
Annual Report
and Accounts **2009**

THE INSTITUTE OF CANCER RESEARCH: ROYAL CANCER HOSPITAL

COMPANY NUMBER 534147

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 JULY 2009

The Board of Trustees of The Institute of Cancer Research ('the ICR') present their Annual Report and Financial Statements for the year ended 31 July 2009.

1. Accounting Policies

The ICR follows accounting policies contained in the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued by the Charity Commission in March 2005. The accounts consolidate the activities of the ICR's subsidiaries ICR Sutton Developments Limited and ICR Chelsea Developments Limited which undertake construction work for the ICR, ICR Enterprises Limited which carries out the ICR's trading activities and ICR Equipment Leasing No.8 which holds a lease over one of the ICR's properties. None of these companies had any external activities.

2. Public Benefit

The ICR has complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

The ICR was established in 1909. The exclusively charitable objects of the ICR are the study of disease and particularly the disease of cancer and allied diseases; to initiate, encourage, support and carry out research into the causes, prevention, diagnosis and methods of treatment of such diseases; to assist in the prevention, diagnosis and treatment of such diseases, and to provide for the education and practical training in subjects relevant to the study of cancer and allied diseases and the alleviation of suffering.

All that the ICR undertakes relates to research and education for the public benefit and not for profit. The ICR's Strategic Plan for 2009 to 2015 can be found on pages 39 to 51. This details the ICR's current objectives and highlights the achievements made in the last year towards those objectives.

3. Corporate Governance

The Institute of Cancer Research together with The Royal Marsden NHS Foundation Trust forms the largest comprehensive cancer centre in Europe, and one of the leading centres in the world. The ICR has authorised a total of 1152 posts. During the year the ICR had an average of 1075 employees of whom 91% (2008: 91%) are directly engaged in research and research support. It raised £90.1 million (2008: £87.1 million) during the year from research grants and voluntary income and spent some £86.9 million (2008: £77.8 million). Capital expenditure was £8.1 million (2008: £2.1 million).

The ICR is

- a research enterprise
- a higher education institution
- a company limited by guarantee
- an exempt charity

The ICR's objects, powers and framework of governance are set out in its Memorandum and Articles of Association, the current version of which was approved by the Members of the ICR in March 2005.

The overall governing body of the ICR is its Board of Trustees.

The Board of Trustees (Chaired by Lord Ryder of Wensum)

As a charity the ICR is governed by charity trustees collectively known as the Board of Trustees. The trustees carry the responsibility of company directors of the ICR. The Board of Trustees comprises 24 individuals nominated by The University of London, The Royal Marsden NHS Foundation Trust, Cancer Research UK; individuals co-opted by the Board of Trustees itself and others elected by the Academic Board, together with ex-officio members (the Chief Executive and the Academic Dean) and a student nominee.

The Board of Trustees carries the overall responsibility for ensuring that the ICR pursues its charitable objects, complies with its own constitution and relevant legislation and regulations, applies its resources exclusively to its objects and enacts cancer research of the highest international standard. The Board

endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). In addition, the Board of Trustees recognises the principles underlying 'The Committee on Corporate Governance's Combined Code' and The Committee of University Chairmen Governance Code of Practice and applies them within the ICR.

The Board of Trustees determines the ICR's strategies; approves its scientific and financial plans, annual report and accounts and governance structure, makes key appointments (Chief Executive, Secretary of the Institute, Academic Dean) and monitors the ICR's strategic performance. It also approves new initiatives and non-recurrent expenditure costing £500,000 or more.

To aid Board members' understanding of the ICR's research priorities scientific presentations are given at Board meetings.

During the financial year the ICR welcomed Mrs Isabelle Hotimsky, Professor Pascal Meier, Professor Laurence Pearl, Konstantin Graf von Schweinitz and Professor Caroline Springer to its governing body. Miss Kathrin Heinzmann and Lady Otton have been appointed to the Board of Trustees since 1 August 2009.

During the financial year Mr Edward Cottrell, Dr Susan Foden, Mr Richard Hambro, Professor Allan van Oosterom, Professor Andrew Pearson, Professor David Phillips and Professor Keith Willison stepped down from the governing body. The ICR is grateful for their valuable contributions during their appointments and particularly to Mr Cottrell, the retiring Honorary Treasurer, for his excellent stewardship of the ICR's investments from 2000 to 2008. Professor Laurence Pearl and Miss Rachel Bibby have stepped down since 1 August 2009.

The Board of Trustees met six times in 2008/09. The Board received an annual report relating to Key Performance Indicators. The vast majority of research, as judged by international peer review, is rated as of international standard and in the opinion of the Board of Trustees satisfactory progress is being made towards the ICR's long-term goals.

To facilitate the smooth running of the ICR, the Board of Trustees has established a number of sub-committees. The terms of reference of each committee have been approved by the Board of Trustees.

The Academic Board (Chaired by Professor Alan Horwich)

The Academic Board meets at least twice a year and advises, through the Academic Dean, the Board of Trustees on education strategies and priorities.

The Audit Committee (Chaired by Mr John Pearce)

The Audit Committee meets at least four times a year. The Committee supervises internal and external audit in order to safeguard the integrity of the ICR's financial systems and ensure economy, efficiency and effectiveness in the use of the ICR's resources. Meetings are usually attended by senior members of the ICR's external auditors and the ICR's Chief of Internal Audit Services. The Committee has full access to the internal and external auditors who in turn have access at all times to the chairman of the Audit Committee.

The Constitutional and Nomination Committee (Chaired by Lord Ryder of Wensum)

The Constitutional and Nomination Committee meets at least twice a year and approves the balance of skills and attributes required of non-executive members of ICR committees so that the ICR may be properly and independently governed. The Committee appoints such individuals to fulfil that function (except to the Board of Trustees) and appoints Associates of the ICR. The Committee recommends to the Board of Trustees the admission of Fellows and Members of the ICR and appointments to the Board of Trustees.

When considering new appointments the Constitutional and Nomination Committee seeks proposals for candidates from a number of sources. During 2008/09 five new appointments were made to the Board of Trustees. Since 1 August 2009 two further appointments have been made. All new Trustees are offered a tailored induction programme.

The appointment of Professor Meier, Professor Pearl and Professor Springer were to elected positions (Academic Board). The appointments of Konstantin Graf von Schweinitz and Mrs Hotimsky were made following internal and external consultation relating to appointments in areas of expertise that the Board would benefit from.

The Remuneration Committee (Chaired by Lord Ryder of Wensum)

The Remuneration Committee meets at least once a year. The Committee determines the remuneration policy and the salaries of senior members of staff. A Report from the Remuneration Committee is set out on pages 6-7.

The Corporate Management Group (Chaired by Professor Peter Rigby)

The Corporate Management Group meets every three or four weeks to assist the Chief Executive in managing the ICR to achieve its strategic aim and objectives within the approved strategy for research and education, and within the approved budget.

The Joint Research Committee (Chaired by Professor Christopher Marshall)

The Joint Research Committee meets six times a year. The Committee advises the Chief Executives and through them, the ICR's Board of Trustees and The Royal Marsden NHS Foundation Trust's Board of Directors on all research strategies and priorities.

The Investments and Building Development Committee (Chaired by Konstantin Graf von Schweinitz)

The Investments and Building Development Committee meets four times a year. The Committee manages the ICR's investments and building developments.

The Intellectual Property Committee (Chaired by Dr Susan Foden)

The Intellectual Property Committee meets three times a year. The Committee manages the strategic direction and has oversight of all aspects of the ICR's intellectual property and commercial development including Rewards to Inventors.

Declaration of Interests

The Board of Trustees has adopted the following policy on the 'Registration and Declaration of Interests':

- (1) All Board and committee members should declare any interests which may potentially cause a conflict in the course of fulfilling their duties and responsibilities as a Board or committee member.
- (2) Charities should work together for the public good and the betterment of cancer research. Cross trusteeship and committee membership between cancer charities should be seen as complementary and beneficial providing such trusteeship or committee membership is properly exercised.
- (3) Individuals who are a trustee or an employee of more than one charity or a director of a business will have to recognise that there may be occasions when, for example, joint ventures between such organisations require legal agreements or financial arrangements to be negotiated. On such occasions the individual will need to decide which organisation has his/her predominant allegiance and participate only in the discussion and decision of that organisation. Where the ICR is not the individual's predominant allegiance, the individual non-executive member will normally be expected to withdraw from the ICR meeting. Such withdrawal could, exceptionally, be waived at the Committee's discretion. Such interests, when declared, withdrawal or waiver thereof, will be recorded in the minutes.

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

4. Research Review

Some 89% (2008: 88%) of the ICR's activities are funded from competitively won peer-reviewed grants or through the competitive Research Assessment Exercise of the Higher Education Funding Council for England, which measures research excellence. These mechanisms ensure the timely external review of all the ICR's research activities. Our ability to prosecute such research depends on our ability to win funds to do so.

5. Internal Control

The ICR is committed to following best practice in all aspects of corporate governance. The summary describes how the ICR has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998 and parts 1 and 2 of the Committee of University Chair's Guide for Members of Higher Education Governing Bodies in the UK issued in March 2009.

The Board of Trustees is responsible for the maintenance of a system of internal control which provides reasonable assurance that risks to the achievement of policies, aims and objectives are being satisfactorily managed, assets of the ICR are safeguarded, transactions are properly authorised, financial statements are prepared from reliable records and the requirements of applicable laws and regulations are met.

The ICR's financial affairs are overseen by the following sub-committees of the Board of Trustees - the Audit Committee, the Remuneration Committee and the Investments and Building Development Committee.

The Board of Trustees has designated the Chief Executive as its Accounting Officer and the Designated Office Holder for Higher Education Funding Council for England (HEFCE) purposes and has designated the Secretary of the ICR as its Principal Financial Officer. The Chief Executive is responsible to the Board of Trustees for managing the ICR within the approved budget and recommending the allocation of resources; the Secretary of the ICR is responsible for recommending the resources which are available for allocation.

The system of internal control is risk-based and encompasses a number of elements that facilitate an effective and efficient operation, enabling the ICR to respond to a variety of risks. These are described below.

a. Risk Management

The Corporate Management Group and Corporate Service Directors, assisted by the individual responsible for the risk, are responsible for the identification and management of all the major risks to achievement of the ICR's strategic objectives. This review covers all risks including financial, business, operational and compliance risks. Each risk identified by the Group is assessed and prioritised with reference to the potential impact if the risk occurred and the likelihood of occurrence. The responsibility for specific risks is assigned to the relevant academic, scientific and support staff who provide assurance of the action taken.

The Risk Register is compiled by the Corporate Management Group and approved annually by the Board of Trustees. Significant risks may be added, revised or removed from the Risk Register after evaluation by the Corporate Management Group throughout the year.

The High Impact Risk List is abstracted from the Risk Register and compiled by the Corporate Management Group. It helps to facilitate the identification, assessment and ongoing monitoring of key risks significant to the ICR. Emerging key risks are added and improvement actions implemented as required also throughout the year.

The High Impact Risk List is formally appraised every four months by the Corporate Management Group and the Board of Trustees.

b. Policies and Procedures

The ICR has a series of policies set by the Board of Trustees that have regard to risks and underpin the internal control process. Written procedures support the policies where appropriate.

c. Financial Controls

In managing its affairs, the ICR has put in place strict authorisation, approval and control levels within which staff operate. The ICR's financial controls are organised as follows:

- (i) The Financial Strategy is approved by the Board of Trustees
- (ii) The Standing Financial Instructions are approved by the Board of Trustees
- (iii) The Financial Regulations are approved by the Corporate Management Group
- (iv) Financial Procedures are approved by the Secretary, as Principal Financial Officer, and/or the Director of Finance.

