



**THE ROY CASTLE LUNG CANCER FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 2008**

**Company Registration No: 3059425**

**Registered Charity Nos:**

**England & Wales 1046854**

**Scotland SC037596**

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**Legal and administrative details**

Charity numbers: England & Wales 1046854 Scotland SC037596

Company number: 3059425

Principal Office: The Roy Castle Centre  
4-6 Enterprise Way, Wavertree Technology Park, Liverpool L13 1FB

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  
Rt Hon Lord Falconer (appointed 1 Jan 2009)  
Alastair Gould (resigned 26 May 2009)  
Dame Gill Oliver  
Lynn Tilbury (appointed 1 Jan 2009)  
David Maples (appointed 1 Jan 2009)  
Sharron Heginbottom  
Professor Frank Sanderson (resigned 4 Feb 2008)  
Barbara Elliot (resigned 9 June 2008)

Company secretary: Mike Unger (resigned 31 Dec 2008)  
Dr Rosemary Gillespie (appointed 1 Dec 2008)

Senior Management

Joint Chief Executive: Dr Rosemary Gillespie &  
Joint Chief Executive: Mike Unger (resigned 31 Dec 2008)  
Finance Director: Mike Grundy  
Research: Professor John K Field  
Fundraising: Alyson Wort (appointed April 2009)  
Development: Paul Gauntlett (resigned Oct 2008)  
Medical: Dr Jesme Fox  
Patient Support: Joyce Dunlop (resigned May 2009)  
Management Services: Paula Chadwick  
Tobacco Control: Christine Owens (resigned Aug 2009)  
Retail: Pat Tisdale  
IT: Asaf Niaz

Mr Mike Unger retired as Chief Executive at the end of 2008 and was succeeded by Dr Rosemary Gillespie who joined the organisation on the 1<sup>st</sup> September 2008. Dr Gillespie and Mr Unger acted as joint Chief Executives from the 1<sup>st</sup> September until Mr Unger's retirement.

Professional Advisers

Auditors: Baker Tilly UK Audit LLP  
No.1 Old Hall St,  
Liverpool, L3 9SX

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 Office of 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 Finance Director 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 nine 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 Finance Director 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 Support Ltd (formerly known as 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 Support Ltd was established on 9 March 2007 to operate as a trading lung cancer support company in order to raise funds for a new patient support centre of excellence. An application for charitable status was made on 28<sup>th</sup> May 2008 with the Charities Commission; the application was successful, with Roy Castle Patient Support becoming a registered charity on 28<sup>th</sup> July 2008.

### 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.

The trustees have identified the principal risks to the charity as the effect of the economic climate on donations and the value of listed investments held by the charity for the purpose of providing an investment return.

## 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 Support division for people affected by lung cancer.

### Charity strategies

At the start of 2009 the charity embarked on a major strategic review and identified 4 major aims to its future strategy, these four Strategic Aims have been agreed as:

- Research
- Lung Cancer Prevention - Tobacco Control
- Patient Support
- Influencing, Campaigning and Public Affairs Activities

### Research

We will fund internationally recognised research into the prevention and early detection of lung cancer. Research we support will be aligned with AMRC recommendations and evaluated every 3 years by national and international experts in the field.

For the period of 2010 – 2015 this will involve supporting the Liverpool Lung Project, in accordance with the External Experts' Report presented to the Grant Review Committee; following the site visit and assessment in 2010.

LLP planned activity 2010 – 2015

- Refinement of Early Detection Risk Model with associated biomarkers/SNPs.
- To utilise the strengths of the LLP case control/cohort through continued recruitment; PCT partners; LLP FU.

- To utilise new and fore-front molecular-genetic platforms: for discovery of early detection & outcome biomarkers / development of assays and their validation for clinical trials.
- Focus on poorly researched Lung Cancer risk groups i.e. COPD Patients; Ethnic groups within the UK; Familial Lung cancer.

As finance permits we will fund research into:

- the impact of a lung cancer diagnosis on patients, carers, the NHS and society
- the stigma associated with lung cancer.

We will use our influence, as a lever, and work with the research community for increased research into:

- Early detection.
- The impact of the disease on patients, carers, the NHS and society.

#### Lung Cancer Prevention through tobacco control

We will lead on the prevention of lung cancer: through commissioning of our Stop Smoking Services; through our work to prevent smoking in young people; and through training in lung cancer prevention.

#### Stop Smoking Services

- We will prevent lung cancer by becoming the first choice provider of Tobacco Control and Stop Smoking services.
- We will develop innovative new business opportunities in the areas of Stop Smoking Services and Tobacco Control.

#### Young People

- We will lead on the health education of young people, specifically young girls, to encourage and support non-smoking lifestyles in order to prevent lung cancer in future generations.
- We will reach and consult young people as stakeholders in our tobacco control and lung cancer prevention work, and empower them to contribute to these activities.

#### Training

- We will become the first choice provider of training in Tobacco Control and lung cancer prevention, targeted at:
  - Health care professionals
  - Workplace
  - Third sector

#### Cross cutting themes

- We will use our *USP* to generate income and develop business opportunities in the areas of lung cancer prevention.
- We will influence and campaign in the areas of tobacco control and lung cancer prevention.

### Patient Support

#### Voice of people affected by lung cancer

- We will be the voice of people affected by lung cancer, through:
  - recruiting and supporting lung cancer patient advocates through our Patient Involvement Programme
  - reaching out, regularly engaging and consulting widely amongst patient and carers to ascertain what issues are important to them
  - pro-actively seeking out and engaging with lung cancer patients in all communities
  - using our resources and our presence to represent the voice of lung cancer through our influencing and campaigning work

#### Patient information, advice and support

- We will become the first choice service provider for lung cancer patients/carers for information and support, through:
  - providing high quality and accessible information
  - providing and supporting Patient Support Groups
- We will develop workstreams to:
  - raise the profile of lung cancer
  - raise awareness of lung cancer signs and symptoms
  - overcome stigma in lung cancer

### Influencing and Campaigning

#### Prevention

- We will campaign for effective UK wide lung cancer prevention strategies:
  - Lobbying politicians to:
    - \* Support all efforts to stop children from starting to smoke
    - \* Encourage all smokers to quit
    - \* Ensure sufficient investment in tobacco control
    - \* Support legislative measures
  - Campaigning against the Tobacco Industry

#### Research

- We will campaign for more lung cancer research:
  - Lobby governments and others, to finance more research into early detection, diagnosis and treatment of lung cancer.
  - Work with the research community to ensure more lung cancer research and increased enrolment of patients in clinical trials.

#### Perceptions of lung cancer

- We will campaign to reduce the stigma and negativity associated with a lung cancer diagnosis.
- We will ensure all lung cancer campaigning and messages from RCLCF reflect a positive profile for lung cancer.



#### Awareness and early detection

- We will campaign to put lung cancer high on the political and public health agenda.
- We will campaign to increase early detection by raising awareness of lung cancer signs and symptoms amongst GP's, pharmacists, stop-smoking professionals and the general public:
  - Work in coalition with other organisations (LCAMWG, LCAAG)
  - Contribute to LCAM
  - LAYL project

#### Diagnosis, treatment and care

- We will campaign to:
  - Ensure that all patients have equitable access to the best treatment and care:
    - \* Access to specialist nurses, at all times
    - \* Supportive of quality lung cancer data collection (LUCADA)
    - \* Ensure that all hospital Multi-Disciplinary Teams are able to demonstrate that they are meeting national standards with specialised representatives of each of the necessary disciplines present at every meeting
    - \* Ensure involvement in all HTA and Guideline writing processes, associated with new lung cancer diagnostics and treatments (NICE, SIGN, SMC, AWMG).

