

ROY CASTLE LUNG CANCER FOUNDATION

ROY CASTLE LUNG CANCER FOUNDATION

REPORT AND FINANCIAL STATEMENTS

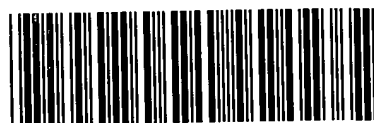
**For the year ended
31 December 2014**

Company Registration No: 3059425

Registered Charity Nos:

England & Wales 1046854

Scotland SC037596



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30/09/2015

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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 (died 23rd April 2015)
Founder and President: Professor Raymond J Donnelly
Jim E Couton
David Gilligan
Euan Imrie
David Maples
Dame Gill Oliver (resigned 1st October 2014)
Peter Rainey
Anthony Coombs
Greg Gottig
Rt Hon Lord Falconer (resigned 7th February 2014)
Sharon Hegginbottom (resigned 7th February 2014)
Martin Grange (appointed 1st April 2015)

Company secretary: Paula Chadwick

Senior Management

Chief Executive: Paula Chadwick
Corporate Services Director: Mike Grundy
Fundraising: Laura Irving (maternity leave October 2014) / Ben Blackman
Medical Director: Dr Jesme Fox
Patient Support: Lorraine Dallas
Tobacco Control: Lisa Williams / Melody Holt
Marketing & PR: Emma Dewar (maternity leave February 2014) / Barry Gregory

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

Auditors: BWMacfarlane
Chartered Accountants
Castle Chambers,
43 Castle Street,
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.

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 profit of £22,604 (2013: profit of £71,568) after a gift aid payment to the Charity of £144,891 (2013: £2,401).

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 £1,101 profit (2013: £nil profit) after a gift aid payment to the Charity of £104,121 (2013: £119,824).

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 £4,551 (2013: loss of £83,614).

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 £195 (2013: deficit £238).

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 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 helps to prevent lung cancer by:

- Supporting smokers in Liverpool throughout their attempts to quit
- Working collaboratively in the field of tobacco control, campaigning and lobbying alongside local, regional and national organisations including Liverpool CCG, Tobacco Free Futures, ASH Wales and Public Health England, to smoke-free cars and plain packaging on tobacco products.
- Delivering training to public-facing professionals including North West Dental Deanery, Merseyside Fire and Rescue Service, The Society and College of Radiographers, and Edge Hill University nursing degree students.
- 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 ten 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 more than 50 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 2014

Research

In 2014, research into the UK's biggest cancer killer received a funding boost of well over £1million 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 (£24,730 grant) – Assessment of biomarkers for early detection of lung cancer. This project aims to identify genetic signatures in body fluids that could reveal the presence of lung cancer before symptoms develop, thus providing a higher chance for efficient therapies.
- University College London (£146,955 grant) - Key changes to cell protein levels that occur just before a pre-cancerous lesion becomes a cancer. Understanding the processes that convert normal lung airway cells to pre-cancerous cells and full-blown cancer could lead to new therapies to stop lesions progressing.
- University of Nottingham (£48,694 grant) – Potential treatment for loss of weight and muscle in people with lung cancer, associated with poorer outcomes and shorter survival. This project will provide a feasibility study to help establish whether clarithromycin, an inexpensive antibiotic, could be used as a treatment for such weight loss.
- University of Manchester (26,672 grant) – Investigation of a novel circulating tumour cell detection device. Circulating tumour cells (CTCs) are rare cells thought to be responsible for the spread of cancer from a primary tumour to other sites around the body. They can be detected in blood, and the primary aim of this study is to determine whether a new method of detection is more effective than the best current technology.
- University College London (£74,603 grant) – Testing a genetic signature associated with progressive pre-invasive lung cancer disease. Several unique changes have been identified between lesions that progress to become full blown cancers and others that regress. This project aims to test whether this information could be used as a tool to predict lung cancer development in these lesions.
- University of Southampton (£54,557 grant) - Establishing the feasibility of recruiting and gathering information from a cohort of lung cancer patients treated with Curative Intent (CI) radiotherapy. Better understanding of their recovery and progress would help provide information for other patients to help them make decisions about their own treatment.

The value of these and other Research Grants directly accounted for in the year is £650,000 (2013 £670,000) based on the timescale of the various individual projects.

Lung Cancer Prevention through tobacco control

In our 20th year, Roy Castle Fag Ends supported 6,300 smokers in their efforts to quit – 52% of whom remained non-smoking at four weeks. More than 50% of people who use our services stop smoking successfully.

Having reached its second year, our Quit Support online stop smoking community continues to grow. Whilst supporting more than 2,000 registered members, analytics show that, on average, over 35,000 people access the forum each month. During November, this figure exceeded 43,000. In 2015 we aim to help grow our supporter base via the Raisers Edge system.

We provided input and key media support to the charity's range of activities throughout Lung Cancer Awareness Month, November 2014.

Since 1994 our Fag Ends helpline has supplied advice and support to the people of Liverpool in their efforts to stop smoking. The helpline continues to support the Fag Ends community service and signposts anybody else living out of the area to their local stop smoking service.

The helpline is affiliated to the Helplines Partnership, the membership body for organisations that provide helpline services in the UK and internationally. It is our aim that, during 2015, this relationship progresses to secure full accreditation with the Helpline Partnership.

