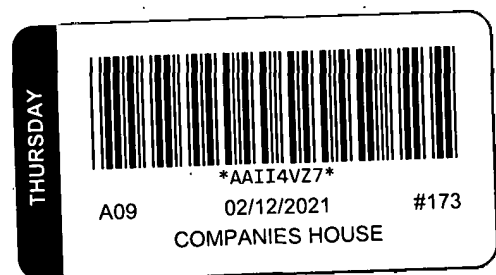


Company No. 4355631

CANCER RESEARCH UK TRADING LIMITED

Report and Financial Statements

31 March 2021



CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

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CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

LEGAL AND ADMINISTRATIVE DETAILS

DIRECTORS

Rita Akushie	(Chair until resigned 30 September 2020)
Philip Almond	(appointed 1 June 2020)
Julie Byard	
Sam Horne	(appointed 1 October 2020)
Simon R Ledsham	(Chair from 1 October 2020)
David Lindsell	
Frances Milner	(resigned 31 May 2020)

SECRETARY

Gill Marcus	(appointed 1 August 2020)
Niamh O'Sullivan	(resigned 30 July 2020)

REGISTERED OFFICE

2 Redman Place
London
E20 1JQ

BANKERS

Royal Bank of Scotland
Aldwych Branch
Connaught House
65 Aldwych
London
WC2B 4EJ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

SOLICITORS

Withers LLP
20 Old Bailey
London
EC4M 7AN

CANCER RESEARCH UK TRADING LIMITED

(Company No. 4355631)

STRATEGIC REPORT

The Directors present their strategic report on Cancer Research UK Trading Limited ('the Company') for the year ended 31 March 2021.

REVIEW OF THE BUSINESS

The Company carries out trading activities including major fundraising events for Cancer Research UK. The Company's principal activities include the running of promotional and sponsored events such as 'Race for Life' and 'Stand Up To Cancer' (SU2C), royalty and commercial partnerships, and the sale of merchandise, including the sale of bought-in goods in Cancer Research UK charity shops, all with the aim of generating income for its parent charity Cancer Research UK.

RESULTS AND DIVIDENDS

The profit before Gift Aid and taxation for the year ended 31 March 2021 was £4.7m (2020: £4.9m). Provision has been made for a Gift Aid payment of £4.7m (2020: £4.8m) to be made to Cancer Research UK. The Company had reserves of £nil at 31 March 2021 (2020: £nil).

The company's income has more than halved from £27.0m in 2019/20 to £13.2m in 2020/21. The COVID-19 crisis from March 2020 onwards resulted in lockdown restrictions which meant that fundraising events scheduled for the summer of 2020 did not take place, and the chain of Cancer Research UK retail shops had several periods of closure in a series of government restrictions on non-essential retail.

Income related to events, historically the company's largest income stream, fell from £11.4m in the prior year to £2.2m in 2020/21. The company's flagship event, Race for Life, was cancelled for the entire 2020 season, along with the vast majority of other events, including Shine. However, the company still benefited from the corporate sponsorship and sale of event merchandise in relation to Race for Life and Stand Up To Cancer.

The live show (Telethon) for Stand Up To Cancer, which was scheduled to take place in 2020/21, did not take place; this has been postponed to October 2021. However, the television shows Stand Up To Cancer Celebrity Bake Off and The Celebrity Circle went ahead as planned in March 2021 and outperformed our expectations.

The company's shops were forced to close for several months over the financial year as a result of the various lockdown and Tier restrictions during the COVID-19 crisis. Due to these closures, the income generated from the sale of bought-in goods fell from £7.8m in 2019/20 to £5.5m in 2020/21.

Royalty and commercial income fell from £7.0m in 2020 to £5.3m in 2021 but remains a profitable income stream as it has a lower cost base than the Company's event and shop activities.

