



## THE ROY CASTLE LUNG CANCER FOUNDATION

### REPORT AND FINANCIAL STATEMENTS

**31 December 2006**

Company Registration No: 3059425

Registered Charity No: 1046854

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**Reference and administrative details**

Charity number: 1046854  
Company number: 3059425  
Principal Office: 200 London Road, Liverpool, L3 9TA

Directors and Trustees

The directors of the charitable company (the Charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Chairman: Sir Philip D Carter  
Founder and President: Professor Raymond J Donnelly  
Jim E Couton  
Dr David J Dunlop  
Alastair Gould  
Professor Frank Sanderson  
Lord Faulkner of Worcester  
Barbara Elliot  
Dame Gill Oliver  
Judith Fordham (appointed 28 Jan 2007)  
Sharron Heginbottom (appointed 29 Jan 2007)

Company secretary: Mike Unger

Senior Management

Chief Executive: Mike Unger  
Research: Professor John K Field  
Development: Paul Gauntlett  
Medical: Dr Jesme Fox  
Patient Care: Joyce Dunlop  
Management Services: Paula Chadwick  
Tobacco Control: Christine Owens  
Finance: Mike Grundy  
Retail: Pat Tisdale  
IT: Asaf Niaz

Professional Advisers

Auditors: Baker Tilly UK Audit LLP  
Number One Old Hall St,  
Liverpool, L3 9SX

Solicitors: Brabners Chaffe Street  
Horton House, Exchange Flags  
Liverpool, L2 3YL

Bankers: Barclays Bank plc  
Liverpool City Business Centre, Lord St  
Liverpool, L2 1TD

Investment: Rathbones  
Port of Liverpool Buildings  
Pier Head

Liverpool, L3 1NW

## **Structure Governance and Management**

### Governing document

The Roy Castle Lung Cancer Foundation (the Foundation) is a company limited by guarantee governed by its Memorandum and Articles of Association. The company is registered as a charity with both the Charity Commission and the Scottish Charity Regulator.

### Appointment of trustees

The Nominations Committee chaired by the Chairman of the Board or any nominee of the Chair will ensure that individuals with the appropriate skills are available to replace trustees as they retire. They will evaluate the credentials of names put to them and seek to identify candidates themselves. After a full evaluation and with approval of the Board of Trustees the Nominations Chair will approach the prospective trustee. The potential trustee will begin an induction period of three months before formal appointment by members by ordinary resolution.

Trustees will sit for a three year period before being eligible for re-election. Unless there are specific and special circumstances no trustee shall sit for more than two consecutive periods. The Chair and deputy Chair shall stand for re-election at each annual meeting. A trustee will be appointed to liaise with the Head of Finance to discuss financial issues and be responsible for advising the Board of Trustees on financial matters.

### Trustee induction and training

All potential trustees receive an introductory pack about the Foundation and the duties and responsibilities of a trustee. They will also have an induction programme which will include visiting Foundation sites and meeting staff in all the core areas of work. An existing trustee will be appointed as a mentor to assist the potential trustee during the introductory period.

### Organisation

The board of trustees administers the Charity and comprises of 11 members that meets six times a year. The board has established four formally constituted committees each with specific terms of reference and functions; Audit, Employment, Grants and Nominations. The final decision on all matters remains with the board.

The Audit Committee supports the Chief Executive and the Head of Finance in preparing for the annual audit.

The Employment Committee is responsible for approval of pay and conditions of staff and Chief Executive and resolution on health and safety issues.

The Grants Committee is responsible for considering all applications for grants and making recommendations to the Board. The committee also monitors the performance of all external research activities and reports to the Board.

The Nominations Committee is responsible for the recruitment and training of new trustees.

A Chief Executive is appointed by the trustees to be responsible for the executive management and its day to day direction in line with the strategic plan.

Related parties

The Charity has four wholly owned subsidiaries Roy Castle Retail Ltd, Roy Castle Trading Ltd, Roy Castle Clean Air Ltd and Roy Castle Patient Care Ltd.

Roy Castle Retail Ltd was established on 27 July 1998 to operate as a trading retail company in order to raise funds for charitable purposes.

Roy Castle Trading Ltd was established on 19 January 2000 to operate as a trading promotional company in order to raise funds for charitable purposes.

Roy Castle Clean Air Ltd was established on 20 March 2006 to operate as a trading smoking cessation service provider company under the brand 'Roy Castle Fag Ends'.

Roy Castle Patient Care Ltd was established on 9 March 2007 to operate as a trading lung cancer care company in order to raise funds for a new patient care centre of excellence.

Risk management

The trustees have a risk management strategy to assess business risks and to mitigate those risks. The strategy comprises:

- an annual review of risks the Charity may face, prioritising them in terms of potential impact and likelihood of occurrence and
- systems and procedures to mitigate those risks identified in the plan and to minimise potential impact on Charity.

## Objectives and activities

### Charity objects

The objects of the Foundation are to:

- promote and fund research into the causes, prevention and treatment of lung cancer
- develop and support health promotion programmes designed to prevent the onset of lung cancer
- provide amenities intended to improve the quality of life of the patients and their relatives.

### Charity aims

The Foundation's vision is to defeat lung cancer. The Foundation is the only charity in the UK dedicated to defeating lung cancer, the biggest cancer killer in the world. The Foundation's aims are to:

- work towards defeating lung cancer through research, campaigning and education
- provide practical and emotional support for patients and all those affected by lung cancer
- enable children and young people to make informed decisions about smoking and the tobacco industry.

### Charity objectives

The Foundation's objectives are to:

- fund ground breaking **research** into the early detection of lung cancer
- improve public health by reducing the use of and exposure to tobacco products for the **prevention** of lung cancer
- provide practical and emotional **support** through the Patient Care division for people affected by lung cancer.

