

Notes to the Accounts

I. Accounting policies

Accounting convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and listed investments. They comply with the Statement of Recommended Practice 'Accounting and Reporting by Charities' as revised in 2005 ('the SORP'), together with the reporting requirements of the Companies Act 1985 – subject to a true and fair override in respect of investment properties – and applicable accounting standards. The significant accounting policies adopted are described below and are consistent with previous years.

Basis of consolidation

The consolidated accounts incorporate the results of Cancer Research UK ('the Charity'), its subsidiary undertakings and its share of the results of its associate. 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 230 of the Companies Act 1985 and paragraph 397 of the SORP.

Associated undertakings

The Group's share of its associated undertaking is included in the Group SOFA under the equity method of accounting. The Group balance sheet shows the investment in its associate at cost, less amounts written off.

Incoming resources

Incoming resources are included in the SOFA when the Group is entitled to the income and it can be quantified with reasonable certainty. Donations in kind, other than items donated for sale, are recognised at their value to the Group when they are received. No amounts are included for services donated by volunteers. Incoming resources comprise:

Voluntary income

Legacies	Pecuniary legacies are recognised as they are received. Residuary legacies are recognised at the earlier of receipt or agreement of the estate accounts. Reversionary interests involving a life tenant are not recognised due to the intrinsic uncertainties in valuing them.
Donor marketing	Donations are accounted for as received.
National events	Income from major events, including related sponsorship but excluding events registration and merchandise, is recognised in the period in which the event takes place.
Community fundraising	Income from groups of friends and local committees is accounted for when funds are received.
Gift Aid	Gift Aid is included based on amounts recoverable at the accounting date.

Activities for generating funds

Shop income	All retail income – from both donated and bought-in goods – is accounted for when the sale takes place.
Events registration and merchandise	Registration fees are recognised when the event takes place. Sales of merchandise are accounted for when the transaction occurs.

Investment income Investment income is accounted for on an accruals basis.

Incoming resources from charitable activities

Grant income	Grant income is recognised when the Group is entitled to receipt.
Technology development	Licence fees, royalties, assignment and option fees are recognised gross, before revenue share payments to third parties, on the basis that risk and rewards remain with the Group. Phased contractual receipts are recognised when they are due and on completion of the Group's contractual obligations for the period.

I. Accounting policies (continued)

Resources expended

Expenditure is accounted for on an accruals basis. Allocations of support costs are based on the appropriate combination of staff time, department headcount, direct expenditure and activity levels. Irrecoverable VAT is included with the expense items to which it relates. Resources expended comprise:

Costs of generating voluntary income	These include salaries and directly attributable overheads, plus a proportion of central support costs.
Costs of fundraising trading	Shop costs include the cost of goods sold and the direct costs of operating the shops, plus a proportion of central support costs. No value is ascribed to goods donated for sale.
Costs of managing investments	These include salaries and other direct costs of managing the investment portfolio.
Costs of charitable activities	The presentation of charitable activities flows from the Charity's vision and purpose.
Research	This is the work that we carry out to fulfil our first and second purpose statements: 'We carry out world-class research to improve our understanding of cancer and find out how to prevent, diagnose and treat different types of cancer' and 'We ensure that our findings are used to improve the lives of cancer patients'. It includes basic, translational and clinical research.
Cancer information and advocacy	This involves the work to address our third purpose statement: 'We help people to understand cancer, the progress we are making and the choices each person can make.' It includes advocacy and activities to influence public policy.
Governance costs	These are the central running costs of the Charity, including strategic planning and public accountability.

The Group funds research by employees ('direct costs') and grant-funded researchers ('grant costs')

Direct costs	These include an allocation of technical support costs.
Grant costs	A research grant liability is recognised when the Group formally notifies the recipient of the award. The liability is measured as the total of expected payments for the period to the next scientific review. Provision is made for the expected total payments on life chairs/fellowships when the appointment is first made. Grant liabilities for awards where more than five years of expected payments are provided at the outset are discounted to current value using the weighted average cost of capital.
Support costs	Overhead costs which are integral to the Group's charitable activities are allocated accordingly as shown in Note 8.

Net investment gains and losses

The SOFA includes realised gains and losses from the sale of investments and unrealised gains and losses arising from the revaluation of investments.

Notes to the Accounts (continued)

I. Accounting policies (continued)

Fixed assets and depreciation

Fixed assets are included at cost where that is greater than £2,500 for the Charity and its charitable subsidiaries and £500 for its trading subsidiaries, except that batches of items individually below those thresholds are capitalised if they form part of one project and together cost more than £50,000. Software is only capitalised where its cost exceeds £50,000. The costs of laboratory refurbishments are written off as they are incurred. Depreciation is provided so as to write off the cost of fixed assets on a straight-line basis over their expected useful economic lives, as follows:

Freehold land	Not depreciated
Freehold buildings	25 years
Leasehold buildings and research facilities	25 years, or lease period if shorter
Plant and equipment	4–5 years
Shop fixtures and fittings	5 years
Computer equipment and software	3 years

Impairment of fixed assets

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

Investments

Listed investments are stated at market value. They are revalued immediately prior to disposal: as a result, no gain or loss arises on sale. Unlisted investments are included at cost as an approximation to market value, unless there is specific evidence to the contrary. Subsidiary companies are valued at cost. Cash deposits intended to be held for the long term are shown under investments. All other cash balances are included as current assets. The SOFA includes unrealised gains and losses arising from the revaluation of the investment portfolio in the year.

Investment properties

Investment properties are included in the balance sheet at their estimated market value. Investment properties are formally revalued at least every five years by professional valuers and are reviewed annually to ensure that the most recent formal valuation is still reasonable. No depreciation is provided on investment properties, which represents a departure from the Companies Act 1985 requirements. These properties are held for investment and the Trustees consider that this policy is necessary to give a true and fair view in accordance with accounting standards.

Goodwill

Goodwill is calculated as the difference between the cost of a consolidated entity and the aggregate of the fair values of that entity's assets and liabilities. Negative goodwill arises when the aggregate fair values of the consolidated entity's assets and liabilities exceed any acquisition cost. Negative goodwill is recognised in the SOFA in the periods in which the assets are recovered. Negative goodwill arising from the acquisition of the Beatson Institute for Cancer Research is amortised on a straight line basis over 10 years.

Stock

Stock purchased for sale and research consumables are valued at the lower of cost and net realisable value. Stock does not include the value of goods donated for sale in the Group's charity shops.

Short term deposits

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

I. Accounting policies (continued)

Fund accounting

Restricted funds can only be used for particular purposes within the objectives of the Charity and its charitable subsidiaries. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

Permanent endowment funds are funds where the capital is held until the objectives of the Charity, or of the Trust deeds of each fund, are satisfied.

Designated funds are funds set aside by the Trustees out of unrestricted free reserves.

Free reserves are funds that can be used for any purpose within the Charity's objectives.

Pension deficit is reflected separately in reserves in accordance with the SORP.

Pension costs

The current service cost of the two defined benefit schemes which operated during the year is charged to employee costs over the anticipated period of employment. Net pension finance income or costs are included immediately in employee costs. Actuarial gains and losses are recognised immediately on the face of the SOFA. A provision for the combined scheme deficits is shown on the face of the balance sheet. The amounts charged to the SOFA for defined contribution schemes represent the contributions payable in the period.