Gross profit also fell in the year, from £5.0m in 2020 to £4.8m in 2021. The fall in gross profit was far less pronounced than the fall in income, mainly due to the fact that in a year with normal event activity, the Company achieves a break-even position in relation to Race for Life and Shine (although at Group level, these events do provide a significant contribution), whereas in the current year the Company is showing a profit in relation to Race for Life due to corporate sponsorship and sale of merchandise.

The remaining income streams in 2020/21, in particular royalty and commercial income, have a lower cost base and therefore higher gross profit. The gross profit percentage on the Company's retail operations is comparable to prior years.

The Company's costs in the year were also lower due to less staff time being spent on CRUK Trading Limited activity, resulting in lower costs being cross-charged from the Charity. The net costs to cross-charge from the Charity were also lower due to the Charity's receipt in the year of COVID-19 government support such as furlough income and rent concessions.

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

BUSINESS ENVIRONMENT

The COVID-19 pandemic has had a significant impact on the company's core operations during the financial year, due to the prolonged closure of the retail chain of shops and the cancellation of events.

During the months in which the shops were open nationally, income raised by trading operations started below pre-COVID levels but recovered through the period. Regional and localised lockdowns hampered income; however the chain looked to be on track for a very strong Christmas period until the shops were forced to close for the second lockdown period in November 2020, followed by the third lockdown from late December 2020 that lasted until just after the end of the financial year.

Charity shops have tended to weather past recessions better than other retailers. Growth in the sector is not guaranteed in the wake of COVID-19, but initial post-lockdown retail conditions are looking positive, with strong sales as consumers appear to be keen to resume shopping.

Social distancing measures meant that no mass participation event activity could take place during the financial year. The restrictions resulted in the cancellation and postponement of mass participation events across the whole events sector, whether run by Cancer Research UK or by third parties.

STRATEGY

The strategy of the Company is to support the work of Cancer Research UK by both generating income for Cancer Research UK and delivering events that will maximise fundraising opportunities for the Charity. The Company's operations are included in Cancer Research UK's three-year plan and within this it prepares an annual operating plan which the Directors approve and use to monitor performance.

The Company plans to diversify its portfolio, including to continue with its superstore expansion programme. The company is trialling its first coffee shop, "Coffee Together", which opened on 15 April 2021 in the new Bristol Brislington superstore. The coffee shop offers mid-high range coffee and tea, and a range of light snacks, sandwiches and cake. Should this trial be successful, the Company will look for opportunities to introduce coffee shops in other superstores.

Cancer Research UK opened superstores on retail parks in Newport, Bristol and Dundee in April 2021, and plans to continue to expand this area. When allowed to open, retail parks saw strong footfall levels and the Group's portfolio continues to perform well, which is expected to positively impact on the Company's trading in 2021/22.

The Directors anticipate that post-pandemic, public appetite for events will be strong as long as public confidence in the safety of events is sufficiently high. In May 2021, the London Marathon ran a "Reunion 5K" event, comprising three separate five-kilometre races with different delivery models, as a pilot event in conjunction with the government's Events Research Programme. The aim of the pilot was to provide crucial scientific data for the government's Department for Digital, Culture, Media & Sport on how mass participation events can resume safely from June 2021, as part of the 'roadmap' plan for exiting lockdown. The progress of the vaccination programme should also bolster the public's confidence in the safety of events.

There is likely to be some consolidation in the events market, as some smaller third party event organisers have already indicated that they will withdraw from certain events due to cashflow pressures. The Group is well-placed to take advantage of new event opportunities that may become available which would further broaden the Company's event portfolio.

CANCER RESEARCH UK TRADING LIMITED

(Company No. 4355631)

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are responsible for the Company's systems for risk management and internal control. Risk management is undertaken at a group level and is carried out through monitoring the effectiveness of the group's risk management framework. Further details are available in the Cancer Research UK Annual Report and Accounts 2020/21. The effectiveness of controls and mitigations relating to the Company is reviewed annually by the Board.

