

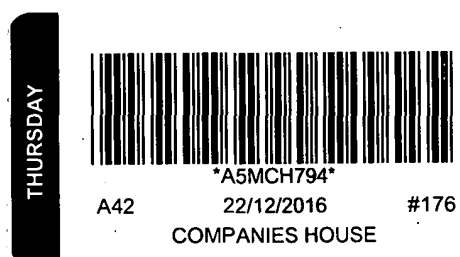
**Company number: 1919823**

**Charity number: 516898**

# **YORKSHIRE CANCER RESEARCH**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**Year ended 31 March 2016**



## YORKSHIRE CANCER RESEARCH

The Charity was established with Memorandum and Articles of Association which set out the Charity's objects, its powers and its constitution. The main object of the Charity had historically been to promote research, principally in Yorkshire, into the causes and cures of cancer, and to propagate the results of such research. In 2015 the Board of Trustees decided to extend the Charity's activities beyond research and into practical interventions that could have a more immediate benefit to society. In 2016 the Charity Commission gave approval for the Charity's objects to be changed to *the advancement of health or the saving of lives by undertaking research and other relevant activities in the Yorkshire region or elsewhere to help people avoid, survive and cope with cancer.*

### PATRON OF THE CHARITY

Sir Michael Parkinson CBE

### TRUSTEES

Professor Anthony W Robards OBE PhD DSc FSB (Chairman)  
Mr Graham Berville BSc (Hons) (Deputy Chairman)

Mr Andy Brown  
Mrs Etta Cohen (to 01/12/15)  
Miss Ray Davis (to 11/02/16)  
Mrs Sandra Dodson  
Dr Zulfi Hussain MBE  
Mrs Margaret Kitching  
Mrs Janet Myers  
Dr Yvette Oade BSc (Hons), MBChB, FRCPCH  
Mr Alan M Sidebottom BA (Hons) FCA  
Dr Alan Suggett BSc PhD FRSC HonFRCP  
Ms Catherine Rustomji (from 09/09/15)

### SENIOR MANAGEMENT TEAM

Mr Charles Rowett	Chief Executive
Mrs Julia Clark	Director of Fundraising (joined 29/04/2015)
Mrs Linsey Trower	Head of Communications
Mrs Lesley Fleming	Head of Finance & Administration (retired 30/09/2015)
Ms Tamsin Faiers	Head of Finance & Administration (joined 16/03/2015, left 01/07/2016)
Dr Kathryn Scott	Director of Research & Innovation
Mr Morgan Williams	Head of Strategy, Policy & Impact

### REGISTERED OFFICE

Jacob Smith House  
7 Grove Park Court  
Harrogate  
HG1 4DP

### BANKERS

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

### SOLICITORS

The Charity engages the most appropriate Solicitors for the given circumstance and does not retain a dedicated practice

### AUDITORS

Mazars LLP  
Mazars House  
Gelder Road  
Leeds  
LS27 7JN

### INVESTMENT MANAGERS

Quilter Cheviot Limited  
4<sup>th</sup> Floor, The Pinnacle  
73 King Street  
Manchester  
M2 4NG

### REGISTERED CHARITY NUMBER

516898 (England and Wales)

### REGISTERED COMPANY NUMBER

1919823

# **YORKSHIRE CANCER RESEARCH**

## **CONTENTS**

Chairman's Statement	4
Strategic Report	6
Trustees' Report	14
Independent Auditor's Report	21
Statement of Financial Activities	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements	25-35

# **YORKSHIRE CANCER RESEARCH**

## **Chairman's Statement for the year ended 31 March 2016**

It is with some pride and great satisfaction that I will be handing over the reins to a new chairman in September 2016 after 10 years during which time, Yorkshire Cancer Research ("YCR") has implemented a remarkable and successful transformation of its activities. The changes that we have introduced over the last decade have been the result of extensive consultation and collaboration with many organisations and individuals across Yorkshire and beyond so that our revised strategy is both well-informed and evidence-based. Consequently, last year saw further major progress being made in developing and refocusing our strategy and realigning activities towards greater public and patient benefit.

As the only major regional cancer research charity in England, it is essential that we focus on those issues that are of priority to people in Yorkshire and create a very distinct role for our Charity. It is with this need to differentiate ourselves from national charities in mind that I reflect on some of our achievements over the last 10 years.

### **Years Highlights**

1. Professionalised the way that the Charity operates with proper clarity and distinction between the roles of the Trustees, the Board and the senior management team.
2. Simplified and sharpened our approach to compliance, risk management and governance.
3. Invested in a strong and highly professional senior management team that is capable of delivering relevant research and services to benefit cancer patients across Yorkshire and achieving the Charity's objectives.
4. Reshaped the Board of Trustees, rationalised our subcommittee structure, recruited new Trustees from a range of relevant backgrounds, and achieved much greater diversity in terms of age, gender and ethnicity.
5. Created a new, clear vision for the Charity and continued to develop a strategy that is targeted at saving lives and improving the cancer patient experience within Yorkshire.
6. Moved from funding long-term, early-stage basic biomedical science towards highly patient-centred research for every stage of the cancer patient's journey.
7. Begun to see royalty income from rapidly rising sales across 29 countries of an exciting new cancer drug, Lynparza, that is derived from research that YCR funded in its early stages with the University of Sheffield.
8. Redesigned how we invite, commission and assess research applications and scrutinise their relevance to Yorkshire alongside the ease and likelihood of tangible outcomes.
9. Begun to build exciting new relationships with the NHS, Public Health England, local and city councils, as well as working in closer strategic partnerships with universities, researchers and many other agencies.

## **YORKSHIRE CANCER RESEARCH**

### **Chairman's Statement for the year ended 31 March 2016 (continued)**

10. Concentrated on aggregating, analysing and understanding cancer statistics and information for Yorkshire so that we can provide a stronger national voice as a result of this unique understanding of cancer outcomes and priorities in Yorkshire that will influence health policy and decision-making in the county.
11. Set up a Clinical Trials Centre in Leeds which is already improving patient access to new cancer therapies.
12. Invested significantly in fundraising with a new Director of Fundraising and the creation of strong relationships with local communities and across a wide range of businesses and other organisations in sports, music and health-related services.

In 2016, we were delighted that Sir Michael Parkinson CBE agreed to become our first Patron. Sir Michael is a proud Yorkshireman and has enjoyed a highly successful career in the media and has recently experienced prostate cancer. As our Patron, Sir Michael will help us to raise the profile of the Charity and has already given his support to our fundraising activities.

There are a great number of cancer charities and it is far too easy to say that there needs to be consolidation in the sector and that there should be one, overarching, mega-cancer charity. If that were to happen it would have a devastating impact on the vital research funding provided by specialist cancer charities in breast, prostate, bowel, brain, blood, pancreatic and many other cancer diseases. Diversity and specialisation is critical to ensure that investment can meet the needs of all cancer patients. Similarly, we need more research funding in prevention, early diagnosis, access to treatment, health inequalities, palliative care and the psychological impact of living with cancer which are all underfunded today despite the rapidly rising demand and huge unmet needs.

Yorkshire Cancer Research is unique as it is the only regional charity of this scale that is serving the huge unmet needs of local people who are more likely to get cancer and to die of it than in almost any other part of England. And yet, national charities and the Government continue to reduce the funding for research in our county which means that the role that we play is becoming ever more important. We have both the opportunity and the responsibility to ensure that cancer outcomes for the people of Yorkshire are no worse than the average in England and, ultimately, among the best. These considerations make a powerful case for the critical importance of our unique Charity to improving the lot of cancer patients in our county.

All charities exist only because of the goodwill and hard work of their donors, benefactors and supporters and it is up to them to decide whether the Charity will survive or not. A key part of that is in demonstrating relevance, impact, financial prudence and transparency. YCR now has these criteria at the heart of all its operations, which will stand it in good stead at a time of unparalleled public scrutiny.

