

The Institute of Cancer Research:
Royal Cancer Hospital

Annual Report and Financial Statements

2022

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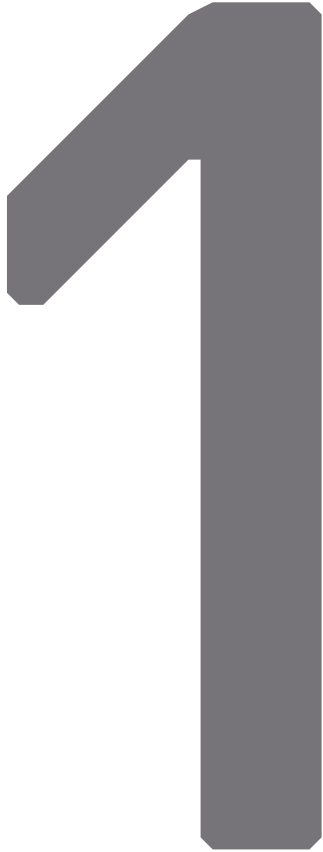
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**The Institute of Cancer Research:
Royal Cancer Hospital**

Company Number 534147

Annual Report and Financial Statements
for the year ended 31 July 2012

Report of the Board of Trustees



Report of the Board of Trustees for the year ended 31 July 2012

The Board of Trustees of The Institute of Cancer Research ('the ICR') presents its Annual Report and Financial Statements for the year ended 31 July 2012.

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 Limited, which holds a lease over one of the ICR's properties. None of these companies had any external activities.

2 PUBLIC BENEFIT

The ICR is an exempt charity under the Third Schedule of the Charities Act 2011.

The 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.

It is estimated that one in three people will be diagnosed with cancer at some point in their life. Even for those who have not been personally affected, it is likely that someone they know has gone through their own cancer experience.

The Board of Trustees gives due consideration to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit and this ethos is embedded in the [ICR's Strategic Plan 2011-16](#) which sets out the future plans of the ICR.

Research

The ICR is one of the world's most influential cancer research institutes and our mission is to make the discoveries that defeat cancer. Scientists and clinicians are working everyday to make a real impact on cancer patients' lives.

Our goal is to be a world leader in fundamental research into cancer and the translation of research discoveries into improved outcomes for cancer patients.

Through our unique partnership with The Royal Marsden NHS Foundation Trust and bench-to-bedside approach, we are able to create and deliver results in a way other institutions cannot. Together the two organisations are rated in the top four cancer centres globally.

Our current [Scientific Strategy 2010](#) was approved and published in November 2010. The strategy focuses on basic, translational and clinical research but there is a much greater emphasis on impact and improved outcomes for cancer patients through developing personalised treatment regimes.

Our research and educational objectives are closely aligned with those of The Royal Marsden. Approximately one third of our Faculty are medically qualified and many of these staff lead developments in clinical practice through their work in the hospital as well as leading their research teams. It is the integrated way in which we work together which optimises the ability of the joint organisation to rapidly translate research findings into advances in patient care.

Our [Annual Research Report](#) is jointly published with The Royal Marsden. The report includes in-depth reviews of key achievements and developments in our research.

Other major achievements are set out on our [website](#).

Education

The ICR provides postgraduate courses for scientists and clinicians. Our goal is to educate and train the next generation of cancer researchers and clinicians.

We run an MSc in Oncology which is a modular taught course aimed primarily at Specialist Registrars in the field of clinical and medical oncology. The course is taught by both ICR and Royal Marsden staff and by experienced clinicians drawn from the wider UK oncology community. There are exit points at Certificate, Diploma and MSc degree level. The course currently attracts the majority of London-based medical oncology trainees and about half of all clinical oncology trainees in the UK.

Community

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

We provide support for our staff and students to develop their science communication skills, for instance through science communications training and through the ICR's annual Science Writing Prize, and encourage them to deploy these skills in the wider community. We will build relationships and enhance our profile with key university undergraduate departments providing PhD student candidates through targeting of our summer vacation scholarship scheme.

Sustainability

The ICR recognises the need to have a sustainable economic plan which includes a commitment towards knowledge exchange, enterprise and forging strategic alliances and partnerships where these may contribute to the wider collaborative benefit of the patient.

We recognise our responsibility to the **environment** and commit to reducing where possible the impact of our activities upon the local and wider community and environment. We have the EcoCampus Scheme to develop our Environmental Management System and have successfully achieved the Bronze, Silver, Gold and Platinum awards. We have also developed a Carbon Management Plan in conjunction with the Carbon Trust. This is now being implemented in order to further reduce our carbon emissions.

3

CORPORATE GOVERNANCE

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 Articles of Association, the current version of which was approved by the Members of the ICR in September 2011.

The ICR has authorised a total of 1,119 posts. During the year the ICR had an average of 1,030 employees of whom 91 per cent (2011: 91 per cent) are directly engaged in research and research support. It raised £86.6 million (2011: £87.4 million) during the year from research grants, royalty income and voluntary income and spent some £85.6 million (2011: £91.1 million). Capital expenditure was £3.5 million (2011: £7.6 million).

The overall governing body of the ICR is its Board of Trustees. Details of the Trustees in the year are given on page 50.

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 18 individuals nominated by The Royal Marsden, Cancer Research UK; individuals co-opted by the Board of Trustees itself and one member 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 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, Chief Operating Officer, Academic Dean) and monitors the ICR's strategic performance. It also approves new initiatives and non-recurrent expenditure costing £1 million or more.

During the financial year the ICR welcomed Mr Daniel Itzhak and Professor Keith Jones to its governing body.

During the financial year Mr Anthony Edwards, Professor Pascal Meier, Professor Andrew Pearson, Mr Richard Sharp, Mr Christopher Shepherd and Professor Caroline Springer stepped down from the governing body. The ICR is grateful for their valuable contributions during their appointments. Professor Ronald Laskey has stepped down since 1 August 2012.

The Board of Trustees met seven times in 2011/12. During the year 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 Audit Committee

(Chaired by Mr Michael Usher)

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 Chair 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 2011/12 two new appointments were made to the Board of Trustees. Mr Itzhak (student) and Professor Jones (Academic Board) were appointed to elected positions. All new Trustees are offered a tailored induction programme and further training is available on request.

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 10 to 12.

The Executive Strategy Board

(Chaired by Professor Alan Ashworth)

The Executive Strategy Board meets six times a year. The Executive Strategy Board is responsible for formulating strategies, plans and budgets for approval by the Board of Trustees and has been established to assist the Chief Executive in managing the ICR to achieve its strategic aim and objectives within the approved strategies and budget. The Executive Strategy Board has three sub-committees reporting to it – the Research Directorate, the Academic Board and the Operations Board.

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.

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 Chief Operating Officer.

4

RESEARCH REVIEW

Some 88 per cent (2011: 90 per cent) 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 ICR's system of internal control and reviewing its effectiveness.

The system of risk management and internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can only provide reasonable not absolute assurance of effectiveness.

Risk Management

The Executive Strategy Board 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 Board 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 Executive Strategy Board and approved annually by the Board of Trustees. Significant risks may be added, revised or removed from the Risk Register after evaluation by the Executive Strategy Board throughout the year.

The Significant Risk List is appraised every four months by the Executive Strategy Board and the Board of Trustees.

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.

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.

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 reports from the auditors and other working groups, 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.

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 remaining areas of weakness are being dealt with and overall they are effective.

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 2012 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 Chief Operating Officer, the Academic Dean) and other senior staff (the Heads of the Research Divisions, Professors and the Directors of Corporate Service functions).