The overall budget of the ICR is approved by the Board of Trustees. The Board of Trustees has reserved to itself the requirement to authorise any proposal costing £500,000 or more and has set in place authorisation levels for operation by the ICR's staff for expenditure below this level.

d. Planning

A planning process is used to set objectives, agree action plans and allocate resources. Risk identification is integrated into the planning process and risk reporting into regular review of progress against plans.

e. External Consultants

External Consultants are used as necessary to report on specialist areas such as Health and Safety or Information Technology and provide advice on actions required to achieve improvements.

f. Internal Audit

Internal Audit adopts a risk based approach undertaking a programme of examinations covering all aspects of the ICR's activities and provides to the Board of Trustees and the Chief Executive an independent annual statement on the adequacy and effectiveness of risk management, control and governance and arrangements for economy, efficiency and effectiveness and the extent to which the Board of Trustees can rely on these.

In undertaking its work, Internal Audit has regard to Annexes A and B of the Model Financial Memorandum between HEFCE and Institutions, and engagements are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. The Chief of Internal Audit Services ultimately has the right of direct access to the Chairman of the Board of Trustees, the Chief Executive and the Chairman of the Audit Committee.

Internal Audit's independence is safeguarded by virtue of its direct reporting line to the Audit Committee. It is not directly responsible to any ICR officer other than to the Secretary in respect of general administration and guidance in day-to-day matters. Once a year the Audit Committee meets with the Chief of Internal Audit Services and representatives of the External Auditors without any ICR officers present. Throughout the year Internal Audit had access to all areas of the ICR and its records.

g. External Audit

The External Auditors provide feedback to the Audit Committee on the operation of internal financial controls reviewed as part of the external audit and include within their audit procedures the monitoring of the ICR's management of risk.

h. Audit Committee

The Audit Committee, on behalf of the Board of Trustees, keeps under review the adequacy and effectiveness of the ICR's arrangements for risk management, control and governance throughout the year, and for the management and quality assurance of data submitted to HESA, HEFCE and other funding bodies, through assessment of the work undertaken by Internal and External Audit, including consideration of all audit reports and through them the management of the ICR. This review also covers compliance with laws and regulations and the economy, efficiency and effectiveness of operations. The Audit Committee reviews the ICR's arrangements for the management of risks, including use of the self assessment checklist for Audit Committees contained in HEFCE's Good Practice Guidance for risk management in higher education.

The Audit Committee's opinion is that the ICR has adequate and effective arrangements for:

- risk management, control and governance; and
- economy, efficiency and effectiveness

and that the Board of Trustees can place reliance on those arrangements. Its opinion regarding the adequacy and effectiveness of the arrangements for the management and quality assurance of data provided to HEFCE, HESA and other public bodies, is that they are partially effective. It considers that the current reviews and checks on the systems by Management should enable full assurance to be given in 2009-10 and that these are sufficiently advanced not to affect adversely its overall opinion for 2008-09.

Conclusion

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the ICR's key risks, and that it has been in place for the year ended 31 July 2009 and up to the date of the approval of the annual report and accounts, that it is regularly reviewed by the Board of Trustees and that it accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

6. Report of the Remuneration Committee

Remit of the Remuneration Committee

The Remuneration Committee comprises four Members of the ICR. Appointments are such that between them, the members of the Remuneration Committee have expertise in the management of medical/ biomedical research, the commercial sector, the public sector and any other areas as the Committee deems necessary. The current membership comprises the ICR's Chairman, who chairs the Committee, the Deputy Chairman of the ICR, the Honorary Treasurer and one other co-opted member of the Board of Trustees.

The Committee determines, on behalf of the Board of Trustees, all matters concerning the terms and conditions and remuneration packages (including pension benefits and severance payments, if any, but see also below) of the Executive Directors of the ICR (the Chief Executive, the Secretary of the Institute,

the Academic Dean) and other senior staff (the Chairmen of the research sections, Professors and the Directors of Corporate Service functions).

The Chief Executive is a non-executive director of The Royal Marsden NHS Foundation Trust. The remuneration received from this post is donated to the ICR.

Remuneration Policy

It is the aim of the ICR's Human Resource Strategy to provide a framework within which the ICR may direct and develop staff to realise their full potential to enact cancer research of the highest international standards.

To that end it is an objective of the strategy to create a climate where the ICR can recruit, retain and motivate the best staff to further its research aims and objectives by enabling the ICR to:

- compete effectively in the market place;
- encourage innovation and improve performance;
- develop the research leaders of tomorrow;
- identify and reward excellence.

Within this aim and objective it is current practice to:

- have regard to market pay rates;
- recognise achievement financially.

The Committee has therefore determined a pay policy for senior staff which takes account of the following factors:-

1. Individual performance assessed by reference to:

- the responsibilities of the individual post;
- the management and performance of the research section/team or service for which the individual is responsible;
- the individual's contribution to the ICR's overall performance.

2. Individual remuneration determined by reference to:

- pay awards agreed for other staff within the ICR;
- sustained exceptional performance which may be rewarded by increases in basic pay (i.e. permanent additions);
- exceptional contributions in a particular year which may be rewarded by one-off bonuses;
- the need to recruit and retain rare skills and abilities, both nationally and internationally;
- the strategic needs of the organisation.

3. Comparison with other relevant organisations.

Disciplinary Action

In the event that the ICR is considering disciplinary action against a member of staff whose remuneration falls within the remit of the Remuneration Committee, the Committee has determined that the ICR should make no financial commitment relating to the departure of the member of staff before completing the necessary disciplinary action.

The remuneration of the Executive Officers and other senior staff is disclosed in Note 18 of the Annual Accounts.

7. Overall Results

The full accounts are reproduced on pages 14-38.

The ICR's principal activities are research into the causes, prevention, diagnosis and methods of treatment of cancer and the education and advanced training of medical and scientific staff. There have not been any significant changes in the ICR's principal activities in the year under review.

Incoming resources for 2009 were £90.1 million compared to £92.0 million in 2008. The 2008 result included an exceptional non-cash gain of £4.8 million arising on the closure of the ICR Pension Scheme. Excluding this exceptional non-cash gain in 2008, incoming resources increased by £3.0 million (3.4%). Increased levels of grants awarded to faculty members (£50.8 million compared to £50.1 million), higher revenue and capital funding from HEFCE (£28.2 million compared to £26.3 million) and higher other incoming resources, mainly Enterprise income, (£1.4 million compared to £0.2 million) more than offset reduced income from fundraising and legacies (£6.9 million compared to £7.6 million) and investment income (£2.0 million compared to £2.4 million).

The accounts show a surplus on unrestricted net incoming resources and before transfers for 2009 of £1.4 million (2008: £2.8 million, excluding the non-cash pension gain).

The Consolidated Statement of Financial Activities also shows net incoming resources before transfers of £1.8 million (2008: £6.6 million) on restricted funds. The restricted funds mainly comprise the receipt of research grant funds. The surplus in 2009 reflects the receipt of capital and refurbishment grants towards the cost of equipment which were fully expended in the year but in accordance with the SORP the Statement of Financial Activities does not include capital expenditure.

8. Research Expenditure

Expenditure on research and information & education was £82.7 million (2008: £74.9 million). This rise results from the increase in expenditure by all research sections through the expansion of the ICR.

9. Voluntary Income

Legacy income increased in 2009 by £262,000 to £4.3 million. Donations were lower, falling to £2.6 million from £3.6 million, in particular due to reduced income from trusts and corporate supporters. The Institute is participating in the Matched Funding initiative of the Higher Education Funding Council for England which covers the three years from 1 August 2008 to 31 July 2011. The additional HEFCE grant income arising from the matching of donations in 2009 was £0.9 million.

10. Capital Developments

The refurbishment of the Chester Beatty and Haddow Laboratories, largely funded by SRIF, was completed in the year. A total of £3.5 million of expenditure was incurred in 2009.

The development of our multi-modality imaging centre in the second phase of the Sir Richard Doll Building continued during 2009. However, as a result of the difficult economic environment and reduced income expectations in the near term, the completion of this project has been postponed until economic conditions improve and further funding becomes available.

11. Revaluation of Property Fixed Assets

The ICR's accounting policy is to revalue its scientific properties. An interim valuation was carried out as at 31 July 2008 on a depreciated replacement cost basis and the ICR's properties were revalued.

12. Reserves Policy

Approximately two thirds of the ICR's work is financed from competitively won grants for specific research projects and programmes, a quarter from competitively won research funding resulting from the Higher Education Funding Councils' Research Assessment Exercise and the remainder from the ICR's voluntary and investment income.

The ICR's mission is a long-term undertaking and whilst the Board of Trustees of the ICR expends all the funds it receives towards its mission within a reasonable time of receiving them, it also considers it is prudent to maintain a reserve of free funds to assure the long-term financial viability of the ICR's work. Free funds are expendable at the Board of Trustees' discretion and not designated for a particular purpose.

In determining the level of free funds to be held in reserve the Board of Trustees considers the ICR's future needs and possible risks. In particular the Board of Trustees considers, having designated funds for particular research and infrastructure needs (if to be financed from reserves) and for capital developments, and in accordance with Charity Commission guidance:

- the forecast for levels of income in future years, taking into account the reliability of each source of income and the prospects for opening up new sources.
- the forecasts of expenditure in future years on the basis of planned activity.
- its analysis of any future needs, opportunities, contingencies or risks the effects of which are not likely to be met out of income if and when they arise.
- its assessment, on the best evidence available, of the likelihood of each of these needs, opportunities, contingencies or risks arising and the consequences for the ICR of not being able to meet them.

The Board of Trustees' opinion is that the ICR should maintain free reserves of £19.3 million, and allow this level to fluctuate due to market movements in the range of £17.4 million to £21.2 million, which equates to 11 to 14 weeks of the ICR's budgeted annual expenditure for the next year.

The Board of Trustees reviews this policy and the assessment and calculation of the level of free reserves each year. In setting out its overall reserves position and level of free reserves the Board of Trustees believes it is important to explain the composition of the ICR's total net assets.

The current position is shown on the face of the balance sheet. The ICR has total net assets of £138.2 million (2008: £142.3 million) made up as follows:

	2009	2008
	£m	£m
Funds invested in fixed assets		
- Unrestricted funds	53.4	55.1
- Restricted funds	37.7	33.0
Designated funds		
- Development funds	11.0	11.5
- Other funds	1.1	6.3
Restricted funds	16.6	14.3
Pension reserve	(7.8)	(0.7)
Endowment funds	1.7	2.0
Free reserve	<u>24.5</u>	<u>20.8</u>
	<u>138.2</u>	<u>142.3</u>

The free reserves, at £24.5 million, are above the range set by the Board of Trustees. However, the Institute's five year plan includes reduced income expectations and significant expenditure on new scientific activities that will reduce the reserves to the target range.

13. Investment Policy and Performance

Under the Memorandum and Articles of Association the ICR can "invest and deal with any monies not immediately required for its purposes in such a manner as may be thought fit". The ICR does not invest in any company perceptibly involved in the sale of tobacco or tobacco products. The exercise of the investment powers is the responsibility of the Investments and Building Development Committee.

The aim of the Investment Policy is to maintain a balance between current income and capital growth commensurate with the ICR's liquidity requirements. The asset distribution is subject to review at regular Investments and Building Development Committee meetings and is dependent on the ICR's programme for future development.

During the year all investments, apart from the endowment funds, were held as UK government gilts or cash deposits. The endowment funds, held for the long term, continued to have equity exposure. A loss on investments of £0.2 million is reported in the consolidated statement of financial activities.

14. Pensions

The last actuarial valuation of the ICR Pension Scheme was undertaken as at 31 March 2007 and this showed that the scheme deficit had deteriorated from £8.7 million as at 31 March 2004 to a deficit of £12.7 million at 31 July 2007.

The ICR Pension Scheme closed to future accrual on 31 July 2008 and active members were able to build future pension within the Universities Superannuation Scheme after that date. The ICR also made an additional cash payment of £7.5 million to the ICR Pension Scheme on that date.

Despite these actions, and in common with many other defined benefit pension schemes, the funding position of the Scheme has deteriorated throughout the last year. The financial statements show that the Scheme is in deficit by £7.8 million on an FRS17 basis at 31 July 2009. However, the ICR has been advised that a scheme valuation on a funding basis, rather than FRS17, would show the Scheme to be in deficit by approximately £24 million as at 31 July 2009. The Trustees continue to review the options with regard to the future of the closed scheme and how best to secure the funding position.