### Charity strategies

The strategies employed to achieve the Foundation's objectives are to:

- work in partnership with other organisations and to develop long term relationships in order to facilitate research, prevention and support for lung cancer
- campaign for change in funding for: early detection of lung cancer; improvement of lung cancer services; and change in policy towards tobacco
- encourage and support smokers to quit and to protect the public and particularly children from the harmful effects of tobacco
- engage with children and young people to give information about the dangers of smoking and also to give them an opportunity to make a positive contribution.

### Charity activities

The three major areas of activity are: research; prevention; and support.

The Foundation's **research** programme, led by Professor John Field, carries out the following two main studies:

#### *Early Detection Programme*

Our scientists are currently researching new and improved methods for detecting early lung cancer before clinical symptoms are identified. Early diagnosis dramatically increases lung cancer survival rates.

### *Liverpool Lung Project*

The Liverpool Lung Project is a 10 year population based study which aims to identify lung cancer risk factors. This will help to detect those who are at risk of developing lung cancer before they have symptoms of the disease. More than 7,500 people have taken part in this study.

The Foundation's **prevention** work is led by the Tobacco Control division. This is done by helping smokers to quit, helping to prevent young people from starting to smoke, lobbying, campaigning and working with partners both locally and nationally to protect people from second hand smoke.

### *Campaigning and lobbying for change*

The Foundation is at the forefront of lobbying and campaigning for change in policy towards tobacco. Past examples of this are the work to introduce a ban on advertising of tobacco and more recently the work to ensure that the whole of the UK is now covered by the comprehensive smoke-free legislation.

### *Stop smoking support*

Roy Castle Fag Ends has been providing stop smoking support within the community in Liverpool. This service provides the specialist smoking cessation service for Liverpool and Knowsley. The Fag Ends free telephone helpline supports people during their quit attempt and to refer people across Merseyside to their local stop smoking service.

### *Youth smoking prevention*

- *Liverpool Longitudinal Smoking Study*

This unique study, run by Liverpool John Moores University, aims to identify and explain children's attitudes towards smoking. This is being achieved by researching children's knowledge of smoking, monitoring smoking behaviours and tracking how these change over time.

- *Kids Against Tobacco Smoke (KATS) educational website*

The Foundation launched an interactive website for children aged 8-14 years in 2000. This website aims to get information to young people about the dangers of smoking in using a medium with which they are increasingly familiar with.

- *Anti Tobacco Youth Campaign (ATYC)*

The Foundation has set up a Tobacco Action Group, a group run by young people for young people. It aims to give young people a voice, an opportunity to express their opinions and ideas and make a positive contribution to the development and management of local and national projects on adolescent smoking prevention and cessation.

- *The National Clean Air Award*

This prestigious workplace health award is the only national smoke-free place award. It supports employers and those working to support employers, to implement an effective smoke-free policy and recognises this achievement.

- *Health Awareness in the Workplace*

The programme will deliver health awareness messages in the workplace with the aim of helping employees to improve their lifestyles and be more aware of the risks and signs of lung cancer.

The Foundation's **support** work is led by the Patient Care division. This is done by providing practical and emotional support for people affected by lung cancer.



### *Support*

The Foundation's information and support groups meet monthly and provide an opportunity for people affected by lung cancer to come along and chat with others in a similar position, learn more about lung cancer issues and meet with local lung cancer nurse specialists.

### *Information*

The Foundation's helpline provides people affected by the disease with lung cancer information and access to local cancer support services.

A variety of patient-focussed information booklets, covering a variety of lung cancer issues are available free of charge to people affected by lung cancer.

The Foundation's website provides detailed on-line cancer information.

### *Advocacy*

The Foundation's lung cancer awareness initiatives help raise the profile of lung cancer by encouraging the general public to recognise the signs and symptoms of lung cancer and by campaigning for improvements in lung cancer patient care.

The Roy Castle Patient Involvement Programme provides a voice for lung cancer by supporting people affected by the disease, enabling them to help influence and improve lung cancer services.

## **Achievements and Performance**

### Charitable activities

Highlighted below are some of the Foundation's charitable achievements in 2006:

- *The Liverpool Lung Project*

The project reached its target of 7,500 participants in June 2006. Each year up to 1,500 from the 7,500 identified as being at high risk will be recalled for further investigation.

- *New Discovery*

The Foundation's researchers have recently discovered the involvement of a new gene in lung cancer called Cytoglobin. They demonstrated that the expression of this gene in lung cancer was significantly reduced in tumour tissue compared to normal lung tissue. These results are now being used to investigate the role of Cytoglobin expression and/or methylation as an early biomarker for lung cancer diagnosis and prognosis.

- *The Liverpool Longitudinal Study in Smoking*

In 1995 researchers began following 250 children from six Merseyside primary schools from their Reception Classes through to Year 6. This phase of the research was completed in 2001. The next phase fieldwork of following the group through secondary schools was completed in 2006.

- *Roy Castle Fag Ends*

Following the success of Roy Castle Fag Ends in Liverpool and Cheshire, in October 2006 Roy Castle Fag Ends entered into partnership with Knowsley PCT and Knowsley Council, part of which involves the provision of Fag Ends stop smoking services in Knowsley. Already the partnership is proving successful with cessation targets for the first quarter being exceeded.

- *ATYC*

The Anti-Tobacco Youth Campaign (ATYC) was launched on World No Tobacco Day 2006. Since its launch, an innovative dual style website, designed with young people has received

more than 107,238 hits. Young people have also participated in the development of a game for the site, which will show the ageing effects of smoking.

- *A Smokefree UK*

The culmination of years of campaigning by the Foundation for smoking to be prohibited in public resulted in the whole of UK getting smokefree legislation covering the majority of public and workplaces by July 2007.

- *Women Against Lung Cancer Campaign*

One of the biggest campaigns in the Foundation's history was launched in September 2006, Women Against Lung Cancer fronted by Dame Judi Dench. The campaign aims to mobilise women to fight for justice and ensure that lung cancer research and patient care are given a fair share of resources.