The British Lung Foundation was commissioned by Lancashire County Council to deliver a programme of 'Brief Intervention in Smoking Cessation for COPD Patients' workshops to Health Care professionals across Lancashire. BLF approached us to deliver training on their behalf.

To date, over 200 health care professionals have attended these workshops, responding with positive evaluations of our work. We are now actively seeking to establish more partnerships with other charities and agencies.

Smoking prevalence in the Armed Forces is higher than in the UK population as a whole – especially in the Army. Following the publication of our 'Armed Forces – LAYL' project in 2012, a smoking cessation pilot has been set up at a single location Infantry Battalion.

The aim will be to provide telephone support supplemented by weekly site visits, to secure the greatest number of 'four week quits'. Soldiers will be followed up at 12, 26 and 52 weeks to record outcomes. 75% of soldiers who stopped smoking remained successfully quit at 26 weeks

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.

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.

381 people received a grant this year from the charity. This means we have supported a total of 733 individuals since the programme started. We distributed £53,820 this year.

We have worked in partnership with MacMillan to encourage access to additional funds. This has increased our profile in the West Midlands.

Evaluation from services users January – July showed that 40% of those receiving a grant were over 25 but under 60. The largest group (53%) of those who completed the evaluation - were in the 61-80 age bracket. 71% of applicants had been diagnosed within the last year.

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 2014, our online community grew to 1,087 members, an increase of 74%.

Local support – Groups

Many people with a diagnosis feel that hearing from others with similar experiences makes a difficult journey more manageable.

Our total number of support groups topped 50 for the first time.
We had new groups during the course of the year in Birmingham and Maidstone.

With an average of 11 people attending a support group, these groups reached over 500 people in the year.

As Dougie Reid, one of our group users said: "When I was first invited after my diagnosis, I thought, "No Way." My wife was thinking the same thing, but we daredn't tell each other, so we went... It completely lifted us out of the gutter, lifted us no end. I would recommend it to anyone."

Awareness and Early Detection

We launched the Nurse Report in the Scottish Parliament, generating Parliamentary Questions and coverage.

There were 22 MegaLungs events over the course of the year, focused around LCAM.
We updated our factsheet and leaflet on lung cancer and distributed packs during LCAM.

We worked to support the refresh of the Detect Cancer Early Lung Cancer campaign in Scotland, including providing case studies for media activity.

12,497 pieces of content were created and 211,079 page views over the course of the year.
An average of 149 were active (posted a question or replied to a question/post) each month

We also involved several of our supporters in features and news stories, including: Eric Byrne, Bill Cullbard, Phillipa Bleek, Kenny Hall, Jim Robertson, Kelly Andrews, Peter Rainey, Lucy Sargent and others.

Lyn Barrington, Phillipa Bleek, Eric Byrne, Bill Cullbard, Michelle McMahon, Roy Moffat, Rabbie Valentine, Janet Varney continued to act as advocates for us.

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

"This 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." - Harry P

Information Services

Written information

Roy Castle Lung Cancer Foundation launched a new information pack – 'Lung Cancer: Answering Your Questions' – and distributed 15,000 copies of this by December 2014.

Alongside the information packs we distributed 27,061 copies of the four supporting booklets. This means our regular publications increased from 34,108 in 2013 to 41,582, an increase of more than 22%.

We produced and distributed two editions of Inspire, with almost 15,000 copies in circulation. We finalised our two Patient Decision Aids and launched those to a positive reception at the National Lung Cancer Nurse Forum in November.

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 2980 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.

Our consumer magazine "Inspire" 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 2014 almost 15,000 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.

With this in mind, aim to:

- Increase our information distribution by 15%
- To add new information materials in print, online and in other formats to meet the needs of those affected by lung cancer as treatment and diagnosis change
- To encourage more people affected by lung cancer to share their experience through face to face events, via our online forum and through social media
- To make people more aware of lung cancer signs and symptoms through awareness activities year round and campaigns during Lung Cancer Awareness Month
- To put people affected by lung cancer at the heart of all our work
- To increase the number of support groups across the UK
- To provide more people with practical help through our small grant service

Fundraising

2014 was a year of consolidation and development within the fundraising team, most notably with the addition of regional fundraisers starting development work to build and grow income in London and Scotland.

We were pleased to see returns on these investments begin to come in during 2014, as both posts were only established during the year itself.

We have continued to benefit from substantial donations from a number of high value legacies in 2014, the value of legacy income increased in 2014 to £1.2 million from £400K in 2013

Individual Giving; Charitable Trusts & Foundations; High Value Donors – which grew by 40%, 22% and 126% respectively from 2013.)

We were also pleased to see substantial growth in UK & Overseas Challenge Events participants and funds – with over 250 challengers across the UK, and a 41% uplift from 2013.

Likewise Charity Events income grew by 37%. One of the year's major highlights was our Spooky Welly Walk, which was attended by more than 5,000 people – the highest-ever figure for a RCLCF event.

In-memorium donations remain a strong element of our fundraising mix and we were pleased to see a sustained level of income from this area of our work – an area we plan to continue to develop into more over coming years. The same applies for Payroll Giving and Running Events.

