

BEATING CANCER SOONER

ANNUAL REPORT AND ACCOUNTS 2015/16



CANCER
RESEARCH
UK

TODAY 2 IN 4 PATIENTS SURVIVE CANCER. STEP BY STEP, POUND BY POUND, WE'RE MAKING PROGRESS.

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OUR **AMBITION**
IS TO ACCELERATE
PROGRESS AND
SEE 3 IN 4 PATIENTS
SURVIVING CANCER
BY 2034.



ABOUT US

Cancer Research UK is the world's leading cancer charity dedicated to saving lives through research. **Our vision is to bring forward the day when all cancers are cured, from the most common types to those that affect just a few people.**

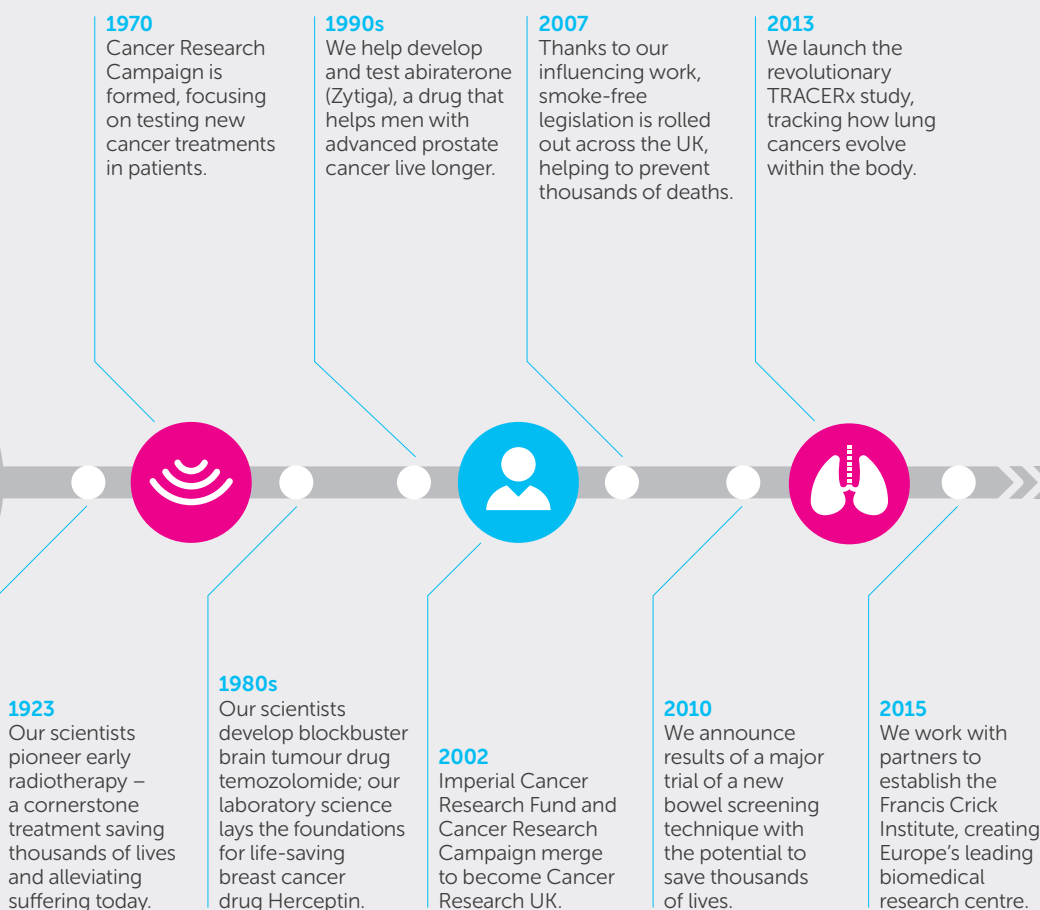
In the 1970s, less than a quarter of people with cancer survived. But over the last 40 years, survival has doubled – today half will survive. **Our ambition is to accelerate progress and see three-quarters of people surviving the disease by 2034.**

To achieve this, we're pioneering new ways to **prevent, diagnose and treat** cancer, as well as finding ways to **optimise** prevention and treatment. With the help of our supporters, we will accelerate our work in these areas and save more lives.

OUR IMPACT

OUR LEGACY

Our story begins in 1902 with the founding of the Imperial Cancer Research Fund. Its focus is carrying out laboratory studies to find new approaches to treating cancer.



Our year in numbers

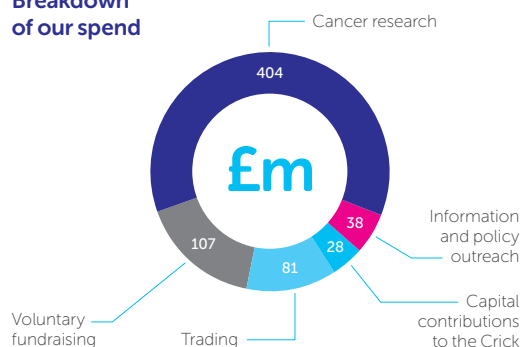
£635m

Total income was up by 4% on last year.

£658m

Total spend was up by 3% on last year with annual charitable expenditure up by 7%.

Breakdown of our spend



4,000+

We fund over 4,000 scientists, doctors and nurses across the UK.

25,000+

Each year, more than 25,000 people take part in clinical trials supported by Cancer Research UK – helping us find new ways to beat cancer.

40,000+

Over 40,000 volunteers give up their time to support our work.

MAJOR CENTRES

We invest £15 million in new Major Centres in Oxford, Cambridge and Manchester, boosting work in personalised medicine and early detection.

ADD-ASPIRIN

We launch Add-Aspirin, the world's largest clinical trial on aspirin, aiming to find out if the drug can prevent some of the most common cancers from recurring.

GRAND CHALLENGE

We launch Grand Challenge, a new £100 million funding scheme to tackle some of the biggest questions in cancer research.

IMMUNOTHERAPY

Our scientists discover that there are 'good' and 'bad' targets in tumours for immunotherapy. This new information could help scientists give immunotherapy treatments the precision they need.

OUR YEAR 2015/16



CANCER STRATEGY

A new NHS cancer strategy for England is produced. Our CEO, Sir Harpal Kumar, chaired the Taskforce and is appointed chair of the committee to advise on implementation.

NOBEL PRIZE

The Charity celebrates its 7th Nobel Prize – awarded to Tomas Lindahl for his work to understand how cells repair their DNA.

WORLD CANCER DAY

Cancer Research UK raises over £1 million in donations on World Cancer Day, galvanising support by showing that death rates have fallen 10% in 10 years.

STANDARDISED PACKAGING

Plain, standardised cigarette packaging becomes UK law – a huge success for our campaign to protect children from the harm caused by tobacco.

CHAIRMAN'S STATEMENT



Total income for the year ending 31 March 2016 was £635 million, exceeding last year's record performance, with fundraising and trading income up almost three per cent at £529 million. Of every pound donated 80 pence was available for investment in our core purpose, reflecting the organisation's sustained emphasis on cost efficiency. Growth of seven per cent in research and public policy and information expenditure is underpinned by the Charity's strong reserves.

The close of the year was marked by the award of a knighthood to Harpal Kumar in the 2016 New Year's Honours. This well-deserved recognition of Harpal's contribution as the Charity's Chief Executive to UK cancer research also reflects the success of all those associated with it.

This report includes many of the year's highlights across the Charity. I extend warmest thanks to our many and generous supporters and volunteers who make all these achievements possible.

RESEARCH

Impact in biomedical research is measured in long strides and cancer is no exception. Increased expenditure is enabling the introduction of new funding schemes, encouraging diversity

of approach. These have captured the imagination of the research community. They include the international launch of 'Grand Challenge' to address cancer's most intractable questions.

A transatlantic pancreatic cancer programme was established during the year, adding to an oesophageal research partnership with China and other European research collaborations already underway. In furtherance of the mission to reduce world tobacco consumption as the major cause of cancer, a new international funding consortium was created.

As this report goes to press, construction of the Francis Crick Institute in London is all but complete. It is expected to open in the second half of 2016. This represents a major landmark for UK biomedical science internationally, attracting significant interest from the scientific community worldwide. We expect the 'Create The Change' campaign towards the Charity's capital contribution to meet its £100 million target by late summer. I should like to thank Charles Manby, Chair of the campaign and its board for their commitment in reaching this splendid goal in just over four years.

POLICY AND OUTREACH

Evidence from Cancer Research UK significantly informed recommendations by an independent taskforce chaired by Harpal Kumar on a cancer strategy for the NHS in England. The health system's commitment to the published report sets the national landscape for cancer services in the drive to raise survival rates and improve quality of life. Steps already

taken include the establishment of a National Cancer Advisory Group also independently chaired by Harpal, to advise on implementation. At the end of the year, Scotland published its cancer strategy to which the Charity made a significant contribution.

Early diagnosis was emphasised as a potential area for major gains in survival, bringing a welcome commitment by Government to invest in new diagnostic capacity. Important successes in the Charity's outreach activities include symptom and bowel screening awareness campaigns, leading to earlier diagnosis and more successful treatment.

With a steady reduction in tobacco consumption, still the major cause of cancer, attention now turns to obesity as the next major cancer risk factor. Strong evidence links obesity to cancer as well as other chronic diseases and there is a pressing need to reduce this growing national burden.

EXECUTIVE LEADERSHIP

Cancer Research UK's success relies on highly skilled employees operating within a spectrum of diverse and interdependent activity, demanding professional leadership across a sophisticated organisation. It is the quality of its people that determines the Charity's progress at the centre of the research community, enabled by its success in raising the necessary funds. It is fortunate in the high calibre of its executives, many of whom might otherwise earn more in business or commerce.

“IT HAS BEEN A PRIVILEGE TO GET TO KNOW OUR LEADING RESEARCHERS AND PARTNERS, ALL OF WHOM SHARE THE SAME PASSION... SUCH ORGANISATIONS ARE RARE.”

During the year the Executive Board was strengthened by the appointment of five new directors of whom four were promoted internally. These bring increased emphasis to the Charity's fundraising and international activities and are set out in the Chief Executive's report.

Media exposure of certain unacceptable fundraising practice elsewhere within the sector led to an investigation and subsequent report by Sir Stuart Etherington. Its recommendation of the formation of a new charity fundraising regulator is to be welcomed. Cancer Research UK took the opportunity to assess its practice ensuring it continues to uphold the highest standards. To this end, it has formalised its code of fundraising practice.

GOVERNING COUNCIL

During the year Anne Baldock, Helen Calcraft and Professor Peter Selby retired as Trustees. My thanks to each of them for their valuable contribution to the Charity's progress: Anne and Peter for their wisdom and advice, Helen for creating the Fundraising & Marketing Committee. Retiring at the 2016 AGM are Professors Anton Berns and Jonathan Knowles. Each brought a valuable international perspective with Jonathan encouraging boldness in framing research strategy; I thank them both for their significant contributions.

Balancing continuity and renewal, four new Trustees were appointed to Council during the year. I extend a warm welcome to Carolyn Bradley who brings extensive UK retail marketing experience; Catherine Brown with multi-faceted strategic skills; Professor

Alexander Eggermont, an internationally experienced and renowned oncologist; and Professor Sir Bruce Ponder, the driving force behind the creation of our Cambridge Institute. Subject to his appointment at the AGM, I also look forward to welcoming to Council Peter Chambré, chair of Cancer Research Technology, who brings broad experience of commercial bio-pharma.

I too will be retiring at the end of October having served as Chairman for six years, the maximum permitted under our constitution. Sir Leszek Borysiewicz will take over the Chair on 1st November 2016, renowned for his earlier career as a leading clinical scientist. He joins as Vice Chancellor of the University of Cambridge, from which he will step down in late 2017. He brings a wealth of experience at the highest levels of academia and scientific research. I extend a warm welcome as he takes the helm later this year.

PASSING THE BATON

When I took the Chair in late 2010, the UK had entered an uncertain economic period. Nonetheless steady growth in the Charity's income over the past six years, coupled with significantly stronger reserves, has enabled substantial increases in research expenditure.

2010 began a new phase in the development of the Charity. Planning got underway for the creation of the Crick with a £160 million capital investment by the Charity now completed, followed by the transfer of our world renowned London Research Institute. The Cambridge Institute was also to be handed over to the

stewardship of the University of Cambridge in 2012. Cancer Research UK was to focus on its leadership mission at the centre of the research community and this demanded a renewal of strategy. This was launched in 2014 and its positive reception by the research community reinforced confidence in reaching out internationally to other leading like-minded organisations.

All this was accomplished under the able leadership of Harpal Kumar and his executive team. Funding around half of all UK cancer research and with an ambition to drive patient survival rates to three in four by 2034, the Charity has an enormous responsibility. It has been a privilege to get to know many of our leading researchers and academic and clinical partners, all of whom share the same passion for 'beating cancer sooner'.

In all its endeavours, the Charity aspires to the highest standards. It is a pleasure to witness the enthusiastic commitment of everyone at Cancer Research UK and to have participated in its progress. Warm thanks to Harpal and to the Executive Board. And to my fellow Trustees, warm appreciation for their whole-hearted support in this remarkable enterprise. Such organisations are rare.



Michael Pragnell

Chairman
25 May 2016

CHIEF EXECUTIVE'S STATEMENT



Cancer rates are rising. More than 350,000 people are diagnosed with cancer in the UK each year, up 12% since the 1990s. But thanks to research, survival rates are increasing. Cancer Research UK's ambition is that by 2034, three in four people diagnosed with cancer should survive for 10 years or more. Right now, one in two do. Concurrently our aim is for UK cancer survival rates to be among the best in the world.

Our strategy focuses on four key areas: reducing people's risk of developing cancer; diagnosing more cancers earlier; developing more effective and kinder cancer treatments; and making prevention and treatment more effective for each person. We're making great progress, but have a long way to go.

We are working closely with the UK Government and NHS organisations to ensure the new NHS cancer strategy for England is implemented over the next five years. We have also supported the Scottish Government in the development of its Cancer Plan. Together, we're finding new ways of improving cancer services and identifying what needs to be done better in the future.

INVESTING IN INNOVATIVE RESEARCH

To beat cancer, we must keep investing in science that helps us understand its causes and drivers. In late 2016, the new Francis Crick Institute building opens its doors to researchers. Based in the heart of London, the Crick is Europe's leading biomedical research centre and will bring together 1,600 leading scientists from fields as diverse as structural biology and genetics, to mathematics and computing.

The Crick received its first Nobel Prize (Cancer Research UK's seventh) when Dr Tomas Lindahl's work was recognised with a Nobel Prize for Chemistry in October 2015. During his remarkable career – much of which took place at our Clare Hall site – Dr Lindahl made discoveries that sit at the very foundations of our understanding of cancer, and have led to new treatments that benefit patients, such as olaparib, now licensed to treat certain patients with ovarian cancer.

This year, we launched our first three Major Centres in Oxford, Manchester and Cambridge. These centres will be national hubs, focusing on different areas of research such as making treatments less invasive, personalised medicine and early diagnosis. They will foster collaborative working across our Centres network and turn innovative lab research into benefits for patients faster.

The field of immunotherapy is rapidly expanding. Our scientists are at the forefront of efforts to understand how to harness our immune systems to fight cancer, and our doctors are leading the way in testing combinations of different treatments to improve survival.

We continue to make good progress in tackling hard-to-treat cancers. Since 2013/14, we have more than doubled our investment in lung cancer research from £16 million to £40 million and tripled our investment in pancreatic cancer research from £6 million to £18 million. Other highlights include studying the genetic 'chaos' in oesophageal cancers and beginning to understand brain tumours better through mapping with MRI scans. This kind of research is increasing our knowledge and understanding and we hope will lead to more life-saving treatments in the future.

HEALTHY LIFESTYLES

Supporting people to make lifestyle changes to reduce their risk of cancer remains a priority. Our broad programme of work on smoking cessation and e-cigarettes is helping to inform local and national government policy. Through our new prevention strategy, we're raising awareness of other cancer risk factors such as obesity, alcohol and UV light. The current obesity epidemic could lead to 670,000 more cases of cancer in the UK over the next 20 years and we are pressing the Government to publish its long-awaited childhood obesity strategy as soon as possible, of which the new sugary drinks levy is one component.

“WE’RE MAKING GOOD PROGRESS IN TACKLING
HARD-TO-TREAT CANCERS – MORE THAN DOUBLING
OUR INVESTMENT IN LUNG CANCER RESEARCH
AND TRIPLING OUR INVESTMENT IN PANCREATIC
CANCER RESEARCH SINCE 2013/14.”

ENCOURAGING COLLABORATION

With the Knight Cancer Institute at Oregon Health & Science University, the Charity is bringing together international experts to discuss increasing research into early detection and tackling the barriers scientists face in this field.

In 2015, we launched our Grand Challenge awards to tackle some of the biggest questions in cancer research. One of the boldest funding schemes in the world today, Grand Challenge is open to researchers from across the globe and encourages international scientists from different disciplines to collaborate on innovative research.

WORKING WITH PATIENTS AND PROFESSIONALS

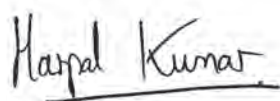
Our Health Professional Engagement programme aims to help GPs reduce late diagnosis. We now have a team of 69 people providing tailored support to GP practices and health services across England, Scotland and Wales.

Our patient involvement network gives people with cancer the opportunity to contribute to the research, policy, and public health and information work we do. This year the number involved increased from 180 to 700.

During this year, we welcomed several new members to our Executive Board including Ed Aspel as Executive Director of Fundraising and Marketing, succeeding Richard Taylor; and Frances Milner and Nick Gaynor as joint Executive Directors of Philanthropy and Partnerships.

Professor Karen Vousden succeeded Professor Nic Jones as Chief Scientist and Nick Grant has taken up the new role of Executive Director of International Partnerships. Our thanks to Richard and Nic for their invaluable contributions over many years.

Cancer is affecting more of us every year. Thanks to our amazing supporters, volunteers, scientists, doctors, nurses and partners, research is driving progress at an accelerating rate. I am grateful to all of you for your efforts in helping us beat cancer sooner.



Sir Harpal S Kumar

Chief Executive
25 May 2016

IN THE PAST YEAR...



Immunotherapy

It's been another big year for immunotherapy, and we've been at the heart of it. Our scientists discovered that there are 'good' and 'bad' targets in tumours for immunotherapy, and launched a world-first immunotherapy clinical trial that could change the way we treat some cancers.



7th Nobel Prize

In October 2015, the Charity celebrated its 7th Nobel Prize which was awarded to Tomas Lindahl for his work to understand how cells repair their DNA. This research paved the way for the development of vital cancer treatments which patients are benefiting from today.



Smoking legislation

We are delighted that after a long campaign, standardised packaging was introduced across the UK in May 2016. Standardising packaging of tobacco products reduces their appeal to children, helping protect them from a deadly addiction and ultimately saving lives.



TRUSTEES' REPORT

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OUR UK-WIDE NETWORK

The Charity's Institutes and Centres are part of a thriving research network across 90 institutions throughout the UK. Within this network, scientists carry out research ranging from fundamental laboratory studies through to large-scale clinical trials.

OUR INSTITUTES

The laboratory research carried out at our core-funded Institutes underpins the Charity's efforts to understand and tackle cancer. The Institutes provide scientists with long-term support, technology and equipment, and play an important role in our efforts to recruit and retain world-class researchers and promote collaboration.

OUR CENTRES

Our Centres are high-calibre collaborations between universities, NHS Trusts and other cancer charities that are delivering world-leading research, improved patient care and greater local engagement. They also facilitate training of the next generation of scientists and doctors and promote a multidisciplinary approach to research.

We have three specialist Major Centres based in Oxford, Cambridge and Manchester, and a Lung Cancer Centre of Excellence based jointly at the University of Manchester and University College London.

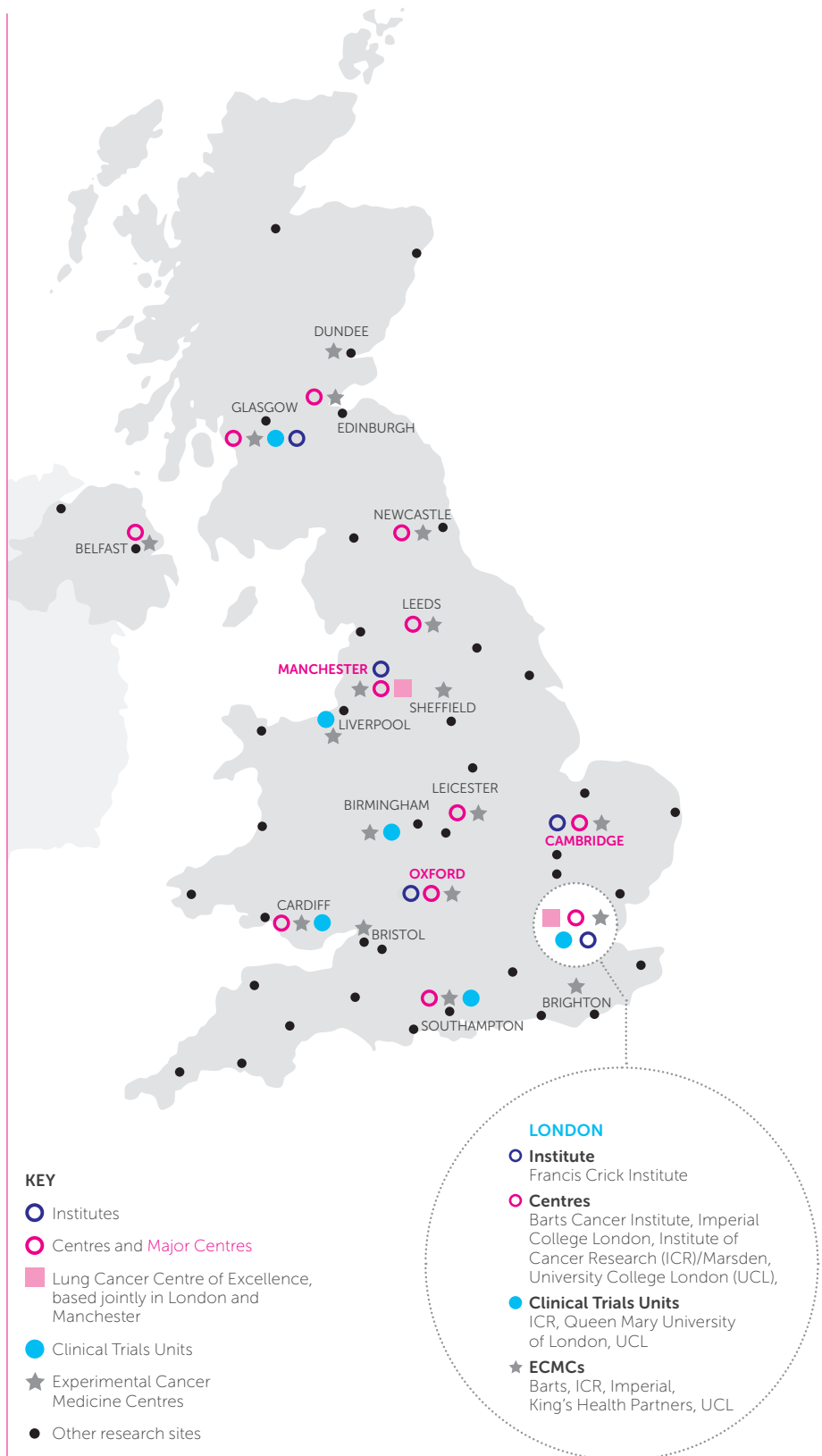
OUR CLINICAL TRIALS UNITS

Our clinical trials units support and carry out high-quality clinical trials. They provide the essential infrastructure and expertise needed to manage trials, which are often complex and take place in hospitals across the UK.