The Chief Executive is a non-executive director of The Royal Marsden.

Remuneration Policy

It is the aim of the ICR's Human Resources 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 division/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;
- exceptional contributions in a particular year which may be rewarded by a recognition payment;
- 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 17 of the Annual Accounts.

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OVERALL RESULTS

The full accounts are reproduced on pages 23 to 48.

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 2012 were £86.6 million compared with £87.4 million in 2011, a reduction of 1.0 per cent. Although royalty income rose by £4.6 million as a result of income arising from abiraterone royalties, revenue and capital funding from HEFCE fell (£19.9 million compared with £23.2 million), legacy income was lower (£1.7 million compared with £2.9 million) and research grant funding awarded to faculty members reduced (£52.4 million compared with £54.0 million).

Expenditure on charitable activities reduced by 5.6 per cent from £87.5 million to £82.6 million and total resources expended reduced by 6.0 per cent from £91.1 million to £85.6 million.

The Consolidated Statement of Financial Activities shows net incoming resources for 2012 of £1.0 million (2011: net outgoing resources of £3.6 million). Unrestricted net outgoing resources were £0.9 million before investment gains of £0.4 million and actuarial losses of £2.6 million. Unrestricted funds at 31 July 2012 were £3.1 million lower than at 31 July 2011. Restricted net incoming resources were £1.9 million (2011: £3.7 million) and restricted funds at 31 July 2012 were £1.9 million higher than at 31 July 2011. The restricted funds mainly comprise the receipt of research grant funds and the surplus in 2012 includes unspent capital grants.

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RESEARCH EXPENDITURE

Expenditure on research and information & education was 5.6 per cent lower than the previous year at £82.6 million (2011: £87.5 million).

9

VOLUNTARY INCOME

Legacy income fell in 2012 by £1.2 million to £1.7 million. Donations rose to £5.4 million from £5.2 million, in particular due to income from trusts and major donors.

10

CAPITAL DEVELOPMENTS

A total of £3.5 million of capital expenditure was incurred in 2012.

The Board of Trustees agreed that the construction of the Centre for Cancer Imaging as phase 2 of the Sir Richard Doll Building should be recommenced. The building is scheduled to be completed in March 2014 at a total cost of £19.9 million.

In addition to the costs to progress the Centre for Cancer Imaging, capital expenditure in 2012 was directed to investment in scientific infrastructure and equipment necessary for the advancement of the research strategy of the ICR.

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REVALUATION OF PROPERTY FIXED ASSETS

The ICR's accounting policy is to revalue its scientific properties. A full revaluation was carried out as at 31 July 2010 on a depreciated replacement cost basis and the ICR's properties were revalued at £77.9 million.

12

RESERVES POLICY

The reserves policy balances the requirement for the ICR to spend its income within a reasonable time of receipt and the necessity of managing uncertainty and ensuring the ICR's financial sustainability, thereby protecting the ICR's future activities.

Approximately sixty per cent of the ICR's work is financed from competitively won grants for specific research projects and programmes, 25 per cent from competitively won research funding resulting from the Higher Education Funding Councils' Research Assessment Exercise (now the Research Excellence Framework) and the remainder from the ICR's voluntary, royalty, investment and other 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 £18.0 million, and allow this level to fluctuate due to market movements in the range of £16.2 million to £19.8 million, which equates to 9 to 11 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 £138.9 million (2011: £140.1 million) made up as follows:

	2012 (£m)	2011 (£m)
Funds invested in fixed assets		
Unrestricted funds	47.4	48.2
Restricted funds	37.5	40.2
Designated funds		
Development funds	12.4	6.4
Other funds	0.7	0.9
Restricted funds	26.5	21.8
Pension reserve	(8.5)	(6.1)
Endowment funds	2.1	2.1
Free reserves	20.8	26.6
Total	138.9	140.1

The reduction in the ICR's free reserves is in line with the budgeted plans and the intention to utilise unrestricted funds, preserved in recent years during the widespread financial uncertainty, and to implement the ICR's Scientific Strategy. The ICR's financial plan involves reducing free reserves further in the short term in order to progress our mission.

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INVESTMENT POLICY AND PERFORMANCE

Under the 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 directly 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.

Derivative investments are used only for the purposes of managing risk related to foreign currency exposures and not for speculation.

A gain on investments of £0.4 million is reported in the consolidated statement of financial activities.

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PENSIONS

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 last actuarial valuation of the ICR Pension Scheme was undertaken as at 31 March 2010 and this showed that the scheme deficit had improved from £12.7 million as at 31 March 2007 to a deficit of £8.3 million at 31 July 2010.

The financial statements show that the Scheme is in deficit by £8.5 million on an FRS17 basis at 31 July 2012. The Trustees continue to review the options with regard to the future of the closed Scheme and how best to secure the funding position.

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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 and, also, the resources available for distribution to the sector by the Funding Council. 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 and the resources grant-giving charities have available. The ICR seeks to limit this risk by diversifying its sources of funding and retaining reserves to address funding fluctuations.

The ICR operates a defined benefit pension scheme now closed to future accrual and is exposed to movements in its assets and liabilities. The ICR seeks to limit these risks by seeking ways to manage down the size of the scheme liabilities and adopting a diversified investment strategy.

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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 briefings by the Chief Executive of all staff, Board of Trustees' minutes, summaries of Executive Strategy Board meetings and regular organisational updates reported through the ICR intranet.

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.

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CHARITABLE AND POLITICAL DONATIONS

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

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COMPANY NUMBER AND REGISTERED OFFICE

The Company Registration Number is 534147. The details of the registered office of the ICR are given on page 54.

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AUDITORS

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

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. No non-audit fees were paid to the external auditors in 2012 (2011: £0). Other audit fees of £10,000, in respect of grant certification work, were paid to the external auditors in 2012 (2011: £0).

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.

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STATEMENT OF THE FINANCIAL RESPONSIBILITIES OF MEMBERS OF THE BOARD OF TRUSTEES

The ICR 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 judgments 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.

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GOING CONCERN

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

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APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Trustees on 22 November 2012.

A handwritten signature in black ink, appearing to read "Richard Ryder". The signature is written in a cursive, flowing style.

Lord Ryder of Wensum
Chairman of The Institute of Cancer Research

Independent Auditors' Report

2

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 2012 set out on pages 23 to 48.

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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

In addition, we read all the financial and non-financial information in the Report of the Board of Trustees and any other surrounding information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 charitable company's affairs as at 31 July 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

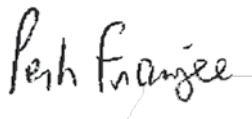
In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

28 November 2012



Pesh Framjee
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

The Financial Statements for the year ended 31 July 2012

3

Consolidated statement of financial activities

(Incorporating the Consolidated Income and Expenditure Account) for the year ended 31 July 2012

	Note	Unrestricted funds £000	Restricted funds £000	Total funds 2012 £000	Total funds 2011 £000
Incoming resources					
<i>Incoming resources from charitable activities</i>					
External grants	2	20,354	53,620	73,974	78,464
Royalty income		4,766	-	4,766	184
<i>Incoming resources from generated funds</i>					
Voluntary income	3	3,701	3,352	7,053	8,078
Income from investments	4	312	-	312	297
Other incoming resources		534	-	534	421
Total incoming resources		29,667	56,972	86,639	87,444
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		1,518	71	1,589	1,627
Legacy development		681	-	681	1,346
Investment management		260	-	260	174
Charitable activities	5	27,741	54,900	82,641	87,457
Governance costs	6	442	-	442	486
Total resources expended		30,642	54,971	85,613	91,090
Net incoming/(outgoing) resources before transfers		(975)	2,001	1,026	(3,646)
Transfers between funds	14	71	(71)	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		(904)	1,930	1,026	(3,646)
<i>Other recognised gains/(losses)</i>					
Gains on investment assets	9	403	18	421	3,305
Actuarial (losses)/gains on defined benefit pension schemes	17	(2,610)	-	(2,610)	5,693
Net movement in funds		(3,111)	1,948	(1,163)	5,352
Fund balances at 1 August 2011		75,944	64,143	140,087	134,735
Fund balances at 31 July 2012		72,833	66,091	138,924	140,087

Restricted funds include endowment funds of £2,105,000 comprising brought forward balances of £2,087,000 and investment gains of £18,000. All of the ICR's operations are continuing. There were no gains or losses other than those stated above. As provided by the Companies Act 2006 no non-consolidated Statement of Financial Activities is presented for the ICR. The surplus for Companies Act purposes is £1,026,000 (2011: deficit £3,646,000). The notes on pages 27 to 48 form part of these financial statements.