We were pleased to see a strong end to the year with substantial corporate grants and projects with Slater & Gordon and John Menzies. This gives us a platform to grow corporate support in 2015 and beyond, which is a primary aim for the charity over coming years.

We have continued to manage expenditure to ensure team activity achieves a 4:1 ratio (total income to total expenditure).

We are also progressing with the implementation of a five year strategy to achieve income from new areas in the UK, and build income within Merseyside and through national campaigns.

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. Currently we have 620 volunteers registered with us, and they 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

The Charity, as a group, made a surplus during 2014 of £567K (2013: deficit of £646K).

The results are due to an increase in income levels, particularly pleasing in a difficult economic environment, helped by the significant increase in legacy income in 2014. The foundation has also maintained a determination to deliver on our charitable objectives continuing to invest in these areas, and thus, we have attempted to maintain our charitable spend while seeking longer term gains whilst reducing costs in the non-income generating support areas.

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 commenced in 2013.

There are two main business themes central to the success of the 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 2014 was £2,433K (2013: £3,141K) down 22% on the previous year due to the reduction in the Foundation's stop smoking services. Spend in other areas of charitable was maintained

Prevention expenditure decreased by 36% to £878K in 2014 (2013: £1,384K) due to the termination of one of our support services.

Research expenditure remained fairly constant at £1,124,000 in 2014, with charitable research grants during 2014 of £650K (2013: £670K). 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 group income from generated funds and charitable activities for 2014 was £5,382K (2013: £4,680K) an increase of 15% on the prior year. Voluntary income increased to £2,009K (2013: £1,041K), generated funds income was £2,309K (2013: £2,238K) and charitable activities income was £1,031K, down 25% on the prior year (2013: £1,361K).

The increase in voluntary income figure reflects several significant legacies, whilst the overall climate for donating remains difficult.

Generated funds income increased marginally by 3% to £2,309K, helped 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 £176K in 2014 (2013: £147K).

Retail's strong performance - up 3% to £1,520K (2013: £1,347K) - was driven by strong sales from our new shops in Heswall, Chester and Moreton, as well as 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: £1,031K (2013: £1,354K) with the Tobacco Control income being reduced following the end of one of our contracts in 2013, 2014 being the first full year to reflect this.

Fundraising

The cost of generating funds in 2014 has increased by £104K to £2,329K (2013: £2,225K). 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 £305K (2013: £250K).

Investments

The Foundation holds £960k (2013: £925K) in listed investments that generated an income of £33k in the year (2013: £37k). In the year there was a gain of £5k (2013: £105k).

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 2014 the actual reserves less tangible fixed assets is over £1,750K which is slightly below the calculated policy level of reserves of £1.9million. However the listed investments, cash and other easily realisable assets held at the balance sheet date exceed £1.6million and 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 5000 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 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, 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 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 jurisdictions.

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

BWMacfarlane Chartered Accountants have 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



Mr Euan Imrie
Treasurer & Trustee

28th September 2015

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 Limited for the year ended 31 December 2014 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). 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 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 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 and parent charitable company's affairs as at 31 December 2014 and of the group and parent charitable company's incoming resources and application of resources, including its 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 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 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 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.



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: 29/9/15

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 2014

		Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total 2014 £	Total 2013 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	2,007,075	1,742	2,008,817	1,041,761
Activities for generating funds					
Sale of donated & bought-in goods	2	1,413,318	-	1,413,318	1,340,606
Fundraising events & other income	2	896,024	-	896,024	897,556
Investment income	2	33,205	-	33,205	37,283
Incoming resources from charitable activities					
Research	3	-	223,188	223,188	217,415
Prevention	3	644,334	18,782	663,116	1,017,526
Support	3	26,190	118,128	144,318	127,686
Other incoming resources		-	-	-	-
Total incoming resources		5,020,146	361,840	5,381,986	4,679,833
Resources expended					
Cost of generating funds					
Cost of generating voluntary income	4	304,697	-	304,697	250,142
Fundraising trading					
Sale of donated & bought-in goods	4	1,514,513	-	1,514,513	1,523,327
Fundraising events	4	492,815	-	492,815	432,776
Investment management costs	4	17,676	-	17,676	19,754
		2,329,701	-	2,329,701	2,225,999
Cost of charitable activities					
Research	4	903,065	220,964	1,124,028	1,233,344
Prevention	4	854,439	18,783	873,222	1,384,166
Support	4	339,870	96,258	436,129	523,776
		2,097,374	336,005	2,433,379	3,141,286
Governance costs	6	55,652	-	55,652	63,533
Total resources expended		4,482,727	336,005	4,818,732	5,430,818
Net (outgoing)/ incoming resources		537,419	25,835	563,254	(750,985)
Other recognised gains/(losses)	11	4,688	-	4,688	105,052
Net movement of funds		542,107	25,835	567,942	(645,933)
Fund balances brought forward		1,195,599	316,258	1,511,857	2,157,790
Fund balances carried forward		1,737,706	342,093	2,079,799	1,511,857

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

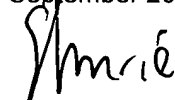
ROY CASTLE LUNG CANCER FOUNDATION
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2014

		Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total 2014 £	Total 2013 £
<u>Incoming resources</u>					
Incoming resources from generated funds					
Voluntary income	2	1,896,474	1,742	1,898,216	950,663
Activities for generating funds					
Sale of donated & bought-in goods	2	-		-	51
Fundraising events & other income	2	655,915		655,915	699,690
Investment income	2	282,217		282,217	159,508
Incoming resources from charitable activities					
Research	3		223,188	223,188	217,415
Prevention	3		18,782	18,782	10,071
Support	3	26,190	118,128	144,318	126,386
Other incoming resources				-	-
Total incoming resources		2,860,796	361,840	3,222,636	2,163,784
<u>Resources expended</u>					
Cost of generating funds					
Cost of generating voluntary income	4	300,203	-	300,203	246,013
Fundraising trading					
Sale of donated & bought-in goods	4	173,868	-	173,868	174,304
Fundraising events	4	358,771	-	358,771	357,623
Investment management costs	4	16,982	-	16,982	18,919
		849,824	-	849,824	796,859
Cost of charitable activities					
Research	4	913,798	220,964	1,134,762	1,255,081
Prevention	4	193,292	18,783	212,075	295,742
Support	4	336,628	96,063	432,691	500,901
		1,443,718	335,810	1,779,529	2,051,724
Governance costs	6	48,838	-	48,838	53,901
Total resources expended		2,342,380	335,810	2,678,191	2,902,484
Net (outgoing)/incoming resources		518,415	26,030	544,445	(738,700)
Other recognised gains/(losses)	11	4,688	-	4,688	105,052
Net movement of funds		523,103	26,030	549,133	(633,648)
Fund balances brought forward		1,332,761	305,377	1,638,138	2,271,786
Fund balances carried forward		1,855,864	331,407	2,187,271	1,638,138

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.

	Notes	Group		Charity	
		2014 £	2013 £	2014 £	2013 £
Fixed assets					
Tangible assets	10	326,130	300,145	132,943	139,699
Investments	11/12	960,080	924,939	1,089,680	1,054,538
		<u>1,286,210</u>	<u>1,225,084</u>	<u>1,222,623</u>	<u>1,194,237</u>
Current assets					
Stock	14	89,861	99,187	18,768	10,726
Debtors	15	1,255,337	333,109	1,521,502	661,744
Cash at bank and in hand	16	593,338	891,924	469,453	777,853
		<u>1,938,536</u>	<u>1,324,220</u>	<u>2,009,723</u>	<u>1,450,323</u>
Creditors: amounts falling due within one year	17	(1,115,649)	(1,030,415)	(1,045,075)	(999,390)
Net current assets		<u>822,887</u>	<u>293,805</u>	<u>964,648</u>	<u>450,933</u>
Creditors: amounts falling due after one year	17	(29,298)	(7,032)	-	(7,032)
Net assets		<u><u>2,079,799</u></u>	<u><u>1,511,857</u></u>	<u><u>2,187,271</u></u>	<u><u>1,638,138</u></u>
Funds					
Restricted funds	18	342,093	316,258	331,407	305,377
Unrestricted funds:					
- General funds	18	1,855,713	1,332,760	1,855,864	1,332,761
- Non-charitable trading funds	18	(118,007)	(137,161)	-	-
		<u><u>2,079,799</u></u>	<u><u>1,511,857</u></u>	<u><u>2,187,271</u></u>	<u><u>1,638,138</u></u>

These financial statements were approved and authorised for issue by the Board of Trustees on 28th September 2015.



Mr Euan Imrie
Treasurer & Trustee

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 2014

	Notes	2014 £	2013 £
Net cash (outflow) from operating activities	24	(200,076)	(450,126)
Returns on investments and servicing of finance			
Interest received		3,572	7,060
Dividends received		29,633	30,223
		<u>33,205</u>	<u>37,283</u>
Net cash inflow from returns on investments and servicing of finance		33,205	37,283
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(101,260)	(75,139)
Payments to acquire investment assets		(169,793)	(207,138)
Proceeds from sale of tangible fixed assets		-	-
Proceeds from sale of investment assets		139,339	184,697
		<u>(131,713)</u>	<u>(97,580)</u>
Net cash (outflow) from capital expenditure and financial investment		(131,713)	(97,580)
Net cash (outflow) from financing		-	-
Net (decrease) in cash	25/26	<u>(298,585)</u>	<u>(510,423)</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 2014

	Notes	2014 £	2013 £
Net cash (outflow) from operating activities	24	(529,148)	(511,973)
Returns on investments and servicing of finance			
Interest received		3,572	7,060
Dividends received		29,633	30,223
Gift Aid from subsidiary companies		249,012	122,225
Net cash inflow from returns on investments and servicing of finance		282,217	159,508
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(31,015)	(41,013)
Payments to acquire investment assets		(169,793)	(207,138)
Proceeds from sale of tangible fixed assets			
Proceeds from sale of investment assets		139,339	184,697
Net cash (outflow) from capital expenditure and financial investment		(61,469)	(63,454)
Net cash outflow from financing		-	-
Net (decrease) in cash	25/26	(308,400)	(415,919)

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 £2.1million and had a surplus of £550K in 2014. 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 2014 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 20.
- 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.
- 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.

(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 wholly owned by the Roy Castle Lung Cancer Foundation and is consolidated in these accounts on a line by line basis.