OUR EXPERIMENTAL CANCER MEDICINE CENTRES (ECMCs)

Our ECMC network includes world-leading scientists and clinicians who drive the discovery, development and testing of new treatments to combat cancer. ECMCs support over 200 staff involved in early-phase clinical trials and help deliver key Cancer Research UK initiatives in clinical and translational research.

For further information, see cruk.org/our-research-locations



ACHIEVEMENTS: PROGRESS AGAINST OUR STRATEGY

OUR STRATEGY

We aim for UK cancer survival rates to be among the best in the world. To achieve this we need to accelerate progress, focusing on four key areas:

- **Prevent:** Reduce people's risk of developing cancer
- **Diagnose:** Diagnose more cancers earlier
- **Treat:** Develop new cancer treatments
- **Optimise:** Make treatments more effective for each patient

These areas are being addressed through a range of specific priorities. Pages 11 to 16 highlight the progress we have made in 2015/16 and set out our priorities for 2016/17.

1. BUILD OUR UNDERSTANDING OF CANCER

During the year we funded some of the UK's leading cancer research, including 24 new programme grants, 20 translational research projects, 14 clinical trials and feasibility studies, and 23 fellowships and awards for new investigators. We remain the largest charitable funder of cancer research worldwide.

Since the launch of our research strategy in 2014, our Institutes have aligned more closely with specific areas of the strategy and are successfully recruiting new researchers in these fields – many from overseas. They continue to deliver world-class research that underpins our strategy.

The opening of the Francis Crick Institute laboratory has been delayed until the latter half of 2016, as the commissioning of the new building is slightly behind schedule. Meanwhile, our London Research Institute staff, who have become part of the Crick, continue their work in their existing sites. For further information, see crick.ac.uk

We launched our first three **Major Centres** in Oxford, Manchester and Cambridge. They are vital research hubs, encouraging collaboration and bridging the gap between innovative laboratory work and benefits for patients. Our **Centre Network Accelerator Awards** are also investing up to £16 million in eight UK-wide collaborations, with the four most recent awards led by our Centres at University College London, the Institute of Cancer Research, Southampton and Edinburgh. The latest investment will inspire new approaches to understanding and treating cancers with low survival, including brain tumours and oesophageal cancer.

In June 2015 we launched the **Pioneer Award** to fund truly innovative research with the potential to lead to new discoveries. Three projects were selected in our first funding round, including one looking at whether the rare metal palladium could be used to stop brain tumours growing back after surgery.

In October 2015 we launched our **Grand Challenge awards** to tackle some of the biggest problems in cancer research. The Advisory Board identified seven critical challenges that could unlock significant progress towards tackling cancer.

1. Develop vaccines to prevent non-viral cancers
2. Eradicate cancers caused by the Epstein-Barr virus
3. Learn how to prevent more cancers by discovering how unusual patterns of genetic mutation are induced by different cancer-causing events
4. Distinguish between lethal cancers that need treating and non-lethal cancers that don't
5. Find a way of mapping tumours at the molecular and cellular level
6. Develop innovative approaches to target the cancer super-controller gene MYC
7. Deliver biologically active macromolecules to any and all cells in the body.

The award is open to researchers across the globe, who will work in collaboration with UK-based scientists. We have had 56 applications from 409 investigators, spanning 224 institutes and 25 countries, and have shortlisted nine applications for further development. We anticipate awarding the first grant in late 2016.

NOBEL PRIZE-WINNING RESEARCH

Tomas Lindahl was the first director of Cancer Research UK's laboratories at Clare Hall in Hertfordshire, which opened in 1986. Under his inspirational leadership, Clare Hall became a world-leading research laboratory, and its scientists are now part of the Francis Crick Institute.

A Swedish-born scientist, Lindahl made the pioneering discovery that DNA inside cells was continually damaged through normal wear and tear. He went on to identify several important groups of molecules that help repair flaws in our DNA. His work revolutionised the field of cancer research, underpinning work on chemotherapy treatments and targeted drugs used today. In 2015 Lindahl was awarded the Nobel Prize for Chemistry – alongside fellow scientists Paul Modrich and Aziz Sancar – bringing the Cancer Research UK tally of Nobel Prizes to seven.

2016/17 PRIORITIES

- Increase our understanding of how cancers start, develop and spread.
- Continue to develop our networks of Institutes, Centres and ECMCs, based on the outcomes of a Centres review to be carried out in 2016.
- Invest in our funding schemes to tackle new challenges and boost multidisciplinary research.
- Develop the cancer research leaders of tomorrow and increase international research collaborations.

TRUSTEES' REPORT | STRATEGIC REPORT

ACHIEVEMENTS: PROGRESS AGAINST OUR STRATEGY

2. REDUCE PEOPLE'S RISK OF CANCER

The Charity works to empower people to make lifestyle changes to reduce their risk of cancer, and continues to make progress towards its aim of achieving a tobacco-free UK by 2035. We are investigating new approaches to prevention and screening, including developing 'chemopreventive' treatments that could help to prevent cancer.

In collaboration with the **BUPA Foundation**, we are working on a major initiative to accelerate research into how people's behaviour and government policies affect cancer prevention. We held two Cancer Prevention Innovation workshops focusing on behaviours, funding nine multidisciplinary projects from across the UK. Our in-house **Policy Research Centre for Cancer Prevention** has undertaken several studies that build the evidence base for our policy and campaigning activities.

We launched the **Population Research Catalyst Award** to support and encourage collaboration between research centres in the UK and abroad. Our **Cancer Prevention Fellowship** scheme continued to support the next generation of outstanding young researchers and healthcare professionals.

Following the success of our award-winning campaign for plain, **standardised packaging for cigarettes** – which saw standard packs become law in May 2016 – we continued our work to reduce smoking in the UK, particularly among younger people.

In January 2016 we launched '**Big Tobacco Cough Up**', a multimedia campaign designed to generate support from the public, and particularly younger people, for a tobacco levy. The campaign asked the Government to introduce a levy on the tobacco industry to pay for vital Stop Smoking Services and media campaigns that promote quitting, which are being scaled back after recent cuts to public health budgets.

Additionally, as part of the **UK E-Cigarette Research Forum**, we worked with various UK health and research organisations to promote research and evidence-based policy-making around e-cigarettes.

We continue to develop our **prevention strategy** with a focus on **obesity** (as well as **alcohol** and **ultraviolet light**). Obesity is a known risk factor for several cancers including breast, bowel and oesophageal. In January 2016 we published a report highlighting that the current obesity trends could lead to an additional 670,000 cases of cancer in the UK over the next 20 years. We are disappointed that the Government has delayed publication of an obesity strategy, but we will continue to deliver evidence and advocate effective measures.

Our **Cancer Awareness Roadshow** welcomed its 500,000th visitor in November 2015. The Roadshow visits local communities to raise awareness of the importance of early diagnosis and how



2,000

**OUR TALK CANCER WORKSHOPS
HAVE TRAINED OVER 2,000
HEALTH PROFESSIONALS**

people can reduce their risk of developing cancer. More than 80% of people who visit our Roadshow nurses report feeling more confident in noticing a possible sign or symptom of cancer.

We launched a **Talk Cancer** bursary to give more health professionals the opportunity to attend our awareness-training workshops and initiated our new follow-up programme, offering trainees continued support to ensure they remain confident when discussing cancer with the public. Talk Cancer workshops have now trained over 2,000 health professionals across the UK.



500,000

**OUR CANCER AWARENESS
ROADSHOW WELCOMED
ITS 500,000TH VISITOR**

2016/17 PRIORITIES

- Empower the public to reduce their risk of developing cancer (see page 16).
- Research and develop new approaches to cancer prevention.
- Work towards a tobacco-free UK by 2035.
- Develop policies and evidence to influence obesity reduction strategies.

3. FACILITATE A MAJOR SHIFT IN EARLY DIAGNOSIS

Investing in world-class research helps us understand the early development of cancer and find new approaches to diagnose the disease at an earlier stage, when treatment is more likely to be successful. We continue to work to ensure the new NHS cancer strategy for England is delivered over the next five years.

We are building a concentration of research expertise in early diagnosis, focusing on increasing our understanding of the biology of early-stage disease and translating this into new early detection approaches.

Our **Major Centre in Cambridge** launched an early diagnosis research programme with an array of seed grants. We are fostering new multidisciplinary collaborations through our Early Diagnosis Innovation Workshops. Our first workshop, in December 2015, focused on the technology needed to detect cancer earlier, resulting in six projects receiving an **Early Diagnosis Innovation Grant**.

A partnership with the **Knight Cancer Institute** (part of the Oregon Health & Science Institute) to hold an annual international meeting focused on increasing research into early detection was established. Together, we will identify experts from different areas of research who have an interest in the early detection of cancer, to accelerate progress in this field globally.

We mobilised our supporters to join our **'Test Cancer Sooner'** campaign, calling on the Government to invest more in the staff and equipment needed for cancer tests. The campaign collected nearly 25,000 signatures in just six weeks, and in November 2015 the Government announced that the NHS in England would have up to £300 million more each year by 2020 to fund diagnostics.

Our **Health Professional Engagement programme** influences and improves clinical practice to reduce late-stage diagnosis. We expanded the reach of the programme, and now have a team of 69 working with GP practices and secondary care services across the UK.



£300m

OUR SUPPORTERS HELPED SECURE AN EXTRA £300M MORE EACH YEAR IN GOVERNMENT FUNDING FOR EARLY DIAGNOSIS

We expanded our work to increase uptake of the **NHS bowel cancer screening programme**, running a campaign in Cardiff between February and April 2015 which saw an impressive 9% increase in uptake among first-time invitees who received an endorsement flyer from Cancer Research UK following their invitation to screening. We are now working in seven new regions and will share the results with the National Bowel Cancer Screening Programme to influence future decisions nationally.

We continued to develop the **ACE (Accelerate, Coordinate and Evaluate) programme**, funded in partnership with NHS England and Macmillan Cancer Support. The programme is testing new diagnostic models and pathways to speed up diagnosis and treatment, including the concept of 'multidisciplinary diagnostic centres' for patients with non-specific symptoms.

CROSSING CANCER OUT

Lauren Honey, 22, is a Cancer Campaigns Ambassador. 'To anyone thinking about becoming an ambassador, I'd say go for it. My campaigning work involves getting local communities and MPs on board with campaigns, like the **Cross Cancer Out** campaign that ran before the general election in 2015. The campaign called on MPs to keep cancer at the top of the political agenda. Campaigning is important – it takes people to persuade Parliament to actually change things.'

2016/17 PRIORITIES

- Research and collaborate to build expertise and develop new methods of detecting and screening for cancer.
- Engage with health professionals and the public to ensure more cancers are diagnosed early.
- Monitor progress and delivery of new NHS cancer strategies in England and Scotland.
- Enhance uptake and targeting of screening programmes across the UK, including improving screening methods for bowel cancer and cervical cancer.

TRUSTEES' REPORT | STRATEGIC REPORT

ACHIEVEMENTS: PROGRESS AGAINST OUR STRATEGY

4. DEVELOP AND IMPROVE TREATMENTS FOR ALL CANCER PATIENTS

Twenty new awards for translational projects to develop new treatments and 14 new trials received funding from Cancer Research UK, adding to our existing portfolio of over 250 clinical trials that recruit more than 25,000 patients every year.

This year we published a **Clinical Statement of Intent** to maximise the impact of our clinical research for cancer patients. We also reconfigured our funding structures in line with our research strategy, and committed to increasing the amount we spend on clinical and biomarker research by £20 million per year by 2019.

A **Biotherapeutic Drug Discovery Project Award** to support research into potential new drugs was launched, with the first grants awarded in May 2015.

We opened the **Cancer Research UK–MedImmune Laboratory** to enable Cancer Research UK-funded researchers involved in drug discovery to access the expertise of MedImmune in the development of biotherapeutics. A number of projects are under way.

In December 2015 the ovarian cancer drug **olaparib** was approved for use in the NHS in England, Wales and Northern Ireland. Cancer Research UK scientists played a key role in developing this drug, which can extend the lives of certain women with advanced ovarian cancer and is also being studied for use in other types of cancer.

Add-Aspirin, the world's largest clinical trial investigating whether aspirin can stop certain common cancers from returning after treatment, launched in 2016. The trial will recruit 11,000 patients who have recently had, or are having, treatment for bowel, breast, oesophageal, prostate or stomach cancer. It will run at more than 100 centres across the UK as well as in India, and is jointly funded with the National Institute for Health Research.

The second phase of our **Stratified Medicine Programme** is now open at 16 of our Experimental Cancer Medicine Centres and is receiving lung cancer patient samples from over 30 hospitals. The programme is exploring how genetic tests could be used throughout the NHS to improve cancer diagnosis and treatment. We continued to support vital research in surgery and radiotherapy, where industry interest in trials is low.

We awarded the **Advanced Radiotherapy Technologies Network Accelerator Award** to three of our Centres, which will help transition three new radiotherapy technologies – stereotactic ablative radiotherapy, MR-Linac and proton beam therapy – to the clinic.

Our **Combinations Alliance** – a joint initiative between our Centre for Drug Development and the Experimental Cancer Medicine Centre network – has grown from one to ten industry partners, driving research into treatment combinations that industry may not be able to support alone, such as combining radiotherapy with cancer drugs, or combining drugs developed by different companies.

This year we continued to develop our portfolio of **commissioned policy research**, publishing reports calling for improvements to endoscopy services and access to molecular diagnostics. We continued to lead discussions on key issues such as access to treatments and reform of the **Cancer Drugs Fund**.

PIONEERING IMMUNOTHERAPY

This year we launched a clinical trial to test if a drug called AMG 319 – developed by the pharmaceutical company Amgen – can treat people with head and neck cancer by activating an immune response. The trial will include around 50 patients and is open in Poole, Liverpool and Southampton.

The trial was possible thanks to collaboration between Amgen and our Centre for Drug Development.

'Immunotherapy is exciting – we need good drugs that can stop cancer in its tracks. I would love the AMG 319 trial to prove that this drug can get the immune system to fight cancer. It would mean that more head and neck cancer patients might survive.' Susan Saxby, research nurse at Poole Hospital, Dorset.

2016/17 PRIORITIES

- Lead innovation in radiotherapy and surgery.
- Discover and develop new drugs, treatment combinations and more tailored treatments by building relationships with industry partners.
- Work with policy-makers to ensure new and existing cancer treatments are available to all patients who need them.

5. BOOST RESEARCH INTO RARE AND HARD-TO-TREAT CANCERS

We collaborated with leading researchers in the UK and internationally to develop strategies for tackling cancers where survival rates remain poor, as well as focusing on rarer cancers where patient numbers are low and trials are difficult to set up. We have significantly increased our research investment into lung and pancreatic cancers to drive improvements in survival.

In two years our research investment in **lung cancer** has more than doubled, increasing the amount spent per year to £40 million.

Our **National Lung Matrix Trial** – the world's largest precision medicine trial in non-small cell lung cancer – is testing multiple drugs in different groups of patients, aiming to allocate patients to the most appropriate treatment for them, based on individual genetic changes. The trial, which is being delivered through our Experimental Cancer Medicine Centre network and is now open across nine centres, recruited its 50th patient in March this year.

Our joint **Lung Cancer Centre of Excellence at Manchester and UCL** creates a collaborative environment in which integrated lung cancer research can flourish. In December 2015 the Centre hosted an international conference with world experts across a range of disciplines to discuss the latest advances in lung cancer research.

Over the past two years we have already achieved our five-year ambition of more than doubling our research investment in **pancreatic cancer**. This is thanks to increased focus in our Centres and Institutes (particularly our Beatson Institute in Glasgow) and increases in other research programmes.

In 2015 Cancer Research UK, Stand Up To Cancer and The Lustgarten Foundation agreed to jointly fund a **Cancer Dream Team Translational Research Grant**.

The grant will provide up to £7.8 million over three years for research into the treatment of pancreatic cancer by a team of leading scientists.

We have seen an increased focus on **brain tumour research** in our Centres network and have recruited childhood brain tumour expert Professor Richard Gilbertson, now in post as Director of the Cancer Research UK Cambridge Cancer Centre.

An **Accelerator Award** to study blood and tissue samples from patients with primary brain tumours, or tumours that have spread, was funded. The research will investigate how brain tumours grow, spread and change over time. We are discussing potential research funding opportunities with brain tumour charities. Progress has been slower in this area than we would like and we will be holding an international workshop in 2016 to boost research.

We are prioritising efforts to build capacity in tackling **oesophageal cancers**. In June 2015, Cancer Research UK, our Oxford Centre, the Cambridge Cancer Centre, and the Cancer Institute and Hospital, Chinese Academy of Medical Sciences hosted an international symposium on oesophageal cancer to encourage collaborative efforts in research.

We continue to lead the **International Cancer Genome Consortium (ICGC)** oesophageal cancer project. The data from ICGC will help us to understand how oesophageal cancer develops, giving vital clues for new ways to prevent and treat it.

We funded a clinical trial which will investigate if a new diagnostic test – the **'Cytosponge'** – can accurately diagnose Barrett's oesophagus, a condition that can develop into oesophageal cancer. The trial aims to recruit over 4,000 patients over a two-year period and will evaluate safety, uptake, acceptability and patient experience of the test.

In June 2015 we brought together experts from across the children's cancer research community for a day-long workshop to discuss the challenges we face in finding better, kinder treatments for children and young people with cancer.



£40m

IN TWO YEARS WE HAVE MORE THAN DOUBLED OUR RESEARCH SPEND ON LUNG CANCER TO £40M

2016/17 PRIORITIES

- Maintain increasing investment in lung and pancreatic cancers.
- Encourage investment in research into brain tumours and oesophageal cancer where activity remains low and progress is slow.
- Increase research into cancers affecting children and young people to reduce side effects of treatment and improve survival.
- Create and develop national and international collaborations to tackle these cancers.

6. ENGAGE AND EMPOWER PATIENTS AND THE PUBLIC

The Charity used advertising and marketing tools to engage with the public, and empowered millions of people by supplying information about cancer to help them understand and cope with the disease, through our website and other channels. We expanded our engagement work, giving more people the chance to drive our research forward.

The number of **patients engaging** directly in our work continues to grow, with over 20 million people visiting our website in 2015/16, an increase of 13% from last year.

We redesigned and upgraded the diagrams on our website to keep them appealing and engaging for the public. We developed a prototype to present our patient information in a more digitally accessible and flexible way – the content is being tested with the public and a decision is to be taken in September on full roll-out.



20 million

OVER 20 MILLION PEOPLE
VISITED OUR WEBSITE

Our **Patient Involvement Network** is a chance for patients to become involved in the research, policy, public health and information work we do. This year the number of patients involved increased from 180 to 700.

We continued to increase public engagement with our research, attracting over 12,000 supporters and members of the public to lab tours and events.

We developed new ways for supporters to experience our research through a virtual reality lab tour and by showcasing our research at the Royal Society Summer Science Exhibition, Cheltenham Science Festival and Science Museum Lates.

Demand for information via our **nurses helpline** remained strong and we answered 11,000 enquiries over the year.

We revamped our **Cancer Chat** website and introduced private messaging – new member sign-ups increased to 500 per month. We also reached an agreement to incorporate our **Patient Portal** with 'Patients Know Best', an online information exchange that helps patients manage their care and allows doctors to share information. Through this partnership we can reach a larger number of patients and help more people living with cancer.

In collaboration with Science on Google+ we broadcast **Google Hangouts** on topics including immunotherapy and children's cancers, featuring Cancer Research UK experts. These webchats have been watched by over 4,200 people, reaching over 5.5 million people through Twitter.

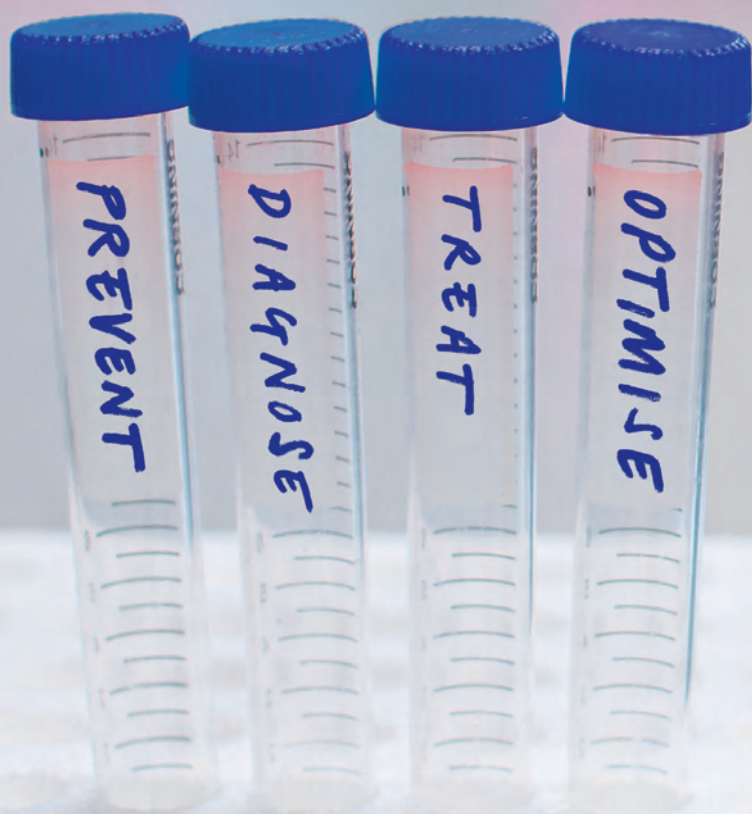
Our **science blog** had a record-breaking year, reaching over 1.8 million people with over 2.5 million page views.

Our **Information Innovation team** piloted a variety of new resources for people who have been given an urgent referral for suspected cancer – an estimated three million people each year in the UK. The resources have been positively received by patients and healthcare professionals.

Our award-winning **Citizen Science programme** has now closed, having engaged over half a million people with our research through games and apps including Cell Slider and Genes in Space. The decision was made to close the programme in order to focus on higher priority areas of our strategy.

2016/17 PRIORITIES

- Identify new ways to engage with patients at all stages of their cancer experience.
- Provide patients and the public with balanced, accurate and up-to-date cancer information.
- Engage local communities, GPs and policy-makers with our research across the UK.



WE'RE TACKLING CANCER
ON ALL FRONTS

FUNDRAISING PERFORMANCE

Income from fundraising and trading has continued to increase, with all the main income streams showing growth. The Charity continues to invest in new initiatives. Whilst these initiatives start with lower efficiency ratios, they diversify and broaden our appeal for supporters and help grow future income. Strong income performance allows us to plan for increased research spend in specific areas which will help achieve our strategic aims.

