

A woman wearing a light-colored hijab and a white lab coat is focused on her work in a laboratory. She is wearing blue nitrile gloves and using a pipette to transfer liquid into a small vial. In the background, another person with long dark braids is partially visible. Laboratory equipment, including a rack of test tubes and a piece of machinery with red and black wires, is also visible.

WE ARE BEATING CANCER

ANNUAL REPORT
AND ACCOUNTS
2016/17



CANCER
RESEARCH
UK





**THANKS TO YOU
WE ARE BEATING
CANCER**



Discover more of our stories at
cruk.org/blog

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Cancer Research UK's vision is to bring forward the day when all cancers are cured. Our ambition is to see 3 in 4 people surviving cancer for 10 years or more by 2034.

We're working to prevent cancer, diagnose it earlier, develop new treatments and optimise existing treatments to make them more effective.



Our Institutes and Centres enable our scientists to deliver world-class research. Engaging and empowering patients, policy-makers and the public ensures advances in research have a positive impact.

It's only thanks to our supporters, volunteers, patients and staff that we're able to continue our life-saving work to beat cancer sooner.



Find our Annual Report and Accounts, Annual Review and Highlights online at cruk.org/our-year

Photograph on front cover: Our scientists at the UCL Cancer Institute in May 2017



Look out for this icon throughout the Report to discover further content available online



PREVENT

Preventing cancer

Find out more: [page 12](#)

DIAGNOSE

Diagnosing cancer earlier

Find out more: [page 14](#)

TREAT

Developing new cancer treatments

Find out more: [page 16](#)

OPTIMISE

Making cancer treatment more effective

Find out more: [page 18](#)

Our year in numbers

£647m

Total underlying income was up by 2% on last year.

£474m

Total spend on charitable activities was up by 1% on last year (see page 31).

£85m

Spend on hard-to-treat cancers was up by 13% on last year.

4,000+

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

OVERVIEW

ABOUT US

Cancer Research UK is the world's largest 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 for 10 years or more by 2034.

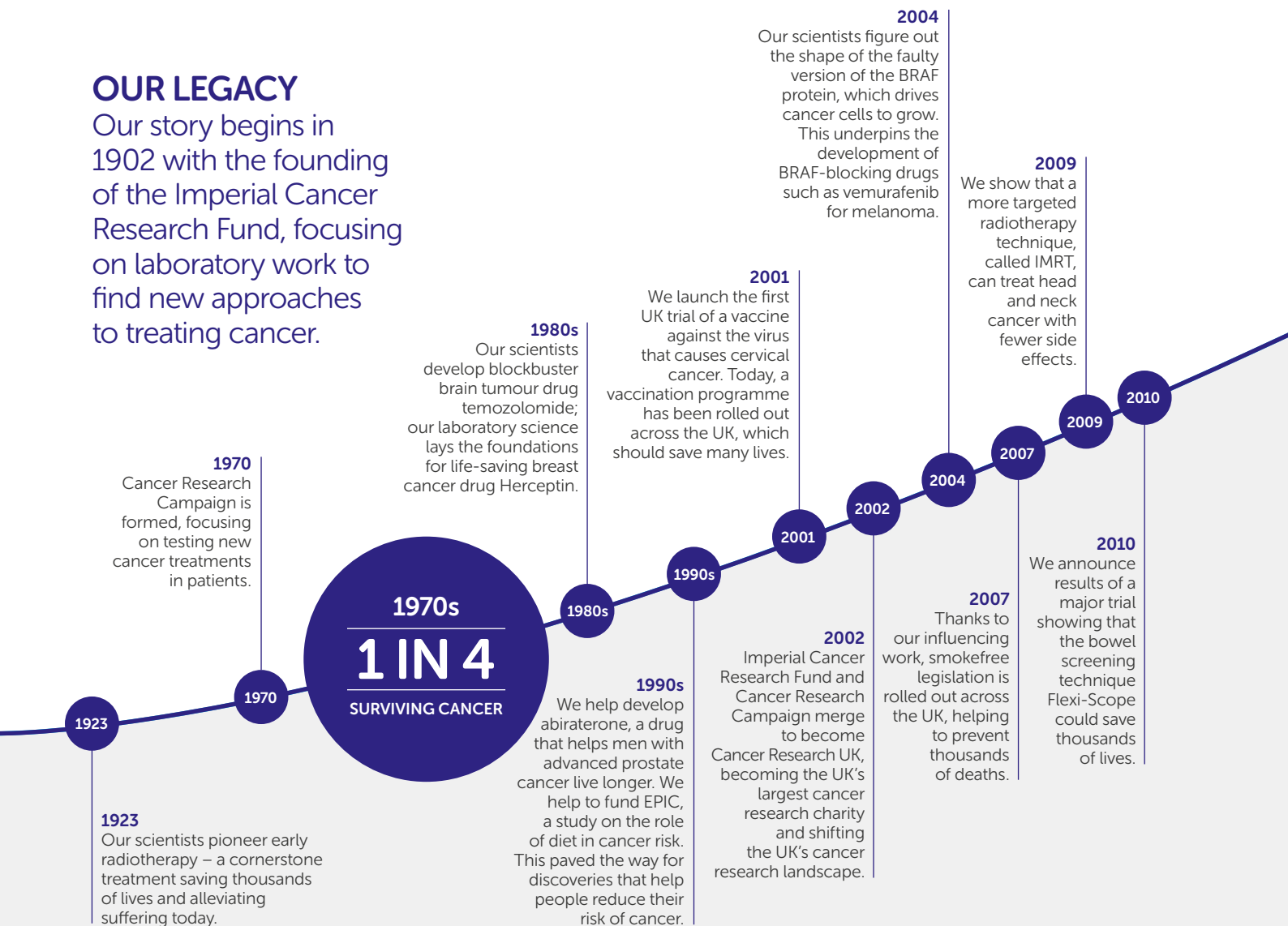
We're pioneering new ways to prevent, diagnose and treat cancer, as well as finding ways to optimise existing treatments to make them more effective.

The infrastructure we have created for scientists enables world-class research, and we engage and empower patients, policy makers and the public to ensure advances in research have a positive impact.

None of our life-saving work would be possible without the strength of our fundraising and our outstanding people – our supporters, volunteers, patients and staff.

OUR LEGACY

Our story begins in 1902 with the founding of the Imperial Cancer Research Fund, focusing on laboratory work to find new approaches to treating cancer.



OUR AMBITION

Our ambition is to see 3 in 4 people surviving cancer for 10 years or more by 2034.

2034

3 IN 4

SURVIVING CANCER

2030

2020

2016/
17

2015

2013

2010

2 IN 4

SURVIVING CANCER

2013

We launch the revolutionary TRACERx study, tracking how lung cancers evolve within the body.

2015

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

NICE approves the use of olaparib as a treatment for certain women with advanced ovarian cancer.

OUR YEAR 2016/17



The Francis Crick Institute

The Crick opens its doors. Discoveries made here will lead to new ways to diagnose and treat cancer and other major diseases.



Grand Challenge awards

We announce more than £70 million in funding for four new collaborations of international scientists through the Grand Challenge awards, tackling some of the biggest questions in cancer research.



Plain packaging

Standardised cigarette packaging is rolled out across the UK, a huge success for our campaign to reduce the uptake of smoking and to help smokers to quit.



GP Facilitator programme

Our programme to support healthcare professionals to improve prevention and early diagnosis is rolled out across the remainder of the UK, having expanded since 2012.



Radiotherapy

Our campaigning leads to NHS England investing £130 million in radiotherapy machines, and a £50 million investment in Scotland.



PRECISION-Panc

We announce a £10 million investment in PRECISION-Panc, a study to speed up recruitment of pancreatic cancer patients to clinical trials, increasing treatment options and improving survival.



Rucaparib

The Food and Drug Administration in America approves the drug rucaparib, which our scientists helped develop, as a treatment for certain patients with advanced ovarian cancer. We hope a similar decision will be made in Europe soon.



Obesity

We become a leading voice in the national debate on obesity, as the Government launches action on sugary drinks.

OVERVIEW

CHAIRMAN'S STATEMENT



Cancer Research UK is at an exciting crossroads. We are in unprecedented times where not only has research progressed dramatically over a short time, but is also translating into very real benefits for people with cancer. Cancer Research UK has a principal ambition to ensure our progress translates into reducing the number of people dying of cancer, even further and faster.

TAKING ON THE CHALLENGE

I am convinced that it is possible to reach 3 in 4 people surviving their cancer for 10 years or more by 2034 and am inspired by how firmly committed the Charity is to this challenging ambition. This is why I took on the Chairmanship. As the previous Chairman Michael Pragnell has rightly said, organisations like Cancer Research UK are rare and it is a privilege to be part of it.

Michael has done an amazing job in his time as Chairman, seeing the Charity into this next era of activity, for which he was recognised in the New Year Honours. It is an exciting time to be taking over from him and to work with such a committed board of Trustees. It is exciting too that Professor Karen Vousden has been appointed this year as Cancer Research UK's chief scientist – her skills and knowledge will be a great help to the Charity in achieving its goal.

A SHARED VISION

It is humbling to realise how many, from all walks of life, give so much to tackle this scourge of our society. Our supporters remain an extraordinary constant in an ever-changing political and social environment that can make fundraising a challenge. I extend my sincerest thanks and appreciation to all.

There are great challenges ahead. Not least the need to make significant inroads into the hardest to treat cancers as identified in our research strategy. The combined effort and commitment to a shared vision across our supporters, researchers, leadership and staff is what will make us succeed.

VALUING HEALTHCARE AND RESEARCH

Cancer Research UK has a responsibility to not only tackle research challenges but also to ensure that the best effective treatments for all cancers are made available to all in the UK. The close working relationships with the research community, the NHS and Government become increasingly important in this regard, particularly as the future of our health system is facing uncertainties.

It is encouraging to know that, even in unpredictable times, Ministers recognise the importance of science and are genuinely committed to driving improvement. By 2020, UK Research and Innovation's (UKRI) science budget will have grown by £2 billion, much of which will be used to address challenges of nationwide importance through the Industrial Strategy. The Charity will work with Government to ensure life sciences and cancer research remain at the heart of this.

Cancer Research UK is and will remain at the forefront of the UK and global research effort against cancer. Our role in the landmark development of the Francis Crick Institute is an example of this. It is already recognised as an international centre of excellence, bringing scientists from across the world to the UK, creating unique opportunities and enhancing British science.

READY TO MAKE THE DIFFERENCE

I am excited about the times we are in, and this is mirrored across the research and clinical community. There is a genuine belief that we're ready to make the difference. This is not pie in the sky any more. Improvements in survival are absolutely achievable. The foundations are laid – now we need to build on them. Cancer Research UK is committed, determined and equipped to deliver this.

Professor Sir Leszek Borysiewicz

Chairman
24 May 2017

CHIEF EXECUTIVE'S STATEMENT



One in two people born in the UK since 1960 will be diagnosed with cancer at some point in their life. This is why it is vital that we work harder than ever before to beat cancer.

Our researchers, volunteers, doctors, nurses, supporters, campaigners and staff are each helping us drive towards our ambition of 3 in 4 people surviving their cancer for 10 years or more by 2034. Thanks to all of them, this year has seen us move closer to that goal.

DRIVING SCIENTIFIC PROGRESS

We funded research that we think will make a difference to cancer patients in the future. Among these exciting projects were the first Grand Challenge award winners. While we originally planned to fund one project, there were several we felt were too important not to fund. By securing a partnership with the Dutch Cancer Society and an anonymous overseas donor, we were able to fund four projects that we believe will revolutionise our understanding of cancer.

In March we announced a £10 million investment in PRECISION-Panc, a study that aims to make it quicker to recruit pancreatic cancer patients to the most appropriate clinical trial for them. We hope it will increase treatment options and help more people survive the disease.

We have also seen research we have funded come to fruition, including our long-term investment in the TRACERx study, which looks at the evolution of cancer in detail by following lung cancer patients throughout treatment. The first findings of the study were published this year, showing that a blood test the researchers developed could detect relapse in patients who have had surgery up to a year before standard testing.

INVESTING IN INNOVATION

Thanks to our supporters, we have been able to grow our investment in our research network. Over the next five years we plan to provide £190 million to 13 Cancer Research UK Centres, and, in partnership with the Departments of Health, £36 million to 18 Experimental Cancer Medicine Centres, and a network for children. This investment will draw together world-class research and medical expertise to support research and clinical trials essential to getting life-saving treatments to patients.

We have joined forces with the Wellcome Trust, Syncona and Battle Against Cancer Investment Trust (BACIT) to create a new investment fund called Syncona Ltd. This £1 billion company will invest in life sciences, with a significant allocation to cancer research.

This year has also seen the Francis Crick Institute, Europe's largest biomedical research centre, officially opened by Her Majesty the Queen and the Duke of Edinburgh (see page 21).

But we have also had challenges. A fire at our Manchester Institute, in which thankfully no one was hurt, left significant

damage to research equipment and facilities. However, it was heartening to see our staff and supporters rallying around to help during this challenging time. We ran an appeal in partnership with the Manchester Evening News to get the Institute back on its feet, and the public donated generously, raising thousands of pounds within days.

CAMPAIGNING AND INFLUENCING

Alongside our research, campaigners and ambassadors help to ensure that we are preventing cancer where possible, and that everyone has access to the best treatments and diagnostic tests.

Our tobacco campaigning saw major successes this year, such as the roll-out of plain packaging. But there is more to do. Our 'Don't Quit on Us' campaign is enlisting the help of MPs to protect vital Stop Smoking Services, which are the best way to quit, but are at risk from government budget cuts.

Obesity is the second biggest preventable cause of cancer after smoking, and an important priority. Being overweight or obese is linked to an estimated 18,100 cancer cases each year in the UK. The Soft Drinks Industry Levy introduced by the Government is a good start, but to tackle obesity we will need more legislation and increased awareness.

Other campaigning successes include England and Wales joining Scotland in implementing the Faecal Immunochemical Test (FIT), an improved screening test for bowel cancer, and the announcement of a £180 million investment by NHS England and Scotland in new radiotherapy machines.

WORKING TOGETHER TO BEAT CANCER

None of this progress would be possible without our supporters. We work to make sure their donations are spent as efficiently as possible and in the best way. And we involve people affected by cancer to shape our work. Alongside other projects this year, patient representatives played a vital role in the development of the Grand Challenge awards.

It has been an exciting year, and I want to thank all our amazing supporters, volunteers, scientists, doctors, nurses and partners. Every one of you is making sure we will beat cancer sooner.

Sir Harpal Kumar

Chief Executive
24 May 2017

TRUSTEES' REPORT

STRATEGIC REPORT

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“
We have so many
different perspectives
and insights into a
problem here. That's
what cancer research is
going to benefit from.”

PROFESSOR ADRIAN HAYDAY
SENIOR GROUP LEADER AT THE FRANCIS CRICK INSTITUTE



Professor Hayday is making vital discoveries at the Francis Crick Institute. Find out more on page 21 and in our Annual Review available online at:



[cruk.org/
annual-review](https://cruk.org/annual-review)

OUR UK-WIDE RESEARCH NETWORK

Cancer Research UK's world-class research network provides the foundations for scientists to carry out research, ranging from fundamental laboratory studies through to large-scale clinical trials.

Through collaboration across the different research sites, we can bring benefits to patients faster. In 2016, we carried out a review of this network to ensure it delivers the best research for the next five years (see page 20).

CENTRES

Our 13 Centres bring together research teams from local universities, NHS Trusts and other research organisations. These teams focus on translational research – getting cutting-edge discoveries from the laboratory to patients and learning as much as we can from patients to drive further research. They also initiate new research ideas and programmes, and drive the training of the next generation of scientists and cancer doctors. Two of our Centres, Cambridge and Manchester, are Major Centres. These are research hubs that undertake a comprehensive research programme of outstanding quality, with sufficient scientific breadth, depth and impact to also serve as hubs for the national network.

INSTITUTES

Laboratory research carried out at our five core-funded Institutes underpins our efforts to understand and tackle cancer. Our funding provides scientists with the long-term support, technology and equipment needed to carry out high-impact research. The Institutes play an important role in recruiting and retaining world-class researchers, promoting collaboration and developing future leaders.

DRUG DISCOVERY UNITS

Scientists at our five core-funded Drug Discovery Units have extensive experience and expertise in different areas of drug discovery. They work together to turn discoveries made in our laboratories into new cancer treatments.

CENTRE FOR DRUG DEVELOPMENT

Our Centre for Drug Development specialises in making promising new treatments available to people with cancer. Teams of experts collaborate with pharmaceutical and biotechnology companies to translate scientific discoveries into cutting-edge therapies.

EXPERIMENTAL CANCER MEDICINE CENTRES

We co-fund 18 Experimental Cancer Medicine Centres for adult patients and a national network for children. World-leading doctors, research nurses and technical staff at these Centres drive the development and testing of new cancer treatments. They give patients access to these treatments and new diagnostic technologies and help deliver key initiatives in clinical and translational research.

CLINICAL TRIALS UNITS

We also fund eight Clinical Trials Units. With specific expertise in designing and delivering large-scale cancer clinical trials, they enable the delivery of innovative, practice-changing clinical research that impacts the care and outcomes for cancer patients in the UK and across the world.



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

Inside the Francis Crick Institute, which we co-funded and which opened this year.



COLLABORATING TO BEAT CANCER SOONER

The nature of our work means that we run many research projects in partnership with other organisations with specific expertise, who are also working to beat cancer sooner. Working alongside universities, hospitals and other cancer charities means our impact and influence is even greater, bringing benefits to cancer patients faster.

One example of how Cancer Research UK does this is our collaboration with UCL Great Ormond Street Institute of Child Health, Great Ormond Street Hospital Children's Charity and Children with Cancer UK to fund and run a research project led by Professor Kathy Pritchard-Jones. She is looking into a new genetic test that could improve treatment of children's kidney cancer.

As Professor Pritchard-Jones explains, "It's only by working together that we can make real progress against cancer. Collaborations like this offer researchers like me the support and resources needed to carry out our work. They encourage scientists, doctors and nurses from different areas to work together to solve the same problem."



