

ROY CASTLE LUNG CANCER FOUNDATION

THE ROY CASTLE LUNG CANCER FOUNDATION

REPORT AND FINANCIAL STATEMENTS

**For the year ended
31 December 2011**

Company Registration No: 3059425

Registered Charity Nos:

England & Wales 1046854

Scotland SC037596

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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	
	Rt Hon Lord Falconer	
	David Gilligan	
	Sharron Heginbottom	
	Euan Imrie	
	David Maples	
	Dame Gill Oliver	
	Peter Rainey	
	Anthony Coombs	(appointed 7 December 2011)
	Greg Gottig	(appointed 20 June 2012)
Company secretary	Dr Rosemary Gillespie	(resigned 23 October 2011)
	Paula Chadwick	(appointed 24 October 2011)
<u>Senior Management</u>		
Chief Executive	Dr Rosemary Gillespie	(resigned 23 October 2011)
CEO	Paula Chadwick	(appointed 24 October 2011)
Finance Director	Mike Grundy	
Fundraising	Matthew Boyle	(resigned 13 April 2012)
	Laura Irving	(appointed 4 June 2012)
Medical Director	Dr Jesme Fox	
Patient Support	Suzy Mercer	(resigned 6 January 2012)
	Lorraine Dallas	(appointed 25 June 2012)
Management Services	Paula Chadwick	
Tobacco Control	Eileen Streets	
Retail	Pat Tisdale	

Professional Advisers

Auditors	Baker Tilly UK Audit LLP 3 Hardman Street Manchester, M3 3HF
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 twelve 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.

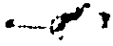
The Finance and Audit Committee supports the Chief Executive and the Finance Director in preparing for the annual audit.

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.



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 result for the year was a loss of £3,679 (2010 loss £22,419) after a gift aid payment to the Charity of £240,828 (2010 £90,141)

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 result for the year was a £nil profit (2010 £nil profit) after a gift aid payment to the Charity of £39,450 (2010 £43,191)

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 result for the year was a loss of £26,232 (2010 loss £18,894) after a gift aid payment to the Charity of £73,537 (2010 £61,634)

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 result for the year was a surplus of £11,260 (2010 deficit £29)

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 the potential impact on the 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

What our organisation is about

Giving 'help and hope' to people affected by lung cancer

The idea that drives us

The charity has a dual focus

- 1 Saving lives
- 2 Supporting people living with lung cancer

How we achieve our aims?

1 Saving lives

- Funding research
- Prevention – helping people to quit smoking & encouraging young people not to start smoking
- Campaigning for better outcomes for lung cancer patients
- Raising awareness of the importance of early diagnosis

2 Supporting people living with lung cancer

- Providing information materials to the NHS
- Running lung cancer support groups across the UK
- Supporting nurses
- Providing patient relief grants
- Offering telephone and online support

Charities main activities undertaken for the public benefit

Research

The Roy Castle Lung Cancer Foundation's (RCLCF) 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.

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 charity funds two additional types of grants - Pilot & Project Grants.

Pilot Grants

Pilot grants do not exceed 12 months duration and a maximum of £20,000 may be applied for.

RCLCF pilot grants are available to allow established scientists to investigate and develop new ideas in the field of lung cancer research in the areas of Early Detection and Patient Experience.

The applicant must have a proven track record in their own scientific field and be employed in a UK or Ireland university or research institute.

Project Grants

These grants are awarded for up to two years and will not normally exceed £75,000.

RCLCF's projects grants are available to support innovative research in lung cancer in the areas of Early Detection and Patient Experience. RCLCF will award project grants for a clear research proposal of relevance to RCLCF lung cancer research topics and is expected to lead to a significant advance of understanding of lung cancer and its impact.

The applicants should have conducted independent research in the field of lung cancer or be an experienced researcher in a related field, and wish to build on their history and reputation in the lung cancer area, deepening their knowledge and experience.

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 provides

- Information Standard accredited materials to the NHS
- a national free phone Helpline
- an online chat forum
- affiliated Patient Support Groups
- an outreach volunteer programme

Influencing and Campaigning

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 2011

Research

- In 2011, thousands of people across the UK were invited to take part in a landmark study into the early detection of lung cancer
- Researchers at the Roy Castle Lung Cancer Research Programme, University of Liverpool Cancer Research Centre, launched the trial to investigate if a lung cancer screening programme could be implemented effectively at hospitals and cancer centres across the UK
- Participants in the UK Lung Cancer Screening Trial (UKLS) are selected at random to receive a CT scan, which will monitor for the early signs of lung cancer
- The success of CT screening trials could potentially lead to the implementation of a national lung cancer screening programme, which could have an enormous impact on the future of all lung cancer treatment strategies
- Our new research grants scheme was launched which will see more experts receiving funding for lung cancer research
- The scheme will allow academics to apply for grants of up to research the early detection of lung cancer as well as looking at how the experience of patients can be improved

Lung Cancer Prevention through tobacco control

- The Roy Castle Lung Cancer Foundation successfully campaigned alongside a coalition of UK charities to have cigarette displays removed from sight in shops and supermarkets across the country

The Government confirmed action to end eye catching tobacco displays in shops which encourage young people to start smoking in its Healthy Lives, Healthy People A Tobacco Control Plan for England