Balance sheets

31 July 2012

		Group		Institute	
	Note	2012 £000	2011 £000w	2012 £000	2011 £000
Fixed assets					
Tangible assets	8	84,849	88,478	84,849	88,478
Investments	9	51,658	51,124	51,663	51,129
		136,507	139,602	136,512	139,607
Current assets					
Stocks -finished goods		227	211	227	211
Investments		7,036	3,845	7,036	3,845
Debtors	10	11,664	11,892	12,780	12,288
Cash at bank and in hand		1,303	994	1,033	972
		20,230	16,942	21,076	17,316
Creditors: amounts falling due within one year	11a	(8,787)	(9,723)	(9,638)	(10,102)
Net current assets		11,443	7,219	11,438	7,214
Total assets less current liabilities		147,950	146,821	147,950	146,821
Creditors: amounts falling due after more than one year	11b	(220)	(220)	(220)	(220)
Provisions for liabilities and charges	11c	(316)	(409)	(316)	(409)
Net assets excluding pension liability		147,414	146,192	147,414	146,192
Defined benefit pension scheme liability	17	(8,490)	(6,105)	(8,490)	(6,105)
Net assets including pension liability		138,924	140,087	138,924	140,087
Unrestricted funds					
General funds	13	20,768	26,594	20,768	26,594
Revaluation reserve	8	26,275	26,811	26,275	26,811
Designated funds	13	34,280	28,644	34,280	28,644
Pension reserve	17	(8,490)	(6,105)	(8,490)	(6,105)
		72,833	75,944	72,833	75,944
Restricted funds					
Income funds	14a	63,986	62,056	63,986	62,056
Endowment funds	14b,c	2,105	2,087	2,105	2,087
		66,091	64,143	66,091	64,143
Total funds including deficit on pensions reserve		138,924	140,087	138,924	140,087

These financial statements were approved by the Board of Trustees on 22 November 2012.



Lord Ryder of Wensum
Chairman of the Board of Trustees

The notes on pages 27 to 48 form part of these financial statements.



Professor Alan Ashworth
Chief Executive

The Institute of Cancer Research
Consolidated cash flow statement
for the year ended 31 July 2012

	Note	2012 £000	2011 £000
Net cash inflow from operating activities	1	6,679	5,185
Returns on investments and servicing of finance	2	312	297
Capital expenditure and financial investment	3	(3,987)	(14,374)
Net cash inflow/(outflow) before use of liquid resources and financing		3,004	(8,892)
Financing and management of liquid resources	4	496	6,645
Increase/(decrease) in cash in the year		3,500	(2,247)

Analysis of net funds	1 August 2011 £000	Cash Flows £000	31 July 2012 £000
Cash at bank and in hand	994	309	1,303
Current asset investments	3,845	3,191	7,036
	4,839	3,500	8,339
Money market and other deposits	1,950	(496)	1,454
	6,789	3,004	9,793

Statement of historical cost surplus/(deficit) for the year ended 31 July 2012	2012 £000	2011 £000
Surplus/(deficit) on continuing operations before tax	1,026	(3,646)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	540	631
Historical cost surplus/(deficit) for the period before and after taxation	1,566	(3,015)

Notes to the consolidated cash flow statement

for the year ended 31 July 2012

1 / Reconciliation of changes in resources to net inflow from operating activities	2012 £000	2011 £000
Net incoming/(outgoing) resources	1,026	(3,646)
Depreciation charges	6,942	6,925
Investment income	(312)	(297)
(Increase)/decrease in stocks	(16)	43
Decrease/(increase) in debtors	228	(701)
(Decrease)/increase in creditors	(1,029)	2,771
Pension contributions less current service and finance costs	(160)	90
	6,679	5,185

2 / Returns on investments and servicing of finance	2012 £000	2011 £000
Investment income	312	297

3 / Capital expenditure and financial investment	2012 £000	2011 £000
Payments to acquire tangible fixed assets	(3,500)	(7,573)
Purchases of investments	(18,085)	(20,105)
Receipts from sales of investments	17,598	13,304
	(3,987)	(14,374)

4 / Financing and management of liquid resources	2012 £000	2011 £000
Decrease in short term deposits	496	6,645
	496	6,645

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, the accounts comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" ("SORP") 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 ICR for staff of their position. The ICR has availed itself of Regulation 4 of Schedule 1 of SI 2008/410 The Large and Medium Sized Companies and Groups (Accounts and Reports Regulations 2008) and adapted the specified formats to reflect the special nature of the ICR's activities.

The Trustees consider that the ICR has adequate resources to continue its activities for the foreseeable future and that, for this reason, it should continue to adopt the going concern basis in preparing the accounts.

(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 2010. 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. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount. Investments in subsidiaries are stated at cost less any provision for impairment. Revaluation gains or losses arising during the year are included in the SOFA. Impairments are charged to resources expended on charitable activities. Investment income is the amount received by the ICR 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 SOFA as soon as it is receivable unless there are requirements of the funder 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 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 SOFA 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 ICR but not realised at the balance sheet date.

(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 building	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

Pension financing costs - number of staff

Other costs - based on the time spent.

Governance costs relate to the general running of the ICR 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.

The cost of administering current legacy income is included in the costs of generating voluntary income. Legacy development costs are incurred to build and maintain the ICR's future legacy income and are shown separately.

(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.

(xiii) Pensions

The ICR participates in three defined benefit schemes, the Universities' Superannuation Scheme (USS), National Health Service Pension Scheme (NHSPS) and The ICR 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 SOFA 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 SOFA. 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 ICR. 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 ICR owns 100% of the share capital of four companies: ICR Enterprises Limited, ICR Chelsea Developments 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 ICR. 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 ICR. 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 ICR 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 SOFA 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 SOFA 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.

2 / External grants	Unrestricted funds	Restricted funds	Total funds 2012	Total funds 2011
	£000	£000	£000	£000
Higher Education Funding Council for England	17,176	2,681	19,857	23,219
Grants for research	3,178	49,210	52,388	54,019
Grants and contracts for teaching and support services	-	1,729	1,729	1,226
	20,354	53,620	73,974	78,464

3 / Voluntary income	Unrestricted funds	Restricted funds	Total funds 2012	Total funds 2011
	£000	£000	£000	£000
Legacies	1,664	-	1,664	2,911
Donations	2,037	3,352	5,389	5,167
	3,701	3,352	7,053	8,078

Voluntary income is largely derived from the UK. The ICR has been notified of legacies of £2,308,465 which have not been recognised as income at 31 July 2012 as no notification of impending distribution or approval of estate accounts has been received (2011: £2,286,000).