RIGHT
NOW

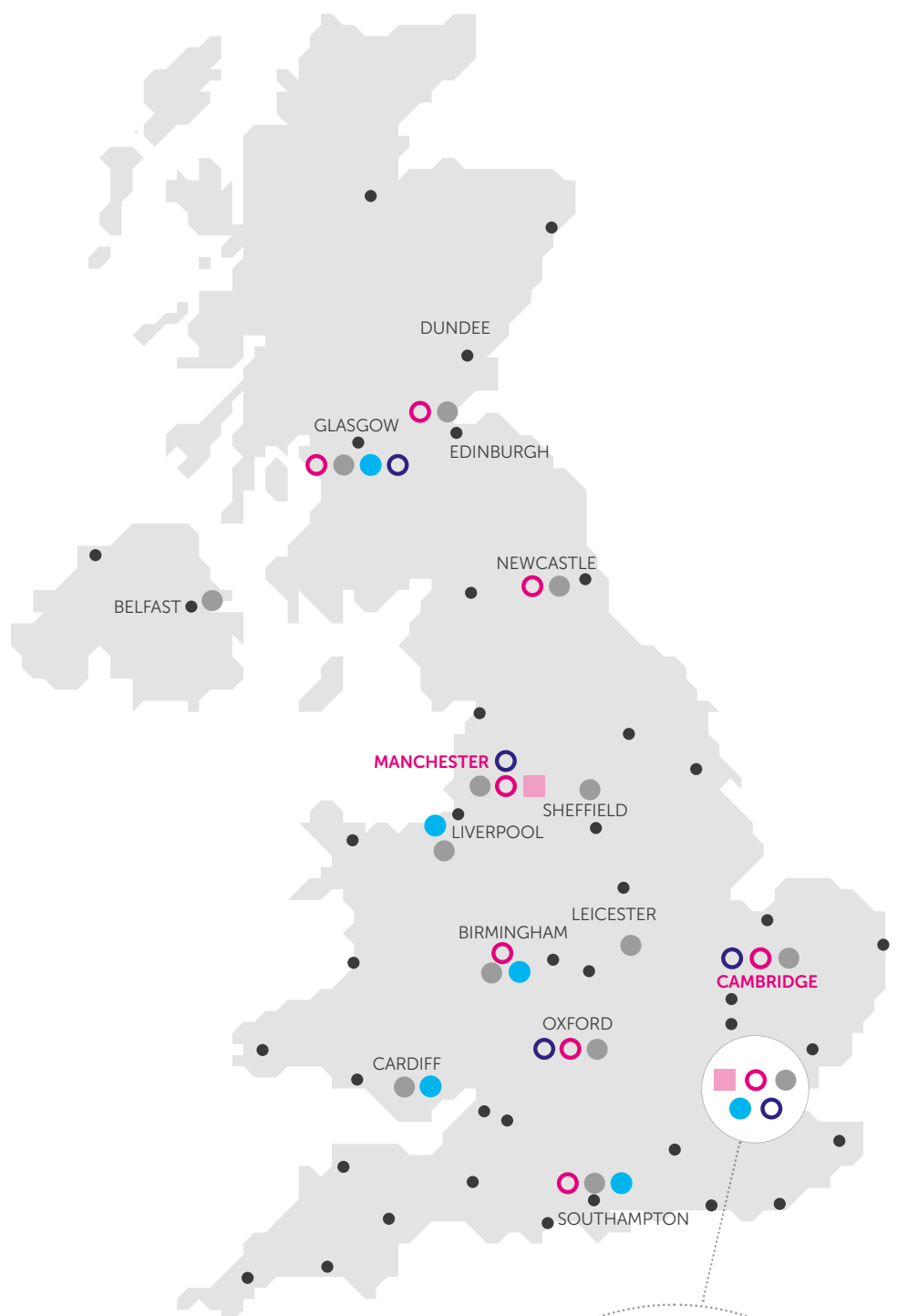
13
Centres

5
Institutes

18
Experimental
Cancer Medicine
Centres

8
Clinical
Trials Units

5
Drug Discovery
Units



KEY

○ Institutes

○ Centres and **Major Centres**

■ Lung Cancer Centre of Excellence, based jointly in London and Manchester

● Clinical Trials Units

● Experimental Cancer Medicine Centres

● Other research sites

LONDON

○ Institute

Francis Crick Institute

○ Centres

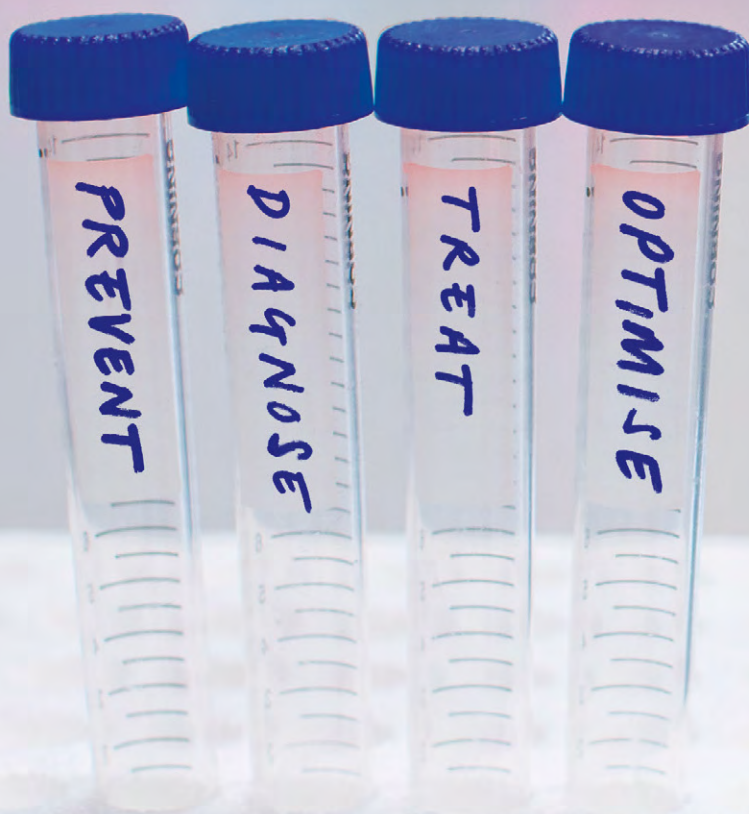
Barts; Imperial College London; The Institute of Cancer Research, London; King's Health Partners; University College London (UCL)

● Clinical Trials Units

The Institute of Cancer Research, London; Queen Mary University of London; UCL

● Experimental Cancer Medicine Centres

Barts; Imperial College London; The Institute of Cancer Research, London; King's Health Partners; UCL

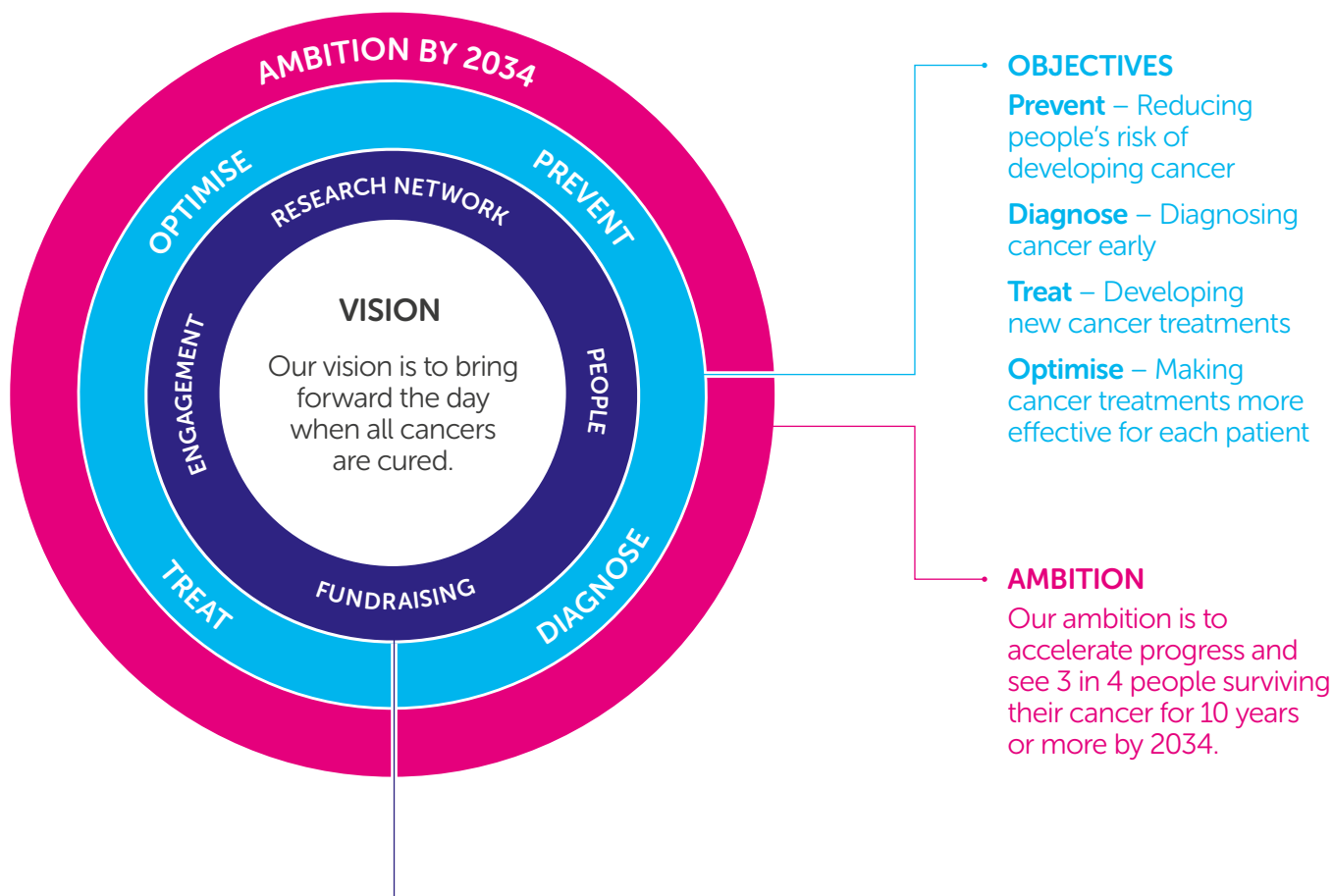


WE'RE TACKLING CANCER
ON ALL FRONTS

OUR STRATEGY

Cancer Research UK launched a new research strategy in 2014, with the aim of bringing us closer to our ambition of 3 in 4 people surviving their cancer for 10 years or more by 2034.

The strategy sets out our priorities with a focus on four key objectives: preventing cancers; diagnosing cancer early; developing new treatments; and making cancer treatments more effective for each patient. Pages 12 to 19 highlight the progress we have made against these objectives in 2016/17 and set out our priorities for 2017/18. Engagement of the public and patients, our research network, people and fundraising enable us to make this progress (see pages 20 to 27).



ENABLERS – HOW WE'RE ACHIEVING OUR OBJECTIVES

Fundraising

Providing the finance for everything we achieve

Research network

Creating an environment that enables and supports world-class research

People

Outstanding supporters, volunteers, patients and staff

Engagement

Engaging with and empowering patients, policy makers and the public

OUR ACHIEVEMENTS 2016/17

PREVENTING CANCER

Our research shows that more than four in ten cancers in the UK are preventable. By understanding how people can reduce their risk of cancer, and campaigning to ensure they can access services to help them make these changes, we can help prevent thousands of people developing the disease.

The leading preventable cause of cancer is tobacco. After our successful campaigning, this year saw the introduction of **plain packaging** for cigarette packs, and we continue to call for a comprehensive plan to achieve a tobacco-free UK by 2035.

- We are concerned that cuts to public health funding will remove vital support for people who want to stop smoking. In November, we launched our **'Don't Quit on Us'** campaign, encouraging the public to call on their local councillors to protect Stop Smoking Services, which are facing ongoing budget cuts, and allow every smoker access to the most effective way to quit. So far over 800 councillors spanning more than 200 councils have pledged their support.



5,000

THE NUMBER OF
CANCER SAMPLES
PROFESSOR
STRATTON'S TEAM
WILL STUDY

- E-cigarettes present a new opportunity for supporting smokers to quit, so we are investing in research to better understand these products. In February our scientists published results showing **e-cigarettes** are less toxic and safer to use long-term than conventional cigarettes. This is an important step towards reducing the number of tobacco-related deaths in the UK. This year, 14 of the 19 projects funded by our **Tobacco Advisory Group** were researching different aspects of e-cigarettes.

We published results this year predicting that rising **obesity** rates would cause 670,000 new cases of cancer over the next 20 years, adding to the evidence that it is the biggest preventable cause of cancer after smoking. But this year our in-house Policy Research Centre for Cancer Prevention reported that three in four people are not aware of the link between cancer and obesity.

We took action in a number of ways:

- A pilot **campaign in the West Midlands** to raise awareness of the link between obesity and cancer. At the end of the advertising campaign, 43% of people could name obesity as a risk factor for cancer, compared with 21% before the campaign. Although it was not an aim of the campaign, 14% of people also reported changing their eating behaviours.
- Leading the call for a strong **Government childhood obesity plan**. In early 2016, we campaigned for a 'Soft Drinks Industry Levy' (also known as the 'Sugar Tax') and were pleased to see it included in the UK Government's childhood obesity plan. We also support the plan's voluntary programme to remove 20% of sugar from nine food groups, such as yoghurts and breakfast cereals. But we think the plan needs to go further, so we are campaigning for the Government to tackle more of the proven causes of childhood obesity, like junk food promotion.
- Continuing to fund **research** to better understand the link between obesity and 13 types of cancer. This year, our researchers showed that obesity was contributing to the rise in womb cancer, and that it was linked to an increased risk of oesophageal and stomach cancers.

We have made progress in exploring when screening helps prevent cancers. This year, our scientists published results showing that a **one-off bowel scope screening test**



600

THE NUMBER OF CERVICAL
CANCER CASES EACH YEAR
THAT COULD BE PREVENTED
BY CHANGES TO SCREENING

reduced the risk of getting bowel cancer by a third by finding and removing polyps which may develop into cancer. The study estimated the test could save thousands of lives, and we will continue to work to encourage the roll-out of this screening programme across the UK.

We called for and welcomed the announcement that the **NHS cervical screening programme** in England will now test women for the human papillomavirus first, rather than initially looking for abnormal cells. We encouraged the Government to make this change as it could prevent around 600 cases of cervical cancer in England each year.

The work of one of the **Grand Challenge** teams we are funding aims to help prevent more cancers worldwide. In a project that spans five continents, Professor Stratton's team aims to build a deeper understanding of what causes DNA damage and how it leads to cancer. This could result in the identification of new causes of cancer and better information for people on how to reduce their risk. It should also help inform government policies to reduce exposure to cancer-causing agents.

PRIORITIES FOR 2017/18

- Call for sustainable support for tobacco control programmes and Stop Smoking Services.
- Ensure e-cigarettes are appropriately regulated.
- Continue to lead the conversation and fund research on the underlying link between obesity and cancer.
- Support the implementation of England's childhood obesity plan and campaign for a strong strategy in Scotland.



MAKING HEALTHIER CHOICES

If we are going to prevent cancer, people need to know what they can do, right now, to stack the odds in their favour.

We are working hard to provide information and support, and this is helping people make positive changes. Kath Bebbington, 57, from Bolton, was diagnosed with womb cancer in 2014. She helps us to promote healthier lifestyles.

“We don’t know what caused my cancer, but I have to admit I was carrying a few extra pounds, which may not have

helped. I can’t say I’ll never get cancer again, or that my weight caused my cancer in the first place – but after finishing treatment I wanted to make changes. Now I love fruit and veg, and I’m power walking most days or walking the dog. My cancer was a wake-up call for my children as well. They’ve all become healthier. Even my husband, who loves his pie and chips, now eats what I eat.

I feel passionate about Cancer Research UK. I want to encourage others to live healthily so fewer go through what I did. I hope my story helps others make a change in their life.”

670,000

THE NUMBER OF NEW CANCER CASES WE PREDICT OBESITY WOULD CAUSE OVER THE NEXT 20 YEARS

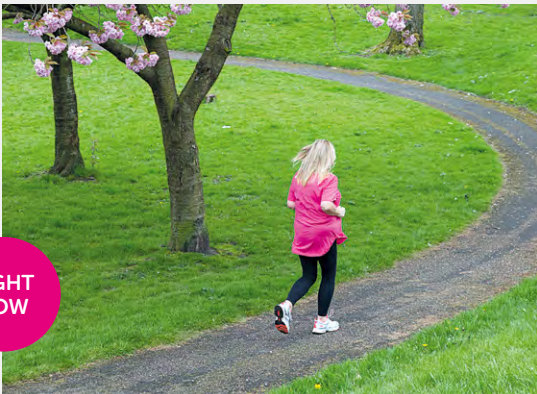
Our researchers publish the results of a landmark study showing the proportion of UK cancers attributable to different risk factors, including obesity.



2011

Kath and her family are making healthy changes to their lives.

RIGHT NOW



OUR ACHIEVEMENTS 2016/17

DIAGNOSING CANCER EARLIER

Treatment is more likely to be successful when cancer is diagnosed early. We are working on many fronts to facilitate a major shift in early diagnosis, including raising awareness of symptoms, understanding early disease biology to help develop new and better tests, and campaigning to ensure the health system is set up to diagnose cancer early.

Developing new and improved ways to detect cancer will help to ensure it is diagnosed earlier – helping more people to survive the disease. This year we funded 10 new projects in this area through our **Population Research Committee**, spanning a range of cancer types.

One of the **Grand Challenge** teams is looking at how to improve diagnosis of ductal carcinoma in situ (DCIS), a condition which can sometimes develop into breast cancer. By studying tissue samples from women with DCIS, Dr Wesseling's team aims to determine how to distinguish between those who need treatment and those who don't, which could spare thousands of women unnecessary treatment.

Our research also looks at whether innovations in the wider health system could help diagnose cancer early. Funded through the Catalyst Award, the **CanTest Collaborative** (see opposite) is our largest ever award to primary care research and was launched in January. Scientists across the UK and in international institutions will work together to understand how GPs can use more tests to help them rule out cancer or speed up a diagnosis with the aim of earlier treatment.

We reported on the first wave of our **Accelerate, Coordinate, Evaluate (ACE) programme**, focused on identifying people at high risk of cancer and getting patients with suspected cancer seen quicker. This included developing a clear route for patients with symptoms that could indicate several cancers, and it was shown to help get patients diagnosed quicker. We also rolled out the second wave of the programme to develop new models of care, including 'one stop shops' to which patients can be referred, thereby improving patient experience and helping the NHS make better use of resources.

We have also continued to work towards use of the best screening programme tests, so that patients can get accurate results as quickly as possible.

- This year, England and Wales joined Scotland in committing to implement the new, easier-to-use **Faecal Immunochemical Test (FIT)** in their national bowel cancer screening programmes. We demonstrated that this test improves the effectiveness of bowel cancer screening over the current test and can save more lives.

- Our scientists developed an endoscope that uses near-infrared light to spot early warning signs of **oesophageal cancer**. While clinical trials are still needed to see whether the approach will save lives, it is a promising technique to detect the disease early.

Public awareness is a vital element of improving early diagnosis. Our public campaigns and information have continued to help individuals know what they can do to help spot cancer early.

- In partnership with Public Health England and the NHS, we launched a **'Be Clear on Cancer'** pilot campaign in the north-west of England. The campaign aims to increase the number of people taking up bowel cancer screening.
- Through our **GP Facilitator programme**, we had around 12,000 face-to-face engagements with healthcare organisations, including around 7,000 with GP practices. The programme works in partnership with health professionals to drive improvements in cancer prevention and early diagnosis.
- In partnership with the British Thoracic Society, we launched a popular **new smartphone app** to help doctors assess the risk of lung cancer in patients with pulmonary nodules in their lungs. The app gives doctors easy access to guidelines and information about these nodules, along with risk and growth calculators, turning the mobile phone into a powerful early diagnosis tool.

Our work to improve the diagnosis of cancer can only benefit patients if the health system changes as a result. Stretched NHS resources could be a real risk to getting more cancers diagnosed early. This is why we continue to work and campaign to ensure that positive change happens. As part of this work we published **Testing times to come?**, a report highlighting that the capacity of pathology services in the UK is not growing to meet the rising demand for tests. This work, together with ongoing advocacy for more funding of diagnostics, led to NHS England committing to significantly increase funding to boost early diagnosis.



12,000

THE NUMBER OF
FACE-TO-FACE
ENGAGEMENTS WE
HAD WITH
HEALTHCARE
ORGANISATIONS
THIS YEAR



2,500

THE NUMBER
OF DOWNLOADS OF
OUR PULMONARY
NODULES APP TO DATE



GP SURGERIES AS DIAGNOSIS HUBS

Dr Fiona Walter and Professor Willie Hamilton are leading the CanTest Collaborative, which we funded this year, revolutionary research looking at how GPs can use more tests to help them rule out cancer or speed up a diagnosis.

"I've been a GP for 30 years," says Fiona. "CanTest came about from my experience and the feeling that we can always improve the way we work with our patients. This amazing investment will help us gather the evidence to do exactly that – by developing tests for use in GP surgeries that can help us reassure those who don't need further tests and act quickly for those who do. I'm delighted to be working on something that feels really worthwhile and could, in a relatively short time, make a huge difference to patients."

2014

We launch our new research strategy highlighting the need for a major shift in early diagnosis.

£5 million

OUR FUNDING FOR THE
CANTEST COLLABORATIVE
THROUGH THE
CATALYST AWARD



PRIORITIES FOR 2017/18

- Develop new centres of excellence in early diagnosis research.
- Ensure swift access to appropriate diagnostic tests for patients in the UK and campaign to increase diagnostic capacity.
- Work with primary care services such as GPs, dentists and pharmacies to ensure patients get the best recognition, management and referral.
- Diagnose bowel cancer earlier through screening.

RIGHT
NOW

We are funding the CanTest Collaborative, looking at making cancer diagnosis more accurate, timely, safe and cost-effective – and better for patients.



OUR ACHIEVEMENTS 2016/17

DEVELOPING NEW CANCER TREATMENTS

Cancer Research UK has a strong record of discovering and developing new cancer treatments – from the laboratory, to drug development and clinical trials, through to campaigning for adoption by the NHS. This year we have seen progress in developing treatments for many cancer types, including hard-to-treat cancers where survival remains low.

In December, the Food and Drug Administration (FDA) in America approved the drug **rucaparib** as a treatment for patients with advanced ovarian cancer. Our scientists began researching PARP inhibitors, including rucaparib, in the 1980s, and we led the development and testing of rucaparib in the 90s and 00s. We hope the European Medicines Agency approves this drug in Europe soon.

