

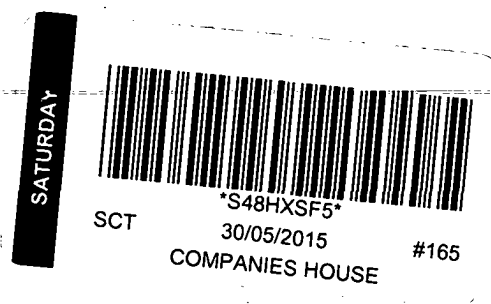


CANCER
RESEARCH
UK

BEATSON
INSTITUTE

The Beatson Institute for Cancer Research

Report and financial statements
Year to 31 March 2015



Limited by guarantee
Company No SC084170
Scottish Charity No SC006106

Reference and administrative details

Scottish Charity Number: SC006106

Company Registration Number: SC084170

Principal & Registered Office: The Beatson Institute for Cancer Research
Garscube Estate
Switchback Road
Bearsden
Glasgow
G61 1BD

Trustees (Directors): Professor Nic Jones (chairman)
Mr Craig Anderson
Dr Iain Foulkes
Mr Ian Kenyon
Mr Kirk Murdoch
Professor Anton Muscatelli

Director (Chief Executive): Professor Karen Vousden CBE FRS FRSE FMedSci

Company Secretary: Mr Peter Winckles ACA DChA

Independent Auditors: PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Principal Bankers: HSBC
2 Buchanan Street
Glasgow
G1 3LB

Solicitors: Burness Solicitors LLP
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Directors' Report

The Directors are pleased to submit the Annual Report and financial statements of The Beatson Institute for Cancer Research for the year ended 31 March 2015.

Directors

None of the Directors, who are the Trustees of the Charity and, for the purposes of the Companies Act 2006, directors of the company and are listed below, has a financial interest in the company.

The Directors of the company who were in office during the year and up to the signing of the financial statements were:

Professor Nic Jones (chairman)	Partner Director	
Dr Iain Foulkes	Partner Director	
Mr Ian Kenyon	Partner Director	
Mr Craig Anderson	Independent Director	re-appointed 13 May 2014
Mr Kirk Murdoch	Independent Director	appointed 13 May 2014
Professor Anton Muscatelli	Independent Director	appointed 10 March 2015

Other officers

Director of the Institute (Chief Executive)	Professor Karen Vousden CBE FRS FRSE FMedSci
Company Secretary	Peter Winckles ACA DChA

Structure, Governance and Management

The Beatson Institute for Cancer Research is a company limited by guarantee and registered as a charity with the Office of the Scottish Charities Regulator (OSCR).

Reference and administrative details are given on the page immediately before the Directors' Report.

Directors

There are two distinct categories of Director – Partner Directors and Independent Directors. Partner Directors are those directors appointed by Cancer Research UK (CRUK); and Independent Directors are appointed on the basis of their having skills, experience and/or local connections which would allow them to make a substantial contribution to the work of the board.

The Articles provide that there shall be no maximum number of directors, but at any given time at least half of the directors must be Partner Directors, and at least one must be an Independent Director. The minimum number of directors is set at 3.

The Articles provide that each director will then vacate office at the conclusion of the first financial statements sign-off board meeting which follows the expiry of a period of three years from the date when the director was first appointed. The director will then be eligible for re-appointment for a further three-year term. Independent Directors who have held office for three consecutive three-year terms are not eligible for re-appointment as a director.

The Chair of the Board is nominated by the Board from amongst its members.

New directors undergo an orientation briefing on their legal obligations under charity and company law, the content of the Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the Institute. During induction they meet the Chair, the Chief Executive, other directors and key employees. Directors are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role and

information regarding developments relating to their responsibilities as directors of the Institute is provided to them.

Members' liability

As a company limited by guarantee each of its members commits to contribute up to one pound sterling (£1) to the company's debts, liabilities and costs in the event of the company being wound up and for one year after ceasing to be a member.

Organisation

The Board meets quarterly and there is also a Science Advisory Group (SAG) to assist the Chief Executive on matters of scientific strategy. The Chief Executive is appointed by the directors to manage the day to day strategy and operations of the Institute. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and research activity.

The directors have developed and approved a Governance Code of Practice, incorporating and adapting existing best practice to the Institute's particular circumstances. The Governance Code of Practice covers such matters as the role and structure of the Board, primary responsibilities, delegated powers and conflict of interest. It is intended to guide present and future directors of the Institute in the proper discharge of their duties and to help them exercise a high standard of governance of the Institute.

