

Registered number: 1919823

**YORKSHIRE CANCER RESEARCH
(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007**

Charity Number: 516898

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2007

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YORKSHIRE CANCER RESEARCH

**Trustees' Report
for the year ended 31 March 2007**

COUNCIL OF MANAGEMENT

Dr B P Jackson - Chairman
Mr D N Broderick
Professor R A Cartwright
Professor E A Dawes
Dr M R Harrison
Professor D Holdcroft
Professor C W Potter
Mr J L Richards (appointed 20.04.2006)
Professor A W Robards (appointed 20.04.2006)
Professor W Shepherd
Dr N C Varey

CHIEF EXECUTIVE AND SECRETARY

Mrs E King

ACTING CHIEF EXECUTIVE FROM 28 NOVEMBER 2006

Mrs C Ogle

REGISTERED OFFICE

39 East Parade, Harrogate
North Yorkshire, HG1 5LQ

BANKERS

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

SOLICITORS

Lee & Priestley
10-12 East Parade, Leeds, LS1 2AJ

AUDITORS

RSM Bentley Jennison
The Hamlet, Hornbeam Park
Harrogate, HG2 8RE

INVESTMENT MANAGERS

Brewin Dolphin Securities Limited
34 Lisbon Street, Leeds, LS1 4LX

REGISTERED CHARITY NUMBER

516898

REGISTERED COMPANY NUMBER

1919823

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2007

Our objective remains consistent with previous years

To continue to promote research, principally in Yorkshire, into the cause(s) and cure(s) of cancer and to publish and share the results of this research

To achieve this we have

Encouraged and enabled donors to contribute to the funding of research programmes within academic and associated institutions through effective fundraising activities and enabled them to understand the outcome(s) and impact(s) achieved through the use of their money in supporting this research

With the money we raise we aim to

- Provide grants to academic and associated institutions, further increasing our emphasis on translational research to make new and effective treatments available in the future
- Continue to fund the development of research findings into modalities that have clinical benefit and review the clinical application of the outputs from this research, developing strategic research partnerships with appropriate organisations to further our understanding of the possible cause(s) and cure(s) of cancer.
- Establish and fund the new YCR Clinical Research Fellowships and YCR Researcher/Senior Researcher Awards to further encourage key individuals to contribute to our programmes of research
- Contribute to the funding of exciting major projects including new build and refurbishment programmes of research facilities within appropriate academic institutions
- Continue to communicate effectively with donors, academic and associated institutions and other stakeholders to ensure that our achievements are understood and recognised for the contribution they have made

Through our ongoing work

Many groups and individuals continue to benefit including researchers, academic and associated institutions, academic bodies and the community at large. Our ultimate beneficiaries however are the people affected by cancer for whom our funding has helped and continues to help through the discovery of new and effective diagnoses and treatment regimes for their conditions

A more detailed review of the charity's work appears elsewhere in the pages of this Annual Report. Extracts from this Report also appear on the charity's website, www.ycr.org.uk

People

The Council of Management also places on record its appreciation of the hard work and commitment to the charity's objectives of all staff in 2006. The key staff employed by the charity in 2006 were:-

Chief Executive & Company Secretary	Elaine King
Assistant to the Chief Executive & Acting Chief Executive	Carole Ogle
Office Manager/ Scientific Administration Manager	Jacki Beginn
Head of Community Fundraising	Sally Crerar

The Council also acknowledges with gratitude the work and commitment of the many volunteers who willingly give of their time to the considerable benefit of the charity and the people the charity serves.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2007

The Board of Trustees presents this report and financial statements for Yorkshire Cancer Research for the year ending 31 March 2007 with the help and support of our professional advisors. The format and content of this report has been prepared to comply with the requirements of the Statement of Recommended Practice for Accounting and Reporting by Charities (revised in March 2005).

Structure Governance and Management

Yorkshire Cancer Research is a charitable organisation limited by guarantee of £1 per member and was incorporated on 6 June 1985 and registered as a charity on 23 October 1985. The company was established under a Memorandum & Articles of Association which established the charity's objects to promote research, principally in Yorkshire, into the cause(s) and cure(s) of cancer and to propagate the results.

A new code of Good Governance was issued by a working group led by the Charity Commission in 2005 and in 2006 we committed to assess ourselves objectively against the seven criteria defined within this code. We have now completed this review and are pleased to announce that we compared very favourably with the majority of the elements defined within this code. Through this wide ranging review we have however identified the opportunity to gain considerable benefits by restructuring the roles and responsibilities of our various committees.

We have now adopted this restructured governance arrangement and as a result have disbanded our previous Finance and General Purposes Committee and increased the frequency of our Council of Management meetings to more actively involve all our Trustees in the key decision making processes within the charity.

Our New Committee Structure

YCR continues to be governed by a Council of Management (COM), comprising Trustees of the Charity which is scheduled to meet eight times a year and the members of the Council of Management during 2006/7 were as follows:

Dr B P Jackson
Professor E A Dawes
Dr M R Harrison
Dr N C Varey
Professor D Holdcroft
Professor CW Potter
Professor W Shepherd
Mr D N Broderick
Professor R A Cartwright
Mr J L Richards
Professor A W Robards

The COM is charged with the overall management of the charity and is responsible for ensuring that YCR remains focused on achieving its declared objects, continues to be financially sound and makes the best use of the resources available to it. The Board is also responsible for assessing the risks facing YCR in the future, defining controls to mitigate the impact of these risks and defining the charity's longer term strategy for success.