LEGACIES

Legacies are our largest income stream. Notifications from Wills shared with us are at historically high levels. Our investment in legacy marketing continues to be a key priority as we seek to increase the number of pledges we receive from supporters in future years to sustain our research agenda.

INDIVIDUAL GIVING

Over one million donors give us a regular gift, contributing over £100 million. Development in our online donation systems now gives donors the ability to simply and easily choose where their donation is spent. If they wish to, donors can choose certain cancer types or specific research priorities, such as early diagnosis. Innovation in this area remains critical to ensure we adapt to changes in the way supporters expect to use technology.

TRADING INCOME

Nineteen new shops opened in 2015/16, taking our total number of shops to 588. For the 2016 World Cancer Day campaign, we trialled contactless payments with promising results and have recently launched an online eBay shop which allows us to sell high-end clothing at a greater return.

As a result of intense competition on the high street, we've seen a decrease in our trading profits. To counteract this, we trialled opening Cancer Research UK 'superstores' in larger out-of-town sites. The initiative has been very successful and we're now rolling it out across the UK.

EVENTS

Over half a million women participated in Race for Life and raised £40 million in sponsorship income. The Pretty Muddy event, which comprises a 5km obstacle course, grew in popularity. Additionally, we launched new events in the portfolio including Race for Life full and half marathons, and the Winter Run series. In April 2016 we launched Tough10, an all-terrain 10km run open to both men and women, which aims to increase engagement levels amongst male supporters. Towards the end of the year Cancer Research UK became the official title sponsor of the Oxford and Cambridge Universities Boat Races in 2016 and 2017 as we have been generously gifted the sponsorship rights by BNY Mellon and Newton Investment Management.

PARTNERSHIPS AND VOLUNTEER FUNDRAISING

We now have over 900 local fundraising groups. Our focus in the year has seen a significant growth in regional corporate partnerships.

Our national corporate partners, including Tesco, Scottish Power and TK Maxx, raised significant funds and we continue to look for ways to mutually grow our relationships with these valued partners.

MAJOR GIVING AND APPEALS

Fundraising for the Francis Crick Institute continued through the 'Create The Change' Campaign and we are close to achieving our target.

The Charity is now developing new plans to support our increased research ambition, particularly around initiatives such as Grand Challenge.

OTHER FUNDRAISING AREAS AND INITIATIVES

We continued to invest in a number of other fundraising initiatives, including Stand Up To Cancer, World Cancer Day and Cancer Research UK Kids & Teens.

In April 2015 we launched a weekly lottery. Despite taking longer than expected to reach our target number of participants, we are making a good return on our investment.

We increased advertising and marketing expenditure, launching our new brand campaign, 'Right Now', which uses real-life documentary style footage of cancer patients and researchers. Results and response to the campaign are promising. We continue to be ranked number one in the Third Sector Charity Brand Index.

OUR FUNDRAISING PROMISE

Supporters are at the heart of everything Cancer Research UK achieves. As such, giving to the Charity should be a great experience. In the past year there has been continued scrutiny of fundraising practices across the charity sector. Cancer Research UK has always aimed to operate in an exemplary way, but we have decided to tighten our procedures further to maintain and build the trust of our supporters.

In April 2016 we changed the way we communicate with our supporters. From now on, donors will have the opportunity to 'opt in' to any future fundraising communications. This means we will ask all new supporters to give us permission to contact them before we ask for further support. If they choose to opt out, they won't receive fundraising requests from us.

You can read more about our fundraising promise to all our supporters at cruk.org/our-promise



80p

80 PENCE OF EVERY £1 DONATED IS USED TO BEAT CANCER

The remaining **20 pence** is invested towards raising future funds, to ensure we can carry on funding vital life-saving research: see page 25 for further details on how this is calculated.



TOP

Runners taking part in the new Cancer Research UK Winter Run series.

MIDDLE

Oxford and Cambridge women's rowing teams compete in the newly named Cancer Research UK Boat Races.

BOTTOM

Competitors finish Tough10, a new all-terrain 10km run open to men and women.



OUR PEOPLE

EMPLOYEES

Our vision and beliefs underpin a culture that encourages us to focus on doing what matters, by involving the right people and by challenging ourselves and others to achieve our best. Throughout 2015, we engaged in a programme to streamline organisational effectiveness to ensure close alignment to our strategy and operational goals. It is through the extraordinary engagement and commitment of our staff that we are able to meet our objectives and realise our ambition. Cancer Research UK was rated 12th highest in the Bloomberg 2016 Index of Top 400 Best Employers in the UK and our Graduate Programme was rated third in the Guardian UK 300 Best Employers. Cancer Research UK is committed to being an equal opportunities employer where everyone has the chance to develop and make a contribution.

SCIENTISTS

Cancer Research UK is the largest independent funder of cancer research in Europe and the world's leading charity dedicated to cancer research. We support over 4,000 scientists, doctors and nurses based at 90 institutions throughout the UK, carrying out pioneering research and clinical trials. We are very proud of the outstanding researchers we fund and the high quality of their work. It is their dedication, creativity and knowledge that will ultimately lead us to the answers we need to beat cancer.

VOLUNTEERS

Last year, over 40,000 volunteers supported the Charity by giving their time, energy, passion and skills to help beat cancer sooner.

More than 17,500 volunteers supported our 588 shops and their presence in local communities increased awareness of the work of the Charity. As the local face of Cancer Research UK, our local fundraising groups raised £14 million and over 12,500 volunteers supported more than 400 events including Race for Life, Pretty Muddy and Shine Night Walk.

People affected by cancer help shape what we do. Members of our Involvement Network generously share their experiences and give us their time.

Recent changes to make our Cancer Chat webpages more user friendly were reviewed and tested by Involvement Network members. The Network also advises on our work to inform government policy, ensuring this is grounded in the needs of patients.

Cancer Campaigns Ambassadors have given their time by writing, phoning, emailing, meeting and petitioning politicians to prioritise cancer-related issues. A third of MPs elected to Parliament in 2015 supported our Cross Cancer Out campaign to keep cancer at the top of the political agenda.

PATIENTS

During the year our two patient Sounding Boards have advised on ways of getting patients involved in local public affairs and on plans to increase public understanding of the pioneering science of the Francis Crick Institute.

Patients are helping us publish information that meets their needs. We are developing a smoking cessation guide, drawing on the experience of those who have stopped or tried to stop smoking. By sharing their motivation, the obstacles and difficulties they face and tips which work for them, their experience will help others.

We are increasing patient involvement in our research. Patient representatives have joined our early diagnosis, prevention and epidemiology expert review panels to help decide which research projects are most appropriate for Cancer Research UK funding. Their perspective ensures that patient need and benefit is an important part of every panel discussion.

Working with other medical research charities, we are developing and delivering training to help researchers understand the importance and relevance of patient involvement in research. Training for our Junior Investigators was developed and delivered with members of our Involvement Network.

New treatments could not be developed without clinical trials. We are hugely grateful to all participants in our trials and to those who share their experiences to help raise awareness.

In support of the Independent Cancer Taskforce, Cancer Research UK worked with patients to understand the patient perspective on how diagnosis, treatment and care are perceived in the NHS in England and to find ways of improving all aspects of cancer care and outcomes. The discussions directly fed into the recommendations that formed the new NHS Cancer Strategy for England.

Patients have been integral to our £100 million Grand Challenge initiative to tackle the biggest challenges to understanding and treating cancer, participating in our 'Big Think' workshops to identify our seven Grand Challenge questions.

INVOLVING PATIENTS

Margaret Grayson is a member of the Grand Challenge Patient Advisory Group. 'An integral part of our role in Grand Challenge is making sure that patients' voices are being listened to, and that the science, either quickly or years down the line, will be of benefit to them.'



TOP EMPLOYER

**OUR GRADUATE PROGRAMME
WAS RATED 3RD IN THE GUARDIAN
UK 300 BEST EMPLOYERS AND WE
WERE RATED 12TH HIGHEST IN THE
BLOOMBERG 2016 INDEX OF TOP
400 BEST EMPLOYERS IN THE UK**



OUR PEOPLE

TOP

Staff listen to team updates in our London offices.

MIDDLE

Scientist analyses cancer cells under a microscope in our Imperial College labs.

BOTTOM

Margaret Grayson and other members of the Grand Challenge Patient Advisory Group meet to discuss the initiative.



WHERE OUR INCOME CAME FROM

Income for the year totalled £635 million. This is split between voluntary donations and legacies, trading activity, and royalties and grants associated with our research activities.

INCOME FROM DONATIONS AND LEGACIES (£434 MILLION)

The main voluntary fundraising areas are:

- **Legacies** (£178 million) – Legacies continue to be our largest income stream, reflecting the generosity of many supporters.
- **Individual giving** (£122 million) – This includes regular gifts from over a million people.

- **Events** (£62 million) – Over 600,000 people took part in our events, including Race for Life, Pretty Muddy, Dryathlon, Stand Up To Cancer and the Virgin Money London Marathon.
- **Partnerships and volunteer fundraising** (£49 million) – This incorporates our local fundraising groups, individual supporters, corporate partnerships and our work with other high and mid-value supporter areas.
- **Major giving and appeals** (£17 million) – This encompasses major donors and relationships we have developed over a number of years.
- **Donations at shops** (£6 million) – This incorporates cash donations given through our shop network.

INCOME FROM TRADING ACTIVITIES (£95 MILLION)

This includes £76 million generated through goods sold in our shops and £18 million from the trading aspect of events (primarily merchandise sales and registration fees).

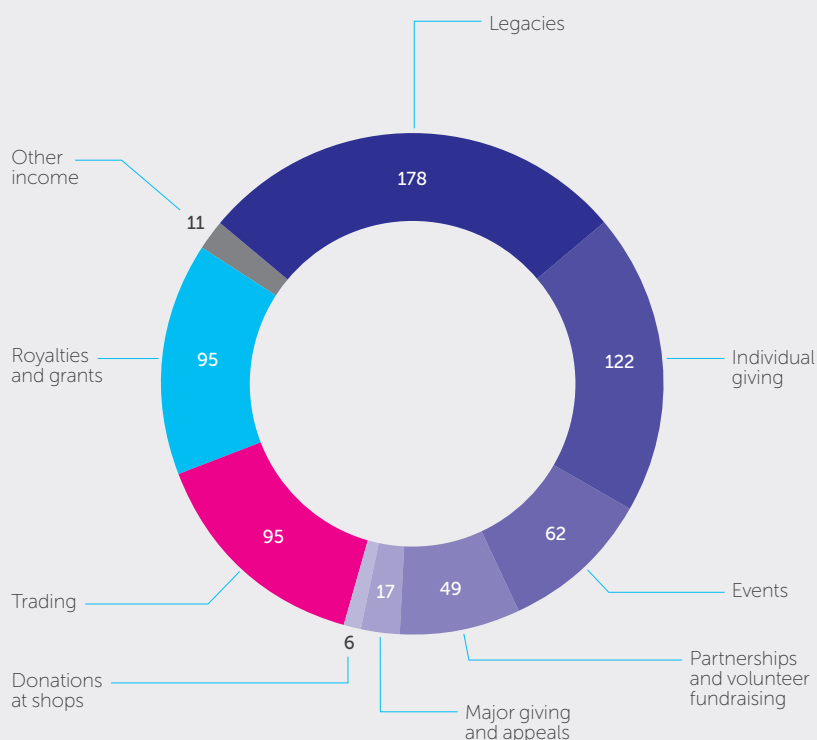
INCOME FROM ROYALTIES AND GRANTS (£95 MILLION)

This includes royalty income of £81 million generated by Cancer Research Technology from treatments based on earlier innovations, as well as grants received by our 'in-house' research institutes.

INCOME FROM OTHER AREAS (£11 MILLION)

This primarily consists of investment income.

BREAKDOWN OF TOTAL INCOME (£M)



£635m

OUR TOTAL INCOME WAS UP BY 4% ON LAST YEAR

WHERE THE MONEY IS SPENT

Total expenditure for the year was £658 million. Expenditure is split between charitable activities, expenditure to support fundraising activities and trading activity.

SPEND ON CHARITABLE ACTIVITIES (£470 MILLION)

This spend covers three main areas: cancer research; information and policy outreach; and capital contributions to the Crick.

- **Cancer research (£404 million)** – This includes:
 - **Institutes (£116 million)** – Research carried out within specialist institutes, including the cost of scientific staff, the buildings they work in and their equipment.

- **Research grants (£279 million)** – Grants to external scientists working at other research sites such as Cancer Research UK Centres, universities and hospitals.

- **Support costs (£9 million)** – Support for research activities such as IT, corporate resources and human resources.

We fund research focusing on many specific cancer types, but around a third of our research focuses on cancer biology, which underpins our understanding of all types of cancer.

- **Information and policy outreach (£38 million)** – These activities contribute to the prevention and treatment of cancer. The spend was split across key areas, including our work with health professionals, our Cancer Awareness Roadshows and Community Engagement Programmes and our policy work.

- **Capital contributions to the Crick (£28 million)** – We made further capital contributions to the design and construction of the new Francis Crick Institute.

VOLUNTARY FUNDRAISING (£107 MILLION)

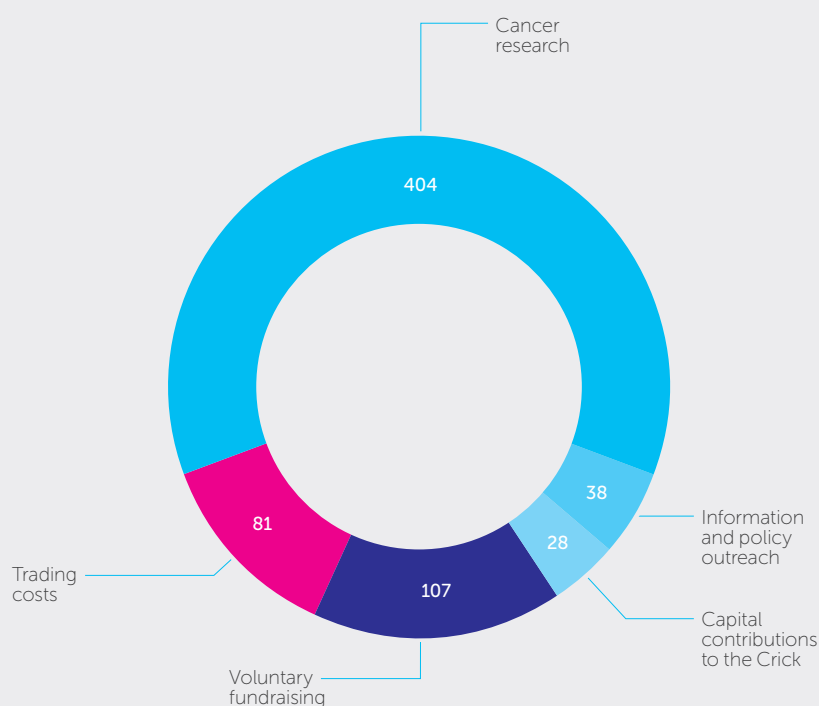
We invest in a number of areas to generate income, with specific increases in legacy and individual giving initiatives. We analyse all our investments on a regular basis to ensure we are generating an acceptable return.

TRADING COSTS (£81 MILLION)

We spent £65 million running our shop network. This includes the cost of bought-in goods, rent, electricity and salary costs for our shop managers. We spent £16 million delivering events where participants pay a registration fee.

While the costs associated with running shops are quite high, they are an important part of our work because they contribute unrestricted funds to research and help us maintain our high profile throughout the UK.

BREAKDOWN OF TOTAL EXPENDITURE (£M)



£658m

OUR TOTAL SPEND WAS UP BY 3% ON LAST YEAR

FINANCIAL REVIEW

OVERVIEW

Income totalled £635 million (2015: £609 million). During a period of significant challenge for the charity sector we are pleased that total income has increased by 4%.

Charitable expenditure increased by 2% to £470 million (2015: £461 million). There were significant uplifts in cancer research to £404 million (2015: £390 million), and in information and policy outreach to £38 million (2015: £30 million). Capital contributions to the Crick reduced to £28 million (2015: £41 million) as the construction of the building neared completion.

Managed cash and investments reduced to £289 million (2015: £307 million), reflecting planned increases in charitable expenditure and a small decline in the investment portfolio due to movements in global investment markets.

FUNDRAISING AND TRADING INCOME AND COSTS

Fundraising and trading income increased over the prior year to £529 million (2015: £516 million). The main income stream continues to be legacies, which grew 7% due to increases in the underlying value of individual legacies. Most other income streams grew but there was a fall in major giving income to £17 million (2015: £27 million) following the \$25 million HSBC pledge in 2015.

Expenditure on raising funds, including trading costs, increased to £188 million (2015: £179 million). This included additional investment in legacy marketing, new stores and individual giving. This investment is expected to deliver longer-term growth. For more details on our fundraising performance, see pages 18 and 19.

INCOME FROM ROYALTIES AND GRANTS

Income from royalties and grants has increased by 9% to £95 million, of which £81 million (2015: £66 million) was generated by Cancer Research Technology Ltd's licensing portfolio.

OTHER INCOME

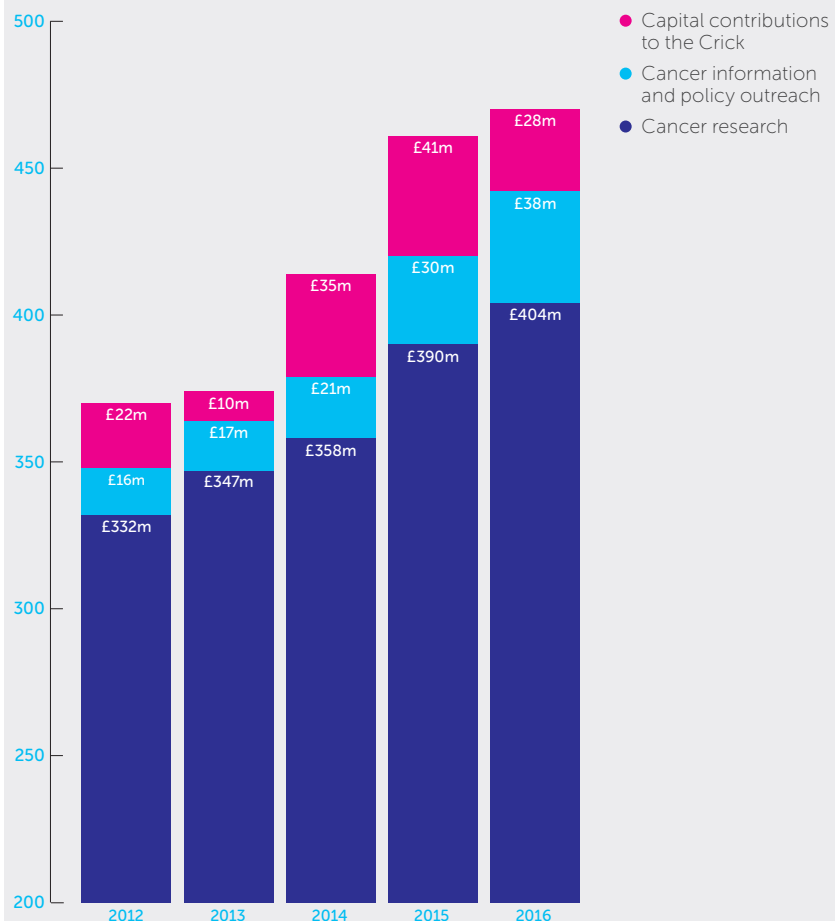
Other income of £11 million primarily consists of investment income on the Charity's reserves.

	2016 £m	2015 £m	Change %
Total income ¹	635	609	4.3
Fundraising and trading income	529	516	2.5
Income from royalties and grants	95	87	9.2
Total spend on charitable activities	470	461	1.9
Managed cash and investments	289	307	(5.9)

¹ Before exceptional items.

Fundraising and trading income and costs	2016 Donations and legacies £m	2016 Trading £m	2016 Total £m
Income	434	95	529
Costs	107	81	188
Net contribution from fundraising activities	327	14	341

TOTAL SPEND ON CHARITABLE ACTIVITIES (£M)



% AVAILABLE TO BEAT CANCER

We continue to focus on fundraising efficiency and 80% of every £1 donated was available to beat cancer (2015: 80%). As in previous years, the calculation excludes trading income and expenditure associated with events, registration fees and the products donated and sold in our shops. Trading income and expenditure are excluded because they represent a different form of fundraising and do not properly represent the efficiency of our main fundraising activities.

TOTAL SPEND ON CHARITABLE ACTIVITIES

Charitable activity shows continuous growth over several years. The split is shown opposite.

Research expenditure

Research expenditure is recognised when a grant is awarded or directly funded expenditure is incurred.

In order to ensure funds are allocated to research of the highest standard, a rigorous process of review and evaluation is undertaken. This consists of peer review committees of independent experts in each research field who assess funding applications, including the renewal of existing awards, and monitor the quality of research programmes. Thorough assessment processes in awarding grants mean it takes time for the Charity's plans to increase charitable expenditure to be reflected in the accounts.

A large proportion of our research grants are awarded over several years. Scientific milestone reviews are timed so that the progress of each grant can be properly assessed to inform the decision to support the next stage in the research process. We account for each grant by providing in advance for all expected payments up to the next milestone review.

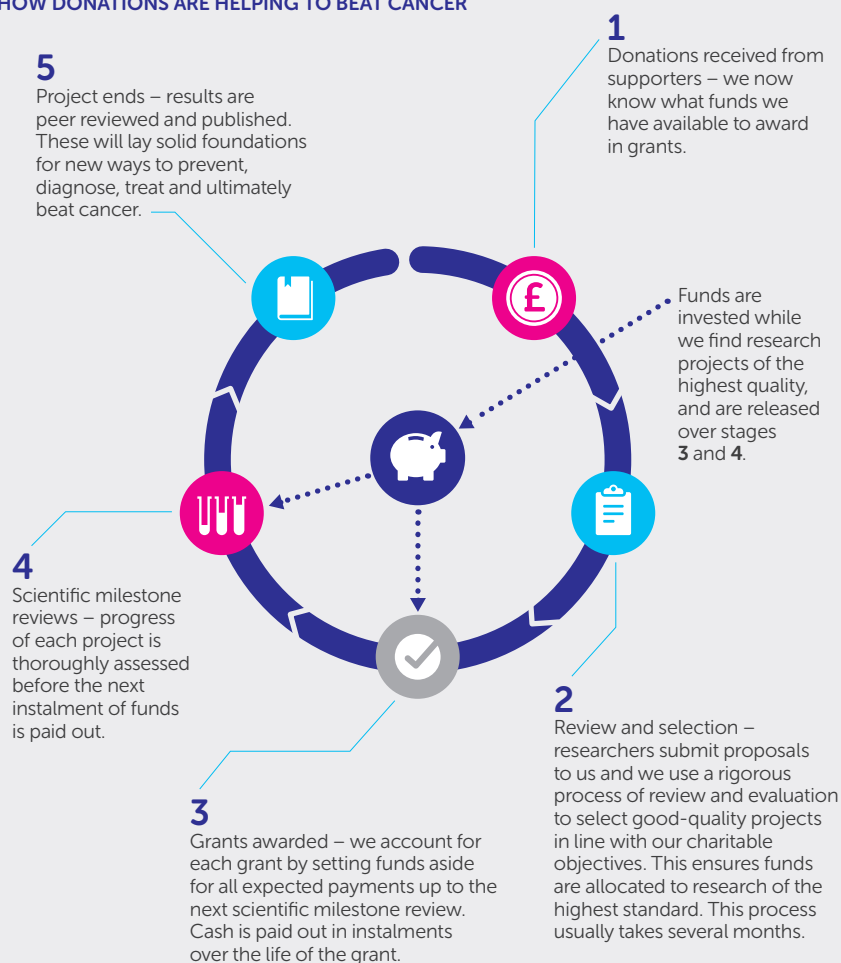
The majority of our research is carried out by third-party scientists who are grant-funded by the Charity. On 1 April 2015 the London Research Institute operations transferred to the Crick and their costs are now covered by a research grant.

