

ROY CASTLE LUNG CANCER FOUNDATION

ROY CASTLE LUNG CANCER FOUNDATION

REPORT AND FINANCIAL STATEMENTS

For the year ended
31 December 2013

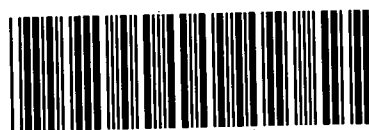
Company Registration No: 3059425

Registered Charity Nos:

England & Wales 1046854

Scotland SC037596

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CONTENTS	Page
Legal and administrative information	1
Trustees' report	2
Independent auditors' report	16
Consolidated statement of financial activities	18
Charity statement of financial activities	19
Balance sheets	20
Consolidated cash flow statement	21
Charity cash flow statement	22
Notes to the accounts	23

Reference and administrative details

Charity numbers: England & Wales 1046854 Scotland SC037596

Company number: 3059425

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

Directors and Trustees

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

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

Chairman:	Sir Philip D Carter CBE
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

Company secretary: Paula Chadwick

Senior Management

Chief Executive:	Paula Chadwick	
Corporate Services Director:	Mike Grundy	
Fundraising:	Laura Irving	
Medical Director:	Dr Jesme Fox	
Patient Support:	Lorraine Dallas	
Tobacco Control:	Eileen Streets	(left 29 th November 2013)
Retail:	Pat Tisdale	
Marketing & PR	Emma Dewar	

Professional Advisers

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
Auditors:	BWMacfarlane Castle Chambers, Castle St Liverpool, L2 9SH

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 meet 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.

The Chief Executive, Paula Chadwick, 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 profit of £71,568 (2012: loss £1,874) after a gift aid payment to the Charity of £2,401 (2012: £109,821).

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 (2012: £nil profit) after a gift aid payment to the Charity of £119,824 (2012: £124,358).

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 £83,614 (2012: loss £9,230) and there has been a transfer of trading losses to RC Retail of £62,577.

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 £238 (2012: deficit £139).

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 do 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%. Our aim is to see this 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 in one year survival rates to 40% and a more consistent treatment rate 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 over the next five years. The contract with Knowsley PCT expired 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 are helping to 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 2013

Research

In 2013, 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 a further 6 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.

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

- University of Liverpool 1 (£200,000 grant) - The Liverpool Lung Project aims to identify people at high risk of developing lung cancer. Over the past 23 years, the charity has invested more than £20million in the project, run by Professor John Field, to evaluate whether a lung cancer screening programme, similar to the type used to detect breast cancer, could save lives if introduced in the UK.
- University College London (£74,947 grant) – Understanding the molecular mechanisms leading to invasive lung cancer formation. This project aims to understand how lung cancer develops in the airways.
- Kings College London (£34,325 grant) – Respiratory and peripheral muscle function in patients with lung cancer. This project will look at improving understanding of muscle weakness in lung cancer patients and how this debilitating symptom can be more effectively treated.
- University of Sheffield (£57,535 grant) – Developing and improving lung cancer risk models. This project will look at how to improve various models that are currently used to predict a person's risk of developing lung cancer. It is hoped this will lead to more accurate risk predictions, which could lead to earlier detection of the disease and improved survival.
- University of Bristol (£74,990 grant) – Epigenetic biomarkers of lung cancer risk. This project will try to identify changes within blood DNA which could be an early sign of lung cancer. If successful it could ultimately lead to a simple blood test to diagnose early stage lung cancer.
- University of Liverpool 2 (£74,553 grant) - Validation of a DNA methylation signature in plasma for early diagnosis of lung cancer. This project aims to identify whether a simple blood test could be used to detect lung cancer in its very early stages, when it can still be cured.
- The charity will also continue to fund a three-year Clinical Research Fellowship at the University of Nottingham (£150,000) which analyses existing data on how patients are diagnosed and treated to establish why some have a poor prognosis. It is hoped the research will identify common features associated with those patients who have a poor prognosis and identify how improvements can be achieved.

Lung Cancer Prevention through tobacco control

Roy Castle Fag Ends engaged with more than 7,000 clients and successfully supported almost 4,000 people to stop smoking in the last 12 months.

More than 50% of people who use our services stop smoking successfully.

A year on from launch, we have promoted and upgraded our online stop smoking service, Quit Support. This is 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.

Yet 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; with content and support provided by people just like them. During the past year, Quit Support has grown into a resource in its own right.

Lung Cancer Information and Support Services

Early diagnosis is vital to ensure that curative treatment is possible and to improve clinical outcomes. Despite this, research shows that 40% of all lung cancer diagnoses occur after an emergency admission – the highest for any cancer.

Roy Castle Lung Cancer Foundation has used findings from the National Lung Cancer Audit to raise awareness of lung cancer issues and to campaign for policy measures to improve survival rates.

We have also used the data to create an accessible interactive map of variations in lung cancer care across the country. By November 2013, 6,000 had used the interactive map – an increase of 255 on 2012.

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.

This service was introduced in 2012. It provides some financial support for people with lung cancer, whose diagnosis means they cannot afford day to day costs such as heating, clothing and travel.

In 2013 we were able to support 272 people across the UK, and distributed £50,740. These people were referred to our service by 39 lung cancer nurse specialists. The nurses play a vital role signposting for their patients.

As one recipient told us:

"I would like to take this opportunity to express my sincere thanks and appreciation for your kind support, which will be used to ease the current difficulties. God bless you all for the wonderful work you are doing, it is truly appreciated" - Mr. N, Surrey.

