

*2002/3 annual*

*report and accounts*

**HONORARY OFFICERS & MEMBERS  
OF COUNCIL OF MANAGEMENT**

**Chairman**

Dr B P Jackson  
LLD

**Vice-Chairmen**

Professor E A Dawes  
PhD DSc CChem FRSC

Dr N C Varey  
MB ChB FFPM

**Treasurer**

Dr M R Harrison  
MA DPhil

Mr F Atkinson  
FIHSM

Mr S R Harris

Mr B T Herbert (resigned 29.8.02)  
MA LLB

Professor D Holdcroft  
MA

Professor C W Potter  
BSc PhD MRCPATH

Professor W Shepherd (appointed 28.8.03)  
PhD DSc(Eng) FIEE FIEEE CEng

Professor J C West (resigned 28.8.03)  
CBE PhD DSc FIEE FEng

Mr R W J Wood CBE

**FINANCE AND GENERAL PURPOSES COMMITTEE**

**Chairman**

Dr B P Jackson  
LLD

**Members**

Mr F Atkinson  
FIHSM

Professor E A Dawes  
PhD DSc CChem FRSC

Dr M R Harrison  
MA DPhil

Professor D Holdcroft  
MA

Dr N C Varey  
MB ChB FFPM

**YCR PROMOTIONS LTD**

**Chairman**

Dr B P Jackson  
LLD

**Directors**

Mrs K M Brydson  
Mr A E Shipley

**YCR SCIENTIFIC DEVELOPMENTS LTD**

**Directors**

Dr M R Harrison  
MA DPhil

Professor D Holdcroft  
MA

**PROFESSIONAL SERVICES**

**Accountants & Auditors**

wbs

**Bankers**

Lloyds TSB Bank plc

**Solicitors**

Lee & Priestley

**Investment Managers**

Brewin Dolphin Limited

**SECRETARIAT**

**Chief Executive & Secretary**

Mrs Elaine King

**Assistant to the Chief Executive**

Mrs Carole Ogle

**Head of Fundraising**

Mrs Sally Crerar

**Fundraising & Development Officer**

Mr Steve Joyce

**Office Manager/Scientific Administrator**

Mrs Jacki Beginn

**Cashier**

Mrs Madeleine Trencher

**Secretary/PA (Office Manager)**

Miss June Charles

**Secretary/Fundraising Administration Assistant**

Mrs Jean Irving

**Administrative Assistant**

Miss Rachel Castle

**Administrative Assistant (Trading Company)**

Miss Amanda Roberts

# 2002-2003 annual report and accounts

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# chairman's report



Dr B P Jackson  
LLD

It is my pleasure to report to you again that we have had another successful year.

Seventy-seven years ago YCR came into being and despite the continuing weakness of the world economy and the poor performance of the Stock Markets we have had yet another reasonably good year.

Scientifically the last year has been exciting with new laboratories, the first steps to commercialise some of "our inventions" and, national and international acclaim for some of the work.

## YCR Laboratory of Drug Design, (The Tom Connors Cancer Research Centre), University of Bradford

The past year has seen a consolidation of the YCR Laboratory of Drug Design with the Cancer Research Unit to form the united Tom Connors Cancer Research Centre at the University of Bradford. This union is in recognition of the late Professor Tom Connors, who played a steering role in both the clinical development of new chemotherapeutic agents in the UK and the founding of the two Bradford teams. The YCR laboratory has built upon its early success in using state-of-the-art methods such as computer-assisted molecular modeling and biocalorimetry to refine and simplify the drug design and evaluation process. Focus has been maintained upon the development of powerful drugs that are only activated or 'switched on' within a tumour, but show no adverse effects (i.e. remain 'switched off') in normal tissues. Such approaches will reduce the burden to patients by reducing the level of administered (pro)drug whilst maintaining anti-tumour efficacy. Studies of structure and function for cancer proteins and DNA/RNA continue to provide impetus for the diverse research programmes, where novel anti-cancer drugs are rationally designed to interact at the molecular level. Professor Terry Jenkins and his YCR-supported team have strong linkages with many research groups and collaborate with major UK cancer researchers at the vital clinical interface.

## Hull Centre for Magnetic Resonance Investigations

Work continues on the advancement of models that reflect patho-physiological processes, on the development and implementation of spectroscopic imaging and on accurate measurement of T2\* relaxation times from which tissue oxygenation can be inferred. These techniques are used extensively in our ongoing programs.

Classification of breast masses and determination of tumour extent by MRI for appropriate and cost effective management of women scheduled for wide local excision, forms the basis of a Hull based multi-centre study. Neoadjuvant chemotherapy for locally advanced breast cancer is used to facilitate conserving surgery and improve prognosis. However there is a pressing need for early evaluation of treatment response and the roles of DCE-MRI, proton MRS and water ADC are being evaluated against overall tumour volume response, markers of apoptosis and surgical findings.

The introduction of inversely planned intensity modulated radiotherapy that allows sculpting of the dose distribution and boost dose escalation, relies on accurate tumour localization. Work is ongoing to amalgamate CT and MR images allowing electron density, metabolite concentrations, tumour vascularity, and functional imaging to be incorporated in to the planning process.