15. Risks

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

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

16. Employees

Disabled employees:

The ICR recognises its obligations to disabled persons. In accordance with the provisions of the Disability Discrimination Act 1995, the ICR endeavours to provide equality in recruitment, training, career development, working conditions and dismissal as the demands of its research work and the ability of each individual allows.

Employee involvement:

The ICR uses a number of methods to keep its staff fully informed of matters of concern to them. These include a joint Institute/Royal Marsden in-house magazine (LINK), four-monthly briefings by the Chief Executive of all staff, Board of Trustees' minutes, summaries of Corporate Management Group meetings and regular organisational updates which are distributed by e-mail and displayed throughout the ICR.

Formal communications with staff take place through four-monthly meetings of the Staff Consultative Committee. This consists of an equal number of representatives of the staff and management and is chaired by the Director of Human Resources. It is ICR policy to promote by discussion and consultation the involvement of staff, when appropriate, in the development of personnel policy and practice.

17. Charitable and Political Donations

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

18. Company number

The Company Registration Number is 534147.

19. Auditors

Horwath Clark Whitehill LLP were re-appointed Auditors during the year.

Non-audit services

From time to time it is necessary to employ the ICR's external auditors for certain non-audit work. In order to maintain the independence of the external auditors, the Audit Committee has determined policies as to what non-audit services can be provided by the ICR's external auditors. The Audit Committee monitors the level of non-audit fees paid to the external auditors. The fees in 2009 were £nil (2008: £nil).

Provision of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

20. Statement of the Financial Responsibilities of Members of the Board of Trustees

The Institute of Cancer Research is a company limited by guarantee, a College of the University of London, and an exempt charity under the Second Schedule of the Charities Act 1993. Members of the Board of Trustees, the governing body of the ICR, are therefore both its company directors and charity trustees.

The Trustees are responsible for preparing the Report of the Board of Trustees 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 elected to prepare 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 affairs of the company and the financial position of ICR for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 ICR will continue in business.

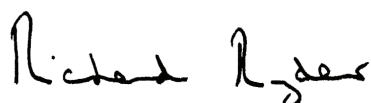
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the ICR's transactions and disclose with reasonable accuracy at any time the financial position of the ICR and enable them to ensure that the financial statements comply with the Companies Act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

21. Going Concern

The Board of Trustees considers that the financial resources available to the ICR are adequate to meet its operational needs for the foreseeable future. Consequently the going concern basis has been adopted in preparing these Financial Statements.

22. Approval of the Financial Statements

The Financial Statements were approved by the Board of Trustees on 17 November 2009.



LORD RYDER OF WENSUM
CHAIRMAN OF THE INSTITUTE OF CANCER RESEARCH

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF CANCER RESEARCH: ROYAL CANCER HOSPITAL

We have audited the financial statements of The Institute of Cancer Research: Royal Cancer Hospital for the year ended 31 July 2009 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 24.

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).

This report is made solely to the company's members, as a body, in accordance with Sections 495 to 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2009 and of the group's result 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Pesh Framjee
Senior Statutory Auditor
for and on behalf of
Horwath Clark Whitehill LLP
Chartered Accountants
Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK

18 November 2009

THE INSTITUTE OF CANCER RESEARCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating the Consolidated Income and Expenditure Account) for the year ended 31 July 2009

	Note	Unrestricted funds £000	Restricted funds £000	Endow- ment funds £000	Total funds 2009 £000	Total funds 2008 £000
Incoming resources						
<i>Incoming resources from charitable activities</i>						
External grants	2	24,131	55,731	-	79,862	76,847
<i>Incoming resources from generated funds</i>						
Voluntary income	3	5,338	1,581	-	6,919	7,642
Income from investments	4	1,959	-	-	1,959	2,443
Other incoming resources		1,377	-	-	1,377	197
Defined benefit pension scheme curtailment gain	18	-	-	-	-	4,843
Total incoming resources		32,805	57,312	-	90,117	91,972
Resources expended						
Costs of generating funds	5	3,635	-	-	3,635	2,408
Charitable activities	6	27,234	55,509	-	82,743	74,861
Governance costs	7	554	-	-	554	493
Total resources expended		31,423	55,509	-	86,932	77,762
Net incoming resources before transfers						
		1,382	1,803	-	3,185	14,210
Transfers between funds	15	(373)	373	-	-	-
Net incoming resources before other recognised gains and losses						
		1,009	2,176	-	3,185	14,210
<i>Other recognised gains/(losses)</i>						
Gains and losses on investment assets		16	-	(257)	(241)	113
Revaluation gains on fixed assets	9	-	-	-	-	14,103
Actuarial losses on defined benefit pension schemes	18	(7,076)	-	-	(7,076)	(430)
Net movement in funds		(6,051)	2,176	(257)	(4,132)	27,996
Fund balances at 1 August 2008		88,226	52,159	1,961	142,346	114,350
Fund balances at 31 July 2009		82,175	54,335	1,704	138,214	142,346

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

As provided by the Companies Act 2006 no Statement of Financial Activities is presented for The Institute. The surplus for Companies Act purposes is £3,185,000 (2008: surplus £14,210,000).

The notes on pages 18 to 38 form part of these financial statements.

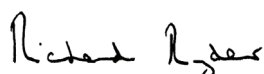
THE INSTITUTE OF CANCER RESEARCH

BALANCE SHEETS

31 July 2009

	Note	Group		Institute	
		2009 £000	2008 £000	2009 £000	2008 £000
Fixed assets					
Tangible assets	9	91,039	88,136	91,039	88,136
Investments	10	48,573	48,098	48,578	48,103
		<u>139,612</u>	<u>136,234</u>	<u>139,617</u>	<u>136,239</u>
Current assets					
Stocks - finished goods		262	227	262	227
Investments		2,200	3,434	2,200	3,434
Debtors	11a	12,331	8,811	12,226	8,965
Cash at bank and in hand		873	699	866	486
		<u>15,666</u>	<u>13,171</u>	<u>15,554</u>	<u>13,112</u>
Creditors: amounts falling due within one year	12a	<u>(9,596)</u>	<u>(6,093)</u>	<u>(9,489)</u>	<u>(6,039)</u>
Net current assets		6,070	7,078	6,065	7,073
Total assets less current liabilities		145,682	143,312	145,682	143,312
Debtors: amounts falling due after more than one year	11b	795	-	795	-
Creditors: amounts falling due after more than one year	12b	(147)	-	(147)	-
Provisions for liabilities and charges	12c	<u>(340)</u>	<u>(251)</u>	<u>(340)</u>	<u>(251)</u>
Net assets excluding pension liability		145,990	143,061	145,990	143,061
Defined benefit pension scheme liability	18c	<u>(7,776)</u>	<u>(715)</u>	<u>(7,776)</u>	<u>(715)</u>
Net assets including pension liability		<u>138,214</u>	<u>142,346</u>	<u>138,214</u>	<u>142,346</u>
Unrestricted funds					
General funds	14	24,467	20,838	24,467	20,838
Revaluation reserve	9	31,167	31,599	31,167	31,599
Designated funds	14	34,317	36,504	34,317	36,504
Pension reserve	18	<u>(7,776)</u>	<u>(715)</u>	<u>(7,776)</u>	<u>(715)</u>
		<u>82,175</u>	<u>88,226</u>	<u>82,175</u>	<u>88,226</u>
Restricted funds					
Income funds	15a	54,335	52,159	54,335	52,159
Endowment funds	15b	<u>1,704</u>	<u>1,961</u>	<u>1,704</u>	<u>1,961</u>
Total funds including deficit on pensions reserve		<u>138,214</u>	<u>142,346</u>	<u>138,214</u>	<u>142,346</u>

These financial statements were approved by the Board of Trustees on 17 November 2009.



LORD RYDER OF WENSUM
CHAIRMAN OF THE BOARD OF TRUSTEES



KONSTANTIN GRAF VON SCHWEINITZ
HONORARY TREASURER

The notes on pages 18 to 38 form part of these financial statements.

THE INSTITUTE OF CANCER RESEARCH**CONSOLIDATED CASH FLOW STATEMENT**
for the year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash inflow/(outflow) from operating activities	1	4,787	(997)
Returns on investments and servicing of finance	2	1,959	2,443
Capital expenditure and financial investment	3	<u>(12,837)</u>	<u>(17,810)</u>
Net cash outflow before use of liquid resources and financing		(6,091)	(16,364)
Financing and management of liquid resources	4	<u>5,031</u>	<u>16,258</u>
Decrease in cash in the year		<u>(1,060)</u>	<u>(106)</u>

ANALYSIS OF NET FUNDS

	1 August 2008 £000	Cash Flows £000	31 July 2009 £000
Cash at bank and in hand	699	174	873
Current asset investments	<u>3,434</u>	<u>(1,234)</u>	<u>2,200</u>
	4,133	(1,060)	3,073
Money market and other deposits	14,154	(4,031)	10,123
Finance lease	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
	<u>18,287</u>	<u>(6,091)</u>	<u>12,196</u>

STATEMENT OF HISTORICAL COST SURPLUS
for the year ended 31 July 2009

	2009 £000	2008 £000
Surplus on continuing operations before tax	3,185	14,210
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	<u>432</u>	<u>300</u>
Historical cost surplus for the period before and after taxation	<u>3,617</u>	<u>14,510</u>

THE INSTITUTE OF CANCER RESEARCHNOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2009

	2009	2008
	£000	£000
1. Reconciliation of changes in resources to net inflow from operating activities		
Net incoming resources	3,185	14,210
Depreciation charges	5,187	3,524
Investment income	(1,959)	(2,443)
Increase in stocks	(35)	(49)
Increase in debtors	(4,315)	(2,295)
Increase/(decrease) in creditors	2,739	(1,708)
Defined benefit pension scheme curtailment gain	-	(4,843)
Pension contributions less current service and finance costs	(15)	(7,393)
	<u>4,787</u>	<u>(997)</u>
2. Returns on investments and servicing of finance		
	2009	2008
	£000	£000
Investment income	<u>1,959</u>	<u>2,443</u>
3. Capital expenditure and financial investment		
	2009	2008
	£000	£000
Payments to acquire tangible fixed assets	(8,090)	(2,142)
Purchases of investments	(40,425)	(31,846)
Receipts from sales of investments	35,678	16,178
	<u>(12,837)</u>	<u>(17,810)</u>
4. Financing and management of liquid resources		
	2009	2008
	£000	£000
Increase in finance lease	1,000	-
Decrease in short term deposits	4,031	16,258
	<u>5,031</u>	<u>16,258</u>

1. Accounting policies

(i) Accounting Convention

The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings and investments to market value, in accordance with applicable UK accounting standards. Although not a legal requirement for an exempt charity they comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005 except that the emoluments of staff and student representatives elected by the Academic Board to serve on the Board of Trustees are not disclosed as they receive no remuneration for their service as trustees and only receive remuneration based on the normal salary and stipend levels of The Institute for staff of their position. The Institute has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of The Institute's activities.

(ii) Land and Buildings

Land and buildings are valued every five years in accordance with the Guidance Notes for the Valuation of Assets issued by the Royal Institute of Chartered Surveyors for the purpose of balance sheet valuations. The last full valuation took place on 31 July 2005. An interim valuation took place on 31 July 2008. Valuations are made on a Depreciated Replacement Cost basis for scientific properties. Unrealised gains arising at each revaluation are shown in the Revaluation Reserve. Unrealised losses are taken to the Statement of Financial Activities (SOFA) except to the extent that they reverse revaluation gains on the same asset.

(iii) Investments

Listed investments are stated at the market value at the date of the balance sheet. Any unrealised or realised gains or losses arising during the year are included in the Statement of Financial Activities. Investments in subsidiaries are stated at cost less any provision for impairment. Impairments are charged to resources expended on charitable activities. Investment income is the amount received by The Institute in the year.

(iv) Incoming Resources

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

(v) Grants Accounting

Income from external grants other than capital grants is recognised in the Statement of Financial Activities as soon as it is receivable unless there are requirements of the funder where related to performance and specific deliverables. These grants are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of its recognition it is deferred and included in creditors. Where entitlement occurs before the income is received the income is accrued and included in debtors.