Roy Castle Trading Ltd is wholly owned by the Roy Castle Lung Cancer Foundation and is consolidated in these accounts on a line by line basis.

Roy Castle Clean Air Ltd is wholly owned by the Roy Castle Lung Cancer Foundation and is consolidated in these accounts on a line by line basis.

Roy Castle Patient Support Ltd is wholly owned by the Roy Castle Lung Cancer Foundation and is consolidated in these accounts on a line by line basis.

(p) 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 2014

2 Incoming resources from generated funds

Voluntary income	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Legacy generation, Memoriam & Trusts	1,367,281	613,104	1,357,826	608,426
Donations	565,526	349,736	464,379	269,480
Major Gifts, Corporate & other Donated services	76,010	78,922	76,010	72,757
	<u>2,008,817</u>	<u>1,041,761</u>	<u>1,898,216</u>	<u>950,663</u>

Activities for generating funds	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Sale of donated & bought in goods	1,413,318	1,340,606	-	51
Fundraising events	839,404	890,177	599,338	696,442
Rent receivable	56,620	7,379	56,577	3,248
	<u>2,309,342</u>	<u>2,238,162</u>	<u>655,915</u>	<u>699,741</u>

Investment income	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Dividend income	29,632	30,223	29,632	30,223
Deposit income	3,573	7,060	3,573	7,060
Gift Aid from trading subsidiaries	-	-	249,012	122,225
	<u>33,205</u>	<u>37,283</u>	<u>282,217</u>	<u>159,508</u>

3 Incoming resources from charitable activities

	Group			
Research	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
Sponsorship	-	223,188	223,188	217,415
Prevention				
Sponsorship	-	18,782	18,782	-
Smoking cessation contracts	622,741	-	622,741	937,808
Rental	3,155	-	3,155	11,250
Youth campaigns		-		20,000
Armed Forces	3,403		3,403	-
Sure Start	10,000	-	10,000	40,000
Training	3,585	-	3,585	6,705
Other	1,450	-	1,450	1,763
	<u>644,334</u>	<u>18,783</u>	<u>663,116</u>	<u>1,017,526</u>
Support				
Sponsorship	<u>26,190</u>	<u>118,128</u>	<u>144,318</u>	<u>127,686</u>

	Charity			
Research	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
Sponsorship	-	223,188	223,188	217,415
Prevention				
Sponsorship		18,782	18,782	
Smoking cessation contracts				
Youth campaigns				71
Armed Forces				
Sure Start				10,000
Other				
	<u> </u>	<u>18,782</u>	<u>18,782</u>	<u>10,071</u>
Support				
Sponsorship	<u>26,190</u>	<u>118,128</u>	<u>144,318</u>	<u>126,386</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2014

4 Total resources expended

	Direct expenditure £	Grant expenditure £	Support costs £	Total 2014 £	Group Total 2013
Cost of generating voluntary income					
Legacy generation	59,502	-	5,277	64,779	53,602
Donations	208,255	-	31,663	239,918	196,540
	<u>267,757</u>		<u>36,940</u>	<u>304,697</u>	<u>250,142</u>
Fundraising trading					
Sale of donated and bought-in goods	1,340,369	-	174,144	1,514,513	1,523,327
Fundraising events	442,788	-	25,667	468,455	411,349
Lottery	23,305	-	1,055	24,360	21,427
	<u>1,806,462</u>		<u>200,866</u>	<u>2,007,328</u>	<u>1,956,103</u>
Investment management	8,841		8,835	17,676	19,754
Costs of charitable activities					
Research	343,572	650,000	130,457	1,124,029	1,233,344
Prevention	694,274		178,947	873,221	1,384,166
Support	386,233		49,895	436,129	523,776
	<u>1,424,079</u>	<u>650,000</u>	<u>359,299</u>	<u>2,433,379</u>	<u>3,141,286</u>
Governance	15,473	-	40,179	55,652	63,533
	<u>3,522,612</u>	<u>650,000</u>	<u>646,119</u>	<u>4,818,732</u>	<u>5,430,818</u>

ROY CASTLE LUNG CANCER FOUNDATION
NOTES TO THE ACCOUNTS
Year ended 31 December 2014

	Direct expenditure £	Grant expenditure £	Support costs £	Charity Total 2014 £	Total 2013
Cost of generating voluntary income					
Legacy generation	58,516	-	5,269	63,785	52,717
Donations	204,806	-	31,612	236,418	193,296
	<u>263,322</u>	<u>-</u>	<u>36,881</u>	<u>300,203</u>	<u>246,013</u>
Fundraising trading					
Sale of donated and bought-in goods	-	-	173,868	173,868	174,304
Fundraising events	315,482	-	25,630	341,112	339,954
Lottery	16,604	-	1,054	17,658	17,669
	<u>332,086</u>	<u>-</u>	<u>200,552</u>	<u>532,638</u>	<u>531,927</u>
Investment management	8,158	-	8,824	16,982	18,919
Costs of charitable activities					
Research	354,500	650,000	130,262	1,134,762	1,255,081
Prevention	33,378	-	178,697	212,075	295,742
Support	382,858	-	49,833	432,691	500,901
	<u>770,736</u>	<u>650,000</u>	<u>358,792</u>	<u>1,779,528</u>	<u>2,051,724</u>
Governance	8,700	-	40,138	48,838	53,901
	<u><u>1,383,003</u></u>	<u><u>650,000</u></u>	<u><u>645,187</u></u>	<u><u>2,678,191</u></u>	<u><u>2,902,484</u></u>