The Company's main risks are increased competition for charity income, changes in market conditions and consumer behaviour. These are all factors that could affect the Company in its mission to deliver income to support the work of Cancer Research UK.

The Company's risk management strategy in response to the additional risks presented by the COVID-19 pandemic was initially focused on the Company's business continuity (including the health & safety and well-being of staff, volunteers and supporters), and its ability to continue to support the Charity in meeting its objectives and mission.

At the beginning of the pandemic, management responded by drawing up a three-year Corporate Plan, with a key objective of moving to a leaner operating model across the Group. The Company enters the second year of the Corporate Plan in a strong position despite the retail and events sector difficulties faced in 2020/21.

GOING CONCERN

The COVID-19 crisis continues to cause increased uncertainty regarding the level of income that the Company will be able to achieve in 2021/22 and in subsequent years. The external factors arising from the COVID-19 crisis increase the level of judgement required in assessing the Company's ability to continue as a going concern.

The Directors have considered the Company's prospects over the period to at least 30 June 2022. As the Company's strategy is closely aligned to that of its parent entity, Cancer Research UK, its prospects have also been considered in conjunction with the plans of the Cancer Research UK Group as a whole.

Projections for the Company's profit and cash flow for the period to at least 30 June 2022 have been prepared. These projections form the basis for the going concern assessment, and the effect of a range of sensitivities has been considered. The Company's projections and scenario modelling indicate that the Company will achieve a profit and positive net cash flow to at least the period ending 30 June 2022.

In line with the Charity, the 2021/22 budget for the Company includes income provisions to mitigate against further restrictions impacting on its retail operations and events activity. In 2021/22, the Company's budgeted turnover and profits are forecast to return to approximately 85% of 2019/20 (pre-pandemic) levels and are projected to grow further thereafter. The Company continues to engage with its sponsorship partners, and the Directors are confident that the Company's royalty and commercial income streams will continue to perform well.

Going concern assessment

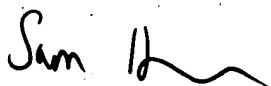
The Directors have based their assessment of going concern on the Company's performance and financial projections. On the basis of this, the Directors have a reasonable expectation that the Company will continue in operational existence to at least 30 June 2022, and accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

FUTURE DEVELOPMENTS

The principal future developments anticipated by the Company are described in the Strategy and Going Concern sections above. In particular, the Company will continue to collaborate with Cancer Research UK on various activities to support the delivery of Cancer Research UK's strategy.

Approved and authorised for issue by the Board of Directors on 28 June 2021 and signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'Sam Horne', with a stylized flourish at the end.

Sam Horne
Director
30 June 2021

CANCER RESEARCH UK TRADING LIMITED

(Company No. 4355631)

DIRECTORS' REPORT

THE COMPANY

Cancer Research UK Trading Limited is incorporated in the United Kingdom with registered company number 4355631, and is a wholly owned subsidiary of the charitable company Cancer Research UK. The legal and administrative details on page 1 form part of this report. The company's performance during the year, strategy and future developments are detailed in the Strategic Report on pages 2 to 5.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company seeks to manage risks in relation to financial instruments as follows:

- Price risk – prices of materials and services purchased are subject to contracts with suppliers, based on current market prices. Price risk is low.
- Credit risk – the credit risk on amounts owed to the Company by its customers is low.
- Liquidity risk – the Company is part of the Cancer Research UK Group and therefore its liquidity is managed at Group level.
- Interest rate and cash flow risk - the Company places surplus cash on deposit via its parent undertaking. This is low risk.

DIVIDENDS

In line with prior years, a deed of covenant is in place whereby profits generated by the Company are distributed to the parent charity in the form of a Gift Aid payment.