I feel immensely privileged to have been a trustee and Chairman of this unique and extraordinary Charity and to have been part of the radical transformation that has the potential to improve outcomes significantly for cancer patients across Yorkshire. We have a clear commitment to investing £100 million in vital research over the next 10 years with the objective of saving 2,000 lives every year by 2025. There could hardly be a more important charitable objective but it is one that, thanks to the radical restructuring of the charity over the last few years, it is now entirely achievable with YCR fit for purpose and probably at the most exciting point in its 91 year history.

Professor Anthony W Robards OBE PhD DSc FSB – Chairman  
22<sup>nd</sup> September 2016



# **YORKSHIRE CANCER RESEARCH**

## **STRATEGIC REPORT**

### **General 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 Memorandum & Articles of Association, the Charities Act 2011, the Companies Act 2006 and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2015).

Incoming resources for 2016 were £6.8m which compares to £17.8m last year. The significant difference in income is due to two exceptional legacies received in 2015. Investment income increased by 106% to £653k. Income of £290k was received following the sale of property.

Total resources expended increased to £5.5m from £4.3m in the prior year due to investment in fundraising and the expansion of our charitable expenditure. The total spent on charitable activities was £3.7m compared to £2.9m in the prior year. Further detail regarding expenditure and designations for charitable activities is included in Note 4 to the financial statements.

Future designations representing research awards approved by the Trustees which are not yet payable have not been included as liabilities, however, an appropriate amount of unrestricted funds has been designated to cover these future awards as shown in note 13. Designations for future awards totalled £15.1m at 31 March 2016, an increase of £3.1m from the prior year total of £12.0m.

The Charity's balance sheet shows £22.3m of fixed assets at 31 March 2016 (£17.5m at 31 March 2015) of which £22.2m are investments (£17.2m in 2015). Current assets at 31 March 2016 totalled £4.0m (£7.8m in 2015) including £2.8m of bank balances (£5.9m in 2015).

At 31 March 2016 Creditors: amounts falling due within 1 year amounted to £1.2m (£1.0m in 2015) giving net current assets of £2.8m (£6.8m at 31 March 2015).

The net movement in funds for the year was a surplus of £0.8m which when added to the funds brought forward results in fund balances to carry forward of £25.1m. These total funds are split between general funds of £6.3m, designated funds of £15.1m as noted above and restricted funds of £3.7m. As stated in previous reports, funding of research does not necessarily follow the pattern of income which the Charity receives from year to year.

We are now in receipt of quarterly Lynparza royalty payments which we anticipate will increase and continue for several years to come. This represents a major breakthrough in cancer patient treatment and a considerable financial return on the Charity's investment in cancer research.

### **Investment Portfolio**

The investment portfolio of Yorkshire Cancer Research has been managed by Quilter Cheviot since March 2013. At 31 March 2016, the market value of the investment portfolio was £17.7m and included an unrealised loss of £317k. During the year, investment portfolio income was £583k and realised losses were £162k. The average total portfolio return for the year (income and realised and unrealised capital gains) was 0.7% (year end 2015 5.5%) reflecting prevailing market conditions. Markets have since recovered and stabilised the investment position in the first quarter of the new financial year.

# YORKSHIRE CANCER RESEARCH

## STRATEGIC REPORT (continued)

It is a sad fact that people in Yorkshire are more likely to get cancer and die from it than in almost any other region of England. There are over 170,000 people living with cancer in Yorkshire today and more than 13,000 deaths every year and both are set to double over the next 15 years.

Our strategy was developed as a result of challenging every aspect of our work and reflecting on what our beneficiaries, donors and supporters expect from the only major regional cancer charity in England. Our conclusion was that *Yorkshire's very own cancer charity* exists because:

- The cancer health inequalities and unmet needs in the region requires dedicated funding from Yorkshire Cancer Research for research and initiatives that will improve local outcomes;
- Yorkshire Cancer Research provides unique opportunities to fund projects that will address the cancer problems and priorities faced by people living in all parts of Yorkshire;
- Our donors and supporters continue to choose to fund Yorkshire Cancer Research because they understand and value the work of their own independent regional charity.

### Our vision

*Every single person in every community in and around Yorkshire has the very best chance of living a long and healthy life with, without and beyond cancer*

### Our mission

Helping people in and around Yorkshire to avoid, survive and cope with cancer

### Our Goal

The challenge is to reduce premature and avoidable deaths by 2,000 lives a year by 2025 and to significantly improve the quality of life for cancer patients in Yorkshire.

We are going to achieve this by focusing on two core themes:

- **Closing the gap** *between cancer outcomes in Yorkshire and the rest of England;*
- **Going beyond** *by making Yorkshire a beacon region for patient-centred research.*

### Our Strategic Aims

1. To become one of the leading authorities on regional cancer-related issues so that people living in Yorkshire are amongst the best informed in England.
2. To educate and influence better lifestyle decisions that will improve health, reduce the risk of cancer or support successful recovery from cancer.
3. To encourage the earliest possible diagnosis and increase uptake rates into national screening programmes, improve services and develop more effective techniques and practices.
4. To invest in research-led innovation at every stage of the cancer patient journey from first diagnosis through to treatment, clinical trials, palliative and end of life care.
5. To act as a catalyst for change to facilitate the delivery of better cancer services and significant increases in national research funding specifically to improve cancer outcomes in the region.

## YORKSHIRE CANCER RESEARCH

### STRATEGIC REPORT (continued)

#### **Our 10 desired outcomes**

By 2025 we are aiming to see significant changes in cancer outcomes in Yorkshire and our success will be determined by how effective we are at achieving the following outcomes:

1. All local authorities at least achieve national standards for incidence and survival rates in the most common cancers.
2. Government and national charities provide significantly more funding to better address regional cancer priorities.
3. Yorkshire is recognised for leading the way in patient-centred research, prevention and innovative service delivery.
4. The rate of increase in cancer incidence is significantly reduced especially in preventable cancers.
5. Cancer survival rates have begun to increase due to earlier diagnosis and reduced co-morbidities.
6. Patient experiences at every stage of their cancer journey from initial presentation to end of life care have improved.
7. Access to screening and treatment is easier and more convenient especially for black and minority ethnic and hard to reach communities.
8. Clinical trials are more available with increasing participation levels.
9. People are better informed about regional cancer-related issues, risk reduction, treatment, care and support options.
10. Sustainable collaborations, partnerships and networks are in place for the long-term benefit of people in the region.

It has been another extraordinary year with excellent progress being made with our 5 Strategic Aims which are targeted towards improving cancer outcomes for people living in and around Yorkshire.

#### **Strategic Aim #1: To become one of the leading authorities on regional cancer-related issues so that people living in Yorkshire are amongst the best informed in England**

- We are building a better understanding of the regional cancer landscape through our connections with Public Health England, the NHS and regional universities. The development of our knowledge and information will be at the centre of the Charity's future strategy and will be an important asset in how we work with our partners.
- The development of an extensive database has accelerated since the recruitment of our Cancer Information Officer which has been part-funded by the Charles and Elsie Sykes Trust. This information will inform our future decision-making and help us to work with cancer-related service providers, other charities, the media and the general public.
- Cancer problems in Yorkshire are not homogenous and every community has very different cancer problems and experiences. There is mounting evidence that cancer incidence and mortality are more significant in specific communities and there is a strong correlation with social deprivation and with black and minority ethnic communities.

## **YORKSHIRE CANCER RESEARCH**

### **STRATEGIC REPORT (continued)**

- We are now able to drill-down to local GP surgeries to understand the incidence rates of the most common cancers and the uptake of national screening programmes. The trends are also revealing the severe impact of smoking, alcohol and obesity and these are being incorporated in the new Community Health initiatives that we intend to launch in late 2016.