#### Charity activities

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

The Foundation's **research** programme, led by Professor John Field of The University of Liverpool, 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.

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.

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*Stop smoking support*

Roy Castle Fag Ends provides high quality community, hospital and workplace based support for those wishing to give up smoking. This service provides the specialist smoking cessation service for Liverpool, Knowsley and North Staffordshire PCTs. During 2008 the department also provided specialised smoking cessation staff for Halton PCT. The Fag Ends free telephone helpline supports people during their quit attempt and to refer people across Merseyside and beyond 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. The award continues to be popular despite the introduction of the new smoking regulations, providing a guarantee of quality above those of the legal requirements.

- *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. In 2008 The Look After Your Lungs program has proved popular both amongst employers and health professionals and has helped raise awareness of the symptoms of lung cancer.

- *Training Programme*

The Foundation has developed a training programme for health professionals to enable them to work sensitively with parents to protect their children from second-hand smoke. The Foundation has also created a Train the Trainer course based on the successful Look after Your Lungs course to help spread awareness of Lung cancer further by enabling the creation of a network of trainers across the UK.

- *Fag Ends Database*

The Foundation has developed a smoking cessation management database that enables tracking and analysis of clients.

The Foundation's **support** work is led by the Patient Support 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. During 2008 and continuing into 2009, significant improvements were made to The Foundation's website.

### *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.

### **Volunteers**

The charity has significant support from volunteers in all our activities. 200 volunteers regularly support us in the Foundations' shops, smoking cessation service, administration and in fundraising. In total volunteers contribute an estimated thirty thousand hours per year which is the equivalent to over 15 full-time employees.

### **Achievements and Performance**

#### Charitable activities

Highlighted below are some of the Foundation's charitable achievements in 2008:

- *The Liverpool Lung Project*

The Research Department played a key role in the International Lung Cancer Conference held in Liverpool in July 2008.

Funding was secured for Lung Cancer Screening Trials (UKLS) feasibility study and protocol development in October 2008 with the potential of a two year pilot.

The Liverpool Lung Project case control data set has been successfully incorporated into a large international lung cancer genome wide association study, where a new lung cancer susceptibility gene has been discovered as chromosome 15.

The Liverpool Lung Project core-cohort data set has also been used to develop a five year absolute rule model for lung cancer, a pilot of this is now being run in a high risk general medical practice in Knowsley together with Knowsley PCT. A similar pilot in Sefton PCT has been planned and is awaiting funding approval.

Several collaborative projects were also undertaken including the development of novel methods of DNA methylation detection and in total the department was responsible for over 14 peer reviewed publications.

- *The Liverpool Longitudinal Study in Smoking*

In 1995, researchers began following 250 children from six Merseyside primary schools from their Reception Classes through secondary school. During 2007 the data was examined in order to facilitate a full longitudinal analysis over the whole course of the study. As a result of this study a new model of adolescent smoking was developed to understand influences that have affected smoking uptake throughout the study. This model together with the information gathered has been used extensively during 2008 in our work with youth and informed much of our thinking around in this area.

- *ATYC*

The Foundation continues to support the Anti-Tobacco Youth Campaign (ATYC) with further development of the innovative website and creation of more ATYC groups and tobacco awareness sessions.

- *Roy Castle Fag Ends*

Following the success of Roy Castle Fag Ends in Liverpool, Knowsley Halton and Cheshire, in 2008 Roy Castle Fag Ends entered into a contract with North Staffordshire PCT to provide their smoking cessation service.

Utilising the Fag Ends Rolling Groups model, Roy Castle Fag Ends constantly provides some of the most successful services in England based on the targets and measures set by the government and in 2009 Roy Castle Fag Ends won the tender to provide Tower Hamlets PCT with their workplace smoking cessation program.

- *Training Programme*

During 2008 a separate training department was established, the courses provided constantly obtain positive feedback from healthcare staff who report the training important, relevant and innovative, with 95% stating that they will continue to incorporate the knowledge and skills gained from their training into their ongoing practice.

- *Report Card*

The Report Card was launched in December 2007 as an assessment of UK governments' performance on lung cancer against seven criteria that were agreed by patients. The Report Card was distributed to the health minister, key lung cancer professionals and the national media. Scoring four Fs, two Es and one C in its first year, the Report Card provided evidence that UK lung cancer patients are being offered unacceptably poor level of care. Further evidence relating to the Report Card was collected throughout 2008 and government performance will be now re-reviewed each year against the set criteria.

- *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 ninth year in November 2008. It aims to inform, raise awareness and support patients with lung cancer.

- *New Patient Support Centre of Excellence*

In November 2007, Colin Montgomerie was the guest of honour at a civic reception at City Chambers of Glasgow to launch the £5.2 million appeal for funds to create 'The Elizabeth Montgomerie Centre'. The centre was to be based in Glasgow as a joint venture with The Roy Castle Lung Cancer Foundation and was to be the UK centre of excellence for the support of lung cancer patients, carers and health professionals, with a world leading research programme in patient support.

Unfortunately since the feasibility study into the UK centre of excellence was completed in 2007 which established key aims, objectives and activities, the economic climate changed significantly and it is now felt that such a large capital project would be imprudent. The charity will therefore continue to work towards the main aims and objectives of the appeal concentrating however on improved patient support and care rather than the capital and buildings. The joint appeal under the name of Elizabeth Montgomerie has subsequently been concluded and Colin Montgomerie has continued this separately in which we wish him every success.

Fundraising

2008 proved to be a challenging year for the fundraising team. The worsening economic crisis took its toll on our corporate income through the latter half of the year.

There were highlights however;

- We appointed a new Director of Fundraising whose plans include increasing the level of regular giving to the charity, to help to underpin our future income.
- Gift Aid (the reclaim of tax paid on individual donations) exceeded all expectations at £47k and Tribute Funds proved popular, many new ones were established by friends and relatives of patients as a way of honouring their loved one's memory and raising funds at the same time, demonstrating once again that our most valuable assets are our wonderful, dedicated and committed supporters.
- Plans were put in place to hold the first ever Liver Birds Midnight Walk in 2009 which will bring in new income and attract a new generation of supporters.

The fundraising plans developed towards the end of 2008, during the economic crisis, do seem to have proved successful in 2009, allowing the charity to continue to fulfil its charitable objectives.

## Financial Review

### Summary

The charity, as a group, made a deficit during 2008 of £701k (2007: surplus £7k). This was largely due to a commitment to maintain the planned charitable spend into research during the year despite reduced income as a result of the global economic conditions. However, during 2008 plans were also developed for 2009 both in regards to income and costs which have put the charity in a very stable position going forward creating a realistic opportunity to claw the deficit back over the coming year.

### Charitable expenditure

Total charitable expenditure for 2008 was £2,668k (2007: £2,380k), up from the previous year due to expansion in the Foundation's prevention and support activities.

Prevention expenditure has increased by 18% to £1,372k in 2008 due to increased activity levels resulting from further collaboration with PCTs wishing to utilise the Roy Castle Fag Ends stop smoking model as well as its services, expertise and infrastructure. A new partnership was created during 2008 between Roy Castle Fag Ends and North Staffordshire PCT building on the previous existing partnerships with Knowsley, Liverpool and Halton PCTs.