In gynaecological malignancies MR staging accuracy is compared with surgical findings and subsequent patient management. The team is developing proton spectroscopic techniques to determine the concentration of choline and other metabolites in ovarian cyst fluid and solid tissue elements to enhance lesion discrimination and monitor treatment response.

## Leeds PDT Group

YCR makes contributions to a great many aspects of cancer research, but it is especially pleasing to be able to report that an initiative started by YCR has now led

to two drugs going into pharmaceutical development. The Leeds photodynamic therapy (PDT) group was founded with substantial YCR support almost 15 years ago. Since that time, YCR has continued to be the major funder of the group, which became the University of Leeds Centre for Photobiology and Photodynamic Therapy some 8 years ago, with some 35 scientists and clinicians working to develop new PDT drugs.

The Centre has achieved a global reputation in this field, with the discovery of families of new drugs for this emerging therapy. With YCR as a participant, a new company, Photopharmica limited, was formed to commercialise these discoveries and move the drugs on through the drug development process. It is planned to use one of the drugs to treat early cancer and pre-cancerous conditions and the other to treat bacterial and other infections.

Photopharmica obtained its first seed corn investment funding during 2002 and as this report went to press, the Company has announced a major new multi-million pound investment, through which patients will start to benefit from these drugs within 18 months. YCR will continue to have an interest in Photopharmica as our years of investment in the research begin to bear fruit for the general benefit of patients.

#### **The Institute for Cancer Studies and Academic Department of Clinical Oncology, Sheffield**

In Sheffield, the Yorkshire Cancer Research endowments underpin research being undertaken within the Institute for Cancer Studies and Academic Unit of Clinical Oncology.

On the laboratory side, Professor Mark Meuth is expanding research in cancer genetics and genetic epidemiology. From the clinical point-of-view Professor Rob Coleman has ensured that the Clinical Trials Centre has taken a major role within the National Cancer Research Network. Professor Penella Woll has recently joined the team from Nottingham; she has an international reputation in

clinical and translational research in lung cancer.

These, together with collaborative links to basic science and NHS, have resulted in 'cancer studies' being highly rated in the recent University Research Assessment Exercise and accorded priority status in both University and NHS research strategy.

#### **The YCR Cancer Research Unit, University of York**

The last 12 months has seen some radical changes in the YCR Cancer Research Unit at the University of York. Prof Mailland's team occupied the new YCR funded laboratories in the new Biology Centre in which purpose-designed laboratories were provided at a total cost of some £700,000 by YCR in July. Despite a number of construction problems which set back work for some time, the laboratory is now fully equipped and operational. It provides up to the minute facilities for gene cloning and the generation of gene therapy vectors as well as culture and analysis of human prostate samples. The effectiveness of the laboratory is assisted by the large and well equipped Technology Facility included in the new building, which opened officially in July 2003. Credit for the smoothness of the move to the new Cancer Research Unit must be given to Michelle Mounter and Sam Hansford. Their hard work and organisation ensured that the science was ready to go on day one.

The Research Team in the Cancer Research Unit was augmented by the award of a National Cancer Research Institute Centre of Excellence Grant for Prostate Cancer Research. This funds two additional scientists in the Cancer Research Unit to work on projects closely related to those funded by Yorkshire Cancer Research.

Scientifically the highlights of the year centred on the discovery of new models of prostate cancer (which obviate the need for animals and experimentation on human tissues). First reports of these have been published in widely read international journals. The emphasis now is to exploit these models to improve our understanding and then design new therapies to

attack the cancer cells themselves.

The provision of these brand new state-of-art laboratories will provide a new impetus to research in York into both prostate and cervical cancer.

#### **YCR p53 Research Group, University of York**

Part of the current research aims to silence cancer-causing genes using a new technique called RNA interference. Professor Milner's group has succeeded in blocking the expression of viral genes responsible for the development of human cervical cancer. The new anti-viral treatment causes the cancer cells to die when grown in culture in the laboratory. Remarkably, normal cells appear to be completely unaffected by the same treatment. Thus they have developed a novel approach to treat cervical cancer that seems selectively to kill the cancer cells. The same new methodology is now being applied to silence other cancer-causing genes.

In parallel with the above research the group is also developing new techniques to visualize events within the cell and which relate to cancer. For example, DNA damage within the cell nucleus predisposes towards cancerous growth if the damage if not detected and repaired. These two crucial functions are performed by protein complexes (factories) which are mobilized in response to DNA-damaging agents such as ultra-violet light from the sun. It has been discovered that the p53 protein (the body's natural defence against cancer) plays a central role in relaxing the highly structured assembly of chromatin. In so doing p53 makes sites of DNA damage in the chromatin accessible to the repair factories in the cell.

**We are proud of these scientific successes, but none of them could have been achieved without the money, a large part of which comes from the continuing dedication and hard work of our local committees, fundraisers and supporters, all backed up by our small but dedicated staff.**

# treasurer's report



Dr Michael R Harrison  
MA DPhil

## Introduction

I have great pleasure in presenting my report on the financial activities of Yorkshire Cancer Research for the year ended 31 March 2003, a year in which, I am particularly delighted to be able to state, we have again maintained an income level in excess of £4m.