Emotional support – Helpline and forum

Included in our core activity are day to day contacts from people affected by lung cancer. This happens via our helpline, which takes an average of 100 calls per month and increasingly via our online forum. These services offer reliable information and the opportunity to share experiences amongst people with lung cancer and those who care for them. During 2013 the forum almost doubled from 350 to 621 registered users.

One of our forum users said:

“It is hard - my partner was diagnosed in April, and he lived exactly another eight months exactly, but had no quality of life. Life feels so cruel at the moment, as we had so many plans. He was only 59 and I am 52. I was with him at the end.

“It sounds like you went through something very similar - it's hard isn't it? It helps to talk to people outside the circle who understand x Thanks. All donations to Roy Castle Lung Cancer Foundation, because I found this website helpful x”

Local support – Groups

Many people with a diagnosis feel that hearing from others with similar experiences makes a difficult journey more manageable. We have 43 groups active across the UK, with eight new facilitators trained this year.

Each group can access our information, funding to help with venue and refreshment costs and support for those running the groups. In an audit conducted this year 97% of respondents said they would recommend a group to others with a lung cancer diagnosis.

Awareness and Early Detection

Our work supported the 'Be Clear on Cancer' campaign in England and 'Detect Cancer Early' team in Scotland. Both of these programmes aim to increase public awareness of the signs and symptoms of lung cancer and encourage people to take action.

We benefitted from £30,000 of funding from the 'Detect Cancer Early' stream of Scottish Government. This funding enabled us to participate in seven workshops aimed at the primary care (GP) community. These workshops were attended by 364 primary care staff and additionally are still being utilised via webcasts to increase access.

To support this activity we also delivered four sessions to pharmacy staff, who are sometimes the first point of contact for someone with a persistent cough. Through this activity, early awareness messages were delivered to a further 200 health care staff.

We hosted an event at the Scottish Parliament, following activity in Westminster, to raise awareness of lung cancer amongst policy and decision makers. Over 50 MSPs took part in a photo shoot and exhibition at Holyrood, resulting in Parliamentary Questions on lung cancer.

Here are two examples of what people told us about the awareness campaigns on lung cancer:

“Last year's campaign was what made me go to the doctor after putting it off for a couple of months - and I was diagnosed with Lung Cancer.” - Sue

“Last year's campaign also made me visit my doctor - otherwise I think I would have left it for longer before reporting it. It turned out to be cancer.” - HarryP

Information Services

Written information

In the course of 2013 we distributed 22,189 booklets. This material, accredited through the Information Standard, answers some of the key questions for people going through diagnosis and treatment. Our materials are distributed through hospitals, Cancer Information Centres and directly to individuals.

Interactive Information

Our DVD provides access to information in a number of languages and with the benefit of seeing and hearing real life experiences. It features the stories of a dozen patients and carers and 2,980 copies were distributed in the course of the year.

Our web site and presence on Facebook, Twitter and other new media channels gives further access to information 24/7 for people on line.

Last year we launched our consumer magazine "Inspire" which provides a twice-yearly update on all the latest news and experiences on lung cancer.

The informal format makes it ideal reading for those new to the charity and to lung cancer. In 2013 11,900 copies were distributed, which means that one in four of those with a diagnosis could have access to this highly relevant information.

Responding to information needs

We are continuing to listen to feedback from those with lung cancer and developing new information to fill gaps. This year work on developing a Patient Decision Aid for those with early stage lung cancer was undertaken.

We are currently reviewing our 'Living with Lung Cancer' materials, and are involving our expert panel of medical staff and our reader panel of those affected by lung cancer in shaping materials that are based on current evidence, treatment and experience.

Fundraising

2013 was a year which saw our Fundraising team step up to the challenge posed by a difficult economic climate. The response from volunteers and members of the public who continue to think of us when writing their Wills remains touching and humbling. One in every three of our research projects is funded thanks to gifts in Wills, so it is clear how much impact these legacies have on our work.

Our goals for 2013 included:

- Achieving £2M from fundraising activity, to bring an additional £80,320 and +5% from 2012. We ended the year with income of £1,773,996 gross and £1,224,547 net. Although less than hoped for, this represented a £251,750 increase on 2012 income (+17%)
- Managing expenditure to ensure team activity achieves a 4:1 ratio (total income to total expenditure)
- Significantly raising income in growth areas such as running, and UK and Overseas Challenges. Running, In Memoriam, Trusts and Challenge all exceeded target.
- Achieving five new corporate partnerships – Business Travel Direct, Kemp Little, Freego, MAHLE Aftermarket UK, Furness Building Society and the Met Quarter Shopping Centre
- Creating events and projects that can build profitability and scale year on year – the Spooky Welly Walk was a notable success, a family event attracting 4,000 participants.

We also sought to implement a five year strategy to achieve income from new areas in the UK, and build income within Merseyside and through national campaigns.

- We implemented nationwide activity from supporters
- We aimed to establish fundraising and awareness activity in Glasgow. To do this, we employed a Fundraiser (near the end of 2013) to build support in Scotland
- We began fundraising and awareness activity in the South East and South West.
- Our House of Lords Lunch raised £22k and brought new supporters on board in London

We ended the year with our poignant and moving 'Celebrate a Life' services in Liverpool and Glasgow, attended by 1,000 people remembering their loved ones and reminding us all of 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

2013 was the fourth year of implementation of the 2010 - 2015 Strategic Plan. It was a challenging year with performance below the 2013 Business Plan.

The Charity, as a group, made a deficit during 2013 of £640k (2012: deficit of £11k). This is due to a decrease in income levels in a difficult economic environment, whilst maintaining a determination to deliver on our charitable objectives. Thus, we have increased our charitable spend while seeking longer term gains.

