

ROY CASTLE LUNG CANCER FOUNDATION

ROY CASTLE LUNG CANCER FOUNDATION

REPORT AND FINANCIAL STATEMENTS

For the year ended
31 December 2012

Company Registration No: 3059425

Registered Charity Nos:

England & Wales 1046854

Scotland SC037596

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ROY CASTLE LUNG CANCER FOUNDATION
TRUSTEES' REPORT
Year ended 31 December 2012

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	
	Greg Gottig	(appointed 20 June 2012)
Company secretary	Paula Chadwick	

Senior Management

Chief Executive	Paula Chadwick	
Corporate Services Director	Mike Grundy	
Fundraising	Laura Irving	(appointed 4 June 2012)
Medical Director	Dr Jesme Fox	
Patient Support	Lorraine Dallas	(appointed 25 June 2012)
Tobacco Control	Eileen Streets	
Retail	Pat Tisdale	
Marketing & PR	Emma Dewar	

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 for 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 £1,874 (2011 loss £3,679) after a gift aid payment to the Charity of £109,821 (2011 £240,828)

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 (2011 £nil profit) after a gift aid payment to the Charity of £124,358 (2011 £39,450)

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 £9,230 (2011 loss £26,232) after a gift aid payment to the Charity of £39,387 (2011 £73,537)

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 deficit of £139 (2011 surplus £11,260)

The initial Charity appeal was deemed a failed appeal and a provision of £95,000 was created in 2008 to cover the return of donations raised in the appeal. During 2009 we contacted all our supporters to initiate the return of donations. This resulted in £83,703 being successfully returned to our supporters with the balance being donated to the Charity for its charitable core objective of improved patient care and support.

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 and Best Practice

Ensuring better outcomes for patients with lung cancer in the future and best chance of survival and patient experience is what we are here for

We promote and fund research by

- Increasing our annual spend on lung cancer research from £0.5million to £2million in the next five years and increasing the spread of grant funding across the UK
- Increasing the overall lung cancer research spend. Currently lung cancer research funding from government and other charities is around 5%. Increase to 10% in the next five years
- Ensuring best practice and earlier diagnosis in lung cancer. Lung cancer has, by far, the worst one year survival rate of the "big four" cancers with only 30% of lung cancer patients alive one year post diagnosis compared to 96% of people with breast cancer, 93% of people with prostate cancer and 72% of people with bowel cancer. Over the next five years we aim to see an increase one year survival rates to 40% and a consistent treat rates for lung cancer patients across the UK

Lung Cancer Prevention through tobacco control

The Tobacco Control department prevents lung cancer by

- Supporting 75,000 people to stop smoking via our current stop smoking services in Liverpool and Knowsley over the next 5 years. The contract with Knowsley PCT expires on 1st October 2013
- Developing and growing our online stop smoking service. Over the next five years we will nationally support 25,000 people to stop smoking as described
- Using our "Jenny and the Bear" story book and teachers pack, we will educate 30,000 children across the UK under the age of 10 years on how to protect themselves and their families against the dangers of second hand smoke

For more details on the implementation of these activities refer to the Strategic Plan 2013-2018 on our website www.roycastle.org

Lung Cancer Information and Support Services

The Glasgow based Lung Cancer Information and Support Services provides

- Patient relief grants with a potential increase in funding from £10,000 to £100,000 in the next five years, across the UK (supporting up to 400 people with lung cancer)
- Support to 50-70 lung cancer support groups as well as offering training for up to 30 group facilitators per year
- Lung cancer information direct to people affected by lung cancer and to the NHS

Main achievements of the Charity in 2012

Research

In 2012, research into the UK's biggest cancer killer received a £1million funding boost from the Roy Castle Lung Cancer Foundation. The Charity announced it was funding nine projects at universities across the UK over the next two years. Despite being the biggest killer, lung cancer receives only 5% of current cancer research funding but the charity hopes to significantly boost this over the next decade.

All the projects to be funded concentrate on either the early detection of lung cancer or improving the experiences of patients. They are:

- University of Southampton – a study looking at the health and well-being of lung cancer patients following surgery to commence in 2013
- University of Leicester - the project to commence in 2013 will attempt to identify mutations of key cancer genes through blood tests, which as well as helping diagnose lung cancer early could also inform what therapy the patient is then given
- University College London - the project aims to identify changes to cheek cells, which could be an early sign of lung cancer commenced in 2012
- University of Nottingham – the project commenced in 2012 and investigates why more than a third of lung cancer patients are diagnosed following an emergency admission to hospital – the highest of any cancer
- Kings College London – the project commenced in 2012 and aims to identify abnormalities in the blood which could be an early sign of lung cancer
- University of Manchester (The Rita Frost Award) – this project commenced in 2012 will search for markers in blood, which may be able to detect early stage lung cancer
- University of Liverpool – the project commenced in 2012 and identifies people who are at especially high risk of developing lung cancer by using molecular genetic technologies and investigating biomarkers in cheek or nose tissues
- University of Stirling – the project commenced in 2012 and is an early detection pilot study to see if people who present themselves to pharmacies for help in quitting smoking would benefit from early lung cancer screening

Lung Cancer Prevention through tobacco control

Roy Castle Fag Ends engaged with over 12,000 clients and successfully supported over 5,000 people to stop smoking in the last 12 months.

2012 saw the launch of our new online stop smoking service, Quit Support, an online community where people trying to quit can blog about their experiences, take part in polls and ask experts questions about how to quit smoking.

Statistics show that people are five times more likely to quit with support than if they try unaided but people have busy lives and we are conscious that not everyone has the time, or the inclination, to attend a support group or clinic - this site is for those people.