Our scientists have published results that will lead to new treatments and new clinical practice, including:

- A technique developed by the University College London (UCL) Cancer Institute found that cutting off a **sleep switch** on immune cells inside a tumour wakes up the cells and enables the immune system to hunt down the disease, creating a potential new way to get around cancer's defences.
- The **ESPAC-4** clinical trial showed that giving pancreatic cancer patients who have had surgery two chemotherapy drugs rather than one greatly improved their chances of surviving for at least five years. Experts say this combination should be the new standard of care for pancreatic cancer patients who have had surgery.
- The **TRACERx** study continues to explore how lung cancer develops and evolves by looking at genetic mistakes in patient samples and how they change over time. Results published from the study this year show that a test that detects bits of tumour DNA in the blood could help predict whether a patient's cancer will come back.

In addition to our research, we have worked with the wider health system, campaigning to improve patients' access to existing treatments. We fed into consultations about the **Cancer Drugs Fund** in England. Our strong voice was a key factor in bringing about their improved approach for appraising and funding cancer drugs.



£10 million

OUR INVESTMENT IN THE
PRECISION-PANC STUDY

To develop new treatments for the future, we must advance our understanding of cancer. We support research across all cancer types to do this, including:

- Two **Grand Challenge** teams whose work could lead to new ways to treat cancer:
 - Dr Bunch's team will develop a new way to map tumours in unprecedented detail – from the whole tumour to individual molecules in cells.
 - Professor Hannon's team will build 3D models of tumours containing every cell in them, which can be studied using virtual reality.
- Continuing to lead the **International Cancer Genome Consortium (ICGC) oesophageal cancer project** which will provide vital clues on how to treat oesophageal cancer.
- The **International Glioma Cellular Genetics Resource**. The team will collect patient samples and develop new ways to study brain tumours, helping them discover how tumours form and how to treat them.

Our **drug discovery units** work to turn discoveries made in the laboratory into new ways to treat cancer. We are working on a drug discovery portfolio of around 100 compounds we think could be developed into drugs, and around 30 drugs we are preparing for clinical trials or that are being trialled in patients right now.



220

THE NUMBER OF
CLINICAL TRIALS
WE CURRENTLY
SUPPORT ACROSS
THE UK



We currently support around 220 **clinical trials** across the UK, to test new treatments in patients and improve existing ones. Clinical trials are evolving and becoming more complex. To reflect this, we have adapted our funding schemes to ensure we continue to support clinical trials that will bring benefits to patients sooner. We're also working to shorten the time it takes to set up clinical trials, and to understand the reasons some trials often don't recruit enough patients in the first year.

In March we announced our investment in **PRECISION-Panc**, a multi-million pound study to speed up recruitment and enrolment of pancreatic cancer patients to clinical trials. Led by researchers in Glasgow, it takes a patient-centred approach that could increase treatment options for patients and help improve survival.

PRIORITIES FOR 2017/18

- Continue to increase investment in hard-to-treat cancers, in particular pancreatic cancer and brain tumours, where progress has been slower.
- Ramp up the number of major clinical research platforms, adapting to the evolving landscape and increasing complexity of clinical trials.
- Work with partners earlier in the drug development process to ensure our world-class research translates into therapeutic and diagnostic innovations.
- Fund more research into the interplay between cancer treatment and the patient's immune system.

DEVELOPING RUCAPARIB

Clinical trials are essential to find out if new treatments are safe to use in people and if they work as well as – or better than – treatments currently available. They also offer patients with fewer treatment options the chance to try new, experimental treatments.

100

THE NUMBER OF
COMPOUNDS WE'RE
WORKING ON
THROUGH OUR DRUG
DISCOVERY PORTFOLIO

1980s

Our researchers start work on the weaknesses cancer cells have in repairing damaged DNA – this later led to the development of PARP inhibitors.

Susan Ross from Tyne and Wear was first diagnosed with BRCA-mutated ovarian cancer 10 years ago. Following successful treatment with chemotherapy, in 2015 Susan was told her cancer had come back. At this point her doctor offered her the opportunity to join a clinical trial looking at the PARP inhibitor rucaparib as a treatment for women with BRCA-mutated advanced ovarian cancer.

2003

Professor Ruth Plummer writes the first prescription for a PARP inhibitor.

Susan explains, "I've been taking rucaparib as part of the trial since December 2015 and it's the best I've felt in 10 years. With the help and support of all the staff, it feels like I've got my life back. I find it really reassuring being part of a clinical trial as I'm monitored very closely and have developed a great relationship with the staff at the research unit. It's also an opportunity to help make a difference and hopefully find a cure for this awful disease. I'd do it again in an instant."

Now that rucaparib has been approved by the FDA in America, we hope it will be approved as a treatment for patients in Europe soon.

2016

The PARP inhibitor rucaparib is licensed in America as a treatment for patients.



OUR ACHIEVEMENTS 2016/17

MAKING CANCER TREATMENT MORE EFFECTIVE

Each patient's cancer is different, meaning each patient's treatment should be different. Through some of the projects we fund, we aim to optimise treatments, so that each patient gets the best treatment for them and is given the best chance of surviving their disease.

Personalised medicine – targeting treatments to the right patients – is a key part of our research strategy, and we are tackling this in a number of ways.

This year, scientists funded by us and the Medical Research Council discovered that **oesophageal cancer** can be classified into three different subtypes. Classifying cancers into subtypes is a key step that will lead to a completely new way of understanding the disease, so researchers can design treatments to exploit a cancer subtype's specific weaknesses, and doctors can tailor treatment according to a patient's cancer subtype.

Our **Stratified Medicine Programme** is working to identify personalised treatments for lung cancer patients. In 2016 we reached our aim of opening the programme across the entire Experimental Cancer Medicine Centre network, and expanded the number of participating NHS sites to over 70. A further two industry partners will join

the programme in 2017, expanding the range of targeted treatment options for patients.

We are also looking at using techniques to monitor how well patients are responding to their treatment, and this year our scientists published results showing progress, including:

- A revolutionary new **imaging technique**, which our Cambridge scientists showed doctors can use to see whether a drug is working or not within a couple of days of starting treatment, and a blood test that accurately detects if treatment is working for patients with advanced ovarian cancer. These techniques could enable doctors to respond more quickly and change a patient's treatment when drugs aren't working.
- A **blood test** which could predict how well and how long small-cell lung cancer patients might respond to chemotherapy, which could allow doctors to find the right treatment for a patient.
- **Scans** accurately predicting which lymphoma patients would respond to intensive chemotherapy, which could spare patients unnecessary treatment.

Re-purposing drugs to aid cancer treatment is an area that has shown promise. This year, our researchers published results showing that an anti-malaria drug could make tumours easier to treat. In another study, an existing leukaemia drug showed promise in treating a rare type of ovarian cancer.

We're constantly looking for ways to improve radiotherapy, a cornerstone treatment for many cancer patients. Results from the **CONVERT** and **CHHiP** clinical trials this year showed that radiotherapy can be modified and adjusted to improve how the treatment is given. This optimisation of radiotherapy will provide patients with more choice about how they get the treatment, which could improve their treatment experience.

After years of raising awareness that patients are missing out on radiotherapy treatment, we're delighted that NHS England announced a **£130 million investment in new radiotherapy machines**, the Scottish Government committed **£50 million**, and there have been investments in Wales and Northern Ireland. This will improve radiotherapy and mean more patients can benefit from it.

We are also funding research to help standardise how new radiotherapy techniques are studied and tested. The **Advanced Radiotherapy Network** study aims to develop guidelines on the best way to test new techniques – such as the best dose and number of treatments – that can be used across the UK. Having these guidelines will help researchers compare results from clinical trials and build an evidence base to improve clinical practice.

Together with representatives from patient groups, regulatory bodies, industry and academia, we are part of the **Clinical and Translational Radiotherapy Research** working group. The group aims to highlight the importance of running clinical trials combining radiotherapy and targeted drugs to improve treatment and survival. This year we published a paper which included recommendations on how to overcome the challenges of setting up these trials, and how researchers and industry could work together to carry them out.

In May, our **Clinical Research Committee**, together with people affected by cancer, made the decision to fund five new clinical trials looking at how to improve radiotherapy and surgery. Because these are cornerstone cancer treatments, improving them could improve quality of life and survival for thousands of patients.



£130 million

THE INVESTMENT ANNOUNCED
BY NHS ENGLAND IN NEW
RADIO THERAPY MACHINES

PRIORITIES FOR 2017/18

- Develop and deliver our new stratified medicine strategy.
- Improve patient access to modern radiotherapy techniques and refine how the techniques are used.
- Develop our translational networks to ensure our research discoveries benefit patients sooner.



UNDERSTANDING ADVANCED CANCERS

This year we announced a £4 million investment into the **PEACE** study, the UK's first national study collecting blood and tissue samples from patients who have died from cancer. Dr Mariam Jamal-Hanjani works on the study at UCL.

She explains, "The PEACE study will help us understand how and why some cancers progress and spread. If we can identify common patterns, we might be able to develop ways to intervene and to prevent this from happening. We're also looking at why some patients don't respond or stop responding to some cancer drugs – this will hopefully help us improve treatments. To collaborate on a project as big as this is a unique opportunity for doctors and scientists, as well as patients, to shape and improve the outcome for people with cancer in the future."

Researchers are studying samples collected through the study.

RIGHT
NOW

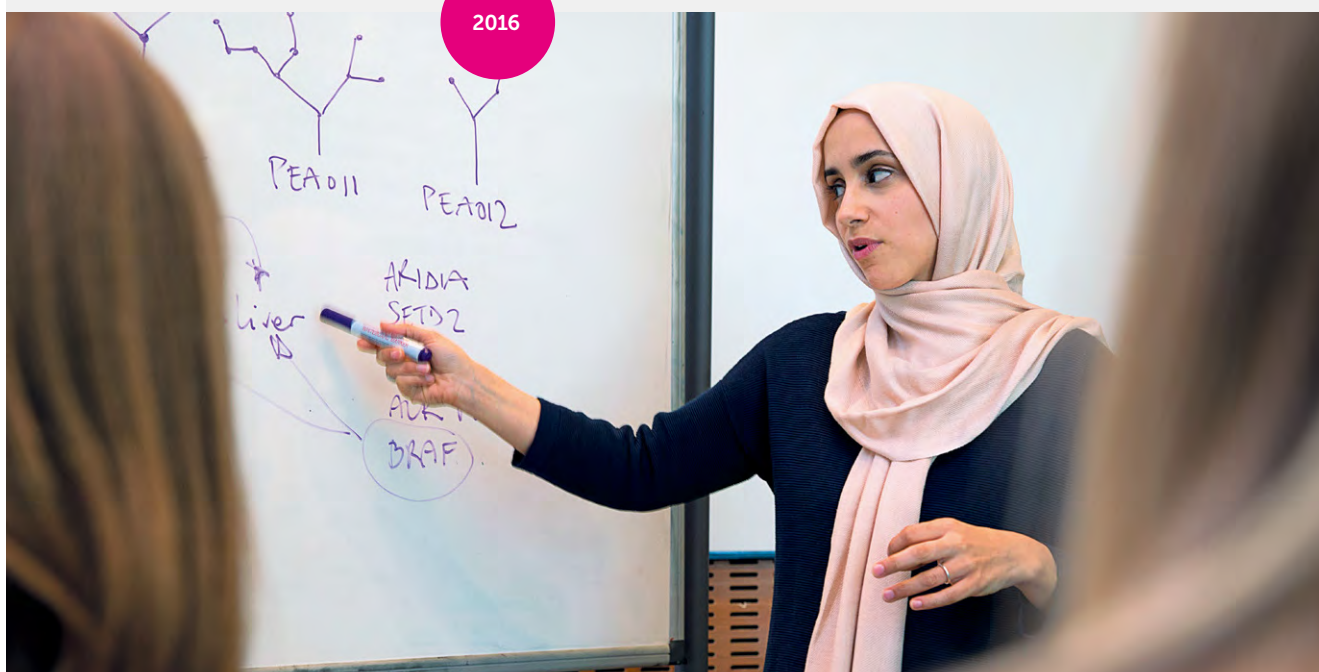
Cancer Research UK announces its investment in the study.



22

THE NUMBER OF
PATIENTS TO DATE WHO
HAVE REGISTERED TO
BE INVOLVED IN
THE PEACE STUDY

2016



OUR ENABLERS 2016/17

CREATING AN ENVIRONMENT THAT ENABLES AND SUPPORTS WORLD-CLASS RESEARCH

Underpinning all our progress is the work of our researchers, based in our network of institutions. To achieve our aim of 3 in 4 people surviving cancer for 10 years or more by 2034, we need to fund the best scientists, doctors and nurses and give them the resources and support they need to carry out life-saving research. This will ensure the UK remains a world leader in cancer research.

Our funding has helped to establish and resource a range of institutions to carry out life-saving work. Highlights of the year included:

- Reviewing our UK-wide Centres network and planning to provide up to £190 million over the next five years to **13 Cancer Research UK Centres** and £36 million in partnership with the devolved Departments of Health to **18 Experimental Cancer Medicine Centres**, and a network for children's cancer research. This is our largest investment to date in these Centres.
- The **Francis Crick Institute** opened its doors this year. Under the direction of Sir Paul Nurse, 1,500 talented staff, and scientists from a variety of disciplines, are working together to tackle cancer and some of the world's other major diseases.

As well as having the right places to perform research, supporting the research leaders of tomorrow is equally vital to beating cancer sooner. This year we funded 36 research fellows – the most we've ever funded – and 116 PhD students.

This year we launched **Clinician Scientist Fellowships (CSFs)** and **Advanced Clinician Scientist Fellowships (ACSFs)**, which aim to increase the number of clinical academic leaders in cancer research. We funded six CSFs and five ACSFs, including surgeons, a radiologist and a pathologist.

We funded six new researchers through our **Programme Foundation Award**, which aims to help researchers with 8 to 14 years' post-PhD experience to establish or further develop their research groups, helping to establish them as future leaders in research.

We have supported a number of new projects, enabling our scientists to carry out research in areas we believe will make the biggest difference to those affected by cancer. These include:

- Funding 11 **Multidisciplinary Project Awards**. These awards bring researchers from different scientific disciplines together to drive progress against cancer.
- The first **Population Research Catalyst Award**. These awards support scientists carrying out epidemiology research and exploring behaviours and attitudes towards cancer prevention, screening and early diagnosis, in a bid to improve progress in these areas (see page 15).
- Funding six **Pioneer Award** projects. This scheme encourages innovative ideas from any discipline that could be groundbreaking in tackling cancer and continues to attract a broad range of applications.
- Funding for some of the top immunologists in the country through our **Cancer Immunology Awards**. The eight projects we funded this year aim to gain insights into the role of the immune system in cancer, to improve current immunotherapy treatments and to develop new ones.

Creating new national and international partnerships means we can bring together researchers with the right ideas and expertise to tackle the biggest problems in cancer. Examples of how we did this in 2016/17 include:

- Announcing the first recipients of our **Grand Challenge awards**. The four chosen teams were awarded over £70 million to tackle some of the biggest questions in cancer research. One of these was co-funded through a partnership with the Dutch Cancer Society and another by an anonymous overseas donor.



£226 million

OUR LARGEST INVESTMENT
TO DATE IN OUR CENTRES
NETWORK ACROSS THE UK



- Holding the first in a series of international conferences focusing on early detection, together with the **Knight Cancer Institute** (part of the Oregon Health & Science Institute). Through this partnership we aim to build an early detection community that can drive forward research in this field.
- Forming an **international partnership** with the Wellcome Trust Sanger Institute, the National Cancer Institute in the US and the Hubrecht Institute in the Netherlands to develop a way for researchers to improve how they study cancer cells.



116

THE NUMBER OF
CANCER RESEARCH UK
PHD STUDENTS WHO
HAVE STARTED
WORK THIS YEAR

TRANSFORMING RESEARCH

Inside the Francis Crick Institute, scientists and medical professionals from many different disciplines are collaborating to create an unprecedented shift in the way we do research.

"We have so many different perspectives and insights into a problem here," says Professor Adrian Hayday, Senior Group Leader at the Crick. "That's what cancer research is going to benefit from. Fundamental research without boundaries is essential to understand more about cancer and find new treatments. We're doing it here at the Crick, and that's thanks to Cancer Research UK and its supporters. Exciting science is already happening. This place, and the work being done here, is going to be incredible."

93,000 m²

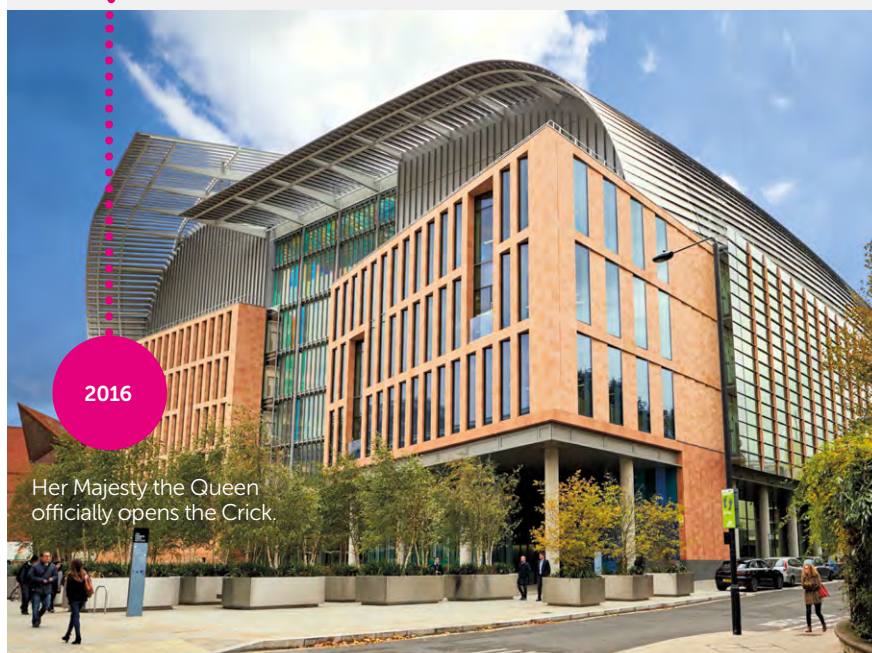
THE TOTAL FLOOR SPACE
OF THE CRICK – THAT'S
17.5 FOOTBALL FIELDS



2011

Construction
on the Francis
Crick Institute in
London begins.

2016



Her Majesty the Queen
officially opens the Crick.

PRIORITIES FOR 2017/18

- Work with the research community to ensure they bring us the best projects.
- Recruit new directors to our core-funded Cambridge and Beatson Institutes.
- Speed up clinical trial set-up times to ensure treatments reach patients faster.
- Invest in our researchers' development, so that we produce the cancer research leaders of tomorrow.
- Encourage international research collaborations to access research expertise more widely and grow our global reputation.

OUR ENABLERS 2016/17

ENGAGING AND EMPOWERING PATIENTS AND THE PUBLIC

People affected by cancer are at the heart of everything we do. Our engagement programmes ensure they shape our work. As a trusted source of cancer and health information, we provide transparent, relevant communications to the public about cancer and the latest research into cancer.

Key achievements in providing information about this year's advances in cancer research include:

- Revamping 3,500 of our **'About Cancer'** webpages. These provide comprehensive, up-to-date information about cancer. With the help of people affected by cancer, we have made the pages more mobile-friendly and easier to use.
- Producing **health information resources** to help people spot cancer early and make informed decisions to reduce their risk of developing cancer.
- Partnering with **Woman's Own** to produce two magazines providing information about cancer.
- Holding eight **events** across the UK attended by around 250 people affected by prostate cancer. These events were run together with the Medical Research Council Clinical Trials Unit at University College London, to provide updates on the STAMPEDE and CHHiP clinical trial results.

Many people hear about the latest developments in cancer science through the media, and this year we published over **140 press releases**, generating widespread coverage. We also provide context for new discoveries, including on our award-winning **science blog**, reaching over 2.6 million people.

Almost 100 **Cancer Campaigns Ambassadors** engaged with over 160 MPs at our 2016 Parliament Day. They discussed the importance of cancer research and measures that can be taken to prevent the disease, including tackling childhood obesity (see page 12 for more).