#### **Strategic Aim # 2: To educate and influence better lifestyle decisions that will improve health, reduce the risk of cancer or support successful recovery from cancer earliest possible diagnosis**

- During the year, we developed cancer awareness and prevention campaigns promoting better lifestyle choices, smoking cessation, alcohol reduction, diet and exercise. Successful public engagement activity attracted considerable media attention and new supporters.
- As the Official Charity Partner of Yorkshire County Cricket Club, we worked with local cricket clubs on a sun awareness programme to reduce the risks of skin cancer, particularly with young cricketers.
- Sport is a major opportunity for the Charity and relationships are extending beyond cricket and into fitness centres, football, rugby and golf as well as schools, colleges and universities.
- The Board of Trustees approved the development of a Community Health initiative in partnership with the West Yorkshire Pharmacist Association, Barca-Leeds and Leeds Beckett University to launch a programme of health checks to promote cancer awareness and screening programmes especially in breast, bowel and cervical cancer.

#### **Strategic Aim #3: To encourage the earliest possible diagnosis and increase uptake rates into national screening programmes, improve services and develop more effective techniques and practices**

- A closer relationship with Public Health England and the national cancer screening services is helping us to target research towards increasing uptake levels understanding and addressing non-attendance.
- In early 2016, we hosted two workshops with national and international experts in lung cancer and early diagnosis to identify potential areas for future research funding. The intention is to invest £6.5m over the next five years to make significant breakthroughs in these areas.
- Cizzle Biotechnology Limited has moved forward with the development of a blood test to identify early stage lung cancer which remains a stubborn and difficult problem in Yorkshire.

#### **Strategic Aim #4: To invest in research-led innovation at every stage of the cancer patient journey from first diagnosis through to treatment, clinical trials, palliative and end of life care**

- The most exciting breakthrough in the last year has been the launch of the new cancer drug, Lynparza (previously Olaparib) that is now being marketed by Astra-Zeneca worldwide but the early research was funded by Yorkshire Cancer Research at the University of Sheffield in the 1990s. It offers new hope to women with rare forms of ovarian and breast cancer and could have even wider applications and could be one of the most important drugs of the next decade.
- Another major investment was £1.5m in a five-year project to improve the survival of bowel cancer patients through better quality surgery, radiology and pathology. Researchers at the University of Leeds will assess patients' responses to treatments and speed up the evaluation of those treatments through novel clinical trials. 2,500 bowel cancer patients will be involved in the trials and samples from 10,000 further patients will also be studied.

## YORKSHIRE CANCER RESEARCH

### STRATEGIC REPORT (continued)

- A further £1.5m was invested in a phase III clinical trial in Leeds involving cancer patients from Yorkshire. Researchers will determine whether long-term treatment with a natural compound called EPA, which is found in cold water fish, improves outcomes in colorectal cancer patients undergoing surgery. EPA is known to have anti-cancer properties with limited side effects.
- A clinical trial in Sheffield will evaluate the best way to treat aggressive bladder cancer which is caused primarily by smoking or exposure to workplace chemicals and in Doncaster, Rotherham and Barnsley, incidence and mortality rates are higher than the national average.
- A project in Sheffield will develop new tools to help female cancer patients make decisions about preserving their fertility by enabling women to make informed decisions with the support of fertility experts at a critical time in their treatment.
- A two-year study in Hull will aim to determine why older women stop participating in cervical screening programmes which is believed to be contributing to an increased incidence of cervical cancer in their later years which could be avoided by earlier diagnosis and treatment.
- An 18-month project in Leeds will study the medical records of 6,090 patients to investigate why certain patients are not receiving the palliative care and support they need in a consistent way across the county. Researchers hope to use the results to improve these services and ensure that end of life care is integrated into the treatment of incurable cancer at an earlier stage.
- A project in Leeds will develop and evaluate electronic tools to improve symptom management following cancer diagnosis ensuring patients can report their experience quickly and effectively.
- A two-year investigation in York will determine why patients do not attend urgent referral appointments for suspected cancer and how this affects outcomes. Researchers will develop ways to improve attendance with a group of 30 cancer patients and 2,730 patient records.
- An investigation in Sheffield is aimed at developing ways of measuring patient experiences after they receive a new bladder cancer diagnosis and this will involve 3,000 patients in Yorkshire.

#### **Strategic Aim #5: To act as a catalyst for change to facilitate the delivery of better cancer services and significant increases in national research funding specifically to improve cancer outcomes in the region**

- Yorkshire Cancer Research is now providing input and support to health service commissioners and providers in the development of cancer-related sections of various regional NHS Sustainability and Transformation Plans.
- The Charity was part of the group that developed the Yorkshire & The Humber Cancer Report mapping out the high level data on incidence and mortality rates, screening uptake, stage diagnoses, patient experience and key causes and influences of outcomes across the region.
- The North-South divide in terms of cancer outcomes is not helped by the lack of research investment by national charities and the Government in the region. The problems that exist in the county are often linked to lifestyle choices, social deprivation and health inequalities and there are concerns about a lack of screening capacity and other facilities. We have started to campaign for a more integrated approach to addressing cancer issues in Yorkshire.
- A key part of our strategy is to work with other regional cancer charities. In the last year, we have continued to develop our relationships with Brain Tumour Research & Support and Ellie's Fund. We aim to increase the number of partner charity collaborations in the future.

## **YORKSHIRE CANCER RESEARCH**

### **STRATEGIC REPORT (continued)**

#### **Measuring success and effectiveness**

The Charity is currently in a transition phase moving from being a typical grant-funder of laboratory research to being a collaborative partner in designing, researching, developing and delivering cancer-related interventions that could have a tangible impact on cancer outcomes in the region.

As the largest regional cancer research charity in England, it is also important that we demonstrate good value for money for our donors and supporters.

The Charity now has a clear vision and mission for the next decade and is in the process of setting goals and targets against which it will measure success and effectiveness. During 2016/17 these measures will be refined and published as part of our ongoing communications and reporting commitments.

The measures are likely to include, but not be limited to, the following factors:

- **Regional impact and effectiveness** (mainly long-term trend tracking)
  - i) Decrease in cancer incidence and mortality rates
  - ii) Increase in take-up rates in screening programmes
  - iii) Stage shifts in cancer diagnoses (from earlier diagnosis)
  - iv) Increased participation in clinical trials and research projects
  - v) Improvement in cancer patient experience and access to services
  - vi) Increase in collaborations with health service commissioners and providers, universities and specialist partners and other national and regional charities
- **Charity performance and efficiency**
  - i) Increased awareness and recognition of the Charity
  - ii) Increased income generation especially through community engagement, corporate partnerships, event participation and general marketing activities
  - iii) Increased funding for research and innovation including bringing new services, therapies, technologies and specialist practices into the region
  - iv) Improved deployment of resourcing (staffing and funds) to provide sector-leading levels of efficiency in terms of income-to-cost ratios

# **YORKSHIRE CANCER RESEARCH**

## **STRATEGIC REPORT (continued)**

### **Risk management**

The Trustees regularly reviewed the major risks to which the Charity was exposed and satisfied themselves that appropriate systems were in place to manage those risks. The Trustees recognised that the principal risks and uncertainties faced by the Charity were similar to comparable organisations including risks to income, the ability to fund long-term research and to our reputation.

The Trustees and the senior management team review and update the risk register periodically and identify any significant new risks that may impact on our continued operations. The Charity has a formal Compliance Risk and Audit Committee that monitors overall risks and maintains awareness and visibility of any changes or uncertainties in key areas. Ownership of risk management is allocated to named individuals, dedicating resources as appropriate.

At the end of 2015/16 financial year, the primary risks and uncertainties were identified as being:

#### **a) Managing strategic change**

It is of paramount importance that charities are clear about their purpose and strategy and how they will manage strategic change. Without this clarity, there could be a lack of adequate planning and inefficient use of resources and, ultimately, a failure to deliver the required public benefit. The Charity is part-way through a period of transition and the management of the changes represent a considerable challenge. The new 10 Year Plan has been agreed by the Board of Trustees and the development and progress of the implementation is being carefully monitored.