'Jenny and the Bear' is an educational campaign aimed at improving the health of primary school children living in deprived areas of the UK. By using 'Jenny and the Bear' in primary schools we are hoping to prevent the normalisation in which smoking is portrayed and therefore prevent the initial uptake of children smoking later on in life.

'Jenny and the Bear' is a children's book for teachers showing the harmful effects of second-hand smoke. 'Jenny and the Bear' was originally created by Linda Morris for NHS Greater Glasgow and Clyde, is aimed at youngsters but the real target audience is parents and carers.

The Smokefree Families project objective is to increase the awareness of the adverse health effects of smoking in the home and within vehicles around children aged 0-5 years. Since it started 3 years ago, Smokefree Families has encouraged over 6,000 families to make a smokefree promise. The project was originally only offered to families with children under 5 years old but now families with children of any age can get involved.

In partnership with the MOD and Liverpool University, RCLCF commissioned research into the smoking behaviour of armed forces personnel. The researchers spoke to new recruits, trained personnel, wives and partners to gain an understanding of smoking attitudes and the cultural aspects of smoking behaviour set within the context of the military environment. The study has given us insight into what kind of messages would influence soldiers to stop smoking and an understanding of the attitudes of nonsmokers to their smoking colleagues.

Lung Cancer Information and Support Services

In October 2012, we held a national meeting for our supporters in Birmingham. We want to share a few stories of the forty five people who attended, and the many hundreds who help spread the word through support groups, local awareness raising and sharing our information.

Attendees in Birmingham enjoyed hearing from Lyn Barrington and Nicky Walker. Lyn shared more about her experience of being diagnosed with stage 4 lung cancer and being a positive face of lung cancer. Alongside her nurse, Nicky, Lynn has been involved in starting up a new support group in Staffordshire. We now have 45 groups across the UK, offer training, financial and practical support for those keen to establish and maintain groups. In 2012 new groups were started including Dundee, Liverpool and Harrogate. Lyn is also a regular blogger on our Health Unlocked site which helps to provide virtual support for thousands of people each year who may not be able to access a face to face group.

Eric Byrne, from Lanarkshire, is involved in a number of on line and face to face services. This year he became our cover model for the latest booklet on 'Surgery for lung cancer'. As someone who has been there and worn the T shirt, Eric is active in ensuring that information is available to all people affected by lung cancer, delivering booklets and DVDs to his local cancer centres. He has helped with involvement in the Scottish Detect Cancer Early campaign, which will focus on lung cancer in spring/summer 2013.

Janet Varney and Phillipa Bleek, our awareness volunteers, have been busy ensuring those in Coventry and Rugby know about our services. They share with others at Birmingham their experiences of working alongside the Arden Cancer Network to spread the word and their work at Jaguar using our new MegaLungs to provide lung health information to staff.

Patient Grants

A Roy Castle Lung Cancer Foundation Patient Grant is a one off payment of up to £250 awarded to people with lung cancer

Grants can be used for a wide range of practical needs, such as help with bills, towards a short break, or a piece of household equipment which would make life easier

As we have a limited amount of funding available, grants are awarded on a 'first come' basis Here is some feedback from those who received our grants in 2012

"I want to say a huge thanks. The money was very much appreciated at a very tough time Thank goodness for charities such as this"

"The grant has made a huge difference and allowed Mr Brown to purchase a shaver and television, which otherwise he would have been unable to afford"

"A note to say thank you for the money from your charity. I will be able to get clothes for my wife to go out with dignity instead of clothes that are falling off her Once again thank you"

Fundraising

2012 was an exciting and fulfilling year for the Fundraising team with many highlights and achievements in all areas

We continue to be touched and extremely grateful to people who think of us when making their Will One in three of our research projects are funded thanks to gifts in Wills, so these gifts make a vital difference to our work

In spring we will see our Forget me Not Memorial Garden in bloom for the first time as a symbol of our In Memoriam programme after a planting day in 2012

Our fantastic 'Roy's Runners' group has grown again this year with an incredible 335 runners taking places in our many runs across the country including, Reading Half Marathon, Manchester 10k, Great North Run, London Marathon, Windsor Women's 8k, Birmingham Half Marathon and Great South Run

Fundraising Events have had a busy and varied year with close to 5,000 participants at our fantastic Ladies Dream Walks and family event, Spooky Welly Walk

Memorable evenings were held through the year including the Everton Sportsman's Dinner, Stars of Roy Castle Awards Night, Celebrity Golf Classic, Liverpool Strictly Ballroom and the stunning Masquerade Ball

UK and Overseas Challenges is huge growth area, this year 181 intrepid challengers have trekked, cycled and jumped out of planes for us all over the world

Community Support continues to grow with many fundraising groups being set up right across the UK

We were thrilled with the level of corporate support in 2012 despite a tough economic climate and endeavour to build on both local and national corporate supporters in 2013

We ended the year with our very poignant and moving Celebrate a Life services in Liverpool and Glasgow attended by 1,000 people remembering their loved ones and the reason why we are here – to beat lung cancer

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

2012 was the third year of implementation of the 2010 - 2015 Strategic Plan It was a challenging year with performance below the 2012 Business Plan

The Charity, as a group, made a deficit during 2012 of £11k (2011 surplus £307k) This is due to a decrease in income levels in a difficult economic environment and a modest reduction in charitable expenditure

Following the appointment of a new CEO during 2011 a review of the Charities activities, strategy and impact was undertaken which resulted in the development of a revised five year strategy that will commence in 2013

There are two main business themes central to the success of the new 2013 strategy,