Property dilapidation provision

The Group recognises dilapidation costs as they crystallise, or when plans to terminate the lease are confirmed.

Foreign currency

Transactions in foreign currency are recorded at the rate of exchange prevailing at the time of the transaction. Foreign currency balances are translated into sterling at the exchange rates prevailing at the balance sheet date. Any gains or losses on exchange are included in the SOFA.

The Group hedges net currency exposures (balances or future income and expenditure) of its trading subsidiaries by means of forward exchange contracts of up to 12 months. Gains and losses on forward exchange contracts are recognised in the SOFA at the same time as the hedged exposure.

Profits and losses of foreign subsidiaries are translated to sterling at average rates of exchange. The opening net assets and profit and loss accounts of those subsidiaries are retranslated to year end rates; exchange differences arising on the retranslation are taken to reserves.

Leases

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

Taxation

The activities of the Charity and its charitable subsidiaries are exempt from corporation taxation under section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable objectives. The trading subsidiaries do not pay UK corporation tax because their policy is to pay taxable profits as Gift Aid to the Charity. Foreign tax incurred by overseas subsidiaries is charged as it is incurred.

Notes to the Accounts (continued)

2. Incoming resources from generated funds

a) Voluntary income

	Group 2008 £000	Group 2007 £000
Legacies	147,877	137,982
Donor marketing	93,924	90,309
National events	60,957	65,855
Community fundraising	27,004	29,993
Major gifts and corporate fundraising	7,757	5,482
Shop donations	3,004	2,980
Amortisation of negative goodwill (Note 16)	648	-
	341,171	332,601

The prior year comparatives have been restated to reflect the current year classifications.

The Group is entitled to legacies that have not been accrued for as no notification of impending distribution has been received as at 31 March 2008. The amounts estimated in respect of these legacies are £90 million (2007: £90m).

At 31 March 2008 the Charity had an interest in 1,521 estates that are subject to a life interest (31 March 2007 – 1,542).

b) Activities for generating funds

Shop income (sale of donated and bought-in goods)	63,794	63,643
Events registrations and merchandise	12,740	12,855
Other income from activities for generating funds	1,909	1,855
	78,443	78,353

c) Investment income

UK listed equity investments	3,566	3,846
UK fixed and variable interest stocks	2,735	2,285
Overseas fixed and variable interest stocks	91	132
Overseas listed equity investments	2,260	1,708
Cash investments	4,254	5,337
Property funds	952	795
	13,858	14,103

3. Incoming resources from charitable activities

	Group 2008 £000	Group 2007 £000
Research	42,663	39,256
Cancer information and advocacy	424	3,323
	43,087	42,579

4. Costs of generating funds

a) Costs of generating voluntary income

	Group 2008 £000	Group 2007 £000
Legacies	7,761	8,452
Donor marketing	25,244	27,462
National events	23,219	22,635
Community fundraising	12,683	15,662
Major gifts and corporate fundraising	2,891	2,556
Supporter Relationship Management	2,474	-
	74,272	76,767

The prior year comparatives have been restated to reflect the current year classifications.

b) Costs of fundraising trading

Shop costs (including costs of bought-in goods)	54,381	49,341
Other goods sold	598	458
	54,979	49,799

Shop costs include a £5.1m apportionment of central support costs, which was not the case in 2006/07 – see Note 8.

5. Costs of charitable activities

	Direct costs £000	Grant costs £000	Support costs £000	Group 2008 Total £000	Group 2007 Total £000
Research	147,120	159,447	26,943	333,510	315,492
Research – exceptional item	-	-	-	-	99,182
Cancer information & advocacy	9,172	-	1,578	10,750	9,791
	156,292	159,447	28,521	344,260	424,465

The Trustees' Report provides analysis of research activity by cancer type.

6. Grant costs

	Group 2008 £000	Group 2007 £000
Grants provided in the year	162,161	166,529
Grants provided in the year – exceptional item	-	99,182
Increase in provision for funding of life chairs and fellowships	3,227	2,090
Write back of underused grants	(7,921)	(5,180)
Finance charge on provision for life chairs and fellowships	1,416	1,157
Discount on provision for training grants	564	(1,634)
	159,447	262,144

Notes to the Accounts (continued)

6.1 Grant commitments and creditors

This table analyses the movement of grant commitments and creditors in the year and shows when they are expected to be paid out.

	Amounts due for payment in the year to 31 March						
	Total	2008	2009	2010	2011	2012	2013 onwards
	£000	£000	£000	£000	£000	£000	£000
Grant commitments (not included in the accounts)							
Balance at 1 April 2007	338,896	54,272	81,766	77,865	54,632	38,243	32,118
Movements in the year							
New awards	141,651	1,876	57,181	27,469	23,792	16,981	14,352
Awards recognised (transfer to creditors)	(167,368)	(41,989)	(91,565)	(19,070)	(9,996)	(1,827)	(2,921)
Adjustments	(17,385)	(14,159)	297	2,424	5,139	(4,152)	(6,934)
Balance at 31 March 2008	295,794	-	47,679	88,688	73,567	49,245	36,615
Grant creditors – research grants, life chairs and fellowships							
Balance at 1 April 2007	259,891	133,209	63,380	26,908	10,933	5,530	19,931
Movements in the year							
Awards recognised	167,368	41,989	91,565	19,070	9,996	1,827	2,921
Write back of underused grants	(7,921)	(6,220)	(1,701)	-	-	-	-
Grant costs	159,447	35,769	89,864	19,070	9,996	1,827	2,921
Grant payments	(168,978)	(168,978)	-	-	-	-	-
Balance at 31 March 2008	250,360	-	153,244	45,978	20,929	7,357	22,852
Total grant commitments and creditors							
Balance at 31 March 2008	546,154	-	200,923	134,666	94,496	56,602	59,467
Balance at 1 April 2007	598,787	187,481	145,146	104,773	65,565	43,773	52,049

During the year the Charity approved grant commitments to its subsidiary company Cancer Research Technology Ltd (CRT) totalling £42,335,000 to fund significant expansion of its development laboratories over the next five years.

Adjustments to commitments arise from variations such as changes in various inflationary assumptions used, the non-renewal of grants and any additional commitments entered into. This figure also includes the elimination in the Group accounts of £10,000,000 committed to the research facility at the Beatson Institute for Cancer Research which was recognised as a grant commitment in the prior year.

Grant liabilities for awards where more than five years of expected payments are provided at the outset have been discounted using a weighted average cost of capital of between 5.802% (1 year) and 5.010% (15–19 years) (2007: between 5.84% (1 year) and 5.15% (15–19 years)).

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

www.cancerresearchuk.org/aboutus/whowere/ourreportsandaccounts/grants07_08/grants/

7. Governance costs

	Group 2008 £000	Group 2007 £000
Strategy, Council and Committee costs	973	854
Internal audit	190	272
Auditors' remuneration	103	104
Other governance costs	214	92
	1,480	1,322

8. Support costs

Support costs of £44,754,000 have been allocated to SOFA categories as shown below.