Support expenditure has increased by 28% to £420k in 2008 due to continued expansion of this area of the organisation.

Money spent supporting research and in charitable grants was £876k during 2008 and included distributions to the University of Liverpool (Liverpool Lung Project) and John Moores University (Liverpool Longitudinal Study in Smoking).

### Income and funding

Total income from generated funds and charitable activities for 2008 was £3,928k (2007: £3,924k) up 0.1% on prior year. Voluntary income was £998k (2007: £1,256k), generated funds income was £1,318k up 14% on the year before (2007: £1,160k) and charitable activities income was £1,526k up 11% on prior year (2007: £1,374k).

Traditionally, a significant contributor to the voluntary income figure, legacies, were reduced during 2008 at £409k (2007: £564k) and this undoubtedly impacted on the overall reduction in voluntary income. Growth in Generated funds income is due mainly to Retail income at £892k (2007: £754k). A new retail outlet was opened in Heswall in May 2008 generating an additional £105k income to the end of the year. Fundraising events income is mainly generated through Community event proceeds.

Charitable activities income growth is largely driven by the Tobacco Control division at £1,344k (2007: £1,133k). As described in Charitable expenditure above, a new partnership was created in 2007 between Roy Castle Fag Ends and North Staffordshire PCT to provide smoking cessation services. The 2008 results include income and costs relating to the initial period of this partnership.

### Fundraising

The cost of generating funds in 2008 has increased by £166k to £1,633k. An increase in costs is mainly driven by retail as described above.

Fundraising costs have been strictly managed with the costs of generating voluntary income at £395k falling in the year (2007: £469k) and the fundraising events costs at £237k (2007: £171k) remaining broadly in proportion to the income generated.

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Investments

The Charity holds £523k in listed investments that generated an income of £30k in the year (2007: £32k). In the year there was a recognised loss of £257k (2007: £25k loss)

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 non-trading expenditure is required together with the financial commitments not accrued in the financial statements.

As at 31 December 2008, the actual unrestricted reserves less tangible fixed assets is less than £1million which is lower than the calculated ideal level of reserves. However, the listed investments and cash held at the balance sheet date is £1.8million hence the trustees are satisfied that the Charity can meet its funding commitments.

The charity operates an ethical reserves policy as part of which it does not invest in the tobacco industry.

Other Significant Activities

The three sites situated in the Liverpool area moved to a consolidated head office on one site in Wavertree in September 2008. It is envisaged that this new head office will facilitate the continued growth of the organisation.

**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. Future activities include:

- Expansion of Roy Castle Fag Ends smoking cessation services including:-
  - the Training Programme
  - the Fag Ends Database
  - further Partnerships with new PCTs to provide stop smoking services.
- Further funding of Liverpool Lung Project and Liverpool Longitudinal Study Project.
- An academic research project to independently evaluate the Fag Ends stop smoking model.

**Post balance sheet events**

In March 2009, the initial appeal of Roy Castle Patient Support Limited, the charitable company subsidiary, was designated a failed appeal by the Charity Commission. Provision has been made in these accounts for the return of surplus funds.

### **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**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

### **Staff**

We would like to pay tribute to the staff of the foundation 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 2009



We have audited the financial statements on pages 16 to 36

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 2008 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  
No.1 Old Hall Street  
Liverpool  
L3 9SX

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**INCORPORATING INCOME AND EXPENDITURE ACCOUNT**

Year ended 31 December 2008

|  |   | <b>Unrestricted<br/>Funds<br/>2008<br/>£</b> | <b>Restricted<br/>Funds<br/>2008<br/>£</b> | <b>Total<br/>2008<br/>£</b> | <b>Restated<br/>Total<br/>2007<br/>£</b> |
|--|---|--|--|-----------------------------|--|
| <b><u>Incoming resources</u></b>                     |   |  |  |                             |  |
| <b>Incoming resources from generated funds</b>       |   |  |  |                             |  |
| Voluntary income                                     | 2 | 976,020                                      | 22,245                                     | 998,265                     | 1,255,831                                |
| Activities for generating funds                      |   |  |  |                             |  |
| Sale of donated & bought-in goods                    | 2 | 892,751                                      | -  | 892,751                     | 754,678                                  |
| Fundraising events & other income                    | 2 | 425,475                                      | -  | 425,475                     | 406,192                                  |
| Investment income                                    | 2 | 85,450                                       | -  | 85,450                      | 133,106                                  |
| <b>Incoming resources from charitable activities</b> |   |  |  |                             |  |
| Research   | 3 | 4,035  | 94,932                                     | 98,967                      | 136,207                                  |
| Prevention   | 3 | 1,218,374                                    | 126,088                                    | 1,344,462                   | 1,133,274                                |
| Support  | 3 | 40,817                                       | 41,923                                     | 82,740                      | 104,986                                  |
| <b>Total incoming resources</b>                      |   | <b><u>3,642,922</u></b>                      | <b><u>285,188</u></b>                      | <b><u>3,928,110</u></b>     | <b><u>3,924,274</u></b>                  |
| <b><u>Resources expended</u></b>                     |   |  |  |                             |  |
| <b>Cost of generating funds</b>                      |   |  |  |                             |  |
| Cost of generating voluntary income                  | 4 | 362,631                                      | 31,959                                     | 394,590                     | 469,386                                  |
| Fundraising trading                                  |   |  |  |                             |  |
| Sale of donated & bought-in goods                    | 4 | 971,561                                      | -  | 971,561                     | 793,086                                  |
| Fundraising events                                   | 4 | 237,182                                      | -  | 237,182                     | 171,892                                  |
| Investment management costs                          | 4 | 29,818                                       | -  | 29,818                      | 32,960                                   |
|  |   | <b><u>1,601,192</u></b>                      | <b><u>31,959</u></b>                       | <b><u>1,633,151</u></b>     | <b><u>1,467,324</u></b>                  |
| <b>Cost of charitable activities</b>                 |   |  |  |                             |  |
| Research   | 4 | 794,721                                      | 81,346                                     | 876,067                     | 883,795                                  |
| Prevention   | 4 | 1,281,524                                    | 89,989                                     | 1,371,513                   | 1,165,944                                |
| Support  | 4 | 387,186                                      | 33,642                                     | 420,828                     | 330,021                                  |
| <b>Total charitable expenditure</b>                  |   | <b><u>2,463,431</u></b>                      | <b><u>204,977</u></b>                      | <b><u>2,668,408</u></b>     | <b><u>2,379,760</u></b>                  |
| Governance costs                                     | 6 | 70,275                                       | -  | 70,275                      | 45,188                                   |
| <b>Total resources expended</b>                      |   | <b><u>4,134,898</u></b>                      | <b><u>236,936</u></b>                      | <b><u>4,371,834</u></b>     | <b><u>3,892,272</u></b>                  |
| <b>Net incoming/(outgoing) resources</b>             |   | <b><u>(491,976)</u></b>                      | <b><u>48,252</u></b>                       | <b><u>(443,724)</u></b>     | <b><u>32,002</u></b>                     |
| Other recognised losses                              |   | (257,286)                                    | -  | (257,286)                   | (24,756)                                 |
| <b>Net movement of funds</b>                         |   | <b><u>(749,262)</u></b>                      | <b><u>48,252</u></b>                       | <b><u>(701,010)</u></b>     | <b><u>7,246</u></b>                      |
| <b>Fund balances brought forward</b>                 |   | <b>2,165,375</b>                             | <b>153,106</b>                             | <b>2,318,481</b>            | <b>2,311,235</b>                         |
| <b>Fund balances carried forward</b>                 |   | <b><u>1,416,113</u></b>                      | <b><u>201,358</u></b>                      | <b><u>1,617,471</u></b>     | <b><u>2,318,481</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 19 to 36 form part of these accounts.