DIRECTORS AND THEIR INTERESTS

The Directors serving during the year and at the date of approval of the financial statements, unless otherwise stated, are shown on page 1. None of the Directors has any interests in the ordinary shares of the Company or any group company.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial year and is currently in force as at the date of approval of these financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

DIRECTORS' REPORT (CONTINUED)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

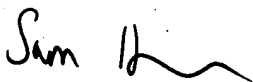
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Approved and authorised for issue by the Board of Directors on 28 June 2021 and signed on behalf of the Board by:



Sam Horne
Director
30 June 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANCER RESEARCH UK TRADING LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Cancer Research UK Trading Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANCER RESEARCH UK TRADING LIMITED (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANCER RESEARCH UK TRADING LIMITED (continued)

Responsibilities for the financial statements and the audit (continued)

Based on our understanding of the company and industry, we identified that the principal risk of non-compliance with laws and regulations was non-compliance with those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to income or expenditure accounts, and understanding and evaluating any significant transactions outside the normal course of business;
- enquiry of management and the board of directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of the board of directors; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Daniel Chan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2021

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	2	13,192	26,962
Cost of sales		<u>(8,358)</u>	<u>(21,949)</u>
Gross profit		4,834	5,013
Administrative expenses	4	(148)	(160)
Interest receivable and similar income		-	1
Profit before Gift Aid and taxation	6	4,686	4,854
Gift Aid payable to Cancer Research UK	5	<u>(4,686)</u>	<u>(4,817)</u>
Profit before taxation		-	37
Tax charge on profit before Gift Aid and taxation	7	-	(37)
Result for the financial year		<u>-</u>	<u>-</u>
Brought forward retained earnings		-	-
Carried forward retained earnings		<u>-</u>	<u>-</u>

All amounts relate to continuing operations and all gains and losses recognised in the year are recorded in the Statement of income and retained earnings and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 13 to 19 form an integral part of these financial statements.

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

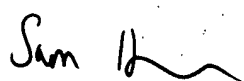
BALANCE SHEET

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	8	73	131
		73	131
Current Assets			
Inventories	9	3,241	2,767
Debtors	10	2,735	4,763
Cash at bank and in hand		117	144
		6,093	7,674
Creditors: amounts falling due within one year	11	(6,166)	(7,805)
Net current liabilities		(73)	(131)
Total assets less current liabilities		-	-
Provisions for liabilities	12	-	-
Net assets		-	-
Capital and reserves			
Called up share capital	13	-	-
Retained earnings		-	-
Total shareholder's funds		-	-

The notes on pages 13 to 19 form an integral part of these financial statements.

The financial statements on pages 11 to 19 were approved and authorised for issue by the Board of Directors on 28 June 2021 and signed on behalf of the Board by:



Sam Horne
 Director
 30 June 2021

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (FRS102).

Cancer Research UK Trading Limited is a private company limited by share capital, registered in England and Wales, and a wholly owned subsidiary of Cancer Research UK.

Accounting convention

The financial statements are prepared on the going concern basis and under the historical cost convention. The accounting policies have been applied consistently throughout the financial statements and the prior year.

As laid out in the Strategic Report on page 4, the Directors have a reasonable expectation that the Company will continue in existence for the next 12 months and, therefore, have adopted the going concern basis in preparing these financial statements.

Cash flow statement

The Company is a wholly owned subsidiary of Cancer Research UK and the consolidated financial statements in which the Company's results are included are available to the public. It has therefore taken advantage of the exemption conferred by FRS 102 paragraph 1.12(b) not to prepare a cash flow statement.

Revenue recognition

Entry and registration fees from fundraising events are recognised in the Statement of income and retained earnings in the period in which the event takes place. Income for events occurring in the next financial accounting year is deferred to that period. Income from the sale of bought in goods is accounted for when the sale takes place. Merchandise income from fundraising events is accounted for when the sale occurs. Royalty and commercial income is recognised when the goods or services are supplied. Commission from the sale of goods sold on an agency basis is recognised when the goods are sold.

Income is stated net of Value Added Tax.

Expenditure

Expenditure is recognised on an accruals basis. Costs relating to probable future fundraising events are deferred and matched against income from the events concerned.