The COM has also established a number of committees to assist it to complete its work and each committee has terms of reference which clearly set out the regulations under which it operates, the recommended number of members (including how many must be present before the committee can formally meet) and the recommended tenure of posts. The committees already established are:

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2007

A **Scientific Advisory Committee** which has the continued delegated responsibility to review applications for grants on their scientific merit. The SAC is made up of one Trustee (Chairman of the SAC) and both YCR funded and external research scientists.

The SAC meets twice a year and, with the assistance of reports on each project provided by independent expert referees, drawn from both Britain and overseas, assesses the merits of these applications for research grants. Their recommendations are reported to the Council of Management to assist the COM in considering how best to invest our resources in research projects.

The SAC has also developed a new research strategy which will provide the guiding principles for our decisions on which activities we will fund in the future. This strategy has been closely aligned to our longer term strategic priorities to provide a co-ordinated approach to managing our charity into the future.

A **Commercial Exploitation Committee** drawn from our trustees which has the responsibility to maximise the commercial return from any developments achieved through YCR funded research activities. The COM has also, as part of our governance review, examined the rationale for this Committee and after extensive debate and discussion has reconfirmed the remit of this group.

A **Remuneration Committee** made up of an appropriate mix of trustees drawn from the COM has been formalised to recommend remuneration by benchmarking across relevant organisations to ensure that appropriate levels of remuneration are proposed.

A **Compliance Committee** made up of three trustees drawn from the COM who have the responsibility to monitor the operational and management processes, making recommendations for action to the COM, as appropriate. The COM has requested this new committee to review the charity's approach to risk management, as one of its first areas for focus, specifically to review the implementation and effectiveness of the controls put in place in response to the risks currently facing YCR.

Regional Committees (approximately 50) based throughout the county of Yorkshire and made up of (unpaid) volunteers have provided valuable local fundraising and have been very successful in raising the profile of YCR.

These committees continue to form part of our new governance arrangements to increase local ownership, create a sense of belonging to the charity and encourage wider participation. Three of these committees also run our three charity shops and all committees provide financial returns to the COM on activities carried out during the year.

Trustee's induction and training

All new trustees agree a code of conduct which follows the recommended approach set out in the Good Governance best practice code and the recommendations of the Nolan report on Standards in Public Life.

All new trustees are also given guidance on the structure and governance of our charity which covers such issues as delegation of duties, equal opportunities and circumstances which might result in a conflict of interest. New trustees meet with the Chief Executive and are appointed to a Committee, or a specific area of activity based on their skills and experience, and any immediate training needs are identified and incorporated within our trustee development programme.

All our Trustees also participate in an annual review, which is designed to identify any additional training or development needs that may have arisen. In addition our specialist advisors may from time to time recommend specific additional training or awareness programmes for emerging issues which may have particular relevance to our work. Such additional training is provided as required.

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Trustees' Report for the year ended 31 March 2007

Risk management

We have a comprehensive register of risks which is based on the potential risks that may affect a charity originally prepared by the Charity Commission. This register compares our control processes against the level of risk to create a prioritised action plan which will ensure our controls are appropriate to the likelihood and impact associated with each identified risk.

We recognise that the management of risk is a key element of effective governance and we have asked our newly formed Compliance Committee to review our existing approach in 2007 to ensure it remains effective and continues to reflect best operational practice.

Related organisations

We are members of the Association of Medical Research Charities and this organisation provides valuable input to direct specific aspects of our funding of research projects in line with our new research strategy. In addition the National Cancer Research Institute, the Charity Finance Directors Group and the Institute of Fundraising, of which we are active members, continue to provide guidance and insight into emerging best practice and any particular issues which may impact on our operational performance.

All such issues or guidance are monitored by our Chief Executive and drawn to the attention of our Trustees through our committee structure and through periodic newsletters, articles, events and our web site.

Objectives and activities

We have invested considerable time and effort in the development of a new approach to strategic planning and intend to adopt this framework in 2007 to set out how will achieve our aims and deliver the expected outcomes for our beneficiaries in the future.

Our objective is to encourage people of all ages and backgrounds across Yorkshire and beyond to be proactive in assisting us to achieve our overall aims and we continue to adopt the key message "through knowledge comes hope" to encourage this involvement.

We are committed to ensuring that funds we receive are allocated in the most efficient and effective manner. An AMRC recognised 'peer review' system, whereby the opinion of independent external assessors is sought regarding the merits of funding each research application made to the charity, helps to maintain the quality and continual monitoring of each successful application. It is particularly rewarding to note that our approach to this peer review was recently awarded a Certificate of Best Practice by the Association of Medical Research Charities.

Following an exhaustive review, in consultation with our research centres, we have also decided to continue our more radical funding policy to give particular focus on the development of translational research. Such research aims to develop existing ideas to a stage where commercial organisations are able to take them forward.