Following the appointment of a new CEO during 2011 a review of the Charity's activities, strategy and impact was undertaken which resulted in the development of a revised five year strategy that commenced 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 2013 was £3,141k (2012: £2,902k) up 8% on the previous year due to the expansion in the Foundation's research activities.

Prevention expenditure decreased by 9% to £1,384k in 2013 (2012: £1,533k) due to the termination of one of our support services.

Research expenditure increased to £1,233k in 2013 mainly due to an increase in charitable research grants during 2013 to £670k (2012: £505k). In 2013 a new research scheme was launched that will result in a £1million boost in research funding. Funding will be made to nine additional projects, plus continuing distributions to the University of Liverpool (Liverpool Lung Project).

Income and funding

Total income from generated funds and charitable activities for 2013 was £4,680k (2012: £4,954k) a decrease of 5% on the prior year. Voluntary income decreased to £1,042k (2012: £1,245k), generated funds income was £2,238k (2012: £2,218k) and charitable activities income was £1,361k down 5% on the prior year (2011: £1,442k).

The decrease in voluntary income figure reflects the overall climate of reduced gifts and donations from the corporate and private sectors, as well as legacies. Grant payments from the North West Development Agency have now finished, another variance to previous years.

Generated funds income increased marginally by 1% to £2,238k 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 Gamestech. The Charity receives 20% of ticket price and raised £247k in 2013 (2012: £247k).

Retail's strong performance - up 9% to £1,470 k (2012: £1,342) - was driven by strong sales from our furniture retail outlets in Chester, Smithdown Road and Crosby. The traditional high street charity outlets have performed less well in line with difficult trading condition but still generated an overall profit.

Due to charitable activities, income is down on the prior year: £1,361k (2012: £1,442k) with the Tobacco Control income being reduced following the end of one of our contracts.

Fundraising

The cost of generating funds in 2013 has increased by £194k to £2,225k (2012: 2,031k). Increase in costs is mainly driven by Retail with the additional rental costs of our furniture outlets.

Fundraising costs have risen this year with the costs of generating voluntary income increasing to £250k (2012: £212k).

Investments

The Foundation holds £924k in listed investments that generated an income of £37k in the year (2012: £48k). In the year there was a gain of £105k (2012: £33k).

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 2013 the actual reserves less tangible fixed assets is over £1.5 million 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 £2.0 million hence the trustees are satisfied that the Foundation can meet its funding commitments.

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

Plans for future periods

The 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 £2million in the next five 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: To increase the funds available for patient relief grants from £10,000 to £100,000 in five years, across the UK (supporting up to 400 people with lung cancer).

Goal 4: To increase the level of support for patients and carers by increasing the number of support groups across the UK to 70 as well as offering training for up to 30 group facilitators per year.

Goal 5: To support 100,000 people across the UK to quit smoking and educate 5,000 young people to prevent them from starting to smoke in the next five 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 company and 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 judgements and estimates that are reasonable and prudent; and

- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company, and of the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction

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 charitable company's 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

BWMacfarlane, Castle Chambers, 43 Castle Street, Liverpool, L2 9SH

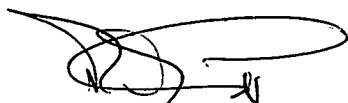
Staff

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

30th September 2014

ROY CASTLE LUNG CANCER FOUNDATION

A COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS AND TRUSTEES OF ROY CASTLE LUNG CANCER FOUNDATION

We have audited the accounts of Roy Castle Lung Cancer Foundation for the year ended 31 December 2013 set out on pages 18 to 42. 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 solely to the charitable company's 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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of Roy Castle Lung Cancer Foundation for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006, section 151 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2013 and of the group and parent charitable company's incoming resources and application of resources, including the group's and the parent 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 requirements of 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 matters prescribed by the Companies Act 2006

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

**ROY CASTLE LUNG CANCER FOUNDATION
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS AND TRUSTEES OF ROY CASTLE LUNG CANCER FOUNDATION

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:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company accounts 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report (which is also the directors' report for the purposes of company law) and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Mrs Lesley Malkin BA FCA (Senior Statutory Auditor) for and on behalf of BWMacfarlane

Chartered Accountants
Statutory Auditor
Castle Chambers
43 Castle Street
Liverpool
L2 9SH

Dated: 30/9/14

BWMacfarlane 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 2013

		Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total 2013 £	Total 2012 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,041,761	-	1,041,761	1,245,307
Activities for generating funds					
Sale of donated & bought-in goods	2	1,340,606	-	1,340,606	1,273,979
Fundraising events & other income	2	897,556	-	897,556	943,654
Investment income	2	37,283	-	37,283	47,987
Incoming resources from charitable activities					
Research	3	-	217,415	217,415	133,450
Prevention	3	1,017,526	-	1,017,526	1,172,967
Support	3	36,939	90,747	127,686	136,496
Other incoming resources		-	-	-	-
Total incoming resources		4,371,671	308,162	4,679,833	4,953,840
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	250,142	-	250,142	211,747
Fundraising trading					
Sale of donated & bought-in goods	4	1,523,327	-	1,523,327	1,371,868
Fundraising events	4	432,776	-	432,776	431,324
Investment management costs	4	19,754	-	19,754	16,090
		2,225,999	-	2,225,999	2,031,029
Cost of charitable activities					
Research	4	1,018,461	214,883	1,233,344	788,368
Prevention	4	1,384,166	-	1,384,166	1,533,062
Support	4	432,462	91,314	523,776	580,762
		2,835,089	306,197	3,141,286	2,902,192
Governance costs	6	63,533	-	63,533	64,106
Total resources expended		5,124,621	306,197	5,430,818	4,997,327
Net (outgoing)/ incoming resources		(752,950)	1,965	(750,985)	(43,487)
Other recognised gains/(losses)	11	105,052	-	105,052	32,948
Net movement of funds		(647,898)	1,965	(645,933)	(10,539)
Fund balances brought forward		1,843,497	314,293	2,157,790	2,168,329
Fund balances carried forward		1,195,599	316,258	1,511,857	2,157,790

