

THE ROY CASTLE LUNG CANCER FOUNDATION
REPORT AND FINANCIAL STATEMENTS

**For the year ended
31 December 2010**

Company Registration No: 3059425

Registered Charity Nos:

England & Wales 1046854

Scotland SC037596

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THE ROY CASTLE LUNG CANCER FOUNDATION
TRUSTEES' REPORT
Year ended 31 December 2010

Reference and administrative details

<u>Charity numbers</u>	England & Wales 1046854	Scotland SC037596
<u>Company number</u>	3059425	
<u>Principal Office</u>	The Roy Castle Centre 4-6 Enterprise Way, Wavertree Technology Park, Liverpool L13 1FB	
<u>Directors and Trustees</u>		

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	(resigned 24 May 2010)
	Rt Hon Lord Falconer	
	David Gilligan	(appointed 15 April 2011)
	Sharron Heginbottom	
	Euan Imrie	(appointed 26 July 2010)
	David Maples	
	Dame Gill Oliver	
	Peter Rainey	(appointed 15 April 2011)
	Lynn Tilbury	(resigned 31 January 2011)

Company secretary	Dr Rosemary Gillespie
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Senior Management

Chief Executive	Dr Rosemary Gillespie	
Finance Director	Mike Grundy	
Fundraising	Matthew Boyle	(appointed July 2010)
Medical Director	Dr Jesme Fox	
Patient Support	Suzy Mercer	
Management Services	Paula Chadwick	
Tobacco Control	Eileen Streets	
Retail	Pat Tisdale	
IT	Asaf Niaz	(resigned July 2010)

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

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 last amended 31st January 2011. The company is registered as a charity with both the Charity Commission in England and Wales and the Office of the Scottish Charity Regulator.

Appointment of trustees

The Roy Castle Lung Cancer Foundation recognises that an effective board of trustees is essential if the charity is to be effective in achieving its objectives. The board must seek to be representative of the people with whom the charity works and must have available to it all of the knowledge and skills required to run the charity. Individual trustees must have sufficient knowledge, both of trusteeship in general and of the Charity's activities, to enable them to carry out their role and to represent the Charity at meetings and other events.

Using a balance of skills and geography, trustee vacancies should be advertised, however existing trustees and employees are encouraged to put forward names for consideration. The potential trustee will complete a skill matrix and have an induction period of three months before formal appointment by members by ordinary resolution.

Trustees will serve for a three year period before being eligible for re-election. Unless there are specific and special circumstances no trustee shall serve 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 Foundation and comprises of ten members that meets four 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 Finance and 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 Scientific 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 this is convened ad hoc rather than as a formal committee.

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.

Grant making policy

The Foundation's mission is to beat lung cancer by funding innovative world-class research. Our aim through research into Early Detection and Patient Experience is to make a significant impact on lung cancer for the benefit of patients.

Scientific excellence and relevance to lung cancer are the key principles which will guide the Foundation's research.

The Foundation is a member of the Association of Medical Research Charities (AMRC), a membership organisation of the leading medical and health research charities in the UK.

The Foundation's key research objectives are:

- to build the talent pool in lung cancer research of the highest quality, in the UK and the Republic of Ireland
- to encourage scientific innovation
- to make every effort to engage in scientific and public dialogue and encourage scientists to communicate and collaborate with each other and ensure that the results are disseminated in an easy format to the general public
- to ensure that research translates into benefits for patients as quickly and effectively as possible

Awards are provided for pilot grants and project grants in universities, medical schools/teaching hospitals and research institutes within the UK and Ireland.

Grants will be made in support of the research project including salaries, minor equipment and consumables costs. The Foundation will not directly employ staff on grants awarded for research projects.

The Foundation will only undertake the funding of research that has been peer reviewed through its Grants Committee process.

Details of how to apply for grants and scholarships, together with the relevant forms, are available by contacting our principal office.

THE ROY CASTLE LUNG CANCER FOUNDATION
TRUSTEES' REPORT

Year ended 31 December 2010

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. The company results for the year was a loss of £22,419 (2009 loss £24,303) after a gift aid payment to the Charity of £90,141 (2009 £229)

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. The company results for the year was a £nil profit (2009 profit £9,539) after a gift aid payment to the Charity of £43,911 (2009 £17,757)

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'. The company results for the year was a loss £18,894 (2009 loss £23,312) after a gift aid payment to the Charity of £61,634 (2009 £93,870)

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 28th May 2008 with the Charities Commission, the application was successful, with Roy Castle Patient Support becoming a registered charity on 28th July 2008. The charity results for the year was a deficit £29 (2009 deficit £1,348)

Risk management

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

- a quarterly 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 risk to the Charity is a significant decrease in income through reduced legacies and public fundraising and the cancellation of contracts with PCT's. We believe that these business risks would be effectively managed by restructuring existing resources and maintaining appropriate accessible cash reserves

Objectives and activities

Public Benefit

The trustees confirm that they have paid due regard to the public benefit guidance published by the Charity Commission and Office of the Scottish Charity Regulator. The Foundation refers to the public benefit guidance when reviewing and setting its aims and objectives and in future planning.

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 and objectives

The Roy Castle Lung Cancer Foundation is the only charity in the UK wholly dedicated to the defeat of lung cancer, the biggest cancer killer in the world.

At the start of 2009, the Charity embarked on a major strategic review and the resulting Strategic Plan 2010-2015, identified 4 key aims:

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

Charities main activities undertaken for the public benefit

Research

The Charity funds internationally recognised research into the prevention and early detection of lung cancer.

For the period of 2010 – 2015, our research funding will support the Liverpool Lung Project (LLP) at The University of Liverpool, which is the largest population-based study in lung cancer in Europe.

The research will be carried out in accordance with the External Experts' Report, which was presented to the Scientific Grant Review Committee following a site visit and assessment in 2010.

The research is aligned with The Association of Medical Research Charities' recommendations and evaluated every 3 years by national and international experts in the field.