Support cost	Basis of split	Costs of charitable activities					Governance costs £000	Group 2008 £000	Group 2007 £000
		Research £000	Cancer information £000	Total costs of charitable expenditure £000	Costs of generating voluntary income £000	Costs of generating fundraising trading £000			
Information Services	A	14,153	1,001	15,154	5,515	-	-	20,669	12,350
Finance	B, C, D	5,307	301	5,608	3,017	2,132	25	10,782	9,271
People and Organisational Development	A	2,106	149	2,255	979	2,011	-	5,245	3,657
Corporate Resources	A, E, F	4,922	112	5,034	1,170	761	-	6,965	4,910
Legal	A	455	15	470	419	204	-	1,093	1,500
		26,943	1,578	28,521	11,100	5,108	25	44,754	31,688

A Headcount
D Staff costs

B Time spent
E Non-staff costs

C Transaction volumes
F Insurance premium share

The allocation of support costs has been reviewed during the year. An apportionment of support costs is now allocated to fundraising trading, which was not the case in 2006/07. This change increases by around 1% the percentage of funds raised that are available to beat cancer, excluding retail, which is shown on page 12 of the Trustees' Report.

9. Net income/expenditure for the year

	Note	Group 2008 £000	Group 2007 £000
This is stated after charging/(crediting):			
Depreciation provided during the year	12	11,598	8,225
Impairment	12	-	1,235
Rentals payable under operating leases:			
– Plant and machinery		1,068	1,190
– Other		18,586	16,920
Rents receivable		(1,257)	(939)
Irrecoverable VAT		6,599	6,095
Auditors' remuneration:			
– Audit fees: current auditors		103	95
– Audit fees: previous auditors		-	9
– Other fees and taxation fees paid to current auditors		92	56
Foreign corporation tax		2	2

Notes to the Accounts (continued)

10. Incoming resources and net decrease in funds – Charity only

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

- Charity only total incoming resources for the year ended 31 March 2008 totalled £423,000,000 (2007: £422,000,000).
- Charity only net decrease in funds in the year totalled £41,083,000 (2007: £54,231,000).

11. Employees and Trustees

a) Employees

The average number of employees and officers of the Group during the year, whose gross pay and benefits (excluding employer pensions contributions and awards to inventors) fell within the following bands, was:

Banding	Group 2008 £000	Group 2007 £000
Up to £60,000	3,935	3,710
£60,001 - £70,000	38	27
£70,001 - £80,000	30	33
£80,001 - £90,000	21	16
£90,001 - £100,000	9	8
£100,001 - £110,000	7	6
£110,001 - £120,000	1	3
£120,001 - £130,000	4	3
£130,001 - £140,000	3	2
£140,001 - £150,000	2	2
£150,001 - £160,000	2	-
£200,001 - £210,000	-	1
£250,001 - £260,000	1	-
	4,053	3,811

In addition to the employees, there are over 3,124 scientists, technicians and other staff engaged in cancer research throughout the United Kingdom who were supported by grants made by the Group (2007: 2,850).

Pension benefits are accruing under defined benefit schemes for 97 of the Group's employees included in the bandings above £60,000 (2007: 74). Payments to defined contribution schemes in the year in respect of those employees included in the bandings above £60,000 totalled £57,000 (2007: £52k).

The average number of Group and Charity employees, analysed by function, was:

	Group 2008 No.	Charity 2008 No.	Group 2007 No.	Charity 2007 No.
Scientific research, information and advocacy	1,493	1,248	1,409	1,316
Fundraising	2,034	2,034	1,943	1,943
Support services	526	489	459	459
	4,053	3,771	3,811	3,718

11. Employees and Trustees (continued)

The employee costs for the Group and Charity were:

	Group 2008	Charity 2008	Group 2007	Charity 2007
Wages and salaries	99,711	88,296	89,205	82,061
Social security costs	8,817	7,787	7,808	7,108
Pension costs	10,604	9,493	10,989	10,237
	119,132	105,576	108,002	99,406

b) Trustees

No Trustee has received any remuneration from the Group during the year (2007: nil).

The total expenses reimbursed to 11 Trustees amounted to £11,945 (2007: £13,003 to 10 Trustees). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

12. Tangible fixed assets

a) Group

	Freehold land & buildings	Leasehold properties	Freehold & leasehold improvements	Plant, equipment, fixtures & fittings £000	Assets in the course of construction	Shop leases, fixtures & fittings £000	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2007	40,073	15,481	14,924	95,649	5,662	9,699	181,488
Additions	-	1,516	817	12,876	17,001	1,633	33,843
Net book value of assets at date of acquisition of subsidiary (Note 16)	-	-	-	3,178	-	-	3,178
Transfers	-	-	-	1,151	(1,151)	-	-
Disposals	-	(1,701)	(365)	(8,534)	-	(2)	(10,602)
At 31 March 2008	40,073	15,296	15,376	104,320	21,512	11,330	207,907
Depreciation							
At 1 April 2007	16,405	1,711	11,136	71,949	-	6,675	107,876
Charge for the year	1,015	700	777	7,798	-	1,308	11,598
Disposals	-	(1,540)	(116)	(7,899)	-	-	(9,555)
At 31 March 2008	17,420	871	11,797	71,848	-	7,983	109,919
Net Book Values							
At 1 April 2007	23,668	13,770	3,788	23,700	5,662	3,024	73,612
At 31 March 2008	22,653	14,425	3,579	32,472	21,512	3,347	97,988

Notes to the Accounts (continued)

12. Tangible fixed assets (continued)

b) Charity

	Freehold land & buildings	Leasehold properties	Freehold & leasehold improvements	Plant, equipment, fixtures & fittings	Assets in the course of construction	Shop leases, fixtures & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2007	40,073	15,481	14,863	94,043	5,662	8,549	178,671
Additions	-	-	817	9,774	16,907	596	28,094
Transfers	-	-	-	1,151	(1,151)	-	-
Disposals	-	(1,701)	(365)	(8,484)	-	(2)	(10,552)
At 31 March 2008	40,073	13,780	15,315	96,484	21,418	9,143	196,213
Depreciation							
At 1 April 2007	16,405	1,711	11,077	70,890	-	6,294	106,377
Charge for the year	1,015	700	777	6,828	-	921	10,241
Disposals	-	(1,540)	(116)	(7,850)	-	-	(9,506)
At 31 March 2008	17,420	871	11,738	69,868	-	7,215	107,112
Net Book Values							
At 1 April 2007	23,668	13,770	3,786	23,153	5,662	2,255	72,294
At 31 March 2008	22,653	12,909	3,577	26,616	21,418	1,928	89,101

The Group has freehold property with a net book value of £22,653,000 (2007: £23,668,000). Having discussed the matter with a firm of chartered surveyors, the Trustees are of the opinion that both the aggregate existing use value and the aggregate market value of the tangible fixed asset properties are in excess of £100 million.

The Group and Charity assets in course of construction include £10,765,000 in respect of the Poplar Block research building and £5,104,000 for a new Biotherapeutics Development Unit at Clare Hall.

13. Investments

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
At market value				
UK listed equity investments	61,811	115,979	56,096	107,167
UK fixed and variable interest stocks	65,127	79,474	63,418	77,636
UK cash investments	8,827	10,711	7,431	9,831
UK property fund*	22,620	26,513	22,620	26,512
UK investment properties	647	1,502	647	1,501
Investments in UK unlisted companies	385	390	-	-
Total UK investments	159,417	234,569	150,212	222,647
Overseas fixed and variable interest stocks	3,368	1,217	2,307	386
Overseas listed equity investments	66,157	53,580	65,868	53,385
Total overseas investments	69,525	54,797	68,175	53,771
Total investments	228,942	289,366	218,387	276,418

*This single investment represents 5% or more of the portfolio by market value in both the Group and Charity.