All the above results derive from continuing activities.
All gains and losses recognised in the year are included above.
The notes on pages 23 to 42 form part of these accounts

ROY CASTLE LUNG CANCER FOUNDATION
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2013

		Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total 2013 £	Total 2012 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	950,663	-	950,663	1,070,583
Activities for generating funds					
Sale of donated & bought-in goods	2	51	-	51	-
Fundraising events & other income	2	699,690	-	699,690	734,616
Investment income	2	159,508	-	159,508	321,553
Incoming resources from charitable activities					
Research	3	-	217,415	217,415	133,450
Prevention	3	10,071	-	10,071	95,438
Support	3	35,639	90,747	126,386	120,496
Other incoming resources		-	-	-	-
Total incoming resources		1,855,622	308,162	2,163,784	2,476,136
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	246,013	-	246,013	209,116
Fundraising trading					
Sale of donated & bought-in goods	4	174,304	-	174,304	147,608
Fundraising events	4	357,623	-	357,623	347,957
Investment management costs	4	18,919	-	18,919	15,191
		796,859	-	796,859	719,872
Cost of charitable activities					
Research	4	1,040,198	214,883	1,255,081	788,341
Prevention	4	295,742	-	295,742	384,503
Support	4	409,825	91,076	500,901	561,181
		1,745,765	305,959	2,051,724	1,734,025
Governance costs	6	53,901	-	53,901	54,483
Total resources expended		2,596,525	305,959	2,902,484	2,508,380
Net (outgoing)/incoming resources		(740,903)	2,203	(738,700)	(32,244)
Other recognised gains/(losses)	11	105,052	-	105,052	32,948
Net movement of funds		(635,851)	2,203	(633,648)	704
Fund balances brought forward		1,968,612	303,174	2,271,786	2,271,082
Fund balances carried forward		1,332,761	305,377	1,638,138	2,271,786

All the above results derive from continuing activities.
All gains and losses recognised in the year are included above.
The notes on pages 23 to 42 form part of these accounts.

Company Registration No: 3059425
ROY CASTLE LUNG CANCER FOUNDATION
BALANCE SHEETS
Year ended 31 December 2013

	Notes	Group		Charity	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Tangible assets	10	300,145	331,092	139,699	149,335
Investments	11/12	924,939	797,446	1,054,538	927,046
		<u>1,225,084</u>	<u>1,128,538</u>	<u>1,194,237</u>	<u>1,076,381</u>
Current assets					
Stock	14	99,187	90,115	10,726	7,034
Debtors	15	333,109	416,248	661,744	712,895
Cash at bank and in hand	16	891,924	1,402,345	777,853	1,193,772
		<u>1,324,220</u>	<u>1,908,708</u>	<u>1,450,323</u>	<u>1,913,701</u>
Creditors: amounts falling due within one year	17	(1,030,415)	(862,561)	(999,390)	(701,401)
Net current assets		<u>1,518,889</u>	<u>1,046,147</u>	<u>1,645,170</u>	<u>1,212,300</u>
Creditors: amounts falling due after one year	17	(7,032)	(16,895)	(7,032)	(16,895)
Net assets		<u><u>1,511,857</u></u>	<u><u>2,157,790</u></u>	<u><u>1,638,138</u></u>	<u><u>2,271,786</u></u>
Funds					
Restricted funds	19	316,258	314,293	305,377	303,174
Unrestricted funds:					
- General funds	19	1,270,470	1,968,612	1,332,761	1,968,612
- Non-charitable trading funds	19	(74,871)	(125,115)	-	-
		<u><u>1,511,857</u></u>	<u><u>2,157,790</u></u>	<u><u>1,638,138</u></u>	<u><u>2,271,786</u></u>

These financial statements were approved and authorised for issue by the Board of Trustees on 30th September 2014.



Sir Philip Carter CBE
Chairman

The notes on pages 23 to 42 form part of these accounts.

ROY CASTLE LUNG CANCER FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash (outflow) from operating activities	25	(450,126)	(124,537)
Returns on investments and servicing of finance			
Interest received		7,060	17,337
Dividends received		30,223	30,650
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		37,283	47,987
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(75,139)	(58,145)
Payments to acquire investment assets		(207,138)	(150,216)
		<hr/>	<hr/>
Proceeds from sale of tangible fixed assets		-	-
Proceeds from sale of investment assets		184,697	128,482
		<hr/>	<hr/>
Net cash (outflow) from capital expenditure and financial investment		(97,580)	(79,879)
Net cash (outflow) from financing		-	-
		<hr/>	<hr/>
Net (decrease) in cash	26/27	<u>(510,423)</u>	<u>(156,429)</u>

The notes on pages 23 to 42 form part of these accounts.