As finance permits research will also be funded into

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

Lung Cancer Prevention through tobacco control

The Tobacco Control department prevents lung cancer by

- delivering commissioned Stop Smoking Services in Liverpool and Knowsley
- working with young people to prevent them from taking up smoking
- training and supporting young people to be peer advocates to campaign against tobacco use and related issues via the Anti-Youth Tobacco Campaign (ATYC) and Kids Against Tobacco Smoke (KATS) project
- delivering commissioned training to a range of health and social care providers

Lung Cancer Information and Support Services

The Glasgow based Lung Cancer Information and Support Services department, formerly known as Patient Support, provides a voice as well as information products and support services to people affected by lung cancer through

- identifying and engaging with lung cancer patients at a community level
- recruiting and nurturing advocates
- consulting with patients, carers and healthcare professionals to ascertain what issues, services and products are important to them
- representing the voice of lung cancer through influencing and campaigning work
- raising the profile of lung cancer
- raising awareness of lung cancer signs and symptoms
- providing high quality and accessible information
- providing a national free phone Helpline
- providing an online chat forum
- providing affiliated Patient Support Groups
- providing peer support through trained Buddies

Influencing and Campaigning

Influencing and campaigning are intended to act as change agents, and to strengthen the Charity's position as a national organisation, and as a lever to achieve its aims and objectives

Key activity includes

- ensuring all patients have equitable access to the best treatment and care
- ensuring better outcomes, through disease awareness and earlier diagnosis
- ensuring UK wide Tobacco Control strategies are in place
- reducing the stigma and negativity surrounding lung cancer
- ensuring more funding for lung cancer research

Main achievements of the Charity in 2010

Research

The Liverpool Lung Project has continued to gain prominent international recognition in the field of early lung cancer detection with invitations to speak at major international conferences and also to join large European research projects

It is currently the largest international prospective study with more than 11,000 volunteers recruited to the project which has enabled the LLP to set up collaborations with USA, European and biotech companies working on lung cancer

A number of international collaborative projects have been undertaken including the development for novel methods of DNA methylation detection and microRNA analysis

The Research Group has published 22 international papers in international journals and received five invitations to present their work at international conferences, including CHEST in Vancouver and the European Respiratory Research meeting in Germany

The Liverpool Lung Project core-cohort data set has also been used to develop a five year absolute rule model for lung cancer. This high risk prediction model is now used to identify individuals for the UK Lung Cancer Screening Trial (UKLS)

Lung Cancer Prevention through tobacco control

The Tobacco Control department has a role to act as a change agent to strengthen the Charity's position as a national organisation by having a place at the table of key public affairs alliances. Key activities include

- being a member of the Smokefree Action Coalition (SFAC) which has a strong influence on the governments' tobacco control strategy in England. Outcomes from this work can be measured by joint letters to UK broadsheets and relevant organisations on campaigns such as Point of Sale and removal of cigarette vending machines
- being a member of the Scottish Coalition on Tobacco (SCOT) which influences tobacco control strategies in Scotland
- being a member of the Smoking Control Network (SCN) which shares local intelligence and practice in tobacco control
- receiving an invite to join the steering group for the launch of a national conference in Scotland on reducing children's exposure to second hand smoke. We trained 21 individuals across Scotland to roll out awareness training and will evaluate the impact this has had

Stop Smoking Service FagEnds

FagEnds have achieved their best performance to date in 2010/11

- Liverpool achieved 5068 quits, 133 over target with a 45% quit rate
- Knowsley achieved 2389 quits, 539 over target with a 41% quit rate

Mid Counties Co-op

Pupils have been involved in a range of activities including presentations to school staff and parents as well as training in the fields of Tobacco and Smoking and Peer Education. Resources have been purchased for each school and will be distributed to the schools through the School Ambassadors

Bath University research project

The study considered outcomes of the FagEnds service delivered in Liverpool and Knowsley over a 12 month period in 2009

The FagEnds service is reaching and treating smokers from very disadvantaged areas. Two-thirds of the clients attending the service lived in the most deprived area (lowest decile) in England, 65% of clients came from the five most deprived areas in Greater Liverpool (deciles 1-5)

Over one-third had never worked or were long term unemployed, over three quarters were entitled to free prescriptions and over two-thirds of clients attending the service were in private rented or social/council housing

The vast majority of clients self-referred to the service (89%), 6% were referred by their GP, 4% by 'other health professional' and 1% by 'other'. Nearly 40% of clients reported hearing about the FagEnds stop smoking service from a friend

The Fag Ends results showed that the four-week CO-validated quit rate was 31% rising to 49% when self-report quitters were included

Lung Cancer Information and Support Services

In 2010, the Lung Cancer Information and Support Services (LCISS) department made significant progress against its objectives and targets, based on needs assessment and in compliance with the Strategic Plan

In terms of information products, a new *Patient Stories* DVD video was published. Substantial preparation was made for Information Standard accreditation. A number of information products were created or re-created in factsheet format to enable users to access more specific information about a range of topics such as Travel Insurance and Lung Cancer. The charity disseminated a total of 22,543 professionally published information products in 2010, broken down as follows

- Lung Cancer – Answering your Questions (booklet) 13,553
- Lung Cancer - A practical guide to breathlessness (booklet) 2,449
- Surgery for Lung Cancer – Answering your Questions (booklet) 2,337
- You've just been told you have Lung Cancer (booklet) 671
- Living with Lung Cancer (DVD) 3,346
- Take a breather (DVD) 187

In terms of support services, a new peer support service led by trained Buddies (people diagnosed with or affected by lung cancer) was piloted to meet a service gap. A project reviewing the specific service and product needs of carers was initiated. A review of the national Helpline was carried out to improve efficiency and effectiveness. Affiliated support groups continued to operate successfully across the UK and now stand at a total of 43. The charity's online chat system continued to be used regularly, as did the national Helpline which received almost 1000 calls

The charity continued to promote and facilitate the voice of people affected by lung cancer through a number of means. The network of advocates is made up of people with a diagnosis of lung cancer as well as their carers, partners and family members. Advocates used their personal experience to raise awareness of the signs and symptoms of lung cancer as well as contributing generally to prevention, education, treatment, and general influencing and campaigning agendas. The charity held a successful User Involvement Conference in 2010 which was attended by 60 patients and carers

The Charity continued to engage effectively with health care professionals including Lung Cancer Nurse Specialists and the National Lung Cancer Forum for Nurses. The charity continued to be represented and proactively involved in a number of national forums and projects including the UK Lung Cancer Coalition Communications Sub Group, Scottish Cancer Coalition, National Awareness and Early Diagnosis Initiative, Improving Lung Cancer Outcomes Project and the NCSI Adult Survivorship Learning Workshop

Influencing & Campaigning

Throughout 2010, the Roy Castle Lung Cancer Foundation has continued to

- work to ensure all patients have equitable access to the best treatment and care
- raise awareness of the importance of lung cancer signs and symptoms, to ensure earlier diagnosis
- putting lung cancer higher on the political agenda

This has been achieved by membership of key committees, input into key meetings, engaging with policy makers and key opinion leaders and in responding to key health strategy setting documentation

In November 2010, the Roy Castle Lung Cancer Foundation led the UK's Lung Cancer Awareness Month activities. This included a high profile advertising campaign featuring comedian Ricky Gervais and Manchester United manager Sir Alex Ferguson among a host of other stars. The charity also partnered with the Royal Pharmaceutical Society on a campaign to encourage pharmacists to spot the early signs of lung cancer and refer their customers to the GP for further investigations.