- To increase the level of charitable activity we fund
- To achieve a national profile by increased regional activity, becoming genuinely local across the country

The themes are linked and each theme runs through each of the charity's key activities, influencing our Research, Support and Prevention Strategies, they are also reflected in our Income Generation Strategy and Communications Strategy and in directing how our corporate structure will provide a solid foundation for the charity to build on

Full details of the current Strategic Plan 2013 to 2018 can be found on our website www.roycastle.org

Charitable expenditure

Total charitable expenditure for 2012 was £2,902k (2011 £2,953k) down 2% on the previous year due to the contraction in the Foundation's prevention and research activities

Prevention expenditure decreased by 6% to £1,533k in 2012 due to reduction in support and administration costs in running the specialist smoking cessation services

Research expenditure decreased by 3% to £788k in 2012 mainly due to a decrease in charitable research grants during 2012 to £505k (2011 £551k) In 2012 a new research scheme was launched that will result in a £1million boost in research funding Funding will be made to nine additional projects and plus continuing distributions to the University of Liverpool (Liverpool Lung Project)

ROY CASTLE LUNG CANCER FOUNDATION
TRUSTEES' REPORT
Year ended 31 December 2012

Income and funding

Total income from generated funds and charitable activities for 2012 was £4,954k (2011 £5,228k) a decrease of 5% on prior year. Voluntary income decreased by 16% to £1,245k (2011 £1,489k), generated funds income was £2,218k down 2% on the year before (2011 £2,259k) and charitable activities income was £1,442k is consistent with prior year (2011 £1,438k).

The decrease in voluntary income figure is due to a reduction in Legacies of £340k on prior year which included a bequest of £400k. The fall in legacy income was negated by donations with both corporate and individuals up £35k on prior year and release of remaining North West Development Agency grant of £45k.

Generated funds income decreased marginally by 2% to £2,218k due to fall in the lottery income stream which was negated by a strong Retail performance in difficult trading conditions. Lottery income is sourced from instant pull tab lottery machines operated by Gametech. The Charity receives 20% of ticket price and raised £247k in 2012.

Retail's strong performance up 3% to £1,274k (2011 £1,234k) was driven by the opening of a new retail furniture outlet in Chester, the continuing success of both the Smithdown Road and Crosby retail outlets. The traditional high street charity outlets have performed less well in line with difficult trading condition but still generated an overall profit.

Charitable activities income is consistent with prior year £1,442k (2011 £1,438k) with small decrease in Research and Tobacco Control income being negated by increase of Support sponsorship by £55k.

Fundraising

The cost of generating funds in 2012 has increased by £194k to £2,031k. Increase in costs is mainly driven by Retail with the additional Chester outlet and growth of Smithdown Road and Crosby outlets and increase in fundraising events.

Fundraising costs have been strictly managed with the costs of generating voluntary income remaining constant at £212k (2011 £198k).

Investments

The Foundation holds £797k in listed investments that generated an income of £48k in the year (2011 £42k). In the year there was an unrecognised gain of £33k (2011 £47k loss).

An independent stockbroker manages the investments within defined areas. The stockbrokers have been instructed not to invest in tobacco related companies and other socially unacceptable companies. The current investment policy of the trustees is to hold a large proportion of surplus assets of the Foundation in cash and near cash to ensure a stable platform for the 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 2012 the actual unrestricted reserves less tangible fixed assets is over £1 8million which is lower than the calculated policy level of reserves of £1 9million. However, the listed investments and cash held at the balance sheet date totals £2 2million 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

18th September 2013

ROY CASTLE LUNG CANCER FOUNDATION
INDEPENDENT AUDITORS REPORT
Year ended 31 December 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 16 to 39 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 13 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 Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

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 2012, 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 18 September 2013

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

ROY CASTLE LUNG CANCER FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2012

		Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Total 2011 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,245,307	-	1,245,307	1,488,961
Activities for generating funds					
Sale of donated & bought-in goods	2	1,273,979	-	1,273,979	1,233,399
Fundraising events & other income	2	943,654	-	943,654	1,025,101
Investment income	2	47,987	-	47,987	41,551
Incoming resources from charitable activities					
Research	3	-	133,450	133,450	154,360
Prevention	3	1,117,529	55,438	1,172,967	1,200,291
Support	3	66,453	70,043	136,496	84,078
Other incoming resources		-	-	-	-
Total incoming resources		4,694,909	258,931	4,953,840	5,227,741
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	211,747	-	211,747	198,492
Fundraising trading					
Sale of donated & bought-in goods	4	1,371,868	-	1,371,868	1,210,205
Fundraising events	4	431,324	-	431,324	411,055
Investment management costs	4	16,090	-	16,090	17,536
		2,031,029	-	2,031,029	1,837,288
Cost of charitable activities					
Research	4	688,855	99,513	788,368	815,493
Prevention	4	1,477,624	55,438	1,533,062	1,630,545
Support	4	474,533	106,229	580,762	507,346
		2,641,012	261,180	2,902,192	2,953,384
Governance costs	6	64,106	-	64,106	82,929
Total resources expended		4,736,147	261,180	4,997,327	4,873,601
Net (outgoing)/ incoming resources		(41,238)	(2,249)	(43,487)	354,140
Other recognised gains/(losses)	11	32,948	-	32,948	(46,934)
Net movement of funds		(8,290)	(2,249)	(10,539)	307,206
Fund balances brought forward		1,851,787	316,542	2,168,329	1,861,123
Fund balances carried forward		1,843,497	314,293	2,157,790	2,168,329

All the above results derive from continuing activities
All gains and losses recognised in the year are included above
The notes on pages 21 to 39 form part of these accounts