Gift Aid

Gift Aid payments are made under a deed of covenant to the parent undertaking, Cancer Research UK. The estimate of Gift Aid payable is the lesser of the Company's taxable profits for the period and the balance of the Company's reserves which is available for distribution.

Inventories

Inventories are valued at the lower of cost (including irrecoverable VAT) and net realisable value, using the weighted average method.

CANCER RESEARCH UK TRADING LIMITED

(Company No. 4355631)

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are capitalised at cost where expenditure is greater than £5,000. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Batches of items individually below this threshold are capitalised if they collectively exceed £5,000 and are part of one project.

Depreciation is provided on equipment, fixtures and fittings at 20% per annum so as to write off their cost on a straight-line basis over their estimated useful life.

Impairment of fixed assets

Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs.

Financial instruments

The Company has taken advantage of the exemption which is available to a wholly owned subsidiary under FRS 102 1.12 (c) (relating to sections 11 and 12 of the standard) from disclosing the following:

- Categories of financial instruments,
- Items of income, expenses, gains or losses relating to financial instruments, and
- Exposure to and management of financial risks.

Full disclosure in relation to financial instruments is available in the consolidated financial statements of Cancer Research UK.

Foreign currency

Transactions in foreign currency are recorded at the rate of exchange prevailing at the time of the transaction. Foreign currency balances are translated into sterling at the exchange rates prevailing at the balance sheet date. Any gains or losses on exchange are included in the Statement of income and retained earnings.

Related party transactions

The Company has taken advantage of the exemption, which is available under FRS 102 Section 33, Related Party Transactions that permits non-disclosure of transactions with group undertakings as it is a wholly owned subsidiary of Cancer Research UK.

There are no material transactions, by size or nature, with any other related parties.

Deferred taxation

Deferred taxation would normally be recognised on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. However, deferred tax assets and liabilities are not recognised as the Company has a policy to eliminate taxable profits by making Gift Aid payments and therefore no asset or liability is likely to arise.

CANCER RESEARCH UK TRADING LIMITED
(Company No. 4355631)

2. TURNOVER

All turnover is generated in the UK. Turnover comprises mainly registration fees for Cancer Research UK fundraising events and bought-in goods sold in Cancer Research UK charity shops. All turnover and profit before Gift Aid payable arises from the Company's principal activities. The analysis of turnover is summarised as follow:

	2021	2020
	£'000	£'000
Event income (including event sponsorship and merchandise)	2,159	11,411
Bought in goods	5,500	7,784
Royalty and commercial income	5,263	7,006
Commission from sale of goods sold on an agency basis	270	761
	<u>13,192</u>	<u>26,962</u>

3. EMPLOYEES

The following amounts are recharged from Cancer Research UK in respect of staff time and are included within Cost of Sales.

	2021	2020
	£'000	£'000
Wages and salaries	2,103	4,174
Social security costs	173	372
Other pension costs	143	303
Other staff costs	6	23
	<u>2,425</u>	<u>4,872</u>

The Company makes use of employees of its parent undertaking Cancer Research UK. The costs involved are recharged to the Company at cost.

No Director received any remuneration for services to the Company during the year (2020: £nil).

4. ADMINISTRATIVE EXPENSES

	2021	2020
	£'000	£'000
Foreign exchange gain	(1)	(11)
Other administrative costs	149	171
	<u>148</u>	<u>160</u>

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5. GIFT AID PAYABLE TO CANCER RESEARCH UK

	2021	2020
	£'000	£'000
Current year payment	4,379	4,708
Adjustment in respect of previous year	307	109
Gift Aid to Cancer Research UK	4,686	4,817

6. PROFIT BEFORE GIFT AID AND TAXATION

	Note	2021	2020
		£'000	£'000
Profit before gift aid taxation is stated after charging/(crediting):			
Depreciation	8	58	127
External Auditors' remuneration (including irrecoverable VAT) – external audit fees		12	8
Exchange gain	4	(1)	(11)
Recharge of costs from Cancer Research UK		3,647	8,019
Recharge of costs to Cancer Research UK		-	(2,394)

