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COMPANIES**

**YORKSHIRE CANCER RESEARCH
(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

Charity Number. 516898

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YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

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YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

COUNCIL OF MANAGEMENT

Dr B P Jackson - Chairman
Mr D N Broderick
Professor R A Cartwright
Professor E A Dawes
Dr M R Harrison
Professor D Holdcroft
Professor C W Potter
Mr J L Richards
Professor A W Robards
Professor W Shepherd (resigned 31 5 07)
Dr N C Varey
Professor P J Guillou (appointed 5 9 07)

CHIEF EXECUTIVE AND SECRETARY

Mrs E King

DEPUTY CHIEF EXECUTIVE

Mrs C Ogle

REGISTERED OFFICE

39 East Parade, Harrogate
North Yorkshire, HG1 5LQ

BANKERS

Lloyds TSB Bank Plc
6/7 Park Row, Leeds, LS1 1NX

SOLICITORS

Lee & Priestley
10-12 East Parade, Leeds, LS1 2AJ

AUDITORS

RSM Bentley Jennison
The Hamlet, Hornbeam Park
Harrogate, HG2 8RE

INVESTMENT MANAGERS

Brewin Dolphin Securities Limited
34 Lisbon Street, Leeds, LS1 4LX

REGISTERED CHARITY NUMBER

516898

REGISTERED COMPANY NUMBER

1919823

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

Our objective remains consistent with previous years and is

To continue to promote research, principally in Yorkshire, into the cause(s) and cure(s) of cancer and to publish and share the results of this research

To achieve this we have:

Begun work on a new five year strategy to build on our strong local presence in Yorkshire and continue to fund high quality research within academic and associated institutions. We have also continued to encourage and enable donors to contribute to our research programmes through effective fundraising activities and more specifically we have ensured they clearly understand the benefits that their investment in this research will bring to both patients and the wider community

With the money we raise we

- Provide grants to academic institutions, further increasing our emphasis on translational research to make new and effective treatments available to patients in the future,
- Fund the development of research findings into modalities that have clinical benefits to patients, developing strategic fundraising and research partnerships with appropriate organisations to further our understanding of the possible cause(s) and cure(s) of cancer,
- Communicate effectively with donors, academic and associated institutions to ensure that our achievements are widely recognised for the contribution they have made

Through our ongoing work

Our ultimate beneficiaries, the people affected by cancer, have been helped by the discovery of new and effective diagnoses and treatment regimes for their conditions. Many other groups and individuals also continue to benefit from our work including researchers, academic and associated institutions, academic bodies and the community at large

A more detailed review of our charity's work appears elsewhere in the pages of this Annual Report. Extracts from this Report also appear on our charity's website, www.ycr.org.uk

People

The Council of Management also places on record its appreciation of the hard work and commitment to the charity's objectives of all staff in 2007. The senior staff employed by the charity in 2007 were -

Chief Executive & Company Secretary	Elaine King	Office Manager/ Scientific Administration Manager	Jacki Beginn
Deputy Chief Executive	Carole Ogle	Head of Community Fundraising	Sally Crerar

The Council also acknowledges with gratitude the work and commitment of the many volunteers who willingly give their time to the considerable benefit of the charity and the people the charity serves

The Board of Trustees presents this report and financial statements for Yorkshire Cancer Research for the year ending 31 March 2008 with the help and support of our professional advisors

The format and content of this report has been prepared to comply with the requirements of the Statement of Recommended Practice for Accounting and Reporting by Charities (revised in March 2005)

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

Structure, Governance and Management

Yorkshire Cancer Research was established in 1925 as the Yorkshire Branch of the British Empire Cancer Campaign. After becoming independent from the parent body, the charity operated in unincorporated form until 1985, when it became incorporated as a company limited by guarantee, which company was registered as a charity on 23 October 1985. The company was established under a Memorandum & Articles of Association which established the charity's objects to promote research, principally in Yorkshire, into the cause(s) and cure(s) of cancer and to propagate the results of this research.

Our Committee Structure

YCR continues to be governed by a Council of Management (COM), comprising Trustees of the Charity which meets eight times a year and the members of the Council of Management during 2007/8 were as follows:

Dr B P Jackson
Professor E A Dawes
Dr M R Harrison
Dr N C Varey
Professor D Holdcroft
Professor CW Potter

Professor W Shepherd (resigned 31 5 07)
Mr D N Broderick
Professor R A Cartwright
Mr J L Richards
Professor A W Robards
Professor P J Guillou (appointed 5 9 07)

The COM is charged with the overall management of the charity and is responsible for ensuring that YCR remains focused on achieving its declared objects, continues to be financially sound and uses its resources to deliver maximum benefits. The COM is also responsible for assessing the risks facing YCR in the future, defining controls to mitigate the impact of these risks and defining the charity's longer term strategy for success.

The COM identified the need, early in 2008, to complete a strategic review of our operations and develop a longer term strategy for the future. The COM has also taken this unique opportunity to more closely align our fundraising and research strategies to ensure we make the best use of the resources we have available and maximise the benefits we deliver to patients.

The COM completes its work through a number of committees which are:

A Scientific Advisory Committee (SAC) which has the continued delegated responsibility to review applications for funding on their scientific merit. The SAC is made up of one Trustee (Chairman of the SAC), the Chief Executive and both YCR funded and external research scientists.