#### **b) Demonstrating public benefit**

The obligation that every charity has is to deliver a distinct public benefit and, if this cannot be demonstrated and measured, then a charity could potentially incur a loss of donor confidence, reduced fundraising and failure to satisfy the requirements of the Charity Commission. The most important success factors for the Charity will be the impact on society and how to measure the effectiveness of the research and services that are funded in terms of the number of lives saved, the reduction in cancer incidence rates and the improvement of the patient experience across Yorkshire.

Now that there is much greater clarity and visibility of the Yorkshire cancer landscape, the next stage will be to determine the most critical priorities to address and then measure improvements over the coming years. This is the most significant task for the Trustees and the senior management team.

#### **c) Resources and efficiency to meet growth plans**

Growing any organisation typically demands investment in additional resources so that it can provide more services and deliver greater public benefit. Not having sufficient resources or not using them in the right way, could lead to inefficiencies and reduced effectiveness. This would damage the reputation of the Charity and ultimately could prevent it from achieving its charitable objects.

There will need to be significant investment in new resources to achieve the levels of fundraising, awareness of the Charity and the delivery of public information and patient services required under the new strategy. The Trustees will take into account the demands of professionalising and growing the Charity and balance their decisions in light of relevant and appropriate benchmarks for efficiency and value for money.

## **YORKSHIRE CANCER RESEARCH**

### **STRATEGIC REPORT (continued)**

#### **Risk management**

##### **d) Income generation in a tough fundraising environment**

Fundraising is difficult and relies on building a trust with donors and supporters and being able to connect with them at a local level. The charity sector is increasingly dominated by a few mega-charities with enormous marketing budgets and smaller charities find it hard to raise the funds they need. The risk is that national charities continue to capture local support but then do not reinvest them into projects that are meaningful and important to local people. This could result in smaller charities being squeezed out of existence leaving significant unmet needs in the areas that they used to serve. The fundraising environment is increasingly challenging with a small number of national cancer charities dominating the sector and taking a disproportionate share of regional giving compared to the amount re-invested in the region's health economy. This makes fundraising and brand awareness difficult given the confusion and misunderstanding by the general public about the independence of Yorkshire Cancer Research. The new strategy is aimed at differentiating the Charity from national organisations and reinforcing this message in all media and communications, as well as greater public and patient engagement will be essential.

##### **e) Compliance and regulation**

In an increasingly regulated environment there is a risk that a disproportionate amount of time, effort and cost is needed to maintain adherence with regulation. In certain circumstances, this could be a drain on smaller charity resources, impede their commitment to delivering a public benefit and frustrate donors and supporters. However, charities must comply with regulation and risks must be identified and mitigated to protect donors, supporters and beneficiaries and this cannot be compromised. The Charity has grown considerably in the past three years and the aim is to continue to do so in order to fund £10m every year of research and patient services by 2020. Professionalising the Charity brings new demands for improvements in finance and administration including tax and VAT, data protection, donor care and support, health and safety, risk management and a greater emphasis on good employment matters. The structure and organisation, systems and controls will need to be reviewed regularly to ensure that the standards of management and control are always maintained at the most appropriate level for a charity of this size and importance.

# **YORKSHIRE CANCER RESEARCH**

## **Trustees' Report For the year ended 31 March 2016**

### **WITH THANKS**

As the largest regional cancer research charity in England we are independent and dedicated to Yorkshire, we are not part of a national charity and receive no funding from the Government. The Charity relies totally on the goodwill, hard work and generosity of many private individuals, local businesses and partner organisations across the region. The last year has probably been the most successful in our history and we are extremely grateful to everyone who supported us especially those that are noted below.

### **Wills and legacies**

Legacy income returned to normal levels in 2016 after what was an extraordinary 2015 when we were ranked in the Top 300 Charities in the UK for legacy income. During 2016 we have received £2.74m representing 40% of our total income for the year.

We recognise that every legacy we receive has come from someone who has recently died, often as a result of cancer, or following the earlier death of a loved one from cancer. It is always enlightening and humbling to contact the surviving families and understand more about why people make such kind donations and what they would expect us to do their money. Legacies are enormously important to the Charity and provide us with the financial security to support our long-term research funding strategy.

### **Local Volunteer Committees**

Our Local Volunteer Committees have always been at the heart of Yorkshire Cancer Research, in some cases for over 60 years. We are fortunate to enjoy such loyal support and meet frequently with our local committees to explain developments in cancer research and our achievements. We are after all accountable to our donors and must continue to demonstrate that the Charity is well-managed, financially prudent and using our resources in the most efficient way possible to deliver better cancer outcomes for people in Yorkshire.

During the year ending 31 March 2016 they raised a gross value of over £500,000 before costs, in the following communities:

Barnsley	6,999	Hatfield	6,309	Ossett	2,785
Batley	13,095	Helmsley	17,858	Pickering	18,684
Bedale	18,555	Hornsea	1,828	Richmond	9,344
Beverley	21,079	Huddersfield	35,146	Ridings	109
Bingley	3,315	Hull	2,405	Ripon	20,313
Bradford	8,753	Ilkley	14,160	Selby	12,137
Bridlington	19,591	Keighley	26,890	Sheffield	3,483
Cottingham	7,291	Leeds	10,621	Tadcaster	37,765
Driffield	15,064	Leyburn	3,096	Thirsk	19,185
Galtres	19,659	Malton	11,403	Thorne	1,702
Goole	1,115	Masham	6,257	Vale	27,535
Great Ayton	12,990	Mirfield	125	Wakefield	41,563
Harrogate	1,670	Northallerton	41,471	Wharfedale	6,249
				Withernsea	1,239

## **YORKSHIRE CANCER RESEARCH**

### **Trustees' Report For the year ended 31 March 2016**

#### **WITH THANKS (continued)**

It remains a significant challenge to attract new volunteers and new committees so we have begun to invest in a regional fundraising team to work more broadly across local communities. Our intention is to expand our reach and connections across every town and city across Yorkshire.

#### **Regional Community Fundraising (Special Efforts)**

This has been one of the most important areas of investment for the Charity in 2016. Having made the decision to withdraw from many third party running events, we needed to build stronger relationships in the local community. Our strategy was built around recruiting a team of enthusiastic dedicated regional fundraisers who could work with local businesses, sports and community groups as well as families and individuals right across the county. The team is now in place.

This is a huge challenge and one that is not helped by the current pressures on fundraising and charities generally due to considerable media interest and adverse public perception regarding regular donations and overly aggressive activities mainly by some national charities. This is not helpful, but we are "Yorkshire's very own cancer charity" and everything that we do should be for the benefit of Yorkshire people. Regional community fundraising is critical and we will need to invest more in this area to connect with local people.

#### **Partnerships**

Our future is highly dependent upon strong and effective partnerships especially with businesses, sports clubs, music festivals and other community interest groups. Enormous progress has been made in building these partnerships which now represent a highly successful and growing part of our fundraising and public engagement strategy. We would like to thank the following organisations for their support, donations and gifts in kind:

DLA Piper	M&S Outlets	Up & Running
Dukeries Healthcare	Powell Engineering	Yorkshire Asian Business Association
Filmore & Union	Robinsons (Bawtry) Ltd	Yorkshire County Cricket Club
Hoopers	Shulmans LLP	Yorkshire Cricket Board
Inches Body Studio	The Spotted Cow	Yorkshire Cricket Foundation
Longstaff & Midgley	Underneath the Stars Festival	Yorkshire Legal Awards
MDL Energy		

#### **Grant Funding**

We received grants from private trusts and foundations from the following organisations:

A M Fenton Trust	Modiano Charitable Trust
Big Lottery Fund	Progeny Private Law - Penelope Martin Trust
Charles Brotherton Trust	R B Gray Charitable Trust
Charles & Elsie Sykes Foundation	Sheffield Hospitals Charitable Trust
Gannett Foundation	Swinton Charitable Trust
Masonic Samaritan Fund	Sylvia and Colin Shepherd Charitable Trust

# **YORKSHIRE CANCER RESEARCH**

## **Trustees' Report For the year ended 31 March 2016**

### **WITH THANKS (continued)**

#### **Our Research Advisory Panel**

Last year was the third year of our new assessment and peer review processes for determining which would be the most appropriate research propositions for the Charity to fund. We were delighted to see many new members joining the Panel giving us the opportunity to expand the range of experts across every stage of the cancer patient's journey.