ROY CASTLE LUNG CANCER FOUNDATION
CHARITY CASH FLOW STATEMENT
Year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash (outflow) from operating activities	25	(511,973)	(391,514)
Returns on investments and servicing of finance			
Interest received		7,060	17,337
Dividends received		30,223	30,650
Gift Aid from subsidiary companies		122,225	273,566
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		159,508	321,553
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(41,013)	(21,082)
Payments to acquire investment assets		(207,138)	(150,216)
		<hr/>	<hr/>
Proceeds from sale of tangible fixed assets			-
Proceeds from sale of investment assets		184,697	128,482
		<hr/>	<hr/>
Net cash (outflow) from capital expenditure and financial investment		(63,454)	(42,816)
Net cash outflow from financing		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Net (decrease) in cash	26/27	<u>(415,919)</u>	<u>(112,777)</u>

The notes on pages 23 to 42 form part of these accounts.

1 Accounting policies

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

(a) Basis of preparation

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

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

(b) Going Concern

The Charity has reserves of £1,638k and had a deficit of £634k in 2013. The trustees have assessed all available information including a rolling twelve month revenue and cashflow forecast, and have concluded that the use of going concern basis of accounting is appropriate. The rolling forecast is expected to be a deficit for 2014 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 contracts 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.

(o) Consolidation

Roy Castle Retail Ltd is a wholly owned by RCLF and is consolidated in these accounts on a line by line basis.

Roy Castle Trading Ltd is a wholly owned by RCLF and is consolidated in these accounts on a line by line basis.

Roy Castle Clean Air Ltd is wholly owned by RCLF and is consolidated in these accounts on a line by line basis.

Roy Castle Patient Support Ltd is wholly owned by RCLF and is consolidated in these accounts on a line by line basis.

(p) Incoming resources

Legacy income is brought into the accounts when receivable. This is deemed to be when notice of impending distribution has been received as at 31 December and the funds have been received or can be quantified with reasonable certainty by 31 May.

(q) Taxation

The charity benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions. Recovery is made of tax deducted from income and from receipts under Gift Aid.

The trading subsidiaries have not incurred a tax charge since all profits are gifted to the charity.

The charity is not able to recover Value Added Tax and expenditure is recorded in the accounts inclusive of VAT.

Two of the subsidiaries are able to recover Value Added Tax and Income and expenditure is recorded in the accounts exclusive of VAT

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

2 Incoming resources from generated funds

Voluntary income	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Legacy generation, Memoriam & Trusts	613,104	666,166	608,426	662,894
Donations	349,736	340,402	269,480	279,200
Major Gifts, Corporate & other Donated services	78,922	183,489	72,757	128,489
North West Development Agency Grant	-	55,250	-	-
	<u>1,041,761</u>	<u>1,245,307</u>	<u>950,663</u>	<u>1,070,583</u>

Activities for generating funds	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Sale of donated & bought in goods	1,340,606	1,268,129	51	-
Fundraising events	890,177	943,654	696,442	734,616
Rent receivable	7,379	5,850	3,248	-
	<u>2,238,162</u>	<u>2,217,633</u>	<u>699,741</u>	<u>734,616</u>

Investment income	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Dividend income	30,223	30,650	30,223	30,650
Deposit income	7,060	17,337	7,060	17,337
Gift Aid from trading subsidiaries	-	-	122,225	273,566
	<u>37,283</u>	<u>47,987</u>	<u>159,508</u>	<u>321,553</u>

3 Incoming resources from charitable activities

Research	Group			
	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
Sponsorship	<u>-</u>	<u>217,415</u>	<u>- 217,415</u>	<u>133,450</u>
Prevention				
Smoking cessation contracts	937,808	-	937,808	1,054,699
Rental	11,250	-	11,250	-
Youth campaigns	20,000	-	20,000	18,893
Armed Forces	-	-	-	36,545
Sure Start	40,000	-	40,000	40,000
Training	6,705	-	6,705	13,323
Other	<u>1,763</u>	<u>-</u>	<u>1,763</u>	<u>9,507</u>
	<u>1,017,526</u>	<u>-</u>	<u>1,017,526</u>	<u>1,172,967</u>
Support				
Sponsorship	<u>36,939</u>	<u>90,747</u>	<u>127,686</u>	<u>136,496</u>

Research	Charity			
	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £	Total 2012 £
Sponsorship	<u>-</u>	<u>217,415</u>	<u>217,415</u>	<u>133,450</u>
Prevention				
Smoking cessation contracts				-
Youth campaigns	71	-	71	18,893
Armed Forces				36,545
Sure Start	10,000	-	10,000	40,000
Other	<u></u>	<u></u>	<u></u>	<u></u>
	<u>10,071</u>	<u>-</u>	<u>10,071</u>	<u>95,438</u>
Support				
Sponsorship	<u>35,639</u>	<u>90,747</u>	<u>126,386</u>	<u>120,496</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

4 Total resources expended

	Direct expenditure £	Grant expenditure £	Support costs £	Total 2013 £	Group Total 2012
Cost of generating voluntary income					
Legacy generation	45,394	-	8,208	53,602	45,374
Donations	166,446	-	30,094	196,540	166,373
	<u>211,840</u>	<u>-</u>	<u>38,302</u>	<u>250,142</u>	<u>211,747</u>
Fundraising trading					
Sale of donated and bought-in goods	1,348,232	-	175,095	1,523,327	1,371,868
Fundraising events	386,317	-	25,032	411,349	410,080
Lottery	20,332	-	1,094	21,427	21,244
	<u>1,754,882</u>	<u>-</u>	<u>201,221</u>	<u>1,956,103</u>	<u>1,803,192</u>
Investment management	8,930	-	10,824	19,754	16,090
Costs of charitable activities					
Research	462,560	672,000	98,784	1,233,344	788,368
Prevention	1,117,705	-	266,461	1,384,166	1,533,062
Support	471,253	-	52,523	523,776	580,762
	<u>2,051,518</u>	<u>672,000</u>	<u>417,768</u>	<u>3,141,286</u>	<u>2,902,192</u>
Governance	18,345	-	45,188	63,533	64,106
	<u>4,045,516</u>	<u>672,000</u>	<u>713,303</u>	<u>5,430,818</u>	<u>4,997,327</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