The ban came into force on 6 April but smaller shops do not have to change their displays until 2015 Scotland, Wales and Northern Ireland are also moving towards similar bans

- More people quit smoking in Knowsley last year than in any other area of the country
The figures from the NHS Information Centre showed 1,998 out of every 100,000 residents in the borough kicked the habit in the 12 months up to March 2011
Knowsley health chiefs said their free stop-smoking service, run with the Roy Castle Lung Cancer Foundation, was the reason for high numbers of quitters

Lung Cancer Information and Support Services

- Launched a new online community – including a forum, polls & blogs - for lung cancer patients & their carers <http://lungcancer.healthunlocked.com/>
- Distributed 15,000 information materials
- The Roy Castle Lung Cancer Foundation was certified as a provider of high quality health and social care information by The Information Standard scheme
The charity met the scheme criteria of producing safe and reliable health and social care information
- Launched a new outreach volunteer programme, to raise lung cancer awareness across the UK

Campaigning

- The charity launched its 'Explaining Variations in Lung Cancer' reports looking at treatment and outcomes for lung cancer patients in England and Scotland. It found more people are diagnosed with lung cancer in deprived areas and there is also significant variation in estimated one-year survival rates

The purpose of this report was not to criticise, but to act as a catalyst to encourage those involved in managing and providing lung cancer services, to look at data from their own area and examine variation

The reports gained 23 pieces of national and local press coverage including the BBC News website and the Health Service Journal

- The support of 52 parliamentary champions for the campaign was enlisted in England and Scotland, with 55 parliamentary questions tabled relating to lung cancer survival, early diagnosis and/or patient experience and 10 mentions in parliamentary debates between the beginning of 2010 and the end of 2011

Fundraising

2011 was a hugely successful year for the charity in terms of fundraising. It was a year where the fundraising team worked with all our supporters around the UK to achieve some really important milestones for the charity.

2011 has many highlights including

- A significant increase in income from £1.7 million in 2010 to nearly £2.3 million
- The continuation of the expansion of our fundraising activity to new areas of the UK. A host of new events taking place across the UK and so many supporters, new and old, getting involved and showing great support
- Development across all areas of income generation that allows us to look confidently to the coming year and beyond with increased optimism and expectation. The first night walk in Glasgow and Danceathon in Birmingham were among many new events delivered across the UK

The year was so busy and although a great deal was achieved there is still much more to do. Our supporters really rose to the challenge and got behind all the events and activities and contributed to making 2011 a great year for the charity. It is important now to continue the good work and momentum gained to ensure that 2012 is an even better year.

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

2011 was the second year of implementation of the 2010-2015 Strategic Plan. It was a successful year with performance exceeding the 2011 Business Plan.

The Charity, as a group, made a surplus during 2011 of £307k (2010 surplus £173k). This has been achieved by increasing income levels in a difficult economic environment and a reduction in charitable expenditure.

Charitable expenditure

Total charitable expenditure for 2011 was £2,953k (2010 £2,971k), down 1% on the previous year, due to the contraction in the Foundation's prevention and research activities.

Prevention expenditure decreased by 7% to £1,630k in 2011 due to the end of the partnership between Tower Hamlets PCT and the Charity to provide specialist smoking cessation services.

Research expenditure increased by 3% to £815k in 2011 due to an increase in GLCC expenditure. There has been a reduction of charitable research grants during 2011 (£551k (2010 £600k)) and included distributions to the University of Liverpool (Liverpool Lung Project) and International Lung Cancer Nurse Forum.

Income and funding

Total income from generated funds and charitable activities for 2011 was £5,228k (2010 £4,711k), an increase of 11% on prior year. Voluntary income increased by 35% to £1,489k (2010 £1,102k), generated funds income was £2,259k up 30% on the year before (2010 £1,739k) and charitable activities income was £1,438k down 22% on prior year (2010 £1,841k).

The increase in voluntary income figure is due to growth in Legacies up £231k on prior year, including a bequest of £400k. Donations, both corporate and individuals, were up £45k and Gift Aid was up £70k on prior year.

Generated funds income increased by 30% to £2,259k due to the significant growth in fundraising events through an increase in the 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 £368k in 2011.

Retail's strong performance up 22% to £1,224k (2010 £1,004k) was driven by the opening of a new retail outlet in Crosby, 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 £1,200k (2010 £1,519k). As described in charitable expenditure above, the decrease is due to the end of the partnership between Tower Hamlets PCT and the Charity to provide specialist smoking cessation services.

Fundraising

The cost of generating funds in 2011 has increased by £284k to £1,837k. Increase in costs is mainly driven by Retail with the additional Crosby outlet and growth of Smithdown Road outlet and increase in fundraising events.

Fundraising costs have been strictly managed with the costs of generating voluntary income remaining constant at £198k (2010 £196k).

Investments

The Foundation holds £743k in listed investments that generated an income of £42k in the year (2010 £28k). In the year there was an unrecognised loss of £47k (2010 £56k 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 2011 the actual unrestricted reserves less tangible fixed assets is over £1.8million which is lower than the calculated policy level of reserves of £2.3million. However, the listed investments and cash held at the balance sheet date totals £2.3million 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 charity has ambitious growth plans for the next five years, which are outlined in its 2013-2018 Strategy.