ROY CASTLE LUNG CANCER FOUNDATION
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2012


		Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Total 2011 £
<u>Incoming resources</u>					
Incoming resources from generated funds					
Voluntary income	2	1,070,583	-	1,070,583	1,362,440
Activities for generating funds					
Sale of donated & bought-in goods	2	-	-	-	-
Fundraising events & other income	2	734,616	-	734,616	929,763
Investment income	2	321,553	-	321,553	395,366
Incoming resources from charitable activities					
Research	3	-	133,450	133,450	154,360
Prevention	3	40,000	55,438	95,438	74,605
Support	3	50,453	70,043	120,496	84,078
Other incoming resources		-	-	-	-
Total incoming resources		<u>2,217,205</u>	<u>258,931</u>	<u>2,476,136</u>	<u>3,000,612</u>
<u>Resources expended</u>					
Cost of generating funds					
Cost of generating voluntary income	4	209,116	-	209,116	195,493
Fundraising trading					
Sale of donated & bought-in goods	4	147,608	-	147,608	164,440
Fundraising events	4	347,957	-	347,957	351,346
Investment management costs	4	15,191	-	15,191	16,642
		<u>719,872</u>	<u>-</u>	<u>719,872</u>	<u>727,921</u>
Cost of charitable activities					
Research	4	688,828	99,513	788,341	815,493
Prevention	4	329,065	55,438	384,503	490,904
Support	4	455,091	106,090	561,181	518,442
		<u>1,472,984</u>	<u>261,041</u>	<u>1,734,025</u>	<u>1,824,839</u>
Governance costs	6	55,483	-	55,483	74,897
Total resources expended		<u>2,247,339</u>	<u>261,041</u>	<u>2,508,380</u>	<u>2,627,657</u>
Net (outgoing)/incoming resources		<u>(30,134)</u>	<u>(2,110)</u>	<u>(32,244)</u>	<u>372,955</u>
Other recognised gains/(losses)	11	32,948	-	32,948	(46,934)
Net movement of funds		<u>2,184</u>	<u>(2,110)</u>	<u>704</u>	<u>326,021</u>
Fund balances brought forward		<u>1,965,798</u>	<u>305,284</u>	<u>2,271,082</u>	<u>1,945,061</u>
Fund balances carried forward		<u>1,967,982</u>	<u>303,174</u>	<u>2,271,786</u>	<u>2,271,082</u>

All the above results derive from continuing activities
All gains and losses recognised in the year are included above
The notes on pages 21 to 39 form part of these accounts

Company Registration No: 3059425
ROY CASTLE LUNG CANCER FOUNDATION
BALANCE SHEETS
Year ended 31 December 2012

	Notes	Group		Charity	
		2012 £	2011 £	2012 £	2011 £
Fixed assets					
Tangible assets	10	331,092	362,165	149,335	164,982
Investments	11/12	797,446	742,764	927,046	872,364
		<u>1,128,538</u>	<u>1,104,929</u>	<u>1,076,381</u>	<u>1,037,346</u>
Current assets					
Stock	14	90,115	62,146	7,034	8,269
Debtors	15	416,248	428,423	712,895	730,285
Cash at bank and in hand	16	1,402,345	1,558,774	1,193,772	1,306,549
		<u>1,908,708</u>	<u>2,049,343</u>	<u>1,913,701</u>	<u>2,045,103</u>
Creditors amounts falling due within one year	17	(862,561)	(954,861)	(701,401)	(784,608)
Net current assets		<u>1,046,147</u>	<u>1,094,482</u>	<u>1,212,300</u>	<u>1,260,495</u>
Creditors amounts falling due after one year	17	(16,895)	(31,082)	(16,895)	(26,759)
Net assets		<u><u>2,157,790</u></u>	<u><u>2,168,329</u></u>	<u><u>2,271,786</u></u>	<u><u>2,271,082</u></u>
Funds					
Restricted funds	19	314,293	316,542	303,174	305,284
Unrestricted funds					
- General funds	19	1,968,612	1,965,798	1,968,612	1,965,798
- Non-charitable trading funds	19	(125,115)	(114,011)	-	-
		<u><u>2,157,790</u></u>	<u><u>2,168,329</u></u>	<u><u>2,271,786</u></u>	<u><u>2,271,082</u></u>

These financial statements were approved and authorised for issue by the Board of Trustees on 18th September 2013



Sir Philip Carter CBE
Chairman

The notes on pages 21 to 39 form part of these accounts

ROY CASTLE LUNG CANCER FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	25	(124,537)	321,418
Returns on investments and servicing of finance			
Interest received		17,337	15,015
Dividends received		30,650	26,536
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		47,987	41,551
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(58,145)	(68,305)
Payments to acquire investment assets		(150,216)	(112,850)
		<hr/>	<hr/>
Proceeds from sale of tangible fixed assets		-	-
Proceeds from sale of investment assets		128,482	83,223
		<hr/>	<hr/>
Net cash (outflow) from capital expenditure and financial investment		(79,879)	(97,932)
Net cash (outflow) from financing		<hr/>	<hr/>
		-	-
Net (decrease)/increase in cash	26/27	<hr/> <hr/> (156,429)	<hr/> <hr/> 265,037

The notes on pages 21 to 39 form part of these accounts

ROY CASTLE LUNG CANCER FOUNDATION
CHARITY CASH FLOW STATEMENT
Year ended 31 December 2012