	Direct expenditure £	Grant expenditure £	Support costs £	Charity Total 2013 £	Total 2012
Cost of generating voluntary income					
Legacy generation	44,509	-	8,208	52,717	44,811
Donations	163,202	-	30,094	193,296	164,305
	<u>207,711</u>	<u>-</u>	<u>38,302</u>	<u>246,013</u>	<u>209,116</u>
Fundraising trading					
Sale of donated and bought-in goods	(791)	-	175,095	174,304	147,608
Fundraising events	314,922	-	25,032	339,954	330,881
Lottery	16,575	-	1,094	17,669	17,076
	<u>330,706</u>	<u>-</u>	<u>201,221</u>	<u>531,927</u>	<u>495,565</u>
Investment management	8,095	-	10,824	18,919	15,191
Costs of charitable activities					
Research	484,297	672,000	98,784	1,255,081	788,341
Prevention	29,281	-	266,461	295,742	384,503
Support	448,378	-	52,523	500,901	561,181
	<u>961,956</u>	<u>672,000</u>	<u>417,768</u>	<u>2,051,724</u>	<u>1,734,025</u>
Governance	8,713	-	45,188	53,901	54,483
	<u>1,517,181</u>	<u>672,000</u>	<u>713,303</u>	<u>2,902,484</u>	<u>2,508,380</u>

Analysis of grant expenditure		Group and Charity	
		2013	2012
		£	£
University of Liverpool	Liverpool Lung Project	205,000	304,891
University College London	Project grants	140,623	72,400
University of Nottingham	Project grants	71,146	55,680
Kings College London	Project grants	13,349	22,583
University of Manchester	Project grants	-	17,875
University of Liverpool	Project grants	24,851	13,587
University of Sterling	Project grants	-	17,875
University of Southampton	Project grants	49,991	-
Leicester University	Project grants	74,223	-
Bristol University	Project grants	49,993	-
Sheffield University	Project grants	19,179	-
Provision against over run		23,645	-
		<u>672,000</u>	<u>504,891</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

5 Support costs allocation

Charity and Group

	Directors & CEO £	Finance £	Comms £	HR & Office £	IT £	2013 Total £	2012 Total £
Cost of generating funds							
<i>Cost of generating voluntary income</i>							
Legacy generation	-	2,372	2,082	2,736	1,017	8,208	6,919
Donations	-	8,698	7,636	10,032	3,729	30,094	25,370
<i>Fundraising trading</i>							
Sale of donated & bought-in goods	-	50,609	44,425	58,365	21,695	175,095	147,608
Fundraising events	4,239	6,010	5,276	6,931	2,576	25,032	23,963
Lottery	-	316	278	365	136	1,094	922
<i>Investment management costs</i>	-	10,824	-	-	-	10,824	10,560
Cost of charitable activities							
Research	16,956	27,677	24,295	17,992	11,864	98,784	100,785
Prevention	33,913	67,215	59,002	77,516	28,814	266,461	247,516
Support	16,956	10,280	9,024	11,855	4,407	52,523	55,720
Governance costs	12,717	32,471	-	-	-	45,188	50,893
Total Group support costs	84,782	216,473	152,018	185,792	74,238	713,303	670,346

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	
	2013 £	2012 £	2013 £	2012 £
Apportionment of directors & CEO costs	12,717	19,303	12,717	19,303
Apportionment of finance costs	32,471	31,680	32,471	31,680
External audit and accountancy	18,345	13,123	8,713	3,500
Total Governance costs	63,533	64,106	53,901	54,483

7 Net movement in funds

	Group		Charity	
Net movement in funds is arrived after charging:	2013	2012	2013	2012
	£		£	£
Auditors remuneration – audit fees	18,305	13,123	8,700	3,500
Operating lease rentals – land and buildings	542,249	496,780	119,822	126,862
Depreciation	97,075	89,218	47,348	36,729
Interest charges on finance leases	2,579	2,720	2,237	2,040
Government grant	-	(4,323)	-	-
North West Development Agency Grant	-	55,250	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8 Staff numbers and emoluments

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Wages and salaries	2,284,131	2,213,604	981,469	897,589
Social security costs	181,035	181,625	89,427	83,613
Pensions cost	28,488	29,797	20,381	20,386
	<u>2,493,654</u>	<u>2,425,026</u>	<u>1,091,277</u>	<u>1,001,588</u>

All 125 employees as defined for taxation purposes are included in the band up to £60,000 (2012: one employee in the band £70,001 to £80,000).

	Group		Charity	
The average number of employees:	2013	2012	2013	2012
	Nos.	Nos.	Nos.	Nos.
Fundraising	14	11	14	11
Retail	49	41	-	-
Smoking cessation	39	46	1	2
Patient support	7	7	7	7
Support	16	16	16	16
	<u>125</u>	<u>121</u>	<u>38</u>	<u>36</u>

The average number of research personnel funded by the Foundation:	2013	2012
	Nos.	Nos.
Liverpool Lung Project	9	9
Other Research Grants	5	8
	<u>14</u>	<u>17</u>

9 Trustees' emoluments and reimbursed expenses

The trustees received no remuneration for their services during the year (2012: £nil).

The aggregated amount of travel expenses reimbursed to 4 trustees during the year was £341 (2012: £2,693).