- *Lung Cancer Patients' Charter*

The three point Patients' Charter initiated by The Roy Castle Lung Cancer Foundation and Macmillan Cancer Support, challenges government to address these inadequacies by setting out the minimum standards of care lung cancer patients should expect to receive. It was presented to the Health Minister, Rosie Winterton, in February 2006.

- *Lung Cancer Awareness Month*

Pioneered in the UK by The Roy Castle Lung Cancer Foundation and now in partnership with Macmillan Cancer Support, Lung Cancer Awareness Month entered its sixth year in November 2006. It aims to inform, raise awareness and support patients with lung cancer.

- *New Patient Care Centre of Excellence*

The Foundation has had an ambition for many years to establish a UK centre of excellence dedicated to lung cancer patients, carers and health professionals. The year ended with the news that the international golfer Colin Montgomerie OBE intends to join forces with the Foundation in memory of his mother Elizabeth.

## **Financial Review**

### Charitable expenditure

Total charitable expenditure for 2006 was £1,906k (2005: £1,825k) up 4% from the previous year due to expansion in the Foundation's prevention and support activities.

Prevention expenditure has increased by 13% to £853k in 2006 due to a new partnership between Roy Castle Fag Ends and Knowsley PCT and Knowsley Council to provide Fag Ends stop smoking services in Knowsley.

Support expenditure has increased by 21% to £251k in 2006 due to the appointment of a new Director of Patient Care to enable the Medical Director to focus on participation on key health strategy setting bodies, developing patient information and collaboration with other health professionals.

Research charitable grants for both the University of Liverpool (Liverpool Lung Project) and John Moores University (Liverpool Longitudinal Study in Smoking) remained constant at £644k and £88k respectively.

### Income and funding

Total income from generated funds and charitable activities for 2006 was £3,039k (2005: £2,549k) up 19% on prior year. Voluntary income was £931k up 44% on the previous year (2005: £648k), generated funds income was £1,034k up 17% on the year before (2005: £882k) and charitable activities income was £969k up 7% on prior year (2005: £908k).

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**TRUSTEES' REPORT**  
Year ended 31 December 2006

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Voluntary income growth is driven by Legacy generation at £461k (2005: £279k). Generated funds income growth is due to both Retail income at £660k (2005: £604k) and Fundraising events income at £365k (2005: £272k). A new retail outlet was opened in Old Swan in April 2006

generating a further £73k income in eight months. Fundraising events income growth was due mainly to an increase in Community event proceeds.

Charitable activities income growth is driven by the Tobacco Control division at £803k (2005: £591k). As described in Charitable expenditure above, a new partnership was created in 2006 between Roy Castle Fag Ends and Knowsley PCT and Council to provide smoking cessation services to Knowsley.

Within charitable activities income is £172k of grant funding which is mainly from charitable trusts and statutory bodies.

#### Fundraising

The cost of generating funds in 2006 has increased by £69k to £1,152k. An increase in costs is driven by retail as described above.

Fundraising costs have been strictly managed with both cost of generating voluntary income at £314k (2005: £304k) and fundraising events at £148k (2005: £147k) remaining in line with the previous year.

#### Investments

The Charity holds £835k in listed investments that generated an income of £106k in the year (2005: £111k) and due to improvement in the UK stock market a gain of £91k on investments.

An independent stockbroker manages the investments within defined areas. The stockbrokers have been instructed not to invest in tobacco related companies and other socially unacceptable companies. The current investment policy of the trustees is to hold a large proportion of surplus assets of the Foundation in cash and near cash to ensure a stable platform for the organisations continued activities.

#### Reserves

The trustees have adopted a reserves policy which they consider appropriate to ensure the continued ability of the Charity to meet its objectives.

During the year the trustees reviewed the reserves policy which concluded that to allow the Foundation to be managed efficiently a general reserve, excluding investments, tangible fixed assets, equivalent to approximately one year's unrestricted expenditure is required together with the financial commitments not accrued in the financial statements.

As at 31 December 2006 the actual unrestricted reserves less tangible fixed assets is £2million which is lower than the calculated ideal level of reserves of £2.2million. However, the listed investments and cash held at the balance sheet date is £2.2million hence the trustees are satisfied that the Charity can meet its funding commitments.

#### **Plans for future periods**

The Foundation has ambitious plans for the future to build upon its achievements. The Foundation will continue funding research, prevention and support objectives with a total 2007 budgeted spend of £3.7million including more than £2 million on charitable activities. Future activities include:

- founding a new Glasgow based UK centre of excellence dedicated to lung cancer patients, carers and health professionals. The Charity is currently carrying out a feasibility

study and will consult extensively to determine the precise nature of the centre which will be a world leader.

- expansion of Roy Castle Fag Ends smoking cessation services including a new partnership with Halton PCT.
- further funding of Liverpool Lung Project and Liverpool Longitudinal Study Project.

#### **Statement of trustees' responsibilities**

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of its surplus or deficit for that period. In preparing these financial statements, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement as to disclosure of information to auditors**

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **Auditors**

The trustees, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

#### **Staff**

We would like to pay tribute to the entire Foundation staff who continue to show considerable enthusiasm and commitment.