The experiences and insights of people affected by cancer shape our work. This year, 89 projects across the Charity received input from patients and people affected by cancer, compared with 33 in 2014/15. **Patient involvement activities** carried out this year include:

- A range of activities to shape the development of the **Grand Challenge awards**, with a patient representative on the panel which selected the recipients.
- Shaping our **Annual Review and Annual Report and Accounts**. We carried out focus groups and surveys to make sure these publications include the information that people affected by cancer would like to know.
- Advising on the development and production of a publication explaining the use of **animals in research**.

More than 6,000 people participated in **'Talking About Cancer'**, our first interactive massive open online course (MOOC). The majority of participants said it improved their skills and confidence when talking about cancer and health. Over 4,900 people have enrolled in our second MOOC, **'Demystifying Targeted Cancer Treatments'**, which is aimed at clinical research nurses and clinical trials teams.

Our six-month pilot project, **Your Health Hub**, ran in the north-east of England and Glasgow. Aimed at supporting people to develop new healthy habits, the Hubs are pop-up stands in prominent areas like shopping centres and libraries. Passers-by can have an informal or private chat with our nurses, who offer ongoing support to make positive, sustained health changes.

We have worked to improve our digital support and advice services, piloting a new **'1-2-1 online live-chat'**. The service is designed for people who want to speak to our team of dedicated nurses, but can't do so over the phone because of hearing or speech problems, embarrassment or fear of being overheard. The pilot saw our nurses engage in over 270 chats.



12,000

THE NUMBER OF QUERIES
ABOUT CANCER OUR
SPECIALIST NURSES HAVE
ANSWERED THIS YEAR



3,500

THE NUMBER OF OUR
'ABOUT CANCER'
WEBPAGES WE HAVE
REVAMPED THIS YEAR



770

THE NUMBER OF
PATIENTS IMPROVING
OUR WORK THROUGH
OUR PATIENT
INVOLVEMENT
NETWORK

PRIORITIES FOR 2017/18

- Finalise our strategy for involving people affected by cancer in our work and continue to ensure they are at the heart of everything we do.
- Showcase the impact that people with cancer have had on our work through multimedia and events.
- Remain a trusted and reliable source of information about cancer research that responds to our audience's needs.
- Integrate our public-facing cancer awareness and health promotion activity through the Cancer Awareness Roadshow and Health Hubs.



INVOLVING PATIENTS

Alfred Samuels, 59, has advanced prostate cancer. He started taking a drug our scientists developed, called abiraterone, as part of the STAMPEDE clinical trial, and continues to take it as part of the trial. He is one of our Cancer Campaigns Ambassadors and has been campaigning about childhood obesity.

"If it wasn't for abiraterone and Cancer Research UK, whose scientists helped develop the drug, I don't think I'd be here today. I got involved because I wanted to help raise awareness of what people can do to lower their risk of developing cancer. People like me, who have been affected by cancer, can influence government by telling our stories."



RIGHT
NOW

Abiraterone is available on the NHS to certain prostate cancer patients.



2004

Our Centre for Drug Development supports the early development of abiraterone, including the first studies in man.

1990s

Our scientists begin researching the molecule abiraterone acetate.

OUR ENABLERS 2016/17

FUNDRAISING AND TRADING

This year we raised a record £544 million through our fundraising and trading activities, an increase of 3% on last year. Fundraising underpins everything we achieve and it remains vital that we continue to invest in new initiatives and explore ways to improve supporters' experience of giving to the Charity in order to enable us to beat cancer sooner.

OUR FUNDRAISING AND TRADING ACTIVITIES THIS YEAR

We consider fundraising in four categories: give, do, buy and pledge.

Give – Donations

- Over one million people give us a **regular gift**, raising over £100 million.
- A further £9 million was raised through the '**Create the Change**' campaign, bringing the final total to £100 million. This money has been used to help fund the construction of the Francis Crick Institute.
- Our **corporate partners**, including Scottish Power, Tesco, TK Maxx, Ultra White Collar Boxing, Wilko, Warburtons and Slimming World, raised £21 million. All these organisations reached special milestones, demonstrating their incredible commitment to our work over a number of years. We continue to look for ways to mutually grow our relationships with our valued corporate partners, as well as creating new partnerships, such as those with BT and WHSmith. We are also exploring ways to work with major philanthropists, in the UK and overseas, to fund particular areas of our work, including future Grand Challenge awards.

- The third live televised **Stand Up To Cancer** show aired on Channel 4 in October 2016, with £15.7 million raised since our last televised show.
- Working in partnership with other cancer charities, we have grown the impact of **World Cancer Day**. A total of £2 million was raised with more than half a million Unity Bands® being worn around the UK.

Looking forward, we face new challenges as a result of our decision to move towards only contacting donors who have opted in to receive marketing communications from us. We know this means we'll be speaking with fewer people and this may adversely affect fundraising income but we hope it will enable us to build stronger relationships with our supporters (see page 26).

Do – Volunteer fundraising and events

Our events and local fundraising groups engage with supporters across the UK, providing exciting experiences as well as raising sponsorship monies.

- Over half a million people participated in our events, such as **Race for Life**, **Shine Night Walk** and the **Winter Run** series, raising a total of £65 million.

80p

OUT OF EVERY £1 DONATED TO CANCER RESEARCH UK, 80P IS USED TO BEAT CANCER.

We invest 20p of every £1 donated towards raising future funds to ensure we can carry on funding vital life-saving research (see page 32 for further details on how this is calculated).

World Cancer Day raised £2 million through donations and selling Unity Bands.





Over 500,000 people took part in events like **Pretty Muddy**.

- We increased the number of **Pretty Muddy** events again this year. The obstacle course, which is an extension of the Race for Life brand, saw an increase in number of participants and donations.
- Volunteers in our **local fundraising groups** raised over £14 million, including through the 24-hour **Relay for Life**, which unites communities.

Race for Life remains the pre-eminent fundraising event in the UK, but there are now many more competitor events. We have seen the number of Race for Life participants fall by 10%. We are working harder and more creatively to maintain our position. We have reviewed the types of challenges and events our supporters would like to see. For example, we were particularly pleased with the **Race for Life Hike** trial that took place in the Peak District and will be expanding the number of these events in 2017.

Buy – Our Shops

Performance of our shops has been very good, earning in excess of £80 million with sales growing 6% compared to last year.

- Since successfully trialling our Cancer Research UK **'superstores'** concept, we've built on our experience and have opened five new superstores in out-of-town sites.
- Our stores provide volunteering opportunities and receive cash donations for a number of other events such as World Cancer Day and Stand Up To Cancer.

- Our **eBay store operation** was created in order to improve efficiency and drive income. Sales have grown steadily as we seek to tap in to this higher margin model for selected items donated in our shops. Following our launch in May 2016, we achieved 'Top Seller Status' in August.

Pledge – Your Legacies

Legacy giving remains our single biggest source of fundraising income, with over £180 million raised this year.

- We benefited from several **multi-million pound legacies** during the year.
- We continue to invest in our **marketing and stewardship work** in this area to inspire others to include Cancer Research UK in their wills and write an end to cancer.
- To thank those who have left a gift in their will to Cancer Research UK, we created **The Life Garden**, the world's first virtual reality tribute garden which will live on and continue to grow for years to come. It was awarded the Gold Direct Marketing Award for Best Use of Experiential by the Direct Marketing Association.



INNOVATING TO BEAT CANCER SOONER

Testing new ideas remains critical to ensure we adapt to changes in the way supporters expect to use technology and make their experience relevant and engaging.

Gaming is one way to engage new audiences with Cancer Research UK, and to give our supporters a new way to interact with us. In 2015, we launched the Weekly Lottery, a draw with 50 cash prizes available each week and, in the last year, we have seen a surge in the number of people engaging with it. Our future plans for this area of activity include growing the lottery with a communications drive, and finding new ways to use gaming and interactivity to bring in new audiences.

Rona from Orkney, a Weekly Lottery winner, said, "I hope this chance to enter the lottery encourages more people to support a fantastic and life-changing charity."

PRIORITIES FOR 2017/18

- Improve the fundraising experience to build long-term, rewarding relationships with our volunteers and donors.
- Maximise the return on our marketing activities.
- Develop new, innovative fundraising options recognising the different ways that people choose to support us.
- Build long-term strategic partnerships with leading corporate organisations.

TRUSTEES' REPORT | STRATEGIC REPORT

OUR ENABLERS 2016/17

FUNDRAISING AND TRADING

OUR FUNDRAISING PRACTICES

Supporters are at the heart of everything Cancer Research UK achieves. We believe giving to the Charity should be a great experience and are constantly striving for the highest standards to ensure our supporters and the wider public are treated fairly and with respect. But the fundraising climate for UK charities is evolving. Economic and political uncertainties are weighing heavily on minds and decisions to donate. We therefore need to look for ways to improve and ensure we adapt to address any new challenges and regulations effectively.

Cancer Research UK voluntarily subscribes to the Fundraising Regulator, which assumed responsibility for regulating fundraising from July 2016 and investigates and takes appropriate action on cases of public concern. We are working closely with the Regulator, as we did with its predecessor body, the Fundraising Standards Board. We also work with the Institute of Fundraising to help improve sector standards and ways of working.

Talking to members of the public in person and speaking to existing supporters on the telephone are two of the most important ways to engage people with our work and raise vital funds. Our staff carry out these activities, and we also work with external organisations who have specific expertise. We do this so we can talk to as many people as possible in the most cost-effective way. We have robust contracts in place with external organisations specifying that staff who carry out these activities should be trained to adhere to applicable laws and codes, such as the Fundraising Regulator's Code of Practice and the Data Protection Act. We also expect these organisations to voluntarily subscribe to the Fundraising Regulator, and reflect our values when talking to supporters.

Monitoring and control of our fundraising activities, including the work done by these external organisations, is vital to ensure that our supporters have a great experience and that all supporters, including vulnerable people, are treated fairly. For example, we listen to recorded telephone calls, and 'mystery shoppers' approach fundraisers to check their performance. If we find cause for concern we investigate as a matter of urgency.

We always strive for the highest standards, but there have been occasions when we have not met them. We work hard to learn from our mistakes and make sure they don't happen again. We also constantly seek to improve so the supporter experience is the best it can be. If our supporters or any members of the public are unhappy with any aspect of our work we encourage them to give feedback, and we take any complaint or comment raised against the Charity very seriously. We provide a fair complaints procedure which is clear and easy to use and we aim to provide a response or an update to any concern within five working days. In 2017/18, we will be reviewing how to measure the number of complaints we receive effectively and in accordance with Charity Commission guidance. We will publish this figure in our 2017/18 Annual Report and Accounts. In the event of complaints being raised to the Fundraising Regulator, we work with them to reach solutions and resolve the issues raised. We learn from our supporters to help us improve what we do.

In April 2017, the Information Commissioner's Office (ICO) found that there were two practices related to our fundraising, namely wealth screening and tele-appending, where we should have explained more clearly to supporters how we might use their data. As a result, the ICO issued a monetary penalty of £16,000.

We accept that we were not clear enough with our supporters in relation to these practices. We never deliberately used supporters' data in ways which we believed were incompatible with their desire to help us beat cancer sooner. In fact, our supporters have consistently told us that they want us to use our funds efficiently and only send them information that is most likely to interest them. Nevertheless, we ceased both practices in December 2016.

We are always looking for ways to improve and will become an opt-in charity as of 1 July 2017. This means that we will seek explicit and unambiguous permission from our supporters before we contact them about future fundraising support. In April 2016, we started asking new supporters to opt in, and from 1 July 2017 this will extend to all supporters. If they choose not to opt in, they won't receive marketing or fundraising requests from us.

In the short term, this means we will be speaking with fewer people and this could adversely affect fundraising income, but we believe that putting our supporters first is the right thing to do and will ultimately lead to a greater level of engagement, loyalty and value. We can't achieve any of our groundbreaking work without our supporters, and it is essential that we fully respect their wishes in terms of how they want to be contacted. They are at the heart of everything we do, so it's crucial that they fully understand what they are opting in to and actively choose to receive these communications from us. We believe this will help protect the future income of Cancer Research UK and safeguard our ambition to beat cancer sooner.



Supporters drive everything we do at Cancer Research UK. Giving to the Charity should be a great experience and we promise:

- To be transparent about where your money goes
- To respect any personal data you share with us
- To operate our fundraising to the highest standards
- To be respectful
- To listen and learn



Read more at cruk.org/our-promise

OUR ENABLERS 2016/17

OUR PEOPLE

Our ability to attract, develop and retain talented people remains vital to everything we do across all areas of the Charity.

EMPLOYEES

Through the extraordinary commitment and hard work of our employees we are making progress against cancer every day.

We carried out our third employee survey, which showed that over 90% of staff feel proud to work at Cancer Research UK and care about the Charity's future. The survey also highlighted areas for improvement, such as career development and collaboration between departments, which we are now working to address.

We continue to be recognised as a fantastic place to work, including for those starting out in their careers. Our Graduate Programme moved from third to second place in the Guardian UK 300 Best Employers. We were rated 12th highest in the Bloomberg 2016 Index of Top 400 Best Employers in the UK. We also received the Target Jobs 2016 award for Most Popular Graduate Recruiter in Scientific Research and Development.

During the year Cancer Research Technology Ltd, our development and commercialisation subsidiary, merged operational activities with our Strategy and Research Funding team to form a new Research and Innovation directorate. This new team will continue to ensure our research expenditure is focused on the right initiatives and will look to exploit more opportunities to translate promising research into commercial propositions, ensuring the outputs of research reach patients as rapidly and effectively as possible.

For information on our structure, governance and management, see page 36.

To read about our employment policy and pay, see page 40.

PATIENTS

On average, 25,000 patients are recruited annually to Cancer Research UK-supported trials, helping develop new treatments. Scientists are developing ways to get the best outcomes from each trial while requiring fewer patients to take part. With the insight and help of people affected by cancer, we have developed new ways to recognise trial participants for their contribution to beating cancer sooner.

Through our Involvement Network, people affected by cancer have shared their experiences and insights with us to help shape and develop our policy, research and information work (read more on page 22). This improves the quality of our work, and helps make it more relevant and engaging for cancer patients and people affected by cancer.

SUPPORTERS

Cancer Research UK could not exist without the generosity of our supporters, who contribute to our progress in a number of ways. Some people support the Charity through donations, and you can read more about this on page 28, while others contribute through volunteering, giving their time, energy, passion and skills within communities across the UK. In the last year alone, over 40,000 volunteers gave four million hours of their time.

Around 16,000 of these volunteers supported 343 iconic sporting events, including Race for Life, Pretty Muddy, Tough 10 and the Shine Night Walk. Over 17,500 volunteers in our shops styled and sorted their way to help generate a total of £73 million in donated goods. Over 690 groups and committees also united their communities to raise £10.2 million. Many volunteers brought health information to the streets, helping to spread the word through our Cancer Awareness Roadshows, and others shared their stories to help raise awareness.



RECOGNITION FOR OUR VOLUNTEERS

We were delighted to see several Cancer Research UK volunteers recognised in the National Honours lists, and we celebrated two young Cancer Research UK shop volunteers winning the first ever BBC Radio 1 Teen Hero 1 Million Hours Award for volunteering.

Numerous volunteers donated and developed their skills while supporting projects in our offices, including through our 12-week voluntary internships programme.

Over 220 Cancer Campaigns Ambassadors have given their time by phoning, emailing, meeting and petitioning politicians to prioritise cancer-related issues.

This year we received nearly 500 nominations for our annual Flame of Hope Awards, celebrating our most outstanding and inspiring volunteers.

In 2016, we brought together 16 volunteers from across the organisation to form our first Volunteer Advisory Panel, which is helping to shape the work and the future of volunteering with Cancer Research UK.

PRIORITIES FOR 2017/18

- Ensure we have the key skills and structures in place to achieve our objectives and drive high performance across our team.
- Develop talent programmes that equip our leaders to stay ahead in a fast changing landscape.
- Enable Cancer Research UK to reflect the communities in which we work, and enhance our reputation as an inclusive employer.

WHERE OUR INCOME CAME FROM

Our underlying income¹ in 2016/17 was £647 million.

VOLUNTARY INCOME (£442 MILLION)

Our voluntary fundraising areas are:

- **Legacies** (£187 million) – Over 6,000 legacies were left to Cancer Research UK with some individual cases reaching over £2 million.
- **Donations** (£190 million) – Donations include regular gifts, major donations and money raised by local fundraising and corporate partnerships, from over 1.5 million individuals and groups.
- **Events** (£65 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.

TRADING INCOME (£102 MILLION)

This includes £80 million generated through goods sold in our shops and £22 million from the trading aspect of events (primarily merchandise sales and registration fees).

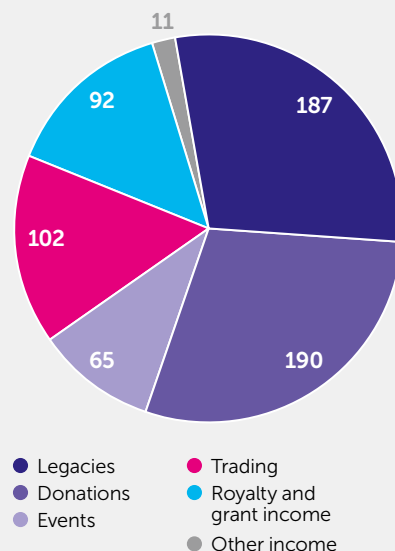
ROYALTY AND GRANT INCOME (£92 MILLION)

This includes royalty income of £87 million generated by Cancer Research Technology Ltd from treatments based on earlier innovations, as well as grants received to fund direct research.

OTHER INCOME (£11 MILLION)

This primarily consists of income from investments and rental income.

BREAKDOWN OF TOTAL UNDERLYING INCOME (£647m)



¹ Underlying income excludes the exceptional gains generated by our property transactions in the year.

HOW DONATIONS FUND RESEARCH

Supporters donate to Cancer Research UK, leave a gift in their will or participate in our events.

Income is also received through trading, royalties and grants, and investments.



WHERE THE MONEY IS SPENT

Our total expenditure in 2016/17 was £666 million.

SPEND ON CHARITABLE ACTIVITIES (£473 MILLION)

This spend covers two areas: cancer research activity and our policy and information work.

- **Cancer research** (£432 million)
This includes:
 - **Institutes** (£117 million) – Research carried out within specialist institutes, including the cost of scientific staff, the buildings they work in and their equipment.
 - **Grants to Centres and Experimental Cancer Medicine Centres** (£58 million) – Research hubs that draw together expertise to bring treatments to patients faster.
 - **Research grants** (£189 million) – Grants to scientists working at other research sites such as universities and hospitals.
 - **Direct costs of research** (£68 million) – Research carried out directly including the cost of scientific staff, the buildings they work in and their equipment, plus support costs incurred to support our research activities.

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

- **Information and policy work** (£41 million)
Activities that increase knowledge and awareness of cancer and contribute to its prevention and treatment.

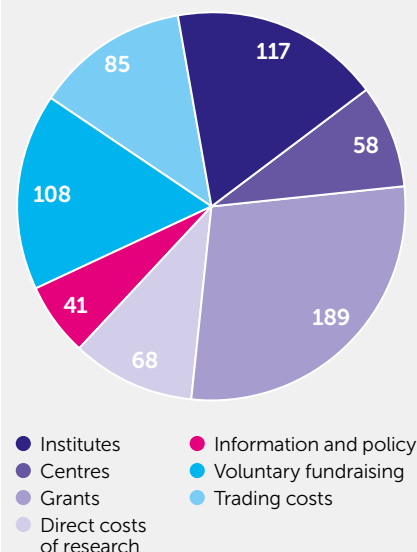
VOLUNTARY FUNDRAISING (£108 MILLION)

We wouldn't be able to conduct our charitable activities without fundraising. We invest in a number of areas to generate income and think about how we spend and invest money carefully to maximise the returns to the Charity.

TRADING COSTS (£85 MILLION)

We spent £69 million running our shop network and £16 million delivering events where participants pay a registration fee. While the costs of running our shops is significant, our retail presence is a key part of an important network for supporters, not only raising vital funds but also delivering health messaging and increasing awareness of our research. This expenditure also includes support costs, such as IT, corporate resources and human resources.

BREAKDOWN OF TOTAL EXPENDITURE (£666m)



4

The progress of each project is thoroughly assessed before the next instalment of funds is paid out.



5

Project ends and results are peer reviewed and published or presented at an international conference.



6

The findings from our research benefit patients, for example through changing clinical practice. Find out more about our impact this year on pages 12 to 19.