	Notes	2012 £	2011 £
Net cash (outflow) from operating activities	25	(391,514)	(223,730)
Returns on investments and servicing of finance			
Interest received		17,337	15,015
Dividends received		30,650	26,536
Gift Aid from subsidiary companies		273,566	353,815
Net cash inflow from returns on investments and servicing of finance		321,553	395,366
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(21,082)	(20,484)
Payments to acquire investment assets		(150,216)	(112,850)
Proceeds from sale of tangible fixed assets		-	-
Proceeds from sale of investment assets		128,482	83,223
Net cash (outflow) from capital expenditure and financial investment		(42,816)	(50,111)
Net cash outflow from financing		-	-
Net increase/(decrease) in cash	26/27	(112,777)	121,525

The notes on pages 21 to 39 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 £2,272k and had a deficit of £11k in 2012. The trustees have assessed all available information including a rolling twelve month revenue and cashflow forecast and 2012 results surplus and have concluded that the use of going concern basis of accounting is appropriate. The rolling forecast is expected to be a deficit due to revised Strategic Plan 2013 to 2018 which can be found on our website www.roycastle.org.

(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 have donor placed restrictions 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
- Income from service level contrasts with PCT's are recognised when entitled to income by the performance of contracted services
- 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.

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

2 Incoming resources from generated funds

Voluntary income	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Legacy generation, Memoriam & Trusts	666,166	985,830	662,894	981,043
Donations	332,553	298,950	272,715	240,716
Donor marketing	7,849	12,577	6,485	12,577
Major Gifts, Corporate & other Donated services	183,489	183,104	128,489	128,104
North West Development Agency Grant	55,250	8,500	-	-
	<u>1,245,307</u>	<u>1,488,961</u>	<u>1,070,583</u>	<u>1,362,440</u>

Activities for generating funds	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Sale of donated & bought in goods	1,268,129	1,224,284	-	-
Fundraising events	943,654	1,025,101	734,616	929,763
Rent receivable	5,850	9,115	-	-
	<u>2,217,633</u>	<u>2,258,500</u>	<u>734,616</u>	<u>929,763</u>

Investment income	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Dividend income	30,650	26,536	30,650	26,536
Deposit income	17,337	15,015	17,337	15,015
Gift Aid from trading subsidiaries	-	-	273,566	353,815
	<u>47,987</u>	<u>41,551</u>	<u>321,553</u>	<u>395,366</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

3 Incoming resources from charitable activities

	Group			
Research	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £	Total 2011 £
Sponsorship	<u> </u>	<u>133,450</u>	<u>133,450</u>	<u>154,360</u>
Prevention				
Smoking cessation contracts	1,054,699	-	1,054,699	1,050,929
Youth campaigns	-	18,893	18,893	-
Armed Forces	-	36,545	36,545	23,455
Sure Start	40,000	-	40,000	51,025
Training	13,323	-	13,323	65,046
Other	9,507	-	9,507	9,836
	<u>1,117,529</u>	<u>55,438</u>	<u>1,172,967</u>	<u>1,200,291</u>
Support				
Sponsorship	<u>66,453</u>	<u>70,043</u>	<u>136,496</u>	<u>84,078</u>

	Charity			
Research	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £	Total 2011 £
Sponsorship	<u>-</u>	<u>133,450</u>	<u>133,450</u>	<u>154,360</u>
Prevention				
Smoking cessation contracts	-	-	-	
Youth campaigns	-	18,893	18,893	
Armed Forces	-	36,545	36,545	23,455
Sure Start	40,000	-	40,000	51,025
Other	-	-	-	
	<u>40,000</u>	<u>55,438</u>	<u>95,438</u>	<u>74,600</u>
Support				
Sponsorship	<u>50,453</u>	<u>70,043</u>	<u>120,496</u>	<u>84,078</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

4 Total resources expended

	Dire expenditure £	Grant expenditure £	Support costs £	Group Total 2012 £	Total 2011
Cost of generating voluntary income					
Legacy generation	38,455	-	6,919	45,374	30,537
Donations	141,003	-	25,370	166,373	167,955
	<u>179,458</u>	<u>-</u>	<u>32,289</u>	<u>211,747</u>	<u>198,492</u>
Fundraising trading					
Sale of donated and bought-in goods	1,224,260	-	147,608	1,371,868	1,210,205
Fundraising events	386,117	-	23,963	410,080	390,689
Lottery	20,322	-	922	21,244	20,366
	<u>1,630,699</u>	<u>-</u>	<u>172,493</u>	<u>1,803,192</u>	<u>1,621,260</u>
Investment management	5,530	-	10,560	16,090	17,536
Costs of charitable activities					
Research	182,692	504,891	100,785	788,368	815,493
Prevention	1,285,546	-	247,516	1,533,062	1,630,545
Support	525,042	-	55,720	580,762	507,346
	<u>1,993,280</u>	<u>504,891</u>	<u>404,021</u>	<u>2,902,192</u>	<u>2,953,384</u>
Governance	13,123	-	50,983	64,106	82,929
	<u>3,822,090</u>	<u>504,891</u>	<u>670,346</u>	<u>4,997,327</u>	<u>4,873,601</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

	Dire expenditure £	Grant expenditure £	Support costs £	Charity Total 2012 £	Total 2011
Cost of generating voluntary income					
Legacy generation	37,892	-	6,919	44,811	30,076
Donations	138,935	-	25,370	164,305	165,417
	<u>176,827</u>	<u>-</u>	<u>32,289</u>	<u>209,116</u>	<u>195,493</u>
Fundraising trading					
Sale of donated and bought-in goods	-	-	147,608	147,608	164,440
Fundraising events	306,918	-	23,963	330,881	330,980
Lottery	16,154	-	922	17,076	20,366
	<u>323,072</u>	<u>-</u>	<u>172,493</u>	<u>495,565</u>	<u>515,786</u>
Investment management	4,631	-	10,560	15,191	16,642
Costs of charitable activities					
Research	182,665	504,891	100,785	788,341	815,493
Prevention	136,987	-	247,516	384,503	490,904
Support	505,461	-	55,720	561,181	518,442
	<u>825,113</u>	<u>504,891</u>	<u>404,021</u>	<u>1,734,025</u>	<u>1,824,839</u>
Governance	3,500	-	50,983	54,483	74,897
	<u>1,333,143</u>	<u>504,891</u>	<u>670,346</u>	<u>2,508,380</u>	<u>2,627,657</u>