% available to beat cancer	2016 Donations and legacies £m	2016 Charitable £m	2016 Other ¹ £m	2016 Total £m
Income	434	95	8	537
Costs	107	–	–	107
Net income	327	95	8	430
% available to beat cancer				80%

¹ Includes income from investments and other income but excludes income recognised from the contribution in kind to the Crick (Note 14a).

Total spend on charitable activities	2016 £m	2015 £m
Cancer research	404	390
Cancer information and policy outreach	38	30
	442	420
Capital contributions to the Crick	28	41
Total spend on charitable activities	470	461

HOW DONATIONS ARE HELPING TO BEAT CANCER



TRUSTEES' REPORT | STRATEGIC REPORT

FINANCIAL REVIEW

ANNUAL CHARITABLE EXPENDITURE

We also measure charitable expenditure incurred during the year. This represents the amount paid out in the year regardless of awarding patterns. It has increased by 7% over the prior year to £441 million (2015: £412 million) as shown opposite.

The difference reflects research grant commitments running ahead of cash spend as a result of the planned increase in our research investment.

Around two-thirds of our research expenditure is directed towards specific cancer types. The remaining third is directed towards the biology of cancer, which underpins our understanding of all types of cancer. Annual charitable expenditure breaks down as shown opposite.

SITE-SPECIFIC RESEARCH

The site-specific research can be broken down into 20 types with the most research expenditure shown opposite.

For more information on the research we fund, visit our website at cruk.org/what-we-fund

CANCER INFORMATION AND POLICY OUTREACH

We spent £38 million (2015: £30 million) on the activities detailed on page 23, and on evidence and intelligence to support our early diagnosis agenda.

CONTRIBUTIONS TO THE FRANCIS CRICK INSTITUTE

We fund, with our partners, the design and construction of the Crick building by means of capital contributions. The total capital investment in this initiative is included in programme-related investments at £164 million (2015: £131 million). This figure includes £18 million investment in land.

During the year, the Charity contributed £28 million in cash and granted a short-term lease of a laboratory to the Crick. In recognition of this lease, the Crick issued an additional £4.8 million of shares at par to the Charity.

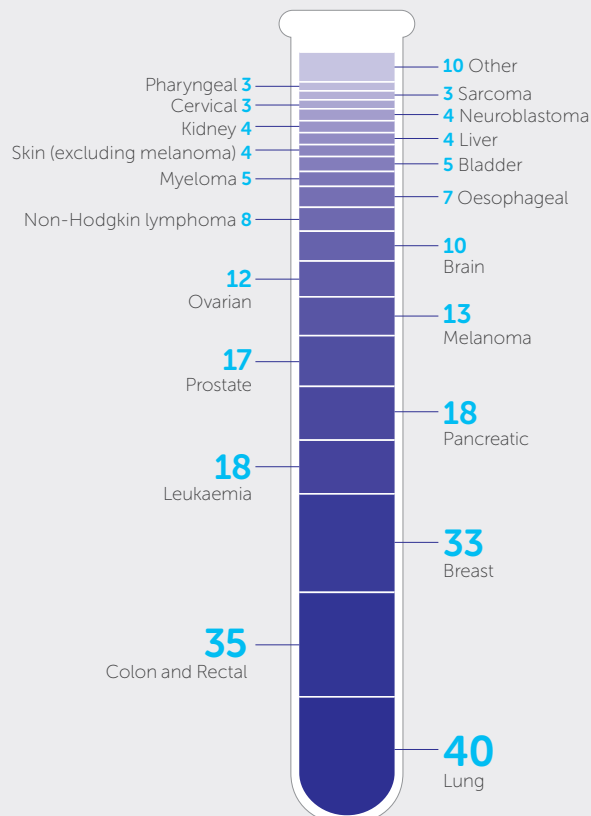
Annual charitable expenditure	2016 £m	2015 £m
Spend on charitable activities in the financial statements (page 42)	442	420
Capital contributions to the Crick	28	41
Total spend on charitable activities	470	461
Difference between accounting costs of research and annual charitable expenditure	(29)	(49)
Total annual charitable expenditure	441	412

Annual charitable expenditure breakdown	2016 £m	2015 £m
Site-specific research ¹	256	225
Research into the biology of cancer	119	116
Capital contributions to the Crick	28	41
Cancer information and policy outreach	38	30
Total annual charitable expenditure²	441	412

¹ Site-specific research includes an apportionment of research that is relevant to all sites. Wherever possible, research is assigned to a specific cancer type; however, some research is neither biology of cancer nor can it be tied to an individual cancer, e.g. a project on pain control relevant to all cancer patients.

² The figures include apportionment of uncoded work totalling £76 million (2015: £65 million), which cannot be tied specifically to one type of cancer but underpins all areas of research.

SITE-SPECIFIC RESEARCH (£M)



CASH FLOW AND INVESTMENTS

There was a net outflow of cash and investments of £20 million (2015: £25 million inflow) primarily due to increased charitable expenditure.

£9 million was spent on fixed asset additions (2015: £12 million), including investment in new shops. A deficit reduction contribution of £8.5 million (2015: £8.5 million) was paid into the pension fund.

RESERVES POLICY AND MANAGEMENT

Reserves are maintained at a level that enables the Charity to manage financial risk and short-term income volatility. They allow the Charity to sustain optimal levels of research over the long term, ensuring that financial commitments can be met as they fall due.

The reserves policy takes into consideration commitments over the medium term. Our research commitments span many years, whilst our income may be subject to the effects of short-term volatility as we rely on fundraising. Funds are held in reserve to ensure that we can meet our research commitments in the face of such fluctuations. A rolling five-year plan models how we will fund the delivery of our strategy, ensuring reserves remain at an appropriate level.

Our reserves policy mandates that the Charity holds a minimum level of cash and investments to ensure that we will be able to discharge our financial commitments as they fall due. Council has agreed that 'managed cash and investments' should exceed a minimum of three months but is not expected to exceed five months annualised forecast cash outflow.

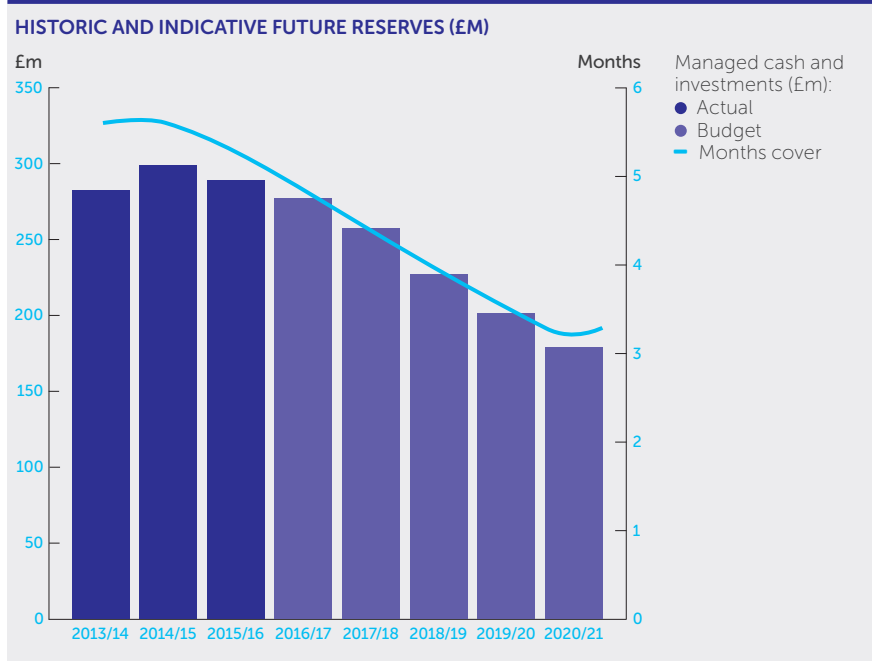
Reserves measured at 31 March are as shown opposite.

At 31 March 2016, although the 'managed cash and investments' level exceeds five months of forecast cash outflows, the Charity's five-year plan projects that reserves will reduce as the Charity increases charitable expenditure following the large increase in reserves in 2013/14. The indicative profile is shown opposite.

Cash flow and investments	2016 £m	2015 £m
Fundraising and trading income	529	516
Income from royalties and grants	95	87
Investment income	6	6
Other income	5	1
Charitable activities	(442)	(420)
Capital contributions to the Crick	(28)	(41)
Other expenditure	(188)	(179)
Purchase of fixed assets	(9)	(12)
Movement in working capital	27	61
Pension deficit payments	(9)	(9)
Net (decrease)/increase before investment gains	(14)	10
Investment (losses)/gains	(6)	15
Net (decrease)/increase	(20)	25
Cash and investments 1 April	318	293
Cash and investments 31 March	298	318

Managed cash and investments	31 March 2016 £m	31 March 2015 £m
Cash and investments	298	318
Less: funds under separate management ¹	(9)	(11)
Managed cash and investments	289	307
Months of annualised forecast cash outflows	Months 5.2	Months 5.7

¹ The Beatson Institute for Cancer Research.



TRUSTEES' REPORT | STRATEGIC REPORT

FINANCIAL REVIEW

INVESTMENT POLICY AND PERFORMANCE

The investment policy supports the reserves policy. The Charity seeks to adopt a cautious, prudent and well-diversified investment stance to balance potential returns with appropriate levels of risk. Smoking causes around a quarter of all cancer deaths in the UK and it is the Charity's policy not to invest, directly or indirectly, in tobacco companies.

The Charity's aim is to ensure that investments maintain their capital value, in real terms, across an investment cycle. Goldman Sachs Asset Management manages the majority of the investments. The portfolio is invested in a range of securities in line with levels agreed between the Charity and Goldman Sachs. At March 2016, the portfolio was split as shown opposite.

The Charity ensures that performance is managed against appropriate benchmarks. The income from investments for the year was £6 million (2015: £6 million) and investment losses totalled £6 million (2015: £15 million gain). Across the asset classes, returns were generally in line with or exceeded benchmarks, however the performance of the investment portfolio over the course of 2015/16 has been impacted by the fall in global markets.

A review of both the reserves and investment policies is conducted every year.

PENSIONS

The Charity offers employees the opportunity to join the Cancer Research UK Retirement Plan, a defined contribution scheme, at any time. Contributions made to the scheme in the year totalled £7 million (2015: £3 million).

Historically, employees could join the Cancer Research UK Pension Scheme ('the Scheme'), a defined benefit scheme. This closed to new entrants on 31 December 2009 and to future accrual on 31 March 2015.

Investment policy and performance

	31 March 2016 £m	31 March 2015 £m
Listed equity investments	106	113
Fixed and variable interest stocks	101	115
Other fixed asset investments	19	28
Cash at bank	72	62
Total cash and investments	298	318

In line with normal practice, there are two bases for assessing the value of the assets and liabilities of the Scheme. For accounting purposes, they are reported in accordance with the relevant accounting standard – FRS 102.

On an FRS 102 basis, the Scheme had a surplus at 31 March 2016 of £62 million (2015: £46 million surplus), equivalent to 11% of Scheme liabilities. Under FRS 102, the surplus has been recognised as an asset on the balance sheet. The valuation is particularly sensitive to the impact of the discount rate assumption on Scheme liabilities: a variation of 0.1% results in a change to the surplus of around £12 million.

For the purposes of ensuring that the Scheme is appropriately funded a triennial actuarial funding valuation is prepared. The triennial valuation uses a more cautious discount rate which increases the value of the liabilities. The latest valuation took place as at 31 March 2015 when a deficit of £55 million (2012: £61 million) was determined. The Charity has agreed a pension deficit recovery plan with the Scheme's trustees. This will see the annual payments fall to £5 million per annum for the next three years compared to £8.5 million per annum for the last three.

SUBSIDIARIES AND RELATED PARTIES

Activities in furtherance of our objectives

Cancer Research Technology Ltd (CRT) is a wholly-owned subsidiary. Its principal activity is to exploit intellectual property rights arising from research to ensure that discoveries are developed by the optimal route to deliver patient benefit.

Total income was £81 million (2015: £66 million). Profit on ordinary activities was £21 million (2015: £20 million). Royalty income from abiraterone acetate, a treatment for prostate cancer, has been strong.

The Beatson Institute for Cancer

Research, Glasgow, has been substantially strengthened by the development of its Drug Discovery Programme, the expansion and modernisation of its Biological Services Unit and the establishment of a screening facility, as well as building proteomics and metabolomics capability. The Institute continues to provide an outstanding environment to support the training and development of scientists, allowing it to develop strong interactions and partnerships with the NHS and local universities.

The Gibb Research Fellowship

Endowment Fund has five research fellows and an annual reward scheme promoted by the Charity to encourage and recognise those making outstanding contributions to cancer research.

Activities for generating funds

Cancer Research UK Trading Ltd is a wholly-owned subsidiary which generates income from trading activity within the fundraising portfolio. The company generates trading income through fees, sales, auctions and corporate sponsorship associated with our events, the largest being Race for Life. Other activities include the selling of cause-related merchandise through our corporate partnerships. Total revenue was up 8% to £26 million in the year (2015: £24 million), and profit on ordinary activities increased to £5 million (2015: £4 million).

The Imperial Cancer Research Fund and The Cancer Research Campaign continue to receive legacy income on behalf of the Charity. This income is transferred to the Charity immediately on receipt.

TRANSITION TO FRS 102

The effect of applying the new standards, FRS 102 and SORP 2015, is set out in Note 1.

GOING CONCERN

Council has reviewed the Charity's financial position, taking account of the satisfactory levels of reserves and cash, amounts receivable, principally from the committed giving supporter base, that are not included in the accounts as they do not yet meet the criterion for accounting recognition, the annual plan and the five-year financial plan, and its systems of financial and risk management. As a result of its review, Council believes that the Charity is well placed to manage operational and financial risks successfully.

Accordingly, Council has a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus Council continues to adopt the going concern basis of accounting in preparing the annual accounts.

FIVE-YEAR FINANCIAL HISTORY

Five-year financial history – year ended 31 March	2012	2013	2014	2015 ¹	2016
Total income (£m) ²	493	537	590	609	635
Fundraising and trading income (£m)	432	460	490	516	529
Income from royalties and grants (£m)	58	75	95	87	95
% of each £1 donated available to beat cancer ³	80%	82%	82%	80%	80%
Total spend on charitable activities (£m) ⁴	370	374	414	461	470
Managed cash and investments (£m)	182	179	282	307	289

The five-year record shows strong fundraising income with steady growth.

Spend on charitable activities has increased steadily supported by a combination of fundraising growth and draw-downs on reserves.

¹ 2015 restated on transition to FRS 102. 2012, 2013 and 2014 reported under UK GAAP.

² Excludes the exceptional gain on the sale of property in 2014 and the pension scheme curtailment gain in 2015.

³ See page 25 for how this measure is calculated.

⁴ This consists of spend on research, information and policy outreach and contributions to the Crick construction as shown on page 25. 2015 and 2016 include operational funding grants to the Crick (2016: £53.0 million, 2015: £48.5 million).

PRINCIPAL RISKS AND UNCERTAINTIES

Council is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the Charity is exposed.

It discharges this responsibility through its review of the effectiveness of the Charity's risk management framework.

This framework is designed to support informed decision-making regarding the risks that affect the Charity's performance and its ability to achieve its objectives. It also provides for a consistent approach to identifying, assessing and dealing with the risks facing the Charity so as to ensure that they do not exceed the level of risk the Charity is willing to assume. It should be noted that the framework is designed to manage, rather than to eliminate, the risks to the Charity's objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Processes in place regarding risk management and internal control include the following:

A comprehensive **risk management framework** which meets the Charity Commission's requirements and is compliant with ISO 31000. This consists of five stages, from understanding the risk environment through risk identification, analysis and evaluation to risk treatment. A top-down risk review, by the Executive Board, and a bottom-up review, by individual functions, is undertaken twice per year, and the risks identified through this process are documented in a risk register. In executing risk management, the Charity provides related training to employees and draws upon the expertise of functional specialists to support the process of identifying, evaluating and addressing risks.

The **Audit Committee** reviews the results of the semi-annual risk reviews undertaken by management and approves an annual risk-based internal audit plan which covers the major risks identified. It also receives regular reports from the internal audit function on the effectiveness of controls and on progress against both its audit plan and the recommendations made in its reports. The Audit Committee reviews four major risk areas in detail each year with management.

Council reviews a comprehensive risk management report annually to assist it in ensuring that an effective process is in place. This report updates the Council on its responsibilities with regard to risk management and on the risk framework in place.

Formal project groups are established for major projects and programmes, such as the Crick, to ensure that these are properly planned, managed and implemented. In addition, a cross-organisational governance group monitors and prioritises major IT programmes.

Clear and easily accessible **whistleblowing procedures** are in place and the Audit Committee receives an annual whistleblowing report. In addition, there are processes in place to investigate and report on any serious incidents, including the implementation of required corrective actions.

RISK PROFILE

Recent developments in the charity sector as a whole have seen increased media, public and regulator interest in the operation of charities. The Trustees and management remain focused on those

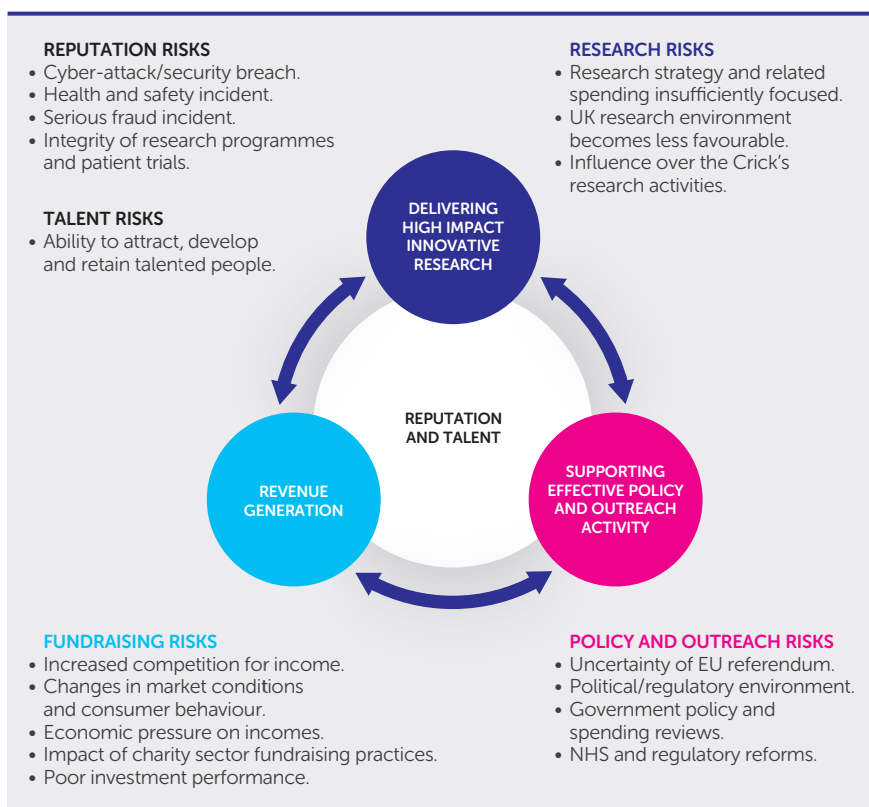
risks which could adversely affect the reputation of the Charity. The Charity is committed to ensuring that all its fundraising activities are respectful, open and honest.

To achieve improved patient outcomes, the Charity continues to pioneer new ways to prevent, diagnose and treat cancer as well as finding ways to optimise current treatments. Achievement of these priorities requires the Charity to:

- Generate revenue to allow increased investment.
- Fund high impact and innovative research.
- Support effective policy and outreach activity.

The achievement of these objectives depends on the quality of people engaged in the various activities and maintenance of the strong reputation of the Charity.

The principal risks to the Charity's objectives are aligned with the organisation's objectives as shown in the diagram below. Actions mitigating these risks are also summarised on page 31.



RISK	MANAGEMENT
<p>Reputation</p> <p>Events that could adversely affect Cancer Research UK's reputation and operations. This could include a cyber-attack, a serious data security breach, a serious fraud or an issue relating to our fundraising practices. It could also include a significant health and safety incident or an incident relating to the integrity of our research programmes or patient trials.</p>	<ul style="list-style-type: none"> • Senior level engagement in policy setting and monitoring. • Comprehensive training and awareness programmes for all staff. • Dedicated specialist resource in data security, health and safety, and patient trials. • Ongoing review of our fundraising practices in light of recommendations made by the various reviews of charity sector fundraising practices. • Information security policies and procedures including security patching, vulnerability scanning, penetration testing and anti-virus software. • Regular reviews of, and investment in, IT infrastructure. • Anti-fraud processes and controls.
<p>Fundraising</p> <p>Increased competition for voluntary income, changes in market conditions and consumer behaviour and continued economic pressure on incomes. Loss of some fundraising income due to recent public attention on sector fundraising practices and the impact of related regulatory changes. This could mean that growth in income fails to match the planned increase in research expenditure.</p>	<ul style="list-style-type: none"> • Brand campaigns to maintain awareness and to engage with existing and new supporters. • Investment in the marketing of core income activities and innovation related to new fundraising activities. • Ongoing review of market trends. • Ongoing review of our fundraising income. • Regular financial planning including income and reserves projections and the budgeting and monitoring of actual expenditure. • Adherence to the Charity's code of fundraising practice.
<p>Political and regulatory</p> <p>Impact of government policy, spending reviews, the NHS and charity sector regulatory reforms and the potential impact of EU referendum on the Charity's research and policy work.</p>	<ul style="list-style-type: none"> • Engagement with key decision-makers and influencers in government, local authorities and in the NHS. • Senior level representation on many influential fora. • Scenario planning regarding the potential impact of the EU referendum.
<p>Research environment</p> <p>The environment for research becomes less favourable, thereby reducing the impact of the Charity's work, e.g. due to reduced investment by government or industry.</p>	<ul style="list-style-type: none"> • Monitoring of environmental shifts, active engagement in dialogue with key opinion formers and building strong relationships and alliances with partner organisations.
<p>Research strategy</p> <p>Research strategy and spending is not properly or sufficiently focused to enable Cancer Research UK to meet its objectives.</p>	<ul style="list-style-type: none"> • Extensive strategy reviews conducted with senior internal and external subject matter experts. • Detailed review of research funding requests by funding committees comprised of senior scientific experts with related experience. • Structured reviews of research centres by independent international panels of experts to ensure that the Charity continues to support the best scientists and research.
<p>The Crick</p> <p>Cancer Research UK fails to achieve sufficient influence over the Crick's cancer research activities.</p>	<ul style="list-style-type: none"> • Cancer Research UK representation on the Crick Board and the Crick's Scientific Research Working Group. • Ongoing review of the work of the Crick to ensure that Cancer Research UK's ongoing funding of the Crick is applied in ways that align with the Charity's research strategy.
<p>Talent</p> <p>Talented staff are not attracted, developed and retained in an increasingly competitive labour market.</p>	<ul style="list-style-type: none"> • Talent management and succession planning programmes. • Regular reviews of resourcing processes. • Regular benchmarking of compensation and benefits across key disciplines. • Employee engagement surveys and follow-up action plans.
<p>Financial</p> <p>The Charity's investments are not properly safeguarded or perform poorly.</p>	<ul style="list-style-type: none"> • Approved investment counterparty list with limits for the amount held with any one investment group. • Focus of investment policy on capital preservation, liquidity and maintenance of real value of reserves. • Regular management reviews of the investment portfolio and its performance.