Equally important are the lay members of the Panel that challenge us to use the Charity's funds in the most appropriate way, addressing the most relevant, high priority cancer problems that are faced by people living in Yorkshire. Their dedication and commitment has been extremely helpful.

Every member of our Research Advisory Panel participates on a voluntary basis and we are immensely grateful to them for their experience, skills and independent scrutiny. They have played a huge role in enabling us to shift our focus from early stage bench science towards high quality patient-centred research which could have a much greater impact in the region in the years to come.

#### **Our Researchers**

Our Charity continues to be one of the Top 10 charity funders of cancer research in the country and Top 3 charity funders in Yorkshire where we support over 200 scientists, clinicians and health professionals whose dedication helps us tackle cancer problems in Yorkshire.

Details of researchers funded can be found on our website <http://yorkshirecancerresearch.org.uk>.

#### **Public Benefit**

Our Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing our primary activities and objectives and in planning our future strategy and direction.

#### **Organisational structure**

The Charity is governed by its Board of Trustees (the Board). The individuals who comprise the Board are the Trustees of the Charity and directors of the charitable company. Members of the Board have charitable duties as Trustees and under relevant company law and are referred to in the material that follows as the Trustees. The Trustees have legal responsibility for the strategic direction and effective governance of the Charity and for ensuring that the Charity is focussed on achieving its objects, continues to be financially sound and uses its resources to deliver maximum benefit. The Trustees are also responsible for assessing the risks facing the Charity, implementing controls to mitigate the impact of these risks, and defining the Charity's longer term strategy for success. The Board of Trustees met four times during the year.

The Charity has a Chairman and a Deputy Chairman of Trustees. The Chairman works closely with the Chief Executive to ensure that Trustee decisions are acted upon and the Charity is managed effectively. The Chairman and Chief Executive work together in developing and agreeing the strategic direction of the Charity and ensuring that the day-to-day operations of the Charity can implement that strategy effectively. The role of the Deputy Chairman is to assist and substitute for the Chairman, when and where necessary.

## **YORKSHIRE CANCER RESEARCH**

### **Trustees' Report for the year ended 31 March 2016**

#### **STRUCTURE AND GOVERNANCE**

##### **Trustee recruitment, appointment, induction and training**

The recruitment process for Trustees is carried out by the Organisation Committee and new Trustees are appointed by the Board.

All Trustees give freely of their time and received no remuneration in the year. Details of Trustee expenses and relevant third party transactions are disclosed in note 5 to the financial statements. Trustees are required to disclose and register any relevant interests with the Chief Executive and withdraw from discussions and decisions where a conflict of interest may arise.

New Trustees are selected to meet a person specification and to fill any specific skills gaps identified. Prospective Trustees are given a comprehensive overview of the Charity's activities so that they fully understand the contribution they are expected to make before they commit to becoming a Trustee. New Trustees are given guidance on the structure and governance of the Charity, meet with the Chief Executive and, where appropriate, are appointed to a Committee. New Trustees receive an induction pack of key documents ahead of their first meeting and any immediate training needs are identified and incorporated within our Trustee development programme.

##### **Trustee Delegation**

During the year the Trustees exercised their right to delegate powers to the various Committees to aid them with the efficient and effective management of the Charity's activities. Each of these Committees is a non-executive or advisory committee and has no executive powers other than those granted in the respective regulations for their conduct approved by the Trustees.

An **Investment Committee** consisting of at least two Trustees monitored the investment policy, managed the performance of the investment fund manager and bank deposits and reported to the Trustees. The Chief Executive and Head of Finance & Administration also attended the regular committee meetings.

A **Compliance Risk & Audit Committee** consisting of at least two Trustees monitored the operational and management processes, considered the key risks facing our Charity and made recommendations for action to the Trustees as appropriate. The Chief Executive and the Head of Finance & Administration also attended the regular committee meetings.

An **Organisation Committee** consisting of at least two Trustees and the Chief Executive was in attendance where appropriate. The Organisation Committee had two distinct functions, firstly trustee appointments and secondly, oversight and control of the Charity's remuneration policy, especially in relation to the Chief Executive and the senior management team.

## YORKSHIRE CANCER RESEARCH

### Trustees' Report for the year ended 31 March 2016

#### STRUCTURE AND GOVERNANCE (continued)

##### Remuneration Policy

The Charity has a responsibility to ensure remuneration is appropriate and affordable and a justifiable use of charitable funds. The objectives of our Remuneration Policy are to:

- reward all staff based on their skills, performance, contribution and commitment to the Charity;
- enable the recruitment, retention and motivation of high calibre staff in all areas of activity;
- ensure the proper and effective use of our resources within sensible affordable limits based on the financial health and the strategic aims of the Charity;
- be fair and equitable in setting and managing pay levels so as to provide a reliable and sustainable framework for remuneration free from discrimination;
- at least comply with all relevant regulations and employment legislation especially in relations to statutory obligations, entitlements and low pay;
- maintain a competitive position in the external employment market by paying at or above the median level for comparable posts in the voluntary sector.

Remuneration is reviewed on an annual basis and agreed by the Board of Trustees. When setting pay levels, the Charity gives consideration to external benchmark comparators, changes in the national and regional average pay movements, affordability and other internal and external pressures including recruitment and retention.

##### Management

The Trustees have delegated responsibility for the day to day management of the Charity to the Chief Executive who has the following responsibilities:

- **Strategic** – to provide input and challenge to the development of the Charity's long-term strategy and the translation of that strategy into operational plans;
- **Leadership and delivery** – to deliver the strategy and operational plans and manage the Charity within the delegated authorities and accountability frameworks laid down by Trustees;
- **Board support** – the Chief Executive is responsible to the Trustees for the implementation of their decisions. The Chief Executive works to enable the Trustees to fulfil their functions and ensure they receive the information and advice they need.

# **YORKSHIRE CANCER RESEARCH**

## **Trustees' Report for the year ended 31 March 2016**

### **STRUCTURE AND GOVERNANCE (continued)**

#### **Statement of the Board of Trustees' responsibilities**

Charity and Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Yorkshire Cancer Research. In preparing those financial statements, the Trustees have followed best practice and:

- selected suitable accounting policies and applied them consistently;
- reached judgements and made estimates that are considered reasonable and prudent;
- stated whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the accounts;
- clearly demonstrated, and reported on, the public benefit achieved by the Charity; and
- prepared the financial statements on the going concern basis unless it was inappropriate to assume that the Charity would continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Yorkshire Cancer Research, 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 Yorkshire Cancer Research and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees also confirm that as far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware and they have taken all 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 Charity's auditors are aware of that information.

#### **Auditors**

Mazars LLP will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with the Companies Act 2006.

#### **Grant Making Policy**

The Charity makes research awards to institutions which submit applications to undertake cancer research relevant to the Charity's published strategic aims and objectives. The quality and strategic fit of applications is assessed in open competition with the help of the Charity's Research Advisory Panel which is comprised of both lay people and research experts. The Charity's assessment process is audited and approved by the Association of Medical Research Charities (AMRC). Final approval of funding is reserved to the Trustees.

Awards are made under the terms of a written framework including formal Award Conditions and Policies for Awards. Applicants are required to adhere to best practice standards of research governance and ethics. Other formal terms deal with the handling of intellectual property produced by the research and its potential exploitation, to ensure the Charity's interests are protected and that, where appropriate, a return on publicly donated funds is made.

Awards are not made on a full economic cost basis as required by AMRC. Awards are made on a fixed cost basis and the Charity makes payments quarterly in arrears against invoices. Award holders are required to supply quarterly forecasts against plan for both the next quarter and the remainder of the Award. All Awards are made subject to the Charity maintaining in the opinion of its Trustees sufficient income to meet its financial commitments.