	Group 2008 £000	Charity 2008 £000
At 1 April 2007	289,366	276,418
Additions	345,706	343,735
Disposal proceeds	(379,777)	(376,744)
Net realised investment gains	9,064	8,475
Net unrealised investment losses	(35,288)	(32,844)
Net movement in cash	(129)	(653)
At 31 March 2008	228,942	218,387

The historical cost of Group and Charity investments at 31 March 2008 was £235,866,000 (2007: £260,678,000) and £226,441,000 (2007: £250,848,000) respectively.

Investment properties consist of land and property bequeathed to the Charity and its predecessor charities. The intention of the Trustees is to realise these investments at a time that will maximise their value to the Charity. In view of the level of investment properties held, separate details of each valuation are not reported.

Notes to the Accounts (continued)

14. Investment in associate

Cancer Research UK is one of two members of onCore UK, a charitable company limited by guarantee and incorporated in England and Wales. Control of the Board of Directors is shared equally between the three funders (Cancer Research UK, the MRC and the Department of Health). onCore UK serves as a national cancer biosample and information resource to enable research towards the discovery and development of new interventions against cancer. Horwath Clark Whitehill LLP are the auditors of onCore UK.

Share of net assets

	Group 2008 £000	Group 2007 £000
The Group's share of:		
Fixed assets	41	19
Current assets	827	572
Creditors	(24)	(35)
Share of net assets	844	556

Share of net gains on associate

	Group 2008 £000	Group 2007 £000
The Group's share of:		
Voluntary income – grants	592	682
Interest receivable	31	17
Total incoming resources	623	699
Charitable expenditure	(331)	(301)
Governance costs	(4)	(8)
Share of net gains on associate	288	390

There were no related party balances between Cancer Research UK and onCore UK as at 31 March 2008 and 2007.

15. Investments in subsidiaries

	Charity £000
At 1 April 2007 and 31 March 2008	200

For the purposes of the accounts, the Charity is deemed to control 100% of the following entities with charitable objects:

- Imperial Cancer Research Fund (charity established by Royal Charter)
- The Cancer Research Campaign (company limited by guarantee)
- The Gibb Research Fellowship Endowment Fund (permanent endowment fund created by a will trust)
- War on Cancer (created through a declaration of trust)
- American Friends of Cancer Research Inc (USA 501(3)(c) corporation)
- Cancer Research Campaign (Jersey Trust Fund) (created through a declaration of trust)
- The Nuffield Research Fellowship (created through a declaration of trust)
- The Beatson Institute for Cancer Research (company limited by guarantee)
- Beatson Technology Limited (company limited by guarantee)

15. Investments in subsidiaries (continued)

The Charity controls the operations of the following entities through ownership of share capital:

Name	Portion held by Charity	Portion held by other Group companies	Activities
Cancer Research UK Trading Ltd	100%		Retail and fundraising income generation
Cancer Research Technology Ltd	100%		Technology development
Cancer Research Technology Inc		100%	Technology development
Cancer Research Campaign Promotions Ltd		100%	Dormant
Imperial Cancer Research Fund Trading Ltd		100%	Dormant
Imperial Cancer Research Technology Ltd		100%	Dormant
Cancer Research Ventures Ltd		100%	Dormant
UK Centre for Medical Research and Innovation Ltd (formerly National Cancer Day Ltd)	100%		Dormant
Relay for Life Ltd	100%		Dormant
Cancer Research Campaign Technology Ltd	100%		Dormant
Cancer Research Technology Transfer Ltd	100%		Dormant
North of England Cancer Research Campaign	100%		Dormant
Cancer Research N. Ireland Ltd	100%		Dormant
Cancer Research UK Guernsey Ltd	100%		Dormant
Cancer Research UK Scotland Ltd	100%		Dormant

Cancer Research Campaign (Jersey Trust Fund) is established in Jersey. Cancer Research UK Guernsey Ltd is incorporated in Guernsey, Cancer Research Technology Inc and the American Friends of Cancer Research Inc are incorporated in the state of Florida in the United States of America.

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

a) Trading subsidiary – activities for generating funds

	Cancer Research UK Trading Ltd	
	2008 £000	2007 £000
Turnover	24,006	24,736
Cost of sales	(22,018)	(19,499)
Net operating costs	88	(145)
Profit on ordinary activities	2,076	5,092
Taxation	(40)	-
Profit on ordinary activities after taxation and before Gift Aid payable	2,036	5,092
Gift Aid payable to Cancer Research UK	(2,036)	(5,137)
Retained deficit for the year	-	(45)
Assets	7,939	6,097
Liabilities	(7,939)	(6,097)
Net assets	-	-

Notes to the Accounts (continued)

15. Investments in subsidiaries (continued)

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

	Cancer Research Technology Ltd		Cancer Research Technology Inc	
	2008 £000	2007 £000	2008 £000	2007 £000
Turnover	34,233	26,225	308	270
Cost of sales	(28,532)	(23,182)	(285)	(259)
Profit on sale of fixed assets	28	115	-	-
Interest payable	(66)	(58)	-	-
Interest receivable	548	450	-	-
Profit on ordinary activities	6,211	3,550	23	11
Gift Aid payable to Cancer Research UK	(4,150)	(2,460)	-	-
Taxation	-	-	-	(2)
Profit after taxation and retained profit for the year	2,061	1,090	23	9
Assets	28,609	20,882	109	85
Liabilities	(21,937)	(16,271)	(77)	(76)
Net assets	6,672	4,611	32	9

Beatson Technology Limited is a wholly owned subsidiary of the Beatson Institute for Cancer Research. The company was established to undertake commercial developments arising as a by-product of the Institute's medical research activities. Currently, the company has no trading activities.

c) Charitable subsidiaries

	Imperial Cancer Research Fund		The Cancer Research Campaign		War on Cancer	
	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
Incoming resources						
Voluntary income	46,263	41,863	38,985	35,829	61	320
Investment income	-	-	-	-	123	172
Total income	46,263	41,863	38,985	35,829	184	492
Charitable expenditure						
Grant costs	-	-	-	-	38	(1,215)
Governance costs	-	-	-	-	-	-
Total resources expended	-	-	-	-	38	(1,215)
Net (losses)/gains on investments	-	-	-	-	(294)	264
Net movement in funds	46,263*	41,863*	38,985*	35,829*	(72)	(459)
Assets	-	-	-	-	2,149	3,727
Liabilities	-	-	-	-	(217)	(1,723)
Net assets	-*	-*	-*	-*	1,932	2,004

*All amounts received in the year were transferred to the Charity.

15. Investments in subsidiaries (continued)

c) Charitable subsidiaries

	The Gibb Research Fellowship Endowment Fund		The Beatson Institute for Cancer Research
	2008 £000	2007 £000	2008 £000
Incoming resources			
Voluntary income	-	-	13,180
Charitable activities	-	-	596
Investment income	301	377	394
Total income	301	377	14,170
Charitable expenditure			
Research	(46)	(106)	(10,042)
Governance costs	(36)	(35)	(69)
Total resources expended	(82)	(141)	(10,111)
Net (losses)/gains on investments	(500)	145	(42)
Net movement in funds	(281)	381	4,017
Assets	6,893	7,092	14,409
Liabilities	(4,650)	(4,568)	(2,618)
Net assets	2,243	2,524	11,791

The results of the Beatson Institute for Cancer Research are from the date of acquisition (14 June 2007) until 31 March 2008.