#### **Partners and supporters**

We would like to record a sincere thanks to all our partners and supporters who have helped the Charity in any way this year

#### **On behalf of the trustees**

Sir Philip D Carter CBE  
Chairman 2007

We have audited the financial statements on pages 11 to 28

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The responsibilities of the trustees (who are also the directors of The Roy Castle Lung Cancer Foundation for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and group as at 31 December 2006 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP  
Registered Auditor  
Chartered Accountants  
Number One Old Hall Street  
Liverpool

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
Year ended 31 December 2006

		Unrestricted Funds 2006 £	Restricted Funds 2006 £	Total 2006 £	Restated Total 2005 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	931,093	-	931,093	648,451
Activities for generating funds					
Sale of donated & bought-in goods	2	659,706	-	659,706	603,526
Fundraising events & other income	2	374,146	-	374,146	277,792
Investment income	2	105,749	-	105,749	110,713
<b>Incoming resources from charitable activities</b>					
Research	3	-	109,041	109,041	202,296
Prevention	3	717,471	85,086	802,557	590,786
Support	3	18,545	38,610	57,155	114,996
<b>Total incoming resources</b>		<b><u>2,806,710</u></b>	<b><u>232,737</u></b>	<b><u>3,039,447</u></b>	<b><u>2,548,560</u></b>
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Cost of generating voluntary income	4	313,640	-	313,640	304,088
Fundraising trading					
Sale of donated & bought-in goods	4	667,773	-	667,773	609,457
Fundraising events	4	147,695	-	147,695	146,538
Investment management costs	4	23,118	-	23,118	23,225
		<b><u>1,152,226</u></b>	<b><u>-</u></b>	<b><u>1,152,226</u></b>	<b><u>1,083,308</u></b>
<b>Cost of charitable activities</b>					
Research	4	661,100	140,948	802,048	860,927
Prevention	4	778,883	74,508	853,391	757,823
Support	4	183,946	66,763	250,709	206,610
<b>Total charitable expenditure</b>		<b><u>1,623,929</u></b>	<b><u>282,219</u></b>	<b><u>1,906,148</u></b>	<b><u>1,825,360</u></b>
Governance costs	6	40,832	-	40,832	48,995
<b>Total resources expended</b>		<b><u>2,816,987</u></b>	<b><u>282,219</u></b>	<b><u>3,099,206</u></b>	<b><u>2,957,663</u></b>
<b>Net outgoing resources</b>		<b><u>(10,277)</u></b>	<b><u>(49,482)</u></b>	<b><u>(59,759)</u></b>	<b><u>(409,103)</u></b>
Other recognised gains		90,841	-	90,841	101,363
<b>Net movement of funds</b>		<b><u>80,564</u></b>	<b><u>(49,482)</u></b>	<b><u>31,082</u></b>	<b><u>(307,740)</u></b>
<b>Fund balances brought forward</b>		<b><u>2,084,922</u></b>	<b><u>195,231</u></b>	<b><u>2,280,153</u></b>	<b><u>2,587,893</u></b>
<b>Fund balances carried forward</b>		<b><u>2,165,486</u></b>	<b><u>145,749</u></b>	<b><u>2,311,235</u></b>	<b><u>2,280,153</u></b>

All the above results derive from continuing activities.

All gains and losses recognised in the year are included above.

The notes on pages 14 to 28 form part of these accounts.

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**BALANCE SHEETS**  
Year ended 31 December 2006

	Notes	Group		Charity	
		2006 £	2005 £	2006 £	2005 £
<b>Fixed assets</b>					
Tangible assets	11	181,381	114,974	47,318	44,676
Investments	12/13	835,462	733,137	965,060	862,729
		<u>1,016,843</u>	<u>848,111</u>	<u>1,012,378</u>	<u>907,405</u>
<b>Current assets</b>					
Stock		34,844	30,260	3,057	2,754
Debtors	14	383,970	257,050	360,505	238,635
Cash at bank and in hand	15	1,434,548	1,631,853	1,378,330	1,629,820
		<u>1,853,362</u>	<u>1,919,163</u>	<u>1,741,892</u>	<u>1,871,209</u>
<b>Creditors:</b> amounts falling due within one year	16	(558,970)	(487,121)	(421,515)	(457,754)
<b>Net current assets</b>		<u>1,294,392</u>	<u>1,432,042</u>	<u>1,320,377</u>	<u>1,413,455</u>
<b>Net assets</b>		<u><u>2,311,235</u></u>	<u><u>2,280,153</u></u>	<u><u>2,332,755</u></u>	<u><u>2,320,860</u></u>
<b>Funds</b>					
Restricted funds	17	145,749	195,231	145,749	195,231
Unrestricted funds:					
- General funds	17	2,187,006	2,125,629	2,187,006	2,125,629
- Non-charitable trading funds	17	(21,520)	(40,707)	-	-
		<u>2,311,235</u>	<u>2,280,153</u>	<u>2,332,755</u>	<u>2,320,860</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 2007

Sir Philip Carter CBE

Chairman

Mike Unger

Chief Executive

The notes on pages 14 to 28 form part of these accounts.

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year ended 31 December 2006

	<b>Notes</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Net cash outflow from operating activities</b>	22	(73,067)	(423,536)
<b>Returns on investments and servicing of finance</b>			
Interest received		105,749	110,713
<b>Net cash outflow from returns on investments and servicing of finance</b>		32,682	(312,823)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(111,829)	(33,902)
Payments to acquire investment assets		(170,627)	-
Proceeds from sale of tangible fixed assets		500	73,784
Proceeds from sale of investment assets		115,451	-
<b>Net cash inflow from capital expenditure and financial investment</b>		(166,505)	39,882
<b>Net cash outflow from financing</b>		-	-
<b>Net decrease in cash</b>	23/24	(133,823)	(272,941)

The notes on pages 14 to 28 form part of these accounts.



## 1 Accounting policies

The principal accounting policies adopted by the trustees are summarised below. The accounting policies have been applied consistently throughout the preceding year.

### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at the market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and applicable accounting standards.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results, assets and liabilities of the subsidiaries are consolidated on a line by line basis.

The financial statements do not include a separate Charity only SOFA or Income and Expenditure Account as permitted by section 230 of the Companies Act 1985 and paragraph 327 of the SORP.

Smoking cessation service activities are included in the Charity financial statements up until 20 March 2006 after this date smoking cessation service activities are included in a subsidiary company Roy Castle Clean Air Ltd.