In November 2010, the charity also published its annual Report Card, which highlights the experiences of the 39,000 patients diagnosed with lung cancer every year in the UK. The Report Card showed little improvement in survival rates, treatment and care in the three years since the Report Card was launched.

During 2010, the charity continued to provide the secretariat for the Global Lung Cancer Coalition. The GLCC is a coalition of almost 30 lung cancer campaigning organisations, from across the globe. In June 2010, the GLCC disseminated the results of an IPSOS MORI consumer poll, showing inter country variations in public attitudes towards lung cancer.

Fundraising

2010 was an exceptionally busy year for fundraising, with a major focus being the celebrations around the charity's 20th Anniversary. The year also saw the first steps of activity on a more national level, with a particular focus on the Glasgow area.

2010 highlights included

- the continued success of mass participation events, such as the Liver Birds Midnight Walk and Dance-a-thons, with both events seeing massive growth in entry numbers and also money raised
- the success of 20th Anniversary celebrations, including the anniversary dinner, skydive, ladder climb and numerous flag days
- the success of new activity across the UK, including the Light Up a Life service and Winter Ball in Glasgow. In addition, the tremendous ongoing support of our supporters, organising a wonderful array of activity including circumnavigating the globe in a fire engine, holding concerts, taking on walks, bike rides and climbs and much more
- The Charity developed a lottery using Gamestech instant pull tab lottery machines which has raised £166k in 2010

The challenge of continuing to raise funds has never been greater but 2011 will see a continued effort to spread activity on a national level and work with our supporters to help them with all their fundraising efforts.

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.

Financial Review

Summary

2010 was the first year of implementation of the 2010 -2015 Strategic Plan. It was a successful year with performance exceeding the 2010 Business Plan.

The Charity, as a group, made a surplus during 2010 of £173k (2009 surplus £71k). This has been achieved by maintaining income levels in a difficult economic environment and a reduction in charitable expenditure.

Charitable expenditure

Total charitable expenditure for 2010 was £2,971k (2009 £3,248k) down 9% on the previous year due to the contraction in the Foundation's prevention and research activities.

Prevention expenditure decreased by 11% to £1,764k in 2010 due to the end of the partnership between North Staffordshire PCT and the Charity to provide specialist smoking cessation services.

Research expenditure decreased by 5% to £790k in 2010 due to a reduction of charitable grants. Research grants were £600k during 2010 (2009 £668k) and included distributions to the University of Liverpool (Liverpool Lung Project), University of Bath (Smoking Cessation Study) and International Lung Cancer Nurse Forum.

Support expenditure decreased by 3% to £418k in 2010 which reflects the fall of corporate sponsorship income.

Income and funding

Total income from generated funds and charitable activities for 2010 was £4,711k (2009 £4,769k) a decrease of 1% on prior year. Voluntary income decreased by 12% to £1,102k (2009 £1,256k), generated funds income was £1,739k up 25% on the year before (2009 £1,383k) and charitable activities income was £1,841k down 12% on prior year (2009 £2,100k).

The fall in voluntary income figure is due to the 2009 one off North West Development Agency (NWDA) grant income of £98k and decrease in corporate donations of £40k.

Generated funds income increased by 19% to £1,739k due to the significant growth in fundraising events through new lottery income stream and strong Retail performance. Lottery income is sourced from instant pull tab lottery machines operated by Gametech. The Charity receives 20% of ticket price and raised £138k in 2010.

Retail's strong performance is driven by the success of the Smithdown Road retail outlet and the high quality donated corporate stock.

Charitable activities income decline is largely driven by the Tobacco Control division at £1,764k (2009 £1,990k). As described in charitable expenditure above, the decrease is due to the end of the partnership between North Staffordshire PCT and the Charity to provide specialist smoking cessation services.

THE ROY CASTLE LUNG CANCER FOUNDATION
TRUSTEES' REPORT
Year ended 31 December 2010

Fundraising

The cost of generating funds in 2010 has increased by £57k to £1,553k. Increase in costs is mainly driven by Retail with the additional Smithdown Road outlet and new lottery costs in fundraising activities.

Fundraising costs have been strictly managed with the costs of generating voluntary income at £196k falling in the year (2009 £260k).

Investments

The Foundation holds £760k in listed investments that generated an income of £28k in the year (2009 £30k). In the year there was an unrecognised gain of £56k (2009 £111k gain).

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 organisation's continued activities.

Reserves

The trustees have adopted a reserves policy which they consider appropriate to ensure the continued ability of the Foundation 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 and 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 2010 the actual unrestricted reserves less tangible fixed assets is over £1.4 million which is lower than the calculated policy level of reserves of £2.1 million. However, the listed investments and cash held at the balance sheet date totals £2.1 million hence the trustees are satisfied that the Foundation can meet its funding commitments.

