
 Mr J Seymour
 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
 Mr D Wootton

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
Miss S Clinton
Mr P F Collins
Professor J L Corner PhD RGN OncCert
Dr A R Crathorn PhD
Dr D A Darcy DPhil
Dr E O Field DM DMRD
Dr M A Flower PhD FIPEM
Mrs P M Goddard MPhil
Mr J W Goodwin
Professor N F C Gowing MD FRCPATH
Dr H S Greer MD FRCPsych FRANZP
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
Mr J G Harris
Mr A J Hower CBiol
Professor C R Hill DSc FInstP FIEEE HonFRCSR HonFIPEM
Professor M Jarman DSc CChem FRSC
Mr M Jones MIBiol
Dr H King PhD
Mr A King
Mrs B Lloyd
Mr R MacCormick
Mr K A Markham FRICS
Mrs R Marriott
Mr R K Merrifield MSc
Mr E Merryweather
Dr M Osborne PhD
Mr G Parnell CBiol MIBiol MISTR
Dr J H Peacock PhD
Mrs R A Pendry FBIFM AMIBiol
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 W Warren BSc
Mr T West