## Income

Legacies remain our biggest source of incoming funds, this year amounting to £2,677,879, a little over 64% of our total income. In any one year we usually receive a relatively small number of large legacies and last year was a particularly good example of this trend, the year just ended being somewhat less good. Statistically, current income from legacies is said to reflect the thinking of persons making wills at least five years ago, taking that sort of time, on average, for a will to mature.

We like to think that a more accurate indicator of the current impact of YCR in our region is perhaps shown by the amount received in direct donations, of which the biggest contribution by far is from our local voluntary fundraising committees, spread throughout Yorkshire. The total of direct donations received exceeded each of the previous three years and was in excess of £1m; a very welcome increase of over 5% on the previous year. The committee contributions themselves (c£608k) were up by 13.8% and Special Efforts, carried out on our behalf by the public, increased by a substantial 30%.

One matter perhaps worth highlighting is the position pertaining to donations which are Gift Aided. Should the donors declare they are a UK income/capital gains tax payers and express the wish for the donations to be accepted under the Government's Gift Aid Scheme, YCR can reclaim tax (currently at the rate of 28%) on their donations. It is regrettable that so far we do not appear to be benefiting significantly from this opportunity, a matter which we shall address more rigorously in the forthcoming year.

Our trading company, YCR Promotions Limited, again produced a profit this year of over £23k on a turnover of £58k. As most of this income is from the sale of Christmas cards, this must surely represent a good deal more to the Charity in terms of the overall publicity value than the sales themselves. We have been fortunate in that, usually every three years, the trading company's income has been boosted by the Yorkshire Festival of Music which I am delighted to say will return to the Royal Albert Hall on 1st November 2003. I gather that package sales are going very well and that we can look forward to a substantial contribution to next year's income (as well as a thoroughly enjoyable, inexpensive weekend in London).

## Expenditure

The proportion of our expenditure on research this year is slightly down (86.5% compared with the previous year's 88.9%), a continuation of the average trend over the last four years. However, there is no particular plan to reduce our research expenditure in the immediate future; indeed our present anticipated research budget for 2003/2004 is £4.1m. Over this period we have, as was reported to you previously and will be reported again this year, been active in developing and trialling what are innovative ways for us of making YCR better known to the Yorkshire public. All this has been carried out within an expenditure regime which has remained a roughly constant proportion of our total income, although it is inevitable that our expenditure on publicity and fundraising will increase in future years.

We do however have to keep a close eye on our overall funds, in particular the value of our investments which provide a safety net regarding our long-term commitments; extending over periods of up to five years. Before the downturn in the stock market two or so years ago, our investments stood at a very healthy level of over £12m. In March 2002 they were down to £9.5m and at the end of last year they stood at just £7.8m. Nevertheless, the recent improvement in the stock market has helped and we feel that, even on a worst case scenario basis, with

# expenditure

continuing prudent housekeeping we shall be able to meet our existing commitments over the next five years, fund a considerable amount of new research and still have at least a full year's reserves in hand.

## Research funding

Roughly £1.5m is earmarked each year for supporting research projects lasting up to three years and resulting from applications made by research groups throughout the county and handled by our Scientific Advisory Committee, chaired by Professor Eddie Dawes. The remainder of our research funding is longer term, including core-funding of research groups at Bradford, Leeds, Sheffield and York. This year we have completed the funding of a new laboratory for Professor Maitland's research group in York and I am happy to be able to report that the group are now working in their very impressive YCR laboratory, located within the university's large, new biology building.

In Hull, our major funding programme was completed this year. This important financial support by the Charity has enabled the establishment of the Centre for Magnetic Resonance Investigations (CMRI), as a major research centre over the past ten years and the Centre is also in a position where it is now able

to finance the acquisition of a powerful new machine, a so-called 3-Tesla Whole Body Scanner. Work on a building-extension to house the new machine has already been started.

Additionally, in Leeds, we have agreed to provide £1m for a laboratory within the new cancer research hospital and research facility being built at St James's Hospital. Work on the construction of this building has just begun.