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 2013	19,538	140,261	219,112	378,911		169,239	856,852	431,647	1,457,735
Additions	1,404	3,714	35,896	41,013		20,569	6,948	47,622	75,139
Disposals	-	-	13,825	13,825		4,640	51,639	13,825	70,104
At 31 Dec 2013	<u>20,942</u>	<u>143,975</u>	<u>241,183</u>	<u>406,099</u>		<u>185,168</u>	<u>812,161</u>	<u>465,444</u>	<u>1,462,770</u>
Accumulated depreciation									
At 1 January 2013	18,661	59,611	151,304	229,576		102,312	690,534	333,797	1,126,643
Charge for the year	1,152	14,394	31,802	47,348		10,137	37,114	49,824	97,075
Disposals	-	-	10,523	10,523		3,747	46,824	10,523	61,094
At 31 Dec 2013	<u>19,813</u>	<u>74,004</u>	<u>172,583</u>	<u>266,401</u>		<u>108,702</u>	<u>680,824</u>	<u>373,098</u>	<u>1,162,625</u>
Net book value									
At 31 Dec 2013	<u>1,129</u>	<u>69,970</u>	<u>68,600</u>	<u>139,699</u>		<u>76,466</u>	<u>131,337</u>	<u>92,346</u>	<u>300,145</u>
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>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

11 Investments

	Group Listed Investments £	Shares in subsidiaries £	Loans to subsidiaries £	Charity £
Market value at 1 January 2013	797,446	8	129,592	927,046
Additions	207,138	-	-	207,138
Disposals	(184,697)	-	-	(184,697)
Net investment gain	105,052	-	-	105,052
Market value at 31 December 2013	<u>924,939</u>	<u>8</u>	<u>129,592</u>	<u>1,054,538</u>
Historical cost at 31 December 2013	<u>802,974</u>	<u>8</u>	<u>129,592</u>	<u>932,574</u>
Historical cost at 31 December 2012	<u>772,329</u>	<u>8</u>	<u>129,592</u>	<u>901,929</u>

Note: No single investment equates to more than 5% of the portfolio value (2012: none greater than 5%)

Listed investments	2013 £	2012 £
Investments in UK assets	808,967	667,860
Investments in non UK assets	115,972	129,586
	<u>924,939</u>	<u>797,446</u>

Investments at market value Comprised	2013 £	2012 £
Equities	903,786	718,792
Fixed interest securities	21,153	78,654
	<u>924,939</u>	<u>797,446</u>

12 Investment in subsidiaries

	2013 £	2012 £
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 whole of the issued ordinary share capital of each 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. £835 interest was payable by Roy Castle Retail Limited to The Roy Castle Lung Cancer Foundation during the year (2012: £899).

- 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 2013

13a Trading subsidiaries

	Roy Castle Trading Limited	Roy Castle Retail Limited	Roy Castle Clean Air Limited	Total Subsidiary Trading	Total Subsidiary Trading
	2013 £	2013 £	2013 £	2013 £	2012 £
Turnover	192,274	1,469,895	1,011,985	2,674,154	2,751,270
Cost of sales	<u>(50,506)</u>	<u>(208,412)</u>	<u>(19,632)</u>	<u>(278,550)</u>	<u>(982,929)</u>
Gross profit	141,768	1,261,483	992,353	2,395,604	1,768,341
Administrative expenses	<u>(21,944)</u>	<u>(1,186,679)</u>	<u>(1,075,625)</u>	<u>(2,284,248)</u>	<u>(1,504,980)</u>
Operating profit	119,824	74,804	(83,272)	111,356	263,361
Interest payable	-	(835)	(342)	(1,177)	(899)
Gift Aid to Roy Castle Lung Cancer Foundation	<u>(119,824)</u>	<u>(2,401)</u>	<u>-</u>	<u>(122,225)</u>	<u>(273,566)</u>
Profit/(Loss) on ordinary Activities	-	71,568	(83,614)	(12,046)	(11,104)
Fund balances brought forward	12,426	(116,477)	(21,064)	(125,115)	(114,011)
Fund balances carried forward	<u>12,426</u>	<u>(44,909)</u>	<u>(104,678)</u>	<u>(137,161)</u>	<u>(125,115)</u>
Total assets	138,808	355,913	155,416	650,137	591,418
Total liabilities	<u>(126,382)</u>	<u>(400,822)</u>	<u>(260,094)</u>	<u>(787,298)</u>	<u>(716,533)</u>

13b Charitable Company Subsidiary

	Roy Castle Patient Support Limited	
	2013 £	2012 £
Incoming resources	-	-
Resources expended	<u>(238)</u>	<u>(139)</u>
Net outgoing resources	(238)	(139)
Funds brought forward	<u>11,121</u>	<u>11,260</u>
Funds carried forward	<u>10,883</u>	<u>11,121</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

14 Stock

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Goods for resale	99,187	90,115	10,726	7,034
	<u>99,187</u>	<u>90,115</u>	<u>10,726</u>	<u>7,034</u>

15 Debtors

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Other debtors	97,548	121,503	18,741	118,739
Prepayments and accrued income	235,561	282,130	146,593	347,383
Amounts owed by subsidiary undertakings	-	-	496,410	246,773
Tax and social security debtor	-	12,615	-	-
	<u>333,109</u>	<u>416,248</u>	<u>661,744</u>	<u>712,895</u>