Analysis of grant expenditure		Group and Charity	
		2012 £	2011 £
University of Liverpool	Liverpool Lung Project	304,891	546,000
Global Lung Cancer Coalition	International Lung Cancer Nurse Forum	-	5,000
University College London	Project grants	72,400	-
University of Nottingham	Project grants	55,680	-
Kings College London	Project grants	22,583	-
University of Manchester	Project grants	17,875	-
University of Liverpool	Project grants	13,587	-
University of Sterling	Project grants	17,875	-
		<u>504,891</u>	<u>551,000</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

5 Support costs allocation

Charity and Group

	Directors & CEO £	Finance £	Comms £	HR & Office £	IT £	2012 Total £	2011 Total £
Cost of generating funds							
<i>Cost of generating voluntary income</i>							
Legacy generation	-	2,315	2,460	1,228	916	6,919	5,305
Donations	-	8,487	9,020	4,504	3,359	25,370	29,175
<i>Fundraising trading</i>							
Sale of donated & bought-in goods	-	49,377	52,484	26,204	19,543	147,608	164,440
Fundraising events	6,434	5,864	6,233	3,111	2,321	23,963	33,568
Lottery	-	308	328	164	122	922	2,652
<i>Investment management costs</i>	-	10,560	-	-	-	10,560	10,666
Cost of charitable activities							
Research	25,737	27,003	28,702	8,655	10,688	100,785	99,046
Prevention	51,475	65,577	69,705	34,803	25,956	247,516	332,196
Support	25,737	10,030	10,660	5,323	3,970	55,720	81,226
Governance costs	19,303	31,680	-	-	-	50,893	69,047
Total Group support costs	128,686	213,201	179,592	83,992	66,875	670,346	827,321

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	
	2012 £	2011 £	2012 £	2011 £
Apportionment of directors & CEO costs	19,303	37,048	19,303	37,048
Apportionment of finance costs	31,680	31,999	31,680	31,999
External audit and accountancy	13,123	13,882	3,500	5,850
Total Governance costs	64,106	82,929	54,483	74,897

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

7 Net movement in funds

Net movement in funds is arrived after charging:	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Auditors remuneration – audit fees	13,123	13,882	3,500	5,850
Operating lease rentals – land and buildings	496,780	480,980	126,862	126,862
Depreciation	89,218	109,467	36,729	42,117
Interest charges on finance leases	2,720	2,736	2,040	2,053
Government grant	(4,323)	(5,184)	-	-
North West Development Agency Grant	55,250	8,500	-	-
	<u>55,250</u>	<u>8,500</u>	<u>-</u>	<u>-</u>

8 Staff numbers and emoluments

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Wages and salaries	2,213,604	2,038,780	897,589	846,155
Social security costs	181,625	181,570	83,613	74,505
Pensions cost	29,797	25,994	20,386	18,297
	<u>2,425,026</u>	<u>2,246,344</u>	<u>1,001,588</u>	<u>938,957</u>

One employee as defined for taxation purposes is included in the band of £70,001 to £80,000 (2011 one employee) The group made contributions of £3,137 (2011 £3,209) into the defined contribution scheme on behalf of this employee

All other 120 employees' are included in the band up to £60,000

The average number of employees	Group		Charity	
	2012 Nos.	2011 Nos.	2012 Nos.	2011 Nos.
Fundraising	11	11	11	11
Retail	41	31	-	-
Smoking cessation	46	45	2	2
Patient support	7	7	7	7
Support	16	14	16	14
	<u>121</u>	<u>108</u>	<u>36</u>	<u>34</u>

The average number of research personnel funded by the Foundation	2012 Nos.	2011 Nos.
Liverpool Lung Project	9	16
Other Research Grants	8	-
	<u>17</u>	<u>16</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

9 Trustees' emoluments and reimbursed expenses

The trustees received no remuneration for their services during the year (2011 £nil)

The aggregated amount of expenses reimbursed to 4 trustees during the year was £2,693 (2011 £339)

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 2012	19,538	140,261	198,030	357,829	157,507	851,852	390,231	1,399,590
Additions	-	-	21,082	21,082	11,729	5,000	41,416	58,145
Disposals	-	-	-	-	-	-	-	-
At 31 Dec 2012	<u>19,538</u>	<u>140,261</u>	<u>219,112</u>	<u>378,911</u>	<u>169,239</u>	<u>856,852</u>	<u>431,647</u>	<u>1,457,735</u>
Accumulated depreciation								
At 1 January 2012	17,020	45,585	130,242	192,847	91,574	650,355	295,496	1,037,425
Charge for the year	1,641	14,026	21,062	36,729	10,738	40,179	38,301	89,218
Disposals	-	-	-	-	-	-	-	-
At 31 Dec 2011	<u>18,661</u>	<u>59,611</u>	<u>151,304</u>	<u>229,576</u>	<u>102,312</u>	<u>690,534</u>	<u>333,797</u>	<u>1,126,643</u>
Net book value								
At 31 Dec 2012	<u>877</u>	<u>80,650</u>	<u>67,808</u>	<u>149,335</u>	<u>66,924</u>	<u>166,318</u>	<u>97,850</u>	<u>331,092</u>
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>