(vi) Capital Grants

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

(vii) Legacies and Donations

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

1. Accounting policies (continued)

(viii) Depreciation

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

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

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

(ix) Equipment and Depreciation

Equipment (including computers and software) and furniture costing less than £25,000 are written off in the year of acquisition. All other items of equipment and furniture are capitalised in the year of acquisition. Capitalised equipment is stated at cost and depreciated over four years on a straight-line basis.

(x) Stocks

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

(xi) Resources Expended

Support costs are allocated to activities on the following basis:

IT costs – number of computers used by each activity
Premises costs – number of staff
Other costs – based on the time spent.

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

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

(xii) Fund Accounting

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

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

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

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

1. Accounting policies (continued)

(xiii) Pensions

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

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

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities. Gains arising on a curtailment not allowed for in the actuarial assumptions are recognised in the SOFA under incoming resources.

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

(xiv) Consolidation Basis

The Institute owns 100% of the share capital of four companies: ICR Enterprises Limited, ICR Chelsea Development Ltd (ICRCD), ICR Sutton Developments Ltd (ICRSD) and ICR Equipment Leasing No.8. Limited (ICRENo8). ICR Enterprises Ltd undertakes trading activities and is wholly owned by The Institute. ICRCD and ICRSD have been set up to act as developers for the construction of laboratories. ICRENo8 owns a long leasehold interest in the Chester Beatty Laboratory which is occupied by The Institute. The consolidated statements include the financial statements of these companies as well as Everyman Action Against Male Cancer.

(xv) Leases

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to The Institute are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge.

Other leases are regarded as operating leases and the rentals are charged directly to the Statement of Financial Activities on a straight-line basis over the term of the lease.

(xvi) Foreign Currency Translation

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

THE INSTITUTE OF CANCER RESEARCH
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2009

2. External grants

	Unrestricted funds	Restricted funds	Endow- ment funds	Total funds 2009 £000	Total funds 2008 £000
	£000	£000	£000	£000	£000
Higher Education Funding Council for England	21,427	6,814	-	28,241	26,271
Grants for research	2,704	48,101	-	50,805	50,059
Grants and contracts for teaching and support services	-	816	-	816	517
	<u>24,131</u>	<u>55,731</u>	<u>-</u>	<u>79,862</u>	<u>76,847</u>

3. Voluntary income

	Unrestricted funds	Restricted funds	Endow- ment funds	Total funds 2009 £000	Total funds 2008 £000
	£000	£000	£000	£000	£000
Legacies	4,306	-	-	4,306	4,044
Donations	1,032	1,581	-	2,613	3,598
	<u>5,338</u>	<u>1,581</u>	<u>-</u>	<u>6,919</u>	<u>7,642</u>

Voluntary income is largely derived from the UK. The Institute has been notified of legacies of £2,843,000 which have not been recognised as income at 31 July 2009 as no notification of impending distribution or approval of estate accounts has been received (2008: £4,117,000).

4. Investment income

	Unrestricted funds	Restricted funds	Endow- ment funds	Total funds 2009 £000	Total funds 2008 £000
	£000	£000	£000	£000	£000
Interest income	1,947	-	-	1,947	2,177
Dividend income	12	-	-	12	266
	<u>1,959</u>	<u>-</u>	<u>-</u>	<u>1,959</u>	<u>2,443</u>

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

THE INSTITUTE OF CANCER RESEARCH
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2009

5. Cost of Generating funds

	Direct costs £000	Support costs £000	Total 2009 £000	Total 2008 £000
Costs of generating voluntary income	2,987	533	3,520	2,330
Investment management	60	55	115	78
	<u>3,047</u>	<u>588</u>	<u>3,635</u>	<u>2,408</u>

6. Charitable activities

	Direct costs £000	Support costs £000	Total 2009 £000	Total 2008 £000
Research expenditure	70,844	10,885	81,729	74,003
Information and education	943	71	1,014	858
	<u>71,787</u>	<u>10,956</u>	<u>82,743</u>	<u>74,861</u>

7. Governance costs

	Total 2009 £000	Total 2008 £000
Fees payable to the Institute's auditors for the audit of the annual accounts	24	25
The audit of the Institute's subsidiaries, pursuant to legislation	6	5
Total external audit fees	30	30
Legal and professional	66	3
Internal audit	91	88
Support costs	367	372
	<u>554</u>	<u>493</u>

In addition to external audit fees, the auditors received £nil (2008: £nil) in respect of fees for other services.

8. Support costs

	Directorate £000	Finance £000	HR £000	Premises £000	IT £000	Total 2009 £000	Total 2008 £000
Fundraising costs	131	92	59	172	79	533	461
Investment management	9	46	-	-	-	55	60
	<u>140</u>	<u>138</u>	<u>59</u>	<u>172</u>	<u>79</u>	<u>588</u>	<u>521</u>
Research expenditure	649	739	1,119	6,319	2,059	10,885	9,691
Information and education	29	-	-	42	-	71	57
	<u>678</u>	<u>739</u>	<u>1,119</u>	<u>6,361</u>	<u>2,059</u>	<u>10,956</u>	<u>9,748</u>
Governance	296	46	-	19	6	367	372
	<u>1,114</u>	<u>923</u>	<u>1,178</u>	<u>6,552</u>	<u>2,144</u>	<u>11,911</u>	<u>10,641</u>

THE INSTITUTE OF CANCER RESEARCH
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2009

9. Tangible assets

Group and Institute

	Freehold land and buildings	Leasehold land and buildings	Furniture plant and equipment - owned	Furniture plant and equipment -leased	Total
	£000	£000	£000	£000	£000
<i>Cost or valuation</i>					
At 1 August 2008	82,656	2,099	12,717	-	97,472
Additions at cost	1,181	358	5,551	1,000	8,090
At 31 July 2009	83,837	2,457	18,268	1,000	105,562
<i>Depreciation</i>					
At 1 August 2008	-	81	9,255	-	9,336
Provided in the year	1,618	114	3,205	250	5,187
At 31 July 2009	1,618	195	12,460	250	14,523
<i>Net book value</i>					
At 31 July 2009	82,219	2,262	5,808	750	91,039
At 31 July 2008	82,656	2,018	3,462	-	88,136
<i>Historic cost - net book value</i>					
At 31 July 2009	52,114	1,187	5,808	750	59,859
At 31 July 2008	51,855	926	3,462	-	56,243

There were no fixed assets other than those held by The Institute.

Revaluation reserve

	2009 £000	2008 £000
Reserve at 1 August 2008	31,599	17,796
Revaluation gain	-	14,103
Transfer to fixed asset fund in respect of depreciation	(432)	(300)
Reserve at 31 July 2009	31,167	31,599

The Institute's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2005 and an interim valuation was undertaken as at 31 July 2008. The valuations were undertaken on a depreciated replacement cost basis. The laboratories were valued at £82.3m.

THE INSTITUTE OF CANCER RESEARCH
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2009

10. Investments

Group	Listed fixed interest £000	Listed equities and unit trusts £000	Unlisted equities and unit trusts £000	Money market deposits £000	Total £000
Market value at 1 August 2008	32,288	1,636	20	14,154	48,098
Movements in deposits	-	-	-	(4,031)	(4,031)
Additions at cost	40,425	-	-	-	40,425
Disposals at book value	(35,644)	-	-	-	(35,644)
Unrealised gains/(losses)	(84)	(269)	78	-	(275)
Market value at 31 July 2009	36,985	1,367	98	10,123	48,573
<i>Historic cost</i>					
At 31 July 2009	37,065	1,444	8	10,123	48,640
At 31 July 2008	32,208	1,444	8	14,154	47,814

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

The following investments represented holdings in excess of 5% of the investment portfolio at 31 July 2009:

	2009	2008
<i>UK Government Gilts</i>		
4.00% 07/03/2009	-	54.7%
4.25% 07/03/2011	18.3%	11.7%
4.50% 07/03/2013	18.9%	-
4.75% 07/09/2015	58.1%	-

At 31 July 2009 money market deposits included £10.1m of bank deposits (2008: £9.8m of bank deposits and £4.4m invested in the BGI Sterling Liquidity Plus Fund).

11. Debtors

a. Amounts falling due within one year

	Group		Institute	
	2009 £000	2008 £000	2009 £000	2008 £000
Revenue grants	2,371	1,464	2,371	1,464
Other trade debtors	1,055	503	1,009	503
Legacy debtors	134	99	134	99
Other debtors	299	187	192	158
Amounts due from subsidiary undertakings	-	-	48	183
Prepayments and accrued income	8,472	6,558	8,472	6,558
	12,331	8,811	12,226	8,965

b. Amounts falling due after more than one year

	Group		Institute	
	2009 £000	2008 £000	2009 £000	2008 £000
Accrued income	795	-	795	-

THE INSTITUTE OF CANCER RESEARCH
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2009

12. Creditors

a. Amounts falling due within one year

	Group		Institute	
	2009 £000	2008 £000	2009 £000	2008 £000
Trade creditors	3,506	1,940	3,130	1,940
Accruals	2,940	1,516	2,929	1,516
Amounts due to subsidiary companies	-	-	280	134
Bank overdraft	-	137	-	-
Finance lease creditors	1,000	-	1,000	-
Other creditors	1,140	1,467	1,140	1,416
Taxes and social security	1,010	1,033	1,010	1,033
	9,596	6,093	9,489	6,039

b. Amounts falling due after more than one year

	Group		Institute	
	2009 £000	2008 £000	2009 £000	2008 £000
Other creditors	147	-	147	-

c. Provisions for liabilities and charges

	Group		Institute	
	2009 £000	2008 £000	2009 £000	2008 £000
<i>Dilapidations and decommissioning</i>				
At 1 August 2008	251	220	251	220
Provided in the year	89	31	89	31
Utilised in the year	-	-	-	-
	340	251	340	251

The dilapidation and decommissioning provision is held to cover liabilities as a result of vacating leasehold premises and the removal of a caesium source.

13. Analysis of net assets between funds

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total funds 2009 £000
Tangible fixed assets	31,167	22,205	37,667	-	91,039
Investments	18,089	12,112	16,668	1,704	48,573
Net current assets	6,070	-	-	-	6,070
Long term creditors	(487)	-	-	-	(487)
Pension creditor	(7,776)	-	-	-	(7,776)
Total net assets	47,063	34,317	54,335	1,704	137,419

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14. Unrestricted funds

Group and Institute

	Balance at 1 August 2008 £000	Income £000	Expend- iture £000	Transfers, gains and losses £000	Balance at 31 July 2009 £000
<i>Designated funds</i>					
Fixed Asset Fund	23,586	-	-	(1,381)	22,205
Development Fund	11,630	-	-	(615)	11,015
Studentship Fund	468	-	-	(117)	351
FC Hunter Studentship Fund	569	-	-	-	569
Joan Frances Stowe Fund	14	-	-	-	14
Faringdon Fund	135	-	-	(52)	83
Amenity Fund	102	-	-	(22)	80
	<u>36,504</u>	<u>-</u>	<u>-</u>	<u>(2,187)</u>	<u>34,317</u>
Revaluation Reserve	31,599	-	-	(432)	31,167
Pension Reserve	(715)	-	-	(7,061)	(7,776)
General Fund	<u>20,838</u>	<u>32,805</u>	<u>(31,423)</u>	<u>2,247</u>	<u>24,467</u>
	<u>88,226</u>	<u>32,805</u>	<u>(31,423)</u>	<u>(7,433)</u>	<u>82,175</u>

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

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

The fund is made up as follows:

	2009 £000	2008 £000
Refurbishment	984	1,627
Scientific initiatives	4,014	4,331
Other development funds	<u>6,017</u>	<u>5,672</u>
	<u>11,015</u>	<u>11,630</u>

The Studentship Fund provides funds to support studentships.

The FC Hunter Studentship Fund is a legacy from the estate of Mr FC Hunter designated by The Institute for the purpose of supporting research studentships.

The Joan Frances Stowe Fund finances the Joan Frances Stowe Prizes in Palliative and Nursing Care.