The hope amongst the scientific community in general and of all those associated with Yorkshire Cancer Research in particular is that this "bench to bedside" approach will accelerate the introduction of new treatments and diagnoses for patients.

Last year there was an unexpected fall in applications for project grants and a rise in the number of requests for pump priming grants. In order to extend our research award portfolio, we have reviewed the situation and have developed a new research strategy to focus our support on the areas where it can provide most value. We have also extended our funding policy to more fully embrace major new programmes of activity, including the refurbishment and building of new research facilities, and we plan to invest significantly in such areas in the immediate future.

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Trustees' Report for the year ended 31 March 2007

We have continued our review, started in 2006, to examine the findings from research carried out during previous years to identify any missed opportunities and aim to complete this important work by the end of 2007. We are also coordinating this review and our wider activities with that of other research bodies to accelerate and advance cancer research for the benefit of patients and the UK cancer research community as a whole and are already seeing the benefits of this rigorous approach.

To enable these major developments we have also further expanded our fundraising capability and organised sports themed events such as a golf tournament, abseils, aerobathons, cycle rides, swimming events and overseas treks; in addition to our existing and highly successful recruitment of runners to take part in the BUPA Great North Run and the ING New York City Marathon 2006 ®.

In order to meet our funding commitments and to develop our capability to fund more research in the future we continue to spend time carefully planning and analysing our fundraising targets, monitoring our performance and researching new and ever more efficient and exciting methods by which we can raise funds. This carefully planned approach has already resulted in an increase in our income and we plan to significantly increase our expenditure on research during 2007-8 to maximise the impact of our activities.

Staff training and our policy to recruit staff with specific skills also helps to ensure that our fundraising efforts keep pace in an ever changing fundraising environment. We have installed and maintained a sophisticated database in recent years to help in the capture and analysis of donor data, which now allows us to determine cost efficiency and break-even levels for all our fundraising events and initiatives resulting in improved management of fundraising activities.

In addition our newly revised research strategy sets out the parameters within which we provide funds for research to be conducted in our funded institutions. We closely monitor these to ensure that this strategy delivers or exceeds the anticipated benefits from our investment and contributes to the achievement of our charity's overall aims.

Through our challenging and dynamic programme of fundraising events we will continue to engage and unite new supporters from all walks of life in the common goal of raising funds for research into the cause(s) and cure(s) for cancer.

Achievements and performance

We are proud to continue to fund breakthrough research in the fight against cancer and the success of our research teams based in academic institutions in Yorkshire has relied upon solid scientific criteria against which initial funding applications are assessed and we have continued to apply this rigorous approach in our new research strategy developed in 2006.

Our expenditure was reduced in the financial year 2006-7. This was largely due to an unexpected fall in applications for project grant awards. We do not believe the solution to this would be to drop our assessment standards but rather to seek ever new and exciting opportunities to fund scientifically valid programmes of research. In order to achieve this we have now introduced two new funding streams the YCR Clinical Research Fellowships and YCR Researcher/Senior Researcher Awards and are actively seeking more interactive partnerships with key academic institutions within Yorkshire.

We have also supplemented the traditional method of evaluating whether research has reached its potential through the measurement of scientific output (e.g. publication in quality peer reviewed journals) to new systems whereby research outcomes (the translation of research into new diagnoses and treatments) can be better assessed.

This long term approach to the development of ideas from 'bench to bedside' inevitably passes through many stages and moves beyond the original funding parameters and our decision in 2006 to fund translational research clearly brings new challenges to the way we monitor the success of our research programmes.

Specifically we have achieved a number of highly significant milestones this year:

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Trustees' Report for the year ended 31 March 2007

We operated across a wide fundraising base to harness support from many sectors and individuals within Yorkshire. In addition to the 300 places we were able to buy as a 'top level' charity in the BUPA Great North Run we were also offered 30 places from another charity. As with every year since 2003, we also attracted over 100 runners with their own place in this prestigious event which resulted in funds in excess of £190,000 being raised.

Runners recruited from across the UK also took part in other high profile events such as the ING New York City Marathon 2006 © and although numbers were down in 2006 due to circumstances beyond our control the income was twice what was previously achieved before from this event, with one runner raising in excess of £100,000.

We also promoted Yorkshire's Biggest Aerobathon in 2006 which was a huge success attracting 900 entrants at a range of leisure centres across Yorkshire, raising a grand total of approximately £61,500.

Our Pedal for Pounds Bike Ride 2006 followed a 20 or 50 mile circular route from Harewood House and taking in the beautiful Wharfe Valley, was a great success with 220 people saddling up raising a grand total of approximately £34,500.

We have increased the number of such events held and made a concerted effort to publicise our scientific research resulting in our fundraising activities raising significantly more in 2006 than previously achieved. Grassroots fundraising through local voluntary committees also continued to perform strongly through a wide range of events and collections.

Regular monthly donations comprise a key element of our fundraising income and by raising awareness of this way of giving amongst existing and new supporters we have continued to increase the number of regular donors when compared to previous years.