Ultimate parent undertaking and controlling party

The Institute works closely with CRUK whose vision the Institute shares and which is a significant provider of core and project grant funding to the Institute. Cancer Research UK is considered to be the Institute's ultimate controlling parent undertaking and controlling party as Partner Directors must form at least half of the board. CRUK, a company incorporated in England, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2015. The consolidated financial statements of CRUK are available from its registered address at Angel Building, 407 St John Street, London, EC1V 4AD. (www.cancerresearchuk.org)

Beatson Technology Limited

The Institute's wholly owned subsidiary, Beatson Technology Limited, was established to own and exploit any intellectual property arising in the course of the Institute's research. Currently, the company receives small amounts of income from time to time arising from the exploitation of intellectual property.

Mission

Our mission is to deliver cancer discovery for patient benefit.

Research Objectives & Strategy

The principal object of the Institute is to carry out research and investigation into the causes, mechanisms and treatment of cancer. The Institute's present research strategy is:

1. Establish an outstanding basic research programme into mechanisms of cancer biology, with focus on two key themes:

- Regulation of invasion and metastasis
 - Regulation of cancer metabolism, growth and survival
2. Identify critical components of these pathways as novel therapeutic targets
 3. Develop strong clinical links to translate our research into new therapies and diagnostic/prognostic tools

To realise our and CRUK's objectives we are developing:

- World leading basic research programmes in our key areas of focus, led by a cohort of world class scientists
- A cohesive and interactive environment that fosters ambitious, significant and field changing research.
- A lead role in developing a coordinated strategy for basic and clinical cancer
- Research in Glasgow, to bring together scientists and clinicians in a common cause
- State-of-the-art technologies in selected areas (preclinical imaging, mouse models and metabolomics) to underpin our strategic research themes
- An outstanding training structure to develop the basic and clinical cancer research leaders of tomorrow
- Active and vibrant interactions with the local and global cancer research communities
- Strong core services, effective and efficient administrative support
- Strong links and participation in the broader CR-UK mission, such as fundraising and funding committees

Key Policies

Disabled employees

The Institute is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Institute gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Institute. If members of staff become disabled the Institute continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Institute systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Institute is encouraged. The Institute encourages the involvement of employee's by means of a regular staff forum.

Reserves policy

The Institute reports Total Funds amounting to £18.9M (2013/14: £20.1M). Of these, £12.8M (2013/14: £13.1M) relate to granted capital funds which have been funded by grants recognised as incoming resources. A further £0.4M (2013/14: £1.1M) of Restricted Funds represents funds donated for specific research projects and recognised as incoming resources, but which have yet fully to be spent. At the year-end £0.6M was re-categorised to capital funds from research project funds.

The directors have reviewed the Institute's need for reserves in line with the guidance issued by the Charity Commission. The Reserves policy considers the need for working capital to allow for variations in timing of grant receipts and to allow the Directors to embark on particular projects in advance of the receipt of external funding. In order to maintain sufficient reserves to manage such considerations and support on-going operations, the directors seek to maintain unrestricted reserves within a range of one to three months total running costs. The balance of unrestricted reserves of £5.7M (2013/14: £5.9M) includes £4.4M (2013/14: £4.5M) of current assets which are liquid funds, of which £0.9M is committed to funding the new Beatson Cancer Metabolism Research Unit, and is within the range of one to three months running costs.

The reserves policy is reviewed on an annual basis.

Investment policy and objectives

In accordance with the Institute's Articles, the directors have the power to invest in such stocks, shares, investments and property in the UK as they see fit.

The Investment policy supports the Reserves policy, and as a result cash sufficient to cover the optimum range of reserves is retained in the form of interest bearing bank deposits.

The directors' overarching investment objective in the current economic climate is to ensure that funds are invested in an appropriate manner to ensure their security and liquidity. Accordingly, the directors decided that such deposits should be spread over a number of major UK clearing banks with appropriate credit ratings in which the funds are readily accessible.

Foreign currency settlement

The Institute procures goods and services in a number of foreign currencies, principally US dollars and Euros. Where likely future spend can be reasonably predicted, forward currency contracts are used to ensure certainty of outflows and not for speculative purposes.

Strategic Report

Achievements, Performance and Plans for Future Periods

The Institute remains committed to its long-term goals and vision, with an overall portfolio of research activity and future plans that are in complete harmony with CRUK's new research strategy and key objectives. Its mission is to be a centre of excellence in cancer biology, carrying out world-class basic research into the mechanisms that regulate cancer cell dissemination, growth and survival, and translating this knowledge for the benefit of cancer patients. Its core objective is to establish an outstanding basic research programme into cancer, with emphasis on two key themes; the regulation of cancer cell invasion and metastasis and the regulation of cancer cell growth, metabolism and survival (CRUK objective – understanding cancer). This programme, will underpin the Institute's ambition to identify critical components of these pathways as novel therapeutic targets (CRUK objective – therapeutic innovation), which it will pursue in collaboration with its own drug discovery programme as well as appropriate interactions with pharmaceutical and drug development companies (CRUK objective – developing new cancer treatments). A high priority remains the development of strong clinical links, particularly focused on pancreas cancers (CRUK objective – tackling cancers of unmet need), so as to translate its research into new therapies and diagnostic/prognostic tools.