The SAC introduced new research funding areas which will provide the guiding principles for our research strategy, which is constantly under review. This strategy is also closely aligned to our longer term priorities, defined within our strategic plan, to provide a co-ordinated approach to managing our charity into the future.

A Committee on Commercial and Clinical Development drawn from our Trustees which has the responsibility to maximise the commercial return from any developments achieved through YCR funded research activities. The Committee has co-opted additional members with relevant skills to assist.

A Remuneration Committee made up of an appropriate mix of Trustees which has the responsibility to recommend remuneration by benchmarking across relevant organisations to ensure that appropriate levels of remuneration are proposed.

A Compliance Committee made up of three Trustees has the responsibility to monitor the operational and management processes, making recommendations for action to the COM, as appropriate.

Regional Committees (approximately 50) based throughout the county of Yorkshire and made up of (unpaid) volunteers continue to provide valuable local fundraising and have been very successful in raising the profile of YCR.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

Trustee's induction and training

As part of our long term strategic plan we have also begun the development of a strategy for the renewal of our board of Trustees which ensures that the recruitment of new Trustees is open and focused on creating a diverse and effective team

All new Trustees are given guidance on the structure and governance of our charity, meet with the Chief Executive and are appointed to a Committee, or a specific area of activity based on their skills and experience. Any immediate training needs are then identified and incorporated within our Trustee development programme

All our Trustees also participate in an annual performance review, which is designed to identify any additional training or development needs that may have arisen. Our specialist advisors may also recommend specific additional training or awareness programmes for emerging issues which may have particular relevance to our work and such additional training is provided as required

Risk management

We have started developing a new strategic plan which we recognise may drive significant changes during its implementation and we believe that the management of risk is a key aspect of effective governance and that the continued engagement and support of key individuals and groups is critical for our continued success

In order to identify and manage such risks effectively we plan to

- Revisit and update our risk register annually, to identify any new risks that may impact on our ability to be successful,
- Allocate ownership of all key risks to named individuals, dedicating resources as appropriate to the level of risk involved,
- Use the risk register as an assurance tool by reviewing it regularly at meetings of the COM

Related organisations

We are members of the Association of Medical Research Charities (AMRC) and this organisation provides valuable input to direct specific aspects of our funding of research projects in line with our new research strategy

In addition the National Cancer Research Institute (NCRI), the Charity Finance Directors Group (CFDG) and the Institute of Fundraising (IoF), of which we are members, continue to provide guidance and insight into emerging best practice and any particular issues which may have an impact on our operational performance

All such issues or guidance are monitored by our Chief Executive and drawn to the attention of our Trustees through our committee structure and through periodic newsletters, articles, events and our web site

Objectives and activities

Our Trustees have invested considerable time and effort in the development of a new five year strategic plan for our charity and we plan to adopt this framework for the 2008/9 financial year

As part of this plan we are committed to ensuring that the funds we receive continue to be allocated in the most efficient and effective manner and our award winning 'peer review' process helps to maintain the quality and continual monitoring of each successful application

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

We have continued our review, started in 2007, to examine the findings from research carried out during previous years to identify any missed opportunities and aim to complete this important work by the end of 2008. We are also co-ordinating this review and our wider activities with other research bodies to advance cancer research for the benefit of patients and the UK cancer research community as a whole and are already seeing the benefits of this inclusive approach.

Significant developments have also been achieved through our supportive investment in commercial organisations, (such as Cizzle Biotechnology Limited and Pro-Cure Therapeutics Limited) including candidate therapeutics and diagnostics for small cell lung cancer, advances in cancer stem cell research, and exciting and novel developments in the search for therapies for prostate cancer.

To continue to support these major developments we have prepared a new fundraising strategy to focus and further expand our capability as well as continuing to organise our more traditional sports themed events such as sponsored runs, aerobathons, cycle rides and swimming events.

This carefully planned approach encompassing new and ever more efficient and exciting methods by which we can raise funds has already resulted in an increase in our fundraising income and we plan to significantly increase our expenditure on research during 2008-9 to maximise the impact of our activities.

In addition our research strategy sets out the parameters within which we provide funds for research to be conducted in our funded institutions. We closely monitor these to ensure that this strategy delivers or exceeds the anticipated benefits from our investment and contributes to the achievement of our charity's overall aims.

Through our challenging and dynamic programme of events we will continue to engage and unite new supporters from all walks of life in the common goal of raising funds for research into the cause(s) and cure(s) for cancer.

Achievements and performance

Core Research

We continue to fund national and international standards of research into cancer with our decision making processes being led by scientists working outside Yorkshire. We are continually developing a portfolio of fundamental research into the mechanisms which lead to cancer. This is designed both to understand how and why cancers occur but also to lead to new treatments for the conditions. In addition our second expanding portfolio is aimed at improving treatments by better imaging, studies on novel drug therapies and developing improved surgical techniques.

In line with other medical research charities we continue to seek new and exciting opportunities to use the money we raise to fund scientifically valid programmes of research and we have built on the highly significant milestones we have achieved this year to develop our future research strategy. To this end we have a number of new Programme Grant and Clinical Research Fellowship applications currently being scientifically evaluated for possible funding.

