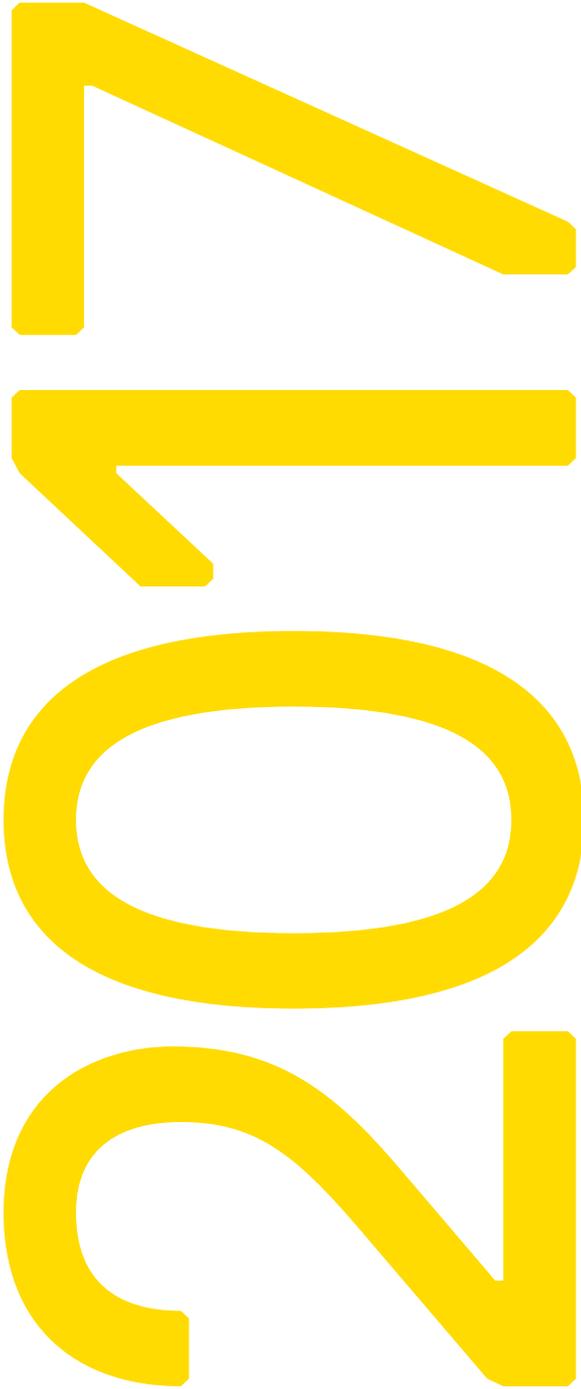
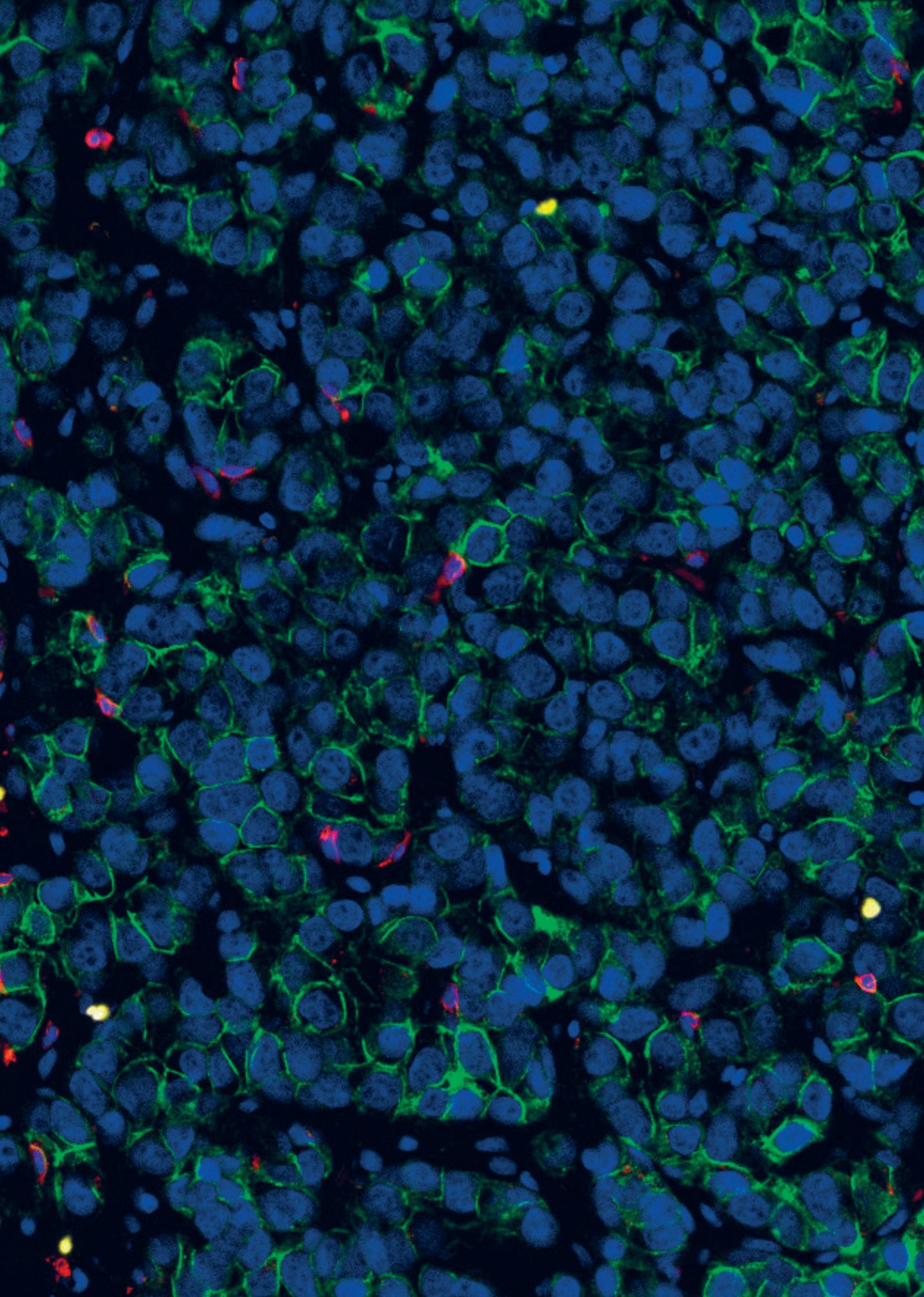

Annual Report and
Financial Statements
for the year ended
31 July 2017





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**The Institute of Cancer Research:
Royal Cancer Hospital**

Company Number 534147

Financial Statements for the
year ended 31 July 2017

Executive summary

Our finances

£124.0m

of income in 2016/2017



In 2016/17 The Institute of Cancer Research, London had total incoming resources of £124.0m.

£109.4m

of expenditure in 2016/2017



Expenditure was £109.4m, of which 81% relates to direct research costs

£14.6m

surplus before other gains and losses



The surplus before other gains and losses was £14.6m, of which £6.6m relates to timing differences between the receipt and expenditure of research grants.

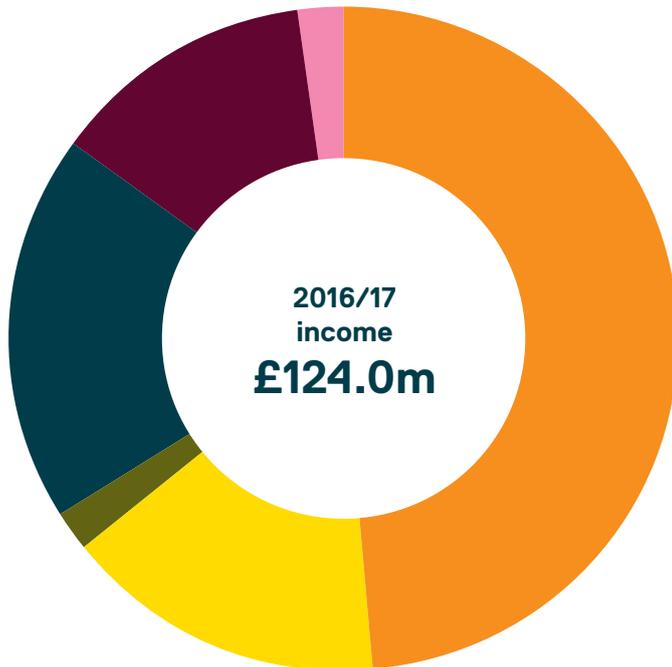
£8.0m

unrestricted surplus before other gains and losses



Our unrestricted surplus before other gains and losses was £8.0m. The Institute of Cancer Research (ICR) has committed its surplus funds to long-term investment in its ambitious research strategy.

Total income 2016/17



49%

Research grants of which:

40% Cancer Research UK

12% Breast Cancer Now

5% Wellcome Trust

19%

Royalty income

15%

Higher Education Funding Council For England

13%

Donations and endowments

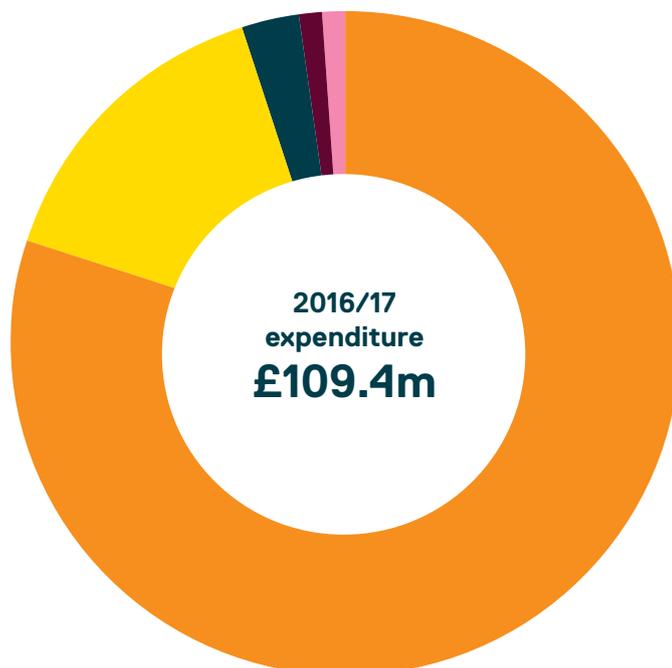
2%

Investment and other income

2%

Tuition fees and education contracts

Total expenditure 2016/17



81%

Direct research costs

14%

Research support costs

3%

Fundraising

1%

Information and education

1%

Other

Strategic initiatives

It has been a big year for the ICR. We developed a new operational strategy, a learning and teaching strategy and a series of important initiatives designed to strengthen our organisation.

New strategies for operations and education

The ICR unveiled a new operational strategy, *Powering our research*, which sets out how corporate staff and scientists will work together to provide exceptional support for our research and teaching, and a new learning and teaching strategy, *Inspiring tomorrow's leaders*, which sets out a series of ambitions for our educational activities.



ICR awarded £30 million towards new facility for drug discovery and cancer evolution

The ICR secured a £30 million grant from the Higher Education Funding Council for England towards the costs of building a new, state-of-the-art drug discovery facility, to tackle cancer's ability to evolve to become resistant to treatment.





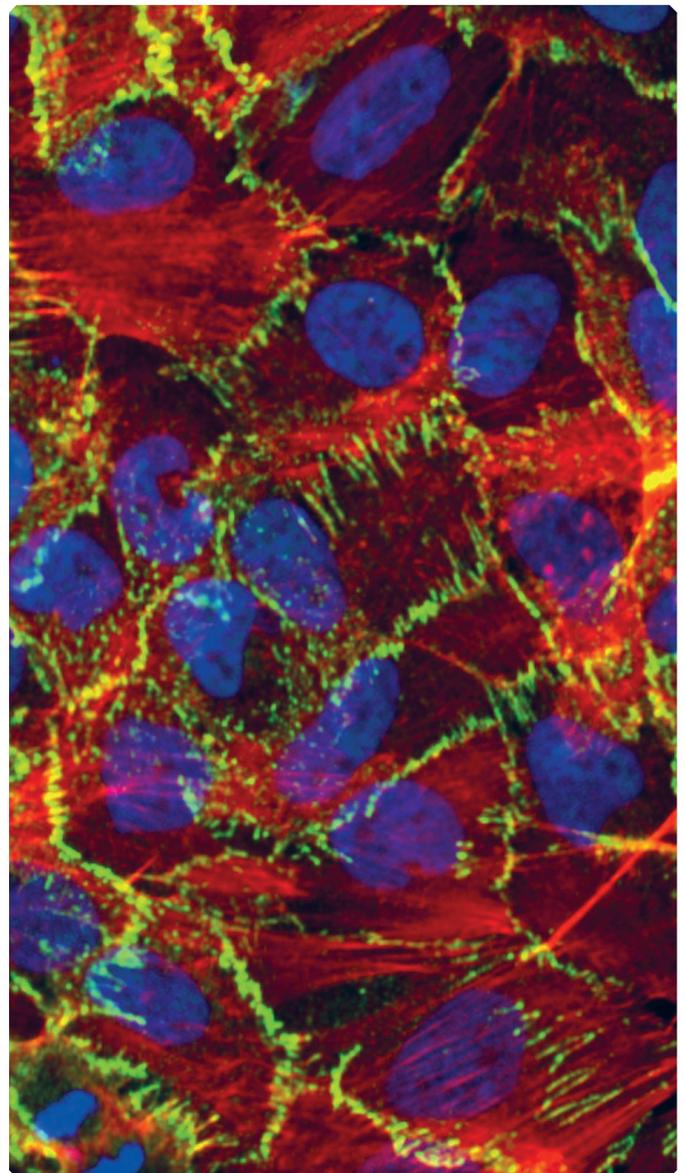
Step forward for The London Cancer Hub

Our ambition to create the world's leading hub for cancer research and treatment has taken an important step forward, as the London Borough of Sutton invested over £14 million in NHS land needed to develop The London Cancer Hub.



MR Linac launched

The ICR and The Royal Marsden became the first institutions in the UK to install a revolutionary MR Linac radiotherapy machine, opened by Sadiq Khan, the Mayor of London.



ICR and Imperial launch joint partnership

The ICR and Imperial College London have marked the start of a new partnership with the launch of the Cancer Research Centre of Excellence, harnessing the complementary expertise of both partners.