STRUCTURE, GOVERNANCE AND MANAGEMENT

STRUCTURE AND MANAGEMENT

Cancer Research UK is a company limited by guarantee and is a registered charity. It is governed by a Council of Trustees. Council sets strategic direction and ensures the Charity achieves its objectives. It oversees governance and is responsible for upholding the Charity's values. It is supported by a number of committees to which it delegates certain authorities. The day-to-day running of the Charity is the responsibility of the Executive Board.

COUNCIL

Council oversees a robust governance framework. The Charity's governance complies with the Code for the Voluntary and Community Sector, endorsed by the Charity Commission and with other best practice guidelines.

It has agreed a schedule of matters reserved to Council which includes approval of the Charity's strategic aims and objectives, oversight of its operations and review of performance. It delegates operational responsibility for the Charity's activities to the Chief Executive and the Executive Board and provides advice, guidance and support on an ongoing basis. Council comprised 13 Trustees at 25 May 2016. All Trustees are Members of the Charity and Directors of the charitable company.

Council carries out self-evaluation on a regular basis. Trustees also have a one-to-one meeting with the Chairman on an annual basis when any issues may be discussed.

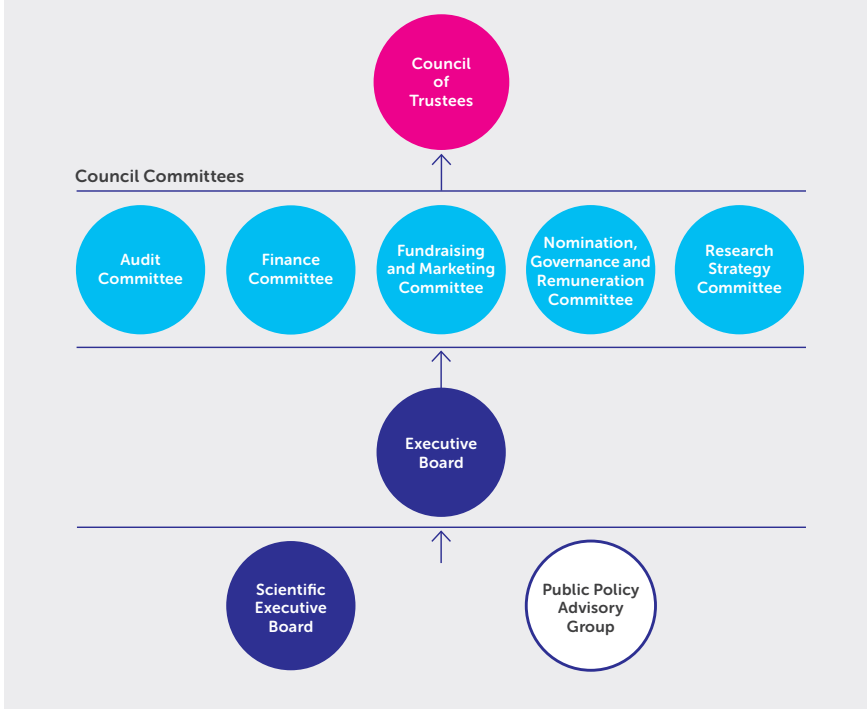
During the year four new Trustees joined Council and three retired. New Trustees undertook a structured induction including meetings with the CEO and other senior management and visits to Cancer Research UK Institutes.

Council met seven times during the year.

MEMBERS

The Charity's constitution allows the appointment of up to 100 Members. They are entitled to attend all general meetings, including the Annual General Meeting, where they receive the Annual Report and Accounts and elect or re-elect Trustees. Regular contact is maintained with Members, mainly through a quarterly letter from the Chairman.

COMMITTEES AND ADVISORY GROUPS



TRUSTEES

The Trustees and Chairman are appointed for an initial period of three years that can be extended for a further three-year term. Apart from the Chairman, a further extension may be made if it is deemed to be in the best interests of the Charity. For more information, see pages 34 and 35.

COMMITTEES

All Trustees serve on one or more Council Committees. The Chairman is an ex officio member of all Council Committees, except the Audit Committee, which he may attend if invited by the Committee Chairman. Any Trustee may attend any Council Committee meeting. The Committees are delegated specific responsibilities by Council as outlined below. They provide counsel, expertise and support to the Executive Board. Details of membership of Committees are shown in the table on page 34.

Council Committees undertake an evaluation of performance annually and use the results to support improvements in the governance of the Charity.

Audit Committee

The Committee is responsible for reviewing the Annual Report and Accounts of the Charity, including accounting policies and any key accounting estimates and judgements, and reviews the effectiveness of the external audit. The Committee reviews the Charity's risk management and internal control systems and monitors the effectiveness of the internal audit function. It also reviews specific risk areas with management and during the year reviewed cybersecurity risks, health and safety risks within retail, and controls around patient engagement and employee on-boarding.

The Committee met three times during the year.

Finance Committee

The Committee is responsible for the short- and long-term financial viability of the Charity and effective stewardship of its assets. It reviews and approves for recommendation to Council investment and reserves policies and oversees management of investments. It regularly reviews a rolling five-year financial plan which underpins the Charity's strategic

projections. It monitors performance against budget and plan and recommends action where necessary. During the year it reviewed the appropriateness of the basis of calculation of the percentage of income available to beat cancer. The Committee oversees management of the Charity's pension schemes and during the year reviewed the triennial valuation of the defined benefit scheme.

The Committee met five times during the year.

Fundraising and Marketing Committee

The Committee is responsible for supervisory oversight of the Charity's fundraising and marketing strategy and activities. It regularly reviews the most important fundraising activities as well as innovation projects. The Committee reviews fundraising practices on a regular basis and during the year it considered the Charity's response to the Etherington Report and a proposed 'opt-in' only in fundraising communications with donors.

The Committee met four times during the year.

Nomination, Governance and Remuneration Committee

The Committee is responsible for reviewing and making recommendations to Council with regard to the governance policies and procedures of the Charity, assessing Membership, Council, Council Committees and their respective responsibilities. It initiates the search and selection process and makes recommendations to Council for new Members, Trustees and the leadership of the Charity as may be necessary, assisted by independent consultants and open advertising. In selecting suitable candidates, the Committee considers a range of factors, including relevant skills, experience and diversity.

The Committee approves the overall policy for remuneration and pension arrangements for all employees, including any major changes to employee benefits. The Committee determines the remuneration, benefits and pension arrangements of the Chief Executive and the Executive Board. Each position on the Executive Board is individually benchmarked and salaries are positioned well below roles with similar responsibilities in the corporate sector. During the year, it reviewed employee pension plans and benefits and reporting of key management

compensation in the Annual Report and Accounts, together with the appointment of new Trustees and new Executive Directors.

The Committee met three times during the year.

Approach to Remuneration

As the largest fundraising charity in the UK with a record of leading and funding world-class science, Cancer Research UK has enabled huge advances in research and cancer treatment. It employs some 3,600 people.

To achieve the Charity's ambition that by 2034, three in four people in the UK will survive cancer, it is critical to attract and retain high-calibre senior leaders as well as skilled and experienced people across a range of business functions in addition to research. Accordingly, the approach at all levels is to employ people whose contribution drives the Charity's performance. To that end, it offers a level of remuneration reflecting individual responsibilities and performance whilst ensuring optimal use of supporter donations for research.

Salaries are positioned between the median of the charitable and corporate sectors. Remuneration for different job families and talent pools is validated objectively using market comparators. This includes salary survey data from the charitable, private and public sectors. Guidance is sought from external professional advisers as appropriate. The Charity conducts an annual salary review with increases awarded for individual performance. The Charity does not operate a bonus scheme with the exception of a sales incentive plan across its network of retail shops. The remuneration framework sets out pay bands clearly and is openly available to employees. This supports the Charity's aim of engendering fairness and teamwork.

All Trustees are unremunerated.

Research Strategy Committee

The Committee is responsible for overseeing the development, review and implementation of the Charity's research strategy, which it considers and recommends to Council. It reviews scientific performance objectives and targets for the Charity and monitors progress made towards them.

During the year the Committee considered in particular progress against the science strategy, attracting academic leadership to the UK, the case for establishing an early detection institute and progress of the TRACERx programme.

The Committee met twice during the year.

Executive Board

The Executive Board is responsible for the day-to-day running of the Charity under authority delegated by Council. It proposes to Council where the Charity should invest its time, money and expertise. It reviews with Council any changes to strategy on an annual basis, in addition to a rolling five-year financial plan. It proposes an annual operating budget to Finance Committee and Council for approval and monitors financial performance. It recommends any changes to budget in light of performance to date. Executive Board members can be found on page 36.

The Executive Board met 12 times during the year.

Scientific Executive Board

The Scientific Executive Board is responsible for the implementation of science policy and strategy after its approval by the Research Strategy Committee and Council. It works closely with the Research Strategy Committee, and reports to the Executive Board.

The Scientific Executive Board met six times during the year.

Public Policy Advisory Group

The Public Policy Advisory Group provides advice on Cancer Research UK's public policy agenda and outreach strategies.

The Group met twice during the year.

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

COMMITTEES AND TRUSTEE MEMBERSHIP

Council		Council Committees				
Trustees	Year of Trustee appointment	Audit	Finance	Fundraising and Marketing	Nomination, Governance and Remuneration	Research Strategy
Michael Pragnell (Chairman)	2010	●	●	●	●	●
Anne Baldock (retired 1 October 2015)	2011	○			○	
Wendy Becker (Deputy Chairman)	2011			○	○	
Professor Doctor Anton Berns	2010					○
Professor Sir Adrian Bird	2010					●
Carolyn Bradley (from 25 November 2015)	2015			●		
Catherine Brown (from 23 September 2015)	2015	○				
Helen Calcraft (retired 24 November 2015)	2011			●		
Dr Adrian Crellin	2012		○			○
Professor Alexander Eggermont (from 22 March 2016)	2016					○
Professor Stephen Holgate	2014	○				○
Professor Jonathan K.C. Knowles	2011			○		○
David Lindsell	2014	●	○			
Andrew Palmer	2014	○	●	●	●	●
Professor Sir Bruce Ponder (from 25 November 2015)	2015					○
Professor Peter Selby (retired 1 January 2016)	2012				○	○
Number of meetings		3	5	4	3	2

● Chair ○ Member ● Ex officio ○ Invited to attend

TRUSTEES

The Trustees at 25 May 2016 are listed below.

Michael Pragnell MA MBA, **Chairman**, was the founder Chief Executive Officer of Syngenta AG. He led Syngenta to become world leader in crop protection following the merger of the agrochemicals and plant bio-science businesses of AstraZeneca and Novartis. He retired at the end of 2007 after a 39-year career in the chemical and bio-technology industries. He is a Director of Cancer Research Technology Ltd. He is a non-executive director of VINCI SA and a member of the board of INSEAD.

Wendy Becker BA MBA, **Deputy Chairman**, is a non-executive director of NHS England and Whitbread plc and a Trustee of the Prince's Trust and the Design Museum. She is also a member of the Business Advisory Council for the Saïd Business School, Oxford and a member of the Board of Visitors of the Dickey Center at Dartmouth College. Wendy was previously

CEO of Jack Wills Ltd, Group Chief Marketing Officer at Vodafone, CEO of TalkTalk Residential and a long-serving partner at McKinsey & Company.

Professor Doctor Anton Berns is the former Director of Research and Chairman of the Board of Directors of the Netherlands Cancer Institute – Antoni van Leeuwenhoek Hospital, where he is a senior staff member and continues to run his research group. He is a member of a number of scientific advisory boards of academic institutes including Institut Curie Paris, Max Planck Munich, Danish Cancer Centre, Cancer Genomics Centre in the Netherlands, Wellcome Trust Sanger Institute and European Institute of Oncology in Milan.

Professor Sir Adrian Bird CBE FRS FRSE has held the Buchanan Chair of Genetics at the University of Edinburgh since 1990. His awards include the 1999 Louis-Jeantet Prize for Medicine and the 2011 Gairdner International Award. He was Deputy

Chairman of the Wellcome Trust from 2007 to 2010. Professor Bird was awarded a knighthood in the 2014 New Year's Honours for services to science.

Carolyn Bradley MA (Cantab) has extensive marketing and commercial experience from her executive career at Tesco, where her roles included Group Brand Director, UK Marketing Director, and Chief Operating Officer for Tesco.com. She is now a non-executive director with Legal & General Group plc, Marston's plc, and The Mentoring Foundation. In addition, she works as an independent adviser on business and marketing strategy. She was previously a Trustee of the DrinkAware Trust.

Catherine Brown LLB (Hons) has broad experience in strategy and organisational change, having previously been Group Strategy Director of Lloyds Banking Group, Executive Director HR of the Bank of England, and Chief Operating Officer of Apax Partners. She is a non-executive

board member of the Cabinet Office and holds board positions in private equity-backed financial services and technology companies. She is Chairman of The Plastic Economy, a manufacturer of low-cost prosthetic limbs from recycled plastic. She is a Trustee of Blue Cross and has charity projects across the Himalayan region.

Dr Adrian Crellin MA FRCR FRCP is a Consultant Clinical Oncologist in Leeds. He was recently Vice-President of the Royal College of Radiologists and Dean of the Faculty of Clinical Oncology and is currently NHS England and Department of Health's National Clinical Lead on Proton Beam Therapy and Chair of the NHS Radiotherapy Clinical Reference Group. He studied medicine at the University of Cambridge and completed his medical training at three London hospitals: St Bartholomew's, the Middlesex and Mount Vernon.

Professor Alexander Eggermont MD PhD is Director General of the Institut Gustave Roussy Cancer Center in Paris. He is Professor of Oncology at the Paris-Sud University, Professor of Surgical Oncology and Endowed Professor of International Networking in Cancer Research at the Erasmus University Medical Centre, Rotterdam. He holds the Joseph Maisin Chair in Oncology at the Catholic University of Louvain. He is a Fellow of the Surgery Branch of the National Cancer Institute, USA and President of the European Academy of Cancer Sciences and Cancer Core Europe. He was conferred the Chevalier of the Légion d'Honneur in January 2015.

Professor Stephen Holgate CBE FMedSci is Medical Research Council Clinical Professor of Immunopharmacology at the Faculty of Medicine in Southampton. He advises the UK Government and EU on issues relating to medical research, air pollution and chemical hazards. He chaired the Research Excellence Framework 2014 Main Panel for Medicine, Health and Life Sciences for assessing research quality and impact in all UK universities. He is Chair of the Science Council of the European Respiratory Society. He was appointed Commander of the Order of the British Empire (CBE) in the 2011 New Year's Honours for services to clinical science.

Professor Jonathan K.C. Knowles is the former Head of Group Research and Member of the Executive Committee at Roche and a former member of the Boards of Genentech and Chugai Pharmaceuticals. He is a Distinguished Professor in Personalised Health Care at the Institute for Molecular Medicine Finland (FIMM) at the University of Helsinki, a visiting Professor at the University of Oxford, Professor Emeritus, EPFL, Lausanne, Switzerland and holds a visiting fellowship at Pembroke College, Cambridge. In 2013 he was appointed Chairman of Immunocore Limited and Adaptimmune Limited.

David Lindsell MA FCA is a chartered accountant and non-executive director and Chairman of the Audit Committee of Premier Oil plc and Drax Group plc, and Deputy Chairman of the Governors of the University of the Arts, London. He was Deputy Chairman of the Financial Reporting Review Panel from 2008 to 2012 and a partner in Ernst & Young from 1978 to 2007.

Andrew Palmer FCA (Treasurer) is a chartered accountant and was formerly Group Finance Director of Legal & General Group plc. He is a non-executive director and Chair of the Audit Committee at both Direct Line Insurance Group plc and Royal London Group plc. Andrew is a panel member of the Financial Reporting Review Panel of the Financial Reporting Council and is a Trustee and Treasurer of the Royal School of Needlework.

Professor Sir Bruce Ponder FRCP FMedSci FRS is Emeritus Professor of Oncology at the University of Cambridge and a Senior Group Leader in inherited cancer genetics at the Cancer Research UK Cambridge Institute. He was formerly Li Ka Shing Professor of Oncology, Founding Director of the Cancer Research UK Institute and of the Cancer Centre, co-Director of the Hutchison/MRC Research Centre and the Strangeways Research Laboratories for Genetic Epidemiology. Following a PhD at ICRF, now the Francis Crick Institute, he trained in Medical Oncology at the Dana Farber Cancer Institute, Harvard University. He was knighted in 2008 for services to medicine.

CHANGES TO COUNCIL

Catherine Brown LLB (Hons) was appointed Trustee on 23 September 2015.

Anne Baldock LLB (Hons) retired from Council on 1 October 2015.

Helen Calcraft BA (Hons) MBA retired from Council on 24 November 2015.

Carolyn Bradley MA (Cantab) was appointed Trustee on 25 November 2015.

Professor Sir Bruce Ponder FRCP FMedSci FRS was appointed Trustee on 25 November 2015.

Professor Peter Selby CBE DSc MD FMedSci FRCP retired from Council on 1 January 2016.

Professor Alexander Eggermont MD PhD was appointed Trustee on 22 March 2016.

For more information on the Trustees and their full biographies please visit cruk.org/trustees

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

EXECUTIVE BOARD

The Executive Directors at 25 May 2016 are listed below:

Sir Harpal Kumar MA MEng MBA DSc (Hon)
Chief Executive Officer

Appointed in 2007, having held roles as Chief Operating Officer and Chief Executive of Cancer Research Technology Ltd, a wholly-owned subsidiary of Cancer Research UK. He was Chair of the Taskforce and author of 'Achieving World-Class Cancer Outcomes: A Strategy for England 2015–2020', published in summer 2015. He is a Trustee of the Francis Crick Institute in London. He also chairs the National Cancer Advisory Group and is a member of the MedCity Advisory Board. He is a Director of the Union of International Cancer Control. He was knighted in the 2016 New Year's Honours for services to cancer research.

Ed Aspel BSc (Hons)
Executive Director, Fundraising and Marketing

Appointed in 2015, having held roles in Innovation, Strategic Marketing Planning and latterly as Director of Public and Patient Engagement since he joined the Charity in 2012. He is responsible for brand, marketing and mass fundraising.

Iain Foulkes PhD
Executive Director, Strategy and Research Funding

Appointed in 2011, having held roles in Fundraising and Marketing, and Strategy and Research Funding since he joined the Charity in 1999. He is responsible for helping shape the Charity's strategy, ensuring the best cancer research is funded through a variety of funding schemes, research infrastructure investment and the Cancer Research UK Institutes.

Nick Gaynor MA Oxon
Co-Executive Director, Philanthropy and Partnerships

Appointed in 2015, having spent over 30 years in investment banking working with major corporates and private equity firms. He is responsible for developing and leading the high-value fundraising strategy, driving income growth through individual relationships and partnerships.

Nick Grant MA MEng MBA
Executive Director, International Partnerships

Appointed in 2016, having held roles as Director of Strategy and Interim Executive Director of Policy and Information since he joined the Charity in 2010. He is responsible for building the international network of the Charity, ensuring that it works effectively with partners around the world.

Professor Peter Johnson MA MD FRCP FMedSci
Chief Clinician

Appointed in 2008, he is Professor of Medical Oncology at the University of Southampton and Director of the Southampton Cancer Research UK Centre. He is responsible for the Charity's clinical strategy, both in clinical research and in the wider context of cancer prevention, diagnosis and treatment.

Ian Kenyon BSc ACA
Chief Financial Officer and Executive Director, Corporate Resources

Appointed in 2013, having spent nearly 20 years in a number of senior roles in the retail sector. He has overall responsibility for the Finance, General Counsel, IT, Property and Procurement teams.

Frances Milner BA (Hons)
Co-Executive Director, Philanthropy and Partnerships

Appointed in 2015, having held senior roles in fundraising since she joined the Charity in 2010. She is responsible for developing and leading the high-value fundraising strategy, driving income growth through individual relationships and partnerships for Cancer Research UK.

Elizabeth Sideris BA MSc FCIPD
Executive Director, Human Resources

Appointed in 2009, having joined the Charity as HR Director in 2006, following more than 20 years in the private sector. She is responsible for people engagement and organisation development, ensuring effective people sourcing and development strategies.

Sarah Woolnough BSc MSc
Executive Director, Policy and Information

Appointed in 2012, having held senior roles in policy since she joined the Charity in 2005. She is responsible for delivering the Charity's outreach, information and patient engagement activities, keeping cancer high on the political agenda and providing cancer information to the public, patients and health professionals.

Clare Shepherd BA (Hons)
General Counsel

Clare Shepherd is a solicitor and, although not a member of the Executive Board, she attends Executive Board meetings.

For more information on the Executive Board and their biographies please visit cruk.org/executive-board

EMPLOYMENT POLICY

It is the Charity's policy to provide equal opportunities to job applicants and employees of any race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status. The Charity does not condone or tolerate any form of discrimination in its recruitment or employment practices. All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal access to training, development, reward and progression opportunities and are accountable for the impact of their own behaviour and actions. All the Charity's policies follow these principles. During the year, regular communications to employees have been provided on matters affecting them, including factors affecting the Charity's progress, and they have been consulted on decisions affecting them.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the Charity's objectives and achievements on pages 11 to 16.

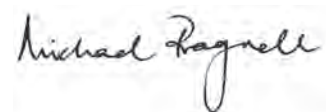
The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The reference and administrative details on page 68 form part of the Trustees' Report.

INDEPENDENT AUDITORS

A resolution for the reappointment of PricewaterhouseCoopers LLP as auditors for the Charity will be proposed at the forthcoming Annual General Meeting.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees.