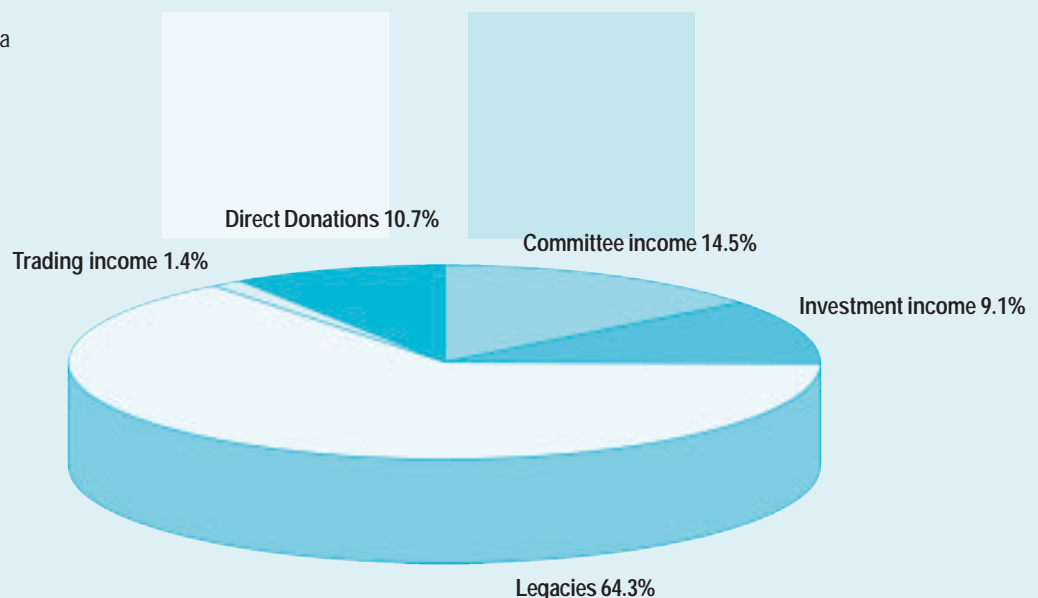
## Commercial exploitation

Through YCR Scientific Developments Limited, a subsidiary of YCR, we have stakes in two commercial ventures resulting from research funded by YCR. I am pleased to be able to report that Photopharmica Limited, a company spun out of the photodynamic therapy work of Professor Stan Brown and his group at the University of Leeds, has received substantial second stage outside investment to enable it to move its commercial programme closer to the point where products can be marketed.

Procure Limited, set up to commercialise some of the work of Professor Norman Maitland and his group in York, is also making progress and, during the coming year, we are hopeful that it too will receive second stage funding to enable it to further its very worthwhile aims in the field of prostate cancer.

## Finally

Although somewhat battered by the continuing problems with the stock market over the past year, our finances continue to remain in a healthy state. Our income level has been maintained and, in order to augment our support for the vital cancer research being carried out in our name throughout Yorkshire, we intend increasing our revenue substantially over the next few years. We believe that the efforts of our local voluntary committees are the foundation of this success and, on behalf of the Trustees, may I thank them most enthusiastically for everything they have achieved for us during the past year and express the fervent hope that they will be able to continue making a huge contribution to our future success.



# report of the council of management and accounts for the year ended 31 march 2003

## Management and professional advisors

### COUNCIL OF MANAGEMENT

Dr BP Jackson Chairman  
Mr F Atkinson  
Professor EA Dawes  
Mr SR Harris  
Dr MR Harrison  
Professor D Holdcroft  
Professor CW Potter  
Dr NC Varey  
Professor JC West  
Mr RWJ Wood

### CHIEF EXECUTIVE AND SECRETARY

Mrs E King

### REGISTERED OFFICE

39 East Parade, Harrogate HG1 5LQ

### BANKERS

Lloyds TSB Bank Plc  
6/7 Park Row, Leeds LS1 1NX

### SOLICITORS

Lee & Priestley  
12 Park Square, Leeds LS1 2LF

### AUDITORS

wbs  
The Hamlet, Hornbeam Park, Harrogate HG2 8RE

### INVESTMENT MANAGERS

Brewin Dolphin Securities  
34 Lisbon Street, Leeds LS1 4LX

### REGISTERED CHARITY NUMBER

516898

### REGISTERED COMPANY NUMBER

1919823

The Council of Management of Yorkshire Cancer Research ('YCR') present their report and accounts for the year ended 31 March 2003. The Council of Management have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000 in preparing the annual report and accounts of YCR.

### Objects

YCR was established to promote research principally in Yorkshire into the cause and cure of cancer and to propagate the results.

### Constitution

YCR is registered as a charity and is a company limited by guarantee of £1 per member and governed by its memorandum and articles of association. It is managed by the Council of Management who are elected by the members.

It may invest funds, not immediately required, in securities permitted by the Trustee Act 2000.

### Council of Management

The members of the Council of Management during the year were as follows:

Dr BP Jackson  
Professor EA Dawes  
Mr F Atkinson  
Mr SR Harris  
Dr MR Harrison  
Mr BT Herbert (resigned 29.08.02)  
Dr NC Varey  
Professor JC West  
Professor D Holdcroft  
Professor CW Potter  
Mr RWJ Wood

There have been no changes in membership since the end of the year.

### Statement of the Council of Management's responsibilities

Company law requires the Council of Management, as directors, to prepare accounts for each financial year which give a true and fair view of the state of affairs of YCR. In preparing those accounts, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepared the accounts on the going concern basis.

The Council of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of YCR and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of YCR and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Review of activities

YCR has funded research work at the Universities of Bradford, Hull, Leeds, Sheffield and York and their associated Medical Schools. Details of the expenditure and commitments are given in the accounts.

The value of donations and of legacies, which by their nature fluctuate each year, was satisfactory. The next major fund raising event will be a Festival of Music in autumn 2003. Fund raising and publicity is directed at future legacies as well as present donations and the performance has been satisfactory.

The Council of Management considers that the net incoming resources for the year of £195,375 (2002: outgoing £347,116), before net investment losses of £2,092,249 (2002: £547,804), were reasonable in view of the amount of income reserves.