4 / Investment income	Unrestricted funds	Restricted funds	Total funds 2012	Total funds 2011
	£000	£000	£000	£000
UK Listed				
UK Government	59	-	59	90
Other UK	23	-	23	185
Overseas	219	-	219	-
Unlisted				
UK	-	-	-	9
Investment cash and deposits	11	-	11	13
	312	-	312	297

5 / Charitable activities	Direct costs	Support costs	Total	Total
	£000	£000	2012	2011
			£000	£000
Research expenditure	71,238	11,010	82,248	86,985
Information and education	339	54	393	472
	71,577	11,064	82,641	87,457

6 / Governance costs	Total	Total
	2012	2011
	£000	£000
Fees payable to the ICR's auditors for the audit of the annual accounts	33	30
The audit of the ICR's subsidiaries, pursuant to legislation	6	6
Total external audit fees	39	36
Legal and professional	13	16
Internal audit	83	61
Support costs	307	373
	442	486

£10,000 was paid to the external auditors during 2012 in respect of grant certification fees (2011: £0).

7 / Support costs	Directorate	Finance	HR	Pension financing costs	Premises	IT	Total	Total
	£000	£000	£000	£000	£000	£000	2012	2011
							£000	£000
Fundraising costs	154	56	62	15	170	51	508	525
Legacy development	-	56	-	2	28	-	86	93
Investment management	13	56	-	-	-	-	69	67
	167	168	62	17	198	51	663	685
Research expenditure	826	889	1,180	498	5,782	1,835	11,010	11,431
Information and education	22	-	-	3	29	-	54	61
	848	889	1,180	501	5,811	1,835	11,064	11,492
Governance	241	56	-	1	7	2	307	373
	1,256	1,113	1,242	519	6,016	1,888	12,034	12,550

The Institute of Cancer Research
Notes to the financial statements
for the year ended 31 July 2012

8 / Tangible assets Group and Institute	Freehold land and buildings	Leasehold land and buildings	Furniture plant and equipment - owned £000	Furniture plant and equipment - leased £000	Total £000
	£000	£000	£000	£000	£000
<i>Cost or valuation</i>					
At 1 August 2011	77,840	2,556	31,013	1,000	112,409
Additions at cost	1,260	-	2,240	-	3,500
Disposals at cost	-	-	(373)	-	(373)
At 31 July 2012	79,100	2,556	32,880	1,000	115,536
<i>Depreciation</i>					
At 1 August 2011	1,507	364	21,310	750	23,931
Provided in the year	1,511	115	5,066	250	6,942
Disposals in the year	-	-	(186)	-	(186)
At 31 July 2012	3,018	479	26,190	1,000	30,687
Net book value					
At 31 July 2012	76,082	2,077	6,690	-	84,849
of which:					
Scientific properties	76,032	1,651	-	-	77,683
Other properties	50	426	-	-	476
At 31 July 2011	76,333	2,192	9,703	250	88,478
Scientific properties	76,283	1,685	-	-	77,968
Other properties	50	507	-	-	557
<i>Historic cost - net book value</i>					
At 31 July 2012	50,617	896	6,690	-	58,203
At 31 July 2011	50,346	993	9,703	250	61,292

The net book value of freehold land and buildings includes £2,172,000 in respect of assets under construction (2011: £1,590,000). The construction of the new ICR Centre for Cancer Imaging as Phase 2 of the Sir Richard Doll building suspended in 2009 was recommenced.

<i>Revaluation reserve</i>	2012 £000	2011 £000
Reserve at 1 August 2011	26,811	27,358
Transfer to fixed asset fund in respect of depreciation	(536)	(547)
Reserve at 31 July 2012	26,275	26,811

The ICR's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2010 on a depreciated replacement cost basis. The laboratories were valued at £77.9m. Other properties are included at original cost.

The Institute of Cancer Research
Notes to the financial statements
for the year ended 31 July 2012

9 / Investments Group	Market value 1 August 11 £000	Additions at cost £000	Disposals at book value £000	Gains/ (losses) £000	Market value 31 July 12 £000
Listed					
UK Government	4,241	1,969	-	329	6,539
Other UK	7,358	4,555	(2,428)	911	10,396
Overseas	18,408	8,683	(13,081)	(592)	13,418
	30,007	15,207	(15,509)	648	30,353
Unlisted					
UK	1	-	-	-	1
Overseas	19,028	2,878	(2,069)	13	19,850
	19,029	2,878	(2,069)	13	19,851
Derivatives	138	-	(3)	(135)	-
Investment cash and deposits	1,950	-	(391)	(105)	1,454
	51,124	18,085	(17,972)	421	51,658

Derivatives comprise forward currency contracts which are used for the purpose of risk management rather than speculation in order to translate investment assets denominated in foreign currencies into Sterling and as part of the investment strategy. As at 31 July 2012 the notional value of open forward contracts amounted to £0 (2011: £13,578,000) following the decision of the Investment and Building Committee to introduce currency diversification.

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

The historical cost of the Group and the ICR investments at 31 July 2012 was £48,307,000 (2011: £46,154,000) and £48,312,000 (£46,159,000) respectively.

The following investments represented holdings in excess of 5% of the investment portfolio at 31 July 2012:

	2012	2011
BlackRock Ascent UK Real Return Bond Fund	8.3%	12.2%
BlackRock GiltTrak Fund	6.0%	5.4%
BlackRock UK Corp Bond Index Fund	6.9%	-
BlueBay Diversified Corporate Bond Fund	-	14.6%
CQS Diversified Fund (SPC)	6.3%	6.7%
Partners Capital Eagle Fund (C) Ltd	16.9%	18.1%
Partners Capital Falcon Fund (C) Ltd	7.2%	7.1%
Partners Capital Harrier Fund (C) Ltd	8.8%	7.3%
Pictet Asian Local Currency Debt	7.2%	-
Pictet Funds (LUX) - Emerging Local Currency Debt Fund	6.7%	8.3%
UK Treasury Index Linked 2.5%	7.0%	-

The Institute of Cancer Research
Notes to the financial statements
for the year ended 31 July 2012

10 / Debtors	Group	Group	Institute	Institute
Amounts falling due within one year	2012	2011	2012	2011
	£000	£000	£000	£000
Revenue grants	2,453	3,363	2,453	3,363
Other trade debtors	391	367	388	367
Legacy debtors	41	219	41	219
Other debtors	127	689	127	669
Amounts due from subsidiary undertakings	-	-	1,119	416
Prepayments and accrued income	8,652	7,254	8,652	7,254
	11,664	11,892	12,780	12,288

11 / Creditors	Group	Group	Institute	Institute
a. Amounts falling due within one year	2012	2011	2012	2011
	£000	£000	£000	£000
Trade creditors	2,525	2,579	2,446	2,560
Accruals	3,860	4,966	3,844	4,962
Amounts due to subsidiary companies	-	-	872	404
Other creditors	1,270	1,147	1,270	1,147
Taxes and social security	1,132	1,031	1,206	1,029
	8,787	9,723	9,638	10,102

b. Amounts falling due after more than one year	Group	Group	Institute	Institute
	2012	2011	2012	2011
	£000	£000	£000	£000
Other creditors	220	220	220	220

c. Provisions for liabilities and charges	Group	Group	Institute	Institute
	2012	2011	2012	2011
	£000	£000	£000	£000
<i>Dilapidations and decommissioning</i>				
At 1 August 2011	409	354	409	354
Provided in the year	8	55	8	55
Released in the year	(101)	-	(101)	-
	316	409	316	409