Company Registration No: 3059425  
**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**BALANCE SHEETS**  
Year ended 31 December 2008

|   | Notes | Group                   |                         | Charity                 |                         |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |       | 2008<br>£               | 2007<br>£               | 2008<br>£               | 2007<br>£               |
| <b>Fixed assets</b>                                   |       |                         |                         |                         |                         |
| Tangible assets                                       | 11    | 557,359                 | 259,223                 | 226,754                 | 67,503                  |
| Investments   | 12/13 | 523,153                 | 802,126                 | 652,753                 | 931,726                 |
|   |       | <u>1,080,512</u>        | <u>1,061,349</u>        | <u>879,507</u>          | <u>999,229</u>          |
| <b>Current assets</b>                                 |       |                         |                         |                         |                         |
| Stock   | 14    | 79,430                  | 57,282                  | 10,511                  | 7,345                   |
| Debtors   | 15    | 420,907                 | 258,710                 | 542,259                 | 347,515                 |
| Cash at bank and in hand                              | 16    | 1,277,317               | 1,567,419               | 1,123,943               | 1,421,887               |
|   |       | <u>1,777,654</u>        | <u>1,883,411</u>        | <u>1,676,713</u>        | <u>1,776,747</u>        |
| <b>Creditors:</b> amounts falling due within one year | 17    | (1,128,405)             | (626,279)               | (935,577)               | (455,346)               |
| <b>Net current assets</b>                             |       | <u>649,249</u>          | <u>1,257,132</u>        | <u>741,136</u>          | <u>1,321,401</u>        |
| <b>Creditors:</b> amounts falling due after one year  | 17    | (17,290)                | -                       | -                       | -                       |
| Provision for liabilities                             | 18    | (95,000)                | -                       | -                       | -                       |
| <b>Net assets</b>                                     |       | <u><u>1,617,471</u></u> | <u><u>2,318,481</u></u> | <u><u>1,620,643</u></u> | <u><u>2,320,630</u></u> |
| <b>Funds</b>  |       |                         |                         |                         |                         |
| Restricted funds                                      | 19    | 201,358                 | 153,106                 | 199,819                 | 141,852                 |
| Unrestricted funds:                                   |       |                         |                         |                         |                         |
| - General funds                                       | 19    | 1,420,824               | 2,178,778               | 1,420,824               | 2,178,778               |
| - Non-charitable trading funds                        | 19    | (4,711)                 | (13,403)                | -                       | -                       |
|   |       | <u>1,617,471</u>        | <u>2,318,481</u>        | <u>1,620,643</u>        | <u>2,320,630</u>        |

These financial statements were approved and authorised for issue by the Board of Trustees on 2009

Sir Philip Carter CBE

Chairman

Dr Rosemary Gillespie

Chief Executive

The notes on pages 19 to 36 form part of these accounts.

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year ended 31 December 2008

|  | Notes | 2008<br>£        | 2007<br>£      |
|--|-------|------------------|----------------|
| <b>Net cash inflow/(outflow) from operating activities</b>                   | 24    | (4,550)          | 161,358        |
| <b>Returns on investments and servicing of finance</b>                       |       |                  |                |
| Interest received  |       | 59,831           | 104,759        |
| Dividends received   |       | 25,619           | 28,347         |
|  |       | <hr/>            | <hr/>          |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |       | 85,450           | 133,106        |
| <b>Capital expenditure and financial investment</b>                          |       |                  |                |
| Payments to acquire tangible fixed assets                                    |       | (395,634)        | (142,097)      |
| Payments to acquire investment assets  |       | (52,099)         | (155,459)      |
| Proceeds from sale of tangible fixed assets                                  |       | 3,000            | -              |
| Proceeds from sale of investment assets                                      |       | 73,786           | 164,039        |
|  |       | <hr/>            | <hr/>          |
| <b>Net cash inflow from capital expenditure and financial investment</b>     |       | (370,947)        | (133,517)      |
| <b>Net cash outflow from financing</b>                                       |       | -                | -              |
|  |       | <hr/>            | <hr/>          |
| <b>Net increase/(decrease) in cash</b>                                       | 25/26 | <u>(290,047)</u> | <u>160,947</u> |

The notes on pages 19 to 36 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), applicable accounting standards and the Companies Act 1985.

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 of Roy Castle Patient Support Limited (charitable Company Subsidiary) in the preceding period were not prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) since charitable status was obtained on 28 July 2008. Comparatives have been restated. (see note 28).

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.

**(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 Office of 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 the 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.
- Donated services and gifts are recognised as incoming resources at their estimated market value when receivable and quantifiable.
- No amounts are included for services donated by volunteers.

**(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.

Donated services and gifts are recognised as resources expended at their market value when receivable and quantifiable.

**(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 sourced from both individuals and organisations are not included in the financial statements until they are sold.

**(i) Provision for liabilities**

Provision has been made for liabilities arising in respect of the returning donations from the failed appeal as described in the Trustees' Report.

**(j) Leases**

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

**(k) 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.

**(l) 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.

**(m) 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.

**(n) Government grants**

Government grants on capital expenditure are credited to a deferral account and are released to revenue by equal annual amounts over the expected useful life of the assets to which they relate.

**2 Incoming resources from generated funds**

| <b>Voluntary income</b>                           | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2008</b>  | <b>2007</b> |
|   | <b>£</b>     | <b>£</b>    |
| Legacy generation, Memoriam & Trusts              | 409,555      | 563,911     |
| Donations   | 532,888      | 366,089     |
| Donor marketing                                   | 17,248       | 22,848      |
| Major Gifts, Corporate and other Donated services | 133,574      | 302,983     |
| Provision for returned donations                  | (95,000)     | -           |
|   | 998,265      | 1,255,831   |

Voluntary income includes £117k restricted income relating to the Elizabeth Montgomerie Appeal. In 2007 income relating to this appeal was included as unrestricted Income from Charitable Activities – Support (2007: £50k). The initial appeal has been designated a failed appeal by the Charity Commission and provision has been made for the return of surplus funds.

| <b>Income from pharmaceutical companies</b> | <b>Total 2008</b> | <b>Percentage</b> |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>of total</b>   |
|   |                   | <b>income</b>     |
| Astrazeneca plc                             | 42,118            | 1.07%             |
| Eli Lilly & Company Ltd                     | 45,893            | 1.17%             |
| Glaxo Smithkline                            | 30,157            | 0.77%             |
| Pierre Fabre                                | 3,000             | 0.08%             |
| Pfizer Consumer Healthcare                  | 18,832            | 0.48%             |
| Roche Group                                 | 10,000            | 0.25%             |
|   | 150,000           | 3.82%             |

The 2007 results included income from pharmaceutical companies of £108k which equated to 2.77% of the total income received by the organisation.

| <b>Activities for generating funds</b> | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2008</b>  | <b>2007</b> |
|  | <b>£</b>     | <b>£</b>    |
| Retail income and merchandising        | 887,551      | 755,295     |
| Fundraising events                     | 425,475      | 364,899     |
| Rent receivable                        | 5,200        | 8,630       |
|  | 1,318,226    | 1,160,870   |