We have also increased our awareness of developments in the scientific world to ensure that we fund leading-edge programmes which will have maximum impact for our beneficiaries and are actively seeking new partnerships and developing existing ones to maintain our reputation for innovation and independence.

We are also proud to announce that several of our research outcomes continue to be developed commercially and of particular note are the following achievements:

Translational Research

Cizzle is developing candidate therapeutics and diagnostics for small cell lung cancer, based on the Ciz1 gene and its role in DNA replication. Over the last year Cizzle has developed RNA interference molecules that selectively recognize and suppress a cancer-associated form of Ciz1 and shown that they inhibit lung cancer cell proliferation in vitro.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

Pro-Cure has made significant scientific and commercial progress over the last 12 months and grown its translational research capability dramatically thanks in part to further supportive investment from YCR. Huge progress has been made with the Cancer Stem Cell research agenda and interest in the company's capability and intellectual property is now being shown from the Pharmaceutical industry worldwide. Important revenue streams have also been established and the company's scientists are now focussing additionally on some new exciting and novel developments in the search for prostate cancer therapies.

Financial, Fundraising and Volunteers

Successful fundraising continues to provide the platform from which we can grow and expand the breadth and focus of our research programmes. In 2007-08 Legacies were once again the single biggest contributor at 61% of our total income and provided £3,421,251. Donations accounted for 16.8% of our total income (£942,649), which included donations from in memoriam gifts, payroll giving, special events, gift aid and general gifts.

The funds raised from events organised from our Head Office were £390,998. This included £35,680 from the Pedal for Pounds sponsored bike ride at Harewood House. Running events have also continued to prove fruitful attracting in total 572 participants, raising over £195,000.

In its second year Yorkshire's Biggest Aerobathon, a 2 hour sponsored aerobics event to music, raised £65,783 with 1,152 people all taking part on the same night at the same time and our swimming challenge, Splash for Cash raised a further £3,449 with 36 people swimming in aid of YCR.

We also had two teams of volunteer supporters who travelled overseas to raise money for our charity with one group trekking the Peruvian Inca Trail in May raising £23,190 and the other cycling from Vietnam to Cambodia raising a phenomenal £67,398. Gift Aid also totalled £101,903 this year and individual fundraisers raised a further £182,473.

Our income from the tremendous efforts of our volunteer committees was £559,857, which accounts for 10% of our total income representing a fabulous achievement, especially as YCR has experienced a natural decline in the number of voluntary committee's over recent years.

We have also increased the awareness of our activities among the general public and plan to redevelop our web site to provide an interactive and effective way of donating to assist our charity's work through a co-ordinated communications programme.

Financial Review and Principal Sources of Funding

The results for the year are set out in the Statement of Financial Activities. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Trust Deed, the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

The gross resources arising for 2008 have held up well and are only slightly down on 2007. Legacy income, which is by far the largest source of funds, varies from year to year, sometimes significantly. It is pleasing however to note that legacy income in 2008 is at a similar level to 2007 whilst investment income has risen and income from donations has fallen slightly.

This year we received royalties from research undertaken at Sheffield University of £25,000. This source of income is irregular and not predictable and the figure in the prior year was £114,781.

Whilst the charity has commitments over the next five years to various research projects, programmes and facilities at various universities as detailed in note 5, the actual payments during 2007/2008 were higher than in recent years. Funding of research does not necessarily follow the pattern of income the charity receives from year to year.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

In common with other charities having investment portfolios all have been affected by the worsening economic climate and the 'credit crunch'. The charities investment portfolio saw a fall in market value particularly in the last quarter. The valuation is however higher than book cost with dividend income being higher than in 2007.

General review of the charity's financial position

The financial highlights during the year were

Total income for the year to 31 March 2008 was £5,675,150 (prior year - £5,974,762). Total resources expended amounted to £4,699,659 for the year (prior year - £3,593,800). The total surplus of income over expenditure (before investment gains) amounted to £975,491 (prior year - £2,380,962). After taking into account realised investment gains and unrealised losses on the revaluation of the investment portfolio at market value, the charity's funds were reduced to £19,732,183 (prior year £20,844,257).

£11,631,082 of these reserves are in respect of funding commitments to research projects, programmes and facilities at universities whilst the balance of £8,101,101 relates to the charity's general unrestricted funds.

Reserves policy

The trustees maintain the reserves at a level sufficient to meet charitable expenditure commitments to research projects and programme costs over the next five years. Consideration is given to the competition in Yorkshire for charitable donations and legacies and there will, therefore, be occasions when the level of the reserves exceeds the charitable expenditure commitments.

Investment policy

Funds not needed to meet immediate charitable activities are invested in a professionally managed portfolio. The future income flow will enable further commitment to be met and undertaken so the portfolio is expected to be maintained for the longer term.

The Council of Management appoints the investment managers and this appointment is reviewed on an ongoing basis, but normally at five yearly intervals. It is a requirement that the investment managers meet with the Council of Management on a regular basis. Detailed written reports are to be produced on a quarterly basis, which value the portfolio and record the respective performance statistics. An integral part of the regular meetings, three times per annum, is detailed discussion on the content of the report, with particular reference to the performance aspect. The current managers are Brewin Dolphin Securities and they are remunerated by way of fees, less any commissions or costs otherwise charged. The fees start at 0.5% plus VAT per annum dropping to 0.3% plus VAT on value over £3m. The assets are held in a nominee company administered by Brewin Dolphin.