Regular meetings are held post-award with Award holders to measure progress against agreed key performance indicators and to assess progress against Award impact.

## **YORKSHIRE CANCER RESEARCH**

### **Reserves policy**

The Charity has reviewed its Reserves Policy and agreed to continue to invest in research over and above net income levels by drawing down from general reserves until they reach the target level of:

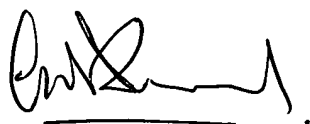
- a) minimum general reserves equivalent to 18 months operating costs which would amount to £3m at current expenditure levels;
- b) plus additional reserves required in the event of there being significant unforeseen fluctuations in annual income levels. Reserves would be held to a maximum of £4.0m representing average annual research expenditure at current award levels.

The target for general reserves is therefore between £3.0m (minimum) to £7.0m (maximum). General reserves at 31 March 2016 were £6.3m which is just below the maximum range.

### **Investment policy**

Yorkshire Cancer Research has a detailed investment policy which was last approved by the Trustees on 11 March 2015. Due to the unexpected level of legacy income in 2015, the royalties received from Lynparza and the return of endowment funds from universities, the Charity initiated a review of its Investment Policy in early 2016.

In approving of the Trustees' Report, the Trustees are also approving the Strategic Report in their capacity as Company Directors. Approved by the Board of Trustees on 22 September 2016 and signed on its behalf by:



Professor Anthony W Robards OBE PhD DSc FSB – Chairman

## YORKSHIRE CANCER RESEARCH

### Independent Auditor's Report for the year ended 31 March 2016

We have audited the financial statements of Yorkshire Cancer Research for the year ended 31 March 2016 (which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

#### Respective responsibilities of Trustees and auditors

As explained more fully in the Responsibilities of the Board of Directors Statement set out on page 19, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

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

A description of the scope of an audit of final statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006

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

In our opinion the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Shaun Mullins (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditors  
Mazars House  
Gelderd Road  
Leeds  
LS27 7JN

Date: 19 December 2016

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31 March 2016

	Notes	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £ (Note 17)
<b>Incoming resources</b>					
Donations		1,730,105	506,136	2,236,241	5,296,657
Legacies		2,665,991	77,597	2,743,588	11,563,999
Other trading activities		10,985	-	10,985	8,954
Investment income	2	555,967	97,335	653,302	316,012
Income from charitable activities (royalties)		884,679	-	884,679	592,485
Profit from sale of asset		289,610	-	289,610	-
<b>Total incoming resources</b>		<b>6,137,337</b>	<b>681,068</b>	<b>6,818,405</b>	<b>17,778,107</b>
<b>Resources expended</b>					
Expenditure on raising funds	3	1,864,967	9,369	1,874,336	1,368,875
Expenditure on charitable activities	4	3,033,292	629,749	3,663,041	2,886,527
<b>Total resources expended</b>		<b>4,898,259</b>	<b>639,118</b>	<b>5,537,377</b>	<b>4,255,402</b>
Realised and unrealised (losses) / gains on investment assets	8	(423,286)	(56,115)	(479,401)	297,853
<b>Net income / (expenditure)</b>	6	<b>815,792</b>	<b>(14,165)</b>	<b>801,627</b>	<b>13,820,558</b>
Transfers		-	-	-	-
<b>Net movements in funds</b>		<b>815,792</b>	<b>(14,165)</b>	<b>801,627</b>	<b>13,820,558</b>
Fund balances brought forward		20,600,887	3,681,168	24,282,055	10,461,496
<b>Fund balances carried forward 31 March 2016</b>	14	<b>21,416,679</b>	<b>3,667,003</b>	<b>25,083,682</b>	<b>24,282,054</b>

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 25 to 35 form part of these financial statements*

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Balance Sheet as at 31 March 2016

Company number: 1919823

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	7	125,033	240,761
Investments	8	22,169,320	17,238,962
		<u>22,294,353</u>	<u>17,479,723</u>
<b>Current assets</b>			
Debtors	10	1,112,796	1,965,865
Stock		22,078	-
Cash at bank and in hand	11	2,841,073	5,874,038
		<u>3,975,947</u>	<u>7,839,903</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,186,618)</u>	<u>(1,037,571)</u>
<b>Net current assets</b>		<u>2,789,329</u>	<u>6,802,332</u>
<b>Total assets less current liabilities</b>		<u>25,083,682</u>	<u>24,282,055</u>
<b>Funds:</b>			
General funds	14	6,335,360	8,551,704
Designated funds	14	15,081,319	12,049,182
Restricted funds	14	3,667,003	3,681,168
<b>Total funds</b>		<u>25,083,682</u>	<u>24,282,054</u>

The financial statements were approved by the Board of Trustees on 22 September 2016 and signed on its behalf by:

Professor A W Robards – Chairman



*The notes on pages 25 to 35 form part of these financial statements*

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Statement of Cash Flows for the year ended 31 March 2016

		2016 £	2015 £
<b>Net cash provided by operating activities</b>	Note 16	886,098	11,376,460
<b>Cash flows from investing activities</b>			
Dividends and interest received	653,302	316,012	-
Unrealised investment losses	317,186	-	-
Purchase of tangible fixed assets	(17,173)	(133,178)	-
Sale of tangible fixed assets	375,166	-	-
Purchase of investments	(9,201,956)	(9,561,155)	-
Sale of investments	4,959,320	2,378,179	-
Released from broker cash deposits	-	-	-
Increase in term deposits	(1,004,908)	(749,985)	-
		<u>(3,919,063)</u>	<u>(7,750,127)</u>
<b>Cash flows from financing activities</b>		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		(3,032,965)	3,626,333
Cash and cash equivalents at 1 April 2015	11	<u>5,874,038</u>	<u>2,247,705</u>
<b>Cash and cash equivalents at 31 March 2016</b>	11	<u><u>2,841,073</u></u>	<u><u>5,874,038</u></u>

*The notes on pages 25 to 35 form part of these financial statements*

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 1. Accounting policies

##### *Basis of preparation*

The financial statements have been prepared in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standards in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Yorkshire Cancer Research meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

The dormant subsidiary trading companies have not been consolidated on the grounds that they are immaterial (note 8).

##### *Reconciliation with previous generally accepted accounting practice*

In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparatives was required.

There were no material departures from FRS 102. These financial statements for the year ended 31 March 2016 are the first financial statements that comply with FRS 102. The date of transition is 1 April 2014. The transition to FRS 102 has resulted in no numerical changes in accounting policies to those used previously. (See note 17 for detailed explanation).

##### *Yorkshire Cancer Research Status*

Yorkshire Cancer Research is a company limited by guarantee. The members are the Trustees. The liability in respect of the guarantee is limited to £1 per member.

##### *Fund accounting*

General funds are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of Yorkshire Cancer Research. Designated funds comprise general funds which have been set aside at the discretion of the Board of Trustees 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 financial statements.

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

##### *Incoming resources*

Incoming resources are recognised when Yorkshire Cancer Research becomes entitled to income which can be quantified and receipt is considered to be probable. Gifts received for resale are recorded when they are sold. Services provided by volunteers are not brought into account.

##### *Legacies*

Income arising from legacies is recognised in the financial statements when Yorkshire Cancer Research is notified of their entitlement, the amount receivable can be determined with reasonable accuracy and receipt is considered to be probable.

##### *Interest and dividends*

Interest and dividends are recorded when receivable at their net amount plus related tax deducted or tax credit. Yorkshire Cancer Research 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.

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 1. Accounting policies (continued)

##### *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*

Fundraising costs include those incurred in seeking donations and legacies. Governance costs comprise the cost of governance arrangements which relate to the Trustees' general running of the Charity 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.

##### *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
Leasehold property	10 years
Motor vehicles	3 years
Office furniture and equipment	5 years

##### *Investments - quoted*

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 resultant 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.