Included in 2008 Retail income are 'Donated sales' from donated stock by commercial organisations.

| <b>Donated stock from commercial organisations</b> | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| QVC  | 10,000      | 20,000      |
| Express Gifts                                      | -           | 7,000       |
| Arcadia  | 11,500      | 30,000      |
| Principles   | -           | 10,000      |
| Dress for Success                                  | 100         | 7,000       |
|  | 21,600      | 74,000      |



|                          |               |                |
|--------------------------|---------------|----------------|
| <b>Investment income</b> | <b>2008</b>   | <b>2007</b>    |
| Dividend income          | 25,619        | 28,347         |
| Deposit income           | 59,831        | 104,759        |
|                          | <u>85,450</u> | <u>133,106</u> |

**3 Incoming resources from charitable activities**

| <b>Research</b>                 | <b>Unrestricted<br/>2008<br/>£</b> | <b>Restricted<br/>2008<br/>£</b> | <b>Group</b>                |                             |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
|                                 |                                    |                                  | <b>Total<br/>2008<br/>£</b> | <b>Total<br/>2007<br/>£</b> |
| Sponsorship                     | <u>4,035</u>                       | <u>94,932</u>                    | <u>98,967</u>               | <u>136,207</u>              |
| <b>Prevention</b>               |                                    |                                  |                             |                             |
| Smoking cessation               | 1,217,404                          | -                                | 1,217,404                   | 993,123                     |
| Youth campaigns                 | -                                  | 48,851                           | 48,851                      | 62,996                      |
| National clean air award        | 970                                | -                                | 970                         | 24,997                      |
| Health awareness<br>campaign    | <u>-</u>                           | <u>77,237</u>                    | <u>77,237</u>               | <u>52,178</u>               |
|                                 | <u>1,218,374</u>                   | <u>126,088</u>                   | <u>1,344,462</u>            | <u>1,133,274</u>            |
| <b>Support</b>                  |                                    |                                  |                             |                             |
| Elizabeth Montgomerie<br>Centre | -                                  | -                                | -                           | 50,500                      |
| Patient Support                 | 40,817                             | 41,923                           | 82,740                      | 54,486                      |
|                                 | <u>40,817</u>                      | <u>41,923</u>                    | <u>82,740</u>               | <u>104,986</u>              |

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
Year ended 31 December 2008

**4 Total resources expended**

|  | Direct<br>expenditure<br>£ | Grant<br>expenditure<br>£ | Support<br>costs<br>£ | Total<br>2008<br>£ | Total<br>2007 |
|--|----------------------------|---------------------------|-----------------------|--------------------|---------------|
| <b>Cost of generating voluntary income</b> |                            |                           |                       |                    |               |
| Legacy generation                          | 72,813                     | -                         | 3,392                 | <b>76,205</b>      | 70,537        |
| Donations                                  | 291,250                    | -                         | 27,135                | <b>318,385</b>     | 398,849       |
|  | <u>364,063</u>             | <u>-</u>                  | <u>30,527</u>         | <b>394,590</b>     | 469,386       |
| <b>Fundraising trading</b>                 |                            |                           |                       |                    |               |
| Sale of donated and bought-in goods        | 871,502                    | -                         | 100,059               | <b>971,561</b>     | 793,086       |
| Fundraising events                         | 216,825                    | -                         | 20,357                | <b>237,182</b>     | 171,892       |
|  | <u>1,088,327</u>           | <u>-</u>                  | <u>120,416</u>        | <b>1,208,743</b>   | 964,978       |
| <b>Investment management</b>               | 20,016                     | -                         | 9,802                 | <b>29,818</b>      | 32,960        |
| <b>Costs of charitable activities</b>      |                            |                           |                       |                    |               |
| Research                                   | 69,729                     | 734,226                   | 72,112                | <b>876,067</b>     | 883,795       |
| Prevention                                 | 1,107,320                  | 33,500                    | 230,693               | <b>1,371,513</b>   | 1,165,944     |
| Support                                    | 376,710                    | -                         | 44,118                | <b>420,828</b>     | 330,021       |
|  | <u>1,553,759</u>           | <u>767,726</u>            | <u>346,923</u>        | <b>2,668,408</b>   | 2,379,760     |
| <b>Governance</b>                          | 20,500                     | -                         | 49,775                | <b>70,275</b>      | 45,188        |
|  | <u>3,046,665</u>           | <u>767,726</u>            | <u>557,443</u>        | <b>4,371,834</b>   | 3,892,272     |

(Included in 2007 'Donations' are donated services by third parties at market value £116,697)

**Analysis of grants**

|                             |                              | 2008<br>£      | 2007<br>£      |
|-----------------------------|------------------------------|----------------|----------------|
| <b>Institutional grants</b> |                              |                |                |
| University of Liverpool     | Liverpool Lung Project       | 734,226        | 717,152        |
| John Moores University      | Liverpool Longitudinal Study | 33,500         | 67,000         |
| Mens Health Forum           | Grant                        | -              | 6,000          |
|                             |                              | <u>767,726</u> | <u>790,152</u> |

**5 Support costs allocation**

|  | <b>Directors<br/>&amp; CEO</b> | <b>Finance</b> | <b>Office<br/>services</b> | <b>HR</b>     | <b>IT</b>     | <b>2008<br/>Total</b> | <b>2007<br/>Total</b> |
|--|--------------------------------|----------------|----------------------------|---------------|---------------|-----------------------|-----------------------|
|  | <b>£</b>                       | <b>£</b>       | <b>£</b>                   | <b>£</b>      | <b>£</b>      | <b>£</b>              | <b>£</b>              |
| <b>Cost of generating funds</b>            |                                |                |                            |               |               |                       |                       |
| <i>Cost of generating voluntary income</i> |                                |                |                            |               |               |                       |                       |
| Legacy generation                          | -                              | 1,346          | 728                        | 748           | 570           | <b>3,392</b>          | 4,765                 |
| Donations                                  | -                              | 10,770         | 5,826                      | 5,981         | 4,558         | <b>27,135</b>         | 19,061                |
| <i>Fundraising trading</i>                 |                                |                |                            |               |               |                       |                       |
| Sale of donated & bought-in goods          | -                              | 39,713         | 21,485                     | 22,052        | 16,809        | <b>100,059</b>        | 66,184                |
| Fundraising events                         | 6,790                          | 5,385          | 2,913                      | 2,990         | 2,279         | <b>20,357</b>         | 12,869                |
| <i>Investment management costs</i>         |                                |                |                            |               |               |                       |                       |
|  | -                              | 9,802          | -                          | -             | -             | <b>9,802</b>          | 6,823                 |
| <b>Cost of charitable activities</b>       |                                |                |                            |               |               |                       |                       |
| Research                                   | 27,159                         | 22,885         | 12,381                     | -             | 9,687         | <b>72,112</b>         | 55,199                |
| Prevention                                 | 54,318                         | 70,003         | 37,871                     | 38,871        | 29,630        | <b>230,693</b>        | 155,372               |
| Support                                    | 27,159                         | 6,731          | 3,641                      | 3,738         | 2,849         | <b>44,118</b>         | 30,828                |
| <b>Governance costs</b>                    | 20,369                         | 29,406         | -                          | -             | -             | <b>49,775</b>         | 30,486                |
| <b>Total support costs</b>                 | <b>135,795</b>                 | <b>196,041</b> | <b>84,845</b>              | <b>74,380</b> | <b>66,382</b> | <b>557,443</b>        | 383,587               |