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

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:

- Further funding of Liverpool Lung Project
- Raise awareness of the poor survival rates for lung cancer, the variations in outcomes, treatment and care in lung cancer and ensure earlier diagnosis for lung cancer
- The charity will commission reports, looking at variations in lung cancer survival & treatment across different parts of the UK. The Report for data available in England, to be launched in July 2011, at an event at the House of Commons
- The Roy Castle Lung Cancer Foundation will develop a new research strategy aligned with the Association of Medical Research Charities (AMRC) standards. This will be launched in January 2012 and will allow researchers to bid for new grants, for work around the early detection of lung cancer and lung cancer patient experience
- Expansion of Fag Ends smoking cessation services

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

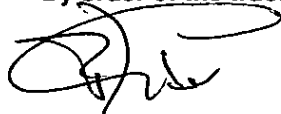
Staff

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

By order of the trustees



Sir Philip D Carter CBE
Chairman

2011

THE ROY CASTLE LUNG CANCER FOUNDATION
INDEPENDENT AUDITORS REPORT
Year ended 31 December 2010

We have audited the group and parent charitable company's financial statements of Roy Castle Lung Cancer Foundation Ltd ("the financial statements") for the year ended 31 December 2010 on pages 15 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2010, and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other requirement of the Companies Act 2006

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

THE ROY CASTLE LUNG CANCER FOUNDATION
INDEPENDENT AUDITORS REPORT
Year ended 31 December 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- the parent charity has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

Susan Hutchinson (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
No 1 Old Hall Street
Liverpool
L3 9SX

BAKER TILLY UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ROY CASTLE LUNG CANCER FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2010

		Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,102,483	-	1,102,483	1,255,887
Activities for generating funds					
Sale of donated & bought-in goods	2	1,006,565	-	1,006,565	882,756
Fundraising events & other income	2	732,116	-	732,116	500,455
Investment income	2	28,332	-	28,332	29,818
Incoming resources from charitable activities					
Research	3	-	196,802	196,802	150,000
Prevention	3	1,497,990	20,732	1,518,722	1,792,718
Support	3	97,401	27,782	125,183	157,566
Other incoming resources		479	-	479	201
Total incoming resources		4,465,366	245,316	4,710,682	4,769,401
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	195,561	-	195,561	260,613
Fundraising trading					
Sale of donated & bought-in goods	4	1,071,812	-	1,071,812	1,004,681
Fundraising events	4	268,902	-	268,902	214,934
Investment management costs	4	16,511	-	16,511	15,646
		1,552,786	-	1,552,786	1,495,874
Cost of charitable activities					
Research	4	685,654	104,097	789,751	827,054
Prevention	4	1,742,834	20,731	1,763,565	1,990,183
Support	4	394,064	23,860	417,924	430,470
		2,822,552	148,688	2,971,240	3,247,707
Governance costs	6	70,002	-	70,002	66,235
Total resources expended		4,445,340	148,688	4,594,028	4,809,816
Net incoming/(outgoing) resources		20,026	96,628	116,654	(40,415)
Other recognised gains	11	56,462	-	56,462	110,951
Net movement of funds		76,488	96,628	173,116	70,536
Fund balances brought forward		1,527,617	160,390	1,688,007	1,617,471
Fund balances carried forward		1,604,105	257,018	1,861,123	1,688,007

All the above results derive from continuing activities
All gains and losses recognised in the year are included above
The notes on pages 20 to 38 form part of these accounts

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THE ROY CASTLE LUNG CANCER FOUNDATION
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2010

		Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
<u>Incoming resources</u>					
Incoming resources from generated funds					
Voluntary income	2	1,073,519	-	1,073,519	1,239,055
Activities for generating funds					
Sale of donated & bought-in goods	2	-	-	-	-
Fundraising events & other income	2	649,217	-	649,217	459,369
Investment income	2	224,018	-	224,018	141,674
Incoming resources from charitable activities					
Research	3	-	196,802	196,802	150,000
Prevention	3	149,113	20,732	169,845	73,260
Support	3	97,401	27,782	125,183	157,566
Other incoming resources		479	-	479	201
Total incoming resources		<u>2,193,747</u>	<u>245,316</u>	<u>2,439,063</u>	<u>2,221,125</u>
<u>Resources expended</u>					
Cost of generating funds					
Cost of generating voluntary income	4	193,688	-	193,688	260,101
Fundraising trading					
Sale of donated & bought-in goods	4	123,133	-	123,133	97,806
Fundraising events	4	228,256	-	228,256	200,192
Investment management costs	4	14,567	-	14,567	14,147
		<u>559,644</u>	<u>-</u>	<u>559,644</u>	<u>572,246</u>
Cost of charitable activities					
Research	4	700,321	104,096	804,417	825,940
Prevention	4	407,205	20,732	427,937	338,732
Support	4	404,148	23,831	427,979	428,341
		<u>1,511,674</u>	<u>148,659</u>	<u>1,660,333</u>	<u>1,593,013</u>
Governance costs	6	61,090	-	61,090	56,857
Total resources expended		<u>2,132,408</u>	<u>148,659</u>	<u>2,281,067</u>	<u>2,222,116</u>
Net incoming/(outgoing) resources		<u>61,339</u>	<u>96,657</u>	<u>157,996</u>	<u>(991)</u>
Other recognised gains	11	56,462	-	56,462	110,951
Net movement of funds		<u>117,801</u>	<u>96,657</u>	<u>214,458</u>	<u>109,960</u>
Fund balances brought forward		<u>1,570,404</u>	<u>160,199</u>	<u>1,730,603</u>	<u>1,620,643</u>
Fund balances carried forward		<u>1,688,205</u>	<u>256,856</u>	<u>1,945,061</u>	<u>1,730,603</u>

All the above results derive from continuing activities
All gains and losses recognised in the year are included above
The notes on pages 20 to 38 form part of these accounts

Company Registration No: 3059425
THE ROY CASTLE LUNG CANCER FOUNDATION
BALANCE SHEETS
Year ended 31 December 2010

	Notes	Group		Charity	
		2010 £	2009 £	2010 £	2009 £
Fixed assets					
Tangible assets	10	406,419	457,757	186,615	187,766
Investments	11/12	760,071	533,003	889,671	662,603
		<u>1,166,490</u>	<u>990,760</u>	<u>1,076,286</u>	<u>850,369</u>
Current assets					
Stock	14	55,519	58,210	6,507	9,600
Debtors	15	336,083	482,260	371,568	511,354
Cash at bank and in hand	16	1,293,737	1,278,787	1,185,024	1,185,701
		<u>1,685,339</u>	<u>1,819,257</u>	<u>1,563,099</u>	<u>1,706,655</u>
Creditors amounts falling due within one year	17	(943,348)	(1,104,828)	(657,502)	(826,421)
Net current assets		<u>741,991</u>	<u>714,429</u>	<u>905,597</u>	<u>880,234</u>
Creditors amounts falling due after one year	17	(46,329)	(14,691)	(36,822)	-
Provision for liabilities	18	(1,029)	(2,491)	-	-
Net assets		<u><u>1,861,123</u></u>	<u><u>1,688,007</u></u>	<u><u>1,945,061</u></u>	<u><u>1,730,603</u></u>
Funds					
Restricted funds	19	257,018	160,390	256,856	160,199
Unrestricted funds					
- General funds	19	1,688,205	1,570,404	1,688,205	1,570,404
- Non-charitable trading funds	19	(84,100)	(42,787)	-	-
		<u><u>1,861,123</u></u>	<u><u>1,688,007</u></u>	<u><u>1,945,061</u></u>	<u><u>1,730,603</u></u>