### (b) Company status

The Charity is a company limited by guarantee governed by its Memorandum and Articles of Association. The company is registered as a charity with both the Charity Commission and the Scottish Charity Regulator.

### (c) Fund accounting

General unrestricted funds represent funds that are available for use at the discretion of the trustees in furtherance of the objectives of the Charity. These funds may be held in order to finance both working capital and capital investment.

Restricted funds represent grants received that are allocated for specific purposes and would be additional to current activities.

### (d) Incoming resources

All income is recognised in the SOFA when the conditions for receipt have been met and there is reasonable assurance of receipt. Where a claim for repayment of income tax has or will be made, such income is grossed up for tax recoverable. The following specific accounting policies are applied to categories of income:

- Receipts from fundraising events organised by the Charity are reported gross and the related fundraising costs are reported in other expenditure.
- Donations and legacies are accounted for when conditions for entitlement have been met. Legacies are recognised at the earlier of estate account being finalised and cash received. Material legacies receivable at the year-end are included at their expected value.
- Grants are recognised in the SOFA when the conditions for entitlement have been met. Where a grant is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued.
- Donated assets are recognised as incoming resources at their estimated market value when receivable. If they form part of the fixed assets at the year-end they are included in the balance sheet at the value at which the gift was included in incoming resources.

**(e) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that activity. Costs that can not be directly attributed to particular headings have been allocated to activities on a basis consistent with use of resources.

Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises.

Cost activities are summarised below:

- Costs of generating funds are expenditure incurred in attracting voluntary income and in trading activities that raise funds.
- Costs of charitable activities are expenditure incurred in performing charitable objectives research, prevention and support.
- Governance costs are expenditure incurred in the governance of the Charity and are primarily associated with constitutional and statutory requirements.
- Support costs including central functions such as general management, HR, IT and Finance, are allocated across activity cost categories on a basis consistent with the use of resources. Cost allocation has been explained in note 5.

**(f) Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation, which is provided in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation applied to all assets are:

Research, office and computer equipment	10% to 25%
Shop leasehold improvements	over period of lease
Shop fixtures and fittings	over period of lease

**(g) Investments**

Listed investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals of investments throughout the year.

**(h) Stock**

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Donated items are not included in the financial statements until they are sold.

**(i) Leases**

Rentals payable under operating leases are charged to the SOFA in equal annual instalments over the period of the lease

**(j) Branch offices**

The Charity carries out some activities through offices that use the same name as the Charity, raise funds for the Charity and receive support from the Charity through advice and publicity materials. All transactions are accounted for gross in the accounts and all assets and liabilities are included in the Charity's balance sheet.

**(k) Charitable commitments**

Commitments that are legally binding on the trustees are accounted for as a resource expended in the SOFA. Where the intention of financial support is not binding on the trustees, such intentions are not accrued for but are disclosed separately in a note to the accounts.

**(l) Pension scheme**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are

charged to the profit and loss account.

**2 Incoming resources from generated funds**

	<b>Group</b>	
<b>Voluntary income</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Legacy generation	461,185	279,936
Major gifts and corporate fundraising	113,128	89,407
Community fundraising	4,230	864
Donations	309,402	237,689
Donor marketing	11,204	8,762
Other	31,944	31,793
	<u>931,093</u>	<u>648,451</u>
<b>Income from pharmaceutical companies</b>	<b>Total 2006</b>	<b>Percentage</b>
	<b>£</b>	<b>of total</b>
		<b>income</b>
Astrazeneca plc	1,100	0.04%
Eli Lilly & Company Ltd	30,639	1.01%
Glaxo Smithkline	5,292	0.17%
In2Focus	6,119	0.20%
Pierre Fabre	320	0.01%
Pfizer Consumer Healthcare	700	0.02%
Roche Group	52,282	1.72%
	<u>96,452</u>	<u>3.17%</u>
	<b>Group</b>	
<b>Activities for generating funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Retail income and merchandising	659,706	603,526
Fundraising events	364,899	271,964
Rent receivable	8,630	4,675
Other	617	1,153
	<u>1,033,852</u>	<u>881,318</u>
<b>Investment income</b>		
Dividend income	26,412	23,171
Deposit income	79,337	87,542
	<u>105,749</u>	<u>110,713</u>

**3 Incoming resources from charitable activities**

<b>Research</b>	<b>Unrestricted 2006 £</b>	<b>Restricted 2006 £</b>	<b>Group</b>	
			<b>Total 2006 £</b>	<b>Total 2005 £</b>
Sponsorship	-	109,041	109,041	202,296
<b>Prevention</b>				
Smoking cessation	651,769	-	651,769	501,667
Youth campaigns	-	57,551	57,551	17,024
National clean air award	43,726	-	43,726	55,601
Health awareness campaign	-	27,535	27,535	-
Other	21,976	-	21,976	16,494
	<u>717,471</u>	<u>85,086</u>	<u>802,557</u>	<u>590,786</u>
<b>Support</b>				
Patient care	<u>18,545</u>	<u>38,610</u>	<u>57,155</u>	<u>114,996</u>

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**4 Total resources expended**