16. Acquisitions

On 14 June 2007 the Beatson Institute for Cancer Research (the 'Institute') became a 100% subsidiary undertaking of the Charity for accounting purposes, by virtue of changes to its board of directors. The principal object of the Institute is to carry out research and investigation into the causes, mechanisms and treatment of cancer. The Institute has a wholly-owned subsidiary, Beatson Technology Limited, which exploits intellectual property arising in the course of the Institute's research work. This acquisition has been accounted for using the purchase method of accounting. The Trustees do not consider it necessary to make any adjustments to the Group balance sheet to reflect the fair value of the Institute's assets at acquisition, in light of the common accounting policies and the nature of those assets. Those net assets at acquisition were:

	Book value £000
Tangible fixed assets	3,178
Investments	413
Debtors	1,106
Cash and short term deposits	7,895
Creditors: amounts falling due within one year	(4,818)
Total net assets acquired	7,774
Amortisation of negative goodwill	(648)
Goodwill at 31 March 2008	7,126

Notes to the Accounts (continued)

16. Acquisitions (continued)

The excess of the fair value of the assets acquired over the value of the liabilities assumed amounted to £7,774,214, and is recognised as negative goodwill in the balance sheet. The negative goodwill arising from the acquisition is being amortised on a straight line basis over 10 years. For the year ended 31 March 2008 £647,833 has been released to the SOFA.

The Beatson group, which is principally funded by the Charity, contributed £3.3 million of external funding to the Group's incoming resources, £10.2 million to the Group's resources expended and (£6.9) million to the Group's net (outgoing)/incoming resources for the period between the date of acquisition and 31 March 2008. In this period revenue and capital grant funding receivable from the Charity amounted to £9.9 million. This is eliminated on consolidation. The net incoming resources of the Institute were £248,046 for the period from 1 April 2007 to 13 June 2007 and £1,501,582 for the year to 31 March 2007.

17. Stock

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Goods for resale	1,780	1,734	272	92
Research and fundraising stores	218	522	218	522
	1,998	2,256	490	614

18. Debtors

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Trade debtors	5,342	4,764	4,493	3,580
Amounts due from Group undertakings	-	-	10,707	8,384
Taxation recoverable	14,764	6,999	14,607	6,777
Other debtors	4,321	2,070	4,338	2,124
Prepayments	10,031	10,062	7,981	8,413
Accrued income	11,659	9,724	4,696	4,171
	46,117	33,619	46,822	33,449

Other debtors include balances of £1.6 million (2007: £1.2m) which are due after more than one year and £1.8 million in relation to the Charity's share of the deposit on the UKCMRI site purchase.

The Charity has made a loan to its trading subsidiary company Cancer Research Technology Ltd (CRT) amounting to £1 million. The loan is secured on the assets of CRT, excluding intellectual property, and attracts interest at base rate plus 1%. The amount outstanding is repayable in full on 31 March 2015 or on 13 calendar months notice from the Charity.

19. Creditors: amounts falling due within one year

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Grants payable – research grants	150,271	130,932	154,045	130,547
Life chairs and fellowships	2,973	2,277	2,694	2,105
Trade creditors	16,207	13,373	12,186	11,368
Amounts due to Group undertakings	-	-	2,551	6,300
Tax and social security creditors	616	2,616	61	2,616
Other creditors	1,650	501	1,661	467
Accruals	24,449	25,639	16,930	19,400
Deferred income	11,531	9,241	6,549	4,861
	207,697	184,579	196,677	177,664

20. Creditors: amounts falling due after more than one year

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Grants payable – research grants	69,731	100,958	69,668	100,958
Life chairs and fellowships	27,385	25,724	25,419	23,398
	97,116	126,682	95,087	124,356

21. Provisions for liabilities and charges

	Properties £000	Insurance £000	Research £000	Fundraising £000	Group £000	Charity £000
At 1 April 2007	1,288	238	926	-	2,452	2,448
Charged to the SOFA	313	133	320	15	781	781
Used during the year	(294)	(51)	(714)	-	(1,059)	(1,055)
At 31 March 2008	1,307	320	532	15	2,174	2,174

The properties provision relates to:

- anticipated net rental costs of vacant offices and shops until they are reasonably expected to be sublet or otherwise disposed of; and
- dilapidation costs on offices and shops where the planned closure of the property has been confirmed before the year end date.

The insurance provision relates to known third party claims against the Group.

The research and fundraising provisions relate to costs expected to arise from reviews within these areas.

22. Provision for pension liability

	Group £000	Charity £000
At 1 April 2007	7,949	7,949
Current service cost charged to the SOFA	9,367	9,367
Other finance income credited to the SOFA	(2,385)	(2,385)
Curtailments	1,900	1,900
Actuarial losses in the year	4,923	4,923
Employer contributions paid	(17,235)	(17,235)
At 31 March 2008	4,519	4,519

Notes to the Accounts (continued)

23. Operating leases

The Group and Charity are committed to payments in the year to 31 March 2009 under non-cancellable operating leases, which expire as follows:

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Land and buildings				
Within one year	711	489	711	489
Between one and five years	8,480	5,543	7,830	5,204
After five years	8,616	8,076	8,616	8,076
Total	17,807	14,108	17,157	13,769
Vehicles and equipment				
Within one year	406	111	406	111
Between one and five years	1,187	900	1,187	900
After five years	16	48	16	48
Total	1,609	1,059	1,609	1,059

24. Guarantees

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

25. Capital commitments

Future capital expenditure on specific projects for the Group of £18.2 million and Charity of £17.4 million had been approved but not contracted for as at the year end (2007 Group and Charity: £13.6m).

26. Endowment and restricted funds

	Reclassified balance at 1 April 2007 £000	Incoming resources £000	Resources expended £000	Net investment losses £000	Transfers between funds £000	Balance at 31 March 2008 £000
Restricted funds						
Grants						
Grant to fund IBIS 2 population study	1	2	(3)	-	-	-
Grant to fund anti-tobacco campaign	130	-	(129)	-	-	1
Other grants for specific projects	1,029	1,536	(2,993)	-	-	(428)
Other restricted funds						
Bobby Moore Fund	4,509	971	(5,074)	-	463	869
Clinical Centre for Leeds	1,425	-	(503)	-	-	922
Intangible income	-	1,125	(1,125)	-	-	-
Breast cancer	-	1,587	(1,587)	-	-	-
NCRI Conference funding	152	2,130	(1,569)	-	-	713
Fredline Research Fund	532	(1)	(177)	-	-	354
NCRI	80	501	(393)	-	-	188
North East England Research	-	528	(528)	-	-	-
Children's Cancer Research	-	1,211	(1,211)	-	-	-
CRUK Equipment	-	638	(638)	-	-	-
Project Fundraising Beatson Appeal	-	851	(851)	-	-	-
NCRI Informatics	300	1,195	(809)	-	-	686
Partner groups at clinical units	414	124	(150)	-	-	388
Sundry other funds	1,356	4,898	(5,169)	-	-	1,085
Total restricted funds – Charity	9,928	17,296	(22,909)	-	463	4,778
War on Cancer	2,004	184	38	(294)	-	1,932
The Gibb Research Fellowship Endowment Fund	-	-	(46)	-	46	-
Nuffield Fellowship Foundation	90	5	-	-	-	95
The Beatson Institute for Cancer Research	-	14,775	(10,110)	(39)	-	4,626
Total restricted funds – Group	12,022	32,260	(33,027)	(333)	509	11,431
Permanent endowment funds						
Total endowment funds – Charity	1,400	124	-	-	-	1,524
The Gibb Research Fellowship Endowment Fund	2,524	301	(36)	(500)	(46)	2,243
The Beatson Institute for Cancer Research	-	42	-	(3)	-	39
Total endowment funds – Group	3,924	467	(36)	(503)	(46)	3,806
Total – Group	15,946	32,727	(33,063)	(836)	463	15,237