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

12 / Analysis of net assets between funds	General funds	Designated funds	Restricted funds	Endowment funds	Total funds
	£000	£000	£000	£000	2012
	£000	£000	£000	£000	£000
Tangible fixed assets	26,275	21,122	37,452	-	84,849
Investments	9,861	13,158	26,534	2,105	51,658
Net current assets	11,443	-	-	-	11,443
Long term creditors	(536)	-	-	-	(536)
Pension creditor	(8,490)	-	-	-	(8,490)
Total net assets	38,553	34,280	63,986	2,105	138,924

The Institute of Cancer Research
Notes to the financial statements
for the year ended 31 July 2012

13 / Unrestricted funds Group and Institute	Balance at 1 August 2011 £000	Income £000	Expenditure £000	Transfers gains and losses £000	Balance at 31 July 2012 £000
<i>Designated funds</i>					
Fixed Asset Fund	21,430	-	-	(307)	21,123
Development Fund	6,442	-	(3,247)	9,275	12,470
Studentship Fund	117	-	(117)	-	-
FC Hunter Studentship Fund	569	-	-	-	569
Joan Frances Stowe Fund	14	-	-	-	14
Faringdon Fund	(13)	-	-	25	12
Amenity Fund	85	-	(33)	40	92
	28,644	-	(3,397)	9,033	34,280
Revaluation Reserve	26,811	-	-	(536)	26,275
Pension Reserve	(6,105)	-	225	(2,610)	(8,490)
General Fund	26,594	29,667	(27,470)	(8,023)	20,768
	75,944	29,667	(30,642)	(2,136)	72,833

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

The Development Fund is the amount set aside by the ICR 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:

	2012 £000	2011 £000
Capital projects and refurbishments	1,877	1,243
Scientific initiatives	5,795	3,511
Other development funds	4,798	1,688
	12,470	6,442

The Studentship Fund was established in 2005 on the disposal of the ICR's student accommodation to support studentships. The fund was exhausted in the year.

The FC Hunter Studentship Fund is a legacy from the estate of Mr FC Hunter designated by the ICR 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 ICR scientists to be developed.

The Amenity Fund provides funds for staff welfare.

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14 / Restricted funds Group and Institute	Balance at 1 August As restated 2011 £000	Income £000	Expenditure £000	Transfers gains and losses £000	Balance at 31 July 2012 £000
a. Income funds					
<i>Funds invested in fixed assets</i>					
Breakthrough Breast Cancer	4,314	-	(110)	-	4,204
The Bob Champion Cancer Trust	780	-	(20)	-	760
Everyman Appeal	618	-	(16)	-	602
The Garfield Weston Foundation	390	-	(10)	-	380
The Monument Trust	271	-	(7)	-	264
The Wolfson Foundation	1,015	-	(25)	-	990
Higher Education Funding Council for England	16,365	1,260	(435)	-	17,190
The Wellcome Trust	6,530	-	(158)	-	6,372
Equipment funds	9,954	2,240	(5,504)	-	6,690
	40,237	3,500	(6,285)	-	37,452
<i>Other restricted funds</i>					
Everyman and other restricted donations	165	3,352	(2,148)	(205)	1,164
Research grants	21,233	49,545	(46,437)	134	24,475
Other capital and refurbishment grants	421	575	(101)	-	895
	21,819	53,472	(48,686)	(71)	26,534
<i>Total restricted income funds</i>	62,056	56,972	(54,971)	(71)	63,986
b. Permanent endowment funds					
Sir SK Tang Fund	581	-	-	5	586
c. Expendable endowment funds					
Hensley Nankivell Studentship Fund	1,126	-	-	10	1,136
The Ivan and Felicite Stoller Fund	380	-	-	3	383
	2,087	-	-	18	2,105
<i>Total endowment funds</i>	2,087	-	-	18	2,105
Total restricted funds	64,143	56,972	(54,971)	(53)	66,091

Transfers totalling £71,000 were made from restricted to unrestricted funds following a review of closing restricted research balances.

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

The ICR 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.

14 / Restricted 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 ICR 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 grants in deficit of £2,209,000 which represents grants where funding is expected to be received.

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

The Hensley Nankivell Studentship Fund was received from the estate of Mrs SMA Nankivell for the purpose of supporting research studentships at the ICR. The Sir SK Tang 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 Tang and Stoller funds are for cancer research.

For permanent endowment funds the capital cannot be expended. For expendable endowment funds the capital can be spent on qualifying expenditure. Following a review by the Board of Trustees, it has been identified that the Hensley Nankivell Studentship Fund and the Ivan and Felicite Stoller Fund would be more appropriately classified as expendable endowments and the opening balances have been re-stated to reflect this re-classification.

15 / Capital commitments	2012	2011
	£000	£000
Contracted but not provided for	15,395	584
Authorised by the Board of Trustees but not contracted for	4,926	4,000
	20,321	4,584

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

16 / Emoluments of the Board of Trustees

No fees are paid to the 18 members of the Board of Trustees for their services as charity trustees or company directors. During the year, there were six members of staff of the ICR 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 17 (iii). The other four staff members, Professor Jones (from 1st March 2012), Professor Meier (until 30th September 2011), Professor Pearson (until 30th September 2011) and Professor Springer (until 30th September 2011) are the representatives elected by the Academic Board to serve on the Board of Trustees whose remuneration is included in note 17 (iv). In addition, Mr Shepherd (until 31st January 2012) and Mr Itzhak (from 1st March 2012) were the student representatives 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 £915,413 (2011: £865,071). The emoluments of the highest paid director, who is a member of a multi-employer defined benefit pension scheme, were £215,000 (2011: £229,000). The six staff who are trustees participate in defined benefit pension schemes. Six non-executive trustees received a total of £3,000 (2011: five received £3,172) for reimbursement of travel expenses.

17 / Staff costs

(i) Average number of employees	2012 No.	2011 No.
Research Staff	800	837
Research support staff	138	138
Fundraising services	19	28
Corporate services including academic services	73	72
	1,030	1,075

(ii) Remuneration	2012 £000	2011 £000
Wages and salaries	40,009	41,723
Social security costs	3,179	3,170
Other pension costs	5,138	5,350
Pension past service cost	235	35
	48,561	50,278

(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.

	2012 £000	2011 £000
Chief Executive:		
1 August 2010 to 16 January 2011	-	101
17 January 2011 to 31 July 2011	-	121
1 August 2011 to 31 July 2012	215	-
Academic Dean	210	210
Chief Executive including employer's pension contributions:		
1 August 2010 to 16 January 2011	-	125
17 January 2011 to 31 July 2011	-	139
1 August 2011 to 31 July 2012	247	-

(iv) Remuneration of Executive Directors

	2012 No.	2011 No.
£60,001 - £70,000	29	27
£70,001 - £80,000	14	17
£80,001 - £90,000	5	7
£90,001 - £100,000	6	8
£100,001 - £110,000	2	2
£110,001 - £120,000	6	5
£120,001 - £130,000	3	3
£130,001 - £140,000	2	1
£140,001 - £150,000	3	2
£150,001 - £160,000	2	3
£160,001 - £170,000	4	3
£170,001 - £180,000	1	5
£180,001 - £190,000	1	-
£190,001 - £200,000	-	1
£200,001 - £210,000	2	2
£210,001 - £220,000	1	1
£220,001 - £230,000	-	1
£230,001 - £240,000	1	-
£260,001 - £270,000		

(v) Superannuation schemes

The ICR 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 Dependents & 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 Dependents & 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; and a minimum of two and a maximum of four are co-opted directors appointed by the board. 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 scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The ICR is therefore exposed to actuarial risks associated with other institutions' employees and 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 SOFA represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial valuation of the scheme was at 31 March 2011. This was the second 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 actuary also carries out a review of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level each year are also included in this note. The triennial 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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality

S1NA ('light') YoB tables - No age rating

Female members' mortality

S1NA ('light') YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65

23.7 (25.6) years

Males (females) currently aged 45

25.5 (27.6) years

At the valuation date, the market value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% 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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% 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 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As a result of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 but the allowance for promotional salary increases was not as high. 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.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the CPI measure of price inflation. Historically these increases have been based on the RPI measure of price inflation. Since the previous valuation as at 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase in 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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 on a technical provisions basis as at the date of the last triennial valuation are:

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 trustees believe 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 major exposure to equities through portfolios that are diversified both geographically and by sector. The trustees recognise that it would be theoretically 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 trustees need 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 what degree of investment risk to take relative to the liabilities, the trustees receive advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustees believe 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 although the trustees are mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the ICR had 787 active members participating in the scheme.