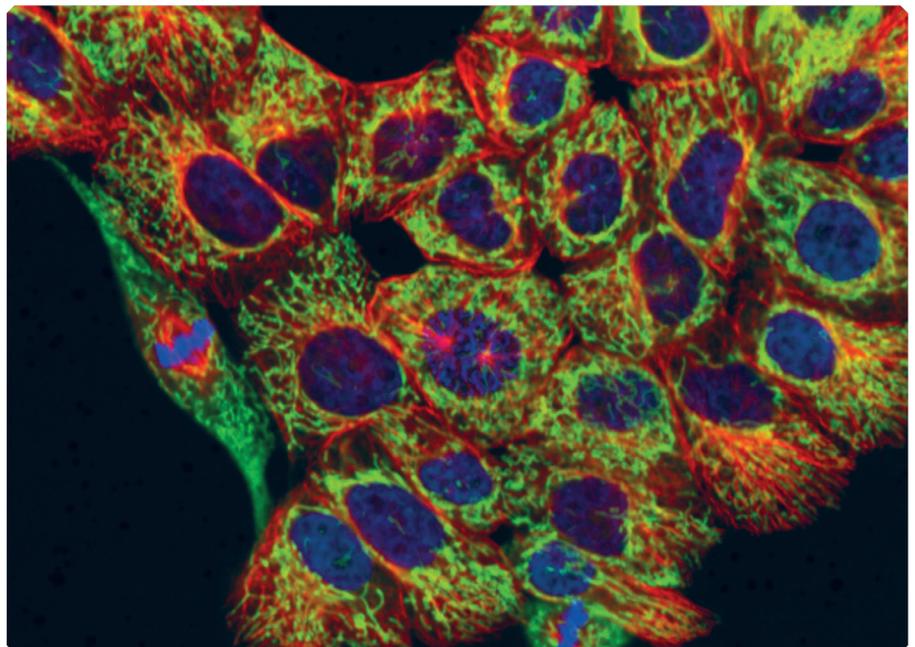
Key achievements

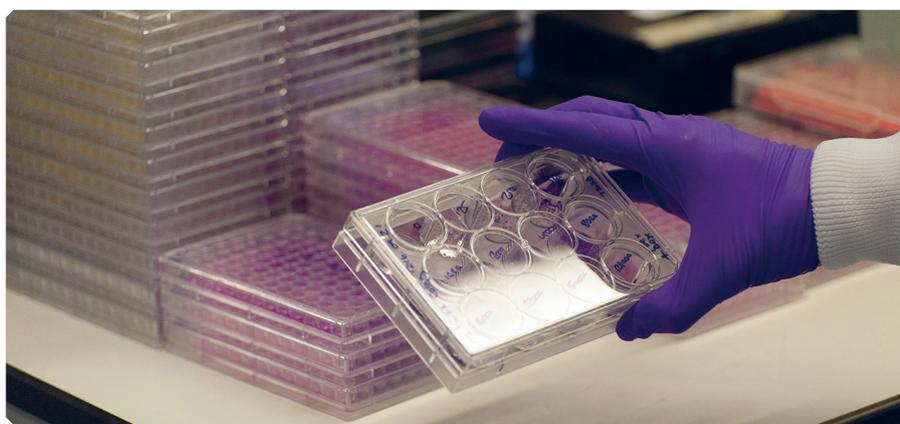
ICR researchers published major papers improving our understanding of cancer and setting out potential new treatments for different tumour types. The following are just a few of our top discoveries representing the best and breadth of our research:

Scientists at the ICR and The Royal Marsden developed a three-in-one blood test that could transform treatment of advanced prostate cancer through use of precision drugs designed to target mutations in the BRCA genes.



Researchers at the ICR and the Hubrecht Institute-KNAW have identified a new genetic cause of a childhood kidney cancer called Wilms tumour – revealing insights into how loss of control of chromosome number can lead to cancer.





ICR researchers have discovered a new chemical inhibitor that blocks a system used by cancer cells to cope with stress.

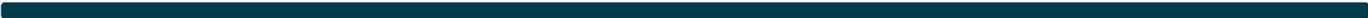


Scientists at the ICR revealed a novel way the protein Tankyrase supports signals which help bowel cancer cells divide in an uncontrolled manner.

A large international study led by the ICR and The Royal Marsden has shown that the immunotherapy drug nivolumab is kinder than chemotherapy for people with advanced head and neck cancer.

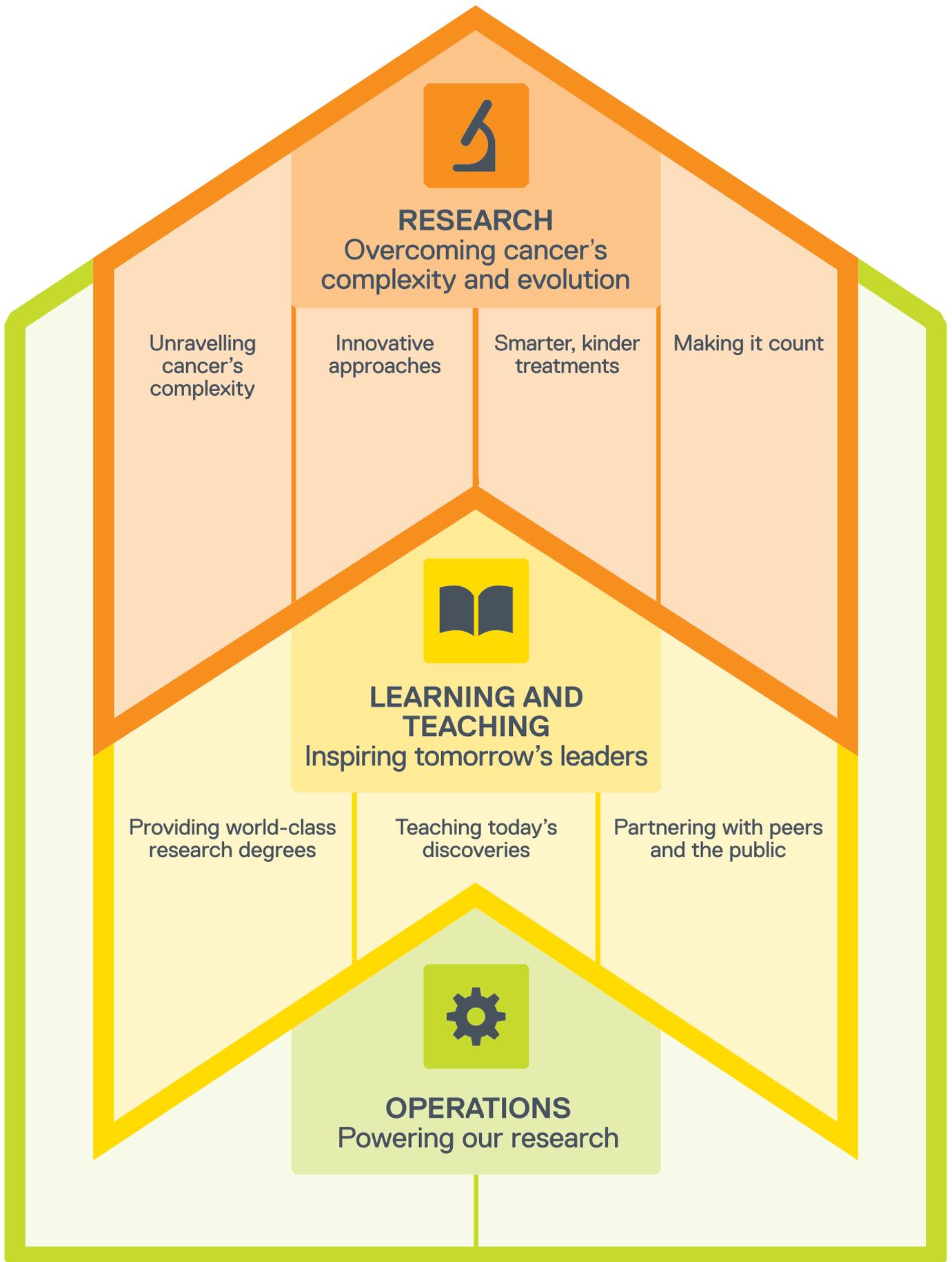


Report of the Board of Trustees



OUR MISSION

Making the discoveries that defeat cancer



Objectives and activities

Our mission is to make the discoveries that defeat cancer.

The Board of Trustees of the ICR presents its Annual Report and Financial Statements for the year ended 31 July 2017.

It is estimated that more than one in two people will be diagnosed with cancer at some point in their lives. Even those who have not been personally affected by cancer are likely to know people who have been. The ICR is one of the world's most influential cancer research organisations and dedicated to the translation of discoveries into improved outcomes for cancer patients. We are a college of the University of London and an exempt charity.



Read more about the ICR's strategy at icr.ac.uk/strategy

The ICR's strategy brings together three major goals designed so we can make the discoveries that defeat cancer and enhance our position as a world leader in cancer research.

Firstly, with our partner The Royal Marsden NHS Foundation Trust, we seek to deliver world-leading research that can overcome the challenges posed by cancer's complexity, adaptability and evolution. Our joint research strategy is titled *Making the discoveries: our strategy to defeat cancer*, and was released in July 2016. It is structured around four central pillars: unravelling cancer's complexity to identify new weaknesses, exploiting those weaknesses through innovative approaches to therapy, developing smarter, kinder treatments for patients, and making our research count by helping embed advances into routine care.

Secondly, we will continue to offer internationally excellent learning and teaching for the very best researchers and clinicians. We provide postgraduate research degrees for students of the highest intellectual calibre, tailored training and support for postdoctoral researchers, and research-led education for clinicians specialising in oncology, to help take the latest advances to patients. Our learning and teaching strategy 2016-21, *Inspiring tomorrow's leaders*, outlines how we will achieve this.

And thirdly, we will deliver world-class operations that can support research and education of the highest quality, and build a sustainable organisation for the long term. Our operational strategy 2017-21, *Powering our research*, aims to achieve this through two major objectives. Firstly, we will grow our income to increase the resources available to power our research. Secondly, we will build a world-class environment that provides excellent services, infrastructure and support for our research and education.



1. MAKING THE DISCOVERIES

We aim to combat cancer's complexity and evolution through scientific and clinical excellence, innovation and partnership.

In July 2016, the ICR released a new joint research strategy with The Royal Marsden, titled *Making the discoveries: our strategy to defeat cancer*. The document covers the five years until 2021 and sets out a new scientific vision for the organisation. We aim to accelerate progress against cancer by combating the disease's extraordinary complexity, and its enduring ability to adapt and become resistant to treatment. We will do so through scientific and clinical excellence, innovation and partnership.

Our research strategy is structured around four central pillars designed to overcome cancer's complexity and evolution.

Unravelling cancer's complexity

The first pillar of our joint research strategy is to gain a much fuller understanding of the complexity of cancer. We need to take an overview of cancer's complex ecosystems and communication networks – and yet also to drill down deep into the specific mechanisms that drive cancer development, growth and spread. In this way we can reveal the fundamental processes at work as cancers arise, change and evolve, and use this knowledge to outmanoeuvre cancer by opening up exciting new avenues for treatment.

Innovative approaches

Scientific understanding on its own is not sufficient to defeat cancer – we need to innovate at every stage from the bench to the bedside. The second pillar of our research strategy is to discover novel and personalised approaches to cancer treatment, controlling tumours locally where possible, while also meeting the challenges of cancer evolution and drug resistance. We believe that drugs that target evolutionary mechanisms, adaptive therapy, precision radiotherapy and immunotherapy – often used together in innovative combinations – will all have a critical part to play in achieving long-term survival and cure.

Smarter, kinder treatments

The ICR and The Royal Marsden will work closely together to accelerate clinical development of innovative new treatments for the benefit of patients. The third pillar of our research strategy is to create and deliver innovative clinical trials assessing a range of personalised treatments: novel small-molecule drugs, biological agents including immunotherapy, precision radiotherapy, new surgical techniques, advanced cancer imaging and combination treatment. We need to use targeted treatment, based on accurate diagnosis, as early as possible in disease – and then to adapt therapy to the cancer's changing molecular and biological profile.

Making it count

We recognise that our responsibility to cancer patients does not end with the delivery of excellent research, or even with the development of a new treatment. We need to take active steps to ensure our findings deliver real impact on the lives of cancer patients. So the fourth pillar of our strategy is a commitment to make our research count in embedding new treatments, technologies and strategies for prevention into routine healthcare, by building an evidence base to support their adoption, leading through national and international networks, and influencing health services. We want to ensure our results have the greatest possible beneficial impact on the lives of people with cancer – and people who may develop cancer in future.





2. INSPIRING TOMORROW'S LEADERS

The ICR has a strategic goal to educate and train the next generation of cancer researchers and clinicians.

Our learning and teaching strategy 2016-21 sets out our priorities and principles for education and training at the ICR. It guides us as we continue to play a vital role in securing the capacity and quality of the future global cancer research community.

The strategy is structured around three pillars of activity, underpinned by our work in three foundation areas.

Pillar 1 – provide world-class research degree programmes

We aim to further develop and enhance the quality of the ICR's research degree programme and student support.

Pillar 2 – teach tomorrow's leaders today's discoveries

We aim to provide postgraduate taught degrees that 1) support the rapid translation of scientific advancement into benefits for cancer patients 2) fuel the pipeline of highly skilled researchers working to defeat cancer.

Pillar 3 – partner with our peers and the public

We aim to maintain, forge and develop partnerships that support our education and training goals, and to widen participation in STEM education through promotion of student and staff volunteering, community outreach and public engagement.

Our work in each of these three strategic pillars is reinforced by high standards in each of the following three areas, which we call our foundations:

- Environment and infrastructure
- Quality assurance
- Equality and diversity.



3. POWERING OUR RESEARCH

Our operational strategy 2017-21, Powering our research sets out how corporate staff and scientists will build on our strengths and work together to provide exceptional support for our research and teaching.

It groups programmes of activities within two central pillars – growing our income and delivering a world-class environment.

Our aim is to attract new sources of income to the ICR capable of supporting our ambitions for our research and teaching. We also believe it is essential to deliver the best possible environment for staff, offering infrastructure and tailored support services for research and teaching.

Our new strategy outlines nine programmes of activity intended to achieve these aims.

Within the growing income theme, we will increase our funding streams from grants, philanthropy and commercial activities, including initiatives such as The London Cancer Hub.

We will also look to ensure we build on the efficiency and effectiveness of all our services.

As part of creating a world-class environment, we will provide tailored support services for researchers at every stage in their working lives, streamline our governance and improve use of information to support decision making.

We will also make sure our operations are properly organised and resourced to achieve their goals, and a key focus will be in further developing our culture, so all corporate staff and researchers feel part of One ICR.

Find out more about
The London Cancer
Hub. See
londoncancerhub.org



We seek to deliver world-leading research that can overcome the challenges posted by cancer's complexity, adaptability and evolution

Strategic report

The ICR is committed to carrying out research to improve cancer patient care and health outcomes, and to maximise patient benefit.



To find out more about our industry partnerships visit www.icr.ac.uk/enterprise

Key initiatives

New strategic initiatives to ensure we lead the way in cancer research

It has been a big year for the ICR, with 2016/17 bringing a new operational strategy, a learning and teaching strategy and a series of important initiatives designed to strengthen our organisation.

New strategies for operations and education

The ICR unveiled a new operational strategy, *Powering our research*, which sets out how corporate staff and scientists will build on our strengths and work together to provide exceptional support for our research and teaching. The strategy is structured around two central pillars – growing our income by attracting new sources of income to the ICR and delivering a world-class environment for researchers, through excellent infrastructure and tailored support services. The ICR also launched a new learning and teaching strategy, *Inspiring tomorrow's leaders*, which sets out a series of ambitions for our educational activities – including to enhance research degrees and to increase student numbers.

ICR awarded £30 million towards new facility for drug discovery and cancer evolution

The ICR secured a £30 million grant from the Higher Education Funding Council for England towards the costs of building a new, state-of-the-art drug discovery facility. The funding was awarded through the UK Research Partnership Investment Fund (UKRPIF) to help us progress with the proposed new Centre for Cancer Drug Discovery. The building will house our Cancer Therapeutics Unit alongside the Centre for Evolution and Cancer, to accelerate the discovery of treatments that tackle cancer's ability to evolve to become resistant to treatment. Once completed, the centre will form a key part of The London Cancer Hub.

The London Cancer Hub

Our ambition to create the world's leading hub for cancer research, education and treatment have taken an important step forward, with the London Borough of Sutton investing more than £14 million in surplus NHS land needed to develop The London Cancer Hub. The Council purchased more than 22,000 square metres of land in the first stage of a planned major expansion and redevelopment. Purchasing the land is a key milestone for the project, and clears the way for the Council and the ICR to seek a commercial partner to help drive forward the project.