Analysis of grant expenditure		Group and Charity	
		2014	2013
		£	£
University of Liverpool	Liverpool Lung Project	200,000	205,000
University College London	Project grants	148,081	140,623
University of Nottingham	Project grants	32,463	71,146
Kings College London	Project grants	20,976	13,349
University of Manchester	Project grants	26,672	-
University of Liverpool	Project grants	51,652	24,851
University of Southampton	Project grants	54,557	49,991
Leicester University	Project grants	74,223	74,223
Bristol University	Project grants	24,997	49,993
Sheffield University	Project grants	19,178	19,179
Provision against over run		(2,799)	23,645
		<u><u>650,000</u></u>	<u><u>672,000</u></u>

5 Support costs allocation

Group	Directors & CEO £	Finance £	Comms £	HR & Office £	IT £	2014 Total £	2013 Total £
Cost of generating funds							
<i>Cost of generating voluntary income</i>							
Legacy generation	-	1,397	1,501	1,418	961	5,277	8,208
Donations	-	8,381	9,003	8,509	5,770	31,663	30,094
<i>Fundraising trading</i>							
Sale of donated & bought-in goods	-	46,094	49,518	46,798	31,734	174,144	175,095
Fundraising events	4,558	5,587	6,003	5,672	3,847	25,667	25,032
Lottery	-	279	301	283	192	1,055	1,094
<i>Investment management costs</i>	-	8,835	-	-	-	8,835	10,824
Cost of charitable activities							
Research	18,233	33,523	36,014	19,608	23,079	130,457	98,784
Prevention	36,465	37,713	40,516	38,289	25,964	178,947	266,461
Support	18,233	8,381	9,003	8,508	5,770	49,895	52,523
Governance costs	13,675	26,504	-	-	-	40,179	45,188
Total Group support costs	91,164	176,694	151,859	129,085	97,317	646,119	713,303

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	
	2014 £	2013 £	2014 £	2013 £
Apportionment of directors & CEO costs	13,675	12,717	13,666	12,717
Apportionment of finance costs	26,504	32,471	26,472	32,471
External audit, accountancy & legal	15,473	18,345	8,700	8,713
Total Governance costs	55,652	63,533	48,838	53,901

7 Net movement in funds

	Group		Charity	
Net movement in funds is arrived after charging:	2014	2013	2014	2013
	£		£	£
Auditors remuneration – audit fees	15,447	18,305	8,700	8,700
Operating lease rentals – land and buildings	597,499	542,249	212,315	119,822
Depreciation	75,274	97,075	37,771	47,348
Interest charges on finance leases	4,314	2,579	2,699	2,237
	<u>2,002,288</u>	<u>2,493,654</u>	<u>931,023</u>	<u>1,091,277</u>

8 Staff numbers and emoluments

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Wages and salaries	1,835,673	2,284,131	836,282	981,469
Social security costs	139,344	181,035	76,151	89,427
Pensions cost	27,272	28,488	18,590	20,381
	<u>2,002,288</u>	<u>2,493,654</u>	<u>931,023</u>	<u>1,091,277</u>

All 119 employees as defined for taxation purposes are included in the band up to £60,000 (2013: All employees included in the band up to £60,000).

	Group		Charity	
The average number of employees:	2014	2013	2014	2013
	Nos.	Nos.	Nos.	Nos.
Fundraising	16	14	16	14
Retail	54	49	-	-
Smoking cessation	27	39	-	1
Patient support	7	7	7	7
Research	1	1	1	1
Support	14	15	14	15
	<u>119</u>	<u>125</u>	<u>38</u>	<u>38</u>

The average number of research personnel funded by the Foundation:	2014	2013
	Nos.	Nos.
Liverpool Lung Project	9	9
Other Research Grants	8	5
	<u>17</u>	<u>14</u>

9 Trustees' emoluments and reimbursed expenses

The trustees received no remuneration for their services during the year (2013: £nil).

The aggregated amount of travel expenses reimbursed to 4 trustees during the year was £556 (2013: £341).

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 2014	18,925	143,975	243,200	406,100	183,148	812,161	467,460	1,462,769
Additions	900		30,115	31,015	40,357	5,441	55,462	101,260
Disposals								
At 31 Dec 2014	<u>19,825</u>	<u>143,975</u>	<u>273,315</u>	<u>437,115</u>	<u>223,505</u>	<u>817,602</u>	<u>522,922</u>	<u>1,564,029</u>
Accumulated depreciation								
At 1 January 2014	17,567	74,004	174,830	266,401	106,457	680,824	375,344	1,162,625
Charge for the year	736	14,548	22,487	37,771	12,673	31,724	30,877	75,274
Disposals								
At 31 Dec 2014	<u>18,303</u>	<u>88,552</u>	<u>197,317</u>	<u>304,172</u>	<u>119,130</u>	<u>712,547</u>	<u>406,221</u>	<u>1,237,899</u>
Net book value								
At 31 Dec 2014	<u>1,522</u>	<u>55,423</u>	<u>75,998</u>	<u>132,943</u>	<u>104,375</u>	<u>105,054</u>	<u>116,701</u>	<u>326,130</u>
At 31 Dec 2013	<u>1,358</u>	<u>69,971</u>	<u>68,370</u>	<u>139,699</u>	<u>76,691</u>	<u>131,337</u>	<u>92,116</u>	<u>300,145</u>