The net assets of the Beatson Institute for Cancer Research at 31 March 2008 of £11,791,000 (Note 15c) are offset by the difference on consolidation of £7,126,000 which is included as negative goodwill in the balance sheet.

The £463,000 transfer to Restricted Funds represents income earned in Cancer Research UK Trading Ltd and transferred to the Bobby Moore Fund.

Notes to the Accounts (continued)

26. Endowment and restricted funds (continued)

Fund	Purpose and restriction in use
Bobby Moore Fund	To fund general bowel cancer research and awareness
Clinical Centre for Leeds	To fund research at the clinical centre at St James' Hospital in Leeds
Intangible income	Donations in kind received for research purposes
Breast cancer	To fund research relating to breast cancer
NCRI Conference funding	To fund cancer conferences organised by Cancer Research UK on behalf of the NCRI
Fredline Research Fund	To fund research into colorectal cancer between 2008/09 and 2009/10
NCRI	To fund the day-to-day running of the National Cancer Research Institute
North East England Research	To fund research carried out in North East England
Children's Cancer Research	To fund research relating to cancer affecting children
CRUK Equipment	To fund the purchase of equipment for in-house and extramural research
Project Fundraising Beatson Appeal	To fund research at the Beatson Institute for Cancer Research
NCRI Informatics	To fund the day-to-day running of the National Cancer Research Institute Informatics Unit
Partner groups at clinical units	To fund research projects at various clinical units. Income is raised jointly and is divided between the Charity and the partner hospital
War on Cancer	To fund cancer research carried out at the University of Bradford
The Gibb Research Fellowship Endowment Fund	To fund fellowships and/or studentships for cancer research
Nuffield Fellowship Foundation	To fund research work and study into the treatment and cure of cancer by radiobiology
Endowment funds	The income from endowment funds may be spent on research of fellowships, depending on the terms of each individual endowment
The Beatson Institute for Cancer Research	To fund research projects and investigation into the causes, mechanisms and treatment of cancer

27. Unrestricted funds

a) Group

	Fixed asset fund £000	Research expansion fund £000	Designated funds £000	Free reserves £000	Pension deficit £000	Total unrestricted funds £000
Funds/(deficit) at 1 April 2007	72,294	11,000	83,294	46,715	(7,949)	122,060
Net incoming/(outgoing) resources before transfers	(11,287)	-	(11,287)	4,056	8,353	1,122
Capital expenditure	28,094	-	28,094	(28,094)	-	-
Net losses on investments	-	-	-	(25,388)	-	(25,388)
Net gains on associate	-	-	-	288	-	288
Actuarial losses on pensions	-	-	-	-	(4,923)	(4,923)
Transfers between funds	-	(11,000)	(11,000)	10,537	-	(463)
Funds/(deficit) at 31 March 2008	89,101	-	89,101	8,114	(4,519)	92,696

27. Unrestricted funds (continued)

b) Charity

	Fixed asset fund £000	Research expansion fund £000	Designated funds £000	Free reserves £000	Pension deficit £000	Total unrestricted funds £000
Funds/(deficit) at 1 April 2007	72,294	11,000	83,294	40,012	(7,949)	115,357
Net incoming/(outgoing) resources before transfers	(11,287)	-	(11,287)	(3,367)	8,353	(6,301)
Capital expenditure	28,094	-	28,094	(28,094)	-	-
Net losses on investments	-	-	-	(24,370)	-	(24,370)
Actuarial losses on pensions	-	-	-	-	(4,923)	(4,923)
Transfers between funds	-	(11,000)	(11,000)	10,537	-	(463)
Funds/(deficit) at 31 March 2008	89,101	-	89,101	(5,282)	(4,519)	79,300

Designated funds

These are designated by the Trustees. The fixed assets fund represents the Charity's investment in fixed assets. The research expansion fund was designated to pay for the expected capital costs of plans for new research facilities and cancer research centres around the country. The balance in this fund was released during the year.

Free reserves

Included within free reserves are the following amounts: revaluation reserve relating to cumulative net unrealised losses on revalued investments of £7,333,000 (2007: £28,881,000 cumulative net gain); and undistributed profits from trading subsidiaries of £6,504,000 (2007: £4,420,000).

28. Analysis of net assets between funds

a) Group

	Free reserves £000	Designated funds £000	Pension deficit £000	Restricted funds £000	Endowment funds £000	Total £000
Fixed assets						
Tangible fixed assets	2,679	89,101	-	6,208	-	97,988
Investments	218,817	-	-	2,513	8,456	229,786
Goodwill	-	-	-	(7,126)	-	(7,126)
	221,496	89,101	-	1,595	8,456	320,648
Current assets						
Stock	1,998	-	-	-	-	1,998
Debtors	44,564	-	-	1,553	-	46,117
Cash at bank	39,558	-	-	11,118	-	50,676
	86,120	-	-	12,671	-	98,791
Creditors						
Amounts due within one year	(202,273)	-	-	(2,835)	(2,589)	(207,697)
Net current liabilities	(116,153)	-	-	9,836	(2,589)	(108,906)
Total assets less current liabilities	105,343	89,101	-	11,431	5,867	211,742
Creditors						
Amounts due after one year	(95,055)	-	-	-	(2,061)	(97,116)
Provisions for liabilities and charges	(2,174)	-	-	-	-	(2,174)
Provision for pension liability	-	-	(4,519)	-	-	(4,519)
Total net assets	8,114	89,101	(4,519)	11,431	3,806	107,933

Notes to the Accounts (continued)

28. Analysis of net assets between funds (continued)

b) Charity

	Free reserves £000	Designated funds £000	Pension deficit £000	Restricted funds £000	Endowment funds £000	Total £000
Fixed assets						
Tangible fixed assets	-	89,101	-	-	-	89,101
Investments	217,063	-	-	-	1,524	218,587
	217,063	89,101	-	-	1,524	307,688
Current assets						
Stock	490	-	-	-	-	490
Debtors	46,822	-	-	-	-	46,822
Cash at bank	24,281	-	-	4,778	-	29,059
	71,593	-	-	4,778	-	76,371
Creditors						
Amounts due within one year	(196,677)	-	-	-	-	(196,677)
Net current liabilities	(125,084)	-	-	4,778	-	(120,306)
Total assets less current liabilities	91,979	89,101	-	4,778	1,524	187,382
Creditors						
Amounts due after one year	(95,087)	-	-	-	-	(95,087)
Provisions for liabilities and charges	(2,174)	-	-	-	-	(2,174)
Provision for pension liability	-	-	(4,519)	-	-	(4,519)
Total net assets	(5,282)	89,101	(4,519)	4,778	1,524	85,602

29. Funding committee members receiving grants

Scientists who served on grant-making committees and led research projects that were in receipt of grant funding from the Group during the year are set out below by institution of employment.