The total pension cost for the ICR was £4,514,000 (2011: £4,559,000). This includes £367,000 (2011: £379,000) of outstanding contributions at the balance sheet date. The contribution rate payable by the ICR was 16% 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 ICR to identify its share of the underlying scheme liabilities.

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1.0 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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.

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 ICR charges employer's pension costs contributions to operating expenses as and when they become due. The total employer contribution payable was £510,000 (2011: £552,000). There were £40,000 (2011: £47,000) 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.

The total charged to the SOFA under FRS17 for the year amounts to £541,000 (2011: £619,000). This is equal to the past service cost of £235,000 (2011: past service cost £35,000) plus other finance income of £306,000 (2011: £584,000).

A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2012 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	At 31 July 2012 £000 (% p.a.)	At 31 July 2011 £000 (% p.a.)
Discount rate	4.40%	5.20%
Consumer Prices Index ("CPI")	2.10%	3.10%
Future 5%LPI pension increases	2.10%	3.10%
Future 2.5%LPI pension increases	2.10%	2.50%
Revaluation in deferment	2.10%	3.10%
Assumed life expectancies on retirement at age 65 are:		
Retiring today	Males	22.1
	Females	24.1
Retiring in 20 years time	Males	23.5
	Females	25.7

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

The assumptions used in determining the overall expected return of 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. 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:

	At 31 July 2012 (% p.a.)	At 31 July 2011 (% p.a.)	At 31 July 2012 £000	At 31 July 2011 £000
Equities and property	5.80%	7.00%	27,350	26,286
Fixed interest	2.80%	4.00%	5,251	5,533
Index linked gilts	2.80%	4.00%	14,470	13,046
Alternatives	5.80%	7.00%	8,637	6,739
Insured annuities	4.40%	5.20%	809	854
Cash and other	0.50%	0.50%	4,307	7,801
Overall return on scheme assets	4.43%	5.21%		

None of the Scheme's assets are invested in the ICR's own financial instruments and none of the assets are properties or other assets used by the ICR.

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	At 31 July 2012 £000	At 31 July 2011 £000
Fair value of Scheme assets	60,824	60,260
Less refunds agreed (not used to offset irrecoverable surplus)	-	-
Net fair value of Scheme assets	60,824	60,260
The actual return on assets over the period was	1,943	6,842

The amounts recognised in the balance sheet are as follows:

	2012 £000	2011 £000
Fair value of scheme assets	60,824	60,260
Present value of scheme liabilities	(69,314)	(66,365)
	(8,490)	(6,105)
Present value of unfunded obligation	-	-
Unrecognised past service cost	-	-
Deficit in the Scheme	(8,490)	(6,105)
Irrecoverable surplus	-	-
Deficit	(8,490)	(6,105)
Net pension liability recognised before tax	(8,490)	(6,105)

The amounts recognised in the SOFA are as follows:

	2012 £000	2011 £000
Service cost	-	-
Interest on obligation	3,409	3,480
Expected return on Scheme assets	(3,103)	(2,896)
Past service cost	235	35
Total	541	619

Changes in the present value of the Scheme liabilities

	2012 £000	2011 £000
Liabilities at beginning of the year	66,365	66,399
Interest cost	3,409	3,480
Actuarial losses/(gains)	1,450	(1,748)
Past service cost	(2,145)	35
Benefits paid	235	(1,801)
Liabilities at end of year	69,314	66,365

In July 2012 the Board of Trustees of the ICR decided to cease the approval of discretionary increases until the Scheme's funding position improves. The ICR previously had an established practice of providing discretionary increases to pensions in payment where no inflation-linking is provided for under the Scheme Rules. As such, the reported Scheme liabilities at 31 July 2012 include obligations under the Scheme Rules of £69,314,000 (2011: £61,917,000) and constructive obligations of £0 (£2011: £4,448,000). The constructive obligation as at 31 July 2011, as required under FRS17, represents the liabilities arising from the granting of further discretionary increases in future years.

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Reconciliation of opening and closing balances of the fair value
of Scheme assets

	2012 £000	2011 £000
Fair value of Scheme assets at beginning of year	60,260	54,724
Expected return on Scheme assets	3,103	2,896
Actuarial (losses)/gains	(1,160)	3,945
Contributions by employer	766	496
Benefits paid	(2,145)	(1,801)
Fair value of scheme assets at end of year	60,824	60,260
Actuarial (losses)/gains recognised in the SOFA:	2012 £000	2011 £000
Actuarial (losses)/gains	(2,610)	5,693

The Scheme's current Schedule of Contributions requires the ICR to contribute £482,051 to the Scheme in the year commencing 1 August 2012.

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

Amounts for the current and previous four periods are as follows:	At 31 July 2012 £000	At 31 July 2011 £000	At 31 July 2010 £000	At 31 July 2009 £000	At 31 July 2008 £000
Present value of Scheme liabilities	(69,314)	(66,365)	(66,399)	(63,876)	(62,541)
Scheme assets	60,824	60,260	54,724	56,100	61,826
Deficit	(8,490)	(6,105)	(11,675)	(7,776)	(715)
Experience adjustments on					
Scheme liabilities	(319)	(276)	637	(1,687)	(154)
As a percentage of Scheme liabilities	0%	0%	1.0%	-3%	0%
Experience adjustments on					
Scheme assets	(1,160)	3,945	1,178	(8,114)	(3,545)
As a percentage of Scheme assets	2%	7%	2.0%	(14%)	-6%
Cumulative actuarial losses shown in SOFA	(18,587)	(15,977)	(21,670)	(13,316)	(6,239)

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 ICR. These pensions are increased, at the ICR's discretion, by analogy, with the Pensions Act 1995.

(vi) Health and Safety at Work

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

18 / Subsidiary undertakings

The ICR has the following subsidiary undertakings:

(i) **ICR Chelsea Development Limited** - The ICR 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 2012 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 ICR.

(ii) **ICR Sutton Developments Limited** - The ICR owns 100% of the issued share capital of this company which has been set up to act as the developer of ICR properties. It made a profit of £1,082 for the year ended 31 July 2012 (2011: £481) which will be paid to the ICR by means of a payment under gift aid. Its net assets at 31 July 2012 and 31 July 2011 amounted to £2. The accounts of ICR Sutton Developments Ltd have been consolidated into the accounts of the ICR.

(iii) **ICR Enterprises Limited** - The ICR owns 100% of the issued share capital of this company which undertakes trading activities for the benefit of the ICR that the ICR cannot carry out itself as an exempt charity. It made a profit after interest of £272,582 for the year ended 31 July 2012 (2011: £36,262) which will be paid to the ICR by means of a payment under gift aid. Its net assets at 31 July 2012 and 31 July 2011 amounted to £2. The accounts of ICR Enterprises Ltd have been consolidated into the accounts of the ICR.