16 Cash at bank and in hand

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Deposit cash at Rathbones	54,185	54,770	54,185	54,770
Cash at bank and in hand	<u>837,739</u>	<u>1,347,575</u>	<u>723,668</u>	<u>1,139,002</u>
	<u>891,924</u>	<u>1,402,345</u>	<u>777,853</u>	<u>1,193,772</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

17 Creditors: amounts falling due within one year

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Tax and social security creditors	72,428	96,231	27,982	47,464
Other creditors	808,678	627,405	760,932	551,137
Obligation under finance leases	9,828	9,828	9,828	9,828
Accruals and deferred income	139,481	129,097	71,947	92,972
	<u>1,030,415</u>	<u>862,561</u>	<u>870,689</u>	<u>701,401</u>

Creditors: amounts falling due after one year

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Obligation under finance lease	7,032	16,895	7,032	16,895
	<u>7,032</u>	<u>16,895</u>	<u>7,032</u>	<u>16,895</u>

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

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Amounts payable within 1 year	9,828	9,828	9,828	9,828
Amount payable between 2 and 5 years	7,032	16,895	7,032	16,895
	<u>16,860</u>	<u>26,723</u>	<u>16,860</u>	<u>26,723</u>

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

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2013

18 Group statement of funds

	Balance at 1 January 2013	Income	Expenditure	Gains and Losses	Balance at 31 December 2013
	£	£	£	£	£
Restricted funds					
Research – GLCC	273,505	217,415	(214,883)	-	276,037
Research – Pause for Hope	1,533	645	(974)	-	1,204
Research – Other	28,136	-	-	-	28,136
Support	-	90,102	(90,102)	-	-
Total Charity Restricted Funds	303,174	308,162	(305,959)		305,377
The Elizabeth Montgomerie Appeal	11,119	-	(238)	-	10,881
Total Restricted Funds	314,293	308,162	(306,197)	-	316,258
Total Charity Unrestricted Funds	1,968,612	1,757,165	(2,560,646)	105,052	1,270,470
Total Group Non Trading Funds	2,282,905	2,065,327	(2,866,843)	105,052	1,586,728
Non Charitable Trading Funds	(125,115)	2,674,154	(2,623,623)	-	(74,871)
Gift Aid	-	(122,225)	122,225	-	-
Total Group Funds	2,157,790	4,617,256	(5,368,241)	105,052	1,511,857

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

The Elizabeth Montgomerie Appeal

To fund lung cancer patient support

19 Analysis of group net assets between funds

Group	Restricted funds	Unrestricted funds	Total 2013	Total 2012
	£	£	£	£
Fixed assets				
Tangible	-	300,145	300,145	331,092
Investments	-	924,939	924,939	797,446
Current assets	316,258	1,007,962	1,324,220	1,908,708
Current liabilities	-	(1,030,415)	(1,030,415)	(862,561)
Long Term liabilities	-	(7,032)	(7,032)	(16,895)
	316,258	1,195,599	1,511,857	2,157,790
Charity				
Fixed assets				
Tangible	-	139,699	139,699	149,335
Investments	-	924,93	924,938	797,446
Investment in subsidiaries	-	129,600	129,600	129,600
Current assets	305,377	1,144,946	1,450,323	1,913,701
Current liabilities	-	(999,390)	(999,390)	(701,401)
Long Term liabilities	-	(7,032)	(7,032)	(16,895)
	305,377	1,332,761	1,638,138	2,271,786

20 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 2013. Legacies received and accounted for in 2014 which fall into this category amount to £110,000.

21 Charitable commitments – Group and charity

The Charity's outstanding grants commitments that are due within one year of the balance sheet date amounted to £663,000 (2012: £650,000).

22 Taxation

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

23 Related party transactions

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

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

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

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Net (outgoing)/incoming resources	(750,985)	(43,487)	(738,700)	(32,244)
Interest received	(37,283)	(47,987)	(37,283)	(47,987)
Gift Aid from subsidiaries	-	-	(122,225)	(273,566)
Depreciation of tangible fixed assets	97,075	89,218	47,348	36,729
(Gain)/loss on sale of tangible fixed assets	9,010	-	3,302	-
(Increase)/decrease in stocks	(9,072)	(27,969)	(3,692)	1,235
(Increase)/decrease in debtors	83,138	12,175	51,151	17,390
(Decrease)/increase in creditors	157,991	(106,487)	288,126	(93,071)
(Decrease) in provision	-	-	-	-
Cash inflow/(outflow) from operating activities	(450,126)	(124,537)	(511,973)	(391,514)

25 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Increase/(decrease) in cash in the period	(510,421)	(156,429)	(415,919)	(112,777)
	(510,421)	(156,429)	(415,919)	(112,777)
Net Funds at 1 January 2013	1,402,345	1,558,774	1,193,772	1,306,549
Net Funds at 31 December 2013	891,924	1,402,345	777,853	1,193,772

26 Analysis of net funds

	1 January 2013 £	Cash flow £	31 December 2013 £
Charity			
Cash at bank and in hand	1,193,772	(415,919)	777,853
Non Charitable Trading Subsidiaries			
Cash at bank and in hand	208,573	(94,502)	114,071
Group	<u>1,402,345</u>	<u>(510,421)</u>	<u>891,924</u>

27 Guarantees and other financial commitments

At 31 December 2013 the company had annual commitments in respect of operating leases for land and building as follows:

	Group		Charity	
	2013 £	2012 £	2013 £	2012 £
Date of termination of lease				
Less than one year	15,000	145,944		21,444
Between two and five years	348,336	-	120,418	-
After five years	80,500	375,836		105,418
Total annual commitment at 31 December 2013	<u>443,836</u>	<u>521,780</u>	<u>120,418</u>	<u>126,862</u>