270

scientists across cross-disciplinary teams will be housed in the new Centre for Cancer Drug Discovery

£1bn

estimated to be delivered per annum to the UK economy through the London Cancer Hub



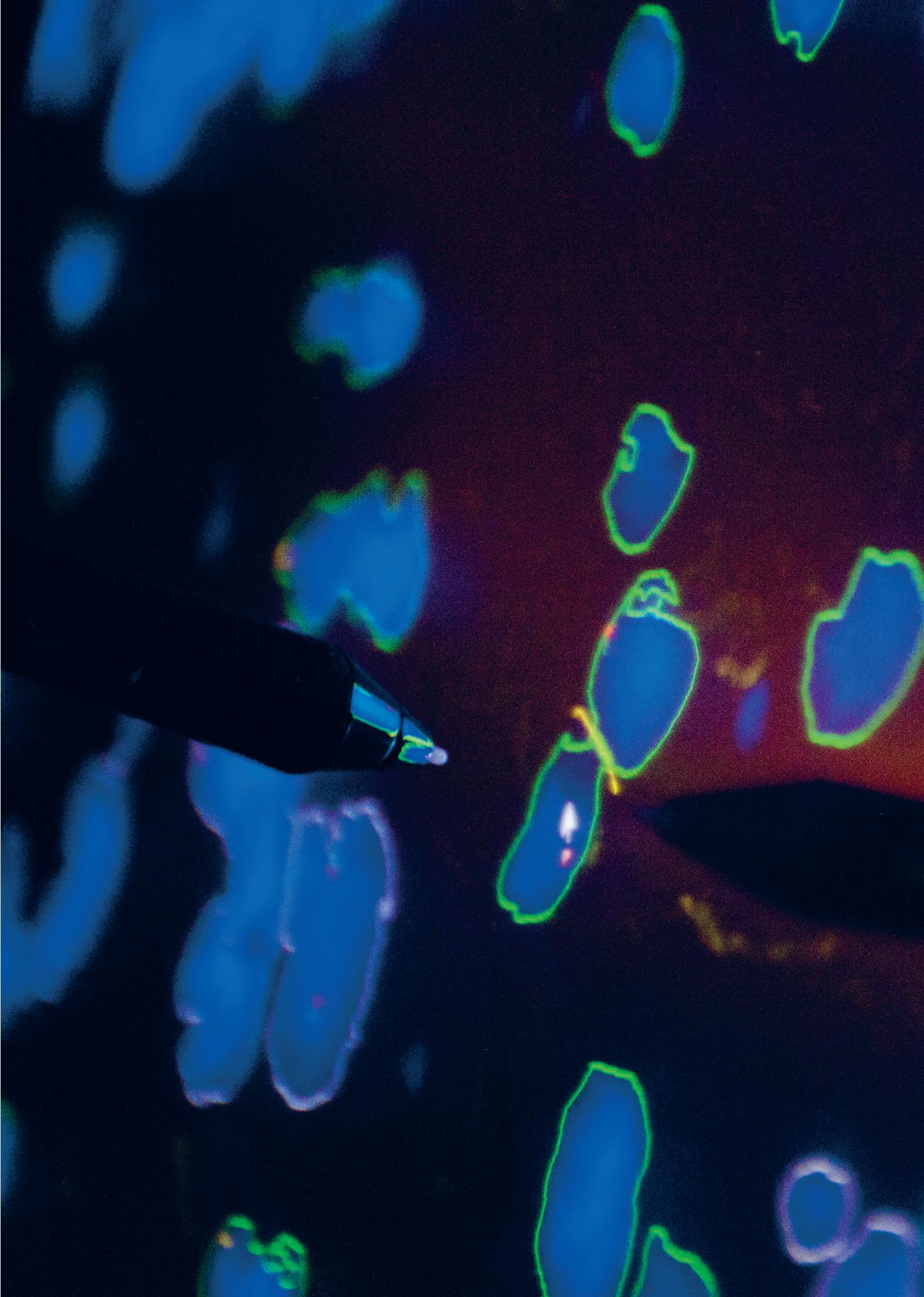
Join in and support
the ICR. See
icr.ac.uk/fundraiser

MR Linac launched

The ICR and The Royal Marsden became the first institutions in the UK to install a revolutionary MR Linac radiotherapy machine. The MR Linac was opened by Sadiq Khan, the Mayor of London, in November 2016. The machine is the first technology to simultaneously generate magnetic resonance images and deliver X-rays – allowing radiotherapy to be image-guided in real time and delivered more accurately and effectively than ever before. The installation was made possible by a £10m grant from the Medical Research Council.

ICR and Imperial launch joint partnership

The ICR and Imperial College London have marked the start of a new partnership with the launch of the Cancer Research Centre of Excellence. The virtual centre harnesses the complementary expertise of both partners to deliver an enhanced and synergistic programme of cancer research. It will help create breakthrough cancer treatments, improve diagnosis and find new ways to prevent the disease.



Scientific achievements

Amongst our many discoveries, the following 10 were highlighted by our Executive Board to exemplify the high quality basic, translational and clinical research at the ICR in 2016/17:



Blood test opens the door to precision medicine for prostate cancer

Researchers at the ICR and The Royal Marsden have developed a three-in-one blood test that could transform treatment of advanced prostate cancer through use of precision drugs designed to target mutations in the BRCA genes. By testing cancer DNA in the bloodstream, researchers found they could select which men with advanced prostate cancer were likely to benefit from treatment with PARP inhibitors. The test can monitor a patient's blood throughout treatment, quickly picking up signs that the cancer is evolving and developing drug resistance, allowing clinicians to identify non-responders and rapidly switch them to alternative therapies. In future, by identifying and targeting men most likely to benefit, the PARP inhibitor olaparib could become a standard treatment for advanced prostate cancer.

Read more about our drug discovery research at www.icr.ac.uk/research

Adding abiraterone to treatment improves prostate cancer survival

ICR researchers and others, as part of the Cancer Research UK-funded STAMPEDE trial, showed that adding abiraterone to hormone therapy at the start of treatment for prostate cancer improves survival by 37%. The results could change the standard of care for men with prostate cancer, making abiraterone a first-line treatment alongside hormone therapy. This part of the STAMPEDE trial recruited around 1,900 patients. Half the men were treated with hormone therapy while the other half received hormone therapy and abiraterone, which was designed and synthesised at the ICR. In men who were given abiraterone there was a 70% reduction in disease progression. The drug is usually given to men with advanced prostate cancer that has spread and has stopped responding to standard hormone therapy, but this study shows the added benefit to patients who are about to start long-term hormone therapy.

Immunotherapy kinder than chemotherapy for patients with head and neck cancer

A large international study led by the ICR and The Royal Marsden showed that the immunotherapy drug nivolumab is kinder than chemotherapy for people with advanced head and neck cancer. Both the disease itself and its treatment can have a huge impact on patients – affecting their speech, breathing, eating and drinking, facial appearance, and general wellbeing. Patients taking part in a major phase III clinical trial reported that nivolumab helped them maintain a better quality of life for longer – covering physical symptoms, mental health and general wellbeing. The results on quality of life, together with earlier findings on clinical outcomes, have the potential to change clinical practice for patients with advanced head and neck cancer.

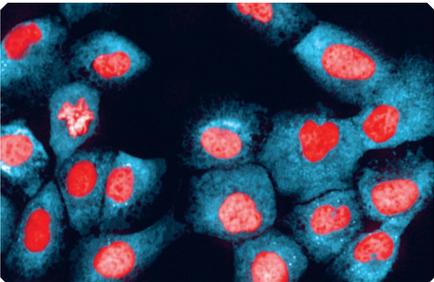


Scientists discover a novel mechanism of controlling cell division

Scientists at the ICR, alongside collaborators in the UK and Ireland, revealed an important role for motifs in the protein BubR1 that are conserved throughout evolution and important for maintaining the mitotic checkpoint complex. The BubR1 protein forms part of the spindle assembly checkpoint (SAC), which ensures genomic stability by preventing incorrect separation of chromosomes during cell division. The study showed that mutation of these motifs leads to a loss of the SAC and prevents cells from arresting cell division in response to drugs. Identifying these motifs as essential to the SAC has unveiled a potential new way to target the SAC specifically by using small molecules as an alternative to the protein kinase inhibitors currently being developed for clinical trials.

New genetic cause of kidney cancer in children discovered

Scientists at the ICR and the Hubrecht Institute-KNAW identified a new genetic cause of a childhood kidney cancer called Wilms tumour – revealing insights into how loss of control of chromosome number can lead to cancer. Wilms tumour has been linked to a genetic disorder called ‘mosaic variegated aneuploidy (MVA) syndrome’, where cells have the wrong number of chromosomes. Researchers used DNA exome sequencing to analyse the genomes of 20 families with MVA, discovering mutations in the gene TRIP13 in three of them. TRIP13 codes for one of the essential proteins involved in checking that chromosomes are all lined up correctly during cell division. However, the researchers showed that not all children with MVA are at high risk of cancer, suggesting that it is the underlying mechanism leading to aneuploidy, rather than simply having the wrong number of chromosomes, that is important in cancer.



Promising drug target for aggressive breast cancers identified

Researchers from the ICR and King’s College London identified the role of a molecule called PIM1 in driving and controlling triple-negative breast cancers. The researchers looked at patient sample data from three independent studies and found that levels of PIM1 were increased in the majority of triple-negative breast cancers compared with other subtypes. They then showed in the lab that PIM1 helps tumour cells, but not normal cells, survive by increasing their resistance to apoptosis, a form of cell death caused by chemotherapy. This suggests that PIM1 inhibitors represent a targeted way of making tumours more sensitive to such treatments. In the laboratory, combining PIM1 inhibitors with chemotherapeutic agents improved their effectiveness in stopping tumour growth and increasing cancer cell death. The teams will now test if this might extend to other treatment combinations.

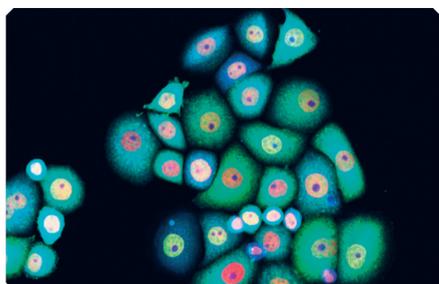


‘Self-assembling’ molecules help signalling pathway in bowel cancer

Scientists at the ICR revealed a novel way by which the protein Tankyrase supports signals which help bowel cancer cells divide in an uncontrolled manner. Researchers used X-ray crystallography to investigate the 3D structure of a region of Tankyrase called the SAM domain. The SAM domain enables Tankyrase molecules to assemble with each other into repetitive structures, which help drive signalling processes that fuel bowel cancer growth. These structures are essential for Tankyrase to effectively recognise and turn off the β -catenin destruction complex – a group of proteins that work together to regulate cell division. These domains could therefore be exciting novel targets for future cancer drugs.

Discovery of a new inhibitor of cancer stress signal

ICR researchers discovered a new chemical inhibitor that blocks a system used by cancer cells to cope with stress. The inhibitor knocks out a set of signals regulated by a master control molecule in cells called HSF1, which is used by cancer cells to stay alive when exposed to stressful conditions such as are triggered by gene mutations and rapid cell division. This new chemical probe will enable researchers to explore precisely the effects of blocking HSF1 signalling on cancer cells. The researchers discovered that the chemical probe binds to a protein molecule in the cell called pirin and future studies will explore whether this is how it blocks the HSF1 pathway. The probe inhibits the growth of human ovarian tumours in mice and also blocks migration of human melanoma cancer cells. The findings suggest that future treatments to block HSF1 could be effective against many different cancers, including forms of ovarian cancer that are effectively untreatable currently.



Blood test to spot new breast cancer subtype delays progression

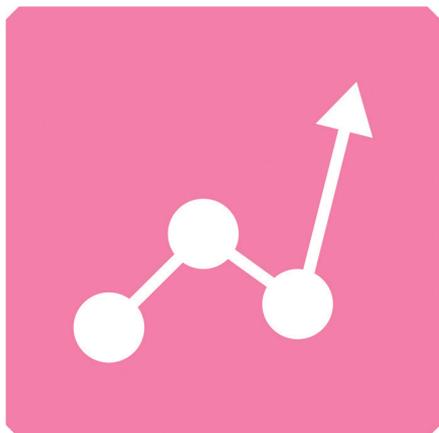
Researchers at the ICR and The Royal Marsden developed a liquid biopsy method to spot women who will respond poorly to current hormonal breast cancer treatments, giving clinicians valuable information about which treatments are most likely to be effective. Researchers analysed blood samples from women enrolled on two major phase III clinical trials of new treatments for advanced oestrogen receptor positive breast cancer. They found that women with ESR1 mutations responded better to fulvestrant than the drug exemestane. The researchers went on to develop a test to detect mutations to the ESR1 gene in the blood. This test could help direct the choice of treatment in patients with breast cancer.

Parkinson’s gene mutation discovered in one third of cancers

Scientists at the ICR analysed nearly 10,000 tumour samples from 28 different types of cancer, and found that the gene PARK2 – implicated in Parkinson’s Disease – was altered in over a third of tumours. The findings reveal a ‘missing link’ in one of the most commonly observed signalling pathways in cancer, showing how the PI3K/Akt pathway can be ramped up in the stressful, energy-poor conditions found inside tumours by deactivating the protein PTEN. In mice without working copies of PARK2, PTEN loss resulted in a higher risk of developing tumours and poorer survival outcomes, when compared with mice with functional PARK2. Future tests for mutations in PARK2 could help identify patients who have particularly aggressive forms of cancer that might respond to inhibitors of PI3K/Akt signalling.



Our new operational strategy sets out how our corporate staff and scientists will provide exceptional support for our research and teaching



Measures of performance

We are determined to deliver real impact from our work – by doing excellent research that benefits patients, and by inspiring the cancer researchers and clinicians of the future.

RESEARCH EXCELLENCE

- The ICR is the leading academic research centre in the UK. We were ranked first for the quality and impact of our research in the Times Higher Education league table of universities compiled from the 2014 Research Excellence Framework.
- The ICR ranked in the top five higher education institutions in the world in an independent 2017 evaluation funded by the European Commission, called U-Multirank. The assessment scored higher education institutions for the quality of their research and their ‘research linkage’ – which measures collaboration with other academic institutions and industry.
- The ICR was ranked in the global top 10 in a table of universities which publish the highest proportion of their research output in collaboration with industry. The ICR was placed ninth in the table, produced by Clarivate Analytics for Times Higher Education. The ICR is one of only two UK higher education institutions in the top 10.
- Professor Mel Greaves was awarded the Royal Society’s prestigious Royal Medal in July 2017, in recognition of his pioneering research, which has dramatically improved our understanding of childhood leukaemia. Professor Greaves follows in the footsteps of legendary scientists such as Charles Darwin and Michael Faraday.
- Professor Richard Houlston was elected to the Royal Society Fellowship in July 2017, one of the highest accolades a researcher can receive. Dr Udai Banerji was awarded an NIHR Research Professorship and Professor Clare Isacke was elected Member of the European Molecular Biology Organisation (EMBO). Professor Stan Kaye was awarded the Cancer Research UK Lifetime Achievement Award.
- The ICR’s total awards (multi-year value), excluding industrial funding, grew to £235m as at 31 July 2017, up from £215m in 2016, despite the increasingly competitive funding environment.

£60.4m

research grant funding received

100%

PhD pass rate

EDUCATION AND TRAINING

We published the Learning and Teaching Strategy 2016-21, *Inspiring tomorrow’s leaders*, setting out our priorities and principles for education and training at the ICR. The strategy guides us as we continue to play a vital role in securing the capacity and quality of the future global cancer research community.



- The performance of the ICR's students continued to be excellent. Our PhD students consistently achieved a 100% pass rate.
- The excellence of our teaching was recognised by the award of institution-specific funding by the Higher Education Funding Council for England (HEFCE). This award – given to only a small number of higher education institutions – recognises the higher cost and distinctive nature of specialist higher education providers with global impact, and the public value that these institutions bring to the sector.
- We recruited to our first intake for our new joint Cancer Research UK-Wellcome Trust Clinical PhD programme with six clinical fellows starting in 2017-18
- We also published our library strategy 2016-21, outlining how the library and information service will support delivery of the ICR's research and learning and teaching strategies for 2016–2021.