These include

Goal 1: To grow our annual spend on lung cancer research from £0.5million to £2m in next 5 years.

Goal 2: To ensure all 40,000 people diagnosed with lung cancer in the UK every year have access to the best treatment, care and support.

Goal 3: Support 100,000 people across the UK to quit smoking in the next 5 years.

Goal 4: Educate 5000 young people across the UK to prevent them starting to smoke in the next 5 years.

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 21st September 2012

We have audited the group and parent charitable company's financial statements of The Roy Castle Lung Cancer Foundation Limited ("the financial statements") for the year ended 31 December 2011 on pages 14 to 37. 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 (as amended) and the Charities Act 2011. 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 auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, the trustees (who are also the directors of the charitable 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, section 151 of the Charities Act 2011 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 2011, 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 Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

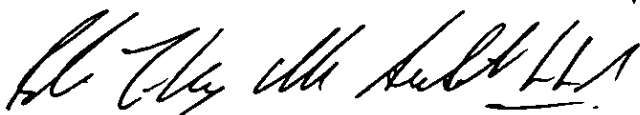
Opinion on other matter prescribed by the Companies Act 2006

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.

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, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- the parent charitable company has not kept sufficient, proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, 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



E ROBERT AITKEN (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date *24 September 2012*

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 2011

		Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total 2011 £	Total 2010 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,488,961	-	1,488,961	1,102,483
Activities for generating funds					
Sale of donated & bought-in goods	2	1,233,399	-	1,233,399	1,006,565
Fundraising events & other income	2	1,025,101	-	1,025,101	732,116
Investment income	2	41,551	-	41,551	28,332
Incoming resources from charitable activities					
Research	3	-	154,360	154,360	196,802
Prevention	3	1,176,836	23,455	1,200,291	1,518,722
Support	3	38,327	45,751	84,078	125,183
Other incoming resources		-	-	-	479
Total incoming resources		5,004,175	223,566	5,227,741	4,710,682
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	198,492	-	198,492	195,561
Fundraising trading					
Sale of donated & bought-in goods	4	1,210,205	-	1,210,205	1,071,812
Fundraising events	4	411,055	-	411,055	268,902
Investment management costs	4	17,536	-	17,536	16,511
		1,837,288	-	1,837,288	1,552,786
Cost of charitable activities					
Research	4	693,153	122,340	815,493	789,751
Prevention	4	1,607,090	23,455	1,630,545	1,763,565
Support	4	489,099	18,247	507,346	417,924
		2,789,342	164,042	2,953,384	2,971,240
Governance costs	6	82,929	-	82,929	70,002
Total resources expended		4,709,559	164,042	4,873,601	4,594,028
Net incoming/(outgoing) resources		294,616	59,524	354,140	116,654
Other recognised (losses)/gains	11	(46,934)	-	(46,934)	56,462
Net movement of funds		247,682	59,524	307,206	173,116
Fund balances brought forward		1,604,105	257,018	1,861,123	1,688,007
Fund balances carried forward		1,851,787	316,542	2,168,329	1,861,123

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 37 form part of these accounts

**THE ROY CASTLE LUNG CANCER FOUNDATION
CHARITY STATEMENT OF FINANCIAL ACTIVITIES**

Year ended 31 December 2011

		Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total 2011 £	Total 2010 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,362,440	-	1,362,440	1,073,519
Activities for generating funds					
Sale of donated & bought-in goods	2	-	-	-	-
Fundraising events & other income	2	929,763	-	929,763	649,217
Investment income	2	395,366	-	395,366	224,018
Incoming resources from charitable activities					
Research	3	-	154,360	154,360	196,802
Prevention	3	51,150	23,455	74,605	169,845
Support	3	38,327	45,751	84,078	125,183
Other incoming resources		-	-	-	479
Total incoming resources		<u>2,777,046</u>	<u>223,566</u>	<u>3,000,612</u>	<u>2,439,063</u>
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	195,493	-	195,493	193,688
Fundraising trading					
Sale of donated & bought-in goods	4	164,440	-	164,440	123,133
Fundraising events	4	351,346	-	351,346	228,256
Investment management costs	4	16,642	-	16,642	14,567
		<u>727,921</u>	<u>-</u>	<u>727,921</u>	<u>559,644</u>
Cost of charitable activities					
Research	4	693,153	122,340	815,493	804,417
Prevention	4	467,449	23,455	490,904	427,937
Support	4	489,099	29,343	518,442	427,979
		<u>1,649,701</u>	<u>175,138</u>	<u>1,824,839</u>	<u>1,660,333</u>
Governance costs	6	74,897	-	74,897	61,090
Total resources expended		<u>2,452,519</u>	<u>175,138</u>	<u>2,627,657</u>	<u>2,281,067</u>
Net incoming resources		<u>324,527</u>	<u>48,428</u>	<u>372,955</u>	<u>157,996</u>
Other recognised (losses)/gains	11	(46,934)	-	(46,934)	56,462
Net movement of funds		<u>277,593</u>	<u>48,428</u>	<u>326,021</u>	<u>214,458</u>
Fund balances brought forward		1,688,205	256,856	1,945,061	1,730,603
Fund balances carried forward		<u>1,965,798</u>	<u>305,284</u>	<u>2,271,082</u>	<u>1,945,061</u>