We have also increased our awareness of developments in the scientific world to ensure that we fund leading-edge programmes which will have maximum impact for our beneficiaries and are actively seeking new partnerships and developing existing ones to maintain our reputation for innovation and independence. We also continue to nurture emerging talent within Yorkshire and our new Research Fellowships and Researcher Awards will further attract new and forward thinking researchers at all levels to live and work in the region.

We have also increased the awareness of our activities to generate greater numbers of legacy bequests through a co-ordinated communications programme. Having reviewed and consolidated our existing communication strategy focused on the potential to leave gifts in personal Wills, we have made sure that existing supporters and potential new donors are aware of the benefits of giving in this way. In accordance with the charity's firm belief that Wills should be written by a practising solicitor we have now expanded our existing Free Wills scheme (open to people aged 50 and over) to new areas in Yorkshire, working with more firms of established local solicitors.

Financial Review and Principal Sources of Funding

The results for the year are set out in the statement of financial activities on page 12. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Trust Deed, the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

This past year has seen an increase in incoming resources over 2006. It is particularly pleasing to see an increase in donations from the committees and the public and the organised fundraising events which have proved popular.

Legacy income continues to be our main source of income and remained a strong source of income this year.

This year for the first time we received royalties from research undertaken at Sheffield University of £114,781. This source of income is not predictable.

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Trustees' Report for the year ended 31 March 2007

Whilst the charity has commitments over the next five years to various research projects, programmes and facilities at various universities as detailed in note 5, the actual payments during 2006/2007 were less than in recent years. Funding of research does not necessarily follow the pattern of income the charity receives from year to year.

The charity also benefited from the better performance of stock markets and dividend levels. The charity is well placed to fund cancer research as and when suitable projects are identified.

General review of the charity's financial position

The financial highlights during the year were:

Total income for the year to 31 March 2007 was £5,974,762 (prior year - £5,651,806). Total resources expended amounted to £3,593,800 for the year (prior year - £4,592,017). The total surplus of income over expenditure (before investment gains) amounted to £2,380,962 (prior year - £1,059,789). Total investment gains were £944,068 for the year (prior year - £2,171,214). The total increase in the charity's funds is £3,325,030 leaving total funds at 31 March 2007 of £20,844,257.

Reserves policy

The trustees maintain the reserves at a level sufficient to meet charitable expenditure commitments to research projects and programme costs over the next five years. Consideration is given to the competition in Yorkshire for charitable donations and legacies and there will, therefore be occasions when the level of the reserves exceed the charitable expenditure commitments as explained under "objectives and activities".

Investment policy

Funds not needed to meet immediate charitable activities are invested in a professionally managed portfolio. The future income flow will enable further commitment to be met and undertaken so the portfolio is expected to be maintained for the longer term.

The Council of Management appoints the investment managers and this appointment is reviewed on an ongoing basis, but normally at five yearly intervals. It is a requirement that the investment managers meet with the Council of Management on a regular basis. Detailed written reports are to be produced on a quarterly basis, which value the portfolio and record the respective performance statistics. An integral part of the regular meetings, three times per annum, is detailed discussion on the content of the report, with particular reference to the performance aspect. The current managers are Brewin Dolphin Securities and they are remunerated by way of fees, less any commissions or costs otherwise charged. The fees start at 0.5% plus VAT per annum dropping to 0.3% plus VAT on value over £3m. The assets are held in a nominee company administered by Brewin Dolphin.

The overriding objective is to achieve the best total return available from capital and income on a medium to long term basis, whilst adopting a medium level of risk. A medium level of risk means that the portfolio is able to invest in equities, government and other fixed interest stocks, commercial property assets and cash either directly or via pooled funds, such as unit and investment trusts. The asset allocation is reviewed at the meetings held between the investment managers and the Council of Management.

The charity is devoted entirely into funding research into the causes and cure of cancer. It is acknowledged that the people who give money or receive funds as well as the many volunteers who support the charity expect an ethical investment policy to be in place that is in line with the charitable aims. The investment managers are instructed to invest only in companies that do their best to avoid harm to the health and safety of people and the environment. The managers are not to invest money in companies whose primary activities involve them in tobacco or cigarette production, animal testing for cosmetic purposes or the manufacture and export of military equipment. In addition, they are to avoid direct investment in countries with a poor human rights record.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2007

Investment review

As at 31 March 2007, the investment portfolio, managed by Brewin Dolphin, was valued at £17,342,281. This value represents a sharp increase from the value of the portfolio as at 31 March 2006, of £14,173,377. In part the increase reflects additional assets added, following a large level of legacy receipts, but also an increase in asset values.

Over the twelve month period the major equity markets moved ahead. For example the FTSE All Share Index rose, on a total return basis by 11.15%. Overseas equity returns were affected by currency movements, in particular the weak dollar, and the World Index in sterling terms gave a total return of 2.09%. Fixed interest indices were more muted, due to the steady increases in interest rates and gave a total return of just 0.56%. The portfolio, including income rose in value by 8.83%. Various measures of performance are considered by the Council of Management and the most relevant benchmark is the Private Investors Balanced Total Return Index, which increased by 6.26%.