Michael Pragnell

Chairman
25 May 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANCER RESEARCH UK

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Cancer Research UK's group financial statements and parent charitable company financial statements (the 'financial statements'):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

What we have audited

The financial statements, included within the Annual Report and Accounts (the 'Annual Report'), comprise:

- the group and parent charitable company balance sheets as at 31 March 2016;
- the consolidated statement of financial activities (incorporating an income and expenditure account) for the year then ended;
- the consolidated information on group cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members and Trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



Philip Stokes
Senior Statutory Auditor

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
London

26 May 2016



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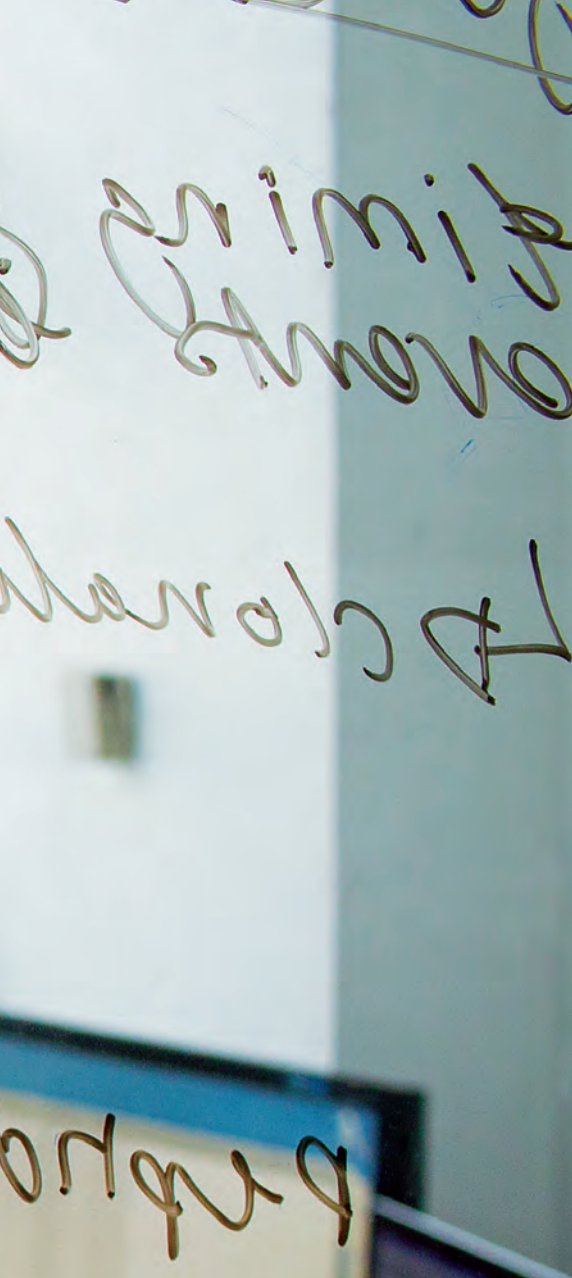
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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2016
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds 2016 £m	Restricted funds & endowments 2016 £m	Total 2016 £m	Total 2015 £m
Donations and legacies	3a	371.4	62.2	433.6	424.0
Income from charitable activities	4	89.5	5.2	94.7	87.2
Income from investments		5.5	0.2	5.7	6.0
Other income		5.9	–	5.9	0.4
Income and endowments		472.3	67.6	539.9	517.6
Expenditure on raising funds	5a	106.9	–	106.9	105.2
Net income available for charitable application		365.4	67.6	433.0	412.4
Income from trading activities	3b	95.3	–	95.3	91.7
Expenditure on raising funds from trading activities	5b	81.4	–	81.4	73.9
Net contribution from trading activities		13.9	–	13.9	17.8
Total income before exceptional items		567.6	67.6	635.2	609.3
Exceptional income on closure of pension scheme	20	–	–	–	14.1
Total income and endowments		567.6	67.6	635.2	623.4
Total expenditure on raising funds		188.3	–	188.3	179.1
Costs of charitable activities	6	380.5	61.0	441.5	420.4
Total expenditure		568.8	61.0	629.8	599.5
Net gain on associates	14	–	–	–	0.5
Net realised investment (loss)/gain		(1.0)	(0.2)	(1.2)	6.8
Net unrealised investment (loss)/gain		(5.0)	–	(5.0)	7.7
Total net investment (loss)/gain		(6.0)	(0.2)	(6.2)	14.5
Net (expenditure)/income before transfers		(7.2)	6.4	(0.8)	38.9
Transfers between funds	25,26	15.2	(15.2)	–	–
Net (expenditure)/income before other recognised gains and losses		8.0	(8.8)	(0.8)	38.9
Other recognised gains and losses					
Net actuarial gain on pensions	20	5.8	–	5.8	6.6
Net movement in funds		13.8	(8.8)	5.0	45.5
Reconciliation of funds:					
Funds brought forward		323.9	55.6	379.5	334.0
Funds carried forward	25, 26	337.7	46.8	384.5	379.5

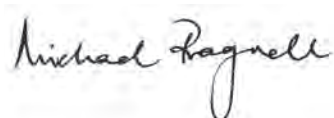
All amounts relate to continuing operations. All gains and losses recognised in the year are included in the Consolidated Statement of Financial Activities (SOFA). There are no material differences between the net income for the financial year and the historical cost equivalents. Results for the year ended 31 March 2015 are shown in corresponding notes to the accounts.

BALANCE SHEETS

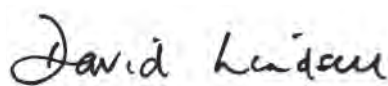
AS AT 31 MARCH 2016

	Note	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Fixed assets					
Tangible fixed assets	12	55.5	56.5	40.0	40.7
Investments	13	225.4	256.0	225.2	255.8
Programme-related investments	14	165.2	132.0	164.2	131.4
		446.1	444.5	429.4	427.9
Current assets					
Stock		2.0	2.5	0.8	0.7
Debtors	16	207.8	189.2	170.0	154.1
Investments	13	0.1	0.1	0.1	0.1
Cash and short-term deposits		72.3	61.7	53.2	53.9
		282.2	253.5	224.1	208.8
Creditors: amounts falling due within one year	17a	(314.5)	(290.3)	(269.6)	(259.3)
Net current liabilities		(32.3)	(36.8)	(45.5)	(50.5)
Total assets less current liabilities		413.8	407.7	383.9	377.4
Creditors: amounts falling due after one year	17b	(88.4)	(71.0)	(86.3)	(68.9)
Provisions for liabilities and charges	18	(2.6)	(2.8)	(2.6)	(2.7)
Net assets (excluding net pension asset)		322.8	333.9	295.0	305.8
Net pension asset	20	61.7	45.6	61.7	45.6
Net assets (including net pension asset)		384.5	379.5	356.7	351.4
Funds					
Restricted and endowment funds					
Restricted funds	25	46.8	55.6	26.3	37.8
Unrestricted funds					
General funds (including undistributed profits of trading subsidiaries)	26	276.0	278.3	268.7	268.0
Pension reserve	26	61.7	45.6	61.7	45.6
		337.7	323.9	330.4	313.6
Total funds	27	384.5	379.5	356.7	351.4

The financial statements on pages 42 to 67 were approved by the Trustees on 25 May 2016 and signed on their behalf by



Michael Pragnell, Chairman



David Lindsell, Trustee

FINANCIAL STATEMENTS

CONSOLIDATED INFORMATION ON CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Group 2016 £m	Group 2015 £m
a) Reconciliation of net expenditure/income to net cash flow from operating activities			
Net (expenditure)/income for the reporting year (as per the Statement of Financial Activities)		(0.8)	38.9
Adjustments for:			
Investment income		(5.7)	(6.0)
Depreciation charge for the year	12a	9.4	16.7
Write-off of book value on disposal of tangible fixed assets	12a	0.6	0.3
Impairment of tangible fixed assets	12a	–	2.7
Contribution in kind of programme-related investment	14a	(4.8)	–
Impairment of programme-related investments	14a, 14b	3.5	1.3
Losses/(gains) on investments	13	8.8	(16.6)
(Gains)/losses on derivative financial instruments	16, 17a	(2.7)	2.1
Gains on associate	14a	–	(0.5)
Decrease in stock		0.5	0.6
Increase in debtors excluding derivative financial instruments		(18.0)	(18.1)
Increase in creditors excluding derivative financial instruments		43.7	58.8
Decrease in provision for liabilities and charges		(0.2)	(0.5)
Pension curtailment	20	–	(14.1)
Total pension (gains)/losses recognised in SOFA excluding actuarial loss	20	(0.9)	7.6
Pension contributions by employer	20	(9.4)	(16.4)
Net cash provided by operating activities		24.0	56.8
b) Statement of cash flows			
Net cash provided by operating activities	a	24.0	56.8
Cash flows for investing activities:			
Investment income		5.7	6.0
Purchase of tangible fixed assets	12a	(9.0)	(12.0)
Proceeds from the sale of investments	13	90.6	97.7
Purchase of investments	13	(68.8)	(281.7)
Capital contributions to programme-related investments	14a, 14b	(31.9)	(42.4)
Increase in cash and deposits (investment assets)		–	153.2
Net cash used in investing activities		(13.4)	(79.2)
Change in cash and cash equivalents in the year		10.6	(22.4)
Cash and cash equivalents at 1 April		61.7	84.1
Cash and cash equivalents at 31 March	c	72.3	61.7
c) Analysis of cash and cash equivalents			
Cash in hand		24.0	13.3
Notice deposits (less than 3 months)		48.3	48.4
Cash and short-term deposits at 31 March		72.3	61.7

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

These accounts have been prepared in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Statement of Recommended Practice 'Accounting and Reporting by Charities' FRS 102 as revised in 2015 ('the SORP 2015'), together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP 2015 and the special nature of the Charity's activities.

The financial statements have been prepared on the historical cost convention as modified by the revaluation of investment properties and listed investments.

The accounts have been prepared on the going concern basis. The Charity's five-year plan projects increased charitable expenditure which will be reflected in an annual deficit but with reserves remaining within the levels in the reserves policy. There are no material uncertainties about the Charity's ability to continue. The Charity is a public benefit entity. The accounting policies have been applied consistently throughout the accounts and the prior year.

Reconciliation with previous Generally Accepted Accounting Practice

The Cancer Research UK Group Annual Report and Accounts and the accounts of subsidiaries are prepared under UK Generally Accepted Accounting Practice ('UK GAAP') and comply with the Statement of Recommended Practice 'Accounting and Reporting by Charities' ('SORP'). UK GAAP changed with effect for accounting periods beginning on or after 1 January 2015 to Financial Reporting Standard 102 ('FRS 102'). A new GAAP framework brings a new Charities SORP 2015 which supersedes SORP 2005. This is the first year of accounts affected by the new standards and the results for the year ending 31 March 2015 have been restated to be on a comparable basis.

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the SORP 2015 the restatement of corresponding amounts was required.

The opening fund balances at the date of transition have been restated due to the items outlined in the table below. The transition date was 1 April 2014. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of total funds as previously reported to total funds in accordance with FRS 102

	Note	31 March 2015 £m	1 April 2014 £m
Total funds as previously reported in accordance with UK GAAP		337.0	313.3
Recognition of pension surplus	(i)	45.6	16.1
Recognition of holiday pay accrual	(ii)	(3.1)	(3.0)
Contributions payable relating to funding of deficit on multi-employer schemes		(2.2)	(1.2)
Recognition of forward contracts at balance sheet date		(2.1)	–
Release of negative goodwill		1.6	2.4
Discounting of grant creditors due > 1 year		1.6	1.4
Recognition of grant income when deemed probable		1.1	0.7
Recognition of pledges when deemed probable	(iii)	–	3.5
Material legacy cases included at full value		–	0.8
Total funds restated in accordance with FRS 102		379.5	334.0

Reconciliation of net income for the year ended 31 March 2015

	Note	31 March 2015 £m
Net income for the year ended 31 March 2015 as previously reported		39.8
Recognition of net realised and unrealised investment gains in net income	(iv)	9.8
Recognition of pledges when deemed probable		(3.5)
Reduction in pension credit		(3.0)
Recognition of forward contracts at balance sheet date		(2.1)
Contributions payable relating to funding of deficit on multi-employer schemes		(1.0)
Release of negative goodwill		(0.8)
Material legacy cases included at full value		(0.8)
Recognition of grant income when deemed probable		0.4
Discounting of grant creditors due > 1 year		0.2
Recognition of holiday pay accrual		(0.1)
Net income reported under FRS 102		38.9

The impact on net income in the Charity is £0.5 million.

FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

Reconciliation with previous Generally Accepted Accounting Practice (continued)

The principal changes in accounting policy that have been made in order to comply with FRS 102 are as follows:

- (i) Under FRS 102 a defined benefit pension plan surplus is recognised to the extent that the Charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This is a change from UK GAAP and, as a result, the Charity has recognised the surplus as an asset on the balance sheet.
- (ii) FRS 102 requires the cost of short-term compensated absences to be recognised when the employees render the service that increases their entitlement. Consequently, an estimate of the value of holiday pay outstanding has been recognised on the balance sheet.
- (iii) Income recognition requirements have been amended under FRS 102 from 'virtually certain' to 'probable'. As a result of this change, income from pledges was recognised at an earlier date with an impact of £3.5 million being de-recognised in the year to 31 March 2015 and recognised in earlier periods in the opening position at 1 April 2014.
- (iv) FRS 102 requires that net realised and unrealised investment gains and losses be presented in arriving at net income.

Basis of consolidation

The consolidated accounts incorporate the results of Cancer Research UK ('the Charity') and its subsidiary undertakings on a line by line basis, as well as its share of the results of its associate using the net equity method. In the consolidated accounts uniform accounting policies have been used. The consolidated entity is referred to as 'the Group'. No separate company Statement of Financial Activities (SOFA) has been prepared for the Charity as permitted by section 408 of the Companies Act 2006.

Cash flow statement

The Charity prepares a consolidated cash flow statement and the consolidated accounts, in which the Charity's results are included, are available to the public. It has therefore taken advantage of the exemption conferred by FRS 102 Section 1 not to prepare a cash flow statement.

Incoming resources

Incoming resources are accrued and included in the SOFA when the Group is entitled to the income, receipt can be quantified and is probable and they are deferred when they relate to future accounting periods.

Donations and legacies

Legacies are recognised when probate is granted and there is sufficient information to value them. Reversionary interests involving a life tenant are not recognised, unless the tenant has passed away. Donations are accounted for when received, except sponsorship from events which is recognised when the event takes place and major gifts which are recognised on a receivable basis where receipt is probable and there is entitlement to the income. Donations in kind, excluding donated goods, are recognised at their value to the Group when received and an equivalent amount is included in the appropriate cost line: the only amounts included for donated services are those provided in a professional capacity. Gift Aid receivable is included in income when there is a valid Gift Aid declaration.

Income from trading activities

Retail income, including income from donated goods, is accounted for when the sale takes place. The Charity operates a retail Gift Aid scheme for supporter goods sold which are in its charity shops on an agency basis. These sales are treated as sales of donated goods for accounts purposes.

Events registration fees are recognised when the event takes place. Events merchandise is accounted for when the sale occurs.

Income from charitable activities

Grants are recognised when the Group is entitled to receipt. Income from intellectual property rights is recognised gross before the distribution under revenue-sharing agreements to third parties, which is included in costs, on the basis that risks and rewards remain with the Group. Where contracts contain the right to receive periodic payments, these receipts are recognised when they fall due and on completion of the company's contractual obligations for the period.

Resources expended

Expenditure is accounted for on an accruals basis. Support costs, which are not directly attributable to generating funds or charitable activities, are allocated to those categories based on the appropriate combination of headcount, staff time, transaction volumes, insurance premium share and employer pension contributions. Irrecoverable VAT is included in the expense item to which it relates.

Expenditure on raising funds from trading activities

The costs of trading activities do not include any valuation of donated goods sold.

1. ACCOUNTING POLICIES (CONTINUED)

Resources expended (continued)

Costs of charitable activities

A research grant is recognised when the Group formally notifies the recipient of the award following scientific review. The liability is measured as the total of expected payments for the period to the next scientific review. Payments due after a scientific review are disclosed as grant commitments. Grants to core funded Institutes are awarded and recognised on an annual basis; any termination liabilities are recognised when a decision to cease the grant is made. Liabilities for awards where more than one year of expected payments are provided at the outset are discounted to current value using a rate equivalent to the opportunity cost from investments forgone. The cost of volunteer time is not accounted for as this cannot be estimated reliably.

Public benefit entity combinations

Where a combination involving public benefit entities is in substance a gift at nil or nominal consideration, any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in the SOFA.

Tangible fixed assets and depreciation

Tangible fixed assets are capitalised at cost, including purchase price and any costs of bringing the asset to working condition for its intended use. The costs of laboratory refurbishments are written off as they are incurred. The Group only capitalises items costing more than £5,000. Batches of items below those thresholds are capitalised where they form part of one project and together cost more than £50,000. Software is only capitalised where its cost exceeds £50,000. Depreciation is provided so as to write off the cost of fixed assets on a straight-line basis over their expected useful lives, as follows:

Freehold land and buildings	Not depreciated (land) or 25 years (buildings)
Leasehold properties	25 years, or lease period if shorter
Freehold and leasehold improvements	25 years, or lease period if shorter
Enterprise management software	10 years
Plant, equipment, fixtures and fittings (including Retail)	3 – 5 years

Investments

Listed investments are held at fair value. Unlisted investments are held at cost as an approximation to fair value where the fair value is not easily obtainable. The SOFA includes realised gains and losses on investments sold in the year and unrealised gains and losses on revaluation of investments.

Programme-related investments

Programme-related investments are held to further the charitable purposes of the Charity. They are held at cost less any provision for impairment. Public benefit concessionary loans are arrangements entered into below the prevailing rate of interest, are not repayable on demand and are for the purposes of furthering the objectives of the Charity. Where a public benefit concessionary loan arrangement is entered into, the loan paid is retained on the balance sheet at the loan amount less an appropriate provision made for impairment.

Impairment of fixed assets and investments

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

Stock

Stock is valued at the lower of cost and net realisable value using an average cost calculation. Stock does not include goods donated for sale in the Group's charity shops as it is impractical to measure reliably the fair value of these donated items.

Short-term deposits

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

Fund accounting

Restricted funds can only be used for particular purposes specified by or agreed with the donor. Permanent endowment funds are funds where the capital must be retained and invested. General funds may be used for any purpose within the Charity's objects.

Pension costs

Up to 31 March 2015, the date on which the Charity's defined benefit scheme was closed to future accrual, the current service cost of the Charity's defined benefit pension scheme was charged to employee costs over the anticipated period of employment. The net pension finance credit or charge is included immediately in other incoming resources or employee costs respectively. Actuarial gains and losses are recognised immediately on the face of the SOFA. The scheme surplus is recognised in the SOFA and shown on the face of the balance sheet and separately in reserves where the Charity has an unconditional right to a refund from the scheme or can pay reduced contributions in the future. The amounts charged to the SOFA for defined contribution pension schemes represent the contributions payable in the period.

Multi-employer schemes are accounted for as defined contribution schemes as the Group is unable to identify its share of the underlying assets and liabilities on a reasonable and consistent basis. Contributions payable relating to funding of the deficit are included as a liability on the balance sheet and charged to the SOFA.

FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction. Foreign currency balances are translated into sterling at the exchange rate at the balance sheet date. Resulting gains or losses are included in the SOFA.

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic and complex financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Foreign currency forward contracts are classified as complex; complex financial instruments are initially measured at contract value, re-measured at the balance sheet date and subsequently measured at their settlement value. The Charity only has taken reduced disclosure exemptions for sections 11 and 12 of FRS 102.

Leases

Rentals payable under operating leases are charged to the SOFA evenly over the period of the lease.

Research and development

Research and development ('R&D') expenditure is written off to the SOFA as it is incurred. R&D expenditure credit related to qualifying research and development costs is treated as revenue grant funding and included within other operating income.

Taxation

The charitable members of the Group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to pay taxable profits to the Charity as Gift Aid. Foreign tax incurred by overseas subsidiaries is charged as it is incurred.

2. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical evidence and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

(i) Multi-employer defined benefit scheme

Certain employees participate in a multi-employer defined benefit scheme with other companies. In the judgement of the Trustees, the Charity does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme. See Note 20 for further details.

(ii) Programme-related investments

The Charity has made cash and in kind contributions to the construction of the Francis Crick Institute which are held as a programme-related investment on the Charity's Balance Sheet. The investment is held at cost less any provision for impairment. An impairment would be recognised if there was an indication of a decrease in the service potential of the asset. Management completes an annual assessment of the service potential of the Institute. See Note 14a for further details.

(iii) Exemptions on transition to FRS 102

The Charity has elected to use the exemption provided in FRS 102 regarding the restatement of lease incentives entered into before the date of transition.

b) Critical accounting estimates and assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Legacy pipeline valuation

There is inherent uncertainty in the probate valuation of estates as a result of the nature of underlying assets and liabilities, the time that may elapse between probate and closure, and other contingencies that attend the estate. Material cases are included at their full valuation. Cases below this threshold are included at 95% (2015: 90%) of their aggregate valuation (to reflect the uncertainty of estate administration) after allowing for any gain or loss on unrealised property and investment assets. Each year we consider the measurement uncertainty factor to ensure it continues to be supported by actual realisation rates. A movement of 1% in the uncertainty factor correlates to a movement in the debtor of £1 million.

(ii) Defined benefit pension scheme

The Charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends. The valuation is particularly sensitive to the impact of the discount rate assumption on Scheme liabilities: a variation of 0.1% results in a change to the surplus of around £12 million. See Note 20 for the disclosures relating to the defined benefit scheme.

3. INCOME

a) Donations and legacies

	Group 2016 £m	Group 2015 £m
Legacies	177.8	166.8
Individual giving	122.1	121.6
Events	61.5	62.9
Partnerships and volunteer fundraising	49.2	41.1
Major giving and appeals	17.0	27.0
Donations at shops	6.0	4.6
	433.6	424.0

The net amounts for pecuniary and residuary cases not included in legacy income as at 31 March 2016, such as those with a corrupt title and contentious cases, total £24 million (2015: £19 million). At 31 March 2016, the Charity has an interest in 1,085 estates that are subject to a life interest or trust which were excluded from legacy accrued income in line with policy (2015: 1,186).

Income from donations and legacies was £433.6 million (2015: £424.0 million), of which £371.4 million was unrestricted (2015: £344.9 million) and £62.2 million was restricted (2015: £79.1 million).

b) Income from trading activities

	Group 2016 £m	Group 2015 £m
Retail income (sale of donated, bought-in goods and commission on sales of supporter goods)	76.2	74.8
Events registrations and merchandise	18.3	15.9
Other	0.8	1.0
	95.3	91.7

Income in both years was unrestricted.

4. INCOME FROM CHARITABLE ACTIVITIES

	Group 2016 £m	Group 2015 £m
Cancer research	93.7	86.1
Cancer information and policy outreach	1.0	1.1
	94.7	87.2

Income from charitable activities was £94.7 million (2015: £87.2 million), of which £89.5 million was unrestricted (2015: £84.0 million) and £5.2 million was restricted (2015: £3.2 million).

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5. EXPENDITURE

a) Expenditure on raising funds

	Group 2016 £m	Group 2015 £m
Legacies	11.7	8.4
Individual giving	44.7	41.9
Events	27.8	31.3
Partnerships and volunteer fundraising	16.7	16.2
Major giving and appeals	4.4	4.8
Supporter relationship programme	0.7	1.4
Managing investments	0.9	1.2
	106.9	105.2

Expenditure in both years was from unrestricted funds.

b) Expenditure on raising funds from trading activities

	Group 2016 £m	Group 2015 £m
Retail costs (including costs of bought-in goods)	65.0	59.1
Events	16.2	14.6
Other goods sold	0.2	0.2
	81.4	73.9

The total net contribution from fundraising activities amounted to £340.6 million (2015: £336.6 million). Excluding trading, the total net contribution was £326.7 million (2015: £318.8 million).