These financial statements were approved and authorised for issue by the Board of Trustees on 22 September 2011



Sir Philip Carter CBE
Chairman

The notes on pages 20 to 38 form part of these accounts

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THE ROY CASTLE LUNG CANCER FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2010

	Notes	2010 £	2009 £
Net cash inflow/(outflows) from operating activities	25	215,322	(106,300)
Returns on investments and servicing of finance			
Interest received		9,493	8,850
Dividends received		18,839	20,968
Net cash inflow from returns on investments and servicing of finance		28,332	29,818
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(58,577)	(23,524)
Payments to acquire investment assets		(286,257)	(270,673)
Proceeds from sale of tangible fixed assets		479	375
Proceeds from sale of investment assets		115,651	371,774
Net cash (outflow)/inflow from capital expenditure and financial investment		(228,704)	77,952
Net cash outflow from financing		-	-
Net increase in cash	26/27	14,950	1,470

The notes on pages 20 to 38 form part of these accounts

THE ROY CASTLE LUNG CANCER FOUNDATION
CHARITY CASH FLOW STATEMENT
Year ended 31 December 2010

	Notes	2010 £	2009 £
Net cash (outflow) from operating activities	25	(14,601)	(176,797)
Returns on investments and servicing of finance			
Interest received		9,493	8,850
Dividends received		18,839	20,968
Gift Aid from subsidiary companies		195,686	111,856
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		224,018	141,674
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(39,967)	(4,595)
Payments to acquire investment assets		(286,257)	(270,673)
		<hr/>	<hr/>
Proceeds from sale of tangible fixed assets		479	375
Proceeds from sale of investment assets		115,651	371,774
		<hr/>	<hr/>
Net cash (outflow)/inflow from capital expenditure and financial investment		(210,094)	96,881
Net cash outflow from financing		-	-
		<hr/>	<hr/>
Net (decrease)/increase in cash	26/27	(677)	61,758
		<hr/>	<hr/>

The notes on pages 20 to 38 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 market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and applicable accounting standards.

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

(b) Going Concern

The Charity has reserves of £1,861k and had a surplus of £173k in 2010. The trustees have assessed all available information including a rolling twelve month revenue and cashflow forecast and 2011 results surplus and have concluded that the use of going concern basis of accounting is appropriate.

(c) Legal status

The Charity is a company limited by guarantee, has no share capital and is governed by its Memorandum and Articles of Association. The liability of each member in the event of winding up is £10. The company is registered as a charity with both the Charity Commission and the Office of the Scottish Charity Regulator.

(d) 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.

(e) 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. Material legacies receivable at the year-end are included at their expected value. Where material legacies have been notified but the requirements of income recognition have not been met, the details of the legacy are disclosed in note 21.
- 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.

- Lottery income is recognised on an entitlement basis operated through a network administered by GamesTec
- Donated items sourced from both individuals and organisations are not included in the financial statements until they are sold. 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

(f) 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.

(g) Tangible fixed assets

Fixed assets costing more than £500 are capitalised and valued at historic cost except for items individually below threshold but included in a project whose overall cost is greater than £500.

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

(h) Investments

Investments in subsidiaries are included at cost less any permanent diminution in value.

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.

(i) 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.

(j) Finance Leases

Leases assets in which the Foundation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and its lease term.

Each lease payment is allocated between the liability and finance charges. The interest element of the rental is charged to the SOFA and the corresponding rental obligations, net of finance charges, are included in creditors.

(k) Operating Leases

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

(l) 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.

(m) 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.

(n) 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.

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

2 Incoming resources from generated funds

Voluntary income	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Legacy generation, Memoriam & Trusts	754,861	753,323	752,094	753,323
Donations	199,847	228,370	183,951	224,288
Donor marketing	12,471	17,599	12,471	17,599
Major Gifts, Corporate & other Donated services	126,804	158,845	125,003	158,845
North West Development Agency Grant	8,500	97,750	-	85,000
	<u>1,102,483</u>	<u>1,255,887</u>	<u>1,073,519</u>	<u>1,239,055</u>

Activities for generating funds	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Sale of donated & bought in goods	1,003,517	878,191	-	-
Fundraising events	732,116	500,455	649,217	459,369
Rent receivable	3,048	4,565	-	-
	<u>1,738,681</u>	<u>1,383,211</u>	<u>649,217</u>	<u>459,369</u>

Investment income	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Dividend income	18,839	20,968	18,839	20,968
Deposit income	9,493	8,850	9,493	8,850
Gift Aid from trading subsidiaries	-	-	195,686	111,856
	<u>28,332</u>	<u>29,818</u>	<u>224,018</u>	<u>141,674</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

3 Incoming resources from charitable activities

	Group			
Research	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Sponsorship	-	196,802	196,802	150,000
Prevention				
Smoking cessation contracts	1,421,366	-	1,421,366	1,705,611
Youth campaigns	50,000	20,732	70,732	45,711
National clean air award	-	-	-	855
Health awareness campaign	26,624	-	26,624	40,541
	<u>1,497,990</u>	<u>20,732</u>	<u>1,518,722</u>	<u>1,792,718</u>
Support				
Sponsorship	<u>97,401</u>	<u>27,782</u>	<u>125,183</u>	<u>157,566</u>

	Charity			
Research	Unrestricted 2010 £	Restricted 2010 £	Total 2010 £	Total 2009 £
Sponsorship	-	196,802	196,802	150,000
Prevention				
Smoking cessation contracts	99,113	-	99,113	27,549
Youth campaigns	50,000	20,732	70,732	45,711
Health awareness campaign	-	-	-	-
	<u>149,113</u>	<u>20,732</u>	<u>169,845</u>	<u>73,260</u>
Support				
Sponsorship	<u>97,401</u>	<u>27,782</u>	<u>125,183</u>	<u>157,566</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