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

The Amenity Fund provides funds for staff welfare.

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15. Restricted funds
a. Income funds

	Balance at 1 August 2008 £000	Income £000	Expend- iture £000	Transfers, gains and losses £000	Balance at 31 July 2009 £000
<i>Funds invested in fixed assets</i>					
Breakthrough Breast Cancer	4,643	-	(108)	-	4,535
The Bob Champion Cancer Trust	840	-	(20)	-	820
Everyman Appeal	672	-	(22)	-	650
The Garfield Weston Foundation	420	-	(10)	-	410
The Monument trust	291	-	(6)	-	285
The Wolfson Foundation	1,090	-	(25)	-	1,065
Higher Education Funding Council for England	15,964	1,538	(419)	-	17,083
The Wellcome Trust	7,009	-	(161)	-	6,848
Equipment funds	2,022	6,551	(2,826)	224	5,971
	<u>32,951</u>	<u>8,089</u>	<u>(3,597)</u>	<u>224</u>	<u>37,667</u>
<i>Other restricted funds</i>					
Everyman and other restricted donations	606	1,581	(1,836)	(268)	83
Cancer Research UK Epidemiology Fund	397	-	-	(160)	237
Research grants	12,878	46,948	(45,329)	587	15,084
Other capital and refurbishment grants	5,327	694	(4,747)	(10)	1,264
	<u>19,208</u>	<u>49,223</u>	<u>(51,912)</u>	<u>149</u>	<u>16,668</u>
<i>Total restricted funds</i>	<u>52,159</u>	<u>57,312</u>	<u>(55,509)</u>	<u>373</u>	<u>54,335</u>

Transfers totalling £373,000 were made from unrestricted to restricted funds, comprising:

- (i) £186,000 from general funds to restricted research grants funds following a review of opening balances; and
- (ii) £223,000 from fixed asset funds to restricted equipment funds and £36,000 from restricted other capital and refurbishment grants funds to general funds following a review of capitalised items.

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

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

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

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

The Cancer Research UK Epidemiology Fund represents the accumulated surplus on an endowment originally received from, and subsequently returned to, Cancer Research UK. This surplus continues to fund The Institute's epidemiological research.

15. Restricted funds (continued)

a. Income funds (continued)

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

The research grants are funds received by The Institute for specific cancer research projects. The transfers to and from restricted funds reflect adjustments to restricted grant funds following the review of balances held. Within research grants there are funds with negative balances where funding is expected to be received.

Other capital and refurbishment grants represent grants received for these purposes.

b. Endowment funds

	Balance at 1 August 2008 £000	Income £000	Expend- iture £000	Transfers, gains and losses £000	Balance at 31 July 2009 £000
Hensley Nankivell Studentship Fund	1,057	-	-	(139)	918
Sir SK Tang Fund	546	-	-	(71)	475
The Ivan and Felicite Stoller Fund	358	-	-	(47)	311
	<u>1,961</u>	<u>-</u>	<u>-</u>	<u>(257)</u>	<u>1,704</u>

The endowment funds are permanent and as such the capital cannot be expended.

The Hensley Nankivell Studentship Fund was received from the estate of Mrs SMA Nankivell for the purpose of supporting research studentships at The Institute. The Sir SK Tang Fund (Endowment Fund) is a legacy received from the estate of Sir SK Tang. The Ivan and Felicite Stoller Fund is a legacy received from the estate of Mr IM Stoller. The income from both the Tang and Stoller funds is for cancer research.

16. Capital commitments

	2009 £000	2008 £000
Contracted but not provided for	1,067	1,091
Authorised by the Board of Trustees but not contracted for	<u>559</u>	<u>4,319</u>
	<u>1,626</u>	<u>5,410</u>

The capital commitments relate to laboratory and office building works and equipment.

17. Emoluments of the Board of Trustees

No fees are paid to members of the Board of Trustees for their services as charity trustees or company directors. There are six members of staff of The Institute who are members of the Board of Trustees who receive only the normal remuneration of their appointments. This includes the Chief Executive and Academic Dean whose remuneration is shown in note 18 (iii). The other four staff members, Professor Meier, Professor Pearl, Professor Springer and Professor Webb are the representatives elected by the Academic Board to serve on the Board of Trustees whose remuneration is included in note 18 (iv). In addition Miss Bibby was the student representative on the Board of Trustees who received the normal PhD student stipend. The aggregate emoluments of those who serve on the Board of Trustees was £761,534 (2008: £867,564). The emoluments of the highest paid director, who is a member of a multi-employer defined benefit pension scheme, were £208,000. The six staff who are trustees participate in defined benefit pension schemes.

Six non-executive trustees received a total of £3,963 (2008: eight received £2,924) for reimbursement of travel expenses.

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18. Staff costs

(i) Average number of employees

	2009	2008
	No.	No.
Research Staff	836	827
Research support staff	137	132
Fundraising services	30	26
Corporate services including academic services	72	66
	<u>1,075</u>	<u>1,051</u>

(ii) Remuneration

	2009	2008
	£000	£000
Wages and salaries	40,404	37,420
Social security costs	3,069	2,917
Other pension costs	5,021	4,941
	<u>48,494</u>	<u>45,278</u>

(iii) Remuneration of Executive Directors

The remuneration of Executive Directors is listed below inclusive of distinction awards. National Insurance contributions and employer's pension contributions are excluded except where indicated.

	2009	2008
	£000	£000
Chief Executive	202	209
Academic Dean and Head of Clinical Laboratories	208	204
Secretary of The Institute	129	133
Chief Executive including employer's pension contributions	230	237

(iv) Remuneration of higher paid staff

	2009	2008
	No.	No.
£60,001 - £70,000	27	23
£70,001 - £80,000	10	9
£80,001 - £90,000	10	12
£90,001 - £100,000	7	4
£100,001 - £110,000	5	5
£110,001 - £120,000	1	4
£120,001 - £130,000	4	2
£130,001 - £140,000	3	2
£140,001 - £150,000	3	2
£150,001 - £160,000	2	3
£160,001 - £170,000	4	3
£170,001 - £180,000	2	1
£180,001 - £190,000	1	0
£200,001 - £210,000	2	2
£210,001 - £220,000	2	2

18. Staff Costs (continued)

(v) Superannuation schemes

The Institute participates in three superannuation schemes. The majority of scientific and other non-clinical staff are in the Universities Superannuation Scheme (USS) (and the Universities Supplementary Dependants & Ill-Health Retirement Pension Scheme (USDPS)). The majority of clinical staff are in the National Health Service Superannuation Scheme (NHSPS). The ICR Pension Scheme (ICRPS) was closed to future accrual for new and existing members on 31 July 2008 and most of its active members joined the USS. All three schemes provide benefits based on final pensionable salary.

a) Universities Superannuation Scheme (USS) (and the Universities Supplementary Dependants & Ill-Health Retirement Pension Scheme (USDPS))

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom one at least must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

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

The latest actuarial valuation was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum). To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - no age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

18. Staff costs (continued)

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the market value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the Scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if the USS was a single employer scheme, using an AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% on pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on The Institute's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

18. Staff costs (continued)

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However in order to meet the long term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of the covenant of the employers enables it to take a long term view of its investments. Short term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 when the above rates will be reviewed.

At 31 March 2009, USS had over 130,000 active members and The Institute had 803 active members participating in the scheme.

The total pension cost for The Institute was £3,994,000 (2008: £1,666,000). This includes £341,000 (2008: £222,000) of outstanding contributions at the balance sheet date. The contribution rate payable by The Institute was 14% of pensionable salaries.

b) National Health Service Pension Scheme (NHSPS)

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

The scheme is subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to review the contribution rates. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities.

18. Staff costs (continued)

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees' contributions are on a tiered scale from 6% up to 8.5% of their pensionable pay depending on total earnings.

The Institute charges employer's pension costs contributions to operating expenses as and when they become due. The total employer contribution payable was £500,000 (2008: £514,000). There were £49,000 (2008: £62,900) of outstanding contributions at the balance sheet date.

c) ICR Pension Scheme (ICRPS)

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The assets of the scheme are held in a separate trustee-administered fund.

On 31 July 2008, the ICRPS closed to future accrual and The Institute of Cancer Research made an exceptional contribution of £7.5 million to the scheme.

The pension cost that would have been charged to the Statement of Financial Activities under FRS 17 for the year amounts to £23,000 (2008: credit £1,953,000). This charge is equal to the service cost of £30,000 (2008: £2,838,000) (including £19,000 (2008: £116,000) in respect of enhanced early retirement pensions), less the curtailment gain of £nil (2008: £4,843,000), less other finance income of £7,000 (2008: cost of £52,000). A full actuarial valuation was carried out on 31 December 2008 and updated to 31 July 2009 by a qualified independent actuary. The main assumptions used by the actuary were:

	At 31 July 2009 (% p.a.)	At 31 July 2008 (% p.a.)
Future salary increases	4.80%	5.30%
Future LPI pension increases	3.30%	3.80%
Discount rate	6.10%	6.35%
Inflation assumption	3.30%	3.80%
Revaluation in deferment	3.30%	3.80%
Assumed life expectancies on retirement at age 65 are:		
Retiring today		
Males	22.1	22.0
Females	25.0	24.9
Retiring in 20 years time		
Males	23.1	23.1
Females	25.9	25.9

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

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18. Staff costs (continued)

	Long term rate of return expected		Fair value	
	At 31 July 2009	At 31 July 2008	At 31 July 2009	At 31 July 2008
	(% p.a.)	(% p.a.)	£000	£000
Equities and property	7.30%	7.90%	22,458	31,045
Fixed interest	4.30%	4.90%	11,040	93
Index linked gilts	4.30%	4.90%	20,708	21,278
Insured annuities	6.10%	6.35%	1,120	1,089
Cash and other	0.50%	5.00%	774	8,321
Overall return on scheme assets	5.48%	6.45%		

The assumptions used in determining the overall expected rate of return on the assets of the Scheme have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. None of the assets of the scheme are invested in The Institute's own financial instruments, and none of the assets are properties or other assets used by The Institute.

The amounts recognised in the balance sheet are as follows:

	At 31 July 2009	At 31 July 2008
	£000	£000
Fair value of scheme assets	56,100	61,826
Present value of funded obligations	(63,876)	(62,541)
	(7,776)	(715)
Present value of unfunded obligation	-	-
Unrecognised past service cost	-	-
Deficit in the Scheme	(7,776)	(715)
Irrecoverable surplus	-	-
Deficit	(7,776)	(715)
Related deferred tax asset	-	-
	0.00%	0.00%
Net liability	(7,776)	(715)
<i>Amounts in the balance sheet</i>		
Liabilities	(7,776)	(715)
Assets	-	-
Net liability	(7,776)	(715)

The amounts recognised in the Statement of Financial Activities are as follows:

	2009	2008
	£000	£000
Service cost	11	2,722
Interest on obligation	3,927	3,762
Expected return on Scheme assets	(3,934)	(3,710)
Past service cost	19	116
Losses/(gains) on curtailments and settlements	-	(4,843)
Total	23	(1,953)
Actual return on Scheme assets	(4,179)	165

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18. Staff costs (continued)

Changes in the present value of the Scheme liabilities		
	2009	2008
	£000	£000
Liabilities at beginning of the year	62,541	64,289
Service cost (net of employee contributions)	11	2,722
Contributions by employees	3	905
Interest cost	3,927	3,762
Gains on curtailments and settlements	-	(4,843)
Actuarial losses/(gains)	(1,037)	(3,115)
Past service cost	19	116
Benefits paid	(1,588)	(1,295)
	<u>63,876</u>	<u>62,541</u>
Liabilities at end of year		
Changes in the fair value of assets are as follows:		
	2009	2008
	£000	£000
Fair value of Scheme assets at beginning of year	61,826	51,768
Expected return on Scheme assets	3,934	3,710
Actuarial gains and (losses)	(8,113)	(3,545)
Past service cost	-	-
Contributions by employer	39	10,283
Contributions by employees	3	905
Benefits paid	(1,588)	(1,295)
	<u>56,101</u>	<u>61,826</u>
Fair value of scheme assets at end of year		

The Institute's best estimate of expected contributions to the Scheme in the year commencing 1 August 2009 is £1,000.