The overriding objective is to achieve the best total return available from capital and income on a medium to long term basis, whilst adopting a medium level of risk. A medium level of risk means that the portfolio is able to invest in equities, government and other fixed interest stocks, commercial property assets and cash either directly or via pooled funds, such as unit and investment trusts. The asset allocation is reviewed at the meetings held between the investment managers and the Council of Management.

The charity is devoted entirely into funding research into the causes and cure of cancer. It is acknowledged that the people who give money or receive funds as well as the many volunteers who support the charity expect an ethical investment policy to be in place that is in line with the charitable aims. The investment managers are instructed to invest only in companies that do their best to avoid harm to the health and safety of people and the environment. The managers are not to invest money in companies whose primary activities involve them in tobacco or cigarette production, animal testing for cosmetic purposes or the manufacture and export of military equipment. In addition, they are to avoid direct investment in countries with a poor human rights record.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

Investment review

As at 31 March 2008, the investment portfolio managed by Brewin Dolphin was valued at £15,650,270. This value represents a decrease from the value of the portfolio as at 31 March 2007 which was £17,342,281, despite some additional investment. The decline reflects the falls seen in world equity markets following the onset of the credit crunch.

Over the 12 month period, the FTSE All Share Index fell by 7.74% on a total return basis. Overseas markets were in general less affected and the World Index, ex UK, in sterling terms showed a decline of 3.02%. The fixed interest market as measured by Sovereign Debt was boosted by a flight to safety and the Government All Stocks Index gave a total return of 7.58%. The fixed interest markets away from Sovereign Debt reflected the issues created by the credit crunch and in general showed returns similar to the declines in equity markets. The portfolio, including income, declined in value by 8.05%. Various measures of performance are considered by the Council of Management and the most relevant benchmark is the Private Investors Balanced Total Return Index which decreased by 2.98%.

At the year end, 19.7% of assets were invested in fixed interest instruments and 4.6% in commercial property funds. The remainder of the UK investments, 52%, mostly form a diversified portfolio of large, well established companies of which most have substantial international interest. It continues to be the view of the investment managers that it is appropriate to concentrate a proportion of the equity assets in overseas investments and 13.9% was held in this way using collectives such as unit trusts. Of the remaining assets 5.1% is held in assets designed to give positive absolute returns in all conditions and 4.6% was held in cash.

Plans for the future

We have taken the opportunity during 2007/8 to take stock of our activities and our strong financial performance has enabled us to develop a strategy to build on the success of the past and focus on new opportunities to use our funding effectively to increase the momentum behind our programmes of research.

To inform our future plans and provide a frame of reference for our continued activities our Trustees continue to develop a five year strategic plan which will align with our research strategy, our fundraising strategy, our financial strategy and our approach to communicating and engaging new and existing donors to set and prioritise challenging targets for the future.

We plan to grow significantly over the next five years, both in financial terms and in the range and scope of the activities we support, to enhance our position as a leading Yorkshire charity in funding the delivery of benefits to cancer patients and we recognise that major changes will be required to achieve this successfully.

To track our progress towards our strategic goals and ensure we have a frame of reference for our actions we have prepared the following vision statement:

Within five years we have set ourselves an inspirational target to raise sufficient income from donors and our investment portfolio, to enable us to encourage, facilitate and fund nationally recognised programmes of activity in Universities, academic and associated institutions in Yorkshire to create at least one significant breakthrough in the cure of cancer which is recognised by the media and our research peers as delivering a major benefit for patients.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

We plan an evolutionary approach to achieve this vision which will result in an increased profile for YCR and we will monitor our success by being known

- By the media and our research peers for creating at least one major breakthrough in the next five years in the fight against cancer which has a direct benefit for patients,
- As the first point of contact for any requests for information on cancer from the media within Yorkshire,
- As an organisation that does not simply fund basic research but, through our support for translational research and programme related investments, facilitates the delivery of benefits and cures to cancer patients

To achieve this we plan to further increase our emphasis on sports orientated fundraising projects as this has not only proved to be a significant and growing income stream but also actively promotes our common goal of "raising funds while having fun"

The development of our research strategy has also involved extensive consultation with a wide range of stakeholders and careful consideration of a large number of emerging factors in both the fundraising and scientific worlds

Through our continued membership of both the Association of Medical Research Charities (AMRC) and the National Cancer Research Institute (NCRI) the charity's senior management team continues to liaise and consult with leading figures in the research world to ensure that issues of governance are addressed and new areas of opportunity are considered and explored where relevant

We have set ourselves challenging objectives however our strategic plan will provide a robust roadmap for our continued development and with our enthusiastic and committed team of staff and volunteers we are confident that our contribution to the future will continue to be significant and will deliver positive and significant outcomes for all our beneficiaries

Statement of the Council of Management's responsibilities

Charity and Company law requires the Council of Management, as trustees, to prepare accounts for each financial year which give a true and fair view of the state of affairs of YCR and the group. In preparing those accounts, the trustees should follow best practice and

- Select suitable accounting policies and then applied them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the accounts, and
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation

The Council of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of YCR and the group, and to enable them to ensure that the accounts comply with the relevant charity and company legislation. They are also responsible for safeguarding the assets of YCR and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the Council of Management are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the Council of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Tax status

No Corporation tax has been provided in the accounts, as income of YCR, being a registered charity, is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. YCR has borne VAT on its expenditure where appropriate

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2008

Fixed assets

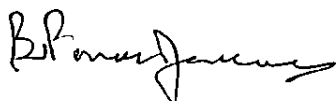
In the opinion of the Council of Management the market value of the freehold property is at least equal to its book value at 31 March 2008

Auditors

A resolution to re-appoint RSM Bentley Jennison as auditors for the ensuing year will be proposed at the forthcoming annual general meeting

This report was approved by the Council of Management on

2008

A handwritten signature in black ink, appearing to read 'Dr BP Jackson', is positioned above the printed name.