ENVIRONMENT AND INFRASTRUCTURE

£9.0m

invested in new technology to strengthen our science – including high-performance computing and modern research technologies in structural biology and proteomics

- We closely monitor our financial sustainability. We achieved a surplus of £22.8m in 2017 and our net funds grew by £39.3m. Our unrestricted reserves as at 31 July 2017 were £193.7m, including £20.0m free reserves, which is within the target range set out in the ICR's reserves policy. Some £28.3m of reserves (of which £27.5m are unrestricted reserves) are held towards a new Centre for Cancer Drug Discovery on our Sutton site. Some £73.4m of unrestricted reserves are held in the Development Fund, which is designated by the Trustees to complete current commitments and make further ones to drive the new research strategy.
- In our five-year strategy we set out the need to expand our current estate to provide the state-of-the-art facilities required for our research activities. This year we continued to undertake the detailed initial design and planning works in relation to a new Centre for Cancer Drug Discovery – a £75m project. We applied for and were successful in being awarded £30m from UKRPIF towards this project.
- We have invested £1.9m on a new light microscopy suite for the Cancer Biology division. In addition we have made a substantial investment in new instruments for the proteomics facility to increase our capability for carrying out complex proteomics research.
- We have invested substantially in new IT infrastructure, including implementing a new research data storage platform.
- We are committed to minimising the impact on the environment of our activities. We have maintained our ISO 14001 accreditation for the quality of our environmental management in addition to our EcoCampus Platinum Award. Significant progress has been made in a number of areas identified for improvement, notably waste, transport and procurement. Throughout the year, we have also continued to implement actions from our Carbon Management Plan and have met our CO₂ reduction targets, and have set new CO₂ reduction targets.

Future developments

Bringing the strategy to life – future developments for success in 2017/18

As we move into the new academic year, the ICR will continue to build on its success in 2016/17 with a series of new developments to bring our research strategy to life.

£30m

awarded by the Higher Education Funding Council for England towards the new Centre for Cancer Drug Discovery

BUILDING THE CENTRE FOR CANCER DRUG DISCOVERY

One of 2017's most significant developments was the award by the Higher Education Funding Council for England of £30m to the ICR to build a new Centre for Cancer Drug Discovery. In 2017/18 the ICR will seek to raise more funds towards construction of the centre through a major £20 million capital fundraising campaign. Enabling works, such as ground works, diversion of services and levelling of the site, are under way and construction of the building is set to begin in spring of 2018. Building the Centre for Cancer Drug Discovery is a major step forward in implementing our research strategy and its drive to overcome cancer's complexity, evolution and drug resistance. The Centre in some ways encapsulates the new research strategy in a single building – bringing together multidisciplinary teams of evolutionary scientists and drug discovery experts so we can find ways of tackling cancer in brand new ways.

BIDDING TO BECOME A CANCER RESEARCH UK MAJOR CENTRE

We have reached the final stage of our application with Imperial College London to become a new Cancer Research UK Major Centre, with funding scheduled to start in April 2018 should we be successful in our application. The central theme of the Major Centre will be convergence science – introducing non-traditional disciplines into cancer research. The collaboration with Imperial will allow us to integrate disciplines such as bioengineering, physical sciences and data science into our existing research, opening up new avenues for discovery and development of novel treatments and technologies. The Major Centre will also train the next generation of multidisciplinary researchers in science and medicine, with over half of the funding set to be allocated for education and training. This new development will be a major step forward in expanding and enhancing our programme of research.

GAINING ACCESS TO NEW STRUCTURAL BIOLOGY TECHNOLOGY

In 2018 ICR researchers will gain access to new cutting-edge technology for visualising atomic structures. The Titan Krios electron microscope will allow researchers to study protein complexes in conditions closer to those in the human body than previously possible through a technique called cryo-electron microscopy, or cryo-EM. The technology has the potential to revolutionise drug design as well as massively enhance our understanding of basic biology. The facility, funded by a £3 million grant from the Wellcome Trust, will be based at the Francis Crick Institute and will be shared between several institutions across London.



Financial review

Overall results

Total incoming resources for 2016/17 were £124.0m, a reduction of 23% compared with the prior year, which is attributable to the £38.2m one-off sale of part of our future royalty income last year.

Expenditure was £109.4m, in line with prior year spend of £110.0m. Our expenditure on research activity, including investment in world-class senior recruitments and key areas of IT infrastructure, increased in the year. However, this was offset by reduced accounting charges in relation to the USS pension scheme.

The surplus after gains and losses ('total comprehensive income for the year') was £39.3m. This comprised:

- an unrestricted surplus of £32.7m; and
- a restricted surplus of £6.6m.

Our unrestricted surplus before other gains and losses was £8.0m.

During the year we made capital investments of £11.6m, of which £9.0m related to scientific equipment (including £1.5m spent on the new MR Linac machine – a new radiotherapy machine which is the first of its kind in the UK, and £1.9m on a new microscopy suite for our Cancer Biology division). A further £1.5m was spent on a new research data storage platform and £1.8m on initial works for the new Centre for Cancer Drug Discovery.

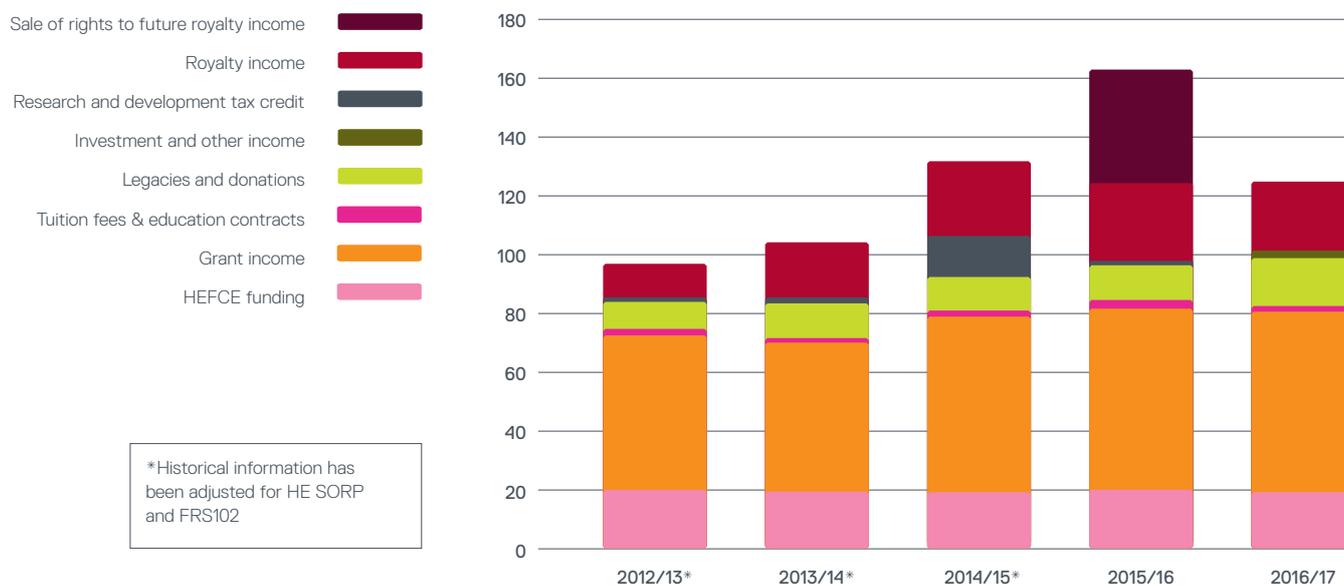
INCOME

Of our income of £124.0m in 2016/17, 49% came from competitively won peer-reviewed grants and industrial collaboration. Some 15% came from the Higher Education Funding Council for England, including the competitive Research Excellence Framework.

The breakdown of our total income was as follows:

- 49% research grant income and industrial collaboration, with 40% of this income received from Cancer Research UK, 12% from Breast Cancer Now and 5% from the Wellcome Trust.
- 15% Higher Education Funding Council for England, of which £16.6m funds research, £1.6m funds capital projects and £1.1m funds education and teaching
- 19% royalty income (included in other income)
- 13% legacy income and donations raised through our Development Office
- 2% tuition fees and education contracts
- 2% income from investments and other sources.

Income history – £m



Total income for the year was £37.8m (23%) lower than in 2015/16. The reduction is attributable to the one-off receipt of £38.2m received last year from the sale of part of our future royalty stream, made in order to de-risk this income element. The other main movements in our income were as follows:

- Philanthropic income, at £15.9m, was £4.3m higher than in 2015/16 because of higher legacy income (£5.6m, 59% increase) and restricted donations (£6.7m, 46% increase);
- Royalty income fell by £2.6m (10%) following the sale of part of our royalty stream in the prior year.

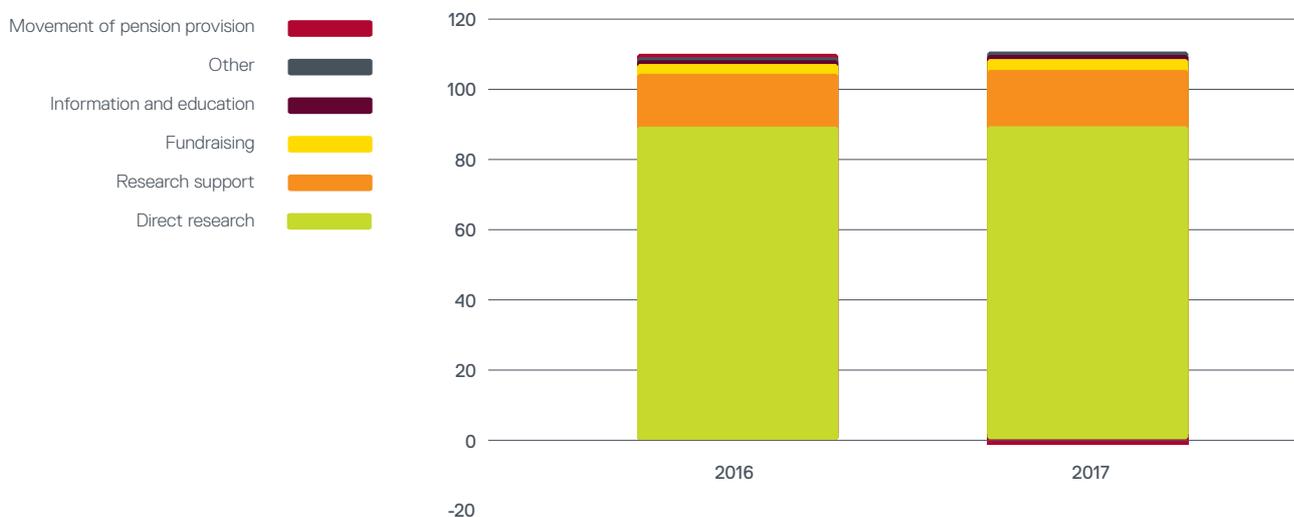
EXPENDITURE

Total expenditure in 2016/17 was £109.4m, a slight reduction of £0.6m compared with 2015/16.

- Academic and related expenditure reduced by £0.2m (1%). Internally funded scientific expenditure increased in the year, but this was offset by a reduction in accounting pension charges.
- Administration and central services expenditure increased by £0.8m (9%) driven by increased investment in core IT infrastructure and support.
- Research grants and contracts expenditure fell by £1.1m (1%), which reflects the reduction in associated research grant and contract income.

Of the £109.4m expended, 95% of this was spent on research activity – 81% on direct research costs and 14% on research support costs. Direct research expenditure comprises academic and related expenditure, research grants and contracts expenditure and those premises costs that relate directly to the construction and fit-out of research laboratories and some laboratory services. The expenditure chart below analyses the ICR’s expenditure in this manner – accounting adjustments related to movements on the pension provision have been identified separately to show underlying investment in research during the period.

Expenditure analysis – £m



Excluding the impact of pension provision adjustments, we spent £89.2m on the direct costs of research (2016: £88.9m). We increased our expenditure on internally funded research by £1.5m, including continued investment in core scientific services and new senior recruitments. Our increased internal investment in research is offset by a reduction in expenditure related to externally funded grants and contracts, in line with the reduction in associated income, and a reduction in laboratory premises costs. Research support costs have increased by £0.6m, driven by increased investment in our IT infrastructure and support.

NET ASSETS

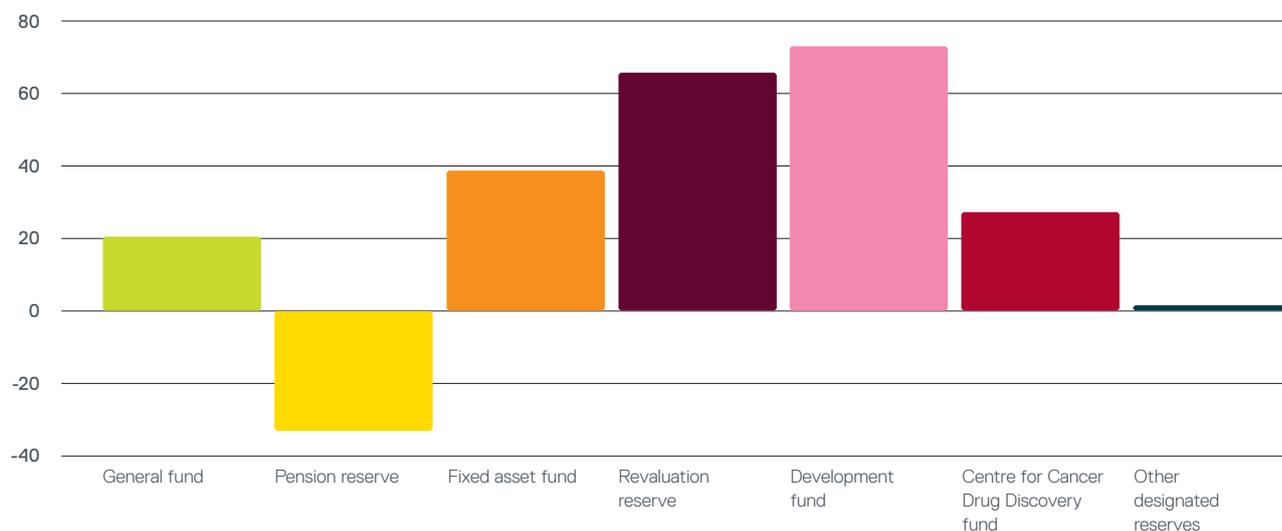
The ICR's total net assets have increased by £39.3m since 2016, from £237.5m to £276.8m. This movement is due to the surplus achieved in 2016/17 (£22.8m), revaluation of land and buildings (£15.8m) and an actuarial gain in respect of the ICR pension scheme (£0.7m).

RESERVES POLICY AND POSITION

The ICR's mission is a long-term undertaking and, while the Board of Trustees expends all the funds it receives towards its mission within a reasonable time of receiving them, it also considers it prudent to maintain a reserve of free funds to protect our long-term financial viability. Free reserves are expendable at the Trustees' discretion and not designated for a particular purpose.

The Board of Trustees has decided that the ICR should maintain free reserves in the range of £17.8m to £21.8m, which equates to 9-11 weeks of the ICR's budgeted annual expenditure for the next year. In determining the level of free funds to be held in reserve the Board of Trustees considers the ICR's income and expenditure forecasts, and its future needs, opportunities, contingencies and possible risks. The Board reviews its reserves policy and the assessment and calculation of the level of free reserves at least every three years.

Unrestricted reserves at 31 July 2017 – £m



Total reserves as at 31 July 2017 were £276.8m, of which £193.7m were unrestricted, including £20.0m free reserves (“General Fund”) which was within the target range and £105.2m revaluation and fixed asset reserves, which have limitations to their use.

Some £73.4m of unrestricted reserves are held within the Development Fund, which includes recent royalty income. This allows us the opportunity to make long-term investments in the priorities detailed in our new research strategy, including key areas of infrastructure. The Development Fund comprises £37.3m committed to scientific initiatives, £23.0m to capital projects and £13.1m to other projects. However, further funding is required by the ICR both to meet the aims set out in the strategy and to sustain the ICR’s work in the longer term, as royalty income may reduce with the expiry of patents and market changes.