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 37 form part of these accounts

Company Registration No: 3059425
THE ROY CASTLE LUNG CANCER FOUNDATION
BALANCE SHEETS
Year ended 31 December 2011

	Notes	Group		Charity	
		2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible assets	10	362,165	406,419	164,982	186,615
Investments	11/12	742,764	760,071	872,364	889,671
		<u>1,104,929</u>	<u>1,166,490</u>	<u>1,037,346</u>	<u>1,076,286</u>
Current assets					
Stock	14	62,146	55,519	8,269	6,507
Debtors	15	428,423	336,083	730,285	371,568
Cash at bank and in hand	16	1,558,774	1,293,737	1,306,549	1,185,024
		<u>2,049,343</u>	<u>1,685,339</u>	<u>2,045,103</u>	<u>1,563,099</u>
Creditors amounts falling due within one year	17	(954,861)	(943,348)	(784,608)	(657,502)
Net current assets		<u>1,094,482</u>	<u>741,991</u>	<u>1,260,495</u>	<u>905,597</u>
Creditors amounts falling due after one year	17	(31,082)	(46,329)	(26,759)	(36,822)
Provision for liabilities	18	-	(1,029)	-	-
Net assets		<u><u>2,168,329</u></u>	<u><u>1,861,123</u></u>	<u><u>2,271,082</u></u>	<u><u>1,945,061</u></u>
Funds					
Restricted funds	19	316,542	257,018	305,284	256,856
Unrestricted funds					
- General funds	19	1,965,798	1,688,205	1,965,798	1,688,205
- Non-charitable trading funds	19	(114,011)	(84,100)	-	-
		<u><u>2,168,329</u></u>	<u><u>1,861,123</u></u>	<u><u>2,271,082</u></u>	<u><u>1,945,061</u></u>

These financial statements were approved and authorised for issue by the Board of Trustees on 21st September 2012



Sir Philip Carter CBE
Chairman

The notes on pages 19 to 37 form part of these accounts

THE ROY CASTLE LUNG CANCER FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	25	321,418	215,322
Returns on investments and servicing of finance			
Interest received		15,015	9,493
Dividends received		26,536	18,839
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		41,551	28,332
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(68,305)	(58,577)
Payments to acquire investment assets		(112,850)	(286,257)
		<hr/>	<hr/>
Proceeds from sale of tangible fixed assets		-	479
Proceeds from sale of investment assets		83,223	115,651
		<hr/>	<hr/>
Net cash (outflow) from capital expenditure and financial investment		(97,932)	(228,704)
Net cash (outflow) from financing		-	-
		<hr/>	<hr/>
Net increase in cash	26/27	265,037	14,950
		<hr/>	<hr/>

The notes on pages 19 to 37 form part of these accounts

THE ROY CASTLE LUNG CANCER FOUNDATION
CHARITY CASH FLOW STATEMENT
Year ended 31 December 2011

	Notes	2011 £	2010 £
Net cash (outflow) from operating activities	25	(223,730)	(14,601)
Returns on investments and servicing of finance			
Interest received		15,015	9,493
Dividends received		26,536	18,839
Gift Aid from subsidiary companies		353,815	195,686
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		395,366	224,018
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(20,484)	(39,967)
Payments to acquire investment assets		(112,850)	(286,257)
		<hr/>	<hr/>
Proceeds from sale of tangible fixed assets		-	479
Proceeds from sale of investment assets		83,223	115,651
		<hr/>	<hr/>
Net cash (outflow) from capital expenditure and financial investment		(50,111)	(210,094)
Net cash outflow from financing		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Net increase/(decrease) in cash	26/27	<u>121,525</u>	<u>(677)</u>

The notes on pages 19 to 37 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 £2,168k and had a surplus of £307k in 2011. 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%
Leasehold land and buildings	over period of lease
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

Leased 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 2011

2 Incoming resources from generated funds

	Group		Charity	
	2011	2010	2011	2010
Voluntary income	£	£	£	£
Legacy generation, Memoriam & Trusts	985,830	754,861	981,043	752,094
Donations	298,950	199,847	240,716	183,951
Donor marketing	12,577	12,471	12,577	12,471
Major Gifts, Corporate & other Donated services	183,104	126,804	128,104	125,003
North West Development Agency Grant	8,500	8,500	-	-
	<u>1,488,961</u>	<u>1,102,483</u>	<u>1,362,440</u>	<u>1,073,519</u>

	Group		Charity	
	2011	2010	2011	2010
Activities for generating funds	£	£	£	£
Sale of donated & bought in goods	1,224,284	1,003,517	-	-
Fundraising events	1,025,101	732,116	929,763	649,217
Rent receivable	9,115	3,048	-	3,048
	<u>2,258,500</u>	<u>1,738,681</u>	<u>929,763</u>	<u>649,217</u>

	Group		Charity	
	2011	2010	2011	2010
Investment income	£	£	£	£
Dividend income	26,536	18,839	26,536	18,839
Deposit income	15,015	9,493	15,015	9,493
Gift Aid from trading subsidiaries	-	-	353,815	195,686
	<u>41,551</u>	<u>28,332</u>	<u>395,366</u>	<u>224,018</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2011