FINANCIAL REVIEW

OVERVIEW

In 2016/17, our underlying income totalled £647 million (2016: £635 million) growing 2% from the previous year. This primarily reflects the strong performance of our legacy income, the Stand Up To Cancer campaign, and income through our shops.

Our charitable expenditure increased by 7% to £473 million (2016: £442 million) comprised of £432 million for research and £41 million for policy and information work. This increase is in line with our plans, and was driven largely by investment in the new Grand Challenge grant awards and increased funding to our Centres.

INCOME

Donation and legacy income

Donation and legacy income increased over the prior year to £442 million (2016: £434 million). The largest income stream continues to be legacies, which grew by £9 million. Income from events was up due to the strong performance of Stand Up To Cancer, which compensated for a reduction in Race for Life participant numbers. Donated income from our corporate partnerships was also up, in particular from TK Maxx and Scottish Power. These gains were marginally offset by a fall in direct giving which reflected our decision to allow supporters the choice to opt in to marketing communications, resulting in lower numbers of new subscribers.

Trading income

Trading income grew by 7% to £102 million (2016: £95 million), driven by new shop openings including investment in some larger out-of-town stores, where revenues are significantly higher.

Income from royalties and grants

Income from royalties and grants fell to £92 million (2016: £95 million) of which £87 million (2016: £81 million) was delivered through Cancer Research Technology, with royalties on the drug abiraterone being the key driver.

Investment gains

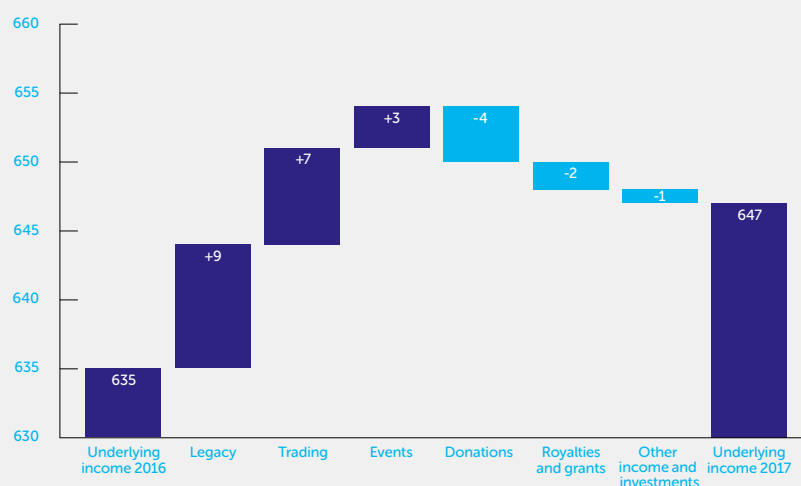
Net gains on our investment portfolio totalled £19 million. This was reflective of the strong performance in the FTSE and other indices during the year.

Exceptional income

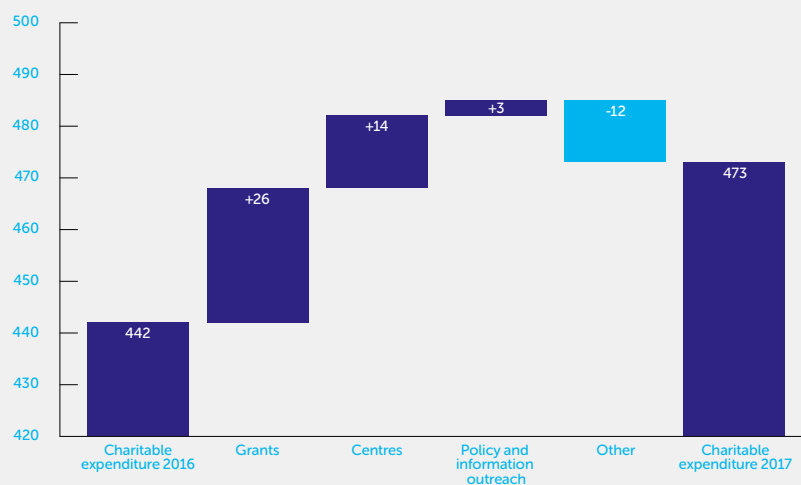
Our exceptional income (£32 million) is the result of property transactions undertaken during the year. Following the transfer, to the Francis Crick Institute, of the science undertaken in the London Research Institute Clare Hall laboratories,

Overview	2017 £m	2016 £m	Change £m
Underlying income	647	635	12
Charitable expenditure	473	442	31
Expenditure on voluntary fundraising	108	107	1
Expenditure on trading	85	81	4
Investment gain/(loss)	19	(6)	25
Exceptional income	32	–	32

UNDERLYING INCOME GROWTH (£M)



CHARITABLE EXPENDITURE GROWTH (£M)



we sold the majority of the site to University College London. We also agreed to surrender the lease of our head office in Angel and we will relocate to a new building next to the Queen Elizabeth Olympic Park in Stratford. We received a surrender premium which will more than

cover our estimated move and disruption costs. Relocation to the new building will enable us to reduce our fixed costs, allowing more money to be channelled into research. The move is planned to happen in 2019.

CHARITABLE EXPENDITURE

Research expenditure

Our research expenditure grew to £432 million (2016: £404 million). As planned, this expenditure has grown as we create new national and international partnerships, bringing together researchers with the right ideas and expertise to tackle the biggest problems in cancer, for example through our new Grand Challenge awards. We granted four of these awards committing £13 million to these projects in the year. Investment in our Centres increased by £14 million.

As well as having the right places and projects to perform research, we have also invested in world-class researchers increasing our investment in Fellowships by £7 million in the year.

Cancer information and policy outreach

Our expenditure on cancer information and policy work increased to £41 million (2016: £38 million). This was largely due to the growth in the GP Facilitator programme and expanding our work on International Tobacco Control.

ANNUAL CHARITABLE EXPENDITURE

For accounting purposes, research grants awarded during the year are measured as the total of expected payments up to the next scientific review. We also measure charitable expenditure incurred during the year. This represents the cash paid out in the year regardless of awarding patterns and accounting expenditure. It decreased by 3% over the prior year to £428 million (2016: £441 million), mainly due to our capital contributions in the Francis Crick Institute ending in 2016. This is shown in the table top-right.

The difference reflects research grant commitments running ahead of cash spend, including the £13 million Grand Challenge awards which were awarded in 2016/17 but activity will not commence until 2017/18. This is as a result of the planned increase in our research investment.

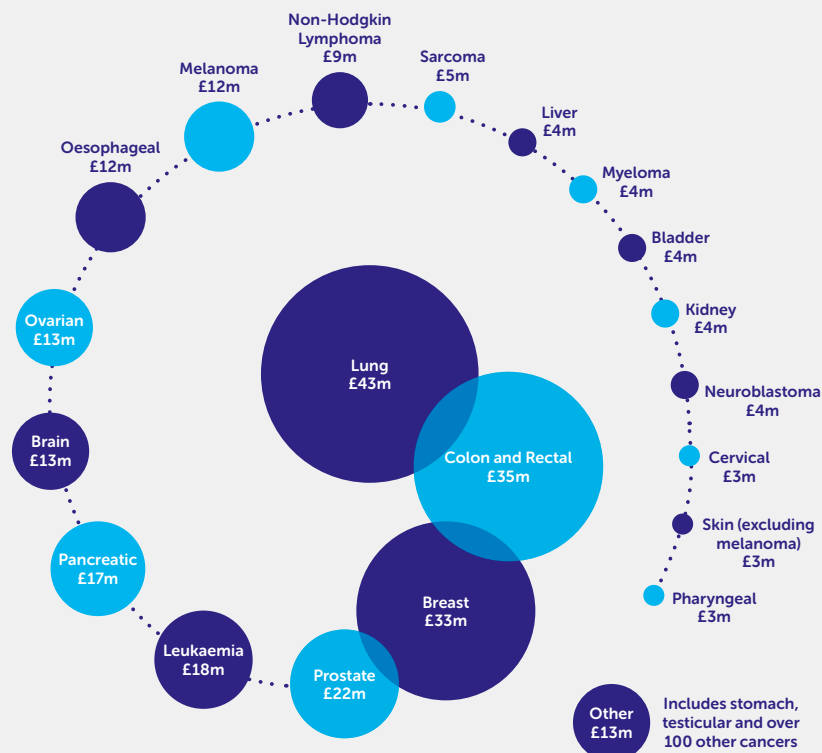
Around two-thirds of our research expenditure is directed towards specific cancer types. The remaining third is directed towards the biology of cancer, which underpins our understanding of all types of cancer. Annual charitable expenditure breaks down as shown in the table opposite.

Annual charitable expenditure	2017 £m	2016 £m
Spend on charitable activities in the financial statements (page 46)	473	442
Capital contributions to the Crick	1	28
Total spend on charitable activities	474	470
Difference between accounting costs of research and annual charitable expenditure	(46)	(29)
Total annual charitable expenditure	428	441

Annual charitable expenditure breakdown	2017 £m	2016 £m
Site-specific research ¹	274	256
Research into the biology of cancer	112	119
Capital contributions to the Crick	1	28
Cancer information and policy outreach	41	38
Total annual charitable expenditure	428	441

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.

OUR FUNDING IN 2016/17 BY DISEASE TYPE



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

EXPENDITURE ON RAISING FUNDS

Expenditure on raising funds, including trading costs, increased to £193 million (2016: £188 million). This reflects increased expenditure on our shop network alongside additional expenditure in our legacy marketing.

TRUSTEES' REPORT | STRATEGIC REPORT

FINANCIAL REVIEW

% AVAILABLE TO BEAT CANCER

We continue to focus on fundraising efficiency and 80% of every £1 donated was available to beat cancer (2016: 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.

There is no charity standard against which to benchmark fundraising efficiency. Our approach is to have a meaningful, transparent and consistent calculation.

CASH FLOW AND INVESTMENTS

There was a net inflow of cash and investments of £19 million (2016: £20 million outflow) primarily due to gains on investments, as global investment markets rallied through the year.

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.

Our reserves policy states that managed cash and investments should exceed three months but are not expected to exceed five months' forecast cash outflows. Although both the 2016 and 2017 levels are greater than five months' cover, the Charity's medium-term plan includes projections for reserves to reduce as we increase charitable expenditure, bringing the anticipated cover to four months, as shown diagrammatically on page 33.

Reserves measured at 31 March are as shown opposite.

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.

% available to beat cancer	2017 Donated income £m	2017 Charitable income £m	2017 Other ¹ £m	2017 Total £m
Income	442	92	8	542
Costs	108	–	–	108
Net income	334	92	8	434
% 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 12a).

Cash flow and investments	2017 £m	2016 £m
Fundraising and trading income	544	529
Income from royalties and grants	92	95
Investment income	5	6
Other income	6	5
Charitable activities	(473)	(442)
Capital contributions to the Crick	(1)	(28)
Expenditure on raising funds	(193)	(188)
Purchase of fixed assets	(7)	(9)
Movement in working capital	32	27
Pension deficit payments	(5)	(9)
Net result/(outflow) before investment gains/(losses)	–	(14)
Investment gains/(losses)	19	(6)
Net increase/(decrease)	19	(20)
Cash and investments 1 April	298	318
Cash and investments 31 March	317	298

Managed cash and investments	31 March 2017 £m	31 March 2016 £m
Cash and investments	317	298
Less: funds under separate management ²	(8)	(9)
Managed cash and investments	309	289
	Months	Months
Months of annualised future cash outflows	5.6	5.2

² The Beatson Institute for Cancer Research.

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. The net investment gains for the year was £19 million (2016: £6 million loss).

In previous years the charity has invested in the CRT Pioneer Fund which was established to invest up to £70 million in qualifying research projects that would accelerate investment in promising initiatives. During the year the Charity, working with the Wellcome Trust and BACIT, agreed to transfer its investment in the Fund into a new life sciences investment fund called Syncona Ltd. This is accounted for as a mixed motive investment, see Note 13.

Of the £19 million gain, £3 million related to our investment in Syncona Ltd during the year, representing a 10% increase in portfolio value. Whilst generating a financial return for Cancer Research UK, 20% of the Net Asset Value in Syncona must be invested specifically into oncology projects. This represents a new type of investment for Cancer Research UK where our managed cash can generate financial returns as well as furthering our charitable objectives.

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

PENSIONS

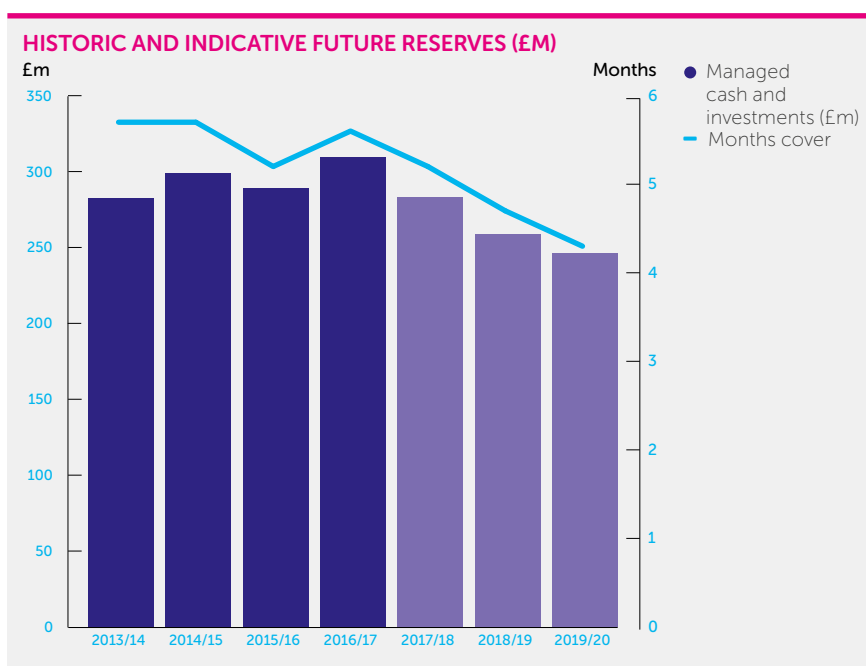
The Charity provides employees with the opportunity to participate in a defined contribution pension scheme. Historically, we also provided a defined benefit scheme which closed to new entrants in 2009 and further accruals in March 2015.

The accounting surplus of the defined benefit pension scheme reduced in the year from £62 million to £35 million due to a reduction in the discount rate.

The calculation to determine the accounting surplus or deficit differs from the calculation used to determine the actuarial surplus or deficit of the scheme, which is to determine if further payments into the scheme are required. The latest triennial valuation took place as at 31 March 2015, and this determined a deficit of £55 million (2012: £61 million). We have agreed a pension deficit recovery plan with the scheme's trustees. Our annual payments were £5 million for this year and will continue at this level for the next two years.

During the year, the scheme trustees, working closely with the Charity, acted to reduce the mortality, inflation and investment risks with the scheme. This involved the buy-in of an annuity contract with Canada Life, which was funded by the sale of a corresponding value of UK Gilts. This means our assets and liabilities are more closely matched, thereby reducing future volatility.

Since March 2017, unless members choose otherwise, their contributions to the defined contribution pension scheme are being invested in tobacco-free investments.



GOING CONCERN

Council has reviewed the Charity's financial position. 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	2013	2014	2015	2016	2017
Underlying income (£m) ¹	537	590	609	635	647
Fundraising and trading income (£m)	460	490	516	529	544
Income from royalties and grants (£m)	75	95	87	95	92
% of each £1 donated available to beat cancer ²	82%	82%	80%	80%	80%
Total spend on charitable activities (£m) ³	374	414	461	470	474
Managed cash and investments (£m)	179	282	307	289	309

The five-year record shows strong increases in charitable expenditure supported by fundraising growth.

Spend on charitable activities has increased steadily supported by fundraising growth. Reserves are forecast to be drawn down across the course of our five-year plan.

¹ Underlying income does not include gains generated by property transactions. The 2015 pension curtailment gain is also excluded.

² See page 32 for how the percentage available to beat cancer is calculated.

³ Total spend on charitable activities includes capital contributions to the Francis Crick Institute.

PRINCIPAL RISKS AND UNCERTAINTIES

Council is responsible for ensuring that effective and adequate risk management and internal control systems are in place to manage the major risks to which the Charity is exposed. It carries this out by monitoring the effectiveness of our risk management framework.

This framework is designed to support informed decision-making regarding the risks that affect our ability to achieve our objectives. It also provides a consistent approach to identifying, assessing and dealing with the risks facing us to ensure that they do not exceed the level of risk we are willing to assume. The framework is designed to manage, rather than to eliminate, the risks to our 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 a year and the risks identified through this process are documented in a risk register. We provide relevant training to employees and draw 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 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 a number of major risk areas in detail each year.

- **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. The Audit Committee is required to report its findings to the Council, identifying any matters on which it considers that action or improvement is needed, and to make recommendations on the steps to be taken.
- **Formal project groups** are established for major projects and programmes, such as data governance and business continuity planning, to ensure that these are properly planned, managed and implemented. In addition, a cross-organisational governance group monitors and prioritises major IT programmes.

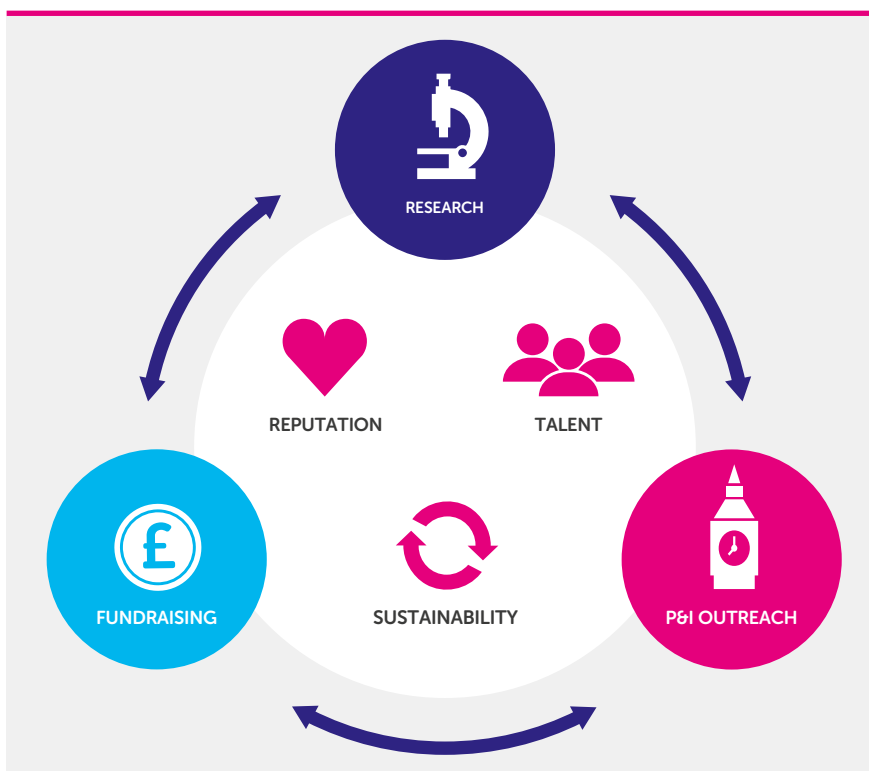
- Clear and easily accessible **whistleblowing procedures** are in place and the Audit Committee receives an annual whistleblowing report. In addition, there are processes in place to investigate and report on any serious incidents including the implementation of required corrective actions.

RISK PROFILE

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 our reputation. We are committed to ensuring that all our fundraising activities are respectful, open and honest.

To support the identification and evaluation of our key risks, we use a model which incorporates our key activities (fundraising and marketing, research and innovation and policy and information outreach) and the related key enablers for these (reputation, talent and sustainability) as shown in the diagram below.

Information about our risks and the actions mitigating them are summarised opposite.