	Direct expenditure £	Grant expenditure £	Support costs £	Total 2006 £	Total 2005
<b>Cost of generating voluntary income</b>					
Legacy generation	57,420	-	5,308	<b>62,728</b>	60,818
Donations	229,678	-	21,234	<b>250,912</b>	243,271
	<u>287,098</u>	<u>-</u>	<u>26,542</u>	<b><u>313,640</u></b>	<u>304,089</u>
<b>Fundraising trading</b>					
Sale of donated and bought-in goods	616,770	-	51,003	<b>667,773</b>	609,457
Fundraising events	133,987	-	13,708	<b>147,695</b>	146,538
	<u>750,757</u>	<u>-</u>	<u>64,711</u>	<b><u>815,468</u></b>	<u>755,995</u>
<b>Investment management</b>	17,118	-	6,000	<b>23,118</b>	23,225
<b>Costs of charitable activities</b>					
Research	21,511	731,736	48,801	<b>802,048</b>	860,927
Prevention	720,729	-	132,662	<b>853,391</b>	757,823
Support	218,884	-	31,825	<b>250,709</b>	206,610
	<u>961,124</u>	<u>731,736</u>	<u>213,288</u>	<b><u>1,906,148</u></b>	<u>1,825,360</u>
<b>Governance</b>	13,561	-	27,271	<b>40,832</b>	48,995
	<u>2,029,658</u>	<u>731,736</u>	<u>337,812</u>	<b><u>3,099,206</u></b>	<u>2,957,663</u>

**Analysis of grants**

		2006 £	2005 £
University of Liverpool	Liverpool Lung Project	644,000	643,482
John Moores University	Liverpool Longitudinal Study	87,736	85,938
		<u>731,736</u>	<u>729,420</u>

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**5 Support costs allocation**

	Directors & CEO	Finance	Office services	HR	IT	Direct support costs	2006 Total	2005 Total
	£	£	£	£	£	£	£	£
<b>Cost of generating funds</b>								
<i>Cost of generating voluntary income</i>								
Legacy generation	-	1,946	1,204	1,260	899	-	<b>5,309</b>	5,740
Donations	-	7,784	4,816	5,038	3,596	-	<b>21,234</b>	22,961
<i>Fundraising trading</i>								
Sale of donated & bought-in goods	-	18,163	11,237	11,756	8,391	1,456	<b>51,003</b>	59,667
Fundraising events	3,090	3,892	2,408	2,519	1,798	-	<b>13,707</b>	15,198
<i>Investment management costs</i>								
	-	6,000	-	-	-	-	<b>6,000</b>	6,318
<b>Cost of charitable activities</b>								
Research	12,361	17,514	10,835	-	8,092	-	<b>48,802</b>	54,628
Prevention	24,721	39,569	24,480	25,611	18,281	-	<b>132,662</b>	151,317
Support	12,360	7,135	4,414	4,618	3,297	-	<b>31,824</b>	35,916
<b>Governance costs</b>	9,270	18,001	-	-	-	-	<b>27,271</b>	30,104
<b>Total support costs</b>	<b>61,802</b>	<b>120,004</b>	<b>59,394</b>	<b>50,802</b>	<b>44,354</b>	<b>1,456</b>	<b>337,812</b>	<b>381,849</b>

**Basis for support cost allocation**

Central support costs are allocated as follows:

- Directors and CEO, estimated time spent on operational activities
- Finance, estimated time spent on governance and remaining costs allocated on number of full-time equivalent (FTE) staff
- HR, allocated on number of full-time equivalent (FTE) staff excluding research staff
- Office services and IT, allocated on number of full-time equivalent (FTE) staff
- Direct support costs, allocated on incurred basis

**6 Governance costs**

	2006 £	2005 £
Apportionment of directors and CEO costs	9,270	11,151
Apportionment of finance costs	18,001	18,953
External audit and accountancy	13,561	18,891
<b>Total Governance costs</b>	<b>40,832</b>	<b>48,995</b>

**7 Net movement in funds**

<b>Net movement in funds is arrived after charging:</b>	<b>2006</b> £	<b>2005</b> £
Auditors remuneration	13,561	18,881
Operating lease rentals – land and buildings	160,625	159,200
Depreciation	<u>44,952</u>	<u>28,259</u>

**8 Charity only incoming resources and expenditure**

The consolidated Statement of Financial Activities (SOFA) on page 11 is for the Group as a whole.

The figures below are the equivalent figures for the Charity only excluding other Group companies:

- Incoming resources for the year ended 31 December 2006 was £1,886,854 (2005: £1,923,071)
- Expenditure for the year ended 31 December 2006 was £1,965,800 (2005: £2,378,446)
- Net increase in funds in the year was £11,895 (2005: £354,012) including an investment gain £90,841 (2005: £101,363).



**9 Staff numbers and emoluments**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,311,358	1,183,484
Social security costs	112,491	104,057
Pension costs	18,291	16,452
	<u>1,442,140</u>	<u>1,303,993</u>

All employees' emoluments as defined for taxation purposes are included in the band up to £60,000.

The average number of employees:	<b>2006</b>	<b>2005</b>
	<b>Nos.</b>	<b>Nos.</b>
Fundraising	11	9
Retail	22	20
Smoking cessation	32	23
Patient care	7	6
Support	10	9
	<u>82</u>	<u>67</u>

The average number of research personnel funded by the Foundation:	<b>2006</b>	<b>2005</b>
	<b>Nos.</b>	<b>Nos.</b>
Liverpool Lung Project	15	19
Other	-	5
	<u>15</u>	<u>24</u>

**10 Trustees' emoluments and reimbursed expenses**

The trustees received no remuneration for their services during the year (2005: £nil).

The aggregated amount of expenses reimbursed to 2 trustees during the year was £171 (2005: £nil).