3 Incoming resources from charitable activities

Research	Group			
	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Sponsorship	<u>-</u>	<u>154,360</u>	<u>154,360</u>	<u>196,802</u>
Prevention				
Smoking cessation contracts	1,050,929	-	1,050,929	1,421,366
Youth campaigns	-	-	-	70,732
Armed Forces	-	23,455	23,455	-
Sure Start	51,025	-	51,025	-
Training	65,046	-	65,046	-
Health awareness campaign	-	-	-	26,624
Other	<u>9,836</u>	<u>-</u>	<u>9,836</u>	<u>-</u>
	<u>1,176,836</u>	<u>23,455</u>	<u>1,200,291</u>	<u>1,518,722</u>
Support				
Sponsorship	<u>38,327</u>	<u>45,751</u>	<u>84,078</u>	<u>125,183</u>

Research	Charity			
	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £	Total 2010 £
Sponsorship	<u>-</u>	<u>154,360</u>	<u>154,360</u>	<u>196,802</u>
Prevention				
Smoking cessation contracts	-	-	-	99,113
Youth campaigns	-	-	-	70,732
Armed Forces	-	23,455	23,455	-
Sure Start	51,025	-	51,025	-
Other	<u>125</u>	<u>-</u>	<u>125</u>	<u>-</u>
	<u>51,150</u>	<u>23,455</u>	<u>74,605</u>	<u>169,845</u>
Support				
Sponsorship	<u>38,327</u>	<u>45,751</u>	<u>84,078</u>	<u>125,183</u>

THE ROY CASTLE LUNG CANCER FOUNDATION

NOTES TO THE ACCOUNTS

Year ended 31 December 2011

4 Total resources expended

	Direct expenditure £	Grant expenditure £	Support costs £	Group Total 2011 £	Total 2010
Cost of generating voluntary income					
Legacy generation	25,232	-	5,305	30,537	31,548
Donations	138,780	-	29,175	167,955	164,013
	<u>164,012</u>	<u>-</u>	<u>34,480</u>	<u>198,492</u>	<u>195,561</u>
Fundraising trading					
Sale of donated and bought-in goods	1,045,765	-	164,440	1,210,205	1,071,812
Fundraising events	357,121	-	33,568	390,689	265,857
Lottery	17,714	-	2,652	20,366	3,045
	<u>1,420,600</u>	<u>-</u>	<u>200,660</u>	<u>1,621,260</u>	<u>1,340,714</u>
Investment management	6,870	-	10,666	17,536	16,511
Costs of charitable activities					
Research	165,447	551,000	99,046	815,493	789,751
Prevention	1,298,349	-	332,196	1,630,545	1,763,565
Support	426,120	-	81,226	507,346	417,924
	<u>1,889,916</u>	<u>551,000</u>	<u>512,468</u>	<u>2,953,384</u>	<u>2,971,240</u>
Governance	13,882	-	69,047	82,929	70,002
	<u>3,495,280</u>	<u>551,000</u>	<u>827,321</u>	<u>4,873,601</u>	<u>4,594,028</u>

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2011

	Direct expenditure £	Grant expenditure £	Support costs £	Charity Total 2011 £	Total 2010
Cost of generating voluntary income					
Legacy generation	24,771	-	5,305	30,076	31,222
Donations	136,242	-	29,175	165,417	162,466
	<u>161,013</u>	<u>-</u>	<u>34,480</u>	<u>195,493</u>	<u>193,688</u>
Fundraising trading					
Sale of donated and bought-in goods	-	-	164,440	164,440	123,133
Fundraising events	297,412	-	33,568	330,980	225,211
Lottery	17,714	-	2,652	20,366	3,045
	<u>315,126</u>	<u>-</u>	<u>200,660</u>	<u>515,786</u>	<u>351,389</u>
Investment management	5,976	-	10,666	16,642	14,567
Costs of charitable activities					
Research	165,447	551,000	99,046	815,493	804,417
Prevention	158,708	-	332,196	490,904	427,937
Support	437,216	-	81,226	518,442	427,979
	<u>761,371</u>	<u>551,000</u>	<u>512,468</u>	<u>1,824,839</u>	<u>1,660,333</u>
Governance	5,850	-	69,047	74,897	61,090
	<u>1,249,336</u>	<u>551,000</u>	<u>827,321</u>	<u>2,627,657</u>	<u>2,281,067</u>

Analysis of grant expenditure		Group and Charity	
		2011 £	2010 £
University of Liverpool	Liverpool Lung Project	546,000	576,526
Global Lung Cancer Coalition	International Lung Cancer Nurse Forum	5,000	5,000
University of Bath	Smoking Cessation Study	-	17,973
		<u>551,000</u>	<u>599,499</u>