**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**

|  | <b>2008<br/>£</b> | <b>2007<br/>£</b> |
|--|-------------------|-------------------|
| Apportionment of directors and CEO costs | 20,369            | 10,016            |
| Apportionment of finance costs           | 29,406            | 20,470            |
| Tobacco Control consultancy              | 500               | -                 |
| External audit and accountancy           | 20,000            | 14,702            |
| <b>Total Governance costs</b>            | <b>70,275</b>     | <b>45,188</b>     |

**7 Net movement in funds**

| <b>Net movement in funds is arrived after charging:</b> | <b>2008</b>   | <b>2007</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Auditors remuneration                                   | 20,000        | 14,702        |
| Operating lease rentals – land and buildings            | 289,763       | 168,255       |
| Depreciation  | <u>94,196</u> | <u>64,255</u> |

**8 Charity only incoming resources and expenditure**

The consolidated Statement of Financial Activities (SOFA) on page 16 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 2008 was £1,911k (2007: £2,289k) including profits gift aided up to the charity from trading subsidiaries of £123k
- Expenditure for the year ended 31 December 2008 was £2,611k (2007: £2,277)
- Net decrease in funds in the year was £700k (decrease in 2007: £12k) including an investment loss £257k (loss in 2007: £25k).

**9 Staff numbers and emoluments**

|                       | <b>2008</b>      | <b>2007</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| Wages and salaries    | 1,903,050        | 1,614,327        |
| Social security costs | 163,740          | 150,316          |
| Pension costs         | 22,664           | 20,851           |
|                       | <u>2,089,454</u> | <u>1,785,494</u> |

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

| The average number of employees: | <b>2008</b> | <b>2007</b> |
|----------------------------------|-------------|-------------|
|                                  | <b>Nos.</b> | <b>Nos.</b> |
| Fundraising                      | 12          | 12          |
| Retail                           | 38          | 34          |
| Smoking cessation                | 49          | 42          |
| Patient support                  | 8           | 7           |
| Support                          | 10          | 10          |
|                                  | <u>117</u>  | <u>105</u>  |

| The average number of research personnel funded by the Foundation: | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|
|  | <b>Nos.</b> | <b>Nos.</b> |
| Liverpool Lung Project   | 18          | 18          |
| Other  | 4           | 4           |
|  | <u>22</u>   | <u>22</u>   |

**10 Trustees' emoluments and reimbursed expenses**

The trustees received no remuneration for their services during the year (2007: £nil).

The aggregated amount of expenses reimbursed to 2 trustees during the year was £1,015.

**11 Tangible fixed assets**

|                                 | <b>Fixtures<br/>&amp;<br/>Fittings</b> | <b>Leasehold</b> | <b>Research<br/>office and<br/>computer<br/>equipment</b> | <b>Charity<br/>Total</b> | <b>Fixtures<br/>&amp;<br/>Fittings</b> | <b>Leasehold</b> | <b>Research<br/>office and<br/>computer<br/>equipment</b> | <b>Group<br/>Total</b>  |
|---------------------------------|--|------------------|---|--------------------------|--|------------------|---|-------------------------|
|                                 | £                                      | £                | £   | £                        | £                                      | £                | £   | £                       |
| <b>Cost</b>                     |  |                  |   |                          |  |                  |   |                         |
| At 1 January 2008               | 13,376                                 | -                | 105,712   | <b>119,088</b>           | 81,654                                 | 567,048          | 233,460   | <b>882,162</b>          |
| Additions                       | 552                                    | 140,261          | 49,557  | <b>190,370</b>           | 27,033                                 | 268,460          | 100,141   | <b>395,634</b>          |
| Disposals                       | -                                      | -                | (13,825)  | <b>(13,825)</b>          | -                                      | -                | (13,825)  | <b>(13,825)</b>         |
| At 31 Dec 2008                  | <u>13,928</u>                          | <u>140,261</u>   | <u>141,444</u>  | <b><u>295,633</u></b>    | <u>108,687</u>                         | <u>835,508</u>   | <u>319,776</u>  | <b><u>1,263,971</u></b> |
| <b>Accumulated depreciation</b> |  |                  |   |                          |  |                  |   |                         |
| At 1 January 2008               | 12,521                                 | -                | 39,064  | <b>51,585</b>            | 66,464                                 | 494,362          | 62,113  | <b>622,939</b>          |
| Charge for the year             | 297                                    | 3,642            | 23,878  | <b>27,817</b>            | 4,045                                  | 34,410           | 55,741  | <b>94,196</b>           |
| Disposals                       | -                                      | -                | (10,523)  | <b>(10,523)</b>          | -                                      | -                | (10,523)  | <b>(10,523)</b>         |
| At 31 Dec 2008                  | <u>12,818</u>                          | <u>3,642</u>     | <u>52,419</u>   | <b><u>68,879</u></b>     | <u>70,509</u>                          | <u>528,772</u>   | <u>107,331</u>  | <b><u>706,612</u></b>   |
| <b>Net book value</b>           |  |                  |   |                          |  |                  |   |                         |
| At 31 Dec 2008                  | <u>1,110</u>                           | <u>136,619</u>   | <u>89,025</u>   | <b><u>226,754</u></b>    | <u>38,178</u>                          | <u>306,736</u>   | <u>212,445</u>  | <b><u>557,359</u></b>   |
| At 31 Dec 2007                  | <u>855</u>                             | <u>-</u>         | <u>66,648</u>   | <b><u>67,503</u></b>     | <u>15,190</u>                          | <u>72,686</u>    | <u>171,347</u>  | <b><u>259,223</u></b>   |

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

A government grant of £20,720 was received in Roy Castle Retail in respect of new till equipment, £3,430 has been amortised during 2008.

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**12 Investments**

|                                     | <b>Group Listed<br/>Investments<br/>£</b> | <b>Shares in<br/>subsidiaries<br/>£</b> | <b>Loans to<br/>subsidiaries<br/>£</b> | <b>Charity<br/>£</b> |
|-------------------------------------|---|---|--|----------------------|
| Market value at 1 January 2008      | 802,126                                   | 8                                       | 129,592                                | 931,726              |
| Additions                           | 52,099                                    | -                                       | -                                      | 52,099               |
| Disposals                           | (73,786)                                  | -                                       | -                                      | (73,786)             |
| Net investments                     | (257,286)                                 | -                                       | -                                      | (257,286)            |
| Market value at 31 December 2008    | <u>523,153</u>                            | <u>8</u>                                | <u>129,592</u>                         | <u>652,753</u>       |
| Historical cost at 31 December 2008 | <u>612,309</u>                            | <u>8</u>                                | <u>129,592</u>                         | <u>741,909</u>       |

| <b>Listed investments</b>    | <b>2008<br/>£</b> | <b>2007<br/>£</b> |
|------------------------------|-------------------|-------------------|
| Investments in UK assets     | 452,138           | 779,586           |
| Investments in non UK assets | 71,015            | 22,540            |
|                              | <u>523,153</u>    | <u>802,126</u>    |

All listed investments are held primarily to provide an investment return.