The Institute's basic research portfolio has matured and is focused in two broad areas of cancer behaviour; invasion and metabolism. Outstanding basic cancer research is the foundation on which the Institute is built, and it closely monitors performance of its scientific groups and core services through internal and external review, to help identify areas of strength and weakness, and target future investment to maximise outcome (CRUK – evaluating our progress). Providing world-class research facilities is essential to support the scientists and here it has focused into the areas of metabolomics/proteomics, preclinical imaging and mouse models. In particular, the Institute has made a major investment into metabolomics, to exploit its existing strengths and capitalise on existing assets, and it is now a leading centre in this area (CRUK – develop our core-funded Institutes). Recent developments include the consolidation of its functional imaging capacity.

The Institute has also established strong collaborative links with colleagues within the University of Glasgow and the Beatson West of Scotland Cancer Centre (NHS) to help deliver translational and clinical research goals (CRUK – accelerate the translation of research). The establishment of the CRUK Glasgow Centre has allowed the Institute's scientists to integrate with colleagues from the University to build on existing strengths to become a leading centre in pancreas cancer research (CRUK – tackling cancers of unmet need, personalising cancer treatment). By focusing on pancreas cancer it has also become the lead CRUK Centre in this area, coordinating a programme of research that encompasses other major centres around the UK (CRUK – encourage collaborative approaches). The functional stratified medicine network that is developed through this initiative will be applied to other key tumour types with existing research strengths in Glasgow. The Cancer Centre is also providing a focus for the development of further ambitious initiatives around cancer immunology and tissue engineering (CRUK – encourage collaborative approaches), and population aspects of cancer incidence and treatment with the University of Strathclyde (CRUK – diagnosing cancer earlier, cancer prevention).

Finally, the Institute has established an extremely strong training programme for postgraduate students and postdoctoral fellows, and it is working with colleagues in the CRUK Glasgow Centre to

develop further opportunities and support for clinical research fellows (CRUK – develop the best researchers). The Institute will also continue to contribute to CRUK local engagement, fundraising and public awareness.

Recruitment

Several key appointments were made this year, bringing the number of research groups within the Institute to near full capacity. Shehab Ismail started as a Beatson Group Leader in structural biology, providing a much needed expansion of activity in this area. Jurre Kamphorst (Beatson Associate, metabolism) and Alexei Vazquez (Beatson Group Leader, computational modelling) joined the metabolomics unit, leaving just one more appointment to be made here. David Bryant also joined us from the University of California, San Francisco, completing recruitment of the five Beatson Associate posts. Finally, Heather McKinnon was appointed as Head of Biology in Drug Discovery with the aim to further integrate Drug Discovery within the Institute.

Reviews

Professors Eyal Gottlieb, Jim Norman, Mike Olson and Karen Vousden's quinquennial reviews were held in February and the outcomes were all extremely positive. The final scores were Gottlieb 'Outstanding' for past and future work, Vousden 'Outstanding' for past and future work, Norman 'Outstanding' for past and 'Forefront/Outstanding' for future work and Olson 'Forefront/Outstanding' for future work (past work not scored). In addition, Dr Karen Blyth, the head of transgenic models facility, was promoted to Senior Staff Scientist.

Funding

The Institute continues to make considerable efforts to increase the amount of external funding coming into the Institute. This year, it has been successful in attracting funding from a number of commercial companies: Novartis, Astellas, Astex and Janssen.

Principal Risks and Uncertainties

During 2013 the directors requested a full review of the Institute's approach to risk assessment and its appetite towards major risk categories.

Risks categories evaluated for this purpose were:

- **Strategy**
- Scientific research and reputation
- Operational performance (including financial risks); and
- External factors

The directors' risk management strategy comprises:

- an annual review of the major risks the Institute may face
- the establishment of systems and procedures to mitigate those risks identified and to minimise any potential impact on the Institute
- a review of progress with regard to mitigation of identified risks at each meeting

The directors review these risks on an on-going basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified within the directors' agreed level of risk appetite. Where appropriate, risks are covered by insurance.