5 Support costs allocation

Charity and Group

	Directors & CEO £	Finance £	Comms £	HR & Office £	IT £	2011 Total £	2010 Total £
Cost of generating funds							
<i>Cost of generating voluntary income</i>							
Legacy generation	-	1,625	1,078	2,060	542	5,305	2,463
Donations	-	8,939	5,926	11,330	2,980	29,175	25,858
<i>Fundraising trading</i>							
Sale of donated & bought-in goods	-	50,385	33,404	63,862	16,789	164,440	123,133
Fundraising events	12,350	6,502	4,310	8,240	2,166	33,568	22,420
Lottery	-	813	539	1,030	270	2,652	1,231
<i>Investment management costs</i>	-	10,666	-	-	-	10,666	10,205
Cost of charitable activities							
Research	49,398	21,129	14,008	7,470	7,041	99,046	82,808
Prevention	98,797	71,514	47,411	90,643	23,831	332,196	287,714
Support	49,398	9,752	6,465	12,362	3,249	81,226	57,663
Governance costs	37,048	31,999	-	-	-	69,047	53,545
Total Group support costs	246,991	213,324	113,141	196,997	56,868	827,321	667,040

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	
	2011 £	2010 £	2011 £	2010 £
Apportionment of directors & CEO costs	37,048	22,931	37,048	22,930
Apportionment of finance costs	31,999	30,614	31,999	30,615
External audit and accountancy	13,882	16,457	5,850	7,545
Total Governance costs	82,929	70,002	74,897	61,090

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2011

7 Net movement in funds

Net movement in funds is arrived after charging:	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Auditors remuneration – audit fees	13,882	16,457	5,850	7,545
Auditors remuneration – taxation fees	-	1,500	-	-
Operating lease rentals – land and buildings	480,980	447,532	126,862	126,974
Depreciation	109,467	109,915	42,117	41,118
Interest charges on finance leases	2,736	454	2,052	340
Government grant	(5,184)	(5,184)	-	-
	<u>13,882</u>	<u>16,457</u>	<u>5,850</u>	<u>7,545</u>

8 Staff numbers and emoluments

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Wages and salaries	2,038,780	2,028,320	846,155	780,869
Social security costs	181,570	184,645	74,505	79,237
Pensions cost	25,994	20,659	18,297	13,486
	<u>2,246,344</u>	<u>2,233,624</u>	<u>938,957</u>	<u>873,592</u>

One employee as defined for taxation purposes is included in the band of £70,001 to £80,000 (2010 one employee) The group made contributions of £3,209 (2010 £2,093) into the defined contribution scheme on behalf of this employee

All other 107 employees' are included in the band up to £60,000

The average number of employees	Group		Charity	
	2011 Nos.	2010 Nos.	2011 Nos.	2010 Nos.
Fundraising	11	12	11	12
Retail	31	31	-	-
Smoking cessation	45	50	2	2
Patient support	7	7	7	7
Support	14	13	14	13
	<u>108</u>	<u>113</u>	<u>34</u>	<u>34</u>

The average number of research personnel funded by the Foundation

	2011 Nos.	2010 Nos.
Liverpool Lung Project	<u>16</u>	<u>16</u>
	16	16

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2011

9 Trustees' emoluments and reimbursed expenses

The trustees received no remuneration for their services during the year (2010 £nil)

The aggregated amount of expenses reimbursed to 2 trustees during the year was £339 (2010 £315)

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 2011	19,538	140,261	177,546	337,345	119,836	842,883	373,874	1,336,593
Additions	-	-	20,484	20,484	37,671	8,969	21,665	68,305
Disposals	-	-	-	-	-	-	(5,308)	(5,308)
At 31 Dec 2011	<u>19,538</u>	<u>140,261</u>	<u>198,030</u>	<u>357,829</u>	<u>157,507</u>	<u>851,852</u>	<u>390,231</u>	<u>1,399,590</u>
Accumulated depreciation								
At 1 January 2011	15,379	31,559	103,792	150,730	84,205	610,438	235,531	930,174
Charge for the year	1,641	14,026	26,450	42,117	7,369	39,917	62,181	109,467
Disposals	-	-	-	-	-	-	(2,216)	(2,216)
At 31 Dec 2010	<u>17,020</u>	<u>45,585</u>	<u>130,242</u>	<u>192,847</u>	<u>91,574</u>	<u>650,355</u>	<u>295,496</u>	<u>1,037,425</u>
Net book value								
At 31 Dec 2011	<u>2,518</u>	<u>94,676</u>	<u>67,788</u>	<u>164,982</u>	<u>65,933</u>	<u>201,497</u>	<u>94,735</u>	<u>362,165</u>
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>

A government grant of £20,720 was received in Roy Castle Retail in respect of new till equipment, £5,184 has been amortised during 2011

Net book value of computer equipment included in above held under finance leases is £37,350 (2010 £47,154) The depreciation charge in respect of these assets was £9,804 (2010 £2,050)

THE ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2011

11 Investments

	Group Listed Investments £	Shares in subsidiaries £	Loans to subsidiaries £	Charity £
Market value at 1 January 2011	760,071	8	129,592	889,671
Additions	112,850	-	-	112,850
Disposals	(83,223)	-	-	(83,223)
Net investment loss	(46,934)	-	-	(46,934)
Market value at 31 December 2011	<u>742,764</u>	<u>8</u>	<u>129,592</u>	<u>872,364</u>
Historical cost at 31 December 2011	<u>737,408</u>	<u>8</u>	<u>129,592</u>	<u>867,008</u>

Listed investments

	2011 £	2010 £
Investments in UK assets	620,865	628,683
Investments in non UK assets	<u>121,899</u>	<u>131,388</u>
	<u>742,764</u>	<u>760,071</u>