**13 Investment in subsidiaries**

|                                   | <b>2008</b>    | <b>2007</b>    |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Shares in subsidiary undertakings | 8              | 8              |
| Loan to subsidiary undertaking    | 129,592        | 129,592        |
|                                   | <u>129,600</u> | <u>129,600</u> |

The investment relates to the entire share capital of four 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. £5,543 interest was payable by Roy Castle Retail Limited to The Roy Castle Lung Cancer Foundation during the year (2007: £5,130).

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 2007 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.

D. **Roy Castle Patient Support Limited** a company registered in England. The subsidiary was incorporated on 9 March 2007 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 establishment of the Elizabeth Montgomerie Centres.

An application for charitable status was made on 28<sup>th</sup> May 2008 with the Charities Commission. The application process was successful.

Unfortunately since the company achieved its charitable status, the partnership with Colin Montgomerie, who was to spearhead the appeal, dissolved and the appeal was deemed a failed appeal by the Charity Commission. Provision has been made for the repayment of surplus funds in accordance with the Charity Commission guidelines on failed appeals.



**13a Trading subsidiaries**

|   | <b>Roy Castle<br/>Trading<br/>Limited</b> | <b>Roy Castle<br/>Retail<br/>Limited</b> | <b>Roy Castle<br/>Clean Air<br/>Limited</b> | <b>Total<br/>Subsidiary<br/>Trading</b> | <b>Total<br/>Subsidiary<br/>Trading<br/>Restated<br/>2007</b> |
|---|---|--|---|---|---|
|   | <b>2008<br/>£</b>                         | <b>2008<br/>£</b>                        | <b>2008<br/>£</b>                           | <b>2008<br/>£</b>                       | <b>2007<br/>£</b>   |
| Turnover                                      | 37,111                                    | 883,411                                  | 1,196,950                                   | <b>2,117,472</b>                        | 1,790,403   |
| Cost of sales                                 | (18,783)                                  | (153,356)                                | (746,620)                                   | <b>(918,759)</b>                        | (675,464)   |
| Gross profit                                  | 18,328                                    | 730,055                                  | 450,330                                     | <b>1,198,713</b>                        | 1,114,939   |
| Administrative expenses                       | (2,608)                                   | (716,343)                                | (342,626)                                   | <b>(1,061,577)</b>                      | (895,276)   |
| Operating profit/(loss)                       | 15,720                                    | 13,712                                   | 107,704                                     | <b>137,136</b>                          | 219,663   |
| Interest payable                              | -   | (5,543)                                  | -   | <b>(5,543)</b>                          | (5,130)   |
| Gift Aid to Roy Castle Lung Cancer Foundation | (16,320)                                  | (32,459)                                 | (74,124)                                    | <b>(122,903)</b>                        | (206,416)   |
| Profit/(loss) on ordinary Activities          | (600)                                     | (24,290)                                 | 33,580                                      | <b>(8,690)</b>                          | 8,117   |
| Fund balances brought forward                 | 3,487                                     | (39,912)                                 | 23,024                                      | <b>(13,401)</b>                         | (21,520)  |
| Fund balances carried forward                 | 2,887                                     | (64,202)                                 | 56,604                                      | <b>(4,711)</b>                          | (13,403)  |
| <b>Total assets</b>                           | <b>11,574</b>                             | <b>322,351</b>                           | <b>363,379</b>                              | <b>697,304</b>                          | 561,949   |
| <b>Total liabilities</b>                      | <b>(8,685)</b>                            | <b>(386,551)</b>                         | <b>(306,773)</b>                            | <b>(702,009)</b>                        | (575,344)   |

**13b Charitable Company Subsidiary**

|  | <b>Roy Castle Patient<br/>Support Limited<br/>Restated</b> |                   |
|--|--|-------------------|
|  | <b>2008<br/>£</b>  | <b>2007<br/>£</b> |
| Incoming resources                       | 22,244   | 50,500            |
| Resources expended                       | (31,959)   | (39,246)          |
| <b>Net (outgoing)/incoming resources</b> | <b>(9,715)</b>   | <b>11,254</b>     |
| Funds brought forward                    | 11,256   | -                 |
| Issue of share capital                   | -  | 2                 |
| <b>Funds carried forward</b>             | <b>1,541</b>   | <b>11,256</b>     |

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**14 Stock**

|                  | Group         |               | Charity       |              |
|------------------|---------------|---------------|---------------|--------------|
|                  | 2008<br>£     | 2007<br>£     | 2008<br>£     | 2007<br>£    |
| Goods for resale | 79,430        | 57,282        | 10,511        | 7,345        |
|                  | <u>79,430</u> | <u>57,282</u> | <u>10,511</u> | <u>7,345</u> |

**15 Debtors**

|   | Group          |                | Charity        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>£      | 2007<br>£      | 2008<br>£      | 2007<br>£      |
| Other debtors                           | 235,143        | 180,201        | 85,085         | 45,899         |
| Prepayments and accrued income          | 185,764        | 78,509         | 82,629         | 28,863         |
| Amounts owed by subsidiary undertakings | -              | -              | 374,545        | 272,753        |
|   | <u>420,907</u> | <u>258,710</u> | <u>542,259</u> | <u>347,515</u> |

**16 Cash at bank and in hand**

|                           | Group            |                  | Charity          |                  |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | 2008<br>£        | 2007<br>£        | 2008<br>£        | 2007<br>£        |
| Deposit cash at Rathbones | 88,057           | 40,786           | 88,057           | 40,786           |
| Cash at bank and in hand  | 1,189,260        | 1,526,633        | 1,035,886        | 1,381,101        |
|                           | <u>1,277,317</u> | <u>1,567,419</u> | <u>1,123,943</u> | <u>1,421,887</u> |

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

|  | Group            |                | Charity        |                |
|--|------------------|----------------|----------------|----------------|
|  | 2008<br>£        | 2007<br>£      | 2008<br>£      | 2007<br>£      |
| Bank overdraft   | -                | 55             | -              | 55             |
| Amounts due to University of Liverpool for grants and services | 570,651          | 291,486        | 570,651        | 291,486        |
| Amounts due to subsidiary undertakings                         | -                | -              | 14,736         | 854            |
| Tax and social security creditors                              | 155,231          | 92,065         | 105,303        | 22,066         |
| Other creditors  | 191,745          | 181,316        | 89,349         | 113,001        |
| Accruals and deferred income                                   | 210,778          | 61,357         | 155,538        | 27,884         |
|  | <u>1,128,405</u> | <u>626,279</u> | <u>935,577</u> | <u>455,346</u> |

**Creditors: amounts falling due after one year**

|                   | Group         |           | Charity   |           |
|-------------------|---------------|-----------|-----------|-----------|
|                   | 2008<br>£     | 2007<br>£ | 2008<br>£ | 2007<br>£ |
| Deferred creditor | 17,290        | -         | -         | -         |
|                   | <u>17,290</u> | <u>-</u>  | <u>-</u>  | <u>-</u>  |

The deferred creditor is in respect of a Government grant received by Roy Castle Retail Ltd towards a new till & EPOS system.