A government grant of £20,720 was received in Roy Castle Retail in 2007 for new till equipment, £4,323 has been amortised during 2012

Net book value of computer equipment included in above held under finance leases is £25,050 (2011 £37,350) The depreciation charge in respect of these assets was £12,300 (2011 £9,804)

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 2012	742,764	8	129,592	872,364
Additions	150,216	-	-	150,216
Disposals	(128,482)	-	-	(128,482)
Net investment gain	32,948	-	-	32,948
Market value at 31 December 2012	<u>797,446</u>	<u>8</u>	<u>129,592</u>	<u>927,046</u>
Historical cost at 31 December 2012	<u>772,329</u>	<u>8</u>	<u>129,592</u>	<u>901,929</u>

Listed investments	2012 £	2011 £
Investments in UK assets	667,860	620,865
Investments in non UK assets	129,586	121,899
	<u>797,446</u>	<u>742,764</u>

Investments at market value Comprised	2012 £	2011 £
Equities	718,792	664,997
Fixed interest securities	78,654	77,767
	<u>797,446</u>	<u>742,764</u>

ROY CASTLE LUNG CANCER FOUNDATION
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12 Investment in subsidiaries

	2012 £	2011 £
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. £899 interest was payable by Roy Castle Retail Limited to The Roy Castle Lung Cancer Foundation during the year (2011: £894).

- 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.

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2012

13a Trading subsidiaries

	Roy Castle Trading Limited	Roy Castle Retail Limited	Roy Castle Clean Air Limited	Total Subsidiary Trading	Total Subsidiary Trading
	2012 £	2012 £	2012 £	2012 £	2011 £
Turnover	205,097	1,342,395	1,203,778	2,751,270	2,580,944
Cost of sales	<u>(36,611)</u>	<u>(152,781)</u>	<u>(793,537)</u>	<u>(982,929)</u>	<u>(936,705)</u>
Gross profit	168,486	1,189,614	410,241	1,768,341	1,644,239
Administrative expenses	<u>(44,128)</u>	<u>(1,080,768)</u>	<u>(380,084)</u>	<u>(1,504,980)</u>	<u>(1,319,441)</u>
Operating profit	124,358	108,846	30,157	263,361	324,798
Interest payable	-	(899)	-	(899)	(894)
Gift Aid to Roy Castle Lung Cancer Foundation	<u>(124,358)</u>	<u>(109,821)</u>	<u>(39,387)</u>	<u>(273,566)</u>	<u>(353,815)</u>
(Loss) on ordinary Activities	-	(1,874)	(9,230)	(11,104)	(29,911)
Fund balances brought forward	12,426	(114,603)	(11,834)	(114,011)	(84,100)
Fund balances carried forward	<u>12,426</u>	<u>(116,477)</u>	<u>(21,064)</u>	<u>(125,115)</u>	<u>(114,011)</u>
Total assets	46,847	426,417	118,160	591,424	759,855
Total liabilities	<u>(34,419)</u>	<u>(542,892)</u>	<u>(139,222)</u>	<u>(716,533)</u>	<u>(873,860)</u>

13b Charitable Company Subsidiary

	Roy Castle Patient Support Limited	
	2012 £	2011 £
Incoming resources	-	-
Resources expended	<u>(139)</u>	<u>11,096</u>
Net outgoing resources	(139)	11,096
Funds brought forward	<u>11,260</u>	<u>164</u>
Funds carried forward	<u>11,121</u>	<u>11,260</u>

ROY CASTLE LUNG CANCER FOUNDATION
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14 Stock

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Goods for resale	90,115	62,146	7,034	8,269
	<u>90,115</u>	<u>62,146</u>	<u>7,034</u>	<u>8,269</u>

15 Debtors

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Other debtors	121,503	226,220	118,739	102,650
Prepayments and accrued income	282,130	187,143	347,383	92,921
Amounts owed by subsidiary undertakings	-	-	246,773	534,714
Tax and social security debtor	12,615	15,060	-	-
	<u>416,248</u>	<u>428,423</u>	<u>712,895</u>	<u>730,285</u>

16 Cash at bank and in hand

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Deposit cash at Rathbones	54,770	49,664	54,770	49,664
Cash at bank and in hand	<u>1,347,575</u>	<u>1,509,110</u>	<u>1,139,002</u>	<u>1,256,885</u>
	<u>1,402,345</u>	<u>1,558,774</u>	<u>1,193,772</u>	<u>1,306,549</u>

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

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Amounts due to University of Liverpool for grants and services	151,031	266,901	151,031	266,901
Amounts due to subsidiary undertakings	-	-	-	34,927
Tax and social security creditors	96,231	93,171	47,464	48,882
Other creditors	476,374	280,721	400,106	212,921
Obligation under finance leases	9,828	9,828	9,828	9,828
Accruals and deferred income	129,097	304,240	92,972	211,149
	<u>862,561</u>	<u>954,861</u>	<u>701,401</u>	<u>784,608</u>

Creditors: amounts falling due after one year

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Deferred creditor	-	4,323	-	-
Obligation under finance lease	16,895	26,759	16,895	26,759
	<u>16,895</u>	<u>31,082</u>	<u>16,895</u>	<u>26,759</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	
	2012	2011	2012	2011
	£	£	£	£
Amounts payable within 1 year	9,828	9,828	9,828	9,828
Amount payable between 2 and 5 years	16,895	26,759	16,895	26,759
Amounts payable after five years	-	-	-	-
	<u>26,723</u>	<u>36,587</u>	<u>26,723</u>	<u>36,587</u>

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

ROY CASTLE LUNG CANCER FOUNDATION
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18 Provision for liabilities

	Group		Charity	
The Elizabeth Montgomerie Appeal	2012 £	2011 £	2012 £	2011 £
At beginning of period		1,029	-	-
Movement in the period		(1,029)		
	<u>-</u>	<u>-</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 2011.