(iv) **ICR Equipment Leasing No.8 Limited** - The ICR owns 100% of the share capital of this company which holds a leasehold interest in the Chester Beatty Laboratory. It made a profit of £103 for the year ended 31 July 2012 (2011: £103) which will be paid to the ICR by means of a payment under gift aid. Its net assets at 31 July 2012 and 31 July 2011 were £5,063. The accounts of ICR Equipment Leasing No.8 Limited have been consolidated into the accounts of the ICR.

(v) **Everyman Action Against Male Cancer** - The company is limited by guarantee and was dormant throughout the period ended 31 July 2012.

(vii) **Other investments** - The ICR is a founder and shareholder of four companies whose aims are to exploit the intellectual property generated at the ICR. The companies and the ICR's shareholding are Gamma Technologies Ltd (10%), PETRRA Limited (5.9%), PROACTA Inc (0.5%), Domainex Limited (3%) and Chroma Therapeutics Limited (0.2%). The cost of the ICR'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	2012	2011
	£000	£000
Turnover	282	87
Expenditure	(9)	(51)
Operating profit	273	36
Interest income	-	-
Payment under gift aid to the ICR	(273)	(36)
Profit for the year	-	-
Assets	524	91
Liabilities	(524)	(91)
Funds	-	-

ICR Equipment Leasing No. 8 Limited	2012 £000	2011 £000
Turnover	-	-
Expenditure	-	-
Operating profit	-	-
Payment under gift aid to the ICR	-	-
Profit for the year	-	-
Assets	5	5
Liabilities	-	-
Funds	5	5

Development companies ICR Sutton Developments Limited and ICR Chelsea Development Limited	2012 £000	2011 £000
Turnover	606	637
Expenditure	(605)	(637)
Operating profit	1	-
Payment under gift aid to the ICR	(1)	-
Profit for the year	-	-
Assets	691	352
Liabilities	(691)	(352)
Funds	-	-

19 / Taxation

The ICR 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 ICR 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.

20 / Indemnity insurance

The ICR 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 £4,892 (2011: £5,237).

21 / Lease commitments

At 31 July 2012 the ICR had annual operating lease commitments in respect of property leases which expire as follows:

	2012 £000	2011 £000
Within one year	-	350
Between two and five years	-	115
Over five years	325	-

22 / Value added tax

The ICR incurred irrecoverable VAT amounting to some £1.9 million during the year (2011: £2.0 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.

23 / Related parties

The ICR has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries. One of the Trustees is Chief Executive of Cancer Research UK which provides funding to the ICR in the form of grants awarded through open competition and external peer review. £23,421,000 of funding was received from Cancer Research UK during the year with no outstanding balances at the year end. There are no other related party transactions. One of the Trustees is Chief Executive of The Royal Marsden NHS Foundation Trust. The ICR's Chief Executive is a non-executive director of The Royal Marsden NHS Foundation Trust.

Other Information



The Board of Trustees

The Board of Trustees is the governing body of the ICR and is constituted under Article 13 of the ICR's Articles of Association.

Name	Title/Nominating Body	No ¹ of meetings could have attended August 11 to July 12	No of meetings attended August 11 to July 12
Rt Hon Lord Ryder of Wensum OBE	Chairman/Co-option	10	10
Professor Sir Tom Blundell FRS FMedSci	Deputy Chairman & senior member/Co-option	10	9
Konstantin Graf von Schweinitz	Honorary Treasurer/Co-option	8	7
Professor A Ashworth FRS FMedSci	Chief Executive/Ex Officio	7	7
Professor A Horwich PhD MRCP FRCR FMedSci	Academic Dean/Ex Officio	7	4
Mr A W C Edwards (to 7/2012)	Co-option	7	3
Dr P N Goodfellow FRS FMedSci	Co-option	8	6
Professor A L Harris DPhil FRCP FMedSci	Co-option	6	3
Mrs I Hotimsky MBA	Co-option	9	7
Mr D Itzhak BA(Hons) (from 3/2012)	Student	3	3
Professor K Jones (from 3/2012)	Academic Board	3	3
Dr H S Kumar MA MEng MBA DSc	Cancer Research UK	7	5
Professor R A Laskey CBE FRS FMedSci (to 10/2012)	University of London	9	8
Professor P Meier PhD (to 9/2011)	Academic Board	1	0
Lady Otton SRN	Co-option	7	4
Miss C A Palmer CBE MSc MHSM DipHSM Mr I Molson BA(Hons)	The Royal Marsden NHS Foundation Trust Alternate Director	7	6
Professor A Pearson MD FRCP FRCPC DCH (to 9/2011)	Academic Board	1	1
Miss A C Pillman OBE	Co-option	7	4
Mr R S Sharp (to 3/2012)	Co-option	5	4
Mr C Shepherd BSc(Hons) (to 1/2012)	Student	4	1
Professor C Springer PhD FSB CChem FRSC (to 9/2011)	Academic Board	1	1
Mr M J Usher BA CPFA	Co-option	7	7

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

Senior members of staff in attendance at Board of Trustees meetings

Professor C J Marshall FRS FMedSci
Director of Research

Mr P F W Norris BSc(Hons) ACA MBA
Director of Finance

Mrs C Scivier MSc FCIPD MIoD
Chief Operating Officer

Professor P Workman PhD DSc(Hon) FMedSci FSB FRSC
Deputy CEO

Governing Committees, Fellows, Members and Associates

The ICR benefits from external expertise on the following committees that report to the Board of Trustees (as at 31 July 2012):

The Constitutional and Nomination Committee

Rt Hon Lord Ryder of Wensum OBE / **Chairman**
Professor Sir Tom Blundell FRS FMedSci / **Deputy Chairman**
Mrs I Hotimsky MBA
Professor R A Laskey CBE FRS FMedSci

The Audit Committee

Mr M J Usher BA CPFA / **Chairman**
Mr D R Fryatt MA FCA FCIBS / **Deputy Chairman**
Ms S Nebhrajani MA ACA
Mr S A Taylor MBA FCCA
Mr Taylor attended 2 meetings, Mr Fryatt, Ms Nebhrajani and Mr Usher attended all 4 meetings held (August 2011 to July 2012)

The Remuneration Committee

Rt Hon Lord Ryder of Wensum OBE / **Chairman**
Professor Sir Tom Blundell FRS FMedSci / **Deputy Chairman**
Dr P N Goodfellow FRS FMedSci
Konstantin Graf von Schweinitz

The Investments and Building Development Committee

Konstantin Graf von Schweinitz / **Chairman**
Mr R J Elliott / **Deputy Chairman**
Mr C Heaphy (from 6/2012)
Mr T Henderson
Mrs M-C Riachi CFA
Mr A Wolstenholme OBE BSc CEng FICE (to 10/2011)

The ICR also benefits from the expertise of those it has appointed as Trustees of The Institute of Cancer Research Pension Scheme (ICRPS)

Miss M I Watson MA MBA FCIPD / **Chairman**
Mr R Bird MA FCA (from 1/2012)
Mr A W C Edwards (to 12/2011)
Mr R J Elliott (to 9/2011)
Mr F Maroudas MA (from 1/2012)
Mr A J Roberts CBE BA(Hons) FRSA FColl (from 1/2012)
Konstantin Graf von Schweinitz (to 9/2011)

Fellows of the ICR

The honorary appointment of Fellow of the ICR is conferred upon distinguished individuals who have some connection with the ICR 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 ICR's objectives.