The ICR has £28.3m in reserves for the new Centre for Cancer Drug Discovery at our Sutton Site, comprising £0.9m restricted reserves and £27.4m designated within unrestricted reserves.

INVESTMENT POLICY AND PERFORMANCE

Under the Articles of Association the ICR can “invest and deal with any monies not immediately required for its purposes in such a manner as may be thought fit”. The ICR does not invest directly in any company perceptibly involved in the sale of tobacco or tobacco products.

The aim of the Investment Policy is to maintain a balance between current income and capital growth commensurate with the ICR’s liquidity requirements. The asset distribution is subject to review at regular meetings of the Investments and Building Development Committee and is dependent on the ICR’s programme for future development.

The ICR’s investments appreciated in value by £8.2m over the year and the total return on investments was £9.6m (15%).

PENSIONS

The ICR Pension Scheme (ICRPS) closed to future accrual on 31 July 2008 and active members were able to build future pension within the Universities Superannuation Scheme (USS) after that date.

During the year, the triennial actuarial valuation of the ICRPS as at 31 March 2016 was completed and this reported that the scheme deficit had deteriorated to £41.0 million at that date, calculated on the statutory funding basis.

The Scheme’s and the ICR’s Trustees continue to review the options with regard to the future of the closed scheme and how best to secure the funding position and build on the Pension Risk Management Framework and new investment strategy adopted in 2016. Following completion of the 2016 actuarial valuation, the Scheme Trustees and the ICR have agreed a new Recovery Plan which targets clearing the deficit by 2036.

The financial statements report that the scheme deficit, calculated under the FRS102 accounting standard, reduced in the year to £33.2m (£34.1m as at 31 July 2016).

PRINCIPAL RISKS AND UNCERTAINTIES

Brexit

It is still unclear exactly what the UK's vote to leave the EU will mean for UK science, but there could be serious implications for the ICR's work. We are keen that whatever deal emerges between the UK and the EU preserves the best possible opportunity for collaboration with scientists in Europe and around the world – to generate excellent scientific discoveries and patient impact.

Earlier this year we welcomed the Government's indication that it would continue to pay into the EU science budget after we leave the EU. European funding plays an important role in supporting large-scale scientific initiatives, cross-border collaborations and access to large-scale shared European scientific research infrastructure is vital for UK research.

The UK operates under EU frameworks in many areas of science, innovation and drug access. We want to see the best possible commercial and regulatory environment to accelerate innovation and adoption of medicines and technologies.

We also now need greater clarity on how the UK will continue to protect researcher mobility to attract and retain the brightest and the best scientists from the EU and elsewhere, if the UK is to remain a world leader in cancer research and science generally.

Higher education regulation

There are likely to be implications for the ICR from changes under way to the funding and regulatory arrangements for higher education.

In April 2017, Parliament passed the Higher Education and Research Act 2017, which established a new regulatory and funding body for universities, the Office for Students (OfS). From April 2018 OfS will take on most of the functions of the Higher Education Funding Council for England (HEFCE) except research and the Office for Fair Access (OFFA), alongside a new focus and responsibilities as the single market regulator. At the same time, the seven research councils, Innovate UK and the research functions of HEFCE will be brought under a "single strategic research body", UK Research and Innovation (UKRI). A new body, Research England, will take over HEFCE's research responsibilities and be responsible for quality-related (QR) research funding and the administration of the Research Excellence Framework (REF) 2021. HEFCE will cease to exist after 31 March 2018.

Pensions

The liabilities on defined-benefit pension arrangements continue to be significant. Any prolonged period of depressed gilt yields will further increase the pension deficits, which would inevitably lead to higher deficit contributions to the pension schemes. There is a risk that the financial resources available to support our research activities will be reduced as funds are diverted to meet the increasing costs of pension provision and help reduce pension deficits.

Fundraising

The ICR continues to rely on philanthropic income to meet the needs of our research strategy, including the construction of our new Centre for Cancer Drug Discovery. There is a risk that we could find it difficult to raise these essential funds because of significant competition for voluntary income and changes to fundraising regulation impeding the acquisition and development of donors.




ELEKTA

We focus on research
which will ultimately
improve outcomes for
cancer patients

Governance and management

Everything we do is aimed at fulfilling our mission.

PUBLIC BENEFIT

The charitable objects of the ICR are:

- the study of disease and particularly the disease of cancer and allied diseases
- to initiate, encourage, support and carry out research into the causes, prevention, diagnosis and methods of treatment of such diseases
- to assist in the prevention, diagnosis and treatment of such diseases; and
- to provide for education and practical training in subjects relevant to the study of cancer and allied diseases and the alleviation of suffering.

Everything we do is aimed at fulfilling our mission, which is to make the discoveries that defeat cancer. We are focused on undertaking research of the highest quality which will ultimately have significant impact on improving outcomes for cancer patients. Our research students make a significant contribution to our scientific endeavour and we are committed to inspire them to become the next generation of researchers. On pages 20-22 we set out our top 10 scientific achievements for 2017 and the impact that these findings will have for patients. Our long-term achievements are set out on our website and highlight the ICR's contribution to many significant advances in reducing mortality for a wide range of cancers.

The Board of Trustees gives due consideration to the Charity Commission's guidance on public benefit.

GOVERNANCE

The ICR's governance reflects its multiple organisational roles.

The ICR is a company limited by guarantee, incorporated in 1954 in England. We are also a college of the University of London and adhere to regulations as set by HEFCE.

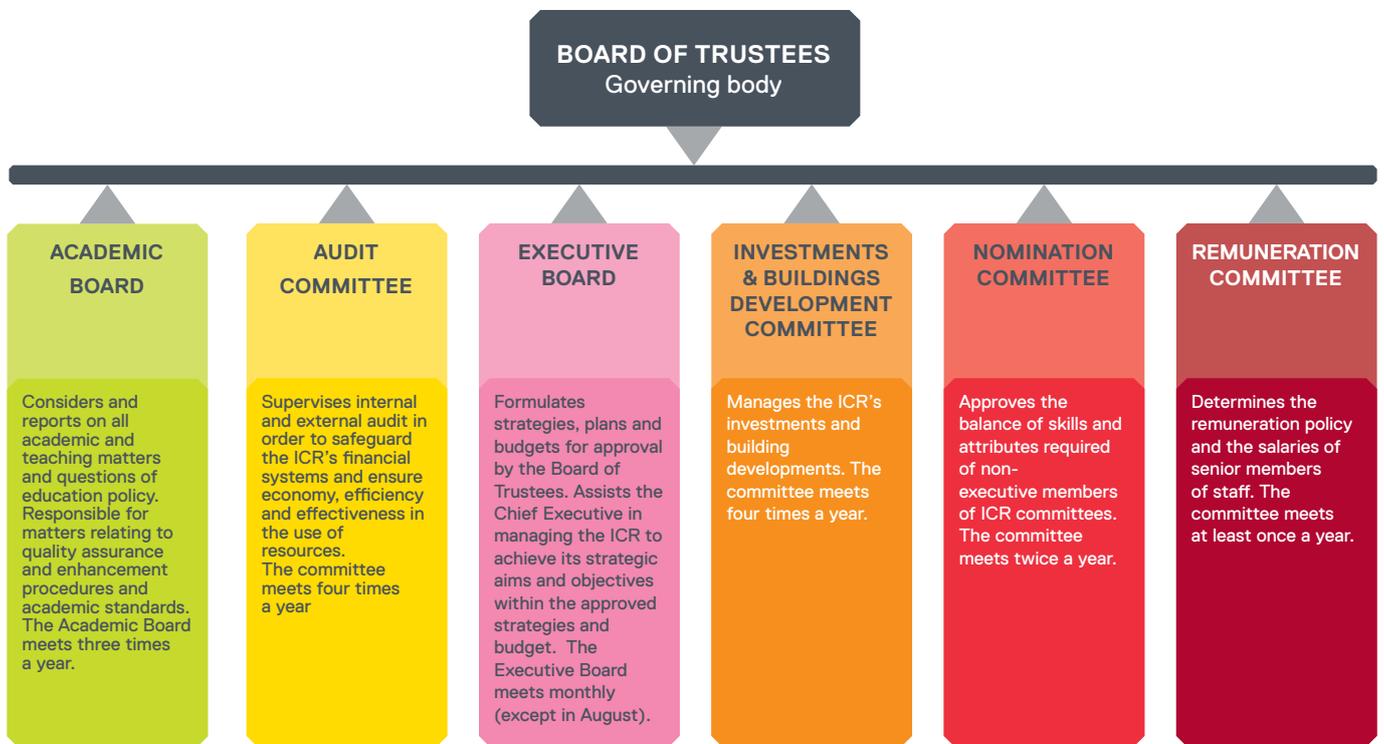
The ICR is an exempt charity under the Third Schedule of the Charities Act 2011, with the reference number X90004. The ICR's objects, powers and framework of governance are set out in its Articles of Association, the current version of which was approved by the Members of the ICR in September 2011.

The overall governing body of the ICR is its Board of Trustees. Our Trustees are responsible for ensuring the ICR pursues its charitable objects, complies

with its constitution and relevant legislation and regulations, applies its resources exclusively to its objects, and enacts cancer research of the highest international standard. They carry the responsibility of company directors of the ICR.

The Executive Board reports to the Board of Trustees. It is chaired by the ICR’s Chief Executive, Professor Paul Workman, and its membership includes the Chief Operating Officer, the Academic Dean, three Heads of Research Divisions and three Corporate Service Directors.

The Board of Trustees has also established several subcommittees: the Academic Board, the Audit Committee, the Investments and Building Development Committee, the Nomination Committee and the Remuneration Committee.



THE BOARD OF TRUSTEES

The Board of Trustees determines the ICR’s strategies, approves its scientific and financial plans, annual report and accounts and governance structure, makes key appointments (Chief Executive, Academic Dean, Chief Operating Officer) and monitors the ICR’s strategic performance. It also approves new initiatives and non-recurrent expenditure costing £1 million or more.

The Board of Trustees comprises 18 individuals co-opted by the Board itself or nominated by The Royal Marsden and Cancer Research UK, one member elected by the Academic Board, together with ex-officio members (the Chief Executive and the Academic Dean) and a student nominee. Details of the current membership of the Board of Trustees are given on page 78.

The Board of Trustees recognises the principles underlying the Committee on Corporate Governance’s Combined Code and The Committee of University Chairs Higher Education Code of Governance and applies them within the ICR. The Board met seven times in 2016/17.

A copy of the Register of Interests of Board members is available upon application to the Chief Operating Officer.

The Nomination Committee recommends to the Board of Trustees appointments to the Board and the admission of Members of the ICR. When considering new appointments the Nomination Committee seeks proposals for candidates from a number of sources. All new Trustees are offered a tailored induction programme and further training is available on request.

Ms Ashley D'Aquino was appointed as the student nominee on 1 September 2016. Professor Nicholas Jones was appointed from 1 November 2017.

During the financial year Mrs Ravindhi Murphy stepped down from the governing body. The ICR is grateful for her valuable contribution during her appointment.

AUDITORS

Grant Thornton UK LLP has indicated willingness to be reappointed as statutory auditor.

No non-audit fees were paid to the external auditors in 2017 (2016: £0)

STATEMENT OF INTERNAL CONTROL

The Board of Trustees is responsible for the ICR's system of internal control and reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can only provide reasonable not absolute assurance of effectiveness.

The Executive Board is responsible for the identification, and with the risk owners, the management of all the major risks to the achievement of the ICR's strategic objectives. The Executive Board is supported and advised on risk matters by the Academic Board, Research Leadership Board and Corporate Leadership Board, with a member of the Executive Board, the Chief Operating Officer, designated Risk Management Leader.

The Risk Register is agreed with the Executive Board and approved annually by the Board of Trustees. Each risk identified is assessed and prioritised with reference to the potential impact if the risk occurred and likelihood of occurrence. The responsibility for specific risks is assigned to the relevant academic, scientific and support staff who provide assurance of the action taken. There is a continuous process of review throughout the year; significant risks may be added, revised or removed from the Risk Register after evaluation by the Executive Board. A significant risk list is appraised every three months by the Executive Board and the Board of Trustees.

Internal Audit adopts a risk-based approach undertaking a programme of examinations covering all aspects of the ICR's activities and provides to the Board of Trustees and the Chief Executive an annual statement on the adequacy and effectiveness of risk management, control and governance and arrangements for economy, efficiency and effectiveness, and the extent to which the Board of Trustees can rely on these.

The external auditors provide feedback to the Audit Committee on the operation of internal financial controls reviewed as part of the external audit.

The Audit Committee is responsible for assuring the governing body about the adequacy and effectiveness of the ICR's arrangements for risk management, control and governance, economy, efficiency and effectiveness, and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies.

The Audit Committee's opinion is that the ICR has adequate and effective arrangements for risk management, control and governance, and economy, efficiency and effectiveness, and that the Board of Trustees can place reliance on those arrangements.

CONCLUSION

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the ICR's key risks, and that it has been in place for the year ended 31 July 2017 and up to the date of the approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees and accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

GOING CONCERN

The Board of Trustees has considered the level of reserves and the financial resources available to the ICR and considers these are adequate to meet its operational needs for the foreseeable future. Consequently the going concern basis has been adopted in preparing these financial statements.



Statement of the responsibilities of members of the Board of Trustees

In accordance with the ICR's Memorandum and Articles of Association, the Board of Trustees is responsible for the administration and management of the affairs of the ICR and is required to present audited financial statements for each financial year.

The Board of Trustees (the Trustees of which are also the directors of the ICR for the purposes of company law) is responsible for preparing the Strategic Report and Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board of Trustees to prepare financial statements for each financial year. Under that law, the Board of Trustees is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, the Board of Trustees is required to prepare the financial statements in accordance with the terms and conditions of the HEFCE memorandum of assurance and accountability (July 2017), through its accountable officer. Under company law, the Board of Trustees must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the ICR and the Group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the ICR and the Group for that year.

In preparing the financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the ICR's transactions and disclose with reasonable accuracy at any time the financial position of the

ICR and enable it to ensure that the financial statements comply with the Memorandum and Articles of Association, the Statement of Recommended Practice – Accounting for Further and Higher Education as issued in March 2014 and any subsequent amendments, the HEFCE Accounts Direction and the Companies Act 2006. They are also responsible for safeguarding the assets of the ICR and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Trustees has taken reasonable steps to:

- ensure that funds from the HEFCE memorandum of assurance and accountability (July 2017) and any other conditions which the funding council may from time to time prescribe;
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- ensure that the ICR has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and
- secure the economic, efficient and effective management of the ICR's and the Group's resources and expenditure.

The Board of Trustees is responsible for the maintenance and integrity of the corporate and financial information included on the ICR's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board of Trustees confirms that:

- so far as each Trustee is aware, there is no relevant audit information of the ICR's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken Trustees in order to make themselves aware of any relevant audit information and to establish that the ICR's auditor is aware of that information.

Approved on behalf of the Board of Trustees by:



Luke Johnson

Chair of The Institute of Cancer Research, London

Date of approval: 23 November 2017

Independent auditor's report

2

Independent auditor's report to the Members of The Institute of Cancer Research: Royal Cancer Hospital.

OPINION

We have audited the financial statements of The Institute of Cancer Research: Royal Cancer Hospital (the 'ICR') for the year ended 31 July 2017 which comprise the consolidated and ICR statement of comprehensive income and expenditure, the consolidated and ICR statement of changes in reserves, the consolidated and ICR balance sheet, the consolidated statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the ICR's affairs as at 31 July 2017 and of the group's and the ICR's income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

WHO WE ARE REPORTING TO

This report is made solely to the ICR's Board of Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the ICR's Board of Trustees those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICR and the ICR's Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the ICR's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Board of Trustees are responsible for the other information. The other information comprises the information included in the annual report set out on pages 4-41 and 78-82, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether

there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees, incorporating the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees, incorporating the Strategic Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the ICR and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees, incorporating the Strategic Report.