At the year end 18% of assets were invested in fixed interest investments and 5.3% in commercial property. The remainder of the UK investments, 61.6%, mostly form a diversified portfolio of large, well established companies, most of which have substantial international interests. It continues to be the view of the investment managers that it is appropriate to concentrate a proportion of the equity assets in overseas investments. As at 31 March 2007, 11.6% of the overall value of the portfolio was invested in overseas equity markets, using collectives such as Unit Trusts.

Plans for the future

The strong financial performance we have achieved this year has enabled us to identify new opportunities to use our funding effectively to increase the momentum behind our programmes of research. We have also identified the fundraising activities which deliver maximum benefit and we will continue to pursue these as well as seeking new and effective income streams to engage with an ever-widening cross section of the public.

We plan to further increase our emphasis on sports orientated fundraising projects as this has not only proved to be a significant and growing income stream but also actively promotes our common goal of "raising funds while having fun". Aligned with a community fundraising strategy that successfully attracts individuals and groups to fundraise through events and activities, not organised centrally but, supported by our very effective PR and fundraising team, we aim to appeal to a wider audience without alienating our existing supporters.

The development of our new research strategy has involved extensive consultation with a wide range of stakeholders and careful consideration of a large number of emerging factors in both the fundraising and scientific worlds.

Through membership of both the Association of Medical Research Charities and the National Cancer Research Institute the charity's senior management team continues to liaise and consult with leading figures in the research world to ensure that issues of governance are addressed and new areas of opportunity are considered and explored where relevant.

Our overall objective for the future remains consistent and continues to be the funding of research conducted at institutions of international standing within Yorkshire to find cures for cancer and demonstrate the link between the research we fund and the impact it has on the lives of individuals affected by cancer – wherever they may live.

To maximise the benefits of this approach and achieve our key objectives we plan to finalise and implement our detailed strategic plan, developed in draft during 2006 to more strongly focus on increased levels of fundraising aligned to our goal of engaging with the people of Yorkshire and beyond.

Our future objectives are challenging. However we have developed a robust strategy and with our enthusiastic and committed team of staff and volunteers we are confident that our contribution to the future will continue to be significant and will deliver positive outcomes for all our beneficiaries.

YORKSHIRE CANCER RESEARCH

Trustees' Report for the year ended 31 March 2007

Statement of the Council of Management's responsibilities

Charity and 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 Y.C.R. and the group. In preparing those accounts, the directors should follow best practice and:

- select suitable accounting policies and then applied them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

The Council of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Y.C.R. and the group, and to enable them to ensure that the accounts comply with the relevant charity and company legislation. They are also responsible for safeguarding the assets of Y.C.R. and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Tax status

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

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 2007.

Auditors

A resolution to re-appoint RSM Bentley Jennison as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

This report was approved by the Council of Management on 5 September 2007.

Dr BP Jackson – Chairman

**YORKSHIRE CANCER RESEARCH
REPORT OF THE INDEPENDENT AUDITORS**

**To the Members of Yorkshire Cancer Research
for the year ended 31 March 2007**

We have audited the financial statements of Yorkshire Cancer Research for the year ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity'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 charity'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 charity and the charity's 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 described in the Statement of the Council of Management's Responsibilities the trustees, (who are also the directors of Yorkshire Cancer Research for the purposes of company law), are responsible for the preparation of the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

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 Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our audit if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, 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 financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2007 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended.
- The Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the Trustees' Annual Report is consistent with the financial statements.

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

Dated: 5 September 2007

YORKSHIRE CANCER RESEARCH

**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 March 2007**

	Notes	Total 2007 £	Total 2006 £
Incoming resources			
Donations		1,653,161	1,443,623
Legacies		3,630,457	3,748,404
Activities for generating funds:			
Income from trading	2	42,946	50,941
Investment income	3	531,218	404,839
Incoming resources from charitable activities – royalties		114,781	-
Net gains on disposal of fixed assets		<u>2,199</u>	<u>3,999</u>
Gross resources arising		<u>5,974,762</u>	<u>5,651,806</u>
Resources expended			
Costs of generating funds			
Fund raising costs	4	649,796	618,889
Costs of trading	2	21,795	23,769
Investment management fees		<u>31,523</u>	<u>29,897</u>
		703,114	672,555
Charitable activities	5	2,853,674	3,886,503
Governance costs	4	<u>37,012</u>	<u>32,959</u>
Total resources expended		<u>3,593,800</u>	<u>4,592,017</u>
Net incoming resources	6	2,380,962	1,059,789
Realised gains on investment assets	8	<u>294,823</u>	<u>14,611</u>
Net incoming resources including realised gains on investments		2,675,785	1,074,400
Unrealised gains on investment assets	8	<u>649,245</u>	<u>2,156,603</u>
Net movement in funds		3,325,030	3,231,003
Fund balances brought forward 1 April 2006		<u>17,519,227</u>	<u>14,288,224</u>
Fund balances carried forward 31 March 2007	13	<u>£20,844,257</u>	<u>£17,519,227</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