#### Grant making policy

Applications for funding of research projects are invited through specialist medical media from scientists and clinicians in Yorkshire and considered by the Scientific Advisory Committee of YCR with the benefit of structured assessments by independent expert referees who work outside Yorkshire.

#### Tax status

No Corporation tax has been provided in the accounts as income of YCR, being a registered charity, is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. YCR has borne VAT on its expenditure where appropriate.

#### Reserves policy

The Council of Management have considered the purpose and size of retained income reserves. In view of the future expenditure commitments and the anticipated further commitments to be entered into shortly, the current level of reserves is considered to be appropriate. In reaching this conclusion the Council has regard to the competition in Yorkshire for charitable donations and legacies.

#### Investment policy and returns

The funds required for future expenditure commitments are invested in a professionally managed portfolio of quoted investments, the largest part being UK equities. Future income will enable further commitments and so the

portfolio is expected to be maintained for the long term. Performance has been in line with the relevant indices.

#### Fixed assets

In the opinion of the Council of Management the market value of the freehold property is at least equal to its book value at 31 March 2003.

#### Review of risks and their mitigation

The Council of Management have conducted a review of the major risks which the charity faces and confirm that systems have been established to review risks regularly and have taken the necessary steps to mitigate these risks.

#### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that wbs be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Council of Management on 28 August 2003.

Dr BP Jackson - Chairman

# report of the independent auditors

To the members of Yorkshire Cancer Research for the year ended 31 March 2003

We have audited the accounts on pages 9 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters which 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As described on page 6 the Council of Management, as directors, are responsible for the preparation of the accounts in accordance with applicable law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Council of Management is not consistent with the accounts, if Yorkshire Cancer Research has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors and their transactions with the company is not disclosed.

We read the Report of the Council of Management and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Council of Management in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of Yorkshire Cancer Research and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

## Opinion

In our opinion the accounts give a true and fair view of the state of affairs of Yorkshire Cancer Research and of the group as at 31 March 2003 and of the group's incoming resources and application of resources, including its income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

## wbs

Chartered Accountants and Registered Auditors  
The Hamlet  
Hornbeam Park  
Harrogate  
HG2 8RE

Dated: 28 August 2003

# consolidated statement of financial activities

Consolidated statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2003

	Notes	Total 2003 £	Total 2002 £
<b>Incoming resources</b>			
Donations		1,051,788	885,962
Legacies		2,677,879	3,092,324
Fund generating activities	2	58,662	56,346
Investment income	3	378,338	432,797
<b>Gross resources arising</b>		<b>4,166,667</b>	<b>4,467,429</b>
<b>Resources expended</b>			
<i>Costs of generating funds</i>			
Fund generating activities - direct costs	2	35,467	32,759
Fund raising and publicity costs	4	361,897	386,530
Investment management costs		15,391	9,188
		412,755	428,477
<i>Charitable expenditure</i>			
Research projects and programme costs	5	3,405,181	4,024,826
Major project costs	5	-	228,333
Support costs	4	60,065	51,351
Administration costs	4	93,291	81,558
		3,558,537	4,386,068
<b>Total resources expended</b>		<b>3,971,292</b>	<b>4,814,545</b>
<b>Net incoming (outgoing) resources for the year</b>	6	<b>195,375</b>	<b>(347,116)</b>
Net investment gains/(losses)	8	(2,092,250)	(547,804)
		<b>(1,896,875)</b>	<b>(894,920)</b>
<b>Net movement in funds</b>			
Fund balances brought forward 1 April 2002		9,652,806	10,547,726
<b>Fund balances carried forward 31 March 2003</b>		<b>£7,755,931</b>	<b>£9,652,806</b>

All of the above results are derived from continuing activities and there have been no acquisitions during the year under review. YCR has no other recognised gains and losses other than those stated above. The result for the year for Companies Act purposes would include realised losses and gains on investments and would be a deficit of £92,909 (2002: a deficit of £102,704).

# balance sheet

as at 31 March 2003

	Notes	2003 £	Group 2002 £	2003 £	YCR 2002 £
<b>Fixed assets</b>					
Tangible assets	7	163,682	159,708	163,682	159,708
Investments	8	7,118,971	8,747,861	7,119,041	8,747,931
		<b>7,282,653</b>	<b>8,907,569</b>	<b>7,282,723</b>	<b>8,907,639</b>
<b>Current assets</b>					
Goods for resale		4,836	4,790	-	-
Debtors	9	654,903	1,194,047	674,903	1,232,370
Cash at bank and in hand	10	487,159	783,583	440,938	685,081
		<b>1,146,898</b>	<b>1,982,420</b>	<b>1,115,841</b>	<b>1,917,451</b>
<b>Creditors:</b>					
amounts falling due within 1 year	11	(673,620)	(1,237,183)	(642,633)	(1,172,284)
		<b>473,278</b>	<b>745,237</b>	<b>473,208</b>	<b>745,167</b>
<b>Net current assets (liabilities)</b>					
		<b>£7,755,931</b>	<b>£9,652,806</b>	<b>£7,755,931</b>	<b>£9,652,806</b>
<b>Total assets less current liabilities</b>					
<b>Unrestricted funds:</b>					
General funds	14	57,853	398,800	57,853	398,800
Designated funds	14	7,698,078	9,254,006	7,698,078	9,254,006
		<b>£7,755,931</b>	<b>£9,652,806</b>	<b>£7,755,931</b>	<b>£9,652,806</b>
<b>Total funds</b>					
		<b>£7,755,931</b>	<b>£9,652,806</b>	<b>£7,755,931</b>	<b>£9,652,806</b>

The accounts on pages 9 to 17 were approved by the Council of Management on 28 August 2003.