OPINION ON OTHER MATTERS PRESCRIBED BY HEFCE'S MEMORANDUM OF ASSURANCE AND ACCOUNTABILITY DATED JULY 2017

In our opinion, in all material respects:

- funds from whatever source administered by the ICR for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE have been applied in accordance with the memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the ICR, or returns adequate for our audit have not been received from branches not visited by us; or
- the ICR's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board of Trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of responsibilities of the Board of Trustees set out on pages 40-41, the Board of Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

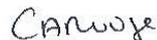
In preparing the financial statements, the Board of Trustees are responsible for assessing the ICR's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Trustees either intend to liquidate the ICR or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
November 2017

The financial statements for the year ended 31 July 2017

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The Institute of Cancer Research
Consolidated and ICR statement of comprehensive income and expenditure
Year ended 31 July 2017

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £000	ICR £000	Consolidated £000	ICR £000
Income					
Tuition fees and education contracts	1	2,309	2,309	3,085	3,085
Funding body grants	2	19,464	19,464	19,679	19,679
Research grants and contracts	3	60,443	60,443	61,691	61,691
Donations and endowments	4	15,907	15,907	11,599	11,599
Investment income	5	1,402	1,402	969	969
Other income:					
Sale of rights to future royalty income	6	-	-	38,226	38,226
Other income	6	24,523	24,320	26,629	26,841
Total income		124,048	123,845	161,878	162,090
Expenditure					
Staff costs	7	61,254	61,254	60,880	60,880
Other operating expenses		40,151	40,149	42,698	42,910
Depreciation	11	6,869	6,869	5,366	5,366
Interest and other finance costs	10	1,163	1,163	1,040	1,040
Total expenditure	8	109,437	109,435	109,984	110,196
Surplus before other gains and losses		14,611	14,410	51,894	51,894
Gain on investments	12	8,178	8,178	1,475	1,475
Surplus before tax		22,789	22,588	53,369	53,369
Taxation	9	(5)	-	(65)	(65)
Surplus for the year		22,784	22,588	53,304	53,304
Unrealised surplus on revaluation of land and buildings	11	15,753	15,753	12,741	12,741
Actuarial gain/(loss) in respect of pension schemes	20	748	748	(13,646)	(13,646)
Total comprehensive income for the year		39,285	39,089	52,399	52,399
Represented by:					
Endowment comprehensive income for the year		192	192	(132)	(132)
Restricted comprehensive income for the year		6,427	6,427	6,673	6,673
Unrestricted comprehensive income for the year		32,666	32,470	45,858	45,858
		39,285	39,089	52,399	52,399

All items of income and expenditure relate to continuing activities

The Institute of Cancer Research
Consolidated and ICR statement of changes in reserves
Year ended 31 July 2017

Consolidated	Income and expenditure account			Revaluation	
	<i>Endowment</i> £000	<i>Restricted</i> £000	<i>Unrestricted</i> £000	<i>Reserve</i> £000	<i>Total</i> £000
Balance at 1 August 2015	2,572	68,137	74,952	39,471	185,132
Surplus from the income and expenditure statement	(132)	6,673	46,763	-	53,304
Other comprehensive income	-	-	(905)	-	(905)
Transfers between revaluation and income and expenditure reserve	-	-	(12,022)	12,022	-
Other transfers between reserves	-	250	(250)	-	-
	(132)	6,923	33,586	12,022	52,399
Balance at 1 August 2016	2,440	75,060	108,538	51,493	237,531
Surplus from the income and expenditure statement	192	6,427	16,165	-	22,784
Other comprehensive income	-	-	16,501	-	16,501
Transfers between revaluation and income and expenditure reserve	-	-	(14,899)	14,899	-
Other transfers between reserves	-	(956)	956	-	-
Total comprehensive income for the year	192	5,471	18,723	14,899	39,285
Balance at 31 July 2017	2,632	80,531	127,261	66,392	276,816

ICR	Income and expenditure account			Revaluation	
	<i>Endowment</i> £000	<i>Restricted</i> £000	<i>Unrestricted</i> £000	<i>Reserve</i> £000	<i>Total</i> £000
Balance at 1 August 2015	2,572	68,137	74,952	39,471	185,132
Surplus from the income and expenditure statement	(132)	6,673	46,763	-	53,304
Other comprehensive income	-	-	(905)	-	(905)
Transfers between revaluation and income and expenditure reserve	-	-	(12,022)	12,022	-
Other transfers between reserves	-	250	(250)	-	-
	(132)	6,923	33,586	12,022	52,399
Balance at 1 August 2016	2,440	75,060	108,538	51,493	237,531
Surplus from the income and expenditure statement	192	6,427	15,969	-	22,588
Other comprehensive income	-	-	16,501	-	16,501
Transfers between revaluation and income and expenditure reserve	-	-	(14,899)	14,899	-
Other transfers between reserves	-	(956)	956	-	-
Total comprehensive income for the year	192	5,471	18,527	14,899	39,089
Balance at 31 July 2017	2,632	80,531	127,065	66,392	276,620

The Institute of Cancer Research
Consolidated and ICR balance sheets
As at 31 July 2017

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £000	ICR £000	Consolidated £000	ICR £000
Non-current assets					
Fixed assets	11	149,156	149,156	128,714	128,714
Investments	12a	74,861	74,866	65,957	65,962
		224,017	224,022	194,671	194,676
Current assets					
Stock		121	121	135	135
Trade and other receivables	13	39,203	39,211	33,255	33,254
Investments	12b	63,431	63,431	58,098	58,098
Cash and cash equivalents		20,437	20,225	21,784	21,765
		123,192	122,988	113,272	113,252
Less: creditors: amounts falling due within one year	14	(21,456)	(21,453)	(19,413)	(19,398)
Net current assets		101,736	101,535	93,859	93,854
Total assets less current liabilities		325,753	325,557	288,530	288,530
Provisions					
Pension provisions	15	(48,594)	(48,594)	(50,665)	(50,665)
Other provisions	15	(343)	(343)	(334)	(334)
Total net assets		276,816	276,620	237,531	237,531
Restricted reserves					
Income and expenditure reserve – endowment reserve	17b	2,632	2,632	2,440	2,440
Income and expenditure reserve – restricted reserve	17a	80,531	80,531	75,060	75,060
Unrestricted reserves					
Income and expenditure reserve – unrestricted	16a	127,261	127,065	108,538	108,538
Revaluation reserve	16b	66,392	66,392	51,493	51,493
Total reserves		276,816	276,620	237,531	237,531

The financial statements were approved and authorised for issue by the Board of Trustees on 23 November 2017 and were signed on its behalf on that date by:



Luke Johnson
Chairman of the Board of Trustees



Professor Paul Workman
Chief Executive and President



Paul Norris
Director of Finance

The Institute of Cancer Research
Consolidated statement of cashflows
Year ended 31 July 2017

	Notes	31 July 2017 £000	31 July 2016 £000
Cash flow from operating activities			
Surplus for the year		22,784	53,304
Adjustment for non-cash items			
Depreciation	11	6,869	5,366
Investment income	5	(1,402)	(969)
Gain on endowments, donations and investment property		(8,178)	(1,475)
Decrease in stock		14	23
(Increase)/decrease in debtors	13	(5,948)	6,409
Increase/(decrease) in creditors	14	2,043	(880)
Increase in provisions	15	9	3
Pension costs less contributions payable	20	(190)	(480)
(Decrease)/increase in pension provision	15	(1,133)	1,266
Impairment of fixed assets	11	60	328
Net cash inflow from operating activities		14,928	62,895
Cash flows from investing activities			
Non-current investment disposal	12	35,107	120,427
New non-current asset investments	12	(35,833)	(120,711)
Investment income	5	1,402	969
Increase in current investments	12	(5,333)	(51,598)
Payments made to acquire fixed assets	11	(11,618)	(7,565)
		(16,275)	(58,478)
(Decrease)/increase in cash and cash equivalents in the year		(1,347)	4,417
Cash and cash equivalents at beginning of the year		21,784	17,367
Cash and cash equivalents at end of the year		20,437	21,784

1 / Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with applicable accounting standards. The ICR is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

The Trustees consider that the ICR has adequate resources to continue its activities for the foreseeable future and that, for this reason, it should continue to adopt the going concern basis in preparing the accounts.

2 / Basis of consolidation

The ICR owns 100% of the share capital of six companies – ICR Enterprise Ltd, ICR Chelsea Development Ltd (ICRCD), ICR Sutton Developments Ltd (ICRSD), ICR Equipment Leasing No.8 Limited (ICRENo8), Everyman Action Against Male Cancer, ICR London Cancer Hub Company Limited (ICRLCH). ICR Enterprises Ltd undertakes trading activities. ICRCD and ICRSD have been set up to act as developers for the construction of laboratories. ICRENo8 owns a long leasehold interest in the Chester Beatty Laboratory which is occupied by the ICR. Everyman Action Against Male Cancer has not traded since incorporation. ICRLCH has been set up in 2016/17 to undertake activities in respect of the London Cancer Hub project, and has not traded since incorporation. The consolidated statements include the financial statements of these companies.

The ICR makes a small contribution each year towards the costs of the Student Association. The ICR has no management responsibility for the Association and therefore does not consolidate its accounts into the ICR's accounts.

3 / Income recognition

Income is credited to the Consolidated Statement of Comprehensive Income and Expenditure (CSOCIE) in the year in which it is receivable.

3.i) Grant accounting

Government grants including funding council block grant; research grants from government sources; other grants and donations from non government sources (including research grants from non government sources) are recognised within the CSOCIE when the ICR is entitled to the income and performance related conditions met.

Income in respect of the Research and Development tax credit is included in the year in which ICR is entitled to the credit and where there is certainty of receipt and the amount can be identified.

Where a grant funder has confirmed a set payment schedule that is in line with the delivery of the research programme, the income is recognised when it is receivable as per the schedule. This will either be fixed stage payments or based on expenditure incurred on the grant, dependent on the funder's terms for remitting funds.

Where a grant funder has specified requirements related to performance and deliverables, income is recognised when ICR earns the right to consideration by its delivery of agreed milestones.

Where funds for multi-year grants are received in full in year one but linked to a multi-year programme of research, then this is treated as funds received in advance of performance-related conditions being met, and the element relating to future years is deferred and included in creditors.

Where entitlement occurs before the income is received the income is accrued and included in debtors.

Capital grants are recorded in income when the ICR is entitled to the income subject to any performance-related conditions being met. The depreciation of the asset is charged to the CSOCIE over the life of the asset.

3 / Income recognition continued

3ii. Royalty income

Royalty income is included in the CSOCIE in the year in which ICR is entitled to claim it, where there is certainty of receipt and the amount due can be identified.

Income from the sale of rights to future royalties is included in the CSOCIE in the year in which ICR is entitled to claim it, where there is certainty of receipt and the amount due can be identified.

3iii. Legacies and donations

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the CSOCIE when the ICR is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions.

Legacies are included in the year that entitlement and probability of receipt is established. Receipt is normally probable when there has been grant of probate, the executors have established that there are sufficient assets in the estate, and any conditions attached to the legacy are either within the control of the ICR or have been met.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the ICR.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the ICR can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the CSOCIE when the ICR is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

3iv. Investment income

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

4 / Accounting for retirement benefits

The ICR participates in three defined benefit schemes, the Universities' Superannuation Scheme (USS), National Health Service Pension Scheme (NHSPS) and The ICR Pension Scheme (ICRPS).

The USS is a multi-employer scheme for which it is not possible to identify the ICR's share of the assets and liabilities due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for the contractual commitment to fund past deficits within the USS scheme.

The NHSPS is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of The Secretary of State, in England and Wales. As a consequence it is not possible for the ICR to identify its share of the underlying scheme liabilities.

The USS and NHSPS schemes are both therefore accounted for as defined contribution schemes. Obligations for contributions to these schemes are recognised as an expense in the CSOCIE in the periods during which services are rendered by employees.

4 / Accounting for retirement benefits continued

For the ICRPS the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the CSOCIE if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the CSOCIE. Gains arising on a curtailment not allowed for in the actuarial assumptions are recognised in the CSOCIE under incoming resources.

ICRPS scheme assets are held separately from those of the ICR. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high-quality corporate bonds. The actuarial valuation is obtained at least tri-annually and is updated at each balance sheet date.

5 / Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the ICR. Any unused benefits are accrued and measured as the additional amount the ICR expects to pay as a result of the unused entitlement.

6 / Finance leases

Leases in which the ICR assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7 / Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

8 / Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the CSOCIE.

9 / Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, with the exception of land and buildings which are revalued under the depreciated replacement cost basis.

9i) Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to depreciated replacement cost. The ICR has a policy of ensuring a full revaluation takes place on a sufficiently regular basis to ensure that the fair value is not materially different to the current value. Depreciation and impairment losses

9 / Fixed assets continued

are subsequently charged on the revalued amount. The ICR will review annually whether interim valuations should be undertaken to ensure the value remains materially correct.

A full valuation took place on 31 July 2017. Valuations are made on a depreciated replacement cost basis for scientific properties. Unrealised gains arising at each revaluation are shown in the Revaluation Reserve. Unrealised losses are taken to the CSOCIE except to the extent that they reverse revaluation gains on the same asset.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the ICR.

Depreciation is provided to write off the costs of leases and buildings over their useful economic lives based on their net book values. The annual rates of amortisation and depreciation are as follows:

Freehold buildings 2%

Leasehold building 2% or the length of the lease if shorter than 50 years.

Freehold land is not depreciated.

9ii) Equipment

Equipment costing less than £25,000 per individual asset is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over four years on a straight-line basis.

9iii) Assets under construction

Buildings and furniture, plant and equipment under construction at year end are included in Note 11 as assets under construction, and are not depreciated. On completion of construction, these assets are transferred into the appropriate asset class and depreciated from the month of completion onwards in line with the depreciation policy for that asset.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

10 / Investments

10i. Non-current investments

Listed investments are stated at the market value at the date of the balance sheet. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount. Investments in subsidiaries are stated at cost less any provision for impairment. Revaluation gains or losses and impairments arising during the year are included in the CSOCIE. Investment income is the amount receivable by the ICR in the year.

10ii) Current asset investments

Current asset investments are held at fair value with movements recognised in the CSOCIE.

11 / Stock

Stocks of research materials are held at the lower of cost and net realisable value, and are measured using an average cost formula.

12 / Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

13 / Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the ICR has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the ICR a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the ICR. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the ICR a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the ICR.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

14 / Taxation

The ICR is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the ICR is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The ICR receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The ICR's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

15 / Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the ICR, are held as a permanently restricted funds as the ICR must hold the fund to perpetuity.

Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the ICR is restricted in the use of these funds.

Additional accounting of ICR's reserves is provided in Notes 16 and 17. This includes information on restricted endowments and other restricted reserves.

Unrestricted designated funds are accounted for in Note 16. Designated funds comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim of each designated fund is set out in the notes to the financial statements. This includes the Fixed Asset Fund which represents the amount of general funds invested in fixed assets and the Revaluation Reserve which represents the increase in fixed assets arising as a result of revaluation.

Revaluation gains and losses in respect of non-current investments are included in the unrestricted income and expenditure reserve.