Expenditure in both years was from unrestricted funds.

6. COSTS OF CHARITABLE ACTIVITIES

	Direct costs £m	Grant costs £m	Support costs £m	Group 2016 £m	Group 2015 £m
Cancer research	116.5	278.6	8.9	404.0	390.2
Cancer information and policy outreach	33.3	–	4.2	37.5	30.2
	149.8	278.6	13.1	441.5	420.4

Expenditure on charitable activities was £441.5 million (2015: £420.4 million), of which £380.5 million was from unrestricted funds (2015: £350.1 million) and £61.0 million was from restricted funds (2015: £70.3 million).

7. GRANTS

	Group 2016 £m	Group 2015 £m
Grants provided in the year	282.5	243.3
Write-back of underused grants and other adjustments	(3.9)	(7.9)
	278.6	235.4

An analysis of grant-funded research by host institution with details of the grants awarded during the year, forming part of these audited financial statements, can be found on the Charity's website at cruk.org/our-accounts

8. SUPPORT COSTS

Support cost	Basis of allocation	Research £m	Cancer information and policy outreach £m	Costs of generating voluntary income £m	Costs of fundraising trading £m	Group 2016 £m	Group 2015 £m
Information technology	A	3.9	2.5	7.3	1.8	15.5	17.9
Corporate resources	A, B, C	2.8	0.6	1.6	0.6	5.6	5.8
Human resources	A	1.1	0.6	1.6	1.8	5.1	5.2
General Counsel	A	1.1	0.5	1.4	0.9	3.9	3.0
		8.9	4.2	11.9	5.1	30.1	31.9

A Headcount B Time spent C Transaction volumes

9. NET INCOME FOR THE YEAR

	Group 2016 £m	Group 2015 £m
This is stated after charging/(crediting):		
Depreciation charge for the year (Note 12)	9.4	16.7
Loss on disposal of fixed assets	0.6	0.3
Impairment on fixed assets	–	2.7
Rentals payable under operating leases:		
– Land and buildings	22.8	21.2
– Vehicles and equipment	3.4	3.1
Rents receivable	(3.3)	(0.6)
Auditors' remuneration for external audit services	0.2	0.1
Auditors' remuneration for non-audit services	–	0.1
Gift Aid income	(35.1)	(34.4)
Derivative financial instrument (gain)/loss	(2.7)	2.1
Foreign exchange (gain)/loss	(0.3)	0.1

10. INCOMING RESOURCES AND NET INCREASE IN FUNDS – CHARITY ONLY

The Consolidated Statement of Financial Activities is for the Group as a whole. The figures below are the equivalent figures for the Charity only:

- Total income for the year, including exceptional item, was £549.7 million (2015: £555.9 million).
- Net increase in funds in the year totalled £5.3 million (2015: £48.2 million).

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11. EMPLOYEES AND TRUSTEES

a) Employees

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Wages and salaries	100.0	112.4	81.3	94.6
Social security costs	9.1	10.0	7.5	8.5
Other pension costs	7.6	9.3	5.8	7.2
	116.7	131.7	94.6	110.3

The average headcount of employees, analysed by function, was:

	Group 2016 No.	Group 2015 No.	Charity 2016 No.	Charity 2015 No.
Charitable activities	893	1,411	564	1,095
Fundraising and trading	2,289	2,062	2,289	2,062
Support services	481	491	410	424
	3,663	3,964	3,263	3,581

In addition to the scientists employed, over 3,400 scientists, technicians and other staff engaged in cancer research throughout the United Kingdom were supported by grants made by the Group (2015: over 3,000).

The number of employees whose benefits (excluding employer pension contributions and awards to inventors) fell within the following bands:

Banding	Group 2016 No.	Group 2015 No.
£60,001 – £70,000	74	86
£70,001 – £80,000	40	43
£80,001 – £90,000	22	33
£90,001 – £100,000	15	18
£100,001 – £110,000	5	10
£110,001 – £120,000	6	4
£120,001 – £130,000	3	3
£130,001 – £140,000	3	6
£140,001 – £150,000	5	4
£150,001 – £160,000	1	2
£160,001 – £170,000	1	3
£170,001 – £180,000	1	2
£180,001 – £190,000	–	1
£190,001 – £200,000	1	2
£200,001 – £210,000	1	–
£230,001 – £240,000	1	1
£240,001 – £250,000	1	1
	180	219

The reduction in employee numbers in 2016 reflects the transfer of the staff and operations of the London Research Institute to the Francis Crick Institute on 1 April 2015.

On 31 March 2015 the defined benefit scheme closed to future accrual and as a result no employees accrued benefits in 2016 (2015: 94 employees in the salary bandings above). Payments to defined contribution schemes increased to £1,403,000 (2015: £933,000) as employees moved from the defined benefit scheme to the defined contribution scheme.

11. EMPLOYEES AND TRUSTEES (CONTINUED)

a) Employees (continued)

Remuneration and benefits for the Chief Executive Officer, Chief Finance Officer and other key management personnel:

	Incl. pension contributions		Excl. pension contributions	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Chief Executive Officer	283	280	244	239
Chief Finance Officer	192	189	192	189
Other Executive Directors	969	748	861	657
Key management personnel	1,444	1,217	1,297	1,085

Key Management Personnel is defined as members of the Executive Board (2016: 11, 2015: 8) – see further details on page 36. Increased remuneration in 2016 relates to changes in the Executive Board during the year with part-year remuneration for three members, including a maternity cover and part-year remuneration for two new Executive Director positions.

In addition to salary and employer pension contributions, the Charity provides all staff with death in service and income protection. The value for the key management personnel is estimated to be £11,000 (2015: £3,000). In the prior year, for key management personnel in the defined benefit pension scheme, these benefits were included in their defined benefit contribution.

b) Trustees

No Trustee received remuneration from the Group during the year (2015: none). 15 of the 16 Trustees were reimbursed expenses which amounted to £19,925 (2015: £21,424 to 10 of the 12 Trustees). This represents travel and subsistence incurred in attending meetings and events in their official capacity. The value of expenses waived was not material. As permitted by the Articles of Association, the Trustees have the benefit of a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. It was in force throughout the last financial year and is currently in force. The Charity purchased and maintained throughout the year Trustees' and Officers' liability insurance in respect of itself and its Trustees.

Total donations from Trustees amounted to £0.2 million (2015: £0.2 million).

12. TANGIBLE FIXED ASSETS

a) Group

	Freehold land and buildings £m	Short-term leasehold properties £m	Freehold and short-term leasehold improvements £m	Plant, equipment, fixtures and fittings £m	Retail fixtures and fittings £m	Total £m
Cost						
At 1 April 2015	44.2	6.8	19.7	138.3	20.1	229.1
Additions	–	0.1	–	5.0	3.9	9.0
Disposals	–	–	–	(16.1)	(0.6)	(16.7)
At 31 March 2016	44.2	6.9	19.7	127.2	23.4	221.4
Accumulated depreciation						
At 1 April 2015	20.1	2.0	11.9	128.0	10.6	172.6
Charge for the year	1.3	0.4	0.3	4.1	3.3	9.4
Disposals	–	–	–	(15.8)	(0.3)	(16.1)
At 31 March 2016	21.4	2.4	12.2	116.3	13.6	165.9
Net Book Values						
At 31 March 2016	22.8	4.5	7.5	10.9	9.8	55.5
At 1 April 2015	24.1	4.8	7.8	10.3	9.5	56.5

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12. TANGIBLE FIXED ASSETS (CONTINUED)

b) Charity

	Freehold land and buildings £m	Short-term leasehold properties £m	Freehold and short-term leasehold improvements £m	Plant, equipment, fixtures and fittings £m	Retail fixtures and fittings £m	Total £m
Cost						
At 1 April 2015	44.2	5.4	11.0	116.5	19.6	196.7
Additions	–	0.1	–	2.2	3.9	6.2
Disposals	–	–	–	(15.5)	(0.5)	(16.0)
At 31 March 2016	44.2	5.5	11.0	103.2	23.0	186.9
Accumulated depreciation						
At 1 April 2015	20.0	1.6	10.5	113.5	10.4	156.0
Charge for the year	1.3	0.4	–	1.9	3.2	6.8
Disposals	–	–	–	(15.5)	(0.4)	(15.9)
At 31 March 2016	21.3	2.0	10.5	99.9	13.2	146.9
Net Book Values						
At 31 March 2016	22.9	3.5	0.5	3.3	9.8	40.0
At 1 April 2015	24.2	3.8	0.5	3.0	9.2	40.7

Disposals in the year include fixed assets with a cost of £15.2 million and a net book value of £nil that were transferred from the London Research Institute to the Francis Crick Institute.

13. INVESTMENTS

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
At market value				
UK listed equity investments	19.1	16.6	19.1	16.6
UK fixed and variable interest stocks	51.0	63.9	51.0	63.9
UK cash investments	6.1	7.6	6.1	7.6
UK investment properties	1.5	1.3	1.5	1.3
Investments in UK unlisted companies	0.4	0.4	–	–
Investment in subsidiaries (Note 15)	–	–	0.2	0.2
Total UK investments	78.1	89.8	77.9	89.6
Overseas listed equity investments	87.3	96.0	87.3	96.0
Overseas fixed and variable interest stocks	49.5	51.5	49.5	51.5
Investments in overseas unlisted companies	10.5	18.7	10.5	18.7
Total fixed asset investments	225.4	256.0	225.2	255.8
UK cash investments	0.1	0.1	0.1	0.1
Total current asset investments	0.1	0.1	0.1	0.1
Total investments	225.5	256.1	225.3	255.9

No investment represented 5% or more of the portfolio by market value in the Group and Charity (2015: none). Investment properties consist of land and property bequeathed to the Charity and its predecessor charities. The intention of the Trustees is to realise these investments at a time that will maximise their value to the Charity. In view of the number of investment properties held, separate details of each valuation are not reported.

13. INVESTMENTS (CONTINUED)

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Movements				
At 1 April	256.1	208.7	255.9	204.1
Transfer from subsidiary	–	–	–	4.4
Additions	68.8	281.7	68.7	281.7
Disposal proceeds	(90.6)	(97.7)	(90.6)	(97.7)
Net movement in cash and short-term deposits	–	(153.2)	–	(153.2)
Net realised investment losses	(1.2)	6.8	(1.2)	6.8
Net unrealised investment losses	(7.6)	9.8	(7.5)	9.8
At 31 March	225.5	256.1	225.3	255.9

The historical cost of Group and Charity investments at 31 March 2016 was £223 million (2015: £246 million) and £222 million (2015: £245 million) respectively.

Income from investments in the Group was £5.7 million (2015: £6.0 million).

14. PROGRAMME-RELATED INVESTMENTS

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
The Francis Crick Institute	164.2	131.4	164.2	131.4
CRT Pioneer Fund	1.0	0.6	–	–
Total programme-related investments	165.2	132.0	164.2	131.4

a) The Francis Crick Institute ('the Crick')

	Group and Charity 2016 £m	Group and Charity 2015 £m
Land	18.0	18.5
Investment	146.2	112.9
Total	164.2	131.4

The Francis Crick Institute Ltd is a UK registered charity and limited company formed to manage the Crick. At 31 March 2016 the Charity had provided 99% of our share of the funding for the construction of the new building and held 23% of the company's shares. Our partners in this venture are the Medical Research Council, the Wellcome Trust, University College London, King's College London and Imperial College London. The new building is due to open in 2016.

The Charity jointly owns, with the other founder partners, land on which the Institute building has been constructed. The total acquisition cost of the land was £88 million and the Charity's share of this cost was £18 million. A lease of the land was granted to the Crick in May 2012 for a 55-year term at a peppercorn rent. The terms of the lease require the site to be used for the Crick's charitable objects and the Group's intention is to hold the land for this purpose. Upon expiry of the lease, the Charity would expect to agree to renew the lease on the same terms.

	Group and Charity 2016 £m	Group and Charity 2015 £m
Movements		
At 1 April	131.4	89.7
Capital contributions made	28.5	41.2
Contribution in kind	4.8	–
Movement on impairment	(0.5)	0.5
At 31 March	164.2	131.4

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14. PROGRAMME-RELATED INVESTMENTS (CONTINUED)

a) The Francis Crick Institute ('the Crick') (continued)

Up to December 2014, the Crick was accounted for as an associate. The Group's 19.7% share of net assets for the first 9 months of 2015 was £101.3 million and the net movement in funds was £30.1 million. The gain on associate was £0.5 million in the first 9 months of 2015.

At 31 March 2016, the Charity held 146,144,115 out of a total of 628,143,494 ordinary shares issued by the Crick (2015: 112,890,161 out of a total of 555,168,349), 141,344,115 of which were issued to the Charity at par to help fund the ongoing construction of the Institute building. 4,800,000 of these shares were issued to the Charity at par during the year to reflect its contribution of a short-term lease of a laboratory. Income has been recognised in line with the term of the lease; £2.7 million of income has been recognised during the year and the remaining £2.1 million will be recognised in the year ending 31 March 2017.

Whilst the Charity holds more than 20% of the shareholding, the Crick is not treated as an associate as the Charity does not have the power to significantly influence the financial and operating decisions at the Crick. Therefore the Crick is treated as an investment in the Group accounts.

b) CRT Pioneer Fund

The CRT Pioneer Fund, a limited partnership in England and Wales, was established in March 2012. The CRT Pioneer Fund is able to invest up to £70 million in qualifying research projects. CRT's share of the fund is 35.54% (2015: 35.54%). As at 31 March 2016 CRT has contributed £6 million to the fund and total impairment to date is £5 million. The arrangement of funding is classified as a Public Benefit Concessionary Loan as amounts payable to the fund are not repayable on demand, no interest is received by CRT and the aim of the fund is to further the charitable aims of the Group and the Charity.

	Group 2016 £m	Group 2015 £m
Movements		
At 1 April	0.6	0.7
Capital contributions made	3.4	1.2
Movement on impairment	(3.0)	(1.3)
At 31 March	1.0	0.6

15. RELATED UNDERTAKINGS

Name	Control	Charity interest	Other Group company interest	Activities
Beatson Technology Ltd	D		100%	Technology development
Cancer Research Campaign (Jersey Trust Fund)	D	100%		Charitable
Cancer Research Technology Inc	SC		100%	Technology development
Cancer Research Technology Ltd	SC	100%		Technology development
Cancer Research UK Pension Trustee Ltd	SC	100%		Dormant
Cancer Research UK Trading Ltd	SC	100%		Income generation
Cancer Research Ventures Ltd	SC		100%	Dormant
Gibb Research Fellowship Endowment Fund*	D	100%		Charitable
Imperial Cancer Research Fund*	D	100%		Charitable
Imperial Cancer Research Technology Ltd	SC		100%	Dormant
North of England Cancer Research Campaign	D	100%		Dormant
The Beatson Institute for Cancer Research	D	100%		Charitable
The Cancer Research Campaign	D	100%		Charitable
War on Cancer	D	100%		Charitable
Acublate Limited	SC		34.5%	Technology development
Senectus Therapeutics Limited	SC		33.3%	Technology development

Control: D = deemed, SC = share capital. All shares held are ordinary shares at par.

Where the Charity has 'deemed control' this is by virtue of having more than half the voting rights at the subsidiary's board or the Charity is the Corporate Trustee.

* Unincorporated entities registered in England and Wales whose principal place of business is Angel Building, 407 St John Street, London EC1V 4AD.

15. RELATED UNDERTAKINGS (CONTINUED)

The Beatson Institute for Cancer Research and Beatson Technology Ltd are incorporated in Scotland. Cancer Research Campaign (Jersey Trust Fund) is established in Jersey. Cancer Research Technology Inc is incorporated in the state of Delaware in the United States of America. All other entities are incorporated or registered in England and Wales.

The summarised financial information of the subsidiary undertakings that are material to the Group is provided below:

a) Trading subsidiaries – activities for generating funds

	Cancer Research UK Trading Ltd	
	2016 £m	2015 £m
Total income	25.7	23.7
Total expenditure	(21.1)	(19.6)
Profit on ordinary activities before Gift Aid and taxation	4.6	4.1
Gift Aid payable to Cancer Research UK	(4.6)	(4.1)
Retained profit for the year	–	–
Assets	9.4	7.6
Liabilities	(9.4)	(7.6)
Net assets	–	–

Cancer Research UK Trading Ltd is incorporated in England and Wales with registered company number 4355631, and is a wholly-owned subsidiary of the charitable company Cancer Research UK.

b) Trading subsidiaries – activities in furtherance of the Group's objects

	Cancer Research Technology Ltd	
	2016 £m	2015 £m
Total income	81.4	66.4
Total expenditure	(60.3)	(46.0)
Profit on ordinary activities before Gift Aid and taxation	21.1	20.4
Gift Aid payable to Cancer Research UK	(24.6)	(20.6)
Loss for the year	(3.5)	(0.2)
Assets	73.2	66.5
Liabilities	(66.2)	(56.0)
Net assets	7.0	10.5

Cancer Research Technology Ltd is incorporated in England and Wales with registered company number 1626049, and is a wholly-owned subsidiary of the charitable company Cancer Research UK.

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15. RELATED UNDERTAKINGS (CONTINUED)

c) Charitable subsidiaries

	The Beatson Institute for Cancer Research	
	2016 £m	2015 £m
Total income	27.3	20.8
Total expenditure	(24.4)	(22.5)
Net income/(expenditure)	2.9	(1.7)
Net gains on investments	–	–
Net movement in funds	2.9	(1.7)
Assets	26.2	23.6
Liabilities	(5.5)	(5.8)
Net assets	20.7	17.8

The Beatson Institute for Cancer Research is a company limited by guarantee with registered company number SC084170 and registered as a charity with the Office of the Scottish Charities Regulator (OSCR) with registered charity number SC006106.

	Imperial Cancer Research Fund		The Cancer Research Campaign	
	2016 £m	2015 £m	2016 £m	2015 £m
Total income	23.7	24.5	19.1	24.7
Transfer of funds to Cancer Research UK	(23.7)	(24.5)	(19.1)	(24.7)
Net movement in funds	–	–	–	–
Net assets	–	–	–	–

The Cancer Research Campaign ('The Campaign') is a charity registered in England and Wales under number 225838 and a company limited by guarantee, registered in England and Wales under number 190141.

Imperial Cancer Research Fund, incorporated under Royal Charter in 1939, is a charity registered in England and Wales under number 209631 on 30 August 1963 with a registered address of Angel Building, 407 St John Street, London EC1V 4AD.

16. DEBTORS

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Trade debtors	6.5	5.2	3.4	2.8
Amounts owed by Group undertakings	–	–	0.8	1.6
Taxation recoverable	12.7	13.7	12.7	13.7
Other debtors	1.8	2.8	0.8	2.0
Prepayments	13.7	12.7	12.0	11.1
Accrued legacy income	117.9	101.7	117.9	101.4
Other accrued income	54.6	53.1	21.8	21.5
Derivative financial instruments	0.6	–	0.6	–
	207.8	189.2	170.0	154.1

Some accrued legacy income may be received after more than one year, but this has not been estimated due to uncertainty in the timing of the receipt of such income.

17. CREDITORS

a) Amounts falling due within one year

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Research grants, life chairs and fellowships	221.1	204.7	220.9	204.6
Trade creditors	9.9	14.8	6.7	12.3
Amounts owed to Group undertakings	–	–	6.5	7.3
Taxation and social security	6.8	7.5	6.4	7.3
Other creditors	5.3	1.4	5.0	1.3
Accruals	55.1	45.9	12.4	15.1
Deferred income	16.3	13.9	11.7	9.3
Derivative financial instruments	–	2.1	–	2.1
	314.5	290.3	269.6	259.3

b) Amounts falling due after more than one year

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Research grants, life chairs and fellowships	80.0	62.3	80.0	62.3
Accruals	8.4	8.7	6.3	6.6
	88.4	71.0	86.3	68.9

Of the accruals falling due after more than one year, £5.4 million falls due after 5 years. This consists of rent payable of £4.0 million and deficit funding payments to the USS pension scheme of £1.4 million. Rent payable is not subject to interest and is payable on a quarterly basis. See Note 20 for further details on the USS pension scheme.

c) Grants creditors and commitments

Group and Charity balance at 31 March	Amounts due for payment in the year to 31 March					
	Total £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 onwards £m
Creditors	301.1	221.1	48.7	23.6	6.2	1.5
Commitments (not provided for as non-binding)	509.6	67.6	150.0	117.7	95.4	78.9

During the year, £0.2 million of grants committed to in previous years were terminated and a further £114.2 million of commitments were made. Creditors include a £53 million grant to the Crick for 2016/17 operational funding. Commitments in relation to the Crick include £6 million underwriting of costs and £219 million of future annual grants until the quinquennial review in 2020/21.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Properties £m	Other £m	Group £m	Properties £m	Other £m	Charity £m
At 1 April 2015	2.0	0.8	2.8	1.9	0.8	2.7
Charged to the SOFA	0.1	–	0.1	0.1	–	0.1
Used during the year	(0.2)	(0.1)	(0.3)	(0.1)	(0.1)	(0.2)
At 31 March 2016	1.9	0.7	2.6	1.9	0.7	2.6

The properties provisions comprise net rental costs of vacant offices and shops until they are reasonably expected to be sublet or otherwise disposed of and dilapidation costs of offices and shops where the planned exit from the property has been confirmed before the year-end date.

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19. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	Note	Total 2016 £m	Total 2015 £m
Financial assets measured at amortised cost:			
Trade debtors	16	6.5	5.2
Cash		72.3	61.7
Other debtor transactions	16	174.3	157.6
		253.1	224.5
Financial assets that are equity investments measured at cost less impairment:			
Programme-related investments	14	147.2	113.5
		147.2	113.5
Financial assets/(liabilities) measured at fair value through income and expenditure:			
Investments	13	224.0	254.8
Derivative financial instruments	16, 17	0.6	(2.1)
		224.6	252.7
Financial liabilities measured at amortised cost:			
Trade creditors	17	(9.9)	(14.8)
Other creditor transactions	17	(369.9)	(323.0)
		(379.8)	(337.8)

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors and creditors. At 31 March 2016, the outstanding contracts all mature within 16 months (2015: 7 months) of the year end. The Group is committed to sell US\$104 million, €11 million and JPY1,304 million and to receive a fixed sterling amount. The Group is committed to buy US\$8 million and JPY22 million. The majority of these contracts have been entered into through the managed investment portfolio with Goldman Sachs.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD, GBP:EUR and GBP:JPY.

20. PENSIONS

During the year, Cancer Research UK operated a defined benefit pension scheme, a defined contribution pension scheme, and participated in three other schemes, namely: the Universities Superannuation Scheme, the NHS Pension Scheme and the Scottish NHS Pension Scheme, all of which contracted out of the State Second Pension (S2P).

a) Defined benefit scheme – Cancer Research UK Pension Scheme

This scheme closed to new members on 31 December 2009 and closed to future accrual on 31 March 2015. This is a Group scheme. Contributions relating to individual scheme members are charged to the group entity which employs the scheme member and all other costs are borne by the Charity. During the year the Group contributed 2.9% of salaries for 'Stakeholder members'.

Principal actuarial assumptions

The tables below state the actuarial assumptions upon which the valuation of the scheme was based.