4 Total resources expended

	Direct expenditure £	Grant expenditure £	Support costs £	Group Total 2010 £	Total 2009
Cost of generating voluntary income					
Legacy generation	29,085	-	2,463	31,548	34,994
Donations	138,155	-	25,858	164,013	225,619
	<u>167,240</u>	<u>-</u>	<u>28,321</u>	<u>195,561</u>	<u>260,613</u>
Fundraising trading					
Sale of donated and bought-in goods	948,679	-	123,133	1,071,812	1,004,681
Fundraising events	243,437	-	22,420	265,857	214,934
Lottery	1,814	-	1,231	3,045	-
	<u>1,193,930</u>	<u>-</u>	<u>146,784</u>	<u>1,340,714</u>	<u>1,219,615</u>
Investment management	6,306	-	10,205	16,511	15,646
Costs of charitable activities					
Research	125,417	581,526	82,808	789,751	827,054
Prevention	1,457,878	17,973	287,714	1,763,565	1,990,183
Support	360,261	-	57,663	417,924	430,470
	<u>1,943,556</u>	<u>599,499</u>	<u>428,185</u>	<u>2,971,240</u>	<u>3,247,707</u>
Governance	16,457	-	53,545	70,002	66,235
	<u><u>3,327,489</u></u>	<u><u>599,499</u></u>	<u><u>667,040</u></u>	<u><u>4,594,028</u></u>	<u><u>4,809,816</u></u>

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

	Direct expenditure £	Grant expenditure £	Support costs £	Charity Total 2010 £	Total 2009
Cost of generating voluntary income					
Legacy generation	28,759	-	2,463	31,222	34,955
Donations	136,608	-	25,858	162,466	225,146
	<u>165,367</u>	<u>-</u>	<u>28,321</u>	<u>193,688</u>	<u>260,101</u>
Fundraising trading					
Sale of donated and bought-in goods	-	-	123,133	123,133	97,806
Fundraising events	202,791	-	22,420	225,211	200,192
Lottery	1,814	-	1,231	3,045	-
	<u>204,605</u>	<u>-</u>	<u>146,784</u>	<u>351,389</u>	<u>297,998</u>
Investment management	4,362	-	10,205	14,567	14,147
Costs of charitable activities					
Research	140,083	581,526	82,808	804,417	825,940
Prevention	122,250	17,973	287,714	427,937	338,732
Support	370,316	-	57,663	427,979	428,341
	<u>632,649</u>	<u>599,499</u>	<u>428,185</u>	<u>1,660,333</u>	<u>1,593,013</u>
Governance	7,545	-	53,545	61,090	56,857
	<u>1,014,528</u>	<u>599,499</u>	<u>667,040</u>	<u>2,281,067</u>	<u>2,222,116</u>

Analysis of grant expenditure		Group and Charity 2010 £		2009 £
University of Liverpool	Liverpool Lung Project	576,526	590,000	
Global Lung Cancer Coalition	International Lung Cancer Nurse Forum	5,000	-	
John Moores University	Health Awareness	-	19,756	
University of Bath	Smoking Cessation Study	17,973	58,007	
		<u>599,499</u>	<u>667,763</u>	

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

5 Support costs allocation

Charity and Group

	Directors & CEO £	Finance £	Comms £	HR & Office £	IT £	2010 Total £	2009 Total £
Cost of generating funds							
<i>Cost of generating voluntary income</i>							
Legacy generation	-	829	264	776	594	2,463	1,991
Donations	-	8,703	2,771	8,142	6,242	25,858	25,877
<i>Fundraising trading</i>							
Sale of donated & bought-in goods	-	41,441	13,193	38,771	29,728	123,133	99,527
Fundraising events	7,644	4,973	1,583	4,653	3,567	22,420	22,052
Lottery	-	414	132	388	297	1,231	
<i>Investment management costs</i>	-	10,205	-	-	-	10,205	10,724
Cost of charitable activities							
Research	30,574	21,549	6,860	8,366	15,459	82,808	67,560
Prevention	61,148	76,251	24,275	71,339	54,701	287,714	248,078
Support	30,574	9,117	2,902	8,529	6,541	57,663	46,409
Governance costs	22,930	30,615	-	-	-	53,545	50,556
Total Group support costs	152,870	204,097	51,980	140,964	117,129	667,040	572,774

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

6 Governance costs

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Apportionment of directors & CEO costs	22,931	18,384	22,930	18,130
Apportionment of finance costs	30,614	32,172	30,615	31,727
External audit and accountancy	16,457	15,679	7,545	7,000
Total Governance costs	70,002	66,235	61,090	56,857

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

7 Net movement in funds

Net movement in funds is arrived after charging:	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Auditors remuneration – audit fees	10,500	10,500	7,000	7,000
Auditors remuneration – taxation fees	1,500	1,500	-	-
Operating lease rentals – land and buildings	447,532	426,261	126,974	120,828
Depreciation	109,915	117,954	41,118	43,409
Government grant	(5,184)	(2,599)	-	-

8 Staff numbers and emoluments

	Group		Charity	
	2010 £	2009 £	2009 £	2009 £
Wages and salaries	2,028,320	2,058,209	780,869	738,103
Social security costs	184,645	169,497	79,237	60,287
Pensions cost	20,659	21,418	13,486	12,647
	2,233,624	2,249,124	873,592	811,037

One employee as defined for taxation purposes is included in the band of £70,001 to £80,000 (2009 one employee)

All other 112 employees' are included in the band up to £60,000

The average number of employees	Group		Charity	
	2010 Nos	2009 Nos.	2010 Nos.	2009 Nos.
Fundraising	12	12	12	12
Retail	31	32	-	-
Smoking cessation	50	54	2	2
Patient support	7	7	7	7
Support	13	11	13	11
	113	116	34	32

The average number of research personnel funded by the Foundation

	2010 Nos	2009 Nos
Liverpool Lung Project	16	16
Other	-	1
	16	17

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2010

9 Trustees' emoluments and reimbursed expenses

The trustees received no remuneration for their services during the year (2009 £nil)

The aggregated amount of expenses reimbursed to 2 trustees during the year was £315 (2009 £886)