Amounts for the current and previous four periods are as follows:

	At 31 July	At 31 July	At 31 July	At 31 July	At 31 July
	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Present value of Scheme liabilities	(63,876)	(62,541)	(64,289)	(55,481)	(49,900)
Scheme assets	<u>56,101</u>	<u>61,826</u>	<u>51,768</u>	<u>45,741</u>	<u>39,300</u>
Surplus/(deficit)	(7,775)	(715)	(12,521)	(9,740)	(10,600)
Experience adjustments on					
Scheme liabilities	(1,687)	(154)	627	321	-
As a percentage of Scheme liabilities	-3%	0%	1%	1%	0%
Experience adjustments on					
Scheme assets	(8,113)	(3,545)	1,056	2,053	2,800
As a percentage of Scheme assets	-14%	-6%	2%	4%	7%
Cumulative actuarial gains/(losses) shown in STRGL	(13,315)	(6,239)	(5,809)	(2,904)	(3,800)

The asset values reported above are bid values, with the exception of the figures as at 31 July 2007, 31 July 2006 and 31 July 2005 which are the mid-values as disclosed at prior year ends.

18. Staff costs (continued)

d) Unfunded pensions

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

(vi) Health and Safety at Work

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

19. Subsidiary undertakings

The Institute has the following subsidiary undertakings:

(i) ICR Chelsea Development Limited - The Institute owns 100% of the issued share capital of this company which has been set up to act as the developer of a refurbishment project which has now been completed. It did not make a profit or a loss for the period ended 31 July 2009 and its net assets at that date amounted to £2. The accounts of ICR Chelsea Development Ltd have been consolidated into the accounts of The Institute.

(ii) ICR Sutton Developments Limited - The Institute owns 100% of the issued share capital of this company which has been set up to act as the developer of Institute properties. It made a profit of £12,687 for the year ended 31 July 2009 (2008: £6,147) which will be paid to The Institute by means of a payment under gift aid. Its net assets at 31 July 2009 and 31 July 2008 amounted to £2. The accounts of ICR Sutton Developments Ltd have been consolidated into the accounts of The Institute.

(iii) ICR Enterprises Limited - The Institute owns 100% of the issued share capital of this company which undertakes trading activities for the benefit of The Institute that The Institute cannot carry out itself as an exempt charity. It made a profit after interest of £213,110 for the year ended 31 July 2009 (2008 - £182,616) which will be paid to The Institute by means of a payment under gift aid. Its net assets at 31 July 2009 and 31 July 2008 amounted to £2. The accounts of ICR Enterprises Ltd have been consolidated into the accounts of The Institute.

(iv) ICR Equipment Leasing No.8 Limited - The Institute owns 100% of the share capital of this company which holds a leasehold interest in the Chester Beatty Laboratory. It made a profit of £154 for the year ended 31 July 2009 (2008: £221) which will be paid to The Institute by means of a payment under gift aid. Its net assets at 31 July 2009 and 31 July 2008 were £5,063. The accounts of ICR Equipment Leasing No.8 Limited have been consolidated into the accounts of The Institute.

(v) The Moulton Trust Fund - The Moulton Trust Fund was a charity of which The Institute was the sole trustee. The Fund was wound up during the year and donated its assets to The Institute to fund postgraduate medical research.

(vi) Everyman Action Against Male Cancer - The company is limited by guarantee and was dormant throughout the period ended 31 July 2009.

19. Subsidiary undertakings (continued)

(vii) Other investments - The Institute is a founder and shareholder of four companies whose aims are to exploit the intellectual property generated at The Institute. The companies and The Institute's shareholding are Gamma Technologies Ltd (10%), PETRRA Limited (7.7%), PROACTA Inc (0.5%), Domainex Limited (3.6%) and Chroma Therapeutics Limited (0.2%). The cost of The Institute's shareholding of these companies is included in unlisted investments.

A summary of the results of the subsidiaries is set out below:

ICR Enterprises Limited

	2009	2008
	£000	£000
Turnover	533	201
Expenditure	(322)	(18)
Operating profit	211	183
Interest income	2	-
Payment under gift aid to The Institute	(213)	(183)
Profit for the year	-	-
Assets	329	213
Liabilities	(329)	(213)
Funds	-	-

ICR Equipment Leasing No. 8 Limited

	2009	2008
	£000	£000
Turnover	-	-
Expenditure	-	-
Operating profit	-	-
Payment under gift aid to The Institute	-	-
Profit for the year	-	-
Assets	5	5
Liabilities	-	-
Funds	5	5

19. Subsidiary undertakings (continued)

Development companies

ICR Sutton Developments Limited and ICR Chelsea Development Limited

	2009	2008
	£000	£000
Turnover	4,293	3,624
Expenditure	(4,280)	(3,618)
Operating profit	13	6
Payment under gift aid to The Institute	(13)	(6)
Profit for the year	-	-
Assets	522	287
Liabilities	(522)	(287)
Funds	-	-

20. Taxation

The Institute is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly The Institute is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

21. Indemnity insurance

The Institute has purchased indemnity insurance to provide the Board of Trustees and Officers with an indemnity against a wide range of legal actions which they might face in carrying out their duties. The cost of this insurance was £5,237 (2008: £5,237).

22. Lease commitments

At 31 July 2009 The Institute had annual operating lease commitments in respect of property leases which expire as follows:

	2009	2008
	£000	£000
Between two and five years	465	-
Over five years	-	465
	465	465

23. Value added tax

The Institute incurred irrecoverable VAT amounting to some £1.8 million during the year (2008: £1.6 million). It is a member of the Charities Tax Reform Group which campaigns on behalf of its members for a reduction in their VAT burden.

24. Related parties

The Institute has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries. There are no other related party transactions.

GOALS

We have two strategic goals, which represent the priorities for our cancer research and through which we are able to fulfil our Mission.

GOAL 1

TO CONTINUE TO BE ONE OF THE BEST CANCER RESEARCH CENTRES IN THE WORLD.

Research

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

GOAL 2

TO CONTINUE TO MAKE A MAJOR CONTRIBUTION TO THE EDUCATION AND TRAINING OF THE NEXT GENERATION OF LEADERS IN CANCER RESEARCH.

Education

Given the concentration of world class scientific and clinical expertise within our organisation, we believe we have the enthusiasm, skills and motivation to ensure that all our students, postdoctoral staff, scientists and clinicians receive the best education and training to develop their talent and launch them into a successful career in cancer research and clinical practice.

STRATEGIC OBJECTIVES

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

GOAL 1

TO CONTINUE TO BE ONE OF THE BEST CANCER RESEARCH CENTRES IN THE WORLD.

Objective 1

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

Objective 2

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

Objective 3

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

How will we measure success?

- Through scientific peer review e.g.
 - o achieving ratings which are ‘world-leading’ and ‘internationally excellent’ from HEFCE/RAE
 - o achieving Cancer Research UK site visit ratings of ‘Outstanding’ or ‘Forefront’ or the equivalent rating from other funding bodies
 - o review by the external Scientific Advisory Committee
- Through our long term achievements.
- Through monitoring our grant application success rates.
- Through monitoring the number of citations of our scientific papers.

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

Peer review achievements

- In the 2008 Higher Education Funding Councils' Research Assessment Exercise the ICR had the highest percentage of research assessed as four stars, world leading, in the areas of biological sciences and cancer studies. We came top of the Times Higher Education overall table of HEIs that submitted to more than one UoA - ranking us as the UK's leading academic research centre, with 37% of activity ranked 4* (world leading) and 42% ranked 3* (internationally excellent); none of the ICR's research was ranked as 1* (nationally recognised).
- Since 2004, 23 major programmes of research at the ICR have been renewed for a further five years, following international peer-review and, in many cases, site visits. Over 80% of these were judged to be either 'Outstanding' or 'Forefront'¹ – the highest possible ratings.
- 79.9% of all grant applications have been successful (by value) in the period from 2003 to 2008; 73.0% by number.
- The Evidence Ltd UK Higher Education Research Yearbook for 2007 shows that we led all UK Higher Education Institutions in the impact of our research papers on biomedical science between 2002–2006 and that our papers have an impact that is more than twice the world average.

¹ A rating of 'Outstanding' implies that the research performed in the preceding period, or that planned for the forthcoming period, is of the highest international calibre, pioneering and trendsetting. A rating of 'Forefront' implies that the research is of international importance and will have substantial impact (Cancer Research UK definitions).

Long Term Achievements

The breadth and excellence of the ICR's work is demonstrated by its exceptional record of success. These include:

- The dramatic discovery that the basic cause of cancer is damage to DNA.
- The identification of the potential link between smoking and lung cancer which was subsequently confirmed.
- The elucidation of the mechanism by which *RAS*, one of the most commonly activated genes in cancer, turns normal cells into tumour cells.
- The isolation of the breast cancer gene, *BRCA2*, which enabled families with a history of disease to be assessed for future risk, and to lay the groundwork for the development of novel forms of therapy for *BRCA*-associated cancers.
- The characterisation of the cancer gene, *BRAF*, leading to an accelerated drug discovery programme for the treatment of malignant melanoma and other tumours.
- The synthesis of busulfan, chlorambucil and melphalan, and the development of carboplatin, important anti-cancer drugs that are used worldwide.
- Discovery of on average two drug development candidates per year over the last five years; an achievement unmatched anywhere in the world.
- Making major contributions to modern high precision radiotherapy techniques, improving cancer control and reducing risk of toxicity.
- The licencing of three novel series of anti cancer drugs to major pharmaceutical companies in the last three years; HSP90 inhibitor to Novartis, PKB inhibitor to AstraZeneca and PI3Kinase inhibitors to Genentech.
- Consistently being the most effective Higher Education Institution (HEI) in the UK in terms of the impact on our scientific peers of our published work in biomedical sciences.

Major Achievements 2008/09

- Scientists in the Section of Cancer Genetics are successfully using a powerful new technique, known as a genome-wide association study, to identify common genetic variants that influence an individual's risk of developing cancer. The genome-wide association study in bowel cancer identified ten novel genetic regions that increase the risk of bowel cancer occurring.
- The genome-wide association study in prostate cancer, that included over 5000 men with the disease, found seven new sites in the human genome that influence the risk of prostate cancer. This discovery may lead to the development of better targeted screening and treatment.
- The genome-wide association study in lung cancer identified several new genetic variants that alter the risk of the disease, including some that only increase lung cancer in people that smoke. This showed that tobacco can interact with specific parts of the genome to cause lung cancer.
- The genome-wide association study in chronic lymphatic leukaemia, the most common type of leukaemia, identified the first genetic variants to be implicated in the disease.
- Scientists in the Section of Cancer Genetics discovered that diverse defects on chromosome 11 cause 5% of cases of a childhood kidney cancer known as Wilms tumour. They also developed a diagnostic test for the defects which is now being used in the NHS.
- A study of melanoma cells, by the Section of Cell and Molecular Biology, uncovered important parts of the process by which cancer cells move and change shape to help them spread throughout the body.
- Scientists in the Section of Cell and Molecular Biology characterised a key enzyme responsible for metastasis, which provides a new target for drug development. The enzyme, called Lysyl Oxidase (LOX), is secreted by tumour cells and prepares new sites in the body for invasion and colonisation.
- Phase 1 clinical trials with Abiraterone, a 17-hydroxylase inhibitor synthesised in the Centre for Cancer Therapeutics, have demonstrated considerable promise for this drug in patients with hormone-refractory prostate cancer. Further research revealed that a fusion of two genes may act as a marker to identify tumours most likely to respond to the drug.
- A collaboration with Onyx Pharmaceuticals, Inc. will take the new anti-cancer drug ONX 0801 forward to clinical trials. The drug was developed jointly by the Cancer Research UK Centre for Cancer Therapeutics and the Section of Medicine, in collaboration with life sciences company BTG plc, and is expected to have real prospects as a targeted cancer agent, particularly in ovarian cancer.
- The Section of Molecular Carcinogenesis discovered a new gene that could help predict the course of prostate cancer and guide the decision to treat it. Screening patients for an abnormality in the ERG gene, known as 2+Edel, is hoped to be incorporated into clinical practice in the next few years to help decide whether or not men require treatment at the time of diagnosis.
- Scientists in the Section of Cell and Molecular Biology used computer algorithms to map the 'signaling networks' of cells. An online atlas of kinase enzymes, which drive a key chemical process called phosphorylation, can help develop targeted drugs and improve the predicted outcomes of cancer patients.
- The discovery by scientists in the Cancer Research UK Centre for Cancer Therapeutics that silencing of two genes in the Heat Shock Protein 70 family causes inactivation of the molecular chaperone 90, leading to extensive killing of cancer but not normal cells and suggesting a new approach for drug discovery.
- The demonstration that a new class of drug called PARP inhibitors have extremely promising activity in patients with breast, ovarian or prostate cancer who carry mutations in *BRCA2*.