Dr BP Jackson - Chairman

Dr MR Harrison - Treasurer

# consolidated cash flow statement

for the year ended 31 March 2003

	Notes	2003 £	2002 £
<b>Cash (outflow)/inflow from operating activities</b>	13	(638,353)	(1,058,743)
<b>Returns on investments and servicing of finance</b>			
Dividends and interest received		378,338	432,797
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(24,755)	(22,362)
Sale of tangible fixed assets		-	6,500
Purchase of investments		(911,087)	(1,572,385)
Sale of investments		899,433	2,572,020
		(36,409)	983,773
<b>Increase (Decrease) in cash in the year</b>		<b>(296,424)</b>	<b>357,827</b>
Balance at 1 April 2002		783,583	425,756
<b>Balance at 31 March 2003</b>		<b>£487,159</b>	<b>£783,583</b>

## notes to the accounts

for the year ended 31 March 2003

### 1 accounting policies

#### Basis of preparation

The accounts have been prepared under the historical cost convention with the exception of investments which are included on a market value basis. The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

#### YCR Status

YCR is a company limited by guarantee. The guarantors are the Council of Management. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member. The YCR has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the company's activities.

#### Basis of consolidation

Group accounts have been prepared in respect of YCR and its wholly owned subsidiary undertakings, YCR Promotions Limited and YCR Scientific

Developments Limited. As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented.

#### Fund accounting

General funds are available for use at the discretion of the Council of Management in furtherance of the general objectives of YCR. Designated funds comprise general funds which have been set aside at the discretion of the Council of Management to cover awards approved but not yet payable.

Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the appeal. The purpose and use of any restricted funds is set out in the notes to the accounts.

All income and expenditure is shown in the Statement of Financial Activities.

#### Incoming resources

Incoming resources are recognised when YCR becomes entitled to income which can be quantified. Gifts received for resale are brought into account when they are sold. Services given by volunteers are not brought into account.

# notes to the accounts

for the year ended 31 March 2003

## Legacies

Income arising from legacies is recognised in the accounts when YCR is notified of their entitlement and the amount receivable can be determined with reasonable accuracy.

## Interest and dividends

Interest and dividends are brought into account when received at their net amount plus related tax deducted or tax credit. YCR as a registered charity, is not liable to taxation on this income and is able to claim repayment of tax deducted and some tax credits.

## Research projects

Approved grants and expenditure on charitable objectives are accounted for as incurred during the year. Where grants are approved, subject to the availability of funds, covering more than one year, no provision is made for the future liability until it becomes payable.

## Resources expended

Fund raising costs include those incurred in seeking donations and legacies. Support costs comprise all services supplied centrally identifiable as wholly or mainly in support of projects. Administration costs comprise management and compliance with statutory requirements. All costs include an appropriate proportion of general overheads and staff costs directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of resources, principally staff costs.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful lives as follows:

- Freehold property 50 years
- Motor vehicles 3 years
- Office furniture and equipment 3 years

## Investments

Investments are stated at market value less any provision for permanent diminution in value. Market value is taken to be the middle market price ruling at the balance sheet date.

As the policy is to keep valuations up to date, when investments are sold there is no gain or loss arising relating to previous periods. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings and they are together treated as changes in the value of the investments throughout the year.

## Stocks of goods for resale

Stocks of purchased goods are valued at the lower of cost and net realisable value. No value is put on any donated goods held for resale.

## Local committees

Income and expenditure of local committees arising from non-commercial activity is included in the accounts as net donations as the amounts of expenditure incurred on a local basis are not considered material in the context of the total income and expenditure of YCR. Funds held by local committees at the year end are included in cash at bank and in hand.

## Contributions to pension funds

The pension costs charged in the income and expenditure account represent the amount of the contributions payable in the accounting period to defined contribution pension schemes.

## 2 results of trading

The results of YCR's trading activities through its subsidiary undertaking, YCR Promotions Ltd, are detailed below. YCR Promotions Limited pays interest to YCR and covenants its profits to YCR.