10 Tangible fixed assets

	Fixtures & Fittings	Leasehold Land & Buildings	Research office and computer equipment	Charity Total	Fixtures & Fittings	Leasehold Land & Buildings	Research office and computer equipment	Group Total
	£	£	£	£	£	£	£	£
Cost								
At 1 January 2010	16,474	140,261	142,893	299,628	116,772	842,883	320,611	1,280,266
Additions	3,064	-	36,903	39,967	3,064	-	55,513	58,577
Disposals	-	-	(2,250)	(2,250)	-	-	(2,250)	(2,250)
Transfers	-	-	-	-	-	-	-	-
At 31 Dec 2010	<u>19,538</u>	<u>140,261</u>	<u>177,546</u>	<u>337,345</u>	<u>119,836</u>	<u>842,883</u>	<u>373,874</u>	<u>1,336,593</u>
Accumulated depreciation								
At 1 January 2010	13,826	17,533	80,503	111,862	77,201	571,024	174,284	822,509
Charge for the year	1,553	14,026	25,539	41,118	7,004	39,414	63,497	109,915
Disposals	-	-	(2,250)	(2,250)	-	-	(2,250)	(2,250)
Transfers	-	-	-	-	-	-	-	-
At 31 Dec 2010	<u>15,379</u>	<u>31,559</u>	<u>103,792</u>	<u>150,730</u>	<u>84,205</u>	<u>610,438</u>	<u>235,531</u>	<u>930,174</u>
Net book value								
At 31 Dec 2010	<u>4,159</u>	<u>108,702</u>	<u>73,754</u>	<u>186,615</u>	<u>35,631</u>	<u>232,445</u>	<u>138,343</u>	<u>406,419</u>
At 31 Dec 2009	<u>2,648</u>	<u>122,728</u>	<u>62,390</u>	<u>187,766</u>	<u>39,571</u>	<u>271,859</u>	<u>146,327</u>	<u>457,757</u>

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, £5,184 has been amortised during 2010

Net book value of computer equipment included in above held under finance leases is £47,154 (2009 £nil) The depreciation charge in respect of these assets was £2,050 (2009 £nil)

THE ROY CASTLE LUNG CANCER FOUNDATION
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11 Investments

	Group Listed Investments £	Shares in subsidiaries £	Loans to subsidiaries £	Charity £
Market value at 1 January 2010	533,003	8	129,592	662,603
Additions	286,257	-	-	286,257
Disposals	(115,651)	-	-	(115,651)
Net investment gain	56,462	-	-	56,462
Market value at 31 December 2010	<u>760,071</u>	<u>8</u>	<u>129,592</u>	<u>889,671</u>
Historical cost at 31 December 2010	<u>713,443</u>	<u>8</u>	<u>129,592</u>	<u>741,909</u>

Listed investments

	2010 £	2009 £
Investments in UK assets	628,683	493,711
Investments in non UK assets	<u>131,388</u>	<u>39,292</u>
	<u>760,071</u>	<u>533,003</u>

**Investments at market value
Comprised**

	2010 £	2009 £
Equities	677,509	475,176
Fixed interest securities	<u>82,562</u>	<u>57,827</u>
	<u>760,071</u>	<u>533,003</u>

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12 Investment in subsidiaries

	2010 £	2009 £
Shares in subsidiary undertakings	8	8
Loan to subsidiary undertaking	129,592	129,592
	<u>129,600</u>	<u>129,600</u>

The investments relate 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 is in the form of an unsecured loan from 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 £1,944 interest was payable by Roy Castle Retail Limited to The Roy Castle Lung Cancer Foundation during the year (2009 £1,351)

- 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 2008 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 28th May 2008 with the Charities Commission in England and Wales 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

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NOTES TO THE ACCOUNTS
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13a Trading subsidiaries

	Roy Castle Trading Limited	Roy Castle Retail Limited	Roy Castle Clean Air Limited	Total Subsidiary Trading	Total Subsidiary Trading
	2010 £	2010 £	2010 £	2010 £	2009 £
Turnover	77,988	1,031,940	1,357,377	2,467,305	2,660,069
Cost of sales	<u>(32,117)</u>	<u>(132,541)</u>	<u>(864,800)</u>	<u>(1,029,458)</u>	<u>(1,119,643)</u>
Gross profit	45,871	899,399	492,577	1,437,847	1,540,426
Administrative expenses	<u>(1,960)</u>	<u>(829,733)</u>	<u>(449,837)</u>	<u>(1,281,530)</u>	<u>(1,465,295)</u>
Operating profit	43,911	69,666	42,740	156,317	75,131
Interest payable	-	(1,944)	-	(1,944)	(1,351)
Gift Aid to Roy Castle Lung Cancer Foundation	<u>(43,911)</u>	<u>(90,141)</u>	<u>(61,634)</u>	<u>(195,686)</u>	<u>(111,856)</u>
(Loss) on ordinary Activities	-	(22,419)	(18,894)	(41,313)	(38,076)
Fund balances brought forward	12,426	(88,505)	33,292	(42,787)	(4,711)
Fund balances carried forward	<u>12,426</u>	<u>(110,924)</u>	<u>14,398</u>	<u>(84,100)</u>	<u>(42,787)</u>
Total assets	59,145	256,607	305,132	620,884	728,193
Total liabilities	<u>(46,717)</u>	<u>(367,529)</u>	<u>(290,732)</u>	<u>(704,978)</u>	<u>(770,974)</u>

13b Charitable Company Subsidiary

	Roy Castle Patient Support Limited	
	2010 £	2009 £
Incoming resources		63
Resources expended	<u>(29)</u>	<u>(1,411)</u>
Net outgoing resources	(29)	(1,348)
Funds brought forward	<u>193</u>	<u>1,541</u>
Funds carried forward	<u>164</u>	<u>193</u>

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14 Stock

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Goods for resale	55,519	58,210	6,507	9,600
	<u>55,519</u>	<u>58,210</u>	<u>6,507</u>	<u>9,600</u>

15 Debtors

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Other debtors	165,121	275,399	73,308	154,515
Prepayments and accrued income	165,646	203,497	68,712	37,244
Amounts owed by subsidiary undertakings	-	-	229,548	319,595
Tax and social security debtor	5,316	3,364	-	-
	<u>336,083</u>	<u>482,260</u>	<u>371,568</u>	<u>511,354</u>

16 Cash at bank and in hand

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Deposit cash at Rathbones	55,393	207,770	55,393	207,770
Cash at bank and in hand	1,238,344	1,071,017	1,129,631	977,931
	<u>1,293,737</u>	<u>1,278,787</u>	<u>1,185,024</u>	<u>1,185,701</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
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17 Creditors: amounts falling due within one year