##### *Programme related investments*

Programme related investments are expensed through the Statement of Financial Activities on the basis that such investments are, in effect, quasi grants paid as a means to funding charitable research. Where any such investments become listed on a recognised stock exchange they are accounted for in accordance with the quoted investment policy shown above.

##### *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*

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.

##### *Operating leases*

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 1. Accounting policies (continued)

##### *Financial instruments*

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

##### *Critical accounting judgements*

In applying the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities based upon the best and most reliable evidence available at the time. The Trustees adopt a prudent approach to unrealised or uncertain income and unless a statutory requirement would always be extremely cautious about inclusion.

The critical accounting policy judgements that the Trustees have made include assessing indicators of impairment. If there have been any indicators of impairment in relation to assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

##### *Key sources of estimation uncertainty*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are indicated below.

##### *Determining residual values and useful economic lives of property, plant and equipment*

The Charity depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

#### 2. Investment income

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Dividends and interest on investments	487,199	95,779	582,977	250,236
Interest on bank deposits	68,768	1,556	70,325	65,776
	<u>555,967</u>	<u>97,335</u>	<u>653,302</u>	<u>316,012</u>

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 3. Expenditure on raising funds

	Total 2016 £	Total 2015 £
Publicity and fundraising	897,565	600,603
Staff costs	681,130	547,309
Travel and motor expenses	17,447	9,212
Office accommodation costs	36,149	24,777
Office repairs and renewals	3,766	7,537
Printing, stationery, postage and sundries	106,967	77,314
Legal and professional services	34,957	15,495
Depreciation	29,952	29,918
Costs of trading activities	8,787	21,843
Investment management fee	57,615	34,867
	<u>1,874,335</u>	<u>1,368,875</u>

#### 4. Charitable activities

	2016 No of Grants	Incurred Unrestricted £	Incurred Restricted £	Future designations £
<b>Grants payable:</b>				
<b>Research projects, programmes and facilities</b>				
Bradford University	4	180,042	533,285	806,706
Hull University	3	5,756	-	507,623
Leeds University	30	1,394,443	61,812	11,680,813
Leeds NHS	1	16,699	-	119,345
Sheffield University	13	409,039	11,845	1,372,730
York University	6	452,497	-	344,101
Travel, output monitoring and miscellaneous items		31,792	-	250,000
Support costs (see below)		505,830	22,807	-
Governance costs		37,192	-	-
<b>Total</b>	<b>57</b>	<b>3,033,290</b>	<b>629,749</b>	<b>15,081,318</b>

	2015 No of Grants	Incurred Unrestricted £	Incurred Restricted £	Future designations £
<b>Grants payable:</b>				
<b>Research projects, programmes and facilities</b>				
Bradford University	7	176,202	611	1,024,925
Hull University	1	7,140	-	257,911
Leeds University	33	1,166,289	-	7,716,569
Leeds NHS	-	-	-	-
Sheffield University	19	702,298	-	2,020,302
York University	7	351,613	-	779,475
Travel, output monitoring and miscellaneous items		31,745	-	250,000
Support costs (see below)		408,141	25,525	-
Governance costs		16,963	-	-
<b>Total</b>	<b>67</b>	<b>2,860,391</b>	<b>26,136</b>	<b>12,049,182</b>

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 4. Charitable activities (continued)

The future designations represent research awards approved by the Trustees which are not yet payable. These have not been included as liabilities, however, an appropriate amount of unrestricted funds has been designated to cover these future awards as shown in note 14.

#### Support costs

	Total 2016 £	Total 2015 £
Staff costs	395,520	333,561
Travel and motor expenses	10,132	5,615
Office accommodation costs	20,991	15,101
Office repairs and renewals	2,187	4,594
Printing, stationery, postage and sundries	62,115	47,117
Legal and professional services	20,299	9,444
Depreciation	17,393	18,234
	<b>528,637</b>	<b>433,666</b>

#### 5. Employees

	2016 £	2015 £
Staff costs		
Wages and salaries	926,867	759,335
Social security costs	90,028	71,065
Pension costs	67,119	56,553
	<b>1,084,014</b>	<b>886,953</b>

The average number of staff employed during the year was 30 (2015 – 28). The number of employees during the year whose gross pay and benefits (excluding employer pension contributions) fell within the following bands was:

	2016	2015
£90,001 - £100,000	1	1

The senior management of the Charity comprise the Chief Executive, Director of Fundraising, Head of Communications, Head of Finance & Administration, Director of Research & Innovation, Head of Strategy, Policy & Impact. The total employee benefits of the senior management of the Charity were £385,190 (2015: £335,112). The increased cost was as a result of the recruitment of the Director of Fundraising and the handover of the outgoing and incoming Head of Finance & Administration during the year.

Trustees received no remuneration for their services during the year. There were no expenses reimbursed to the Trustees for costs incurred on behalf of Yorkshire Cancer Research during the year (2015 - Nil)

The total aggregate value of donations from Trustees during 2016 was £95 of which none had any restrictions to how they were used.

The Charity has purchased indemnity insurance in respect of all Trustees 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 £1,889 (2015 - £2,192).

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

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

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Auditors' remuneration				
Audit fees	14,400	-	14,400	10,515
Non audit fees	6,245	-	6,245	-
Depreciation of owned assets	47,198	146	47,344	48,152
Profit on disposal of fixed assets	289,610	-	289,610	-
Operating lease rent paid – land and buildings	46,026	-	46,026	28,044
Big Lottery Fund Grant received	-	9,979	9,979	-

#### 7. Tangible Fixed Assets

	Freehold property £	Leasehold property £	Motor vehicles £	Office furniture & equipment £	Total £
<b>Cost</b>					
1 April 2015	179,073	92,397	45,845	124,220	441,535
Additions	-	1,155	-	16,018	17,173
Disposals	(179,073)	-	(13,000)	(5,326)	(197,399)
<b>31 March 2016</b>	<b>-</b>	<b>93,552</b>	<b>32,845</b>	<b>134,912</b>	<b>261,309</b>
<b>Depreciation</b>					
1 April 2015	92,622	5,088	38,374	64,691	200,774
Charge for the year	895	9,386	6,696	30,367	47,344
Disposals	(93,517)	-	(12,999)	(5,326)	(111,842)
<b>31 March 2016</b>	<b>-</b>	<b>14,474</b>	<b>32,071</b>	<b>89,732</b>	<b>136,277</b>
<b>Net book value at 31 March 2016</b>	<b>-</b>	<b>79,078</b>	<b>775</b>	<b>45,180</b>	<b>125,033</b>
31 March 2015	86,451	87,309	7,472	59,529	240,761

The freehold property was previously used as the head office of the Charity.

#### 8. Fixed asset investments

	2016 £	2015 £
Market value of listed Investments and Unit Trusts	17,653,081	13,727,631
Subsidiary undertakings	202	202
Term deposits	4,516,037	3,511,129
	<b>22,169,320</b>	<b>17,238,962</b>

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 8. Fixed asset investments (continued)

	2016 £	2015 £
Listed Investments and Unit Trusts		
Market value at 1 April 2015	13,727,631	6,246,802
Additions	9,201,957	9,561,155
Disposals	(4,797,106)	(2,357,221)
Realised and unrealised (losses) / gains	(479,401)	276,895
<b>Market value at 31 March 2016</b>	<b>17,653,081</b>	<b>13,727,631</b>
<b>Realised and unrealised gains on investment assets:</b>		
Realised (losses) / gains	(162,215)	20,958
Unrealised (losses) / gains	(317,186)	276,895
Total realised and unrealised (losses) / gains	(479,401)	297,853
Historical cost of investments	17,461,029	13,145,501
Realised (losses) / gains based on historic cost	(47,946)	32,973

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

	2016 £	2015 £
British Government securities	6,680,085	1,801,290
UK fixed interest securities – listed on a recognised Stock Exchange	5,695,033	6,919,296
UK equity securities – listed on a recognised Stock Exchange	2,491,951	2,228,368
Unit trusts – invested in UK equities	74,983	113,798
Unit trusts – invested in foreign equities	2,070,749	2,101,947
Other investments	640,280	562,932
	<b>17,653,081</b>	<b>13,727,631</b>

British Government securities represent 37.8% of the total value (2015 – 13.1%).