Imperial College London	Professor M J Seckl, Professor E O Aboagye
Manchester Royal Infirmary	Professor N J Bundred
Medical Research Council	Professor M Seymour
Newcastle University	Professor H Calvert, Professor D R Newell, Dr E R Plummer, Professor R J Griffin
Paterson Institute for Cancer Research	Dr C M L West
Queen Mary, University of London	Professor N R Lemoine, Professor B Young, Professor J G Gribben, Professor S J Mather
Royal Free & University College Medical School	Professor J Wardle, Professor J A Hartley
Royal Marsden Hospital	Professor G Morgan
South Wales West Cancer Institute	Professor R C F Leonard
St George's Hospital Medical School	Professor J R Griffiths
The Churchill Hospital	Professor A L Harris
The Institute of Cancer Research	Professor P Workman, Professor A Horwich, Professor J M Bliss, Professor K Pritchard-Jones, Professor J Yarnold, Professor R M Marais, Professor I Judson, Professor M Olson, Dr R A Eeles

29. Funding committee members receiving grants (continued)

The Queen's University of Belfast	Dr R H Wilson
The School of Pharmacy	Professor D Thurston
The University of Birmingham	Professor K K Cheng, Professor P A H Moss, Dr C J Poole, Dr L J Billingham
The University of Dundee	Professor I S Näthke, Professor D Lane, Professor E B Lane
University College London	Professor A Ridley, Dr A Tutt
University of Bath	Dr L Bauld
University of Cambridge	Dr P D P Pharoah, Professor G H Williams, Dr J D Brenton, Professor S Sutton
University of Edinburgh	Professor D Jodrell
University of Exeter	Professor C Moody
University of Glasgow	Professor J Cassidy, Professor S B Kaye, Professor T R J Evans, Dr K A Oien, Professor R J White, Professor R Brown
University of Leeds	Professor J Brown, Professor D Forman
University of Leicester	Professor W Steward, Professor D R Critchley
University of Manchester	Professor G Jayson, Professor J Radford, Professor I M Hagan, Dr N Burnet, Professor T Eden
University of Nottingham	Dr P M Fischer, Dr T J Coleman
University of Oxford	Dr M Middleton, Professor A B Hassan
University of Southampton	Professor P W M Johnson, Professor C Ottensmeier, Professor J Primrose, Professor M Glennie, Professor T M Illidge
University of St Andrews	Professor R T Hay
University of York	Professor E Roman
Velindre NHS Trust	Professor T S Maughan
Weston Park Hospital	Professor R E Coleman, Professor P J Woll

Of the scientists above, those who headed projects that received grant commitments in excess of £1.5 million in the year are:

		£000
The Institute of Cancer Research	Professor P Workman	6,641
The Churchill Hospital	Professor A L Harris	2,783
Newcastle University	Professor H Calvert	2,432
The Institute of Cancer Research	Professor A Horwich	1,592
Newcastle University	Professor D R Newell	1,582
University of Southampton	Professor P W M Johnson	1,556

Scientists who serve on the Group's grant-making committees may not participate in any decisions that relate to funding either of research projects where they have an interest, or of their institutions.

Professor Sir David Lane was appointed as Cancer Research UK's first Chief Scientist in April 2007. He formally took up the new post in January 2008, having spent time with the Charity throughout 2007 after his appointment. Professor Sir David Lane is a member of both the Charity's Executive and Scientific Executive Boards and is also a fellow of The Gibb Research Fellowship Endowment Fund.

Professor Herbie Newell, Interim Executive Director, Clinical & Translational Research and Research Strategy is a member of both the Charity's Executive and Scientific Executive Boards.

Professor Peter Johnson, Chief Clinician, is a member of both the Charity's Executive and Scientific Executive Boards and is also a Life Fellow of Cancer Research UK.

Notes to the Accounts (continued)

30. Financial instruments

The unrecognised losses on hedged currency balances held at 31 March 2008 were £nil (2007: £nil). Deferred losses on financial instruments used for hedging were £nil (2007: £nil).

31. Pensions

a) Pension schemes accounted for as defined benefit schemes

During the year the Group operated two defined benefit pension schemes – the Cancer Research UK Pension Scheme and the Cancer Research Campaign Pension Plan (CRC Pension Plan). Both schemes were funded and the pension scheme assets are held separately from those of the Group. Actuarial valuations for both schemes were last carried out as at 31 March 2006.

These schemes were merged with effect from 1 February 2008. The merged scheme is known as the Cancer Research UK Pension Scheme. This merger will reduce the administrative costs of pension provision for Cancer Research UK employees.

Cancer Research UK Pension Scheme

Since 1 January 2007, the Charity has contributed to the Scheme at a rate of 18.9% of active members' salaries, 2.5% of salaries for stakeholder members and 0.3% of salaries for members covered for death benefits only. The Charity has made additional contributions of £5.4 million for the year to 31 March 2008, and is committed to paying £2.6 million for the year from 1 April 2008 to 31 March 2009.

CRC Pension Plan

This plan is closed to new members. From 1 January 2007, the Charity contributed to the scheme at a rate of 25.4% of active members' salaries. The Charity made additional contributions of £1 million in the year to 31 March 2008.

Principal annual actuarial assumptions used

The results of the 2007 valuations of the schemes were rolled forward by independent consulting actuaries to 31 March 2008 using the assumptions set out below:

	Year to 31 March		
	2008	2007	2006
Rate of increase in salaries (excluding promotional scale)	5.2%	4.7%	4.5%
Rate of increase to LPI pensions in payment	3.6%	3.2%	2.9%
Discount rate for scheme liabilities	6.2%	5.4%	5.0%
Inflation assumption	3.7%	3.2%	3.0%

The demographic assumptions have been taken to be the same as those adopted for the funding valuation, except in relation to post-retirement mortality and allowance for commutation. The post-retirement mortality assumption uses the '92 series' standard mortality tables based on a year of use of 2008 with Medium Cohort improvements and underpins of 1% per annum. The assumptions are that a member who retires immediately at age 65 will live on average for a further 22.4 years after retirement if they are male and for a further 25.5 years after retirement if they are female.