Sir John Ashworth PhD DSc
Professor P Brookes PhD DSc
Professor Sir Kenneth Calman KCB FRSE
Professor D Catovsky MD DSc(Med) FRCPath FRCP FMedSci
Mr E A C Cottrell
Dr M J Crumpton CBE PhD HonFRCPath FRS FMedSci
Professor T M Dexter DSc HonFRCP FRS FMedSci
Lord Faringdon KCVO
Professor P B Garland CBE MA PhD MB BChir LLD(hc) FRSE
Professor K R Harrap CBE DSc FRSC
Mr J M Kipling FCA DChA
Baroness Morgan of Drefelin
Professor Sir Michael Peckham MD FMedSci
Sir Kenneth Stowe GCB CVO MA HonDSc(Med)
Professor M Waterfield FRS FMedSci
Professor R A Weiss PhD HonFRCP FRCPath FRS FMedSci
Professor G Westbury OBE MB BS FRCP FRCS HonFRCS

Members of the ICR

The Members of the ICR 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 ICR. Members are subscribers to the ICR's Articles of Association and as such are entitled to attend any Extraordinary General Meeting which may be convened.

Mr N Ashley DUniv
Sir John Ashworth PhD DSc
Dr P J Bailey PhD
Lord Bell FIPA FIPPR FPRCA
Professor A J Bellingham CBE FRCP FRCPath
Mr R Bird MA FCA
Professor Sir Tom Blundell FRS FMedSci
Dr M Bodmer PhD
Sir Henry Boyd-Carpenter KCVO MA
Mr J M Cartwright FCA ATII
Mr E A C Cottrell
Miss P M Cunningham CBE
Professor G A Currie MD FRCP FRCPath

Mr S R Davie CB
Professor A J S Davies PhD DSc
Mr M de Ferranti BSc
Mr J J Defries BCom IPFA
His Honour Judge Keith Devlin PhD
Mr K D Dew FRICS
Dr A Diment PhD
Mr A W C Edwards
Mr R J Elliott
Lord Faringdon KCVO
Dr S E Foden MA DPhil
Professor A B Foster DSc
Mr B W Freedman
Mr D Fryatt MA FCA FCIBS
Professor P B Garland CBE MA PhD MB BChir LLD(hc) FRSE
Mr D J Gleeson MA
Dr P N Goodfellow FRS FMedSci
Professor A Harris DPhil FRCP FMedSci
Mr C Heaphy
Mr T Henderson
Dr T A Hince PhD
Mr J Hollond
Mrs I Hotimsky MBA
Mrs S A Johnson BA
Mr P J C Keemer MPhil
Mr J M Kipling FCA DChA
Professor R A Laskey CBE FRS FMedSci
Mr K C Lawrance
Mr A E Lightly FRICS
Mr M G Lillywhite
Professor R Marais PhD FMedSci
Mr K A Markham
Mr F Maroudas MA
Dr M J Morgan PhD
Professor H R Morris FRS
Mr R Mould
Professor G J Mufti DM FRCP FRCPATH
Ms S Nebhrajani MA ACA FRSA
Professor S Neidle PhD DSc ARCS DIC FRSC
Professor A van Oosterom MD PhD
Professor R J Ott PhD FInstP CPhys HonFBIR
Lady Otton SRN
Mr J M Pearce
Professor Sir Michael Peckham MD FMedSci
Miss A C Pillman OBE
Mrs Tim Rathbone
Professor Dame Lesley Rees DBE MD DSc FRCP FRCPATH
FMedSci
Mrs M-C Riachi CFA
Mr G E Richardson FRICS
Dame Stella Rimington DCB
Mr A J Roberts CBE BA(Hons) FRSA FColl

Rt Hon Lord Ryder of Wensum OBE
Mr G Sangster
Konstantin Graf von Schweinitz
Mr J Seymour
Mr R S Sharp
Mr M S Smith MA
Dr K Snell PhD FRSA LRPS
Mr R E Spurgeon
Ms A Stevens MA DLitt(Hon)
Sir Kenneth Stowe GCB CVO MA HonDSc(Med)
Professor M R Stratton FRS FMedSci
Mr S A Taylor MBA FCCA
Mr J Thorne MA
Mr M J Usher BA CPFA
Miss M I Watson MA MBA FCIPD
Professor S Webb PhD DIC DSc ARCS FInstP FIPEM FRSA
CPhys CSci
Professor G Westbury OBE MB BS FRCP FRCS HonFRCSed
Sir David Innes Williams MA MD MChir FRCS
Mr A Wolstenholme OBE BSc CEng FICE
Mr D H Wootton MA

Associates of the ICR

Appointment as an Associate of the ICR is conferred on long-serving ex-employees of the ICR 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 ICR or having otherwise done something outstanding to enhance the reputation of the ICR.

Mrs R J Atkins
Mrs R Barfoot
Ms M Barrell
Mr D A Brunning ALA
Professor R L Carter CBE MA DM DSc FRCP FRCPATH
Professor J Chamberlain MB FRCP FFPH
Mr N Clarke
Miss S Clinton
Mr P F Collins
Mrs J Cordell BSc(Hons) MPhil
Professor J L Corner PhD RGN OncCert
Mrs C Croucher
Dr D A Darcy MA DPhil
Mrs C A Faux
Dr E O Field DM DMRD
Dr M A Flower PhD FIPEM
Mr F Friedlos MPhil
Mrs P M Goddard MPhil
Dr G H Goodwin PhD
Mr J W Goodwin
Dr H S Greer MD FRCPsych FRANZCP
Mr L J Griggs BSc

Dr P L Grover DSc
Professor B A Gusterson PhD FRCPATH
Professor J G Hall MB BS PhD DSc FRCPATH
Mr J G Harris
Mr A J Hewer CBiol
Professor C R Hill DSc FInstP FIEE HonFRSCR HonFIPEM
Professor A L Jackman PhD
Professor M Jarman DSc CChem FRSC HonDSc(Med)
Mr M Jones MIBiol
Mrs M Kipling
Mrs B Lloyd
Mr R MacCormick
Mrs R Marriott
Dr E Matutes MD PhD FRCPATH
Dr E McDonald MA PhD ARCS
Mr R K Merrifield MSc
Mr E Merryweather
Dr R M Orr PhD
Dr M Osborne PhD
Dr K Owusu-Ankomah BSc(Hons)
Mr G Parnell CBiol MIBiol MISTR
Dr J H Peacock PhD
Mrs R A Pendry FBIFM AMIBiol
Ms N Perusinghe BSc
Professor C R Pinkerton MD FRCPCH FRACP
Mrs M Rangeley
Mrs S Sanford
Mr D J C Simmons MPhil FIBMS
Mrs M Snigorska
Professor G G Steel DSc
Mr A Stewart
Mrs S M Stockbridge
Professor D M Taylor DSc FRSC FRCPATH
Miss D L Tharp BSc
Mr M Valeri BSc(Hons)
Dr S Venitt PhD
Mr W Warren BSc
Dr K Weston PhD
Mrs E Williams SRN

Legal and administrative information

Legal and administrative information

Auditors

Crowe Clark Whitehill LLP
St Bride's House, 10 Salisbury Square, London EC4Y 8EH

Bankers

Coutts & Co
Chandos Branch, 440 Strand, London WC2R OQS

HSBC plc
Onslow Square Branch, 1 Sydney Place, London SW7 3NW

Investment Managers

Partners Capital LLP
5 Young Street, London W8 5EH

Solicitors

Farrer & Co
66 Lincoln's Inn Fields, London WC2A 3LH

Registered Office

123 Old Brompton Road
London SW7 3RP

Company number

534147