**Investments at market value
Comprised**

	2011 £	2010 £
Equities	664,997	677,509
Fixed interest securities	<u>77,767</u>	<u>82,562</u>
	<u>742,764</u>	<u>760,071</u>

12 Investment in subsidiaries

	2011 £	2010 £
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 £894 interest was payable by Roy Castle Retail Limited to The Roy Castle Lung Cancer Foundation during the year (2010 £1,944)

- B Roy Castle Trading Limited** a company registered in England The subsidiary was incorporated on 19 January 2000 and operates as a trading company It undertakes activities in order to raise funds for the charitable purposes of the Foundation and the principal trading activity is the promotion and organisation of major fund raising events
- C Roy Castle Clean Air Limited** a company registered in England The subsidiary was incorporated on 20 March 2006 and operates as a trading company. It undertakes activities in order to raise funds for charitable purposes of the Foundation and the principal trading activity is the provision of smoking cessation services
- 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 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 was made for the repayment of surplus funds in accordance with the Charity Commission guidelines on failed appeals

THE ROY CASTLE LUNG CANCER FOUNDATION
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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
	2011 £	2011 £	2011 £	2011 £	2010 £
Turnover	93,665	1,298,092	1,189,187	2,580,944	2,467,305
Cost of sales	<u>(52,000)</u>	<u>(150,044)</u>	<u>(734,661)</u>	<u>(936,705)</u>	<u>(1,029,458)</u>
Gross profit	41,665	1,148,048	454,526	1,644,239	1,437,847
Administrative expenses	<u>(2,215)</u>	<u>(910,005)</u>	<u>(407,221)</u>	<u>(1,319,441)</u>	<u>(1,281,530)</u>
Operating profit	39,450	238,043	47,305	324,798	156,317
Interest payable	-	(894)	-	(894)	(1,944)
Gift Aid to Roy Castle Lung Cancer Foundation	<u>(39,450)</u>	<u>(240,828)</u>	<u>(73,537)</u>	<u>(353,815)</u>	<u>(195,686)</u>
(Loss) on ordinary Activities	-	(3,679)	(26,232)	(29,911)	(41,313)
Fund balances brought forward	12,426	(110,924)	14,398	(84,100)	(42,787)
Fund balances carried forward	<u>12,426</u>	<u>(114,603)</u>	<u>(11,834)</u>	<u>(114,011)</u>	<u>(84,100)</u>
Total assets	52,650	420,950	286,255	759,855	620,884
Total liabilities	<u>(40,222)</u>	<u>(535,551)</u>	<u>(298,087)</u>	<u>(873,860)</u>	<u>(704,978)</u>

13b Charitable Company Subsidiary

	Roy Castle Patient Support Limited	
	2011 £	2010 £
Incoming resources	-	-
Resources expended	<u>11,096</u>	<u>(29)</u>
Net outgoing resources	11,096	(29)
Funds brought forward	<u>164</u>	<u>193</u>
Funds carried forward	<u>11,260</u>	<u>164</u>

14 Stock

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Goods for resale	62,146	55,519	8,269	6,507
	<u>62,146</u>	<u>55,519</u>	<u>8,269</u>	<u>6,507</u>

15 Debtors

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Other debtors	226,220	165,121	102,650	73,308
Prepayments and accrued income	187,143	165,646	92,921	68,712
Amounts owed by subsidiary undertakings	-	-	534,714	229,548
Tax and social security debtor	15,060	5,316	-	-
	<u>428,423</u>	<u>336,083</u>	<u>730,285</u>	<u>371,568</u>

16 Cash at bank and in hand

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Deposit cash at Rathbones	49,664	55,393	49,664	55,393
Cash at bank and in hand	1,509,110	1,238,344	1,256,885	1,129,631
	<u>1,558,774</u>	<u>1,293,737</u>	<u>1,306,549</u>	<u>1,185,024</u>

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

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Amounts due to University of Liverpool for grants and services	266,901	213,038	266,901	213,038
Amounts due to subsidiary undertakings	-	-	34,927	50,444
Tax and social security creditors	93,171	124,996	48,882	58,587
Other creditors	280,721	340,969	212,921	256,672
Obligation under finance leases	9,828	9,764	9,828	9,764
Accruals and deferred income	304,240	254,581	211,149	68,997
	<u>954,861</u>	<u>943,348</u>	<u>784,608</u>	<u>657,502</u>

Creditors: amounts falling due after one year

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Deferred creditor	4,323	9,507	-	-
Obligation under finance lease	26,759	36,822	26,759	36,822
	<u>31,082</u>	<u>46,329</u>	<u>26,759</u>	<u>36,822</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	
	2011	2010	2011	2010
	£	£	£	£
Amounts payable within 1 year	9,828	9,764	9,828	9,764
Amount payable between 2 and 5 years	26,759	36,822	26,759	36,822
Amounts payable after five years	-	-	-	-
	<u>36,587</u>	<u>46,586</u>	<u>36,587</u>	<u>46,586</u>

Finance lease obligations are secured on the assets to which they relate

18 Provision for liabilities

The Elizabeth Montgomerie Appeal	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
At beginning of period	1,029	2,491	-	-
Movement in the period	(1,029)	(1,462)	-	-
	<u>-</u>	<u>1,029</u>	<u>-</u>	<u>-</u>

The provision was created for the repayment of funds on the failed appeal in Roy Castle Patient Support Ltd. All required amounts have been processed for repayment, so the provision has been fully utilised in the year.