Objective 4

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

How will we measure success?

- Through the external Intellectual Property Committee reviewing our commercial activities to confirm they are maximising patient benefit.
- Through the financial achievements in industrial and licensing income, the number of industrial collaborations and the number of patents filed.

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

Achievements 2008/09

- In 2008 the ICR's novel drug BGC945, which was developed to target ovarian cancer, was licensed to the company Onyx Inc. who will now begin clinical trials.
- The ICR began a collaboration in 2008 with Antisoma Ltd to develop drugs that hit the target PPM1D and began a collaboration in 2009 with AstraZeneca to develop drugs to target molecular 'chaperones' which support the growth of cancer cells.
- The prostate cancer drug Abiraterone, which was invented by the ICR, has been showing great promise in the clinic and is now in late stage development by Cougar Inc.
- The ICR has been involved in the formation of six spin-out companies since 2001, including Chroma Therapeutics, Domainex and Piramed. In 2008 Piramed was sold to the pharmaceutical company Roche, illustrating the value that the company had been able to create. In 2009 Chroma raised additional investment finance and entered into a strategic alliance with GSK.
- The ICR is collaborating with the company Biotronics3D to develop novel imaging technologies.
- Other industrial collaborations that are ongoing at the ICR include those with GSK, Dexela, Zonare, Kudos, Johnson and Johnson, Bayer, Genentech, and Merck.

GOAL 2

TO CONTINUE TO MAKE A MAJOR CONTRIBUTION TO THE EDUCATION AND TRAINING OF THE NEXT GENERATION OF LEADERS OF CANCER RESEARCH.

Objective 5

To educate and train the next generation of cancer researchers.

How will we measure success?

- Through consistently achieving a 100% pass rate for PhD submissions.
- Through achieving at least 70% of PhD submissions within four years.
- Through at least 90% of students registered on the MSc in Oncology exiting with a postgraduate qualification.

Achievements 2008/09

- In the past year all of our PhD submissions have been successful.
- The target of 70% PhD submissions within four years was met.
- Acquisition of improved accommodation and facilities for taught course students and their instructors, and successful implementation of the relocation exercise.
- Achieving a 'confidence' assessment from the QAA's Institutional Audit 2008 in respect of postgraduate research awards and learning opportunities, and having three areas selected by the QAA as examples of good practice.
- Development of a new selection and recruitment process for PhD students, greatly improving its efficiency and effectiveness from both the ICR's and applicants' points of view.
- Strengthening the Codes of Practice, Regulations and underpinning policies as appropriate, for instance to cover the Annual Monitoring Exercise for taught courses and interruptions to study, and refining the supervisory arrangements for research degree students.

In Support of Goals 1 and 2

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

Objective 6

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

How will we measure success?

- Through an annual review of our research Team Leaders (both Career Faculty and Career Development Faculty).
- Through undertaking a triennial staff survey.
- Through development and introduction of a Carbon Reduction Plan.

Achievements 2008/09

- The triennial staff attitude survey was completed in late 2008. The findings suggest that positive views of life at the ICR have to a large extent been maintained over the last three years, with further progress being made in some areas since 2005.

Objective 7

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

How will we measure success?

- Through adhering to the ICR's reserves policy throughout the six year planning period, to maintain a target level of reserves of £19.3 million which may vary within the range of £17.4 million to £21.2 million depending on market conditions.
- Through increasing the level of fundraising and legacy income to a level of £15 million per annum by 2020.

Achievements 2008/09

- The reserves are currently forecast to be above or at the target level throughout and at the end of the planning period.
- Since the Will for Free Scheme was launched in January 2003 we have received legacy pledges estimated to be worth over £47 million.

Objective 8

To remain an employer of choice.

How will we measure success?

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

Achievements 2008/09

- Annual vacancy rate to December 2008 was 10% per annum.
- Turnover was 11% in 2008, below the median of comparable organisations of 15.7%.
- Continued expansion of the range of training and development activities for students and scientists.
- 140 training programmes were held covering 1520 staff attendances.

Objective 9

To deliver value for money.

How will we measure success?

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

Achievements 2008/09

- The ICR's charitable expenditure in 2008 was 96% of total expenditure.

Objective 10

To have the flexibility to accommodate new research.

How will we measure success?

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

Achievements 2008/09

- The continued refurbishment of our laboratories in Chelsea using monies from SRIF 3. The refurbishment of the second floor of the CBO was completed in December 2008 and the refurbishment of the first and third floors were completed in June 2009.
- Our IT network and data storage capability have been further upgraded.
- Further investments in informatics systems have been made.
- A web-conferencing service supporting voice, video and collaborative whiteboards has been introduced.
- A new intranet with facilities for team collaboration.

Objective 11

To deliver a high quality service.

How will we measure success?

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

Achievements 2008/09

- The Faculty Survey of Corporate Services reflected a score of 3.7 out of 5 in 2008.
- The aggregate of all Corporate Service SLA's consistently exceeded 100%.
- Maintained OHSAS 18001:1999 occupational health and safety standard accreditation.

-
- Maintained 9001: 2000 accreditation for facilities management services.
 - Fall-over network links have been implemented to provide enhanced IT system availability.
 - Improvements have been made to ensure the ICR's protection against viruses and other, 'malware' remains low.
-

STRATEGIC DIRECTION

Scientific Strategy

The Joint Research Committee determines our scientific strategy. It includes representation from both The Institute of Cancer Research and The Royal Marsden NHS Foundation Trust.

The core of our strategy is the exploitation of the genetic information arising from many sources, but particularly from the Cancer Genome Project (CGP) that was made possible by the determination of the sequence of the human genome in 2001. The CGP, devised by ICR scientists and carried out at the Wellcome Trust Sanger Institute, will produce a detailed molecular pathology of common tumour types.

The challenge is to understand the biological significance of the information. Our partnership with The Royal Marsden NHS Foundation Trust creates one of the world's leading cancer research centres and enhances our ability to translate that information into patient benefit.

We will continue to focus on three main themes:

- Genetic epidemiology: We are seeking to understand how genes interact with lifestyle and environmental factors to cause cancer, contributing to our aim of discovering the causes of cancer and how to prevent it.
- Molecular pathology: We are continuing to unravel the molecular basis of cancer to enable the development of better ways both to diagnose and stage the disease and to predict responses to treatment, contributing to our aim of improving cancer diagnosis and treatment.
- Therapeutic development: We are focusing primarily on discovering new drug targets and developing drugs that precisely attack the molecular abnormalities which drive cancer, contributing to our aim of improving cancer therapies to save more lives.

We also develop new ways of delivering radiotherapy. All this will be underpinned by our excellent basic research increasing our knowledge of cell growth, function and mutation, and benefits from our nationally recognised clinical trials operation and the non-invasive monitoring of tumour response using our pioneering imaging expertise.

We will concentrate on researching those cancers where we can most swiftly translate our discoveries into patient benefit. These cancers are those where we have particular research expertise and The Royal Marsden NHS Foundation Trust has significant clinical practice: currently breast cancer through the Breakthrough Breast Cancer Research Centre, prostate cancer through our Male Urological Cancer Research Centre (underpinned financially through our Everyman campaign), haematological and paediatric cancers.

We intend to develop a revised Scientific Strategic Plan by the autumn of 2009 to provide direction for our future research.

Learning Teaching and Assessment Strategy

The second arm of our Mission is to train the next generation of cancer researchers and clinicians. The ICR is a College of the University of London. It offers postgraduate courses only. This reflects its status as a specialist cancer research organisation, working at the forefront of cancer research, and is integral to its strategic approach to learning, teaching and assessment. It has long-established provision for MPhil / PhD and MD(Res) students, and has recently also offered an MSc in Oncology, the first cadre of students on which will graduate in 2009. We will develop and enhance our research degrees programme through

continuous improvement of our systems for recruitment, student and staff training; effective appraisal, and through acquiring and acting upon student feedback.

The addition of the taught postgraduate provision in Oncology provides valuable additions to the ICR's overall educational environment. We will exploit this where possible, especially in relation to the possible teaching of research methodology and thesis preparation, for the benefit of research degree students, and NIHR Academic Clinical Fellows. We are introducing a new assessment policy based on principles of fairness, relevance, and quality, and will be developing new procedures to underpin this policy.

We aim to provide excellent teaching and learning opportunities. Our split site and day-release students make e-learning central to this. We will finalise and implement an e-learning strategy designed to ensure we exploit its potential to the maximum and that students have the necessary resources and support to benefit from it.

We will provide e-delivery of all mandatory core training for students and staff; gain feedback on our two current educational websites; explore the development of further relevant e-learning materials within the cancer science field, and continue to develop Cancer.ed (the ICR's Virtual Learning Environment). We will augment our e-learning provision with face-to-face training for research students, building on the basic skills and knowledge provided by the on-line material. For taught course students we will continue to develop the VLE to help develop social and academic interactions, and to enable students to acquire factual knowledge off-site so freeing their on-site days for interactive, discursive sessions.

Our relationship with The Royal Marsden NHS Foundation Trust is key to all ICR's activities. The ICR and the Trust work together de facto as a specialist academic health sciences centre. We will continue to jointly support the development of the next generation of academic clinical consultants and researchers, in particular through shared responsibility for delivering the NIHR Academic clinical trainee schemes attached to the joint Biomedical Research Centre.

The ICR has a long history of encouraging staff and student volunteering, community interaction and the communication of science. We remain committed to working to promote both the public understanding of science in general and of the work of the ICR in particular. We will seek to encourage young people into science, technology, engineering and maths (STEM) higher education courses and careers. We will identify and promote relevant volunteering opportunities for our staff.

Research Excellence

Our Faculty are excellent at generating research projects and winning external grant funding. Our success requires us to continuously grow our ability to pay for the indirect costs, currently not provided for by external funders, and to provide world class laboratories to house our research teams. We therefore continue to expand slowly to accommodate more research whilst ensuring both research excellence and financial viability.

In order to strengthen our capacity for research of the highest quality, we engaged in a major recruitment campaign over the past few years, which led to 21 new members of the Faculty joining the ICR.

The outstanding contribution made by our scientists to cancer research was recognised in May 2008 when three of our Faculty were elected to The Royal Society. This makes a total of six members of staff who are Fellows and recognises the pre-eminence of our staff. Election to its Fellowship is the highest accolade that can be bestowed on a British Scientist.

Other honours given to two members of the ICR's Faculty in 2008 included election to the Fellowship of the Academy of Medical Sciences and the award of the Barclay Medal of the British Institute of Radiology.

In April 2008, nine scientists from the ICR and The Royal Marsden NHS Foundation Trust were appointed to be Senior Investigators at The National Institute for Health Research. They join ninety one other top researchers from across the country who are considered to be outstanding leaders in the field of patient research. In April 2009 another two scientists from the ICR and The Royal Marsden NHS Foundation Trust were appointed.

In December 2008 the ICR's research excellence was confirmed by the outcome of the Higher Education Funding Councils' Research Assessment Exercise. The ICR received the highest percentage of research assessed as four stars, world leading, in the areas of biological sciences and cancer studies and came top

of the Times Higher Education overall table of HEIs that submitted to more than one UoA - ranking it as the UK's leading academic research centre.