In common with many other charities whose principal source of income consists of fixed period grants from a small number of funding bodies, the Institute is vulnerable to changes outwith its control, in the policy and operating environment of those funding bodies. In order to mitigate this risk, the Institute signed an updated Memorandum of Understanding with CRUK, its parent undertaking and primary source of grant income, on 20 June 2011 which endorses the latter's intention to provide the Institute with major long term financial support.

Funding for research grants and contracts is based upon an assessment of costs to be incurred in undertaking the relevant projects and programmes of work. Risk is managed through a variety of cost control mechanisms including budgetary control and schemes of delegated expenditure authority. Pay costs are determined through a formal pay and grading structure developed in conjunction with CRUK. The directors continue to monitor and assess its financial risk in the uncertain economic climate and this is reflected in the Institute's policies with regard to Reserves and Investments stated above.

Financial Review

The Institute's charitable activity is primarily funded in the form of grants from CRUK.

Overall, 76% of expenditure (£16.3M; 2013/14: £15.9M) was invested directly in core research staff, projects and facilities. The remaining 24% represents essential support costs of the Institute's operations.

The combination of a decrease in income (£20.4M; 2013/14: £21.0M) and an increase in expenditure has resulted in an increase in net outgoing resources from £0.26M in 2013/14 to £1.16M in 2014/15. The decrease in income is partly due to a substantial one-off donation in the previous year (£0.4M), as well as one-off sundry income in the previous year (£0.2M).

The net book value of Tangible Fixed Assets has decreased by £1.0M (2013/14: £0.3M) to £14.1M (2013/14: £15.1M) as further investment made in cutting edge technology is offset by the ongoing depreciation of existing assets.

Principal funding sources

CRUK provides an annual core grant that covers the majority of staff, laboratory running costs and overheads of the Institute; grants to enable the purchase of particular items of equipment; and smaller grants, competitively awarded to particular scientists within the Institute in support of particular research projects. Any core grant received in excess of the Institute's requirements for the financial year is refunded to CRUK.

Other funding sources also provide much needed support for research programmes. These include Worldwide Cancer Research, the European Research Commission, the Medical Research Council, the Royal Beatson Endowment Funds of the NHS Greater Glasgow & Clyde, Novartis Institute for Biomedical Research, the Royal Society, Janssen Pharmaceutical, Breast Cancer Campaign, The Company of Biologists, Bioven, NC3R's, KU Leuven, the Institute of Cancer Research, Astex, Astellas,

Royal Commission for the Exhibition of 1851 and The Barth Syndrome Trust. The Institute is very grateful for the financial contributions it continues to receive from many individuals and charitable organisations. These funds are used to promote new research through the funding of salaries and laboratory expenses and equipment.

Statement of trustees' responsibilities

The trustees (who are also directors of The Beatson Institute for Cancer Research for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Institute's auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006.

The Directors' Report and Strategic Report are approved by the directors and signed on their behalf:

A handwritten signature in black ink, appearing to read 'N C Jones', is written over the printed name of Professor Nic Jones.

PROFESSOR NIC JONES
Chairman

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Beatson Institute for Cancer Research, comprise:

- the Balance Sheet as at 31 March 2015;
- the Statement of Financial Activities for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

The Beatson Institute for Cancer Research

Independent Auditors' Report to the members and trustees of The Beatson Institute for Cancer Research

In addition, we read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the trustees 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities

The Beatson Institute for Cancer Research
Independent Auditors' Report to the members and trustees of The Beatson Institute for Cancer Research

Accounts (Scotland) Regulations 2006 (as amended) and 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.

Lindsey Paterson

Lindsey Paterson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

26 May 2015

- a. The maintenance and integrity of The Beatson Institute for Cancer Research website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Beatson Institute for Cancer Research

Statement of Financial Activities for the year ended 31st March 2015 (Incorporating Income and Expenditure Account and Statement of Total Recognised Gains & Losses)

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2015	Total 2014
		£'000	£'000	£'000	£'000	£'000
Incoming Resources						
<u>Incoming resources from generated funds</u>						
Voluntary income						
Donations and legacies	2	1,026	-	-	1,026	1,458
Grants receivable	3	532	17,517	-	18,049	18,167
Investment income	5	42	-	-	42	53
<u>Incoming resources from charitable activities</u>						
Research contracts	4	-	1,117	-	1,117	963
Conference grants and fees		119	-	-	119	106
<u>Other incoming resources</u>		15	-	-	15	258
Total incoming resources		1,734	18,634	-	20,368	21,005
Resources expended						
Charitable activities						
Research projects	6	1,832	19,518	-	21,350	21,062
Conference	6	101	45	-	146	146
Governance costs	6	-	55	-	55	61
Total resources expended		1,933	19,618	-	21,551	21,269
Net outgoing resources before other recognised gains and losses	7	(199)	(984)	-	(1,183)	(264)
<u>Other recognised gains and losses</u>						
Release of provision for impairment of bank deposits	11	20	-	-	20	-
Net outgoing resources after transfers and other recognised gains and losses		(179)	(984)	-	(1,163)	(264)
Net expenditure for the year / net movement in funds		(179)	(984)	-	(1,163)	(264)
Fund balances brought forward at 1 st April	16	5,901	14,171	25	20,097	20,361
Fund balances carried forward at 31 st March	16	5,722	13,187	25	18,934	20,097

There is no material difference between the net expenditure for the year stated above and the historical cost equivalents.