At 31 March 2016 one (one 31 March 2015) holding exceeded 5% of the value of the portfolio:  
UK Government 2% Index Linked Stock 26/01/2035 7.19%

The investment portfolio was administered by Quilter Cheviot Limited.

	2016 £	2015 £
Subsidiary undertakings		
Cost at 1 April 2015 and at 31 March 2016	202	202

Yorkshire Cancer Research's wholly owned subsidiary undertakings, Y.C.R. Promotions Limited and Y.C.R. Scientific Developments Limited, companies registered in England and Wales, were dormant during the year.

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 9. Programme related investments

As described in the accounting policies, the Charity expenses investments and loans in programme related investments each year directly to the Statement of Financial Activities. There were no payments of this nature during the year (2015 - £nil). The Charity has provided programme related investments to the following companies, all of which have been fully expensed:

##### ***Adjuvantix Limited***

At the year end, the board of the company had resolved to dissolve the company and Form DSO1 had been subsequently filed at Companies House on 12 July 2016. There will be no return of capital to shareholders.

##### ***Cizzle Biotechnology Limited***

The investment in Cizzle is in ordinary 1p shares and represents 29.3% of the issued share capital. Its principal activity is the development of biological agents with applications in human medicine. Professor A W Robards and Dr A Suggett, Trustees of Yorkshire Cancer Research, are minority shareholders of Cizzle Biotechnology Limited.

##### ***PCR Shareholders Limited (formerly Pro-Cure Therapeutics Limited)***

The company was formally dissolved on 17 March 2016 and there will be no return of capital to shareholders.

##### ***Photopharmica Research Limited***

The company was dissolved on 18 August 2015 and there will be no return of capital to shareholders.

#### 10. Debtors

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Sales ledger	239,877	451,992
Other debtors	642,358	231,030
Accrued legacy income	142,194	1,175,348
Prepayments and other accrued income	88,367	107,495
	<u>1,112,796</u>	<u>1,965,865</u>

#### 11. Cash at bank and in hand

	2016 £	2015 £
Cash at bank and in hand	2,677,168	5,687,533
Cash held by local committees	163,905	186,505
	<u>2,841,073</u>	<u>5,874,038</u>

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 12. Creditors: amounts falling due within one year

	2016	2015
	£	£
Taxation and social security	188,414	86,546
Amounts owed to subsidiary undertaking	202	202
Research expenditure	684,015	783,619
Other creditors and accruals	313,987	167,204
	<u>1,186,618</u>	<u>1,037,571</u>

Research expenditure comprises accruals for amounts incurred by the recipient body up to 31 March 2016.

#### 13. Operating Lease Commitments

The total commitments under non-cancellable operating leases are

	2016	2015
	£	£
Rent payable in the coming year on a property lease	41,200	38,100
Expiring two to five years	<u>109,200</u>	<u>122,500</u>
	<u>150,400</u>	<u>160,600</u>

#### 14. Statement of funds

	General Fund	Designated Fund	Restricted University of Leeds	Restricted Crocus Fund	Restricted Other	Total Funds
	£	£	£	£	£	£
At 1 April 2015	8,551,704	12,049,182	3,385,847	220,417	74,904	24,282,054
Income	6,137,337	-	97,335	372,984	210,749	6,818,405
Expenditure	(1,832,840)	(3,065,418)	(9,369)	(533,285)	(96,464)	(5,537,376)
Net investment gains	(423,286)	-	(56,115)	-	-	(479,401)
Funds designated during the year	(6,097,555)	6,097,555	-	-	-	-
At 31 March 2016	<u>6,335,360</u>	<u>15,081,319</u>	<u>3,417,698</u>	<u>60,116</u>	<u>189,189</u>	<u>25,083,682</u>

The Designated Fund represents the charitable activities current designations up to 5 years ahead as detailed in note 4.

The University of Leeds Endowment funds were received on 31 March 2015 is included in the cash balance and has been invested in a discrete portfolio in UK Government stock with maturity dates to match the expected draw-down of the associated research award. Under the terms of the agreement this fund will be used to support a 5 year research award to the University of Leeds.

The Restricted Crocus fund represents donations raised by the Bradford Crocus Cancer Appeal, a joint fundraising appeal by the University of Bradford, Bradford Telegraph & Argus and Yorkshire Cancer Research. The appeal was to raise funds for a proteomics mass spectrometer which has now been purchased.

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 15. Analysis of net assets between funds

	General Fund	Designated Fund	Restricted University of Leeds	Restricted Crocus Fund	Restricted Other	Total Funds
	£	£	£	£	£	£
Fund balances at 31 March 2016 are represented by:						
Tangible fixed assets	125,033	-	-	-	-	125,033
Fixed asset investments	3,767,637	15,081,319	3,320,363	-	-	22,169,320
Net current assets	2,442,690	-	97,335	60,116	189,189	2,789,329
Total net assets	6,335,360	15,081,319	3,417,698	60,116	189,189	25,083,682

#### 16. Reconciliation of net income to net cash flow from operating activities

	2016 £	2015 £
Net income for the reporting period	801,627	13,522,704
Investment income	(653,302)	(316,012)
Depreciation (including gains/losses on disposal of fixed assets)	(242,266)	48,152
(Increase) in stock	(22,078)	-
Decrease / (increase) in debtors	853,069	(1,659,778)
Decrease / (increase) in creditors	149,048	(218,604)
Net cash provided by operating activities	886,098	11,376,462

#### 17. Explanation of transition to FRS 102

This is the first financial year that the company has presented its financial statements in accordance with FRS 102 "The Financial Reporting Framework Applicable in the UK and Republic of Ireland" ("FRS 102"). For financial years up to and including the year ending 31 March 2015, the company prepared its financial statements in accordance with the old UK GAAP.

The company's date of transition to FRS 102 is therefore 1 April 2014. This note sets out the changes to accounting policies and the transitional adjustments that are required to be made for first-time transition to FRS 102. The company's opening equity position as at 1 April 2014 and its previously published financial statements for the year ended 31 March 2015 have been restated from old UK GAAP.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on the result for the year or funds.

# YORKSHIRE CANCER RESEARCH

## FINANCIAL STATEMENTS

### Notes to the financial statements for the year ended 31 March 2016

#### 18. Prior year statement of financial activities

	Notes	Unrestricted 2015 £	Restricted 2015 £	Total 2015 £
<b>Incoming resources</b>				
Donations		1,662,842	3,633,815	5,296,657
Legacies		11,563,999	-	11,563,999
Other trading activities		8,954	-	8,954
Investment income	- 2	315,047	965	316,012
Income from charitable activities		592,485	-	592,485
<b>Total incoming resources</b>		<b>14,143,327</b>	<b>3,634,780</b>	<b>17,778,107</b>
<b>Resources expended</b>				
Expenditure on raising funds		1,366,400	2,475	1,368,875
Expenditure on charitable activities	4	2,860,391	26,136	2,886,527
<b>Total resources expended</b>		<b>4,226,791</b>	<b>28,611</b>	<b>4,255,402</b>
Realised and unrealised gains on investment assets	7	297,853	-	297,853
<b>Net income</b>	6	<b>10,214,389</b>	<b>3,606,169</b>	<b>13,820,558</b>
Transfers		-	-	-
<b>Net movements in funds</b>		<b>10,214,389</b>	<b>3,606,169</b>	<b>13,820,558</b>
Fund balances brought forward		10,386,498	74,998	10,461,496
<b>Fund balances carried forward 31 March 2015</b>	14	<b>20,600,887</b>	<b>3,681,167</b>	<b>24,282,054</b>

#### 19. Contingent Assets

The Charity has been notified of a number of legacies where the value of the legacy cannot be reliably measured for example because the Charity is a residuary legator. These are therefore not included within the legacy income.