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11 Investments

	Group Listed Investments £	Shares in subsidiaries £	Loans to subsidiaries £	Charity £
Market value at 1 January 2014	924,939	8	129,592	1,054,538
Additions	169,793	-	-	169,793
Disposals	(139,339)	-	-	(139,339)
Net investment gain	4,688	-	-	4,688
Market value at 31 December 2014	<u>960,080</u>	<u>8</u>	<u>129,592</u>	<u>1,089,680</u>
Historical cost at 31 December 2014	<u>826,957</u>	<u>8</u>	<u>129,592</u>	<u>956,557</u>
Historical cost at 31 December 2013	<u>802,974</u>	<u>8</u>	<u>129,592</u>	<u>932,574</u>

Note: No single investment equates to more than 5% of the portfolio value (2013: none greater than 5%)

Listed investments

	2014 £	2013 £
Investments in UK assets	785,719	808,967
Investments in non UK assets	174,361	115,972
	<u>960,080</u>	<u>924,939</u>

**Investments at market value
Comprised**

	2014 £	2013 £
Equities	894,686	903,786
Fixed interest securities	65,394	21,153
	<u>960,080</u>	<u>924,939</u>

12 Investment in subsidiaries

	2014 £	2013 £
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. £683 interest was payable by Roy Castle Retail Limited to The Roy Castle Lung Cancer Foundation during the year (2013: £835).

- 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.

13a Trading subsidiaries

	Roy Castle Trading Limited	Roy Castle Retail Limited	Roy Castle Clean Air Limited	Total Subsidiary Trading	Total Subsidiary Trading
	2014 £	2014 £	2014 £	2014 £	2013 £
Turnover	237,322	1,519,855	651,186	2,408,363	2,674,154
Cost of sales	(86,420)	(171,597)	797	(257,220)	(278,550)
Gross profit	150,902	1,348,258	651,983	2,151,143	2,395,604
Administrative expenses	(45,680)	(1,180,080)	(655,602)	(1,881,362)	(2,284,248)
Operating profit	105,222	168,178	(3,619)	269,781	111,356
Interest payable	-	(683)	(932)	(1,615)	(1,177)
Gift Aid to Roy Castle Lung Cancer Foundation	(104,121)	(144,891)	-	(249,012)	(122,225)
Profit/(Loss) on ordinary Activities	1,101	22,604	(4,551)	19,154	(12,046)
Fund balances brought forward	12,426	(44,909)	(104,678)	(137,161)	(125,115)
Fund balances carried forward	13,527	(22,305)	(109,229)	(118,007)	(137,161)
Total assets	136,716	405,335	133,324	675,375	650,137
Total liabilities	(123,187)	(427,925)	(242,553)	(793,665)	(787,298)

13b Charitable Company Subsidiary

	Roy Castle Patient Support Limited	
	2014 £	2013 £
Incoming resources	-	-
Resources expended	(195)	(238)
Net outgoing resources	(195)	(238)
Funds brought forward	10,883	11,121
Funds carried forward	10,688	10,883

ROY CASTLE LUNG CANCER FOUNDATION
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14 Stock

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Goods for resale	89,861	99,187	18,768	10,726
	<u>89,861</u>	<u>99,187</u>	<u>18,768</u>	<u>10,726</u>

15 Debtors

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Other debtors	124,539	97,548	64,139	18,741
Prepayments and accrued income	1,128,189	235,561	1,019,361	146,593
Amounts owed by subsidiary undertakings	-	-	438,002	496,410
Tax and social security debtor	2,609	-	-	-
	<u>1,255,337</u>	<u>333,109</u>	<u>1,521,502</u>	<u>661,744</u>

16 Cash at bank and in hand

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Deposit cash at Rathbones	45,205	54,185	45,205	54,185
Cash at bank and in hand	<u>548,133</u>	<u>837,739</u>	<u>424,248</u>	<u>723,668</u>
	<u>593,338</u>	<u>891,924</u>	<u>469,453</u>	<u>777,853</u>

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

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Tax and social security creditors	72,136	72,428	45,729	27,982
Other creditors	857,219	808,678	808,228	760,932
Obligation under finance leases	15,288	9,828	6,996	9,828
Amounts owed to subsidiary undertakings	-	-	122,224	128,701
Accruals and deferred income	171,006	139,481	61,898	71,947
	<u>1,115,649</u>	<u>1,030,415</u>	<u>1,045,075</u>	<u>999,390</u>

Creditors: amounts falling due after one year

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Obligation under finance lease	29,298	7,032	-	7,032
	<u>29,298</u>	<u>7,032</u>	<u>-</u>	<u>7,032</u>