The Institute of Cancer Research
Notes to the financial statements
Year ended 31 July 2017

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
1 / Tuition fees and education contracts				
Tuition fees	703	703	630	630
Research training support grant	1,606	1,606	2,455	2,455
	2,309	2,309	3,085	3,085

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
2 / Funding body grants				
Recurrent grant				
Higher Education Funding Council for England (HEFCE)	16,055	16,055	15,497	15,497
NHS pension funding supplement	187	187	187	187
Specific grants				
Higher Education Innovation Fund	1,582	1,582	1,055	1,055
Transitional research capital	-	-	1,040	1,040
Other specific funds	67	67	30	30
Capital funding	1,573	1,573	1,870	1,870
	19,464	19,464	19,679	19,679

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
3 / Research grants and contracts				
Research councils	2,401	2,401	6,989	6,989
Research charities	37,887	37,887	35,365	35,365
Government (UK and overseas)	9,676	9,676	9,840	9,840
Industry and commerce	9,440	9,440	8,758	8,758
Other	1,039	1,039	739	739
	60,443	60,443	61,691	61,691

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
4 / Donations and endowments				
Unrestricted legacies	5,620	5,620	3,438	3,438
Restricted legacies	31	31	113	113
Unrestricted donations	3,544	3,544	3,455	3,455
Restricted donations	6,712	6,712	4,593	4,593
	15,907	15,907	11,599	11,599

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
5 / Investment income				
Investment income on endowments	13	13	10	10
Investment income on restricted reserves	408	408	306	306
Other investment income	981	981	653	653
	1,402	1,402	969	969

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
6 / Other income				
Royalty income	23,252	23,252	25,874	25,874
Other income	1,271	1,068	755	967
	24,523	24,320	26,629	26,841

Other income presented within the CSOCIE in 2015/16 also included £38,226,000 received in respect of the sale of rights to future royalty income. This was a one-off receipt. The ICR made this sale in order to reduce the risk associated with future royalty payments.

The Institute of Cancer Research
Notes to the financial statements
Year ended 31 July 2017

7 / Staff costs	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
Salaries	50,047	50,047	49,004	49,004
Social security costs	5,044	5,044	4,224	4,224
Movement on USS provision	(1,423)	(1,423)	998	998
Other pension costs	7,586	7,586	6,654	6,654
	61,254	61,254	60,880	60,880
Emoluments of the Chief Executive	£000		£000	
Salary	269		267	
Remuneration of higher paid staff	No.		No.	
£100,001 - £110,000	7		4	
£110,001 - £120,000	2		2	
£120,001 - £130,000	1		2	
£130,001 - £140,000	1		1	
£140,001 - £150,000	5		3	
£150,001 - £160,000	3		3	
£160,001 - £170,000	4		3	
£170,001 - £180,000	1		3	
£180,001 - £190,000	2		1	
£190,001 - £200,000	1		-	
£210,001 - £220,000	1		1	
£230,001 - £240,000	1		1	
£240,001 - £250,000	1		-	
£260,001 - £270,000	-		1	
£270,001 - £280,000	1		-	
Average number of employees	No.		No.	
Research staff	850		845	
Research support staff	149		151	
Fundraising services	19		19	
Corporate services including academic services	89		88	
	1,107		1,103	

7 / Staff costs continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the ICR. Staff costs includes compensation paid to key management personnel. These costs relate to the Chief Executive, Chief Operating Officer and Academic Dean. The costs include salaries and employers pension contributions:

	Year ended 31 July 2017	Year ended 31 July 2016
Key management personnel compensation	£000	£000
	587	562

Emoluments of the Board of Trustees

No fees are paid to the members of the Board of Trustees for their services as charity trustees or company directors. During the year, there were three members of staff of the ICR who are members of the Board of Trustees and who receive only the normal remuneration of their appointments. This includes the Chief Executive, whose remuneration is disclosed above. The other staff comprise the Academic Dean and the representative elected by the Academic Board to serve on the Board of Trustees – this role was undertaken by Professor Nandita de Souza. Remuneration for these staff is included in the remuneration of higher paid staff above. In addition, Dr Murphy undertook the role of student representative on the Board of Trustees until August 2016, and Ms Ashley D'Aquino undertook this role from September 2016 onwards. The aggregate emoluments of those who serve on the Board of Trustees was £578,000 (2016: £585,386). The emoluments of the highest paid director were £269,000 (2016: £267,000). Three of the four staff who are trustees participate in defined benefit pension schemes. Four non-executive trustees received a total of £4,354 (2016: five received £6,130) for reimbursement of travel expenses.

8 / Analysis of total expenditure by activity	Consolidated £000	ICR £000	Consolidated £000	ICR £000
Academic and related expenditure	24,327	24,327	24,552	24,553
Administration and central services	9,996	9,994	9,164	9,375
Premises	13,992	13,992	14,422	14,422
Residences, catering and conferences	192	192	207	207
Research grants and contracts	58,216	58,216	59,280	59,280
Other expenses	2,714	2,714	2,359	2,359
	109,437	109,435	109,984	110,196
Other operating expenditure includes:				
Investment management costs	306	306	251	251
External auditors remuneration	54	49	59	55
Operating lease expenditure	636	636	555	555

9 / Taxation

The ICR is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of paragraph 1 of Schedule 6 of the Finance Act 2010. Accordingly the ICR is exempt from taxation in respect of income or capital gains received within categories covered by Section 471 and 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

In 2017 the group incurred Corporation Tax charges of £5,000 (2016: £65,000). The ICR incurred irrecoverable VAT of £2,569,000 in 2016/17 (2016: £2,579,000).

10 / Interest and other finance costs	Consolidated £000	ICR £000	Consolidated £000	ICR £000
Net charge on ICR pension scheme	873	873	772	772
Unwinding of discount of USS pension provision	290	290	268	268
	1,163	1,163	1,040	1,040

11 / Fixed assets (consolidated and ICR)	Freehold land and buildings	Leasehold land and buildings	Furniture plant and equipment- owned	Assets under construction	Total
	£000	£000	£000	£000	£000
<i>Cost or valuation</i>					
At 1 August 2016	117,143	2,115	44,817	3,611	167,686
Revaluation	13,769	-	-	-	13,769
Impairment	-	(60)	-	-	(60)
Additions at cost	786	-	7,515	3,317	11,618
At 31 July 2017	131,698	2,055	52,332	6,928	193,013
<i>Depreciation</i>					
At 1 August 2016	-	428	38,544	-	38,972
Revaluation	(1,975)	(9)	-	-	(1,984)
Provided in the year	1,975	99	4,795	-	6,869
At 31 July 2017	-	518	43,339	-	43,857
<i>Net book value</i>					
At 31 July 2017	131,698	1,537	8,993	6,928	149,156
of which:					
Scientific properties	131,648	1,221	8,993	6,928	148,790
Other properties	50	316	-	-	366
At 31 July 2016	117,143	1,687	6,273	3,611	128,714
of which:					
Scientific properties	117,093	1,371	6,273	3,611	128,348
Other properties	50	316	-	-	366
<i>Historic cost – net book value</i>					
At 31 July 2017	66,618	225	8,993	6,928	82,766
At 31 July 2016	66,984	354	6,273	3,611	77,222

ICR's scientific properties were revalued by Gerald Eve Chartered Surveyors as at 31 July 2017. The valuations were undertaken on a depreciated replacement cost basis. The laboratory buildings were valued at £108,614,000 with associated land valued at £24,201,000. Gerald Eve Chartered Surveyors are independent and RICS qualified. The significant assumptions underpinning this revaluation are set out in more detail in Note 23.

The Institute of Cancer Research
Notes to the financial statements
Year ended 31 July 2017

12 / Investments (consolidated)	Market value 31 July 2016	Additions at cost	Disposals at book value	Gains/ (losses)	Market value 31 July 2017
	£000	£000	£000	£000	£000
a. Non-current investments					
<i>Listed</i>					
Other UK	35,840	4,612	(8,172)	4,994	37,274
Overseas	18,096	8,509	(2,627)	2,661	26,639
	53,936	13,121	(10,799)	7,655	63,913
<i>Unlisted</i>					
Overseas	4,804	6,086	(2,283)	(1,683)	6,924
	4,804	6,086	(2,283)	(1,683)	6,924
Investment cash and deposits	7,217	16,626	(22,025)	2,206	4,024
	65,957	35,833	(35,107)	8,178	74,861

The investments held by the Group were all held by the ICR which in addition held investments of £5,000 in subsidiary companies.

The historical cost of the Group and the ICR investments at 31 July 2017 was £64,917,000 (2016: £60,156,000) and £64,922,000 (£60,161,000) respectively.

b. Current investments	58,098	27,354	(22,021)	-	63,431
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Current investments comprise cash held in short term AAA-rated cash funds. These do not have fixed maturity dates. Access to funds takes greater than 24 hours.

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
13 / Trade and other receivables				
Amounts falling due within one year				
Revenue grants	6,791	6,791	7,688	7,688
Other trade debtors	726	726	718	702
Legacy debtors	2,480	2,480	2,352	2,352
Other debtors	318	317	521	521
Amounts due from subsidiary companies	-	9	-	15
Prepayments and accrued income	28,888	28,888	21,976	21,976
	39,203	39,211	33,255	33,254

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	ICR £000	Consolidated £000	ICR £000
14 / Creditors				
Amounts falling due within one year				
Trade creditors	3,833	3,833	3,371	3,371
Accruals	12,201	11,967	12,566	12,363
Amounts due to subsidiary companies	-	226	-	85
Other creditors	1,036	1,036	1,038	1,038
Taxes and social security	4,386	4,391	2,438	2,541
	21,456	21,453	19,413	19,398

15 / Provisions for liabilities and charges (consolidated and ICR)

	Obligation to fund deficit on USS pension £000	Defined-benefit obligations (Note 20) £000	Total pensions provisions £000	Leasehold dilapidation and decommissioning £000	Total other provisions £000
At 1 August 2016	16,556	34,109	50,665	334	334
Utilised in year	(1,423)	(2,304)	(3,727)	-	-
Additions in year	290	1,366	1,656	9	9
At 31 July 2017	15,423	33,171	48,594	343	343

The USS pension provision is the discounted value of the agreed deficit reduction payments, under the deficit recovery plan agreed for April 2016 onwards. More information is provided on the USS pension scheme in Note 20.

The defined benefit obligations is the net liability under the obligation to the ICR Pension Scheme. More information on the calculation of this liability is provided in Note 20.

The dilapidation and decommissioning provisions are held to cover liabilities as a result of vacating leasehold premises and the safe removal of a caesium source.

16 / Unrestricted reserves (consolidated and ICR)

The Board of Trustees has designated elements of the unrestricted income and expenditure reserve for specific purposes. These designations represent an internal decision and are not imposed by donors or funding bodies.

	Balance at 1 August 2016 £000	Income £000	Expenditure £000	Transfers, gains and losses £000	Balance at 31 July 2017 £000
<i>a. Income and expenditure reserve – unrestricted</i>					
General fund	19,200	41,997	(37,687)	(3,510)	20,000
Pension reserve	(34,109)	-	(1,389)	2,327	(33,171)
Fixed asset fund	35,069	6,350	(2,598)	-	38,821
Development fund	65,242	-	(2,375)	10,485	73,352
Centre for Cancer Drug Discovery	22,450	6,836	(1,816)	-	27,470
FC Hunter Studentship Fund	544	-	(35)	-	509
Joan Frances Stowe Fund	14	-	-	-	14
Faringdon Fund	-	-	(65)	192	127
Amenity fund	128	-	(29)	40	139
	108,538	55,183	(45,994)	9,534	127,261
<i>b. Revaluation reserve</i>	51,493	-	(854)	15,753	66,392
Total unrestricted reserves	160,031	55,183	(46,848)	25,287	193,653

The consolidated unrestricted reserves position includes £196,000 in respect of subsidiary company reserves. The ICR unrestricted reserves position is therefore as above, but with a development fund balance of £73,156,000 and total unrestricted reserves of £192,473,000.

The Board of Trustees has decided that the ICR should maintain free reserves (General Fund) of £20,000,000 at 31 July 2017. These reserves are expendable at the Trustee's discretion and not designated for particular purposes. The General Fund includes £9,943,000 cumulative net unrealised gains on revaluation of fixed asset investments.

The pension reserve recognises the shortfall in funds attributable to the ICR Pension Scheme (ICRPS) deficit.

The Fixed Asset Fund represents the amount invested in Fixed Assets from unrestricted funds, and is designated to meeting the future depreciation costs of these assets.

The Development Fund is the amount set aside by the ICR for future commitments relating to the buildings, capital equipment and research strategy. The amount is calculated based on the position at the balance sheet date and a transfer is effected to or from unrestricted funds to achieve the amount required. The fund is made up as follows:

	2017 £000	2016 £000
Capital projects and refurbishments	22,985	4,748
Scientific initiatives	37,282	56,320
Other development funds	13,085	4,174
	73,352	65,242

The Centre for Cancer Drug Discovery Fund is a designated fund in which unrestricted legacy and fund-raising income received since 1 August 2013 has been set aside to fund the ICR's future plans for a Centre for Cancer Drug Discovery on the Sutton site. A further £856,000 in restricted funds is committed to these plans. The total funds set aside within reserves to support these plans are therefore £28,326,000.

The FC Hunter Studentship Fund is a legacy from the estate of Mr FC Hunter designated by the ICR for the purpose of supporting research studentships.

The Joan Frances Stowe Fund finances the Joan Frances Stowe Prizes in Palliative and Nursing Care.

The Faringdon Fund provides funds to enable the commercial potential of inventions by ICR scientists to be developed.

The Amenity Fund provides funds for staff welfare.

17 / Restricted reserves (consolidated and ICR)

	Balance at 1 August 2016	Income	Expenditure	Transfers, gains and losses	Balance at 31 July 2017
	£000	£000	£000	£000	£000
<i>a. Income funds</i>					
<i>Funds invested in fixed assets</i>					
Breast Cancer Now	3,762	-	(111)	-	3,651
The Bob Champion Cancer Trust	680	-	(20)	-	660
Everyman Appeal	539	-	(16)	-	523
The Garfield Weston Foundation	820	-	(20)	-	800
The Monument Trust	236	-	(7)	-	229
The Wolfson Foundation	2,810	-	(65)	-	2,745
The Ivan and Felicite Stoller Fund	49	-	(1)	-	48
Higher Education Funding Council for England	22,904	1,573	(977)	-	23,500
The Wellcome Trust	5,735	-	(159)	-	5,576
Equipment funds	4,617	3,695	(2,102)	-	6,210
	42,152	5,268	(3,478)	-	43,942
<i>Other restricted funds</i>					
Other restricted donations	3,364	5,942	(2,316)	(797)	6,193
Research grants	28,794	57,549	(56,644)	(159)	29,540
Centre for Cancer Drug Discovery	750	106	-	-	856
	32,908	63,597	(58,960)	(956)	36,589
<i>Total restricted income funds</i>	75,060	68,865	(62,438)	(956)	80,531

Transfers totalling £956,000 were made from restricted funds to unrestricted funds following a review of closing restricted research balances.

Breast Cancer Now (formed by the merger of Breakthrough Breast Cancer and Breast Cancer Campaign) contributed funding for the Breakthrough Toby Robins Breast Cancer Research Centre, part of the Chester Beatty Laboratories.

The ICR has received funds from the Bob Champion Cancer Trust, the Monument Trust, the Garfield Weston Foundation, the Wolfson Foundation and donations from the Everyman Appeal to build the Male Urological Cancer Research Centre.

The Higher Education Funding Council for England, the Wellcome Trust and the Wolfson Foundation have contributed funding to the building of the Brookes Lawley Building. The Higher Education Funding Council for England, the Monument Trust, the Wolfson Foundation, the Garfield Weston Foundation and the Ivan and Felicite Stoller Fund contributed to the Centre for Cancer Imaging.

Equipment funds represent grants which have been invested in fixed asset equipment.

Other restricted donations relates to philanthropic donations received to support specific research projects.

The research grants are funds received by the ICR for specific cancer research projects. Within research grants there are grants in deficit of £3,662,000 which represents grants where expenditure has been incurred ahead of funding expected to be received in 2017/18. There are no material individual fund deficits.