Dr BP Jackson – Chairman

**YORKSHIRE CANCER RESEARCH
REPORT OF THE INDEPENDENT AUDITORS**

**To the Members of Yorkshire Cancer Research
for the year ended 31 March 2008**

We have audited the financial statements of Yorkshire Cancer Research for the year ended 31 March 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity'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 charity'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 charity and the charity'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 the Council of Management's Responsibilities the trustees, (who are also the directors of Yorkshire Cancer Research for the purposes of company law), are responsible for the preparation of the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

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 to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our audit if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

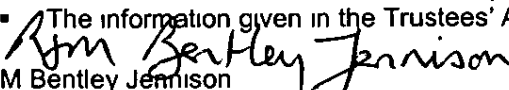
We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 state of the charity's affairs as at 31 March 2008 and of the income, 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 information given in the Trustees' Annual Report is consistent with the financial statements.


RSM Bentley Jennison
Chartered Accountants and Registered Auditors
The Hamlet
Hornbeam Park
Harrogate
HG2 8RE

Dated 11 September 2008

YORKSHIRE CANCER RESEARCH

Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31 March 2008

	Notes	Total 2008 £	Total 2007 £
Incoming resources			
Donations		1,502,506	1,653,161
Legacies		3,421,251	3,630,457
Activities for generating funds			
Income from trading	2	43,093	42,946
Investment income	3	683,300	531,218
Incoming resources from charitable activities – royalties		25,000	114,781
Net gains on disposal of fixed assets		-	2,199
Gross resources arising		<u>5,675,150</u>	<u>5,974,762</u>
Resources expended			
Costs of generating funds			
Fund raising costs	4	628,475	649,796
Costs of trading	2	25,037	21,795
Investment management fees		<u>38,929</u>	<u>31,523</u>
		692,441	703,114
Charitable activities	5	3,966,755	2,853,674
Governance costs	4	<u>40,463</u>	<u>37,012</u>
Total resources expended		<u>4,699,659</u>	<u>3,593,800</u>
Net incoming resources	6	975,491	2,380,962
Realised gains on investment assets	8	<u>876,949</u>	<u>294,823</u>
Net incoming resources including realised gains on investments		1,852,440	2,675,785
Unrealised (losses)/gains on investment assets	8	<u>(2,964,514)</u>	<u>649,245</u>
Net movement in funds		(1,112,074)	3,325,030
Fund balances brought forward 1 April 2007		<u>20,844,257</u>	<u>17,519,227</u>
Fund balances carried forward 31 March 2008	13	<u>£19,732,183</u>	<u>£20,844,257</u>

All of the above results are derived from continuing activities All gains and losses recognised in the year are included in the above

The notes on pages fifteen to twenty-one form part of these financial statements

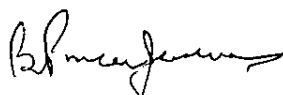
YORKSHIRE CANCER RESEARCH

Balance Sheet as at 31 March 2008

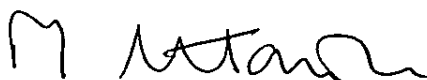
	Note	Group 2008 £	Group 2007 £	Y C R 2008 £	Y C R 2007 £
Fixed assets					
Tangible assets	7	200,455	218,697	200,455	218,697
Investments	8	<u>16,306,002</u>	<u>17,483,013</u>	<u>16,306,204</u>	<u>17,483,215</u>
		<u>16,506,457</u>	<u>17,701,710</u>	<u>16,506,659</u>	<u>17,701,912</u>
Current assets					
Goods for resale		4,021	11,431	-	-
Debtors	9	2,116,101	1,610,414	2,160,172	1,665,705
Cash at bank and in hand	10	<u>1,452,976</u>	<u>1,698,407</u>	<u>1,410,388</u>	<u>1,651,933</u>
		3,573,098	3,320,252	3,570,560	3,317,638
Creditors, amounts falling due within One year	11	(347,372)	(177,705)	(345,036)	(175,293)
Net current assets		<u>3,225,726</u>	<u>3,142,547</u>	<u>3,225,524</u>	<u>3,142,345</u>
Total assets less current liabilities		<u>£19,732,183</u>	<u>£20,844,257</u>	<u>£19,732,183</u>	<u>£20,844,257</u>
Unrestricted funds.					
General funds	13	8,101,101	9,599,594	8,101,101	9,599,594
Designated funds	13	<u>11,631,082</u>	<u>11,244,663</u>	<u>11,631,082</u>	<u>11,244,663</u>
Total funds		<u>£19,732,183</u>	<u>£20,844,257</u>	<u>£19,732,183</u>	<u>£20,844,257</u>