7. TAX CHARGE ON PROFIT BEFORE GIFT AID AND TAXATION

Analysis of tax charge

	2021	2020
	£'000	£'000
United Kingdom corporation tax at 19% (2020: 19%):		
Tax charge for the current year	60	60
Adjustments in respect of prior years	(60)	(23)
Tax charge per Statement of income and retained earnings	-	37

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7. TAX CHARGE ON PROFIT BEFORE GIFT AID AND TAXATION (continued)

Factors affecting the tax charge

The tax assessed for the year is lower (2020: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	2021 £'000	2020 £'000
Profit before Gift Aid and taxation	<u>4,686</u>	<u>4,854</u>
Corporation tax at 19% thereon (2020: 19%)	890	922
Effects of:		
Disallowed expenses	2	2
Short term timing differences	(9)	-
Capital allowances less than depreciation	9	30
Gift Aid payment provided for	(832)	(894)
Tax charge for the current year	<u>60</u>	<u>60</u>

A deferred tax liability has not been recognised in respect of timing differences relating to tangible fixed assets as the company has a Deed of Covenant in place to pay taxable profits by Gift Aid to Cancer Research UK and therefore no liability is likely to arise. The amount not recognised at 31 March 2021 is £3k at 19% (2020: £3k at 19%).

8. TANGIBLE ASSETS

Equipment, fixtures and fittings	£'000
<u>Cost</u>	
At 1 April 2020	1,152
Disposals	(606)
At 31 March 2021	<u>546</u>
<u>Accumulated Depreciation</u>	
At 1 April 2020	(1,021)
Charge for the year	(58)
Disposals	606
At 31 March 2021	<u>(473)</u>
<u>Net book value</u>	
At 31 March 2021	<u>73</u>
At 31 March 2020	<u>131</u>

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9. INVENTORIES

	2021	2020
	£'000	£'000
Goods for sale held in charity shops	2,675	1,937
Merchandise related to events	200	466
Other retail inventories	366	364
	3,241	2,767

During 2020/21 the amount of inventories recognised as an expense through cost of sales was £3,074k (2020: £4,814k).

10. DEBTORS

	2021	2020
	£'000	£'000
Trade debtors	1,399	2,025
Amounts owed by group undertakings	-	1,537
Other Debtors	14	26
Prepayments and accrued income	1,322	1,175
	2,735	4,763

11. CREDITORS: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	355	655
Amounts owed to group undertakings	4,843	4,713
Other creditors including Taxation and Social Security -		
Value Added Tax	267	361
Corporation Tax	60	60
Other	111	4
Accruals	46	633
Deferred income	484	1,379
	6,166	7,805

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12. PROVISIONS FOR LIABILITIES

	2021	2020
	£'000	£'000
As at the beginning of the year	-	6
Utilised during the year	-	(6)
As at the end of the year	-	-

13. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Authorised, allotted, called up and fully paid 2 (2020: 2) ordinary shares £1 each	2	2

14. GUARANTEES

The Company is party to a Group registration for VAT purposes and is jointly and severally liable for any VAT liabilities of the companies that are part of the same VAT registration.

15. ULTIMATE PARENT COMPANY

The ultimate and immediate parent undertaking and controlling entity is Cancer Research UK, a charitable company limited by guarantee and incorporated and registered in England and Wales, with Company number 4325234 and registered in the Isle of Man 5713F. Cancer Research UK is a registered charity in England and Wales 1089464, Scotland SC041666, the Isle of Man 1103 and Jersey 247. This is the largest and smallest group for which consolidated financial statements have been produced. The financial statements of Cancer Research UK are available online at www.cancerresearchuk.org.

16. COMMITMENTS

The Company is party to a deed of covenant requiring it to pay all current and future taxable profits to Cancer Research UK. This is subject to the overriding requirement that the Company remains solvent.