**11 Tangible fixed assets**

	Research office and computer equipment	Charity Total	Fixtures & Fittings	Leasehold Improvement (short leasehold)	Group Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2006	62,568	<b>62,568</b>	21,768	189,388	<b>273,724</b>
Adjustment	-	-	37,063	317,949	<b>355,012</b>
Additions	27,402	<b>27,402</b>	42,022	42,405	<b>111,829</b>
Disposals	(500)	<b>(500)</b>			<b>(500)</b>
Transfers	(13,171)	<b>(13,171)</b>	13,171	-	-
At 31 Dec 2006	<u>76,299</u>	<u><b>76,299</b></u>	<u>114,024</u>	<u>549,742</u>	<u><b>740,065</b></u>
<b>Accumulated depreciation</b>					
At 1 January 2006	17,892	<b>17,892</b>	10,258	130,600	<b>158,750</b>
Adjustment	-	-	37,063	317,949	<b>355,012</b>
Charge for the year	16,502	<b>16,502</b>	7,541	20,909	<b>44,952</b>
Disposals	(30)	<b>(30)</b>	-	-	<b>(30)</b>
Transfers	(5,383)	<b>(5,383)</b>	5,383	-	-
At 31 Dec 2006	<u>28,981</u>	<u><b>28,981</b></u>	<u>60,245</u>	<u>469,458</u>	<u><b>558,684</b></u>
<b>Net book value</b>					
At 31 Dec 2006	<u>47,318</u>	<u><b>47,318</b></u>	<u>53,779</u>	<u>80,284</u>	<u><b>181,381</b></u>
Restated at 31 Dec 2005	<u>44,676</u>	<u><b>44,676</b></u>	<u>11,510</u>	<u>58,788</u>	<u><b>114,974</b></u>

Cost and accumulated depreciation balances have been adjusted to include subsidiary Roy Castle Retail Ltd fully written down fixed assets of value £355,012.

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**12 Investments**

	<b>Group Listed Investments £</b>	<b>Shares in subsidiaries £</b>	<b>Loans to subsidiaries £</b>	<b>Charity £</b>
Market value at 1 January 2006	<b>733,137</b>	-	129,592	<b>862,729</b>
Additions	<b>170,627</b>	6	-	<b>170,633</b>
Disposals	<b>(115,451)</b>	-	-	<b>(115,451)</b>
Net investments	<b>47,149</b>	-	-	<b>47,149</b>
	<u><b>835,462</b></u>	<u><b>6</b></u>	<u><b>129,592</b></u>	<u><b>965,060</b></u>
Market value at 31 December 2006	<b>835,462</b>	<b>6</b>	<b>129,592</b>	<b>965,060</b>
	<u><b>637,579</b></u>	<u><b>6</b></u>	<u><b>129,592</b></u>	<u><b>767,177</b></u>
Historical cost at 31 December 2006	<b>637,579</b>	<b>6</b>	<b>129,592</b>	<b>767,177</b>

**Listed investments**

	<b>2006 £</b>	<b>2005 £</b>
Investments in UK assets	787,249	712,204
Investments in non UK assets	48,213	20,933
	<u><b>835,462</b></u>	<u><b>733,137</b></u>

**13 Investment in subsidiaries**

	2006 £	2005 £
Shares in subsidiary undertakings	6	4
Loan to subsidiary undertaking	129,592	129,592
	<b>129,598</b>	<b>129,596</b>

The investment relates to the entire share capital of three subsidiaries.

- A. **Roy Castle Retail Limited** a company registered in England. The subsidiary was incorporated on 27 July 1998 and operates as a trading company. It undertakes activities in order to raise funds for the charitable purposes of the Foundation and the principal trading activity is the sale of donated and bought in goods.

The intergroup indebtedness in the form of an unsecured loan from of the parent undertaking to Roy Castle Retail Ltd, to which interest is applied at a market rate to the outstanding balance on a monthly basis.

- B. **Roy Castle Trading Limited** a company registered in England. The subsidiary was incorporated on 19 January 2000 and operates as a trading company. It undertakes activities in order to raise funds for the charitable purposes of the Foundation and the principal trading activity is the promotion and organisation of major fund raising events.

- C. **Roy Castle Clean Air Limited** a company registered in England. The subsidiary was incorporated on 20 March 2006 and operates as a trading company. It undertakes activities in order to raise funds for charitable purposes of the Foundation and the principal trading activity is the provision of smoking cessation services.

	Roy Castle Trading Limited 2006 £	Roy Castle Retail Limited 2006 £	Roy Castle Clean Air Limited 2006 £	Total Subsidiary Trading 2006 £	Total Subsidiary Trading 2005 £
Turnover	15,567	671,161	534,824	<b>1,221,552</b>	597,396
Cost of sales	(7,061)	(113,583)	(332,661)	<b>(453,305)</b>	(102,518)
Gross profit	8,506	557,578	202,163	<b>768,247</b>	494,878
Administrative expenses	(658)	(510,830)	(161,809)	<b>(673,297)</b>	(438,722)
Operating profit	7,848	46,748	40,354	<b>94,950</b>	56,156
Interest payable	-	(6,804)	-	<b>(6,804)</b>	(9,034)
Gift Aid to Roy Castle Lung Cancer Foundation	(7,848)	(35,755)	(25,356)	<b>(68,959)</b>	(795)
Profit on ordinary Activities	-	4,189	14,998	<b>19,187</b>	46,327
Fund balances brought forward	3,487	(44,194)	-	<b>(40,707)</b>	(87,034)
Fund balances carried forward	3,487	(40,005)	14,998	<b>(21,520)</b>	(40,707)
<b>Total assets</b>	<b>11,337</b>	<b>212,897</b>	<b>149,280</b>	<b>373,514</b>	<b>141,620</b>
<b>Total liabilities</b>	<b>(7,848)</b>	<b>(252,900)</b>	<b>(134,280)</b>	<b>(395,028)</b>	<b>(182,323)</b>

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**14 Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other debtors	297,312	207,894	213,639	204,085
Prepayments and accrued income	86,658	49,156	35,067	14,460
Amounts owed by subsidiary undertakings	-	-	111,799	20,090
	<u>383,970</u>	<u>257,050</u>	<u>360,505</u>	<u>238,635</u>

Included within other debtors is £190,663 representing deferred consideration payable in May 2008.