**THE ROY CASTLE LUNG CANCER FOUNDATION**  
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**18 Provision for liabilities**

|                        | Group     |           | Charity   |           |
|------------------------|-----------|-----------|-----------|-----------|
|                        | 2008<br>£ | 2007<br>£ | 2008<br>£ | 2007<br>£ |
| At beginning of period | -         | -         | -         | -         |
| Movement in the period | 95,000    | -         | -         | -         |
| At end of period       | 95,000    | -         | -         | -         |

**19 Group statement of funds**

|   | Restated<br>balance at<br>1 January<br>2008<br>£ | Income<br>£ | Expenditure<br>£ | Gains and<br>Losses<br>£ | Balance at<br>31<br>December<br>2008<br>£ |
|---|--|-------------|------------------|--------------------------|---|
| <b>Restricted funds</b>                 |  |             |                  |                          |   |
| Research – GLCC                         | 68,869   | 94,933      | 62,476           | -                        | 101,326                                   |
| Research – Other                        | 53,009   | -           | 18,870           | -                        | 34,139                                    |
| Prevention – The Big<br>Lottery Fund    | 7,787  | 48,851      | 39,588           | -                        | 17,050                                    |
| Prevention – Dept of Health             | 7,266  | 77,237      | 50,036           | -                        | 34,467                                    |
| Support – Scottish Exec                 | -  | 17,505      | 17,505           | -                        | -   |
| Support – Other                         | 4,921  | 24,418      | 16,502           | -                        | 12,837                                    |
| The Elizabeth Montgomerie<br>Appeal     | 11,254   | 22,244      | 31,959           | -                        | 1,539                                     |
| <b>Total Restricted Funds</b>           | 153,106  | 285,188     | 236,936          | -                        | 201,358                                   |
| <b>Total Unrestricted Funds</b>         | 2,178,778  | 1,525,450   | 2,026,118        | (257,286)                | 1,420,824                                 |
| <b>Total Charity Funds</b>              | 2,331,884  | 1,810,638   | 2,263,054        | (257,286)                | 1,622,182                                 |
| <b>Non Charitable Trading<br/>Funds</b> | (13,403)   | 2,117,472   | 2,108,780        | -                        | (4,711)                                   |
| <b>Total Group Funds</b>                | 2,318,481  | 3,928,110   | 4,371,834        | (257,286)                | 1,617,471                                 |

The Elizabeth Montgomerie Appeal in 2007 was an unrestricted appeal within Roy Castle Patient Support Ltd, the balance carried forward from 2007 £11,254 was transferred to restricted reserves on the acceptance of Roy Castle Patient Support Ltd as a registered charity in 2008.

| 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 – The Big Lottery Fund | To fund Anti-Tobacco Youth Campaign                                       |
| Prevention – Dept of Health       | To fund Health Awareness in the Workplace                                 |
| Support – Scottish Executive      | To fund lung cancer patient support                                       |
| Support – Other                   | To fund lung cancer patient support                                       |
| The Elizabeth Montgomerie Appeal  | To fund lung cancer patient support                                       |

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

| <b>Group</b>               | <b>Restricted funds</b> | <b>Unrestricted funds</b> | <b>Total 2008</b> | <b>Total 2007</b> |
|----------------------------|-------------------------|---------------------------|-------------------|-------------------|
|                            | <b>£</b>                | <b>£</b>                  | <b>£</b>          | <b>£</b>          |
| Fixed assets               |                         |                           |                   |                   |
| Tangible                   | -                       | 557,359                   | 557,359           | 259,223           |
| Investments                | -                       | 523,153                   | 523,153           | 802,126           |
| Current assets             | 201,358                 | 1,576,296                 | 1,777,654         | 1,883,411         |
| Current liabilities        | -                       | (1,223,405)               | (1,223,405)       | (626,279)         |
| Long Term liabilities      | -                       | (17,290)                  | (17,290)          | (626,279)         |
|                            | <b>201,358</b>          | <b>1,416,113</b>          | <b>1,617,471</b>  | <b>2,318,481</b>  |
| <b>Charity</b>             |                         |                           |                   |                   |
| Fixed assets               |                         |                           |                   |                   |
| Tangible                   | -                       | 226,754                   | 226,754           | 67,503            |
| Investments                | -                       | 523,153                   | 523,153           | 802,126           |
| Investment in subsidiaries | -                       | 129,600                   | 129,600           | 129,600           |
| Current assets             | 199,819                 | 1,476,894                 | 1,676,713         | 1,776,747         |
| Current liabilities        | -                       | (935,577)                 | (935,577)         | (455,346)         |
|                            | <b>199,819</b>          | <b>1,420,824</b>          | <b>1,620,643</b>  | <b>2,320,630</b>  |

**21 Charitable commitments – Group and charity**

The Charity's outstanding grants commitments that are due within one year of the balance sheet date amounted to £590,000 (2007: £760,000).

**22 Taxation**

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

**23 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.

**24 Reconciliation of net (outgoing)/incoming resources to net cash (outflow)/inflow from operating activities**

|  | <b>2008</b>    | <b>2007</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Net (outgoing)/incoming resources                      | (443,724)      | 32,002         |
| Interest received                                      | (85,450)       | (133,106)      |
| Depreciation of tangible fixed assets                  | 94,196         | 64,255         |
| Loss on sale of tangible fixed assets                  | 302            | -              |
| (Increase) in stocks                                   | (22,148)       | (22,438)       |
| (Increase)/decrease in debtors                         | (162,197)      | 125,260        |
| Increase in creditors                                  | 519,471        | 95,385         |
| Increase in provision                                  | 95,000         | -              |
| <b>Cash (outflow)/inflow from operating activities</b> | <b>(4,550)</b> | <b>161,358</b> |

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

|   | <b>2008</b>      | <b>2007</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Increase/(decrease) in cash in the period | (290,047)        | 160,947          |
|   | (290,047)        | 160,947          |
| Net Funds at 1 January 2008               | 1,567,364        | 1,406,417        |
| <b>Net funds at 31 December 2008</b>      | <b>1,277,317</b> | <b>1,567,364</b> |

**26 Analysis of net funds**

|                          | <b>1 January<br/>2008</b> | <b>Cash flow</b> | <b>31 December<br/>2008</b> |
|--------------------------|---------------------------|------------------|-----------------------------|
|                          | <b>£</b>                  | <b>£</b>         | <b>£</b>                    |
| Cash at bank and in hand | 1,567,419                 | (290,102)        | 1,277,317                   |
| Overdraft                | (55)                      | 55               | -                           |
|                          | 1,567,364                 | (290,047)        | 1,277,317                   |

**27 Guarantees and other financial commitments**

At 31 December 2008 the company had annual commitments in respect of operating leases for land and building as follows:

|  | <b>Group</b>   |                | <b>Charity</b> |               |
|--|----------------|----------------|----------------|---------------|
|  | <b>2008</b>    | <b>2007</b>    | <b>2008</b>    | <b>2007</b>   |
|  | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>      |
| Date of termination of lease                           |                |                |                |               |
| Less than one year                                     | 36,200         | 66,250         | -              | 15,000        |
| Between two and five years                             | 80,500         | 78,505         | 18,000         | 19,505        |
| After five years                                       | 193,000        | 33,500         | 88,000         | -             |
| <b>Total annual commitment at<br/>31 December 2008</b> | <b>309,700</b> | <b>178,255</b> | <b>106,000</b> | <b>34,505</b> |

**28 Prior period adjustment**

The financial statements of Roy Castle Patient Support Limited in the preceding period were not prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) since charitable status was obtained on 28 July 2008.

Roy Castle Patient Support Limited commenced trading on 9 March 2007 and the period's trading results amounted to a profit of £11,254. These retained profits were then carried forward to the reserves of the charity on its registration in July 2008.

Comparative figures in these financial statements have been re-categorised in accordance with the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005). The effect on the underlying result for the preceding period is £nil.