The notes on pages fifteen to twenty-two form part of these financial statements

YORKSHIRE CANCER RESEARCH

Balance Sheet as at 31 March 2007

	Note	Group 2007 £	2006 £	Y.C.R. 2007 £	2006 £
Fixed assets					
Tangible assets	7	218,697	177,464	218,697	177,464
Investments	8	<u>17,483,013</u>	<u>14,298,509</u>	<u>17,483,215</u>	<u>14,298,711</u>
		<u>17,701,710</u>	<u>14,475,973</u>	<u>17,701,912</u>	<u>14,476,175</u>
Current assets					
Goods for resale		11,431	7,673	-	-
Debtors	9	1,610,414	3,525,893	1,665,705	3,578,710
Cash at bank and in hand	10	<u>1,698,407</u>	<u>502,804</u>	<u>1,651,933</u>	<u>453,551</u>
		3,320,252	4,036,370	3,317,638	4,032,261
Creditors: amounts falling due within One year	11	(<u>177,705</u>)	(<u>993,116</u>)	(<u>175,293</u>)	(<u>989,209</u>)
Net current assets		<u>3,142,547</u>	<u>3,043,254</u>	<u>3,142,345</u>	<u>3,043,052</u>
Total assets less current liabilities		<u>£20,844,257</u>	<u>£17,519,227</u>	<u>£20,844,257</u>	<u>£17,519,227</u>
Unrestricted funds:					
General funds	13	9,599,594	8,961,981	9,599,594	8,961,981
Designated funds	13	<u>11,244,663</u>	<u>8,557,246</u>	<u>11,244,663</u>	<u>8,557,246</u>
Total funds		<u>£20,844,257</u>	<u>£17,519,227</u>	<u>£20,844,257</u>	<u>£17,519,227</u>

The financial statements were approved by the Council of Management on 5 September 2007 and signed on its behalf by:

Dr B P Jackson - Chairman

Dr M R Harrison - Treasurer

The notes on pages fifteen to twenty-two form part of these financial statements

YORKSHIRE CANCER RESEARCH

**Consolidated Cash Flow Statement
for the year ended 31 March 2007**

	Note	2007 £	2006 £
Cash inflow from operating activities	15	2,965,846	946,099
Returns on investments and servicing of finance			
Dividends and interest received		531,218	404,839
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(72,449)	(42,330)	(42,330)
Sale of tangible fixed assets	2,200	4,000	4,000
Purchase of investments	(4,420,743)	(2,359,014)	(2,359,014)
Sale of investments	2,205,131	908,677	908,677
Investment loan	<u>(15,600)</u>	<u>(125,000)</u>	<u>(125,000)</u>
		<u>(2,301,461)</u>	<u>(1,613,667)</u>
Increase/(decrease) in cash in the year		1,195,603	(262,729)
Net funds at 1 April 2006		<u>502,804</u>	<u>765,533</u>
Net funds at 31 March 2007		<u>£ 1,698,407</u>	<u>£ 502,804</u>

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2007

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 March 2006 and applicable accounting standards.

Y.C.R. Status

Y.C.R. 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 Y.C.R. 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 Y.C.R. and its wholly owned subsidiary undertakings, Y.C.R. Promotions Limited and Y.C.R. 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 Y.C.R. 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 Y.C.R. 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.

Legacies

Income arising from legacies is recognised in the accounts when Y.C.R. 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. Y.C.R. 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. Governance 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.

YORKSHIRE CANCER RESEARCH

Notes to the financial statements for the year ended 31 March 2007

1. Accounting policies (continued)

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	5 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.

Stock 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 Y.C.R. 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 Y.C.R.'s trading activities through its subsidiary undertaking, Y.C.R. Promotions Ltd, are detailed below. Y.C.R. Promotions Limited pays interest to Y.C.R. and covenants its profits to Y.C.R.

	2007 £	2006 £
Income from trading	<u>42,946</u>	<u>50,941</u>
Cost of sales	(19,276)	(21,665)
Administrative expenses	<u>(2,519)</u>	<u>(2,104)</u>
Costs of trading	<u>(21,795)</u>	<u>(23,769)</u>
Gift Aid payment to parent company	<u>21,151</u>	<u>27,172</u>

YORKSHIRE CANCER RESEARCH

**Notes to the financial statements
for the year ended 31 March 2007**

3. Investment income

	2007 £	2006 £
Dividends and interest on investments	495,000	378,625
Interest on bank deposits	<u>36,218</u>	<u>26,214</u>
	<u>531,218</u>	<u>404,839</u>

4. General overheads and staff costs

	Charitable activities £	Fund raising £	Governance £
Publicity	-	366,027	-
Staff costs	190,313	182,383	23,789
Travel and motor expenses	11,861	11,367	1,482
Office accommodation costs	13,221	12,670	1,652
Office repairs and renewals	2,134	2,045	267
Printing, stationery, postage and sundries	38,832	37,213	4,854
Legal and professional services	24,764	23,732	3,095
Depreciation	14,983	14,359	1,873
Interest payable	<u>1,006</u>	<u>-</u>	<u>-</u>
31 March 2007	<u>297,114</u>	<u>649,796</u>	<u>37,012</u>
31 March 2006	<u>263,672</u>	<u>618,889</u>	<u>32,959</u>