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 16 to 26 form part of these financial statements.

Balance Sheet

as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	10	14,124	15,091
Investments		-	-
Current assets			
Bank term deposits	11	-	20
Debtors	12	1,386	1,533
Cash at bank and in hand	13	6,984	6,455
Total current assets		8,370	8,008
Creditors: amounts falling due within one year	14	(3,560)	(3,002)
Net current assets		4,810	5,006
Total assets less current liabilities		18,934	20,097
Net Assets		18,934	20,097

The funds of the charity:

Endowment funds	16	25	25
Restricted income funds	16	13,187	14,171
Unrestricted income funds	16	5,722	5,901
Total charity funds		18,934	20,097

The financial statements on pages 14 to 26 were
approved by the Board of trustees on 26 May 2015
and signed on its behalf by:



Professor Nic Jones
Chairman

The notes on pages 16 to 26 form part of these
financial statements

Notes to the financial statements
Year ended 31 March 2015

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in compliance with the revised Statement of Recommended Practice (Accounting and Reporting by Charities), the reporting requirements of the Companies Act 2006 and applicable accounting standards in the United Kingdom, Charities Accounts (Scotland) regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005. All accounting policies have been consistently applied.

Going concern

A Memorandum of Understanding with CRUK endorses the latter's intention to provide the Institute with major long term financial support. On this assumption, the financial statements are prepared on a going concern basis.

Incoming Resources

Voluntary income including donations and legacies, grants for capital items, grants that provide core funding, or grants of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor:

- specifies that the grant or donation must only be used in future accounting periods; or
- has imposed conditions which must be met before the Institute has unconditional entitlement.

Accordingly, grants given for capital equipment are not deferred, but recognised in full when the above criteria are met as restricted income funds (see note 16). Depreciation on the assets acquired is charged annually to that fund.

Donations and pecuniary legacies are recognised when they are received. Residuary legacies are recognised at the earlier of date of receipt or agreement of the estate financial statements.

Investment income derived from cash and short-term deposits is recognised on an accruals basis and treated as unrestricted funds.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related research work is undertaken. Income included in this category includes funding from certain governmental bodies intended to reimburse the costs of undertaking an agreed programme of research over the duration of that programme and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when funds are received in advance of the costs eligible to be reimbursed being incurred. Grants and fees with regard to conference activities are recognised when receivable by the Institute.

Resources expended

Expenditure is recognised when a liability is incurred.

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds. The Institute does not actively raise funds and, as a result, incurs no such costs.

Charitable activities include expenditure associated with both research and conference activities and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the Institute and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Pensions

The Institute participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The Institute is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Certain staff are members of the National Health Service Pension Scheme, a national unfunded, defined benefit scheme administered by the Scottish Public Pensions Agency. Pensions costs charged to the Statement of Financial Activities are those assessed by the actuary of the scheme.

Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised at cost and depreciated on a straight-line basis over their expected useful lives as follows:

Laboratory/Service equipment:	5 to 15 years
Computer equipment:	3 to 5 years
Leasehold Property & Improvements	25 years or length of lease, if shorter

Any realised gains or losses on disposals of fixed assets are taken to the Statement of Financial Activities in the year in which they occur. The realised gains on disposal are included in the other income source and losses are included as an additional depreciation charge which is included in the particular fund in which the investment or other asset concerned was held at the time of disposal.

Impairment of fixed assets and investments

Fixed assets and investments 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.

Premises

Premises are leased by the Institute from the University of Glasgow at a nominal rent. Where appropriate, an in-kind benefit based on the value to the Institute is incorporated within Voluntary Income and the corresponding notional rental cost apportioned between Costs of Charitable Activities and Governance Costs.

Stocks

The value of stock held for research purposes is not considered material and any purchases are charged to revenue in the year in which the expenditure takes place.

Short-term deposits

Short-term deposits are current asset investments that are readily convertible into cash at or close to their carrying amount.

Leasing commitments

Rentals paid under operating leases are charged in the year in which they occur.