RISKS	MITIGATION
Research The research environment becomes less favourable, reducing the impact of our work (e.g. due to less investment by government or industry or the state of the NHS).	<ul style="list-style-type: none"> Monitoring environmental shifts, actively engaging in dialogue with key opinion formers and building strong relationships and alliances with partner organisations.
Research strategy and spending is not properly or sufficiently focused to enable us to meet our objectives.	<ul style="list-style-type: none"> Extensive strategy reviews are conducted with senior internal and external experts. Research funding requests are reviewed in detail by funding committees comprising experienced senior scientific experts. Independent international panels of experts conduct structured reviews of our Centres to ensure we continue to support the best scientists and research.
Cancer Research UK fails to achieve sufficient influence over the Crick's cancer research activities.	<ul style="list-style-type: none"> Cancer Research UK representation on the Crick's Board and Scientific Research Working Group. Ongoing review of the Crick's work to ensure our funding is applied in ways that align with our research strategy.
Fundraising Growth in income fails to match planned research expenditure due to: <ul style="list-style-type: none"> Increased competition for voluntary income; changes in market conditions; or changes in supporter behaviours or technological preferences. Loss of fundraising income due to ongoing public scrutiny of charity sector fundraising practices and the impact of related regulatory changes. 	<ul style="list-style-type: none"> Brand campaigns to maintain awareness and engage with existing and new supporters. Investment in marketing core income activities and innovative new fundraising activities. Adherence to Regulations and best practices including 'opt in' for new supporters in 2016 and all supporters in July 2017. Review market trends and invest in digital platforms. Robust financial planning covering income, expenditure and reserves projections, budgeting and monitoring actual expenditure.
Policy and information outreach Impact of government policy, Brexit, the NHS and charity sector regulatory reform on our research and policy work.	<ul style="list-style-type: none"> Engaging with key decision-makers and influencers in government, local authorities and in the NHS. Senior-level representation on many influential fora and key decision-making bodies, for example in the NHS National Cancer Programme. Developing clear policy positions in key areas.
Reputation Events which may adversely affect our reputation and operations. This could include a cyber-attack, a serious data security breach, a serious fraud or an issue related 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.	<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, patient trials and health and safety. Reviewing our fundraising practices in light of recommendations made by reviews of the charity sector. 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.
Talent Talented staff are not attracted, developed and retained.	<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.
Sustainability (Financial and Operational) The management of technology and related change across the organisation does not support our objectives.	<ul style="list-style-type: none"> Reviewing the technology landscape and its management. Implementing new systems and applications as appropriate. Effective project delivery using experienced project managers and defined project management methodologies.
Our investments are not properly safeguarded or perform poorly.	<ul style="list-style-type: none"> Approved investment counterparty list with appropriate financial limits. Clear investment policy focused on maintaining the real value of reserves. Regular management reviews of the investment portfolio with the investment manager.
The construction and fit out of Cancer Research UK's new head office building in Stratford takes longer than planned and our relocation does not complete as scheduled in 2019. The relocation has an adverse impact on retention and recruitment.	<ul style="list-style-type: none"> The new head office building is being delivered by a long-established property and infrastructure company with a strong track record of delivery. Engagement of a construction project consultant to assist the Charity in overseeing the new development and monitor progress. Potential extension of the lease on the current head office building in Angel if there are construction or fit-out delays in Stratford. Staff engagement and communications programme to aid recruitment and retention.

TRUSTEES' REPORT

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, chaired by Professor Sir Leszek Borysiewicz. 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.

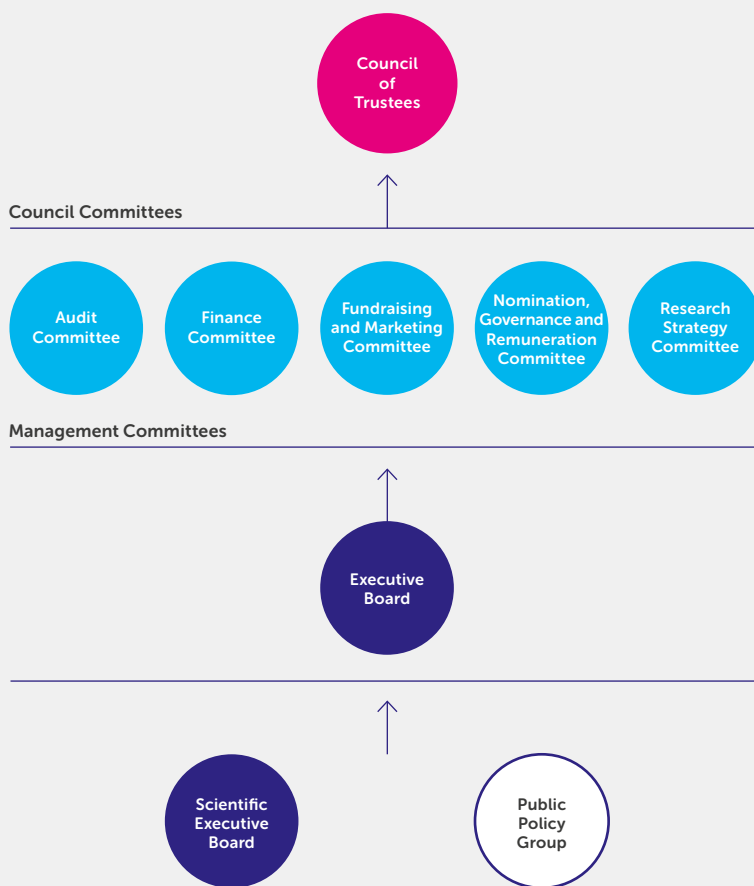
It has agreed a schedule of matters reserved to Council which includes approval of strategy, vision, mission and goals and annual operating plans and budgets. It delegates operational responsibility for the Charity's activities to the Chief Executive and provides advice, guidance and support on an ongoing basis. Council comprised 11 Trustees at 24 May 2017. All Trustees are Members of the Charity and Directors of the charitable company.

Council carries out self-evaluation on a periodic basis, seeking feedback on its performance. Trustees can also meet the Chairman or Deputy Chairman to discuss issues or concerns. The appointment of a new Chairman has provided an opportunity for a fuller discussion of the Charity's governance at Council and Committee level and any changes required will be considered in the coming year.

During the year two new Trustees joined Council and four retired. New Trustees undertook a structured induction process including one-to-one meetings with the Chief Executive and senior management and visits to Cancer Research UK Institutes.

Council met eight times during the year.

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, any further extension may be made if it is deemed to be in the best interests of the Charity.

All Trustees are unremunerated.



Trustee biographies are available at cruk.org/trustees

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 (AGM), 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.

COUNCIL COMMITTEES

All Trustees serve on one or more Council Committees. The Chairman and the Treasurer are ex officio members of all Council Committees except the Audit Committee, which they 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 advice, support, expertise and challenge to the Executive Board. Details of membership of Committees are shown in the table on page 39.

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

A summary of the Committees' activities during the year is set out below.

Audit Committee

The Audit Committee oversees preparation of the Annual Report and Accounts including accounting policies and judgements, performance of the external auditors and their objectivity and independence. The Committee monitors the effectiveness of the Charity's risk management and internal control systems and provides an assessment of risk processes and policies to Council. As a means of gaining additional assurance, the Committee considers risk reviews of specific areas of the Charity's activities.

Specifically in this financial year the Committee received risk reviews of cybersecurity; volunteer fundraising; and legacy income generation. The Committee considered the Cancer Research UK Modern Slavery Statement and Safeguarding Policy and recommended these to Council for approval.

Finance Committee

The Finance Committee reviews and approves for recommendation to Council the investment policy and the reserves policy and oversees management of the investment portfolio. It reviews the Charity's operating plan and budget and the rolling five-year plan and monitors performance to ensure proper financial stewardship. It reviews and approves the Charity's insurance arrangements.

Specifically in this financial year the Committee considered options for managing the future liabilities of the defined benefit pension scheme. The Committee reviewed the Charity's property strategy and approved the sale of the Clare Hall laboratories and the Charity's move from Angel to Stratford, for recommendation to Council. The Committee also reviewed the Charity's proposed investment in Syncona Ltd, a £1 billion fund investing in life sciences, and recommended this to Council for approval (see Note 13).

Fundraising and Marketing Committee

The Fundraising and Marketing Committee oversees governance of the Charity's fundraising and marketing practices and implementation of the Fundraising and Marketing, Philanthropy and Partnerships, Legacy and Trading strategies.

Specifically in this financial year the Committee considered the Charity's move to supporters opting in for communications, reviewed the fundraising and marketing strategy and five-year plan and also the legacy and retail strategies. They also considered the Charity's corporate partnerships strategy and a new philanthropic campaign.

Nomination, Governance and Remuneration Committee

The Nomination, Governance and Remuneration Committee is responsible for reviewing and making recommendations to Council with regard to the governance policies and procedures of the Charity. It considers retirement and (re)admission of Members and oversees the search and selection process for new Trustees and senior leadership of the Charity, assisted by independent consultants.

The Committee determines and agrees with Council the overall policy for remuneration and pension arrangements for all employees, including any major changes to employee benefits. The Committee also determines the remuneration, benefits and pension arrangements of the Chief Executive and Executive Board.

Specifically in this financial year the Committee recommended the appointment of two Trustees, considered a review of the Charity's pay framework and a benefits review and the outcome of an equal pay audit.

Research Strategy Committee

The Research Strategy Committee considers progress against the Charity's Research Strategy and future opportunities and challenges in cancer research. It also considers new initiatives and funding schemes.

Specifically during the year the Committee considered the Charity's International Strategy and also ratified the Grand Challenge awards, the outcome of the Cancer Research UK Centres network review and the outcome of quinquennial reviews of The Institute of Cancer Research, London and Cancer Research UK/Medical Research Council Oxford Institute for Radiation Oncology.

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

MANAGEMENT COMMITTEES

Executive Board

The Executive Board is responsible for the day-to-day running of the Charity under authority delegated by Council to the Chief Executive. It proposes to Council where the Charity should invest its time, money and expertise. It reviews strategic changes to the Charity's activities prior to consideration by Council or Committees. In addition to a rolling five-year financial plan it proposes an annual operating budget to the Finance Committee and Council for approval and monitors financial performance accordingly. It recommends any changes to budget in light of performance.

Specifically in this financial year it considered the Employee Engagement Survey, the impact of Brexit, data governance and cybersecurity and the Charity's move from Angel to Stratford, prior to consideration by Council.

As at 24 May 2017 there were 10 Executive Directors and the Chief Executive as follows:

- **Sir Harpal Kumar**, Chief Executive
- **Mark Allen**, Executive Director, Human Resources
- **Ed Aspel**, Executive Director, Fundraising and Marketing
- **Dr Iain Foulkes**, Executive Director, Research and Innovation, and Chief Executive, Cancer Research Technology Ltd
- **Nick Gaynor**, Executive Director, Philanthropy and Partnerships*
- **Nick Grant**, Executive Director, International Partnerships
- **Professor Peter Johnson**, Chief Clinician
- **Ian Kenyon**, Chief Financial Officer and Executive Director, Corporate Resources
- **Frances Milner**, Executive Director, Philanthropy and Partnerships*
- **Professor Karen Vousden**, Chief Scientist
- **Sarah Woolnough**, Executive Director, Policy and Information

*Shared responsibility

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.

Specifically during the year the Board endorsed the outcome of the Cancer Research UK Centres network review, agreed to the investment of £10 million over five years to develop personalised treatment for pancreatic cancer, and held a strategic discussion with the Directors of Cancer Research UK's five Institutes to discuss challenges and determine solutions.

Public Policy Group

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

Specifically in this financial year it considered Cancer Research UK's engagement with and influencing of the implementation of the National Cancer Strategies, the cancer diagnostic workforce, opportunities for further action in primary and secondary chemoprevention and Cancer Research UK's role in advocating for public health funding.



Executive Board biographies are available at
cruk.org/executive-board

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) (retired 31 October 2016)	2010	○	●	●	●	●
Professor Sir Leszek Borysiewicz* (from 13 July 2016)	2016	○	●	●	●	●
Wendy Becker	2011		●	○	○	
Professor Doctor Anton Berns (retired 13 July 2016)	2010					○
Professor Sir Adrian Bird (retired 31 December 2016)	2010					●
Carolyn Bradley	2015		○	●		
Catherine Brown	2015	○			○	
Peter Chambré (from 13 July 2016)	2016					○
Dr Adrian Crellin	2012	○				○
Professor Alexander Eggermont	2016					○
Professor Stephen Holgate	2014	○				○
Professor Jonathan Knowles (retired 13 July 2016)	2011			○		○
David Lindsell	2014	●	○			
Andrew Palmer	2014	○	●	●	●	●
Professor Sir Bruce Ponder	2015		○			○
Number of meetings		3	4	4	3	3

*Chairman from 1 November 2016

● Chair ○ Member ● Ex officio ○ Invited to attend ● Chair from 1 November 2016 ○ Chair from 1 January 2017

CHANGES TO COUNCIL
IN THIS FINANCIAL YEAR

Peter Chambré was appointed Trustee on 13 July 2016.

Professor Sir Leszek Borysiewicz was appointed Trustee on 13 July 2016 and became Chairman on 1 November 2016.

Professor Doctor Anton Berns retired from Council on 13 July 2016.

Professor Jonathan Knowles retired from Council on 13 July 2016.

Michael Pragnell (Chairman) retired from Council on 31 October 2016.

Professor Sir Adrian Bird retired from Council on 31 December 2016.

TRUSTEES' REPORT

EMPLOYMENT POLICY AND PAY

To achieve the Charity's ambition that 3 in 4 people in the UK will survive cancer for 10 years or more by 2034, it is critical to attract and retain skilled and experienced people across a range of functions. This requires pay and benefits to be set at the appropriate level, balanced with the need to make the best use of supporters' donations.

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 tolerate any form of discrimination in its recruitment or employment practices. All employees and applicants are treated fairly, with respect, recognised as individuals and valued for the contribution they make, provided fair access to training, development, reward and progression opportunities and are accountable for the impact of their own actions. All the Charity's policies follow these principles.

During the year, employees have received regular communication about the Charity's progress, and were also consulted on decisions affecting them.

PAY

Approach to remuneration

Cancer Research UK is committed to fairness in its remuneration practices and carefully considers issues such as higher pay for more senior roles and pay diversity. The Charity's remuneration policy follows these guiding principles:

- Transparency – openness and clear communication about how remuneration is set.

- Proportionality – fairness and consistency in line with appropriate internal and external references.
- Rewarding performance – ensuring remuneration is commensurate with an individual's performance and contribution to the Charity.
- Effective recruitment and retention – enabling the effective attraction and retention of valued staff.

Salaries are positioned between the median of the charitable and corporate sectors. Remuneration may vary depending on the job type and talent pool and 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 salary 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 intention to engender fairness and teamwork.

Senior executive pay

To achieve its objectives, the Charity needs to attract and retain high-performing senior leadership. Each position on the Executive Board is

individually benchmarked and salaries are positioned well below roles with similar responsibilities in the corporate sector.

Cancer Research UK is committed to transparency and openness on senior pay. We have adopted the requirements of the Charities SORP 2015 and disclosed the aggregate salary of our Executive Board in Note 9 on page 55. In addition, we have elected to disclose the salary of the Chief Executive Officer and Chief Finance Officer, also in Note 9 on page 55.

We provide descriptions of the roles and responsibilities for the Executive Board on our website to demonstrate the scale and breadth of their responsibilities. Please see cruk.org/executive-board for more information.

Further information regarding the number of employees with salaries over £60,000 is included on page 55.

Pay diversity

Cancer Research UK is committed to being an equal opportunities employer and an important aspect of this is ensuring that employees are paid fairly for the work they do. We are currently undertaking a review to ensure we are doing everything we can to support a diverse workforce. The review's findings will be disclosed in next year's Annual Report.

WORKING SUSTAINABLY

We have a number of environmental policies in place across our network to ensure that by working sustainably now we can continue to carry out our life-saving work well into the future.

We monitor energy and carbon emissions from our shops, warehouses, laboratories and offices. Moving staff from older research sites to the new Francis Crick Institute has meant that we've roughly halved our total emissions. We continue to look to improve at other sites, including our shop network which makes up 80% of total emissions.

By reselling clothing in our stores and displacing purchases of new clothes, we contribute to reduced energy, water and resource use, as well as less waste going to landfill. We are part of the Sustainable Clothing Action Plan run by the charity WRAP along with major retailers and charities, which enables us to calculate our net environmental impact.

We also continue to develop initiatives to reduce, reuse and recycle waste. At our head office in the Angel Building, London, no waste goes to landfill. Our ambition is to ensure all waste is either recycled or becomes waste energy.

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 regulation.

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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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.

In the case of each Trustee in office at the date the Trustees' Report is approved:

- so far as the Trustee is aware, there is no relevant audit information of which the group and charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the group and 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 12 to 19.

The reference and administrative details on page 71 form part of the Trustees' Report.

AUDITORS

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

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



Professor Sir Leszek Borysiewicz

Chairman
24 May 2017

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 2017 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 balance sheets as at 31 March 2017;
- the consolidated statement of financial activities (incorporating an income and expenditure account) for the year then ended;
- the consolidated information on cash flows 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, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

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 set out on page 41, 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 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 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. With respect to the Strategic Report and Trustees' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Philip Stokes

Senior Statutory Auditor

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

24 May 2017



Alfred is receiving abiraterone as part of the STAMPEDE trial. Find out more about Alfred's story on page 23 and in our Annual Review available online at:

“

If it wasn't for
abiraterone and
Cancer Research UK,
whose scientists
helped develop the
drug, I don't think
I'd be here today.”

ALFRED SAMUELS

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2017

(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds 2017 £m	Restricted funds 2017 £m	Total 2017 £m	Unrestricted funds 2016 £m	Restricted funds 2016 £m	Total 2016 £m
Donated income	3a	363.1	78.5	441.6	371.4	62.2	433.6
Income from charitable activities	3c	88.1	4.3	92.4	89.5	5.2	94.7
Income from investments		4.7	0.2	4.9	5.5	0.2	5.7
Other income		6.1	–	6.1	5.9	–	5.9
Income		462.0	83.0	545.0	472.3	67.6	539.9
Expenditure on raising funds	4a	107.7	–	107.7	106.9	–	106.9
Net income available for charitable application		354.3	83.0	437.3	365.4	67.6	433.0
Income from trading activities	3b	102.2	–	102.2	95.3	–	95.3
Expenditure on raising funds from trading activities	4b	85.3	–	85.3	81.4	–	81.4
Net contribution from trading activities		16.9	–	16.9	13.9	–	13.9
Total income before exceptional items		564.2	83.0	647.2	567.6	67.6	635.2
Exceptional gain from property transactions	3d	32.0	–	32.0	–	–	–
Total income		596.2	83.0	679.2	567.6	67.6	635.2
Total expenditure on raising funds		193.0	–	193.0	188.3	–	188.3
Costs of charitable activities	5	361.6	111.0	472.6	380.5	61.0	441.5
Total expenditure		554.6	111.0	665.6	568.8	61.0	629.8
Net realised investment gain/(loss)		4.2	–	4.2	(1.0)	(0.2)	(1.2)
Net unrealised investment gain/(loss)		14.8	0.3	15.1	(5.0)	–	(5.0)
Total net investment gain/(loss)		19.0	0.3	19.3	(6.0)	(0.2)	(6.2)
Net income/(expenditure) before transfers		60.6	(27.7)	32.9	(7.2)	6.4	(0.8)
Transfers between funds	24, 25	(18.2)	18.2	–	15.2	(15.2)	–
Net income/(expenditure) before other recognised gains and losses		42.4	(9.5)	32.9	8.0	(8.8)	(0.8)
Other recognised gains and losses							
Net actuarial (loss)/gain on pensions	19	(33.9)	–	(33.9)	5.8	–	5.8
Net movement in funds		8.5	(9.5)	(1.0)	13.8	(8.8)	5.0
Reconciliation of funds:							
Funds brought forward		337.7	46.8	384.5	323.9	55.6	379.5
Funds carried forward	24, 25	346.2	37.3	383.5	337.7	46.8	384.5

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.

The Consolidated Statement of Financial Activities is for the Group as a whole. Total income for the year, for the Charity only, including the exceptional item, was £595.5 million (2016: £549.7 million).