	2003 £	2002 £
Turnover	58,662	56,346
Cost of sales	(33,362)	(30,983)
Gross profit	25,300	25,363
Administrative expenses	(2,105)	(1,776)
<b>Net income of trading subsidiary</b>	<b>23,195</b>	<b>23,587</b>
Interest receivable	1,469	708
Interest payable to parent undertaking	(1,500)	(1,500)
<b>Profit before and after taxation</b>	<b>23,164</b>	<b>22,795</b>
Deed of Covenant	(23,164)	(22,795)
<b>Retained profit for the year</b>	<b>-</b>	<b>-</b>

## 3 investment income

	2003 £	2002 £
Dividends and interest on investments	361,977	413,057
Interest on bank deposits	16,361	19,740
<b>378,338</b>	<b>432,797</b>	

# notes to the accounts

for the year ended 31 March 2003

## 4 support, fundraising and publicity and administration costs

	Support £	Fundraising £	Administration £
Publicity	-	164,036	-
Staff costs	33,347	109,850	52,963
Travel and motor expenses	2,479	8,168	3,938
Office accommodation costs	4,181	13,772	6,639
Office repairs and renewals	1,424	4,689	2,261
Printing, stationery, postage and sundries	7,664	25,246	11,517
Legal and professional services	7,437	24,499	10,362
Depreciation			
• freehold property	609	2,005	967
• motor vehicles	2,042	6,726	3,242
• office furniture	882	2,906	1,402
<b>31 March 2003</b>	<b>60,065</b>	<b>361,897</b>	<b>93,291</b>
31 March 2002	51,351	386,530	81,558

## 5 charitable expenditure and future commitments

	2003 Incurred £	Future commitments £	2002 Incurred £	Future commitments £
<b>Research projects, programmes and facilities</b>				
Bradford University	178,587	444,580	195,655	620,595
Hull University	102,908	87,984	325,255	119,706
Leeds University	1,059,203	1,563,140	1,242,752	2,559,878
Sheffield University	1,021,139	1,940,382	1,120,011	2,645,544
York University	1,004,213	2,539,006	1,326,107	3,268,447
Northern and Yorkshire Clinical Trials and Research Unit	4,354	-	15,967	1,309
Travel grants and miscellaneous items	34,777	122,986	27,412	38,527
<b>Major Project Costs</b>				
Leeds University: to fund the establishment of a YCR laboratory at St James's Hospital	-	1,000,000	-	-
<b>Total</b>	<b>3,405,181</b>	<b>7,698,078</b>	<b>4,253,159</b>	<b>9,254,006</b>

The future commitments represent research awards approved by the Trustees, but not yet payable. These have not been included as liabilities as there is an expectation that they will be part funded from future income. However an appropriate amount of General funds have been designated to cover these future liabilities as shown in note 13.

# notes to the accounts

for the year ended 31 March 2003

## 6 net outgoing resources for the year are stated after charging:

	2003 £	2002 £
<i>Staff costs</i>		
Wages and salaries	166,551	156,134
Social security costs	15,389	14,637
Pension costs	14,220	14,921
	<b>196,160</b>	<b>185,692</b>

The average number of staff employed during the year was 11 (2002: 11). No employee earned £50,000 per annum or more during the year under review.

The members of the Council of Management received no remuneration for their services during the year. Expenses reimbursed to Council members for costs incurred on behalf of YCR during the year amounted to £3,122 (2002: £1,934).

YCR has purchased indemnity insurance in respect of all Council members to cover any liability in respect of negligence, default, breach of duty or trust other than that caused by wilful or criminal negligence. The cost of the insurance was £2,535 (2002: £2,184).

YCR has paid £3,007 (2002 £1,979) for advice on patent and trademark matters to Harrison Goddard Foote, a firm in which Dr MR Harrison is a partner.

### *Auditors' remuneration*

### *Fees for non-audit work paid to the auditors*

### *Depreciation of owned assets*

### *Operating lease rent paid*

	2003 £	2002 £
Auditors' remuneration	8,214	7,709
Fees for non-audit work paid to the auditors	7,767	5,252
Depreciation of owned assets	20,781	7,505
Operating lease rent paid	3,500	-

## 7 tangible fixed assets

### Group and YCR

	Freehold property £	Motor vehicles £	Office furniture and equipment £	Total £
<b>Cost</b>				
1 April 2002	179,073	24,734	77,335	281,142
Additions	-	17,903	6,852	24,755
(Disposals)	-	-	-	-
<b>31 March 2003</b>	<b>179,073</b>	<b>42,637</b>	<b>84,187</b>	<b>305,897</b>
<b>Depreciation</b>				
1 April 2002	46,079	9,027	66,328	121,434
Charge for the year	3,581	12,010	5,190	20,781
(Disposals)	-	-	-	-
<b>31 March 2003</b>	<b>49,660</b>	<b>21,037</b>	<b>71,518</b>	<b>142,215</b>
<b>Net book amount</b>				
<b>31 March 2003</b>	<b>129,413</b>	<b>21,600</b>	<b>12,669</b>	<b>163,682</b>
31 March 2002	132,994	15,707	11,007	159,708

The freehold property is held for use as the head office. Its depreciation charge is split between support, fundraising and administration as per Note 4. No property is held for investment purposes.