Funds

Restricted Income Funds relate to the CRUK annual core grant and grants receivable in respect of particular research projects whose purpose is defined by or agreed with the awarding body either explicitly in its offer of award or by reference to the application by the Institute upon which the award is based. Restricted Income Funds also relate to other income the purpose of which is similarly defined by or agreed with the awarding body – particularly with regard to laboratory equipment and other capital projects. Amounts received on the condition that only the income generated is to be expended are treated as Endowments.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains and losses on translation are included in the Statement of Financial Activities.

Group financial statements

Beatson Technology Limited is a wholly-owned subsidiary company formed to undertake the ownership of intellectual property arising from the work of the Institute. As permitted under s405 of the Companies Act 2006 and para. 383(c) of the Charities SORP, consolidated financial statements are not prepared because the results of Beatson Technology Limited are not material to the group.

Cash Flow Statement

In accordance with Financial Reporting Standard 1, the Institute has not prepared a cash flow statement as it is accounted for as a wholly owned subsidiary by CRUK which has produced a consolidated cash flow statement in its group financial statements.

Related party transactions

In accordance with Financial Reporting Standard 8, the Institute has not provided details of transactions with other group companies.

Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

	2015	2014
	£'000	£'000
2. Donations and legacies		
Donations	984	1,312
Legacies	42	146
	<u>1,026</u>	<u>1,458</u>

An assessment of the annual rental value of The Beatson Institute for Cancer Research building indicates that value to be in the region of £920,000. Prior to occupancy, the Institute paid a lease premium and advance rental of £1.5M, which is amortised to Costs of Charitable Activities at the rate of £60,000 per annum. The other buildings have reached the end of their useful lives and required substantial upgrading which the Institute is undertaking at its own expense and no annual rental value is attached to these properties. Consequently an in-kind benefit from the University of Glasgow of £860,000 (2013/14: £860,000) for the year to 31 March 2015 has been included within Donations with notional rent of £860,000 (2013/14: £860,000) being included within Costs of Charitable Activities (note 7).

3. Grants receivable	2015	2014
	£'000	£'000
Grants for research projects:		
Grants from Cancer Research UK	16,153	16,080
Grants from other charities	1,023	985
Grants from the University of Glasgow	873	1,102
	<u>18,049</u>	<u>18,167</u>
4. Research contracts	2015	2014
	£'000	£'000
Awards from governmental bodies (inc. the EC)	744	726
Other contracts and performance grants	373	237
	<u>1,117</u>	<u>963</u>
5. Investment income	2015	2014
	£'000	£'000
Interest on bank deposits	42	53
	<u>42</u>	<u>53</u>

6. Costs of charitable activities and Governance costs

Costs directly allocated to activities

	Research Projects £'000	Conference £'000	Govern- ance costs £'000	2015 £'000	2014 £'000
Scientific and technical staff including student fees	8,456	19	-	8,475	8,326
Laboratory supplies	4,580	-	-	4,580	4,409
Equipment maintenance and depreciation	3,157	-	-	3,157	3,034
Conference venue and catering costs	-	100	-	100	171
Other Governance Expenses	-	-	5	5	5
Auditors' remuneration	-	-	11	11	18
	16,193	119	16	16,328	15,963

Allocation of support costs

	Basis				
Administration staff	Staff time	554	19	39	612
Support Staff	Usage	1,406	-	-	1,406
Property rental	Floor area	918	2	-	920
Power and building maintenance	Floor area	1,379	3	-	1,382
Communications, stationery and other costs	Head- count	433	3	-	436
Staff travel, recruitment, etc.	Usage	384	-	-	384
Legal and professional fees	Usage	101	-	-	101
(Gain) / loss on currency conversion	Usage	(18)	-	-	(18)
		5,157	27	39	5,223
		21,350	146	55	21,551

7. Net outgoing resources before transfers are stated after
charging/(crediting):

	2015 £'000	2014 £'000
Depreciation	2,178	2,238
Loss / (gain) on sale of fixed assets	75	(1)
External auditors' remuneration – audit services	11	11
– additional fees in respect of the prior year	-	7
Rentals payable under operating leases – computer equipment	10	9
land & buildings (note 2)	860	860

8. Directors' emoluments

No (2013/14: none) director receives remuneration from the Institute or from Cancer Research UK in his/her capacity in respect to their role as trustee of the Institute. During the year £ nil travelling expenses were paid to any Directors in connection with their attendance at Board meetings.