Our staff have always been our greatest asset. Our record of achievement proves they have made a difference to cancer research in the past. As we mark our centenary in 2009 our current staff's expertise and calibre, together with the international recognition of our Faculty, give us every confidence they will continue to do so.

Financial Sustainability

In partnership, the ICR and The Royal Marsden NHS Foundation Trust, form an internationally recognised top ranking Comprehensive Cancer Centre with over 3,500 scientists, clinicians and nurses and an annual budget of £264 million.

The ICR has more than 1000 staff and postgraduate students. Its financial base is secure, net assets exceed £125 million, annual expenditure is over £79 million and free reserves, which are calculated on the basis of risk, are forecast to be at the target level of £19.3 million in 2015.

Following the results of the Research Assessment Exercise 2008, our HEFCE funding will remain at £20.5 million in 2009/10 including moderation funding of £2 million. In 2010/11 our HEFCE funding will fall to some £18.5 million.

To sustain our financial position we must raise more money and reduce our cost base during 2009/10. Our current funding is broadly HEFCE 30%, Cancer Research UK 31%, Breakthrough Breast Cancer 8%, Other Grants 14%, Investment and Overhead Income 8%, Fundraising 9%.

To safeguard our position and to provide for our sustainable expansion we aim to increase our fundraising income to £15 million per annum by 2020, mainly through our long term legacy fundraising, major gifts and our 'Everyman' action against male cancers campaign. We aim to be raising £10 million per annum by 2014/15.

We will continue to exploit our intellectual property, promoting interactions with the business community which ensure that our laboratory discoveries are developed for the benefit of patients and generate a significant income for reinvestment in the ICR's research. Our target is that by 2009/10 we will be generating in excess of £950k from invention income and £1.7 million from industrial collaborations and in excess of £700k of overheads on industrial collaborations.

These long term fundraising and commercialisation targets are ambitious; the income budgets, on which we base the expenditure plans, are more prudent.

Supporting Research

More than 90% of our laboratory estate has been built anew or refurbished over the last ten years at a cost of over £75 million. Following the opening of the Brookes Lawley Building in 2003 by Her Royal Highness, The Princess Royal, Chancellor of the University of London, we used the £9.2 million from the Science Research Investment Fund (SRIF 2) to complete, in 2005, the construction of the Sir Richard Doll Building at a cost of about £10 million. This liberated laboratory space in the Brookes Lawley Building.

Our allocation from SRIF 3 is £10.3 million. We have used this to complete the refurbishment of our McElwain and Haddow laboratories at Sutton and to refurbish the Chester Beatty old laboratory building in Chelsea.

This refurbished space will accommodate some of our new research initiatives in genetic epidemiology, haemato-oncology, molecular pathology, imaging, cancer therapeutics, paediatric oncology, cancer genetics, breast and prostate cancer, and cell, molecular and structural biology.

We have been notified of our Capital allocations for 2008-11. This comprises £17.2 million for the Research Capital Investment Fund and £139k for the Learning and Teaching Capital Investment Fund. The research capital funds will be used to continue to develop new facilities within our laboratories. In particular we have designed the second phase of the Sir Richard Doll Building in Sutton which will provide additional laboratory accommodation and allow us to establish a multi-modality imaging centre. The teaching capital funds have been used to fit out new facilities in Chelsea to accommodate the MSc

in Oncology Course vacating space in the Chester Beatty Laboratories which has been converted to provide further laboratory accommodation.

We reported last year that the ICR and The Royal Marsden NHS Foundation Trust have been designated a National Institute for Health Research (NIHR) Biomedical Research Centre, the only one specialising in cancer. As a result, we were granted £6.3 million for a new building to accommodate much of our work in pathology, which is a key feature of our overall strategy. We are currently designing this building.

In IT, a major investment programme has led to substantial improvements in networking capability, systems availability, data storage, and flexible and mobile working. In addition, improvements have been made to back office systems, particularly in HR, Finance and Purchasing. We have integrated our administrative systems so that processes are made as efficient as possible, both for support staff and scientists by ensuring a single point of contact for researchers. These new investments mean that scientists can take advantage of enhanced infrastructure capacity at lower cost and improved performance and deal with administrative matters in a more efficient way. As scientific research becomes increasingly dependent on information management, the ICR is committed to meeting the challenges and realising the benefits of Information Technology in the areas of high performance computing, large-scale data management, collaborative systems, information storage and retrieval, and communications.

As part of our commitment to sustainable development we will take advantage of any funding streams to improve our environmental sustainability.

Continuous Improvement

The ICR has a programme of continuous improvement which includes benchmarking ourselves against the sector and undertaking regular process reviews of all our services.

Service Level Agreements have been implemented and reviewed for all Corporate Services that support the research and performance against these is regularly monitored. The ICR has maintained its OHSAS 18001:1999 Health & Safety accreditation and maintained ISO 9001:2000 accreditation for the Facilities Services. We were also delighted to be awarded the Investors in People accreditation for Corporate Services in May 2008.

We will develop an environmental management system as part of the Eco Campus Award Scheme.

Partnerships

Since we became a College of the University of London in September 2003, our involvement in University affairs has expanded. We participate in many activities seeking both research synergies and, for our infrastructure, economies of scale. Our other partnerships, with The Royal Marsden NHS Foundation Trust, our largest funders, Cancer Research UK, Breakthrough Breast Cancer and the Wellcome Trust, continue to prosper.

We collaborate with many other international and UK cancer charities and organisations in order to gain resources. We are most grateful to them all.

FUTURE PLANS TO MEET STRATEGIC OBJECTIVES

There are a number of key areas that need the focus of our attention in the next few years.

Research

- Continuing to make progress with the three main themes of our current research strategy: genetic epidemiology, molecular pathology and therapeutic development.
- Developing a new Scientific Strategic Plan.
- Continuous review of research priorities by the Joint Research Committee.

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- Piloting a Leadership Development Plan.
 - Reviewing the allocation of existing laboratory space to ensure that it is congruent with our scientific strategy.
 - Proactively working in partnership and collaboration with The Royal Marsden NHS Foundation Trust, Cancer Research UK, Breakthrough Breast Cancer and other key organisations to fulfil our Mission.
 - Continuing to invest in IT to support scientific research.

Enterprise

- Ensuring effective exploitation of the ICR's intellectual property to optimise patient benefit.

Education

- Delivering the Learning, Teaching and Assessment Strategy 2009-12 according to the operating plan.
- Providing the best possible learning environment for our students, research and corporate staff.
- Successful completion of the ICR's first cohort of students on the MSc in Oncology, and continuing to develop taught course provision.

Resources and Capacity

- Launching a major Centenary Campaign Appeal.
- Maximising fundraising opportunities through our Centenary.
- Progressing the planning application for development of land in Sutton.
- Continuing to diversify our income from both research grants and our fundraising capacity.
- Retaining the best staff to meet our needs.
- To determine the process for succession planning for a number of our key scientific and managerial posts including that of the Chief Executive.
- Ensuring our research is sustainable and further encouraging an integrated approach to infrastructure planning and investment.
- Developing a plan to reduce our carbon emission and achieve the Eco Campus Award.
- Developing and maintaining the new Health and Safety Strategy.
- Managing risk.
- Ensuring a scalable IT infrastructure capable of supporting exponential growth in data storage requirements and the allied need for data manipulation and processing.

THE BOARD OF TRUSTEES

The Board of Trustees is the governing body of The Institute of Cancer Research and is constituted under Article 23 of The Institute's Articles of Association.

NAME	TITLE/ NOMINATING BODY	NO. ¹ OF MEETINGS COULD HAVE ATTENDED	NO. OF MEETINGS ATTENDED AUGUST 08 TO JULY 09
Lord Ryder of Wensum OBE	Chairman/Co-option	9	8
Professor Sir Tom Blundell FRS FMedSci	Deputy Chairman & Senior Member/Co-option	9	8
Mr E A C Cottrell (to 9/2008) Konstantin Graf von Schweinitz (from 10/2008)	Honorary Treasurer/ Co-option	2 6	2 6
Professor P W J Rigby PhD FMedSci	Chief Executive/Ex Officio	6	6
Professor A Horwich PhD MRCP FRCR FMedSci	Academic Dean/Ex Officio	6	5
Miss R Bibby BSc(Hons) (to 9/2009) Miss K Heinzmann DipBiotech (from 10/2009)	Student	6	6
Mr A W C Edwards	Co-option	6	2
Dr S E Foden DPhil (to 7/2009)	Co-option	9	7
Mr D J Gleeson MA	Co-option	6	4
Dr P N Goodfellow FRS FMedSci	Co-option	6	4
Mr R A Hambro (to 4/2009)	Co-option	4	0
Mrs I Hotimsky MBA (from 4/2009)	Co-option	2	2
Mr H S Kumar MEng MBA	Cancer Research UK	6	3
Professor R A Laskey FRS FMedSci	University of London	6	6
Professor P Meier PhD (from 10/2008)	Academic Board	5	4
Professor A van Oosterom MD PhD (to 3/2009)	Co-option	4	3
Lady Otton SRN (from 11/2009)	Co-option	-	-
Miss C A Palmer CBE MSc MHSM DipHSM Mrs T M Green CBE MA (Alternate Director)	The Royal Marsden NHS Foundation Trust	6	5
Professor L H Pearl FRS FMedSci (from 10/2008 to 8/2009)	Academic Board	5	5
Mr J M Pearce	Co-option	6	5
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Professor D H Phillips PhD DSc FRCPath (to 9/2008)	Academic Board	1	1
Miss A C Pillman OBE	Co-option	6	4
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Professor C Springer PhD CChem FRSC (from 10/2008)	Academic Board	5	5
Miss M I Watson MA MBA FCIPD	Co-option	6	5
Professor S Webb PhD DIC DSc ARCS FInstP FIPEM FRSA CPhys CSci	Academic Board	6	5
Professor K R Willison PhD (to 9/2008)	Academic Board	1	0

¹Includes Board of Trustees, Constitutional and Nomination Committee and Remuneration Committee meetings.

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Professor C J Marshall FRS FMedSci	Director of Research/Chairman Joint Research Committee

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Mr E A C Cottrell (to 9/2008)
Dr S E Foden DPhil
Konstantin Graf von Schweinitz (from 10/2008 to 3/2009)

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Mr J M Pearce – Chairman
Mr M J Usher BA CPFA – Deputy Chairman
Mr D R Fryatt MA FCA FCIBS
Mr S A Taylor MBA FCCA
Mr Pearce, Mr Taylor and Mr Usher attended all 4 meetings held; Mr Fryatt attended 3 meetings (August 2008 to July 2009)

The Remuneration Committee

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Professor Sir Tom Blundell FRS FMedSci – Deputy Chairman
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Dr P N Goodfellow FRS FMedSci
Konstantin Graf von Schweinitz (from 10/2008)

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Dr P J Bailey PhD – Deputy Chairman
Dr M Bodmer PhD
Mr E A C Cottrell (to 9/2008)
Dr A Diment PhD

The Investments and Building Development Committee

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Mr R J Elliott – Deputy Chairman
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The Institute also benefits from the expertise of those it has appointed as Trustees of The Institute of Cancer Research Pension Scheme (ICRPS)

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Mr A W C Edwards
Mr R J Elliott
Konstantin Graf von Schweinitz (from 10/2008)

Academic Board (as at 31 July 2009)

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

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The honorary appointment of Fellow of The Institute is conferred upon distinguished individuals who have some connection with The Institute or with cancer research in its broadest sense. Such appointments are in recognition of past achievement and based on a major contribution to the advancement of The Institute's objectives.

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The Members of The Institute are persons who, by reason of their past and present contributions, are, in the opinion of the Board of Trustees, likely to assist the furtherance of the objects of The Institute. Members are subscribers to The Institute's Memorandum of Association and as such are entitled to attend The Institute's Annual General Meeting and any Extraordinary General Meeting which may be convened.

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Appointment as an Associate of The Institute is conferred on long-serving ex-employees of The Institute or on those former members of staff or students or other individuals who are deemed eligible by reason of their having rendered exceptional service to The Institute or having otherwise done something outstanding to enhance the reputation of The Institute.

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