BALANCE SHEETS

AS AT 31 MARCH 2017

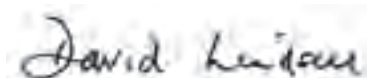
	Note	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Fixed assets					
Tangible fixed assets	10	39.1	55.5	24.3	40.0
Investments	11	209.9	225.4	209.7	225.2
Programme-related investments	12	164.9	165.2	164.9	164.2
Mixed-motive investments	13	30.3	–	30.3	–
		444.2	446.1	429.2	429.4
Current assets					
Stock		2.5	2.0	0.8	0.8
Debtors	15	256.7	207.8	242.5	170.0
Investments	11	–	0.1	–	0.1
Cash and short-term deposits		77.6	72.3	66.9	53.2
		336.8	282.2	310.2	224.1
Creditors: amounts falling due within one year	16a	(334.4)	(314.5)	(331.0)	(269.6)
Net current assets/liabilities		2.4	(32.3)	(20.8)	(45.5)
Total assets less current liabilities		446.6	413.8	408.4	383.9
Creditors: amounts falling due after one year	16c	(97.2)	(88.4)	(94.9)	(86.3)
Provisions for liabilities and charges	17	(0.8)	(2.6)	(0.8)	(2.6)
Net assets (excluding net pension asset)		348.6	322.8	312.7	295.0
Net pension asset	19	34.9	61.7	34.9	61.7
Net assets (including net pension asset)		383.5	384.5	347.6	356.7
Funds					
Restricted and endowment funds					
Restricted funds	24	37.3	46.8	17.9	26.3
Unrestricted funds					
General funds (including undistributed profits of trading subsidiaries)	25	311.3	276.0	294.8	268.7
Pension reserve	25	34.9	61.7	34.9	61.7
		346.2	337.7	329.7	330.4
Total funds	26	383.5	384.5	347.6	356.7

The Charity's only net loss for the year was £9.1 million (2016: profit of £5.3 million).

The financial statements on pages 46 to 70 were approved by the Trustees on 24 May 2017 and signed on their behalf by



Professor Sir Leszek Borysiewicz, Chairman



David Lindsell, Trustee

FINANCIAL STATEMENTS

CONSOLIDATED INFORMATION ON CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	Group 2017 £m	Group 2016 £m
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting year (as per the Statement of Financial Activities)		32.9	(0.8)
Adjustments for:			
Investment income		(4.9)	(5.7)
Depreciation charge for the year	10a	9.6	9.4
Net income from property transactions	3d	(34.1)	–
Impairment of tangible fixed assets due to property transactions	10a	2.1	–
Write-off of book value on disposal of tangible fixed asset	10a	0.4	0.6
Contribution in kind of programme-related investment	12a	–	(4.8)
Gain on disposal of programme-related investment	12b	(2.5)	–
(Write back)/impairment of programme-related investments	12	(5.0)	3.5
(Gains)/losses on investments and mixed motive investments	11, 13	(19.3)	8.8
Loss/(gain) on derivative financial instruments	15, 16a	1.4	(2.7)
(Increase)/decrease in stock		(0.5)	0.5
Increase in debtors excluding derivative financial instruments	15	(9.6)	(18.0)
Increase in creditors excluding derivative financial instruments	16	33.3	43.7
Decrease in provision for liabilities and charges		(1.8)	(0.2)
Total pension gains recognised in SOFA excluding actuarial loss	19	(1.4)	(0.9)
Pension contributions by employer	19	(5.7)	(9.4)
Net cash (used in)/provided by operating activities		(5.1)	24.0

	Note	Group 2017 £m	Group 2016 £m
b) Statement of cash flows			
Net cash (used in)/provided by operating activities	a	(5.1)	24.0
Cash flows for investing activities:			
Investment income		4.9	5.7
Purchase of tangible fixed assets	10a	(6.9)	(9.0)
Proceeds from the sale of investments	11	109.3	90.6
Purchase of investments	11	(70.2)	(68.8)
Capital contributions to programme-related and mixed motive investments	12, 13	(19.5)	(31.9)
Increase in cash and deposits (investment assets)	11	(7.2)	–
Net cash provided by/(used in) investing activities		10.4	(13.4)
Change in cash and cash equivalents in the year		5.3	10.6
Cash and cash equivalents at 1 April		72.3	61.7
Cash and cash equivalents at 31 March	c	77.6	72.3

	Group 2017 £m	Group 2016 £m
c) Analysis of cash and cash equivalents		
Cash in hand	11.9	24.0
Notice deposits (less than 3 months)	65.7	48.3
Cash and short-term deposits at 31 March	77.6	72.3

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, 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, listed and unlisted 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. The Charity is a public benefit entity. The accounting policies have been applied consistently throughout the accounts and the prior year.

Basis of consolidation

The consolidated accounts incorporate the results of Cancer Research UK ('the Charity') and its subsidiary undertakings. 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 Group 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 separate cash flow statement for the Charity.

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.

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. 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 headcount. 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.

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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. 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
Plant, equipment, fixtures and fittings (including Retail)	3 – 5 years

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.

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 is retained on the balance sheet at the loan amount unless there is objective evidence of impairment, in which case the carrying amount is reduced by an appropriate provision impairment.

Mixed motive investments

Mixed motive investments are valued at fair value. For a listed entity this value represents the bid price of the shares on the market in which it is listed.

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. General funds may be used for any purpose within the Charity's objects.

1. ACCOUNTING POLICIES (CONTINUED)

Pension costs

The Charity's defined benefit scheme was closed to future accrual on 31 March 2015. 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 in the SOFA as other recognised gains and losses. The scheme surplus is recognised in the SOFA and shown on the balance sheet and separately in reserves since the Charity has an unconditional right to a refund from the scheme.

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.

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 advantage of reduced disclosure exemptions permitted by 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. 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.

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 (University Superannuation Scheme)

In the judgement of the Trustees, the Group 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 19 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 12a for further details.

(iii) Property transactions

Whilst the Charity has exchanged contracts on the Clare Hall sale, completion is not until January 2018. The Charity has exercised judgement and determined that on exchange the conditions for income recognition under FRS 102 were met. See Note 3d for further details.

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2. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 (greater than £1 million in estimated value) are included at their full valuation. Cases below this threshold are included at 95% (2016: 95%) 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 £15 million. See Note 19 for the disclosures relating to the defined benefit scheme.

3. INCOME

a) Donated income

	Group 2017 £m	Group 2016 £m
Legacies	186.6	177.8
Donations	190.0	194.3
Events	65.0	61.5
	441.6	433.6

The net amounts for pecuniary and residuary cases not included in legacy income as at 31 March 2017, such as those with a corrupt title and contentious cases, total £22 million (2016: £24 million). At 31 March 2017, the Charity has an interest in 1,045 estates that are subject to a life interest or trust which were excluded from legacy accrued income in line with policy (2016: 1,085).

b) Income from trading activities

	Group 2017 £m	Group 2016 £m
Retail income	80.4	76.2
Events registrations, merchandise and other income	21.8	19.1
	102.2	95.3

c) Income from charitable activities

	Group 2017 £m	Group 2016 £m
Cancer research	91.9	93.7
Cancer information and policy outreach	0.5	1.0
	92.4	94.7

d) Gain from Exceptional items

The Charity has completed two major property transactions during the year. One of the former London Research Institute (LRI) laboratory sites, Clare Hall, was sold. The gain realised from the disposal of the freehold property was £14.5 million. The Charity has also committed to relocating its head office from Angel to Stratford. The gain realised from the surrender of the lease on the Angel Building was £17.5 million.

4. EXPENDITURE

a) Expenditure on raising funds

	Group 2017 £m	Group 2016 £m
Legacies	13.8	11.7
Donations	58.1	66.5
Events	34.6	27.8
Managing investments	1.2	0.9
	107.7	106.9

b) Expenditure on raising funds from trading activities

	Group 2017 £m	Group 2016 £m
Retail costs (including costs of bought-in goods)	69.0	65.0
Events registration and merchandise	16.1	16.2
Other goods sold	0.2	0.2
	85.3	81.4

5. COSTS OF CHARITABLE ACTIVITIES

	Direct costs £m	Grant costs £m	Support costs £m	Group 2017 £m	Group 2016 £m
Cancer research	109.6	312.0	10.1	431.7	404.0
Cancer information and policy outreach	34.8	–	6.1	40.9	37.5
	144.4	312.0	16.2	472.6	441.5

6. GRANTS

	Group 2017 £m	Group 2016 £m
Grants provided in the year	317.7	282.5
Write-back of underused grants and other adjustments	(5.7)	(3.9)
	312.0	278.6

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

7. SUPPORT COSTS

Support cost	Research £m	Cancer information and policy outreach £m	Expenditure on raising funds £m	Expenditure on fundraising and trading £m	Group 2017 £m	Group 2016 £m
Information technology	4.5	3.5	6.2	2.0	16.2	15.5
Corporate resources	4.0	1.7	3.2	1.0	9.9	9.5
Human resources	1.6	0.9	1.7	0.6	4.8	5.1
	10.1	6.1	11.1	3.6	30.9	30.1

Support costs in 2017 are allocated entirely on a headcount basis. In 2016 a hybrid model of headcount, time spent and transaction volumes was used. The impact of this change is a £1 million decrease to the cost of fundraising trading; a £1.2 million decrease to Research and a £2.3 million increase to Cancer information and policy outreach.

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8. NET INCOME FOR THE YEAR

	Group 2017 £m	Group 2016 £m
This is stated after charging/(crediting):		
Rentals payable under operating leases	20.8	26.2
Gift Aid income	(34.1)	(35.1)
Depreciation charge for the year (Note 10)	9.6	9.4
Impairment charge for the year (Note 10)	2.1	–
Rents receivable	(2.6)	(3.3)
Derivative financial instrument loss/(gain)	1.4	(2.7)
(Gain)/loss on disposal of fixed assets	(14.5)	0.6
Auditors' remuneration for external audit services	0.1	0.2
Foreign exchange loss/(gain)	0.1	(0.3)

9. EMPLOYEES AND TRUSTEES

a) Employees

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Wages and salaries	105.6	100.0	86.8	81.3
Social security costs	9.8	9.1	8.0	7.5
Other pension costs	8.4	7.6	6.1	5.8
	123.8	116.7	100.9	94.6

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

	Group 2017 No.	Group 2016 No.	Charity 2017 No.	Charity 2016 No.
Charitable activities	989	893	657	564
Fundraising and trading	2,465	2,289	2,465	2,289
Support services	455	481	382	410
	3,909	3,663	3,504	3,263

In addition to the scientists employed, over 3,500 scientists, technicians and other staff engaged in cancer research throughout the United Kingdom were supported by grants made by the Group (2016: over 3,400).

9. EMPLOYEES AND TRUSTEES (CONTINUED)

a) Employees (continued)

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

Banding	Group 2017 No.	Group 2016 No.
£60,001 – £70,000	90	74
£70,001 – £80,000	38	40
£80,001 – £90,000	18	22
£90,001 – £100,000	11	15
£100,001 – £110,000	7	5
£110,001 – £120,000	4	6
£120,001 – £130,000	3	3
£130,001 – £140,000	5	3
£140,001 – £150,000	2	5
£150,001 – £160,000	3	1
£160,001 – £170,000	–	1
£170,001 – £180,000	1	1
£180,001 – £190,000	1	–
£190,001 – £200,000	1	1
£200,001 – £210,000	–	1
£230,001 – £240,000	3	1
£240,001 – £250,000	1	1
	188	180

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

	Incl. pension contributions		Excl. pension contributions	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Chief Executive Officer	244	283	244	244
Chief Financial Officer	195	192	195	192
Other Executive Directors	1,148	969	1,032	861
Key management personnel	1,587	1,444	1,471	1,297

Key management personnel is defined as members of the Executive Board (2017: 11, 2016: 11) – see further details on page 38. Increased remuneration in 2017 relates to the full-year impact of additional members of the Executive Board during 2016.

In addition to salary and employer pension contributions, the Charity provides all staff with death in service and income protection. The value of these benefits for the key management personnel is estimated to be £12,500 (2016: £11,000).

b) Trustees

No Trustee other than Peter Chambré received remuneration from the Group during the year (2016: none). Peter Chambré, who was appointed as a Trustee on 13 July 2016, was paid £3,750 in respect of his role as Chairman of Cancer Research Technology Ltd prior to this date. All of the 15 Trustees were reimbursed expenses which amounted to £11,683 (2016: £19,925 to 15 of the 16 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 £5,280 (2016: £211,360).

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10. 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 2016	44.2	6.9	19.7	127.2	23.4	221.4
Additions	–	–	0.5	4.3	2.1	6.9
Disposals	(20.1)	–	(7.3)	(89.4)	(7.3)	(124.1)
At 31 March 2017	24.1	6.9	12.9	42.1	18.2	104.2
Accumulated depreciation						
At 1 April 2016	21.4	2.4	12.2	116.3	13.6	165.9
Charge for the year	1.2	0.4	0.3	4.4	3.3	9.6
Impairment	–	2.1	–	–	–	2.1
Disposals	(8.9)	–	(7.0)	(89.3)	(7.3)	(112.5)
At 31 March 2017	13.7	4.9	5.5	31.4	9.6	65.1
Net Book Values						
At 31 March 2017	10.4	2.0	7.4	10.7	8.6	39.1
At 1 April 2016	22.8	4.5	7.5	10.9	9.8	55.5

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 2016	44.2	5.5	11.0	103.2	23.0	186.9
Additions	–	–	0.4	1.9	2.3	4.6
Disposals	(20.1)	–	(7.1)	(88.3)	(7.4)	(122.9)
At 31 March 2017	24.1	5.5	4.3	16.8	17.9	68.6
Accumulated depreciation						
At 1 April 2016	21.3	2.0	10.5	99.9	13.2	146.9
Charge for the year	1.2	0.3	–	1.8	3.4	6.7
Impairment	–	2.1	–	–	–	2.1
Disposals	(8.8)	–	(7.0)	(88.3)	(7.3)	(111.4)
At 31 March 2017	13.7	4.4	3.5	13.4	9.3	44.3
Net Book Values						
At 31 March 2017	10.4	1.1	0.8	3.4	8.6	24.3
At 1 April 2016	22.9	3.5	0.5	3.3	9.8	40.0

Of the disposals £38.7 million relates to the sale of Clare Hall, see Note 3d for further detail. In implementing a new finance system the Group carried out a detailed review of the fixed asset register and has derecognised £50.8 million of assets with a nil net book value.

11. INVESTMENTS

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
At market value				
UK listed equity investments	20.5	19.1	20.5	19.1
UK fixed and variable interest stocks	45.1	51.0	45.1	51.0
UK cash investments	6.5	6.1	6.5	6.1
UK investment properties	1.4	1.5	1.4	1.5
Investments in UK unlisted companies	0.4	0.4	–	–
Investment in subsidiaries (Note 14)	–	–	0.2	0.2
Total UK investments	73.9	78.1	73.7	77.9
Overseas listed equity investments	77.7	87.3	77.7	87.3
Overseas fixed and variable interest stocks	39.1	49.5	39.1	49.5
Investments in overseas unlisted companies	19.2	10.5	19.2	10.5
Total fixed asset investments	209.9	225.4	209.7	225.2
UK cash investments	–	0.1	–	0.1
Total current asset investments	–	0.1	–	0.1
Total investments	209.9	225.5	209.7	225.3

No investment represented 5% or more of the portfolio by market value in the Group and Charity (2016: none). Investment properties consist of land and property bequeathed to the Charity and its predecessor charities. In view of the number of investment properties held, separate details of each valuation are not reported.

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Movements				
At 1 April	225.5	256.1	225.3	255.9
Additions	70.2	68.8	70.2	68.7
Disposal proceeds	(109.3)	(90.6)	(109.3)	(90.6)
Net movement in cash and short-term deposits	7.2	–	7.2	–
Net realised investment gain/(losses)	4.2	(1.2)	4.2	(1.2)
Net unrealised investment gain/(losses)	12.1	(7.6)	12.1	(7.5)
At 31 March	209.9	225.5	209.7	225.3

The historical cost of Group and Charity investments at 31 March 2017 was £196 million (2016: £223 million) and £195 million (2016: £222 million) respectively.

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12. PROGRAMME-RELATED INVESTMENTS

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
The Francis Crick Institute	164.9	164.2	164.9	164.2
CRT Pioneer Fund	–	1.0	–	–
Total programme-related investments	164.9	165.2	164.9	164.2

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

	Group and Charity 2017 £m	Group and Charity 2016 £m
Land	18.0	18.0
Investment	146.9	146.2
Total	164.9	164.2

The Francis Crick Institute Ltd is a UK registered charity and limited company. At 31 March 2017 the Charity had provided 100% of our share of the funding for the construction of the new Institute building and held 23% of the company's shares. Our partners in this venture are the Medical Research Council, Wellcome Trust, University College London, King's College London and Imperial College London. On 9 November 2016 the Francis Crick Institute building was officially opened.

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 2017 £m	Group and Charity 2016 £m
Movements		
At 1 April	164.2	131.4
Capital contributions made	0.7	28.5
Contribution in kind	–	4.8
Movement on impairment	–	(0.5)
At 31 March	164.9	164.2

At 31 March 2017, the Charity held 146,865,000 out of a total of 629,566,244 ordinary shares issued by the Crick (2016: 146,144,115 out of a total of 628,143,494). 4,800,000 of these shares were issued to the Charity at par in 2016 to reflect its contribution of a short-term lease of a laboratory. Income has been recognised in line with the term of the lease; £2.1 million of income was recognised during the year (2016: £2.7 million).

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.

12. PROGRAMME-RELATED INVESTMENTS (CONTINUED)

b) CRT Pioneer Fund

The CRT Pioneer Fund, a limited partnership in England and Wales, was established in March 2012. As at December 2016, CRT's share of the fund was 35.54% (2016: 35.54%) and it had invested £8 million in the fund, £5 million of which was impaired. The arrangement of funding was classified as a Public Benefit Concessionary Loan as amounts payable to the fund were not repayable on demand, no interest was received by CRT and the aim of the fund was to further the charitable aims of the Group and the Charity.

In December 2016, Cancer Research UK entered into a transaction with Battle Against Cancer Investment Trust (BACIT) and the Wellcome Trust to form a new listed entity, Syncona Ltd (see Note 13). In order to enter into this transaction, the Group transferred its interest in the CRT Pioneer Fund to BACIT in exchange for shares in Syncona valued at £10.6 million recognising a gain on disposal of £2.5 million in other income after reversing £5 million of impairment recognised until the point of sale.

	Group 2017 £m	Group 2016 £m
Movements		
At 1 April	1.0	0.6
Capital contributions made	2.1	3.4
Movement on impairment	5.0	(3.0)
Disposals	(8.1)	–
At 31 March	–	1.0

13. MIXED MOTIVE INVESTMENTS

	Group and Charity 2017 £m	Group and Charity 2016 £m
Shares in Syncona Ltd	30.3	–
Total Mixed Motive Investments	30.3	–

In December 2016, Cancer Research UK transferred its assets in the Pioneer Fund valued at £10.6 million and an additional cash contribution of £16.7 million in exchange for shares in Syncona Ltd which has a portfolio of life science investments, many of which are focused on oncology, and is on the London Stock Exchange. The investment is deemed to be 'mixed motive' as neither the investment return nor the contribution to the investing charities purposes is sufficient on its own to justify the investment decision. The investment is measured at fair value resulting in a revaluation gain of £3 million since acquisition of shares in December 2016. A requirement of our subscription to the shares in Syncona is that we will not dispose of our shareholding before January 2019.

	Group and Charity 2017 £m	Group and Charity 2016 £m
Movements		
At 1 April	–	–
Capital contributions made	27.3	–
Unrealised gain	3.0	–
At 31 March	30.3	–

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14. RELATED UNDERTAKINGS

Name	Control	Registered address	Charity interest	Other Group company interest	Activities
Beatson Technology Ltd	D	B		100%	Technology development
Cancer Research Campaign (Jersey Trust Fund)	D		100%		Charitable
Cancer Research Technology Inc	SC	C		100%	Technology development
Cancer Research Technology Ltd	SC	A	100%		Technology development
Cancer Research UK Pension Trustee Ltd	SC	A	100%		Dormant
Cancer Research UK Trading Ltd	SC	A	100%		Income generation
Cancer Research Ventures Ltd	SC	A		100%	Dormant
Gibb Research Fellowship Endowment Fund*	D	A	100%		Charitable
Imperial Cancer Research Fund*	D	A	100%		Dormant
Imperial Cancer Research Technology Ltd	SC	A		100%	Dormant
North of England Cancer Research Campaign	D	A	100%		Dormant
The Beatson Institute for Cancer Research	D	B	100%		Charitable
The Cancer Research Campaign	D	A	100%		Dormant
War on Cancer*	D	A	100%		Charitable
Acublate Limited	SC	A		34.5%	Technology development
Achilles Therapeutics Limited	SC	D		22.9%	Technology development
Senectus Therapeutics Limited	SC	A		33.3%	Technology development

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

Registered address:

A = Angel Building, 407 St John Street, London EC1V 4AD.

B = The Beatson Institute for Cancer Research, Garscube Estate, Switchback Road, Bearsden, Glasgow G61 IBD.

C = 1209 Orange Street, Wilmington, New Castle, Delaware, 19801.

D = 215 Euston Road, London NW1 2BE.