9. Staff Costs

	2015	2014
	£'000	£'000
Wages and salaries	8,685	8,500
Social security costs	604	586
Other pension costs	1,146	1,128
	<u>10,435</u>	<u>10,214</u>

The monthly average number of employees during the year, including the Chief Executive, was as follows:

	Number	Number
Scientific	127	120
Technical	59	64
Secretarial and Administrative	17	15
Support	50	49
	<u>253</u>	<u>248</u>

The number of employees earning £60,000 or more during the year was:

	Number	Number
£60,000 - £69,999	1	1
£70,000 - £79,999	4	6
£80,000 - £89,999	5	3
£130,000 - £139,999	2	3
£140,000 - £149,999	1	-
£190,000 - £199,999	-	1
£240,000 - £249,999	1	-

Pension benefits accrued at 31 March 2015 to the above staff as members of the multi-employer pension schemes are detailed in note 19.

The majority of the Institute's scientists are employed by the Institute and their employment costs paid by the Institute and funded by grants. 11 senior scientists have been transferred to the University of Glasgow as part of the Institute's commitment to the development of the Institute of Cancer Sciences. These scientists continue to work exclusively on the Institute's cancer research programmes. Their employment costs are recharged to the Institute by the University and continue to be paid by the Institute from grants that it receives. Their employment costs for the year to 31 March 2015 amounted to £1,143,215 (2013/14 - £1,012,381) and are included within Staff Costs above.

10. Tangible assets

	Leasehold improvements	Leasehold Property	Laboratory /Service equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
<u>At cost</u>					
Balance at 1st April 2014	8,334	1,516	17,734	631	28,215
Additions	152	-	927	257	1,336
Disposals	-	-	(222)	-	(222)
Balance at 31st March 2015	8,486	1,516	18,439	888	29,329
<u>Accumulated Depreciation</u>					
Balance at 1 April 2014	905	379	11,335	505	13,124
Charged in year	347	61	1,683	87	2,178
Eliminated on disposal	-	-	(97)	-	(97)
Balance at 31 March 2015	1,252	440	12,921	592	15,205
<u>Net book value</u>					
At 31 March 2015	7,234	1,076	5,518	296	14,124
At 31 March 2014	7,429	1,137	6,399	126	15,091

11. Bank term deposits

	2015	2014
	£'000	£'000
Term Deposits at cost	704	744
Provision for impairment	(704)	(724)
	<u>-</u>	<u>20</u>
a) Term deposit		
Balance at 1 April 2014	744	965
Transfer of dividends received during year	(40)	(221)
Balance at 31 March 2015	<u>704</u>	<u>744</u>
b) Provision for impairment		
Balance at 1 April 2014	(724)	(724)
Release of provision during year	20	-
Balance at 31 March 2015	<u>(704)</u>	<u>(724)</u>

The provision for impairment was made against an initial term deposit of £4m.

12. Debtors

	2015 £'000	2014 £'000
Grant income receivable	579	565
Amounts owed by Cancer Research UK	231	611
Other debtors	139	117
Prepayments and accrued income	437	240
	<u>1,386</u>	<u>1,533</u>

13. Cash at bank and in hand

	2015 £'000	2014 £'000
Cash and short-term deposit	<u>6,984</u>	<u>6,455</u>

14. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	(1,508)	(1,545)
Other creditors	(64)	(53)
Deferred income	(1,535)	(920)
Accruals	<u>(453)</u>	<u>(484)</u>
	<u>(3,560)</u>	<u>(3,002)</u>

Deferred income represents grant income and payments to account for research contracts received in advance of research work being undertaken. £23,844 (2013/14: £731,323) deferred Income at 31st March 2015 has been released to incoming resources. A further £1,535k (2013/14: £920k) of income received during the year in advance of costs being incurred with regard to research projects and contracts has been deferred. Within this amount, £nil (2013/14: £nil) is with regard to CRUK core grant and £42,288 (2013/14: £23,844) to the other CR-UK grants.

15. Share capital

The Institute has no share capital and is limited by guarantee.

16. Funds

Unrestricted Funds

Unrestricted reserves represent the accumulated net incoming resources from unrestricted income funds which are available to the Institute to be expended at the Directors' discretion in furtherance of any of the Institute's objectives.

Restricted Income Funds

Research grants fund – represents the unspent amounts of grants awarded to the Institute in support of its research activities and previously recognised as income.

Capital grants fund – Grants given for capital projects and equipment are not deferred, but recognised in full as restricted income funds when the relevant criteria are met (Note 1). Depreciation on the assets acquired is charged annually to that fund together with any other amounts written off as revenue expenditure. The balance of Capital grants funds represents the net book value of fixed assets purchased with those funds together with funds recognised as income but remaining unspent at the balance sheet date.

16. Funds (continued)

Other restricted funds comprise the John Paul Career Development Revenue Fund – the income derived from the investment of the John Paul Career Development Fund (below) and the Staff Amenity Fund – a fund created from income derived from intellectual property to provide amenities for Institute staff.