# notes to the accounts

for the year ended 31 March 2003

## 8 fixed asset investments

### Listed Investments and Unit Trusts

Market value at 1 April 2002

Additions

Disposals

Net investment gains/(losses)

### Market value at 31 March 2003

Historical cost of investments

Realised (losses)/gains based on historic cost

Investments received as legacies

Investments purchased

The market value of the investment portfolio can be categorised as follows:

British Government securities

UK fixed investment securities - listed on a recognised Stock Exchange

UK equity securities - listed on a recognised Stock Exchange

Unit trusts - invested in foreign equities

British Government securities represent 32.4% of the total value (2002 26.6%)

Investments in individual company equities that exceed 5% of the value of the portfolio are:

Glaxo Smithkline PLC

£389,550 - 5.5%

(2002: £661,600 - 7.6%)

The investment portfolio is administered by Brewin Dolphin Securities Ltd.

### Unlisted investments

Cost at 1 April 2002

Additions

### Cost at 31 March 2003

Group & YCR	
2003	2002
£	£
8,747,729	10,286,736
1,362,793	1,580,817
(899,433)	(2,572,020)
(2,092,250)	(547,804)
<b>7,118,839</b>	<b>8,747,729</b>
7,840,499	7,665,423
(288,284)	244,412
451,706	8,564
911,087	1,572,253
<b>1,362,793</b>	<b>1,580,817</b>
2,305,632	2,325,926
234,639	-
4,299,151	6,412,808
279,417	8,995
<b>7,118,839</b>	<b>8,747,729</b>

Group		YCR	
2003	2002	2003	2002
£	£	£	£
132	-	-	-
-	132	-	-
<b>132</b>	<b>132</b>	<b>-</b>	<b>-</b>

# notes to the accounts

for the year ended 31 March 2003

## Subsidiary undertakings

Cost at 1 April 2002	
Addition	
<b>Cost at 31 March 2003</b>	

YCR	
2003	2002
£	£
202	2
-	200
<b>202</b>	<b>202</b>

The principal activities of YCR's wholly owned subsidiary undertaking, YCR Promotions Limited, a company registered in England and Wales, are the promotion of events and the sale of cards, fancy goods and other related items. The results of this company are shown under Trading Results above.

The principal activity of YCR's wholly owned subsidiary undertaking, YCR Scientific Developments Limited, a company registered in England and Wales, is holding investments that exploit research funded by YCR.

## Total investments

Value at 31 March 2003

Group	YCR
<b>7,188,971</b>	<b>7,119,041</b>

## 9 debtors

### Amounts falling due within one year

Amounts owed by subsidiary undertaking				
Income tax recoverable				
Prepayments and other debtors				

Group		YCR	
2003	2002	2003	2002
£	£	£	£
-	-	-	20,051
14,040	21,519	14,040	21,519
640,863	1,172,528	640,863	1,170,800
<b>654,903</b>	<b>1,194,047</b>	<b>654,903</b>	<b>1,212,370</b>

### Amounts falling due after more than one year

Loan to subsidiary undertaking

-	-	20,000	20,000
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## Total

<b>654,903</b>	<b>1,194,047</b>	<b>674,903</b>	<b>1,232,370</b>
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The loan to the subsidiary undertaking which bears interest at a commercial rate, is repayable on demand although it is anticipated no request will be made within the ensuing twelve months.

## 10 cash at bank and in hand

Cash at bank and in hand	
Cash held by local committees	

206,601	490,197	160,380	391,695
280,558	293,386	280,558	293,386
<b>487,159</b>	<b>783,583</b>	<b>440,938</b>	<b>685,081</b>

# notes to the accounts

for the year ended 31 March 2003

## 11 creditors: amounts falling due within one year

	Group		YCR	
	2003	2002	2003	2002
	£	£	£	£
Amounts owed to subsidiary undertaking	-	-	62,485	-
Research expenditure	504,465	1,097,030	504,465	1,097,030
Other creditors and accruals	167,486	134,072	75,683	71,612
Trade creditors	-	1,015	-	-
Taxation and Social Security	1,669	5,066	-	3,642
	<b>673,620</b>	<b>1,237,183</b>	<b>642,633</b>	<b>1,172,284</b>

## 12 lease commitments

Rent payable in the coming year on a property lease  
- expiring in one year

Group & YCR	
2003	2002
£	£
3,500	-

## 13 net cash (outflow)/inflow from operating activities

Net incoming/(outgoing) resources for the year  
Investment income  
Depreciation  
Legacies received as investments  
Decrease/(Increase) in stocks  
Decrease/(Increase) in debtors  
(Decrease)/Increase in creditors  
**Net outflow from operating activities**

2003	2002
£	£
195,375	(347,116)
(378,338)	(432,797)
20,781	7,505
(451,706)	(8,564)
(46)	637
539,144	(733,804)
(563,563)	455,396
<b>(638,353)</b>	<b>(1,058,743)</b>

## 14 statement of funds

At 1 April 2002

Income

Expenditure

Net investment gains (losses)

Funds designated during the year

At 31 March 2003

General fund	Designated fund	Total funds
£	£	£
398,800	9,254,006	9,652,806
4,166,667	-	4,166,667
(566,111)	(3,405,181)	(3,971,292)
(2,092,250)	-	(2,092,250)
(1,849,253)	1,849,253	-
<b>57,853</b>	<b>7,698,078</b>	<b>7,755,931</b>

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