	Valuation at 31 March	
	2016	2015
Rate of increase to pensions in payment	3.1%	3.3%
Rate used to discount scheme liabilities	3.5%	3.3%
Rate of future price inflation – RPI	3.2%	3.0%
Rate of future price inflation – CPI	2.45%	2.0%

20. PENSIONS (CONTINUED)

a) Defined benefit scheme – Cancer Research UK Pension Scheme (continued)

To develop the expected long-term rate of return on assets assumption, the Charity considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns on each asset class. The expected return for each asset class was then weighted, based on the benchmark asset allocation at 31 March 2016, to develop the expected long-term rate of return on assets assumptions for the portfolio.

The life expectancies used to determine benefit obligations are as follows:

	31 March 2016		31 March 2015	
	Male	Female	Male	Female
Member aged 65 (current life expectancy)	23.8	26.2	23.7	26.2
Member aged 45 (life expectancy at 65)	25.6	28.3	26.0	28.5

Movements in the SOFA

	2016 £m	2015 £m
Current service cost	–	8.1
Exceptional item – curtailment gain on closure of scheme to future accrual	–	(14.1)
Interest cost on scheme liabilities	18.4	20.3
Interest income on assets in the scheme	(20.0)	(21.4)
Total net interest cost	(1.6)	(1.1)
Administrative costs	0.7	0.6
Total pension gain recognised in the SOFA	(0.9)	(6.5)
Actuarial gains recognised in the SOFA	(5.8)	(6.6)
Total gains recognised in the SOFA	(6.7)	(13.1)

Movement in scheme assets, liabilities and surplus/deficit

	Fair value of assets £m	Present value of (liabilities) £m	Surplus/ (deficit) £m
At 1 April 2015	610.7	(565.1)	45.6
Interest income on assets in the scheme	20.0	–	20.0
Interest cost on scheme liabilities	–	(18.4)	(18.4)
Net interest income/(cost)	20.0	(18.4)	1.6
Administrative costs	(0.7)	–	(0.7)
Actuarial (losses)/gains in the year	(15.1)	20.9	5.8
Employer contributions paid	9.4	–	9.4
Benefits paid to participants	(17.7)	17.7	–
At 31 March 2016	606.6	(544.9)	61.7

The actual return on scheme assets for the year was a gain of £5.0 million (2015: £112.7 million gain). Employer contributions include deficit contributions of £8.5 million (2015: £8.5 million).

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20. PENSIONS (CONTINUED)

a) Defined benefit scheme – Cancer Research UK Pension Scheme (continued)

The analysis of scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2016 £m	2015 £m
Equities	204.2	239.7
Bonds	217.8	310.9
Liability Driven Investments	122.0	–
Property	61.2	57.0
Cash	1.4	3.1
Total assets	606.6	610.7

None of the scheme's assets are invested in any property or other assets currently used by the Group.

The last triennial funding valuation took place as at 31 March 2015 and showed a deficit of £55 million. The Charity has agreed a pension deficit recovery plan with the Scheme's trustees. This will see the deficit recovery contributions fall to £5 million per annum for the next three years compared to £8.5 million per annum for the last three.

In line with normal practice, there are two bases for assessing the value of the assets and liabilities of the Scheme. All of the assumptions, other than the discount rate, are arrived at using the same method. For accounting purposes, the assets and liabilities are reported in accordance with the relevant accounting standard – FRS 102. For the purposes of ensuring that the Scheme is appropriately funded a triennial actuarial funding valuation is prepared which uses a more conservative discount rate; this results in a higher value for the liabilities. On an FRS 102 basis, the Scheme has a surplus at 31 March 2016 of £62 million and this has been recognised as an asset on the balance sheet.

b) Defined contribution scheme – Cancer Research UK Retirement Plan

New employees are entitled to join this scheme. Employer contributions at the year-end varied, depending on the employee's own contributions.

c) Other pension schemes accounted for as defined contribution schemes

The following multi-employer schemes are accounted for as defined contribution schemes as the Group is unable to identify its share of the underlying assets and liabilities on a reasonable and consistent basis.

(i) NHS Pension Scheme

A statutory unfunded multi-employer defined benefit scheme. One employee was a member at 31 March 2016 (2015: three).

(ii) Scottish NHS Pension Scheme

A statutory unfunded multi-employer defined benefit scheme. 22 employees were members at 31 March 2016 (2015: 23).

(iii) Universities Superannuation Scheme ('USS')

An externally funded multi-employer defined benefit scheme. 205 employees were members at 31 March 2016 (2015: 221). At the date of the latest actuarial valuation of the scheme (31 March 2014), the assets were sufficient to cover 86% of the benefits that had accrued to members. As at 31 March 2015 the deficit has increased from £5.3 billion to £8.2 billion on a technical provisions basis, based on the latest letter sent by USS to its members. As a result, a new schedule of contributions was agreed in July 2015 outlining that employees will pay total contributions to the scheme of 16% of total salaries for the year ending 31 March 2016 increasing to 18% for the year ending 31 March 2017.

Based on expected contributions to be made by the Group until 31 March 2031, outlined in the recent schedule of contributions, the net present value of the Group's payment towards the reduction of the deficit is estimated using the USS modeller at £2.2 million (2015: £2.1 million).

The employer contribution rates at the year end and the employer's total pension contributions made during the financial year in respect of these schemes were as follows:

	2016 Rate	2016 £m	2015 Rate	2015 £m
Cancer Research UK Retirement Plan	1–16%	6.6	1–16%	2.9
NHS Pension Scheme	14%	0.1	14%	0.1
Scottish NHS Pension Scheme	13.5%	0.1	13.5%	0.1
Universities Superannuation Scheme	16%	1.2	16%	1.1
Defined contribution pension charge in the SOFA		8.0		4.2

The defined contribution pension charge is allocated to expenditure in the SOFA on a headcount basis.

Contributions that were outstanding at the year-end in respect of these schemes amounted to £0.9 million (2015: £0.5 million).

21. OPERATING LEASES

The Group and Charity had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Land and buildings				
Within one year	17.9	18.2	17.6	18.0
Between one and five years	49.1	46.8	48.5	46.8
After five years	28.9	31.4	28.9	31.4
Total	95.9	96.4	95.0	96.2
Vehicles and equipment				
Within one year	0.7	0.7	0.7	0.7
Between one and five years	0.8	1.0	0.8	1.0
Total	1.5	1.7	1.5	1.7

22. GOVERNMENT GRANTS

Government grants from government and government-related bodies support the Group's charitable activities. Funding was provided by the following entities:

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
Department of Health	0.3	0.7	0.3	0.7
Medical Research Council	0.3	0.5	0.3	0.5
NHS	0.3	0.1	0.3	0.1
European Commission	1.6	4.9	–	3.7
Other	0.4	1.9	0.4	1.9
Total	2.9	8.1	1.3	6.9

The reduction in government grant income in 2016 reflects the transfer of the London Research Institute to the Francis Crick Institute on 1 April 2015.

Cancer Research Technology Ltd and the Beatson Institute for Cancer Research receive government assistance in the form of research and development expenditure credit (RDEC) related to qualifying research and development costs. The following is a summary of income received through government assistance:

	Group 2016 £m	Group 2015 £m	Charity 2016 £m	Charity 2015 £m
RDEC	2.7	0.4	–	–
Total	2.7	0.4	–	–

There are no unfulfilled commitments or other contingencies attached to the grants listed above that have been recognised in income.

The Charity works with other funding bodies as an agent to jointly fund multidisciplinary award schemes and to co-fund projects with shared objectives. Cash received and subsequently paid out under these arrangements is not recognised in the Group's SOFA. The following is a summary of funding provided by these entities:

	Group and Charity 2016 £m	Group and Charity 2015 £m
Engineering and Physical Science Research Council	3.6	2.1
Secretary of State for Health	0.6	0.5
Total	4.2	2.6

As at 31 March 2016, £3.9 million was held by the Charity in respect of funds to be spent in future periods (2015: £0.6 million).

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23. GUARANTEES

The Charity is party to a Group registration for VAT purposes. As the representative member, the Charity is jointly and severally liable for any VAT liabilities of the subsidiary companies that are part of the same VAT registration.

24. CAPITAL COMMITMENTS

In total, the Charity expects to contribute £160 million towards the capital cost of the Francis Crick Institute and it has agreed to make available a further £5 million (2015: £5 million) if required; £159.4 million has been contributed at 31 March 2016 (2015: £131.4 million) as per Note 14. Cancer Research Technology Ltd has a commitment to contribute up to £18.9 million (2015: £22.3 million) of loan capital to the CRT Pioneer Fund by 31 March 2025. There are no other material future capital commitments (2015: £nil). Grant commitments are disclosed in Note 17c.

25. RESTRICTED AND ENDOWMENT FUNDS

	Balance at 1 April 2015 £m	Income £m	Expenditure £m	Net investment gains £m	Transfers between funds £m	Balance at 31 March 2016 £m
Restricted funds						
Restricted funds for research						
The Crick appeal	13.5	19.5	–	–	(33.0)	–
Grants for specific projects	0.3	1.3	(1.6)	–	–	–
Tesco prevention research	–	2.3	(1.7)	–	–	0.6
Stand Up To Cancer	13.6	3.2	(2.9)	–	–	13.9
Cancers affecting children and young people	–	7.3	(5.4)	–	–	1.9
Breast cancer research	–	1.8	(1.8)	–	–	–
Basic research	–	1.4	(1.4)	–	–	–
Catalyst club	–	1.0	(1.0)	–	–	–
Manchester capital appeal	–	0.7	(0.7)	–	–	–
Bobby Moore Fund	–	1.2	–	–	–	1.2
Research in Scotland	–	2.5	(2.5)	–	–	–
BUPA legacy fund	5.8	–	(1.1)	–	–	4.7
Cancer Research UK Cambridge Institute	–	0.9	(0.9)	–	–	–
Clinical trials	–	0.8	(0.8)	–	–	–
Marie Keating Awareness Units	–	0.9	(0.9)	–	–	–
Other restricted funds						
Gibb Research Fellowship Fund	3.0	0.1	(0.3)	(0.2)	–	2.6
Intangible income	–	1.0	(1.0)	–	–	–
NCRI	–	1.3	(1.3)	–	–	–
Sundry other funds	1.6	11.7	(11.9)	–	–	1.4
Total restricted funds – Charity	37.8	58.9	(37.2)	(0.2)	(33.0)	26.3
The Beatson Institute for Cancer Research	17.8	8.7	(23.8)	–	17.8	20.5
Total restricted funds – Group	55.6	67.6	(61.0)	(0.2)	(15.2)	46.8

Transfers between general funds and restricted funds of £15.2 million consist of grants of £17.8 million awarded to the Beatson and £33.0 million from the Crick appeal applied in funding the Charity's investment in the Crick.

Restricted funds as at 31 March 2016 have been, or will be, allocated to research projects. Many of these research projects require access to funds over the course of the coming years, and as such the funds are fully committed to life-saving research.

25. RESTRICTED AND ENDOWMENT FUNDS (CONTINUED)

Fund	Purpose and restriction in use
The Crick appeal	Construction, establishment and running of the Francis Crick Institute
Grants for specific projects	Grants awarded for specific research projects
Tesco prevention research	Specific cancer prevention research projects
Stand Up To Cancer	Supporting translational research
Cancers affecting children and young people	Research specific to cancers affecting children and young people
Breast cancer research	Research specific to breast cancer
Basic research	Research to understand the fundamental biology underpinning cancer
Catalyst club	Contributing to stratified medicine research
Manchester capital appeal	Construction and establishment of the Manchester Cancer Research Centre
Bobby Moore Fund	Specific bowel cancer research and awareness projects
Research in Scotland	Cancer research located in Scotland
BUPA legacy fund	Funding for a cancer prevention initiative
Cancer Research UK Cambridge Institute	Supporting research at the Cancer Research UK Cambridge Institute
Clinical trials	Grants awarded to run clinical trials
Marie Keating Awareness Units	Supporting the Cancer Awareness Mobile Units and breast cancer research
Gibb Research Fellowship Endowment Fund	Fellowships and/or studentships for cancer research
Intangible income	Donations in kind received for specific purposes
NCRI	National Cancer Research Institute
Sundry other funds	Core activities such as research, patient and health information
The Beatson Institute for Cancer Research	Research and investigation into the causes, mechanisms and treatment of cancer

26. UNRESTRICTED FUNDS**a) Group**

	General funds £m	Pension reserve £m	Total unrestricted funds £m
Funds at 1 April 2015	278.3	45.6	323.9
Net income before transfers	(2.1)	0.9	(1.2)
Transfers between funds	5.8	9.4	15.2
Net losses on investments	(6.0)	–	(6.0)
Actuarial gain on pensions	–	5.8	5.8
Funds at 31 March 2016	276.0	61.7	337.7

Included within Group general funds are undistributed profits from trading subsidiaries of £7.0 million (2015: £10.8 million).

b) Charity

	General funds £m	Pension reserve £m	Total unrestricted funds £m
Funds at 1 April 2015	268.0	45.6	313.6
Net income before transfers	49.1	0.9	50.0
Transfers between funds	(42.4)	9.4	(33.0)
Net losses on investments	(6.0)	–	(6.0)
Actuarial gain on pensions	–	5.8	5.8
Funds at 31 March 2016	268.7	61.7	330.4

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27. ANALYSIS OF NET ASSETS BETWEEN FUNDS

a) Group

	General funds £m	Pension reserve £m	Restricted funds £m	Total £m
Fixed assets				
Tangible fixed assets	41.6	–	13.9	55.5
Investments	387.2	–	3.4	390.6
	428.8	–	17.3	446.1
Current assets	246.8	–	35.4	282.2
Current and long-term liabilities and provisions	(399.6)	–	(5.9)	(405.5)
Pension asset	–	61.7	–	61.7
Total net assets	276.0	61.7	46.8	384.5

b) Charity

	General funds £m	Pension reserve £m	Restricted funds £m	Total £m
Fixed assets				
Tangible fixed assets	40.0	–	–	40.0
Investments	386.0	–	3.4	389.4
	426.0	–	3.4	429.4
Current assets	201.2	–	22.9	224.1
Current and long-term liabilities and provisions	(358.5)	–	–	(358.5)
Pension asset	–	61.7	–	61.7
Total net assets	268.7	61.7	26.3	356.7

28. FUNDING COMMITTEE MEMBERS RECEIVING GRANTS

Listed below are scientists who both served on grant-making committees and led research projects that received grant funding from the Group during the year. They are set out below by institution of employment.

Cardiff University	J Chester
Institute of Cancer Research	M Leach*, P Workman*, C Bakel, J De Bono
King's College London	T Ng*, J Spicer, A Hayday
Newcastle University	S Wedge*, R Plummer*, J Vormoor
Queen Mary, University of London	P Sasieni, J Fitzgibbon
Queen's University Belfast	R Kennedy
St George's University of London	M Ussher
University College London	C Swanton*, S Quezada, K Yong, S Janes, R Adams, J Waller
University of Aberdeen	P Murchie
University of Birmingham	P Kearns*
University of Bristol	R Martin
University of Cambridge	R Gilbertson*, G Evan*, S Jackson*, K Brindle, J Brenton, G Lyratzopoulos, F Gallagher
University of Dundee	P Clarke
University of Edinburgh	D Cameron, D Weller, V Brunton
University of Glasgow	K Vousden*
University of Leeds	R Tooze, M Beresford
University of Leicester	C Pritchard, W Steward
University of Manchester	N Jones*, S Taylor*, A Jackson, C Miller
University of Oxford	A Harris*, M Middleton, R Sharma
University of Southampton	M Glennie, D Eccles, P Johnson, T Elliot
University of Stirling	L Bauld

* Scientists who headed projects that received grant awards in excess of £1 million in the year.

28. FUNDING COMMITTEE MEMBERS RECEIVING GRANTS (CONTINUED)

Scientists who serve on the Group's grant-making committees may not participate in any decisions that relate to funding either of research projects where they have an interest or of their institutions. Professor Peter Johnson, Chief Clinician, is a member of both the Charity's Executive and Scientific Executive Boards. Professor Nic Jones, former Chief Scientist, was a member of both the Charity's Executive and Scientific Executive Boards and is also a fellow of the Gibb Research Fellowship Endowment Fund. Professor Sir Bruce Ponder became a Trustee of the Charity in November 2015 and is also a fellow of the Gibb Research Fellowship Endowment Fund.

29. RELATED PARTY TRANSACTIONS

Expenses reimbursed to Trustees and the remuneration of the key management personnel of the Charity are disclosed in Note 11, and transactions by the Charity with its defined benefit pension scheme are set out in Note 20a. There were no other transactions during the year that come within the definition of 'related party transactions' in FRS 102. However, members of the Charity's Executive Board and directors of its subsidiary Cancer Research Technology Ltd are trustees or directors of organisations that are in receipt of funds from the Group or enter into commercial transactions with the Group. The following transactions are disclosed as the individuals concerned are regarded as holding a position of influence in both parties to the transactions concerned at the time they were entered into.

Sir Harpal Kumar is Chief Executive (CEO) of the Charity and is also a Trustee of the Francis Crick Institute. As at 31 March 2016, related party balances with the Crick comprised a £1.0 million trading balance due to the Charity (2015: £0.6 million due from the Charity). The Charity also seconded staff to the Crick, for which it obtained reimbursement of £0.1 million at direct cost in the year (2015: £0.5 million). During the year CRT paid £0.3 million (2015: £nil) to the Francis Crick Institute which CRT received under research collaboration agreements (which have been novated by Cancer Research UK to the Francis Crick Institute). At 31 March 2016, there was an outstanding creditor balance of £0.1 million. See Note 14a and 17c for details of further transactions with the Crick.

The CEO is a Director of the Union for International Cancer Control (UICC) and the Charity made voluntary contributions of £0.1 million to the UICC in the year (2015: £0.1 million). The CEO was Chairman of the National Cancer Research Institute (NCRI) until 10 March 2016 and the Charity made contributions totalling £0.9 million to the NCRI in the year (2015: £0.7 million). At 31 March 2016, there was an outstanding creditor balance to the NCRI of £0.9 million.

Dr Iain Foulkes, Executive Director of Strategy and Research Funding, is a Trustee of the Institute of Cancer Research: Royal Cancer Hospital. On commercial terms, CRT has revenue sharing agreements in place with the Institute of Cancer Research pursuant to which CRT paid £27.0 million (2015: £24.0 million) during the year and received £0.4 million (2015: £nil). At 31 March 2016, there was an outstanding debtor balance of £0.1 million.

Peter Chambré is Chairman of CRT and was also a Director of Immatics Biotechnologies GmbH, a specialty pharmaceuticals company, with which CRT and the Charity entered into an agreement to develop a drug as part of the Clinical Developments Partnership in December 2010. On 4 April 2014, a licence agreement was concluded relating to a clinical trial undertaken by the Charity. No income was received in respect of this agreement during the year (2015: £0.4 million) and there were no outstanding balances at 31 March 2016.

As part of its ordinary operations, CRT occasionally appoints directors to the boards of spin-out companies with which the Company has entered into transactions. Dr Keith Blundy is a director of Cytosystems Limited and Inivata Limited and during the year transactions, on commercial terms, of less than £0.1 million (£82,000 and £7,000) (2015: £60,000 and £100) were entered into respectively with those two companies. There was an outstanding balance of £18,000 at 31 March 2016.

Andy Richards, a Director of CRT, is a Director of Babraham Bioscience Technologies Ltd with which CRT entered into a lease agreement on commercial terms for laboratories in respect of which £0.3 million of lease payments and £0.1 million of consumables costs were paid (2015: £0.3 million and £0.2 million). He is also a Director of Abcodia Ltd, with which the Charity entered into transactions on commercial terms for £0.2 million in the year (2015: £nil). At 31 March 2016, there were outstanding creditors of £0.1 million of lease costs and £7,000 of consumable costs.

Professor Anton Muscatelli, a director of the Beatson Institute, holds an executive position with the University of Glasgow. During the year, the Beatson Institute received an in kind benefit of £0.9 million (2015: £0.9 million), grant income of £0.6 million (2015: £0.5 million) and research service income of £0.6 million (2015: £0.4 million). Employment costs relating to 11 senior scientists have been recharged to the Beatson Institute amounting to £1.2 million (2015: 1.1 million). At 31 March 2016, there was an outstanding debtor balance of £0.3 million.

The Group has taken advantage of the exemption under FRS 102 'Related Party Transactions' that permits non-disclosure of transactions with wholly-owned Group undertakings that are eliminated on consolidation. Related party disclosures concerning grant awards are shown in Note 28. Such transactions are conducted on an arm's length basis.

REFERENCE AND ADMINISTRATIVE DETAILS

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The audited consolidated financial statements comply with the Statement of Recommended Practice 'Accounting and Reporting by Charities' FRS 102 as revised in 2015, the Charities Act 2011, the Companies Act (2006), the Charities and Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, as amended.

CHARITY STATUS

The Charity has a maximum permitted membership of 100. There are currently 95 Members, of which 13 are Trustees (see pages 34 and 35). Each Member guarantees to contribute up to one pound sterling (£1) to the Charity's debts, liabilities and costs in the event of the Charity being wound up and for one year after ceasing to be a Member.

CHARITY OBJECTS

The Charity's objects are to protect and promote the health of the public in particular by research into the nature, causes, diagnosis, prevention, treatment and cure of all forms of cancer, including the development of findings of research into the practical applications for the prevention, treatment and cure of cancer and, in furtherance of that primary object, to provide information and raise public understanding of such matters.

GOVERNING DOCUMENT

Cancer Research UK is governed by its Articles of Association. Cancer Research UK may operate under the following names: Cancer Research UK Scotland, Cancer Research UK Cymru, Cancer Research UK Jersey, Cancer Research UK Guernsey and Cancer Research Northern Ireland.

COMPANY NUMBER

4325234 in England and Wales
5713F in Isle of Man

CHARITY NUMBER

1089464 in England and Wales
SC041666 in Scotland
1103 in Isle of Man

REGISTERED OFFICE

Angel Building
407 St John Street
London
EC1V 4AD

PATRON

Her Majesty The Queen

JOINT PRESIDENTS

HRH The Duke of Gloucester, KG, GCVO
HRH Princess Alexandra the Hon. Lady Ogilvy, KG, GCVO

COMPANY SECRETARY

Niamh O'Sullivan FCIS

CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

FINANCIAL STATEMENTS

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FOR MORE INFORMATION

The best way to get to know about us and our work is through our website cruk.org

Find out more about our successes at cruk.org/our-successes

HAVE A QUESTION OR FEEDBACK?

Call **0300 123 1022** or send us a message through our website cruk.org/contact-us

CANCER – PREVENTION, TREATMENT AND CARE

GET RELIABLE INFORMATION ABOUT CANCER

For information about cancer, trials and research, visit cruk.org/about-cancer

SPEAK TO A SPECIALIST NURSE

Our specialist nurses are on hand to answer your questions in confidence. Call free on **0808 800 4040**, Mon–Fri, 9am–5pm.

FIND OUT ABOUT TRIALS

For more information about trials that you can ask your doctor about, and to see trial results, go to cruk.org/trials

TALK TO OTHERS AFFECTED BY CANCER

Go to our online discussion forum cancerchat.org.uk



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