Endowment Funds

John Paul Career Development Fund – was contributed to the Institute in order that it be invested with the resultant income being used to provide a prize for the graduate student judged best by a panel of scientists in each year. The prize should be of such a nature as will help the student in the furtherance of his or her career as a scientist.

Analysis of fund movements

	Balance at 1 April 2014	Transfer between funds	Incoming resources	Resources expended	Other recognised gains and losses	Balance at 31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted Funds</u>	5,901	–	1,734	(1,933)	20	5,722
<u>Restricted Funds</u>						
Research grants funds						
CR-UK	629	(416)	15,399	(15,311)	–	301
Other funders	440	(204)	2,085	(2,241)	–	80
Others	10	–	–	–	–	10
	1,079	(620)	17,484	(17,552)	–	391
Capital grants funds –						
CR-UK	11,128	705	753	(1,845)	–	10,741
Other funders	1,964	(85)	397	(221)	–	2,055
	13,092	620	1,150	(2,066)	–	12,796
<u>Total restricted funds</u>	14,171	–	18,634	(19,618)	–	13,187
<u>Endowment Funds –</u> John Paul	25	–	–	–	–	25
<u>Total Funds</u>	20,097	–	20,368	(21,551)	20	18,934

Analysis of net assets between funds

	Tangible fixed assets £'000	Current assets £'000	Current liabilities £'000	Total Net Assets £'000
Unrestricted Funds	1,330	4,392	–	5,722
Restricted Funds	12,794	3,953	(3,560)	13,187
Endowment Funds – John Paul	–	25	–	25
	14,124	8,370	(3,560)	18,934

17. Leasing commitments

At 31 March the Institute had annual commitments under non-cancellable operating leases which expire as follows:

	2015	2014
	£'000	£'000
Computer equipment between 1 and 5 years	10	9

As explained in Note 2, the rent charged with regard to the new cancer research centre is a notional charge.

18. Other commitments

In January 2010, the Institute entered into a building contract for the expansion of its Biological Services Unit. The estimated total cost of the project is £8M (2013/14: £8M). As at 31 March 2015, a balance of £10k remains to be spent.

19. Pensions

Universities Superannuation Scheme

The Institute participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The Institute is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year.

The latest formal triennial actuarial valuation, due as at 31 March 2014, is not yet available. The employer's contributions, currently 16%, are reviewed as part of each valuation.

Surpluses or deficits which arise at future valuations may impact on the Institute's future contribution commitment. With effect from 16 March 2008, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The total pension cost for the Institute in respect of USS was £1,085,798 (2013/14 - £1,050,538).

Scottish National Health Service Superannuation Scheme

The Institute, on behalf of certain support staff, also participates in the Scottish National Health Service Superannuation Scheme. This Scheme is notionally funded, guaranteed by statute, and provides members with defined benefits based on final pensionable salary. The scheme is a multi-employer scheme and, being notionally funded, it is not possible to identify underlying assets and liabilities. It is also contracted out of the State Second Pension (S2P). The employer's contributions are assessed every five years by an actuary, the current employer's rate being 14%.

The pension cost net of the Scottish Government rebate in respect of this scheme for the Institute was £40,486 (2013/14 - £42,667) and represents a fair estimate of the annual pension cost as defined by SSAP 24 and, accordingly, this is the amount charged in the financial statements.

Defined Contribution Scheme

One member of staff was a member of a defined contribution scheme for part of the year. The total pension cost in respect of this scheme for the Institute was £19,254 (2013/14 - £34,356). As at 31 March 2015, £Nil (2013/14 - £Nil) was prepaid / outstanding.

20. Parent Company

The Company's immediate / ultimate parent undertaking and controlling party is Cancer Research UK, a company limited by guarantee and not having a share capital, and registered in England and Wales (No 4325234). The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is Cancer Research UK. The consolidated financial statements of Cancer Research UK are available from Cancer Research UK, Angel Building, 407 St John Street, London EC1V 4AD. (www.cancerresearchuk.org)

21. Members' liability

As a company limited by guarantee each of its members commits to contribute up to one pound sterling (£1) to the company's debts, liabilities and costs in the event of the company being wound up and for one year after ceasing to be a member.

22. Related party transactions

The Company has taken advantage of the exemption available under FRS8 'Related Party Transactions' that permits non-disclosure of transactions with Cancer Research UK as ultimate parent undertaking.

A director of the Company holds an executive position with the University of Glasgow. Related party disclosures concerning the University are set out in Notes 2, 3 and 9. Such transactions are conducted on an arm's length basis. As at 31 March 2015 £153k was included in Debtors under Grant income receivable.