The financial statements were approved by the Council of Management on
its behalf by

2008 and signed on



Dr B P Jackson - Chairman



Dr M R Harrison - Treasurer

The notes on pages fifteen to twenty-one form part of these financial statements

YORKSHIRE CANCER RESEARCH

Consolidated Cash Flow Statement for the year ended 31 March 2008

	Note	2008 £	2007 £
Cash inflow from operating activities	15	1,343	2,965,846
Returns on investments and servicing of finance			
Dividends and interest received		683,300	531,218
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(19,520)	(72,449)	
Sale of tangible fixed assets	-	2,200	
Purchase of investments	(3,483,712)	(4,420,743)	
Sale of investments	2,873,158	2,205,131	
Investment loan	(300,000)	(15,600)	
		(930,074)	(2,301,461)
(Decrease)/Increase in cash in the year		(245,431)	1,195,603
Net funds at 1 April 2007		<u>1,698,407</u>	<u>502,804</u>
Net funds at 31 March 2008		<u>£ 1,452,976</u>	<u>£ 1,698,407</u>

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention with the exception of investments which are included on a market value basis. The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2007 and applicable accounting standards.

Y C R Status

Y C R is a company limited by guarantee. The guarantors are the Council of Management. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member. The Y C R has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the company's activities.

Basis of consolidation

Group accounts have been prepared in respect of Y C R and its wholly owned subsidiary undertakings, Y C R Promotions Limited and Y C R Scientific Developments Limited. As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented.

Fund accounting

General funds are available for use at the discretion of the Council of Management in furtherance of the general objectives of Y C R. Designated funds comprise general funds which have been set aside at the discretion of the Council of Management to cover awards approved but not yet payable.

Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the appeal. The purpose and use of any restricted funds is set out in the notes to the accounts.

All income and expenditure is shown in the Statement of Financial Activities.

Incoming resources

Incoming resources are recognised when Y C R becomes entitled to income which can be quantified. Gifts received for resale are brought into account when they are sold. Services given by volunteers are not brought into account.

Legacies

Income arising from legacies is recognised in the accounts when Y C R is notified of their entitlement and the amount receivable can be determined with reasonable accuracy.

Interest and dividends

Interest and dividends are brought into account when received at their net amount plus related tax deducted or tax credit. Y C R, as a registered charity, is not liable to taxation on this income and is able to claim repayment of tax deducted and some tax credits.

Research projects

Approved grants and expenditure on charitable objectives are accounted for as incurred during the year. Where grants are approved, subject to the availability of funds, covering more than one year, no provision is made for the future liability until it becomes payable.

Resources expended

Fund raising costs include those incurred in seeking donations and legacies. Governance costs comprise management and compliance with statutory requirements. All costs include an appropriate proportion of general overheads and staff costs directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of resources, principally staff costs.

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful lives as follows

Freehold property	50 years
Motor vehicles	3 years
Office furniture and equipment	5 years

Investments

Investments are stated at market value less any provision for permanent diminution in value. Market value is taken to be the middle market price ruling at the balance sheet date.

As the policy is to keep valuations up to date, when investments are sold there is no gain or loss arising relating to previous periods. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings and they are together treated as changes in the value of the investments throughout the year.

Stock of goods for resale

Stocks of purchased goods are valued at the lower of cost and net realisable value. No value is put on any donated goods held for resale.

Local committees

Income and expenditure of local committees arising from non-commercial activity is included in the accounts as net donations as the amounts of expenditure incurred on a local basis are not considered material in the context of the total income and expenditure of Y C R. Funds held by local committees at the year end are included in cash at bank and in hand.

Contributions to pension funds

The pension costs charged in the income and expenditure account represent the amount of the contributions payable in the accounting period to defined contribution pension schemes.

2. Results of trading

The results of Y C R's trading activities through its subsidiary undertaking, Y C R Promotions Ltd, are detailed below. Y C R Promotions Limited pays interest to Y C R and covenants its profits to Y C R.

	2008 £	2007 £
Income from trading	<u>43,093</u>	<u>42,946</u>
Cost of sales	(22,212)	(19,276)
Administrative expenses	<u>(2,825)</u>	<u>(2,519)</u>
Costs of trading	<u>(25,037)</u>	<u>(21,795)</u>
Operating profit	18,056	21,115
Interest	<u>(695)</u>	<u>(556)</u>
Gift Aid payment to parent company	<u>17,361</u>	<u>20,595</u>

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

3. Investment income

	2008 £	2007 £
Dividends and interest on investments	634,740	495,000
Interest on bank deposits	<u>48,560</u>	<u>36,218</u>
	<u>683,300</u>	<u>531,218</u>

4. General overheads and staff costs

	Charitable activities £	Fund raising £	Governance £
Publicity	-	318,254	-
Staff costs	196,279	188,100	24,535
Travel and motor expenses	11,513	11,033	1,439
Office accommodation costs	12,175	11,667	1,522
Office repairs and renewals	5,491	5,262	686
Printing, stationery, postage and sundries	47,568	45,586	5,946
Legal and professional services	32,558	31,202	4,070
Depreciation	<u>18,126</u>	<u>17,371</u>	<u>2,265</u>
31 March 2008	<u>323,710</u>	<u>628,475</u>	<u>40,463</u>
31 March 2007	<u>297,114</u>	<u>649,796</u>	<u>37,012</u>