31. Pensions (continued)

Analysis of movement in deficit in schemes during the year

	2008 £000	2007 £000
Deficit as at 1 April 2007	(7,949)	(37,175)
Current service cost charged to the SOFA	(9,367)	(10,415)
Other finance income credited to the SOFA	2,385	1,252
Curtailments	(1,900)	-
Total actuarial (losses)/gains	(4,923)	25,105
Contributions	17,235	13,284
Deficit as at 31 March 2008	(4,519)	(7,949)
Where other finance income/(cost) credited/(charged) to the SOFA comprises:		
Expected return on assets	18,450	16,784
Interest on liabilities	(16,065)	(15,532)
	2,385	1,252

Analysis of actuarial gains and losses recognised in the SOFA

Actual returns less expected returns on assets	(19,913)	(2,900)
Experience (losses)/gains on liabilities	(400)	16,552
Changes in assumptions underlying the present value of liabilities	15,390	11,453
Actuarial (losses)/gains recognised in SOFA	(4,923)	25,105

Historical analysis of actuarial gains/(losses) recognised in the SOFA

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Cancer Research UK Pension Scheme					
Actual return less expected return on assets	(19,913)	(2,900)	34,018	10,874	19,023
Percentage of assets at the balance sheet date	(6.9%)	(1.0%)	12.6%	5.0%	11.0%
Experience gains and losses arising on liabilities	(400)	16,552	325	902	(4,278)
Percentage of liabilities at the balance sheet date	(0.1%)	5.5%	0.1%	0.4%	(1.9%)
Total amounts of gains and losses recognised	(4,923)	25,105	1,444	(4,485)	(15,963)
Percentage of liabilities at the balance sheet date	(1.7%)	8.3%	0.5%	(1.8%)	(7.2%)

Fair value of assets and present value of liabilities in the schemes

	At 31/03/08 £000	At 31/03/07 £000	At 31/03/06 £000	At 31/03/05 £000
Cancer Research UK Pension Scheme				
Equities	162,321	171,045	160,226	132,954
Government bonds	93,311	88,052	85,322	59,300
Corporate bonds	31,907	30,926	23,084	18,763
Cash	2,511	2,916	1,997	2,251
Total market value of assets	290,050	292,939	270,629	213,268
Present value of liabilities	(294,569)	(300,888)	(307,804)	(255,947)
Deficit in scheme	(4,519)	(7,949)	(37,175)	(42,679)

As a result of the merger of the Cancer Research UK Pension Scheme and the Cancer Research Campaign Pension Plan (CRC Pension Plan), disclosures have been made in total as this is considered to be the most useful in accordance with FRS17 – Retirement Benefits.

Notes to the Accounts (continued)

31. Pensions (continued)

Long-term expected rates of return on plan assets at the balance sheet date

Cancer Research UK Pension Scheme	At 31/03/08 £000	At 31/03/07 £000	At 31/03/06 £000	At 31/03/05 £000
Equities	7.75%	8.00%	7.30%	7.70%
Government bonds	4.60%	4.70%	4.30%	4.70%
Corporate bonds	5.75%	5.20%	4.70%	5.20%
Cash	4.60%	4.70%	4.30%	4.70%

Pensions payable by annuities held with Prudential have been excluded from the assets and liabilities of the Cancer Research UK Pension Scheme since the value of these annuities (which is between £0.5m and £1m) equals the value of the pension liabilities they cover under FRS17. Also, as the future return on these annuities is assumed to be equal to the discount rate when calculating the value of the corresponding pension liabilities, this has no impact on the pension charge to the SOFA.

(b) Pension schemes accounted for as defined contribution schemes

(i) Cancer Research UK Stakeholder Pension Plan

New employees are entitled to join the Cancer Research UK Stakeholder Pension Plan, which is a defined contribution plan. Employer contributions to the Cancer Research UK Stakeholder Pension Plan vary depending on the age of the employee and the employee's own contributions.

(ii) NHS Pension Scheme

The NHS Pension Scheme, of which 13 employees were members at 31 March 2008 (2007: 21), is a statutory unfunded multi-employer defined benefit scheme. As this is a 'pay as you go' scheme, it is accounted for on a defined contribution basis. Employer's contribution rates increased to 14% from 1 April 2004.

(iii) Scottish NHS Pension Scheme

The Scottish NHS Pension Scheme, of which 37 employees were members at 31 March 2008 (2007: nil), is a statutory unfunded multi-employer defined benefit scheme. As this is a 'pay as you go' scheme, it is accounted for on a defined contribution basis. Employer's contribution rates are assessed every five years by the actuary, the current employer's rate being 14%.

(iv) Universities Superannuation Scheme

The Universities Superannuation Scheme, of which 129 employees were members at 31 March 2008 (2007: 8), is an externally funded multi-employer defined benefit scheme. As the Group is unable to identify its share of the underlying assets and liabilities, this scheme is accounted for on a defined contribution basis. The latest actuarial valuation of the scheme was at 31 March 2005 and at that date the assets were sufficient to cover 77% of the benefits that had accrued to members.

All of the pension schemes, with the exception of the Cancer Research UK Stakeholder Pension Plan Scheme, are contracted out of the State Second Pension (S2P).

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

	2008 Rate	2008 £000	2007 Rate	2007 £000
Cancer Research UK Stakeholder Pension Plan	1-14%	1,135	1-14%	817
NHS Pension Scheme	14%	(11)	14%	123
Scottish NHS Pension Scheme	14%	126	-	-
Universities Superannuation Scheme	14%	554	14%	39
Defined contribution pension charge in the SOFA		1,804		979

31. Pensions (continued)

Contributions that were outstanding at the year end in respect of these schemes amounted to:

	2008 £000	2007 £000
NHS Pension Scheme	11	17
Defined contribution pension contributions outstanding at the year end	11	17

32. Consolidated cash flow

	Group 2008 £000	Group 2007 £000
a) Net cash (outflow)/inflow from operating activities		
Net incoming/(outgoing) resources	786	(85,530)
Adjustments to exclude investment income and non-cash items		
Investment income	(13,858)	(14,103)
Depreciation charge for the year	11,598	8,225
Impairment of tangible fixed assets	-	1,235
Loss on disposal of tangible fixed assets	1,047	557
Increase in negative goodwill	7,126	-
Decrease in stock	258	167
(Increase) in debtors	(12,498)	(2,852)
(Decrease)/Increase in creditors	(6,448)	150,905
(Decrease)/Increase in provision for liabilities and charges	(278)	645
Adjustment for FRS 17 Pension Funding	(8,353)	(4,121)
Net cash (outflow)/inflow from operating activities	(20,620)	55,128
b) Decrease in cash and short term deposits		
Cash and short term deposits at 1 April 2007	60,259	62,184
Decrease in short term deposits	(31,400)	(4,900)
Increase in cash	21,817	2,975
Decrease in cash and short term deposits	(9,583)	(1,925)
Cash and short term deposits at 31 March 2008	50,676	60,259
Cash and short term deposits at 31 March 2008 include the Charity's share of the £16.1 million balance payable on completion of the UKCMRI site purchase, which was held on trust by the Wellcome Trust.		
c) Cash outflow from charitable activities	(368,451)	(291,070)

33. Post Balance Sheet Events

On 15 April 2008 the purchase of Piramed Ltd by Roche was announced at a price of US\$160 million with a further US\$15 million to follow pending successful entry into a Phase 2 clinical study. Cancer Research Technology Ltd held 243,285 ordinary shares in Piramed Ltd at 31 March 2008 and is expecting to receive approximately US\$2.5 million for the sale of its equity whilst retaining a small royalty on future product sales. The first payment of US\$1.9 million was received in May 2008 with the balance being held in escrow and released in a number of tranches through to 2013.

Subsequent to the year end, investments in The Gibb Research Fellowship Endowment Fund were liquidated, realising £1.3 million to help settle inter-group balances due to Cancer Research UK.

The UKCMRI site purchase was completed in June 2008.