**15 Cash at bank and in hand**

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deposit cash at Rathbones	5,555	41,715	5,555	41,715
Cash at bank and in hand	<u>1,428,993</u>	<u>1,590,138</u>	<u>1,372,775</u>	<u>1,588,105</u>
	<u>1,434,548</u>	<u>1,631,853</u>	<u>1,378,330</u>	<u>1,629,820</u>

**16 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdraft	28,131	91,613	28,131	91,613
Amounts due to University of Liverpool for grants and services	52,810	55,140	52,810	55,140
Amounts due to subsidiary undertakings			13,534	3,223
Tax and social security creditors	78,443	40,348	22,403	30,461
Other creditors	328,648	252,491	260,337	232,831
Accruals and deferred income	70,938	47,529	44,300	44,486
	<u>558,970</u>	<u>487,121</u>	<u>421,515</u>	<u>457,754</u>

**17 Group statement of funds**

	Restated balance at 1 January 2006 £	Income £	Expenditure £	Gains and Losses £	Balance at 31 December 2006 £
<b>Restricted funds</b>					
Research – GLCC	60,132	59,994	(45,136)	-	74,990
Research – Other	80,904	49,047	(95,812)	-	34,139
Prevention - ATYC	17,024	57,551	(60,907)	-	13,668
Prevention – Dept of Health		27,535	(13,601)	-	13,934
Support – Dept of Health	16,000	11,000	(27,000)	-	-
Support – Scottish Exec	10,781	15,000	(25,781)	-	-
Support - Other	10,390	12,610	(13,982)	-	9,018
<b>Total Restricted Funds</b>	<b>195,231</b>	<b>232,737</b>	<b>(282,219)</b>	<b>-</b>	<b>145,749</b>
<b>Total Unrestricted Funds</b>	<b>2,125,629</b>	<b>1,585,158</b>	<b>(1,614,622)</b>	<b>90,841</b>	<b>2,187,006</b>
<b>Total Charity Funds</b>	<b>2,320,860</b>	<b>1,817,895</b>	<b>(1,896,841)</b>	<b>90,841</b>	<b>2,332,755</b>
<b>Non Charitable Trading Funds (Note 13)</b>	<b>(40,707)</b>	<b>1,221,552</b>	<b>(1,202,365)</b>	<b>-</b>	<b>(21,520)</b>
<b>Total Group Funds</b>	<b>2,280,153</b>	<b>3,039,447</b>	<b>(3,099,206)</b>	<b>90,841</b>	<b>2,311,235</b>

Fund	Purpose and restrictions in use
Research - GLCC	To fund worldwide understanding of lung cancer and the rights of patients
Research – Other	To fund lung cancer research project
Prevention – ATYC	To fund Anti-Tobacco Youth Campaign
Prevention – Dept of Health	To fund Health Awareness in the Workplace
Support – Dept of Health	To fund lung cancer patient advocacy
Support – Scottish Executive	To fund lung cancer patient support
Support – Other	To fund lung cancer patient support

**18 Analysis of group net assets between funds**

<b>Group</b>	<b>Restricted funds</b>	<b>Unrestricted funds</b>	<b>Total 2006</b>	<b>Restated Total 2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets				
Tangible	-	181,381	181,381	114,974
Investments	-	835,462	835,462	733,137
Current assets	145,749	1,707,613	1,853,362	1,919,163
Current liabilities	-	(558,970)	(558,970)	(487,121)
	<b>145,749</b>	<b>2,165,486</b>	<b>2,311,235</b>	<b>2,280,153</b>
<b>Charity</b>				
Fixed assets				
Tangible	-	47,318	47,318	44,676
Investments	-	835,462	835,462	733,137
Investment in subsidiaries	-	129,598	129,598	129,592
Current assets	145,749	1,596,143	1,741,892	1,871,209
Current liabilities	-	(421,515)	(421,515)	(457,754)
	<b>145,749</b>	<b>2,183,971</b>	<b>2,332,755</b>	<b>2,320,860</b>

**19 Charitable commitments – Group and charity**

The Charity's outstanding grants commitments that are due within one year of the balance sheet date amounted to £804,000 (2005: £800,000).

**20 Taxation**

The Charity's activities are exempt from taxation under section 505 of the Income and Corporation Tax Act 1998.

**21 Related party transactions**

The Charity has utilised the exemption in paragraph 3(c) of FRS8 in relation to disclosure of transactions with the subsidiary companies.

**22 Reconciliation of net outgoing resources to net cash outflow from operating activities**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Net incoming/(outgoing) resources	31,082	(307,740)
Interest received	(105,749)	(110,713)
Depreciation of tangible fixed assets	44,952	28,259
Gain on sale of tangible fixed assets	(30)	-
Gain on fixed asset investments	(47,149)	(101,366)
Decrease in stocks	(4,584)	(12,033)
Decrease in debtors	(126,920)	35,123
Increase in creditors	135,331	44,934
<b>Cash outflow from operating activities</b>	<b>(73,067)</b>	<b>(423,536)</b>

**23 Reconciliation of net cash flow to movement in net funds**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
(Decrease) in cash in the period	(133,823)	(272,941)
	(133,823)	(272,941)
Net Funds at 1 January 2006	1,540,240	1,813,181
<b>Net funds at 31 December 2006</b>	<b>1,406,417</b>	<b>1,540,240</b>

**24 Analysis of net funds**

	<b>1 January 2006</b>	<b>Cash flow</b>	<b>31 December 2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,631,853	(197,305)	1,434,548
Overdraft	(91,613)	63,482	(28,131)
	1,540,240	(133,823)	1,406,417

**25 Guarantees and other financial commitments**

At 31 December 2006 the company had annual commitments in respect of operating leases for land and building as follows:

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Date of termination of lease				
Less than one year	-	-	-	-
Between two and five years	112,130	137,936	34,505	40,886
After five years	51,215	35,737	-	-
<b>Total annual commitment at 31 December 2006</b>	<b>163,345</b>	<b>173,673</b>	<b>34,505</b>	<b>40,886</b>