5. Charitable activities

	2008		2007	
	Incurred £	Future commitments £	Incurred £	Future commitments £
Grants payable:				
Research projects, programmes and facilities				
Bradford University	202,053	262,020	89,775	366,574
Hull University	64,433	222,817	-	171,462
Leeds University	934,081	2,549,938	502,011	2,166,303
Sheffield University	1,389,336	4,783,534	1,198,127	4,702,150
York University	1,003,070	3,770,948	709,726	3,831,424
Travel grants and miscellaneous items	50,072	41,825	56,921	6,750
Support costs (Note 4)	<u>323,710</u>	<u>-</u>	<u>297,114</u>	<u>-</u>
Total	<u>3,966,755</u>	<u>11,631,082</u>	<u>2,853,674</u>	<u>11,244,663</u>

The future commitments represent research awards approved by the Trustees, but not yet payable. These have not been included as liabilities as there is an expectation that they will be part funded from future income. However an appropriate amount of General funds have been designated to cover these future liabilities as shown in note 13.

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

6 Net incoming resources for the year are stated after charging:

	2008 £	2007 £
<i>Staff costs</i>		
Wages and salaries	342,619	333,130
Social security costs	35,769	33,393
Pension costs	<u>30,526</u>	<u>29,962</u>
	<u>408,914</u>	<u>396,485</u>

The average number of staff employed during the year was 15 (2007 - 17) No employee earned £60,000 per annum or more during the year under review

The members of the Council of Management received no remuneration for their services during the year Expenses reimbursed to Council members for costs incurred on behalf of Y C R during the year amounted to £6,028 (2007 - £4,922) This was in respect of 4 members (2007 - 4)

Y C R has purchased indemnity insurance in respect of all Council members to cover any liability in respect of negligence, default, breach of duty or trust other than that caused by wilful or criminal negligence The cost of the insurance was £1,155 (2007 - £1,155)

	2008 £	2007 £
Auditors' remuneration	<u>11,575</u>	<u>11,588</u>
Fees for non-audit work paid to the auditors	<u>18,554</u>	<u>21,440</u>
Depreciation of owned assets	<u>37,762</u>	<u>31,215</u>
Operating lease rent paid	<u>4,200</u>	<u>3,887</u>

7. Tangible fixed assets

Group and Y.C R.	Freehold property £	Motor vehicles £	Office furniture and equipment £	Total £
Cost				
1 April 2007	179,073	79,410	174,019	432,502
Additions	-	-	19,520	19,520
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2008	<u>179,073</u>	<u>79,410</u>	<u>193,539</u>	<u>452,022</u>
Depreciation				
1 April 2007	63,984	44,120	105,701	213,805
Charge for the year	3,581	18,074	16,107	37,762
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2008	<u>67,565</u>	<u>62,194</u>	<u>121,808</u>	<u>251,567</u>
Net book amount				
31 March 2008	<u>111,508</u>	<u>17,216</u>	<u>71,731</u>	<u>200,455</u>
31 March 2007	<u>115,089</u>	<u>35,290</u>	<u>68,318</u>	<u>218,697</u>

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

7. Tangible fixed assets (continued)

The freehold property is held for use as the head office

No property is held for investment purposes

8. Fixed asset investments

	Group		Y C R	
	2008 £	2007 £	2008 £	2007 £
Market value of listed Investments and Unit Trusts	15,650,270	17,342,281	15,650,270	17,342,281
Unlisted investments	215,132	132	215,132	132
Investment loan	440,600	140,600	440,600	140,600
Subsidiary undertakings	-	-	202	202
	<u>16,306,002</u>	<u>17,483,013</u>	<u>16,306,204</u>	<u>17,483,215</u>

	Group & Y C R	
	2008 £	2007 £
<i>Listed Investments and Unit Trusts</i>		
Market value at 1 April 2007	17,342,281	14,173,377
Additions	3,268,712	4,429,967
Disposals	(2,873,158)	(2,205,131)
Net investment (losses)/ gains	(2,087,565)	944,068
Market value at 31 March 2008	<u>15,650,270</u>	<u>17,342,281</u>
Historical cost of investments	<u>14,567,282</u>	<u>13,294,779</u>
Realised gains based on historic cost	<u>876,949</u>	<u>294,823</u>
Investments received as legacies or donations	-	9,224
Investments purchased	<u>3,268,712</u>	<u>4,420,743</u>
	<u>3,268,712</u>	<u>4,429,967</u>

The market value of the investment portfolio can be categorised as follows

British Government securities	1,623,271	1,546,574
UK fixed interest securities – listed on a recognised Stock Exchange	623,283	868,050
UK equity securities – listed on a recognised Stock Exchange	10,366,514	12,299,712
Unit trusts – invested in foreign equities	<u>3,037,202</u>	<u>2,627,945</u>
	<u>15,650,270</u>	<u>17,342,281</u>

British Government securities represent 10.4% of the total value (2007 – 8.9%)

There were no investments in individual company equities that exceeded 5% of the value of the portfolio at 31 March 2008 or 2007

The investment portfolio is administered by Brewin Dolphin Securities Limited

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

8. Fixed assets investments (continued)

Unlisted investments

	Group & Y C R	
	2008	2007
	£	£
Cost at 1 April 2007	132	132
Additions	<u>215,000</u>	<u>-</u>
Cost at 31 March 2008	<u>215,132</u>	<u>132</u>

Y C R holds 23.96% of the issued share capital of Cizzle Biotechnology Limited, a company registered in England and Wales. The principal activity of the company is development of biological agents with applications in human medicine.