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

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Amounts payable within 1 year	15,288	9,828	6,996	9,828
Amount payable between 2 and 5 years	29,298	7,032	-	7,032
	<u>44,586</u>	<u>16,860</u>	<u>6,996</u>	<u>16,860</u>

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

18 Group statement of funds

	Balance at 1 January 2014	Income	Expenditure	Gains and Losses	Balance at 31 December 2014
	£	£	£	£	£
Restricted funds					
Research – GLCC	276,037	209,688	(205,722)	-	280,003
Research – Pause for Hope	1,204	502	(267)	-	1,439
Research – Other	28,136	13,500	(13,500)	-	28,136
Support	-	138,150	(116,321)	-	21,829
Total Charity Restricted Funds	305,377	361,840	(335,810)		331,407
The Elizabeth Montgomerie Appeal	10,881		(195)	-	10,686
Total Restricted Funds	316,258	361,840	(336,005)	-	342,093
Total Charity Unrestricted Funds	1,332,760	2,860,795	(2,342,530)	4,688	1,855,713
Total Group Non Trading Funds	1,649,018	3,222,635	(2,678,535)	4,688	2,197,806
Non Charitable Trading Funds	(137,161)	2,408,363	(2,389,209)	-	(118,007)
Gift Aid		(249,012)	249,012		
Total Group Funds	1,511,857	5,381,986	(4,818,732)	4,688	2,079,799

Fund

Purpose and restrictions in use

Research - GLCC	To fund worldwide understanding of lung cancer and the rights of patients
Research – Pause for Hope	To fund lung cancer research project
Research – Other	To fund lung cancer research project
The Elizabeth Montgomerie Appeal	To fund lung cancer patient support
Support	To fund lung cancer patient support

19 Analysis of group net assets between funds

Group	Restricted funds	Unrestricted funds	Total 2014	Total 2013
	£	£	£	£
Fixed assets				
Tangible	-	326,130	326,130	300,145
Investments	-	960,080	960,080	924,939
Current assets	342,093	1,596,443	1,938,536	1,324,220
Current liabilities	-	(1,115,649)	(1,115,649)	(1,030,415)
Long Term liabilities	-	(29,298)	(29,298)	(7,032)
	<u>342,093</u>	<u>1,737,706</u>	<u>2,079,799</u>	<u>1,511,857</u>
Charity				
Fixed assets				
Tangible	-	132,943	132,943	139,699
Investments	-	960,080	960,080	924,938
Investment in subsidiaries	-	129,600	129,600	129,600
Current assets	331,407	1,678,316	2,009,723	1,450,323
Current liabilities	-	(1,045,075)	(1,045,075)	(999,390)
Long Term liabilities	-	-	-	(7,032)
	<u>331,407</u>	<u>1,855,864</u>	<u>2,187,271</u>	<u>1,638,138</u>

20 Material Legacies – Group and charity

The Foundation has been notified that it is entitled to certain legacies which have not yet been received but have accounted for in 2014, the legacies which fall into this category amount to £947K

The Foundation has also been notified that it is entitled to certain legacies which, after review, have not, been accounted for because the level of uncertainty surrounding them deemed it to be imprudent to do so, the value of these legacies is estimated to be £950K

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 £518K (2013: £663K).

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.

David Maples who is a member of the Board of Trustees is also a partner in Brabners, one of the firms of solicitors the Foundation uses. Brabners is primarily used for employment law issues an area David has no involvement in, either for Brabners or the Foundation.

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

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Net (outgoing)/incoming resources	563,255	(750,985)	544,445	(738,700)
Interest received	(33,205)	(37,283)	(33,205)	(37,283)
Gift Aid from subsidiaries	-	-	(249,012)	(122,225)
Depreciation of tangible fixed assets	75,275	97,075	37,771	47,348
(Gain)/loss on sale of tangible fixed assets	-	9,010	-	3,302
(Increase)/decrease in stocks	9,326	(9,072)	(8,043)	(3,692)
(Increase)/decrease in debtors	(922,226)	83,138	(859,757)	51,151
(Decrease)/increase in creditors	107,500	157,991	38,653	288,126
(Decrease) in provision	-	-	-	-
Cash inflow/(outflow) from operating activities	(200,076)	(450,126)	(529,148)	(511,973)

25 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Increase/(decrease) in cash in the period	(298,585)	(510,421)	(308,400)	(415,919)
	(298,585)	(510,421)	(308,400)	(415,919)
Net Funds at 1 January 2014	891,924	1,402,345	777,853	1,193,772
Net Funds at 31 December 2014	593,338	891,924	469,453	777,853

26 Analysis of net funds

	1 January 2014 £	Cash flow £	31 December 2014 £
Charity			
Cash at bank and in hand	777,853	(308,400)	469,453
Non Charitable Trading Subsidiaries			
Cash at bank and in hand	114,071	9,814	123,885
Group	<u>891,924</u>	<u>(298,586)</u>	<u>593,338</u>

27 Guarantees and other financial commitments

At 31 December 2014 the company had annual commitments in respect of operating leases for land and building as follows:

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Date of termination of lease				
Less than one year	-	15,000		
Between two and five years	408,000	348,336	160,000	120,418
After five years	140,000	80,500		
Total annual commitment at 31 December 2014	<u>548,000</u>	<u>443,836</u>	<u>160,000</u>	<u>120,418</u>