19 Group statement of funds

	Balance at 1 January 2011 £	Income £	Expenditure £	Gains and Losses £	Balance at 31 December 2011 £
Restricted funds					
Research – GLCC	207,549	150,000	(122,340)	-	235,209
Research – Other	28,136	4,360	-	-	32,496
Prevention – Armed Forces	-	23,455	(23,455)	-	-
Support – Scottish Executive	-	21,500	(21,500)	-	-
Support – Other	21,171	24,251	(7,843)	-	37,579
Total Charity Restricted Funds	<u>256,856</u>	<u>223,566</u>	<u>(175,138)</u>	<u>-</u>	<u>305,284</u>
The Elizabeth Montgomerie Appeal	162	-	11,096	-	11,258
Total Restricted Funds	<u>257,018</u>	<u>223,566</u>	<u>(164,042)</u>	<u>-</u>	<u>316,542</u>
Total Charity Unrestricted Funds General Fund	<u>1,688,205</u>	<u>2,777,046</u>	<u>(2,452,519)</u>	<u>(46,934)</u>	<u>1,965,798</u>
Total Group Non Trading Funds	<u>1,945,223</u>	<u>3,000,612</u>	<u>(2,616,561)</u>	<u>(46,934)</u>	<u>2,282,340</u>
Non Charitable Trading Funds	<u>(84,100)</u>	<u>2,580,944</u>	<u>(2,610,855)</u>	<u>-</u>	<u>(114,011)</u>
Gift Aid	<u>-</u>	<u>(353,815)</u>	<u>353,815</u>	<u>-</u>	<u>-</u>
Total Group Funds	<u>1,861,123</u>	<u>5,227,741</u>	<u>(4,873,601)</u>	<u>(46,934)</u>	<u>2,168,329</u>

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 – Armed Forces	To fund lung cancer prevention project
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 2011	Total 2010
	£	£	£	£
Fixed assets				
Tangible	-	362,165	362,165	406,419
Investments	-	742,764	742,764	760,071
Current assets	316,542	1,732,801	2,049,343	1,685,339
Current liabilities	-	(954,861)	(954,861)	(943,348)
Long Term liabilities	-	(31,082)	(31,082)	(47,358)
	316,542	1,851,787	2,168,329	1,861,123
Charity				
Fixed assets				
Tangible	-	164,982	164,982	186,615
Investments	-	742,764	742,764	760,071
Investment in subsidiaries	-	129,600	129,600	129,600
Current assets	305,284	1,739,819	2,045,103	1,563,099
Current liabilities	-	(784,608)	(784,608)	(657,502)
Long Term liabilities	-	(26,759)	(26,759)	(36,822)
	305,284	1,965,798	2,271,082	1,945,061

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 2011. An estimate of known legacy income which is expected to be received in later accounting periods is £74,583.

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 £500,000 (2010 £546,000)

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	
	2011	2010	2011	2010
	£	£	£	£
Net incoming resources	354,140	116,654	372,955	157,996
Interest received	(41,551)	(28,332)	(41,551)	(28,332)
Gift Aid from subsidiaries	-	-	(353,815)	(195,686)
Depreciation of tangible fixed assets	109,467	109,915	42,117	41,118
(Gain)/loss on sale of tangible fixed assets	3,092	(479)	-	(479)
(Increase)/decrease in stocks	(6,627)	2,691	(1,762)	3,093
(Increase)/decrease in debtors	(92,340)	146,177	(358,717)	139,786
(Decrease)/increase in creditors	(3,734)	(129,842)	117,043	(132,097)
(Decrease) in provision	(1,029)	(1,462)	-	-
Cash inflow/(outflow) from operating activities	321,418	215,322	(223,730)	(14,601)

26 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Increase/(decrease) in cash in the period	265,037	14,950	121,525	(677)
	<u>265,037</u>	<u>14,950</u>	<u>121,525</u>	<u>(677)</u>
Net Funds at 1 January 2011	1,293,737	1,278,787	1,185,024	1,185,701
Net Funds at 31 December 2011	<u>1,558,774</u>	<u>1,293,737</u>	<u>1,306,549</u>	<u>1,185,024</u>

27 Analysis of net funds

	1 January 2011 £	Cash flow £	31 December 2011 £
Charity			
Cash at bank and in hand	1,185,024	121,525	1,306,549
Non Charitable Trading Subsidiaries			
Cash at bank and in hand	108,713	143,512	252,225
Group	<u>1,293,737</u>	<u>265,037</u>	<u>1,558,774</u>

28 Guarantees and other financial commitments

At 31 December 2011 the company had annual commitments in respect of operating leases for land and building as follows

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Date of termination of lease				
Less than one year	32,000	15,000	-	-
Between two and five years	174,362	191,474	21,444	21,444
After five years	270,418	250,530	105,418	105,530
Total annual commitment at 31 December 2011	<u>476,780</u>	<u>457,004</u>	<u>126,862</u>	<u>126,974</u>