	Group & Y C R	
	2008	2007
	£	£
<i>Investment loan</i>		
Pro-Cure Therapeutics Limited	<u>440,600</u>	<u>140,600</u>

	Y C R	
	2008	2007
	£	£
<i>Subsidiary undertakings</i>		
Cost at 1 April 2007 and at 31 March 2008	<u>202</u>	<u>202</u>

The principal activities of Y C R's wholly owned subsidiary undertaking, Y C R Promotions Limited, a company registered in England and Wales, are the promotion of events and the sale of cards, fancy goods and other related items. The results of this company are shown under Results of Trading Note 2.

Y C R's wholly owned subsidiary undertaking, Y C R Scientific Developments Limited, a company registered in England and Wales, was dormant during the year.

	Group	Y C R
	£	£
<i>Total investments</i>		
Value at 31 March 2008	<u>16,306,002</u>	<u>16,306,204</u>

9. Debtors

	Group		Y C R	
	2008	2007	2008	2007
	£	£	£	£
Amounts falling due within one year				
Trade debtors	431	71	-	-
Amounts owed by subsidiary undertaking	-	-	24,502	35,362
Income tax recoverable	67,918	3,825	67,918	3,825
Accrued legacy income	1,998,818	1,548,854	1,998,818	1,548,854
Prepayments and other accrued income	<u>48,934</u>	<u>57,664</u>	<u>48,934</u>	<u>57,664</u>
	<u>2,116,101</u>	<u>1,610,414</u>	<u>2,140,172</u>	<u>1,645,705</u>

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

9 Debtors

Amounts falling due after more than one year

	Group		Y C R	
	2008 £	2007 £	2008 £	2007 £
Loan to subsidiary undertaking	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total debtors	<u>2,116,101</u>	<u>1,610,414</u>	<u>2,160,172</u>	<u>1,665,705</u>

The loan to the subsidiary undertaking, which bears interest at a commercial rate, is repayable on demand although it is anticipated no request will be made within the ensuing twelve months

10 Cash at bank and in hand

	Group		Y C R	
	2008 £	2007 £	2008 £	2007 £
Cash at bank and in hand	1,227,661	1,449,657	1,185,073	1,403,183
Cash held by local committees	<u>225,315</u>	<u>248,750</u>	<u>225,315</u>	<u>248,750</u>
	<u>1,452,976</u>	<u>1,698,407</u>	<u>1,410,388</u>	<u>1,651,933</u>

11. Creditors: amounts falling due within one year

	Group		Y C R	
	2008 £	2007 £	2008 £	2007 £
Amounts owed to subsidiary undertaking	-	-	200	200
Research expenditure	284,175	139,857	284,175	139,857
Other creditors and accruals	62,561	37,036	60,661	35,236
Taxation and Social Security	<u>636</u>	<u>812</u>	<u>-</u>	<u>-</u>
	<u>347,372</u>	<u>177,705</u>	<u>345,036</u>	<u>175,293</u>

12. Commitments

	Group & Y C R	
	2008 £	2007 £
Rent payable in the coming year on a property lease		
- expiring between one and five years	<u>4,200</u>	<u>3,188</u>
Capital commitments		
- contracted for but not provided for in the accounts	<u>11,997</u>	<u>13,000</u>

13. Statement of funds

	General fund £	Designated fund £	Total funds £
At 1 April 2007	9,599,594	11,244,663	20,844,257
Income	5,675,150	-	5,675,150
Expenditure	(1,056,614)	(3,643,045)	(4,699,659)
Net investment (losses)/ gains	(2,087,565)	-	(2,087,565)
Funds designated during the year	<u>(4,029,464)</u>	<u>4,029,464</u>	<u>-</u>
At 31 March 2008	<u>8,101,101</u>	<u>11,631,082</u>	<u>19,732,183</u>

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2008

14. Analysis of group net assets between funds

	General fund £	Designated fund £	Total funds £
Fund balances at 31 March 2008 are represented by			
Tangible fixed assets	200,455	-	200,455
Investments	4,674,920	11,631,082	16,306,002
Net current assets	<u>3,225,726</u>	<u>-</u>	<u>3,225,726</u>
Total net assets	<u>8,101,101</u>	<u>11,631,082</u>	<u>19,732,183</u>

15. Net cash inflow from operating activities

	2008 £	2007 £
Net incoming resources for the year	975,491	2,380,962
Investment income	(683,300)	(531,218)
Depreciation (including gains on disposal of fixed assets)	37,762	29,016
Donations/legacies received as investments	-	(9,224)
Decrease/(Increase) in stocks	7,410	(3,758)
(Increase)/Decrease in debtors	(505,687)	1,915,479
Increase/(Decrease) in creditors	<u>169,667</u>	<u>(815,411)</u>
Net inflow from operating activities	<u>1,343</u>	<u>2,965,846</u>