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.

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.

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

14. RELATED UNDERTAKINGS (CONTINUED)

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

a) Trading subsidiaries

	Cancer Research Technology Ltd		Cancer Research UK Trading Ltd	
	2017 £m	2016 £m	2017 £m	2016 £m
Total income	87.0	81.4	28.4	25.7
Total expenditure	(48.9)	(60.3)	(21.7)	(21.1)
Profit on ordinary activities before Gift Aid and taxation	38.1	21.1	6.7	4.6
Gift Aid payable to Cancer Research UK	(30.2)	(24.6)	(6.6)	(4.6)
Retained profit/(loss) for the year	7.9	(3.5)	0.1	–
Assets	72.0	73.2	9.3	9.4
Liabilities	(57.1)	(66.2)	(9.2)	(9.4)
Net assets	14.9	7.0	0.1	–

Cancer Research UK Trading Limited has company number 4355631. Cancer Research Technology Limited has company number 1626049.

b) Charitable subsidiaries

	The Beatson Institute for Cancer Research	
	2017 £m	2016 £m
Total income	23.5	27.3
Total expenditure	(24.6)	(24.4)
Net (expenditure)/income	(1.1)	2.9
Net gains on investments	–	–
Net movement in funds	(1.1)	2.9
Assets	24.8	26.2
Liabilities	(5.2)	(5.5)
Net assets	19.6	20.7

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

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. The Charity is legally entitled to the benefit of all income that is generated by and must bear all expenditure incurred by The Campaign and Imperial Cancer Research Fund and therefore these companies are dormant.

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15. DEBTORS

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Accrued legacy income	130.4	117.9	130.4	117.9
Other accrued income	75.2	54.6	41.6	21.8
Prepayments	11.3	13.7	9.8	12.0
Taxation recoverable	17.3	12.7	17.6	12.7
Trade debtors	5.8	6.5	1.7	3.4
Other debtors	16.7	1.8	15.6	0.8
Derivative financial instruments	–	0.6	–	0.6
Amounts owed by Group undertakings	–	–	25.8	0.8
	256.7	207.8	242.5	170.0

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.

Other debtors includes £7.6 million (2016: £nil) which is due in more than one year.

16. CREDITORS

a) Amounts falling due within one year

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Research grants and Fellowships	251.4	221.1	251.1	220.9
Accruals	55.6	55.1	15.3	12.4
Deferred income	7.3	16.3	4.1	11.7
Trade creditors	0.6	9.9	1.0	6.7
Taxation and social security	10.6	6.8	10.6	6.4
Other creditors	8.1	5.3	8.0	5.0
Amounts owed to Group undertakings	–	–	40.1	6.5
Derivative financial instruments	0.8	–	0.8	–
	334.4	314.5	331.0	269.6

b) Analysis of deferred income

	Group £m	Charity £m
At 1 April 2016	16.3	11.7
Recognised as income in year	(16.0)	(11.4)
Deferred in year	7.0	3.8
At 31 March 2017	7.3	4.1

c) Amounts falling due after more than one year

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Research grants, life chairs and Fellowships	94.7	80.0	94.7	80.0
Accruals	2.5	8.4	0.2	6.3
	97.2	88.4	94.9	86.3

Of the accruals falling due after more than one year, £2.2 million falls due after five years (2016: £5.4 million). This consists of a deficit funding payment to the Universities Superannuation Scheme (USS) pension scheme of £2.2 million. See Note 19 for further details on the USS pension scheme.

16. CREDITORS (CONTINUED)

d) Grants creditors and commitments

Group and Charity balance at 31 March	Amounts due for payment in the year to 31 March					
	Total £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 onwards £m
Creditors	346.1	251.4	58.8	25.2	7.4	3.3
Commitments (not provided for as non-binding)	618.2	56.5	170.4	164.3	140.2	86.8

During the year, £1.7 million of grants committed to in previous years were terminated and a further £275.0 million of non-binding commitments were made. Creditors include a £53.8 million grant to the Crick for 2017/18 operational funding. Expected future annual grants to the Crick for 2018/19 until the quinquennial review in 2020/21 total £165.3 million and are included in Commitments.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Charity £m
At 1 April 2016	2.6
Charged to the SOFA	2.2
Used during the year	(4.0)
At 31 March 2017	0.8

The provision comprises 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.

18. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	Note	Total 2017 £m	Total 2016 £m
Financial assets measured at amortised cost (trade debtors, accrued income, cash and other debtors excluding prepayments and taxation recoverable)	15	305.8	253.1
Financial assets that are equity investments measured at cost less impairment (Programme-related investments)	12	146.9	147.2
Financial assets/(liabilities) measured at fair value through income and expenditure (investments, mixed motive investments and derivative financial instruments)	11, 13, 15, 16	238.0	224.6
Financial liabilities measured at amortised cost (grant and trade creditors and other creditors, accruals, excluding deferred income and taxation and social security)	16	(412.8)	(379.8)

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors and creditors. At 31 March 2017, the outstanding contracts all mature within 16 months (2016: 16 months) of the year end. The Group is committed to sell US\$12.5 million, €9 million and JPY966 million and to receive a fixed sterling amount. The Group is committed to buy US\$81 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.

19. 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'.

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19. PENSIONS (CONTINUED)

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

Principal actuarial assumptions

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

	Valuation at 31 March	
	2017	2016
Rate of increase to pensions in payment	3.2%	3.1%
Rate used to discount scheme liabilities	2.5%	3.5%
Rate of future price inflation – RPI	3.4%	3.2%
Rate of future price inflation – CPI	2.65%	2.45%

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 liability driven investments and cash), 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 2017, 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 2017		31 March 2016	
	Male	Female	Male	Female
Member aged 65 (current life expectancy)	23.9	26.4	23.8	26.2
Member aged 45 (life expectancy at 65)	25.8	28.4	25.6	28.3

Movements in the SOFA

	2017 £m	2016 £m
Past service cost	0.1	–
Interest cost on scheme liabilities	18.8	18.4
Interest income on assets in the scheme	(21.0)	(20.0)
Total net interest cost	(2.2)	(1.6)
Administrative costs	0.7	0.7
Total pension gain recognised in the SOFA	(1.4)	(0.9)
Actuarial loss/(gains) recognised in the SOFA	33.9	(5.8)
Total loss/(gains) recognised in the SOFA	32.5	(6.7)

Movement in scheme assets, liabilities and surplus/deficit

	Fair value of assets £m	Present value of (liabilities) £m	Surplus/ (deficit) £m
At 1 April 2016	606.6	(544.9)	61.7
Interest income on assets in the scheme	21.0	–	21.0
Interest cost on scheme liabilities	–	(18.8)	(18.8)
Net interest income/(cost)	21.0	(18.8)	2.2
Administrative costs	(0.7)	–	(0.7)
Actuarial (losses)/gains in the year	101.5	(135.4)	(33.9)
Employer contributions paid	5.7	–	5.7
Benefits paid to participants	(15.5)	15.5	–
Past service cost	–	(0.1)	(0.1)
At 31 March 2017	718.6	(683.7)	34.9

The actual return on scheme assets for the year was a gain of £122.5 million (2016: £5.0 million gain). Employer contributions include deficit contributions of £5.0 million (2016: £8.5 million).

19. 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	
	2017 £m	2016 £m
Equities	166.1	204.2
Bonds	–	217.8
Liability Driven Investments and Cash	254.6	123.4
Property	60.6	61.2
Insurance policy	237.3	–
Total assets	718.6	606.6

None of the scheme's assets are invested in any property or other assets currently used by the Group. The £237.3 million Insurance Policy asset relates to a buy-in of an annuity contract with Canada Life funded by Bonds.

The last triennial funding valuation took place as at 31 March 2015 and showed a deficit of £55 million. As a result the Charity agreed a pension deficit recovery plan with the scheme's trustees. Deficit recovery contributions were £5 million in 2017 and will continue for the next two years at the same level.

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 2017 of £34.9 million and this has been recognised as an asset in the balance sheet. There has been a significant improvement to the actuarial position with the deficit estimated to be £50 million at 31 March 2017 (2016: £71 million).

b) 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: NHS Pension Scheme, Scottish NHS Pension Scheme and Universities Superannuation Scheme. Both the NHS schemes are unfunded.

Universities Superannuation Scheme (USS)

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 had 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 (2016: £2.2 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:

	2017 No. Members	2017 Rate	2017 £m	2016 No. Members	2016 Rate	2016 £m
Cancer Research UK Retirement Plan	2,863	1–16%	6.8	2,698	1–16%	6.6
NHS Pension Scheme	–	–	–	1	14%	0.1
Scottish NHS Pension Scheme	21	13.5%	0.1	22	13.5%	0.1
Universities Superannuation Scheme	257	18%	1.3	205	16%	1.2
Defined contribution pension charge in the SOFA			8.2			8.0

The defined contribution pension charge is allocated to expenditure headings 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 (2016: £0.9 million).

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20. 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 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
Land and buildings				
Within one year	14.2	17.9	13.7	17.6
Between one and five years	26.6	49.1	26.6	48.5
After five years	2.1	28.9	2.1	28.9
Total	42.9	95.9	42.4	95.0
Vehicles and equipment				
Within one year	0.7	0.7	0.7	0.7
Between one and five years	0.8	0.8	0.8	0.8
Total	1.5	1.5	1.5	1.5

Payments for property leases have reduced as a result of the property transactions, see Note 3d.

21. GOVERNMENT GRANTS

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

	Group 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
European Commission	0.6	1.6	–	–
Other	0.2	1.3	0.2	1.3
Total	0.8	2.9	0.2	1.3

Cancer Research Technology Limited 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 2017 £m	Group 2016 £m	Charity 2017 £m	Charity 2016 £m
RDEC	0.5	2.7	–	–
Total	0.5	2.7	–	–

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 multi-disciplinary 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 2017 £m	Group and Charity 2016 £m
Engineering and Physical Science Research Council	3.6	3.6
Secretary of State for Health	0.3	0.6
Total	3.9	4.2

As at 31 March 2017, £1.4 million was held by the Charity in respect of funds to be spent in future periods (2016: £3.9 million).

22. CAPITAL COMMITMENTS

In total, the Charity has contributed £160.7 million (2016: £160 million) towards the capital cost of the Francis Crick Institute. No further capital funding is outstanding (2016: a further £5 million was made available if required). Cancer Research Technology Ltd had a commitment in 2016 to contribute £18.9 million of loan capital to the CRT Pioneer Fund by 31 March 2025. This is no longer required as per Note 12b. There are no other material future capital commitments (2016: £nil). Grant commitments are disclosed in Note 16d.

23. CONTINGENT LIABILITIES

The Charity and the other partners have agreed to provide a standby loan facility to the Crick until October 2018 should the Crick's reserves fall below three months' expenditure. The Charity's share of the facility would be a maximum of £4.7 million (2016: £nil).

24. RESTRICTED FUNDS

	Balance at 1 April 2016 £m	Income £m	Expenditure £m	Net investment gains £m	Transfers between funds £m	Balance at 31 March 2017 £m
Restricted funds						
Restricted funds for research						
The Crick appeal	–	8.5	(8.5)	–	–	–
Tesco prevention research	0.6	3.5	(4.1)	–	–	–
Stand Up To Cancer	13.9	13.2	(27.1)	–	–	–
Cancers affecting children and young people	1.9	7.0	(6.0)	–	–	2.9
Breast cancer research	–	1.4	(1.4)	–	–	–
Basic research	–	2.1	(2.1)	–	–	–
Catalyst Club	–	1.4	(1.4)	–	–	–
Bobby Moore Fund	1.2	1.2	(2.4)	–	–	–
Oesophageal cancer research	–	1.8	(1.8)	–	–	–
Research in Scotland	–	2.1	(2.1)	–	–	–
BUPA legacy fund	4.7	–	(1.2)	–	–	3.5
Cancer Awareness Units	–	0.6	–	–	–	0.6
Grand Challenge	–	3.2	(3.2)	–	–	–
Immunotherapy	–	2.7	(2.7)	–	–	–
Stand Up To Cancer Transatlantic	–	1.2	(1.2)	–	–	–
Gibb Research Fellowship Fund	2.6	0.1	(0.1)	0.3	0.4	3.3
Intangible income	–	1.5	(1.5)	–	–	–
Sundry other funds	1.4	25.6	(19.6)	–	0.2	7.6
Total restricted funds – Charity	26.3	77.1	(86.4)	0.3	0.6	17.9
The Beatson Institute for Cancer Research	20.5	5.9	(24.6)	–	17.6	19.4
Total restricted funds – Group	46.8	83.0	(111.0)	0.3	18.2	37.3

Restricted funds as at 31 March 2017 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.

Transfers between general funds and restricted funds include £17.6 million awarded to the Beatson Institute for Cancer Research.

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24. RESTRICTED FUNDS (CONTINUED)

Fund	Purpose and restriction in use
The Crick appeal	Construction, establishment and running of the Francis Crick Institute
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
Bobby Moore Fund	Specific bowel cancer research and awareness projects
Oesophageal cancer research	Research specific to oesophageal cancer
Research in Scotland	Cancer research located in Scotland
BUPA legacy fund	Funding for a cancer prevention initiative
Cancer Awareness Units	Supporting the Cancer Awareness Mobile Units and breast cancer research
Grand Challenge	International, multidisciplinary research projects tackling the toughest challenges in cancer
Immunotherapy	Research investigating how the immune system may be used to fight cancer
Gibb Research Fellowship Endowment Fund	Fellowships and/or studentships for cancer research
Intangible income	Donations in kind received for specific purposes
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

25. UNRESTRICTED FUNDS

a) Group

	General funds £m	Pension reserve £m	Total unrestricted funds £m
Funds at 1 April 2016	276.0	61.7	337.7
Net income before transfers and gain on investments	40.2	1.4	41.6
Transfers between funds	(23.9)	5.7	(18.2)
Net gain on investments	19.0	–	19.0
Actuarial loss on pensions	–	(33.9)	(33.9)
Funds at 31 March 2017	311.3	34.9	346.2

Included within Group general funds are undistributed profits from trading subsidiaries of £15.0 million (2016: £7.0 million).

b) Charity

	General funds £m	Pension reserve £m	Total unrestricted funds £m
Funds at 1 April 2016	268.7	61.7	330.4
Net income before transfers and gain on investments	31.0	1.4	32.4
Transfers between funds	(23.9)	5.7	(18.2)
Net gain on investments	19.0	–	19.0
Actuarial loss on pensions	–	(33.9)	(33.9)
Funds at 31 March 2017	294.8	34.9	329.7

26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

a) Group

	General funds £m	Pension reserve £m	Restricted funds £m	Total £m
Fixed assets				
Tangible fixed assets	26.0	–	13.1	39.1
Investments	401.3	–	3.8	405.1
	427.3	–	16.9	444.2
Current assets	312.7	–	24.1	336.8
Current and long-term liabilities and provisions	(428.7)	–	(3.7)	(432.4)
Pension asset	–	34.9	–	34.9
Total net assets	311.3	34.9	37.3	383.5

b) Charity

	General funds £m	Pension reserve £m	Restricted funds £m	Total £m
Fixed assets				
Tangible fixed assets	24.3	–	–	24.3
Investments	401.1	–	3.8	404.9
	425.4	–	3.8	429.2
Current assets	296.1	–	14.1	310.2
Current and long-term liabilities and provisions	(426.7)	–	–	(426.7)
Pension asset	–	34.9	–	34.9
Total net assets	294.8	34.9	17.9	347.6

27. FUNDING COMMITTEE MEMBERS AND TRUSTEES RECEIVING GRANTS

Scientists who serve as Trustees or on the Group's grant-making committees may not participate in decisions that relate to the funding of either research projects in which they have direct interest or institutions with which they are associated. 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. Professor Ponder is also in receipt of a programme grant from the Charity. Professor Peter Johnson, Chief Clinician, is a member of both the Charity's Executive and Scientific Executive Boards and receives grant funding from the Charity. Professor Karen Vousden, Chief Scientist, is a member of both the Charity's Executive and Scientific Executive Boards and also receives grant funding.

A list of scientists who both served on grant-making committees and led research projects that received funding from the Group during the year and are not Trustees or considered to be Key Management Personnel can be found on the Charity's website at cruk.org/our-accounts. Such transactions are conducted on an arm's length basis.

28. RELATED PARTY TRANSACTIONS

Expenses reimbursed to Trustees and the remuneration of the key management personnel of the Charity are disclosed in Note 9. Transactions by the Charity with its defined benefit pension scheme are set out in Note 19a. There were no other transactions during the year that come within the FRS 102 definition of 'related party transactions'.

However, some Trustees, members of the Charity's Executive Board and directors of its subsidiary Cancer Research Technology Limited (CRT) 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.

Professor Sir Leszek Borysiewicz was appointed as a Trustee in July 2016 and as Chairman in November 2016. He is vice-chancellor of the University of Cambridge, which received £43.7 million of grant funding during the year ended 31 March 2017. He was not involved in either the grant funding decisions or the grant application process.

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28. RELATED PARTY TRANSACTIONS (CONTINUED)

Sir Harpal Kumar is Chief Executive Officer (CEO) of the Charity and is also a trustee of the Francis Crick Institute. The Charity has awarded a £53.8 million operational grant to the Francis Crick Institute for 2017/18 (2016: £53.0 million). As at 31 March 2017, related party balances with the Crick comprised a £nil trading balance due to the Charity (2016: £1.0 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 £0.1 million (2016: £0.3 million) 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). CRT received income of under £0.1 million (£16,000) for the cost of seconding a member of staff to the Francis Crick Institute and for the sales of research reagents. At 31 March 2017, there was no outstanding creditor balance. During the year the Francis Crick Institute paid £1 million to the Charity in respect of management charges for the use of P Block at Clare Hall (2016: £nil). See Note 12a and 16d for details of further transactions with the Crick.

The Chief Executive was a director of the Union for International Cancer Control (UICC) until November 2016, at which point Nick Grant, Executive Director of International Partnerships was appointed director. The Charity made voluntary contributions of £0.1 million to the UICC in the year (2016: £0.1 million).

Dr Iain Foulkes, Executive Director of Strategy and Research Funding and CEO of CRT, 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, London, pursuant to which CRT paid £29.4 million (2016: £27.0 million) during the year and received £0.8 million (2016: £0.4 million). At 31 March 2017, there was an outstanding debtor balance of £0.3 million. During the year the Charity grant-funded The Institute of Cancer Research, London £36.0 million (2016: £20.1 million).

Peter Chambré is Chairman of CRT and a Trustee of the Charity. He was also a director of Immatix 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 this agreement during the year (2016: £nil) and there were no outstanding balances at 31 March 2017.

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 (Chief Executive of CRT until December 2016) is a director of Cytosystems Limited and Inivata Limited and during the year transactions, on commercial terms, of less than £0.1 million (£30,000 and £8,000) (2016: £10,000 and £7,000) were entered into respectively with those two companies. As at 31 March 2017, there was an outstanding debtor balance due from Inivata Limited of £0.1 million (£9,256).

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 (2016: £0.3 million and £0.1 million). He is also a director of Abcodia Ltd, with which the Charity entered into transactions on commercial terms for £0.1 million in the year (2016: £0.2 million). At 31 March 2017, there were no outstanding balances.

Professor Anton Muscatelli, a Director of the Beatson Institute for Cancer Research, holds an executive position with the University of Glasgow. During the year, the Beatson Institute for Cancer Research received an in kind benefit of £0.9 million (2016: £0.9 million), grant income of £1.2 million (2016: £1.2 million (restated)) and research service income of £0.6 million (2016: £0.6 million). Employment costs relating to 10 senior scientists (2016: 11) have been recharged to the Beatson Institute for Cancer Research amounting to £1.1 million (2016: £1.2 million). At 31 March 2017, there was an outstanding debtor balance of £0.2 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.

REFERENCE AND ADMINISTRATIVE DETAILS

FINANCIAL STATEMENTS

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 92 Members, of which 11 are Trustees (see page 36). 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
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WC2N 6RH

FIND OUT MORE AND GET INVOLVED

HOW YOU CAN HELP

TAKE PART

Discover all the different ways you can get involved with fundraising and volunteering at cruk.org/support-us

MAKE A DONATION

Regular donations make a real difference. Visit cruk.org or call **0300 123 1022**

Find out about our fundraising promise at cruk.org/our-promise

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

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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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Cancer Research UK has committed to a series of social and environmental goals. You can find out more about these at cruk.org/corporate-responsibility

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cruk.org/our-successes