5. Charitable activities

	2007		2006	
	Incurred £	Future commitments £	Incurred £	Future commitments £
Grants payable:				
Research projects, programmes and facilities				
Bradford University	89,775	366,574	454,002	551,425
Hull University	-	171,462	25,176	30,717
Leeds University	502,011	2,166,303	839,979	1,769,049
Sheffield University	1,198,127	4,702,150	1,164,423	3,170,635
York University	709,726	3,831,424	1,086,065	2,945,013
Travel grants and miscellaneous items	56,921	6,750	53,186	90,407
Support costs (Note 4)	<u>297,114</u>	<u>-</u>	<u>263,672</u>	<u>-</u>
Total	<u>2,853,674</u>	<u>11,244,663</u>	<u>3,886,503</u>	<u>8,557,246</u>

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.

YORKSHIRE CANCER RESEARCH

**Notes to the financial statements
for the year ended 31 March 2007**

6. Net incoming resources for the year are stated after charging:

	2007 £	2006 £
<i>Staff costs</i>		
Wages and salaries	333,130	291,684
Social security costs	33,393	28,537
Pension costs	<u>29,962</u>	<u>27,794</u>
	<u>396,485</u>	<u>348,015</u>

The average number of staff employed during the year was 17 (2006 - 16). No employee earned £60,000 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 Y.C.R. during the year amounted to £4,922 (2006 - £3,829). This was in respect of 4 members (2006 – 3).

Y.C.R. 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 £1,155 (2006 - £1,441).

	2007 £	2006 £
Auditors' remuneration	<u>11,588</u>	<u>9,516</u>
Fees for non-audit work paid to the auditors	<u>21,440</u>	<u>10,781</u>
Depreciation of owned assets	<u>31,215</u>	<u>26,297</u>
Operating lease rent paid	<u>3,887</u>	<u>3,825</u>

7. Tangible fixed assets

Group and Y.C.R.	Freehold property £	Motor vehicles £	Office furniture and equipment £	Total £
Cost				
1 April 2006	179,073	56,349	133,445	368,867
Additions	-	31,875	40,574	72,449
Disposals	<u>-</u>	<u>(8,814)</u>	<u>-</u>	<u>(8,814)</u>
31 March 2007	<u>179,073</u>	<u>79,410</u>	<u>174,019</u>	<u>432,502</u>
Depreciation				
1 April 2006	60,403	36,819	94,181	191,403
Charge for the year	3,581	16,114	11,520	31,215
Disposals	<u>-</u>	<u>(8,813)</u>	<u>-</u>	<u>(8,813)</u>
31 March 2007	<u>63,984</u>	<u>44,120</u>	<u>105,701</u>	<u>213,805</u>
Net book amount				
31 March 2007	<u>115,089</u>	<u>35,290</u>	<u>68,318</u>	<u>218,697</u>
31 March 2006	<u>118,670</u>	<u>19,530</u>	<u>39,264</u>	<u>177,464</u>

YORKSHIRE CANCER RESEARCH

**Notes to the financial statements
for the year ended 31 March 2007**

7. Tangible fixed assets (continued)

The freehold property is held for use as the head office.

No property is held for investment purposes.

8. Fixed asset investments

	Group		Y.C.R	
	2007	2006	2007	2006
	£	£	£	£
Market value of listed Investments and Unit Trusts	17,342,281	14,173,377	17,342,281	14,173,377
Unlisted investments	132	132	132	132
Investment loan	140,600	125,000	140,600	125,000
Subsidiary undertaking - YCR Promotions Limited	-	-	202	202
	<u>17,483,013</u>	<u>14,298,509</u>	<u>17,483,215</u>	<u>14,298,711</u>

	Group & Y.C.R	
	2007	2006
	£	£
<i>Listed Investments and Unit Trusts</i>		
Market value at 1 April 2006	14,173,377	10,358,772
Additions	4,429,967	2,552,068
Disposals	(2,205,131)	(908,677)
Net investment gains	<u>944,068</u>	<u>2,171,214</u>
Market value at 31 March 2007	<u>17,342,281</u>	<u>14,173,377</u>
Historical cost of investments	<u>13,294,779</u>	<u>10,793,120</u>
Realised gains based on historic cost	<u>294,823</u>	<u>14,611</u>
Investments received as legacies or donations	9,224	193,054
Investments purchased	<u>4,420,743</u>	<u>2,359,014</u>
	<u>4,429,967</u>	<u>2,552,068</u>

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

British Government securities	1,546,574	1,881,286
UK fixed interest securities – listed on a recognised Stock Exchange	868,050	795,664
UK equity securities – listed on a recognised Stock Exchange	12,299,712	9,606,526
Unit trusts – invested in foreign equities	<u>2,627,945</u>	<u>1,889,901</u>
	<u>17,342,281</u>	<u>14,173,377</u>

British Government securities represent 8.9% of the total value (2006 – 13.3%)

There were no investments in individual company equities that exceeded 5% of the value of the portfolio at 31 March 2007 or 2006.