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Amounts due to University of Liverpool for grants and services	213,038	457,848	213,038	457,848
Amounts due to subsidiary undertakings	-	-	50,444	27,017
Tax and social security creditors	124,996	89,353	58,587	55,592
Other creditors	340,969	368,414	256,672	255,673
Obligation under finance leases	9,764	-	9,764	-
Accruals and deferred income	254,581	189,213	68,997	30,291
	<u>943,348</u>	<u>1,104,828</u>	<u>657,502</u>	<u>826,421</u>

Creditors: amounts falling due after one year

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Deferred creditor	9,507	14,691	-	-
Obligation under finance lease	36,822	-	36,822	-
	<u>46,329</u>	<u>14,691</u>	<u>36,822</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

Finance lease obligation is for computer equipment and future commitments are as follows

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Amounts payable within 1 year	9,764	-	9,764	-
Amount payable between 2 and 5 years	36,822	-	36,822	-
Amounts payable after five years	-	-	-	-
	<u>45,856</u>	<u>-</u>	<u>46,586</u>	<u>-</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
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18 Provision for liabilities

	Group		Charity	
The Elizabeth Montgomerie Appeal	2010 £	2009 £	2010 £	2009 £
At beginning of period	2,491	95,000	-	-
Movement in the period	(1,462)	(92,509)	-	-
	<u>1,029</u>	<u>2,491</u>	<u>-</u>	<u>-</u>

19 Group statement of funds

	Balance at 1 January 2010 £	Income £	Expenditure £	Gains and Losses £	Balance at 31 December 2010 £
Restricted funds					
Research – GLCC	114,843	196,802	(104,096)	-	207,549
Research – Other	28,136	-	-	-	28,136
Prevention – Scholl Foundation	-	20,732	(20,732)	-	-
Support – Scottish Executive	-	17,492	(17,492)	-	-
Support – Other	17,220	10,290	(6,339)	-	21,171
The Elizabeth Montgomerie Appeal	191	-	(29)	-	162
Total Restricted Funds	<u>160,390</u>	<u>245,316</u>	<u>(148,688)</u>	<u>-</u>	<u>257,018</u>
Total Unrestricted Funds	<u>1,570,404</u>	<u>1,998,061</u>	<u>(1,936,722)</u>	<u>56,462</u>	<u>1,688,205</u>
Total Charity Funds	<u>1,730,794</u>	<u>2,243,377</u>	<u>(2,085,410)</u>	<u>56,462</u>	<u>1,945,223</u>
Non Charitable Trading Funds	<u>(42,787)</u>	<u>2,467,305</u>	<u>(2,508,618)</u>	<u>-</u>	<u>(84,100)</u>
Total Group Funds	<u>1,688,007</u>	<u>4,710,682</u>	<u>(4,594,028)</u>	<u>56,462</u>	<u>1,861,123</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
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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 – Scholl Foundation	To fund Anti-Tobacco Youth Campaign
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

Group	Restricted funds	Unrestricted funds	Total 2010	Total 2009
	£	£	£	£
Fixed assets				
Tangible	-	406,419	406,419	457,757
Investments	-	760,071	760,071	523,003
Current assets	257,018	1,428,321	1,685,339	1,819,258
Current liabilities	-	(943,348)	(943,348)	(1,104,829)
Long Term liabilities	-	(47,358)	(47,358)	(17,182)
	257,018	1,604,105	1,861,123	1,688,007
Charity				
Fixed assets				
Tangible	-	186,615	186,615	187,766
Investments	-	760,071	760,071	533,003
Investment in subsidiaries	-	129,600	129,600	129,600
Current assets	256,856	1,306,243	1,563,099	1,706,655
Current liabilities	-	(657,502)	(657,502)	(826,421)
Long Term liabilities	-	(36,822)	(36,822)	-
	256,856	1,688,205	1,945,061	1,730,603

21 Material Legacies – Group and charity

The Foundation is entitled to certain legacies which have not been accrued for as the recognition criteria outlined in the accounting policies have not been met as at 31 December 2010. An estimate of known legacy income which is expected to be received in later accounting periods is £11,000.

THE ROY CASTLE LUNG CANCER FOUNDATION
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22 Charitable commitments – Group and charity

The Charity's outstanding grants commitments that are due within one year of the balance sheet date amounted to £546,000 (2009 £582,000)

23 Taxation

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

24 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

There are no other related party transactions requiring disclosure under FRS 8

25 Reconciliation of net outgoing resources to net cash outflow from operating activities

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Net incoming/(outgoing) resources	116,654	(40,415)	157,996	(991)
Interest received	(28,332)	(29,818)	(28,332)	(29,818)
Gift Aid from subsidiaries	-	-	(195,686)	(111,856)
Depreciation of tangible fixed assets	109,915	117,954	41,118	43,409
(Gain)/loss on sale of tangible fixed assets	(479)	4,797	(479)	(201)
Decrease in stocks	2,691	21,220	3,093	911
(Increase)/decrease in debtors	146,177	(61,354)	139,786	30,905
(Decrease) in creditors	(129,842)	(26,175)	(132,097)	(109,156)
(Decrease) in provision	(1,462)	(92,509)	-	-
Cash outflow from operating activities	215,322	(106,300)	(14,601)	(176,797)

26 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Increase/(decrease) in cash in the period	14,950	1,470	(677)	61,758
	14,950	1,470	(677)	61,758
Net Funds at 1 January 2010	1,278,787	1,277,317	1,185,701	1,123,943
Net Funds at 31 December 2010	1,293,737	1,278,787	1,185,024	1,185,701

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27 Analysis of net funds

	1 January 2010 £	Cash flow £	31 December 2010 £
Charity			
Cash at bank and in hand	1,185,701	(677)	1,185,024
Non Charitable Trading Subsidiaries			
Cash at bank and in hand	93,086	15,627	108,713
Group	1,278,787	14,950	1,293,737

28 Guarantees and other financial commitments

At 31 December 2010 the company had annual commitments in respect of operating leases for land and building as follows

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Date of termination of lease				
Less than one year	15,000	30,460	-	-
Between two and five years	191,474	100,944	21,444	21,444
After five years	250,530	215,036	105,530	110,036
Total annual commitment at 31 December 2010	457,004	346,440	126,974	131,480