19 Group statement of funds

	Balance at 1 January 2012 £	Income £	Expenditure £	Gains and Losses £	Balance at 31 December 2012 £
Restricted funds					
Research – GLCC	235,209	133,450	(93,621)	-	275,038
Research – Other	32,496	-	(4,360)	-	28,136
Prevention – Armed Forces	-	36,545	(36,545)	-	-
Prevention – Scholl	-	18,893	(18,893)	-	-
Foundation					
Support – Megalungs	-	15,000	(15,000)	-	-
Support – Patient Small	-	9,300	(9,300)	-	-
Grants					
Support – Scottish	-	10,000	(10,000)	-	-
Executive					
Support – Other	37,579	35,743	(73,322)	-	-
Total Charity Restricted Funds	<u>305,284</u>	<u>258,931</u>	<u>(261,041)</u>	<u>-</u>	<u>303,174</u>
The Elizabeth Montgomerie Appeal	11,258	-	(139)	-	11,119
Total Restricted Funds	<u>316,542</u>	<u>258,931</u>	<u>(261,180)</u>	<u>-</u>	<u>314,293</u>
Total Charity Unrestricted Funds	<u>1,965,798</u>	<u>2,217,205</u>	<u>(2,247,339)</u>	<u>32,948</u>	<u>1,968,612</u>
Total Group Non Trading Funds	<u>2,282,340</u>	<u>2,476,136</u>	<u>(2,508,519)</u>	<u>32,948</u>	<u>2,282,905</u>
Non Charitable Trading Funds	<u>(114,011)</u>	<u>2,751,270</u>	<u>(2,762,374)</u>	<u>-</u>	<u>(125,115)</u>
Gift Aid	<u>-</u>	<u>(273,566)</u>	<u>273,566</u>	<u>-</u>	<u>-</u>
Total Group Funds	<u>2,168,329</u>	<u>4,953,840</u>	<u>(4,997,327)</u>	<u>32,948</u>	<u>2,157,790</u>

ROY CASTLE LUNG CANCER FOUNDATION
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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 – 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 2012	Total 2011
	£	£	£	£
Fixed assets				
Tangible	-	331,092	331,092	362,165
Investments	-	797,446	797,446	742,764
Current assets	314,293	1,594,415	1,908,708	2,049,343
Current liabilities	-	(862,561)	(862,561)	(954,861)
Long Term liabilities	-	(16,895)	(16,895)	(31,082)
	314,293	1,843,497	2,157,790	2,168,329
Charity				
Fixed assets				
Tangible	-	149,335	149,335	164,982
Investments	-	797,446	797,446	742,764
Investment in subsidiaries	-	129,600	129,600	129,600
Current assets	303,174	1,610,527	1,913,701	2,045,103
Current liabilities	-	(701,401)	(701,401)	(784,608)
Long Term liabilities	-	(16,895)	(16,895)	(26,759)
	303,174	1,968,612	2,271,786	2,271,082

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 2012. An estimate of known legacy income which is expected to be received in later accounting periods is £57,049.

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 £650,000 (2011 £500,000)

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	
	2012	2011	2012	2011
	£	£	£	£
Net (outgoing)/incoming resources	(43,487)	354,140	(32,244)	372,955
Interest received	(47,987)	(41,551)	(47,987)	(41,551)
Gift Aid from subsidiaries	-	-	(273,566)	(353,815)
Depreciation of tangible fixed assets	89,218	109,467	36,729	42,117
(Gain)/loss on sale of tangible fixed assets	-	3,092	-	-
(Increase)/decrease in stocks	(27,969)	(6,627)	1,235	(1,762)
(Increase)/decrease in debtors	12,175	(92,340)	17,390	(358,717)
(Decrease)/increase in creditors	(106,487)	(3,734)	(93,071)	117,043
(Decrease) in provision	-	(1,029)	-	-
Cash inflow/(outflow) from operating activities	(124,537)	321,418	(391,514)	(223,730)

26 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Increase/(decrease) in cash in the period	(156,429)	265,037	(112,777)	121,525
	(156,429)	265,037	(112,777)	121,525
Net Funds at 1 January 2012	1,558,774	1,293,737	1,306,549	1,185,024
Net Funds at 31 December 2012	1,402,345	1,558,774	1,193,772	1,306,549

ROY CASTLE LUNG CANCER FOUNDATION
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27 Analysis of net funds

	1 January 2012 £	Cash flow £	31 December 2012 £
Charity			
Cash at bank and in hand	1,306,549	(112,777)	1,193,772
Non Charitable Trading Subsidiaries			
Cash at bank and in hand	252,225	(43,652)	208,573
Group	<u>1,558,774</u>	<u>(156,429)</u>	<u>1,402,345</u>

28 Guarantees and other financial commitments

At 31 December 2012 the company had annual commitments in respect of operating leases for land and building as follows

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Date of termination of lease				
Less than one year	145,944	32,000	21,444	-
Between two and five years	-	174,362	-	21,444
After five years	375,836	270,418	105,418	105,418
Total annual commitment at 31 December 2012	<u>521,780</u>	<u>476,780</u>	<u>126,862</u>	<u>126,862</u>