YORKSHIRE CANCER RESEARCH

**Trustees' Report
for the year ended 31 March 2007**

8. Fixed assets investments (continued)

The investment portfolio is administered by Brewin Dolphin Securities Ltd.

<i>Unlisted investments</i>	Group		Y.C.R.	
	2007 £	2006 £	2007 £	2006 £
Cost at 1 April 2006 and 31 March 2007	<u>132</u>	<u>132</u>	<u>132</u>	<u>132</u>
			Group & Y.C.R.	
			2007 £	2006 £
Investment loan Pro-Cure Therapeutics Limited			<u>140,600</u>	<u>125,000</u>
			Y.C.R.	
			2007 £	2006 £
<i>Subsidiary undertakings</i> Cost at 1 April 2006 and at 31 March 2007			<u>202</u>	<u>202</u>

The principal activities of Y.C.R.'s wholly owned subsidiary undertaking, Y.C.R. 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 Results of Trading (Note 2).

Y.C.R.'s wholly owned subsidiary undertaking, Y.C.R. Scientific Developments Limited, a company registered in England and Wales, was dormant during the year.

<i>Total investments</i>	Group £	Y.C.R. £
Value at 31 March 2007	<u>17,483,013</u>	<u>17,483,215</u>

9. Debtors

Amounts falling due within one year	Group		Y.C.R.	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	71	582	-	-
Amounts owed by subsidiary undertaking	-	-	35,362	33,399
Income tax recoverable	3,825	12,620	3,825	12,620
Accrued legacy income	1,548,854	3,472,391	1,548,854	3,472,391
Prepayments and other accrued income	<u>57,664</u>	<u>40,300</u>	<u>57,664</u>	<u>40,300</u>
	<u>1,610,414</u>	<u>3,525,893</u>	<u>1,645,705</u>	<u>3,558,710</u>

YORKSHIRE CANCER RESEARCH

**Trustees' Report
for the year ended 31 March 2007**

9. Debtors

Amounts falling due after more than one year

	Group		Y.C.R.	
	2007	2006	2007	2006
	£	£	£	£
Loan to subsidiary undertaking	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total	<u>1,610,414</u>	<u>3,525,893</u>	<u>1,665,705</u>	<u>3,578,710</u>

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

	Group		Y.C.R.	
	2007	2006	2007	2006
	£	£	£	£
Cash at bank and in hand	1,449,657	282,131	1,403,183	232,878
Cash held by local committees	<u>248,750</u>	<u>220,673</u>	<u>248,750</u>	<u>220,673</u>
	<u>1,698,407</u>	<u>502,804</u>	<u>1,651,933</u>	<u>453,551</u>

11. Creditors: amounts falling due within one year

	Group		Y.C.R.	
	2007	2006	2007	2006
	£	£	£	£
Amounts owed to subsidiary undertaking	-	-	200	200
Research expenditure	139,857	958,461	139,857	958,461
Other creditors and accruals	37,036	32,263	35,236	30,548
Taxation and Social Security	<u>812</u>	<u>2,392</u>	<u>-</u>	<u>-</u>
	<u>177,705</u>	<u>993,116</u>	<u>175,293</u>	<u>989,209</u>

12. Commitments

	Group & Y.C.R.	
	2007	2006
	£	£
Rent payable in the coming year on a property lease - expiring between one and five years	<u>4,200</u>	<u>3,188</u>
Capital commitments - contracted for but not provided for in the accounts	<u>11,997</u>	<u>13,000</u>

13. Statement of funds

	General fund	Designated fund	Total funds
	£	£	£
At 1 April 2006	8,961,981	8,557,246	17,519,227
Income	5,974,762	-	5,974,762
Expenditure	(1,037,240)	(2,556,560)	(3,593,800)
Net investment gains	944,068	-	944,068
Funds designated during the year	<u>(5,243,977)</u>	<u>5,243,977</u>	<u>-</u>
At 31 March 2007	<u>9,599,594</u>	<u>11,244,663</u>	<u>20,844,257</u>

YORKSHIRE CANCER RESEARCH

**Trustees' Report
for the year ended 31 March 2007**

14. Analysis of group net assets between funds

	General fund £	Designated fund £	Total funds £
Fund balances at 31 March 2007 are represented by:			
Tangible fixed assets	218,697	-	218,697
Investments	6,238,350	11,244,663	17,483,013
Net current assets	<u>3,142,547</u>	<u>-</u>	<u>3,142,547</u>
Total net assets	<u>9,599,594</u>	<u>11,244,663</u>	<u>20,844,257</u>

15. Net cash inflow from operating activities

	2007 £	2006 £
Net incoming resources for the year	2,380,962	1,059,789
Investment income	(531,218)	(404,839)
Depreciation (including gains on disposal of fixed assets)	29,016	22,298
Donations/legacies received as investments	(9,224)	(193,054)
Increase in stocks	(3,758)	(1,912)
Decrease/(increase) in debtors	1,915,479	(13,547)
(Decrease)/increase in creditors	<u>(815,411)</u>	<u>477,364</u>
Net inflow from operating activities	<u>2,965,846</u>	<u>946,099</u>