17 / Restricted reserves (consolidated and ICR) continued

<i>b. Endowment funds</i>	Balance at 1 August 2016	Income	Expenditure	Transfers, gains and losses	Balance at 31 July 2017
	£000	£000	£000	£000	£000
Permanent endowment funds					
Sir SK Tang Fund	737	-	-	101	838
Expendable endowment funds					
Hensley Nankivell Studentship Fund	1,270	-	(150)	175	1,295
The Ivan and Felicite Stoller Fund	433	-	-	66	499
<i>Total endowment funds</i>	2,440	-	(150)	342	2,632

The ICR received no new endowments in 2016/17.

The Hensley Nankivell Studentship Fund was received from the estate of Mrs SMA Nankivell for the purpose of supporting research studentships at the ICR. The Sir SK Tang Fund is a legacy received from the estate of Sir SK Tang. The Ivan and Felicite Stoller Fund is a legacy received from the estate of Mr IM Stoller. The Tang and Stoller funds are for cancer research.

For permanent endowment funds the capital cannot be expended. For expendable endowment funds the capital can be spent on qualifying expenditure.

The Sir S K Tang Fund has been classified as a permanent endowment for which a total return approach to investment has been adopted and the unapplied total return can be spent on qualifying expenditure:

	Endowment £000	Unapplied total return £000	Total £000
Balance as at 1 August 2016			
Gift component of the permanent endowment	333	-	333
Unapplied total return	-	404	404
Total permanent endowments as at 1 August 2016	333	404	737
Movements in the period			
Investment return: realised and unrealised gains	-	101	101
Less: investment management costs	-	-	-
	-	101	101
Balance as at 31 July 2017			
Gift component of the permanent endowment	333	-	333
Unapplied total return	-	505	505
Total permanent endowments as at 31 July 2017	333	505	838

18 / Capital commitments

	2017 £000	2016 £000
Contracted but not provided for	3,367	6,424

The capital commitments relate to laboratory and office building works and equipment.

19 / Lease commitments

At 31 July 2017 the ICR had operating lease commitments in respect of all future payments for equipment and property leases which expire as follows:

	31 July 2017			31 July 2016
	Land and buildings £000	Plant and machinery £000	Total £000	Total £000
Payable during the year	325	311	636	555
Future minimum lease payments due:				
Not later than 1 year	345	296	641	621
Later than 1 year and not later than 5 years	587	74	661	768
Total lease payments due	932	370	1,302	1,389

20 / Superannuation schemes

The ICR participates in three superannuation schemes. The majority of scientific and other non-clinical staff are in the Universities Superannuation Scheme (USS) (and the Universities Supplementary Dependents & Ill Health Retirement Pension Scheme (USDPS)). The majority of clinical staff are in the National Health Service Superannuation Scheme (NHSPS). The ICR Pension Scheme (ICRPS) was closed to future accrual for new and existing members on 31 July 2008 and most of its active members joined the USS. All three schemes are, at least partly, defined benefit schemes.

a. Universities Superannuation Scheme (USS)

The ICR participates in USS. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The ICR is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the ICR therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme. Since the ICR has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the ICR recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the CSOCIE is £5,435,000 (2016: £7,103,000). The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the ICR cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined-benefit liability numbers for the Scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ['light'] YoB tables – no age rating
Female members' mortality	99% of S1NA ['light'] YoB tables – rated down 1 year

20 / Superannuation schemes (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29	28.8
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

b. ICR Pension Scheme

The ICR operates a funded final salary pension scheme in the UK. The Scheme is a registered Scheme under UK legislation. The Scheme is subject to the scheme funding requirements outlined in UK legislation. The Scheme provides Final Salary (Defined Benefit) benefits. The Scheme provides benefits in retirement and death benefits to members. Pension benefits are linked to a members' final salary at retirement or earlier withdrawal, and their length of service, revalued between their date of leaving service and date of retirement if appropriate. The Scheme was established from 1 April 1975 under trust and is governed by the Scheme's Consolidated version of the Third Definitive Trust Deed and Rules including amendments to date. Since 31 July 2008 there has been no future accrual in the Defined Benefit section. The Scheme Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding & investment strategy in conjunction with the ICR. The Scheme exposes the ICR to actuarial risks such as market (investment) risk, interest rate risk, inflation risk and longevity risk.

The pension cost that was charged to the Operating surplus under FRS 102 for the year amounts to £1,389,000 (2016: £1,059,000). This is equal to the past service cost of £118,000 (2016: £0) plus the finance income of £1,271,000 (2016: £1,059,000).

A full actuarial valuation was carried out at 31 July 2017 by a qualified independent actuary, based on membership data at 31 March 2016, updated to take account of expected benefit outgo, actual revaluation, pension increases and material transfers out since 31 March 2016, using actuarial assumptions at 31 July 2017. An allowance has been made for material transfers out since 31 March 2016, the revised commutation factors that came into force with effect from 20 June 2017 and for the discretionary increase awarded as at 1 April 2017.

It has been confirmed that the Liverpool Victoria annuities are in the members' names. The asset and corresponding liability has therefore been removed from the figures as at 31 July 2017. However the 31 July 2016 position has not been restated.

Contributions to the Scheme for the year beginning 1 August 2017 are expected to be £1,667,000 based on the current Schedule of Contributions.

The major assumptions used by the actuary were (in nominal terms):

	As at 31 July 2017	As at 31 July 2016	As at 31 July 2015
Discount rate	2.7%	2.6%	3.8%
CPI	2.4%	1.9%	2.4%
Future 5% LPI pension increases	2.4%	1.9%	2.4%
Future 2.5% LPI pension increases	2.4%	1.9%	2.4%
Revaluation in deferment	2.4%	1.9%	2.4%

Assumed life expectancies on retirement at age 65 are:

		2017	2016	2015
Retiring today	Males	22.7	23.3	23.0
	Females	25.2	25.7	25.4
Retiring in 20 years' time	Males	24.8	25.6	25.2
	Females	27.5	28.0	27.8

20 / Superannuation schemes (continued)

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 July 2017 £000	Value at 31 July 2016 £000
Equities	35,212	30,997
Fixed interest	4,267	2,063
Inflation-linked bonds	11,480	5,472
Alternatives	-	-
Insured annuities	24,522	26,044
Cash and other	104	7,499
Fair value of scheme assets	75,585	72,075
The actual return on assets over the period was:	4,822	6,252
Present value of funded obligations	(108,756)	(106,184)
Fair value of scheme assets	75,585	72,075
Deficit in funded scheme	(33,171)	(34,109)
Deficit	(33,171)	(34,109)
Net liability in balance sheet	(33,171)	(34,109)

Reconciliation of opening and closing balances of the present value of the defined-benefit obligation

	31 July 2017 £000	31 July 2016 £000
Benefit obligation at beginning of year	106,184	87,453
Interest cost	2,725	3,281
Actuarial losses	2,620	17,676
Benefits paid	(2,304)	(2,226)
Past service cost	118	-
Settlements	(587)	-
Benefit obligation at end of year	108,756	106,184

Reconciliation of opening and closing balances of the fair value of scheme assets

	31 July 2017 £000	31 July 2016 £000
Fair value of scheme assets at beginning of year	72,075	66,510
Interest income on scheme assets	1,852	2,509
Return on assets, excluding interest income	3,368	4,030
Contributions by employers	1,579	1,539
Benefits paid	(2,304)	(2,226)
Scheme administrative cost	(398)	(287)
Settlements	(587)	-
Fair value of scheme assets at end of year	75,585	72,075

20 / Superannuation schemes (continued)

The amounts recognised in CSOCIE:

	31 July 2017 £000	31 July 2016 £000
Service cost – including current service costs, past service costs and settlements	118	-
Service cost – administrative cost	398	287
Net interest on the net defined-benefit liability	873	772
Total expense	1,389	1,059

Remeasurements of the net defined-benefit liability to be shown in CSOCIE:

	31 July 2017 £000	31 July 2016 £000
Actuarial losses on the liabilities	2,620	17,676
Return on assets, excluding interest income	(3,368)	(4,030)
Total remeasurement of the net defined-benefit liability to be shown in CSOCIE	(748)	13,646

c. NHS Pension Scheme

Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. These are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Government Financial Reporting Manual (FRM) requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

i. Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FRM interpretations, and the discount rate prescribed by HM Treasury have also been used. The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

ii. Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ended 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

d. Unfunded pensions

A small group of pensioners, who retired under the previous superannuation scheme are in receipt of unfunded pensions paid directly by the ICR. These pensions are increased, at the ICR’s discretion, by analogy, with the Pensions Act 1995.

21 / Subsidiary undertakings

The ICR has the following subsidiary undertakings:

- i. ICR Chelsea Development Limited – The ICR owns 100% of the issued share capital of this company which has been set up to act as the developer of a refurbishment project which has now been completed. It did not make a profit or a loss for the period ended 31 July 2017 and its net assets at that date amounted to £2. The accounts of ICR Chelsea Development Ltd have been consolidated into the accounts of the ICR.
- ii. ICR Sutton Developments Limited – The ICR owns 100% of the issued share capital of this company which has been set up to act as the developer of ICR properties. It did not make a profit or loss for the year ended 31 July 2017 (2016: profit of £198,683). Its net assets at 31 July 2017 amounted to £194,313 (31 July 2016: £158,947), with the increase due to the reversal of corporation tax liabilities recognised in 2015/16. The accounts of ICR Sutton Developments Ltd have been consolidated into the accounts of the ICR.
- iii. ICR Enterprises Limited – The ICR owns 100% of the issued share capital of this company which undertakes trading activities for the benefit of the ICR that the ICR cannot carry out itself as an exempt charity. It made a profit after interest of £6,706 for the year ended 31 July 2017 (2016: £1,579) which was paid to the ICR by means of a payment under gift aid in July 2017. Its net assets at 31 July 2017 amounted to £1,267 (31 July 2016: £1,267). The accounts of ICR Enterprises Ltd have been consolidated into the accounts of the ICR.
- iv. ICR Equipment Leasing No.8 Limited – The ICR owns 100% of the share capital of this company which holds a leasehold interest in the Chester Beatty Laboratory. It made a profit of £102 for the year ended 31 July 2017 (2016: £102) which was paid to the ICR by means of a payment under gift aid. Its net assets at 31 July 2017 were £5,147 (31 July 2016: £5,062). The accounts of ICR Equipment Leasing No.8 Limited have been consolidated into the accounts of the ICR.
- v. Everyman Action Against Male Cancer – The company is limited by guarantee and was dormant throughout the period ended 31 July 2017.
- vi. Other investments – The ICR is a founder and shareholder of two companies whose aims are to exploit the intellectual property generated at the ICR. The companies and the ICR's shareholding are Domainex Limited (3%) and Chroma Therapeutics Limited (0.2%). The cost of the ICR's shareholding of these companies is included in unlisted investments.
- vii. ICR London Cancer Hub Company Limited- the ICR owns 100% of the issued share capital of this company, which has been set up to undertake activities in respect of the London Cancer Hub project. The company was incorporated on 2 March 2017 and did not trade in the period ended 31 July 2017.

21 / Subsidiary undertakings (continued)

A summary of the results of the subsidiaries is set out below:

ICR Sutton Developments Limited	2017 £000	2016 £000
Turnover	16	2,426
Expenditure	(16)	(2,227)
Operating profit	-	199
Assets	421	398
Liabilities	(226)	(239)
Funds	195	159
ICR Equipment Leasing No.8 Limited		
Turnover	-	-
Expenditure	-	-
Operating profit	-	-
Assets	5	5
Liabilities	-	-
Funds	5	5
ICR Chelsea Development Limited has net assets of £2. There were no transactions for this subsidiary during 2015/16.		
ICR Enterprises Limited		
Turnover	10	4
Expenditure	(3)	(3)
Operating profit	7	1
Assets	14	14
Liabilities	(13)	(13)
Funds	1	1

22 / Related parties

The ICR has taken the exemption given by Financial Reporting Standard 102, from disclosing transactions with wholly owned subsidiaries. One of the Trustees is employed by Cancer Research UK which provides funding to the ICR in the form of grants awarded through open competition and external peer review. £22,193,000 of funding was received from Cancer Research UK during the year, and £846,000 from their subsidiary company Cancer Research UK Technology Ltd. This includes £4,352,000 in pending grant instalments included on the ICR's balance sheet. £582,000 was owed to Cancer Research UK Technology Ltd at the year end. One of the Trustees is Chief Executive of The Royal Marsden NHS Foundation Trust (The Royal Marsden). The ICR's Chief Executive is a non-executive director of The Royal Marsden. Research expenditure includes £5,817,000 and research grant income includes £5,643,000 in respect of collaborative research undertaken with The Royal Marsden. The year end accounts receivable balance includes £2,689,000 owed to ICR by The Royal Marsden and £103,000 was owed to The Royal Marsden by ICR.

23 / Accounting estimates and judgements

These accounts have been prepared using a number of assumptions concerning the carrying amount of assets and liabilities within the next financial year.

Legacy income of £2,480,000 has been accrued based on the estimated value of legacy cases for which probate has been granted and any other related conditions met, for which no funds have yet been received.

The freehold and leasehold properties comprising the ICR operational estate were valued as at 31 July 2017 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment, and April 2015 UK amendment and Financial Reporting Standard 102 and the 2015 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost, and with non-specialised operational properties valued on a Fair Value basis equating to Market Value on the assumption of a continuation of the existing use. The valuation is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

ICR has considered whether building assets should be separated into components in order that different useful economic lives are reflected in the depreciation charge. ICR considers component accounting would not have a material impact on the depreciation charge.

The ICR has recognised a liability in respect of the commitment to contribute to the USS deficit recovery plan. The liability is the discounted value of the agreed deficit repair payments. The calculation of the liability uses a discount rate of 1.89% based on a discount rate for high quality corporate bonds. The calculation also uses assumptions around future salary inflation and changes in staff numbers.

The ICR also recognises a liability in respect of the ICR defined benefit pension scheme. The valuation of this liability uses a number of assumptions, laid out in more detail in Note 20.

Other information



The Board of Trustees

The Board of Trustees is the governing body of The Institute of Cancer Research and is constituted under Article 13 of the ICR's Articles of Association.

Name	Title/nominating body	No ¹ of meetings could have attended	No of meetings attended August 2016 to July 2017
Mr Luke Johnson MA(Hons)	Chair/Co-option	9	9
Dr Brendan O'Neill PhD	Deputy Chair and Honorary Treasurer/Co-option	9	8
Professor Paul Workman FRS FMedSci	Chief Executive and President/ Ex Officio	7	7
Professor Clare Isacke FMedSci	Academic Dean/Ex Officio	7	6
Mr William (Bill) Burns BA(Hons)	Co-option	8	8
Professor Nandita de Souza MD FRCR	Academic Board	7	6
Mrs Mandy Donald	Co-option	7	6
Dr Iain Foulkes PhD	Cancer Research UK	7	6
Mr Charles Geffen	Co-option	8	8
Mrs Jane Hamilton BCom FRICS	Co-option	9	9
Mr Jeremy Hill	Co-option	7	7
Professor Timothy Maughan	Co-option	7	3
Professor Nicholas Jones (from 11/2017)	Co-option	0	0
Mrs Ravindhi Murphy (to 8/2016) Ms Ashley D'Aquino (from 9/2016)	Student	7	6
Miss Cally Palmer CBE MSc MIHM DipHSM Dr Liz Bishop DClinPrac MSc BDC RGN	The Royal Marsden NHS Foundation Trust Alternate Director	7	5 2

¹Includes Board of Trustees, Constitutional and Nomination Committee and Remuneration Committee meetings

Senior members of staff in attendance at Board of Trustees meetings:

Dr Charmaine Griffiths PhD MBA	Chief Operating Officer
Mr Paul Norris BSc(Hons) ACA MBA	Director of Finance

Governing Committees, Fellows, Members and Associates

The ICR benefits from external expertise on the following committees that report to the Board of Trustees (as at 31 July 2017):

The Constitutional and Nomination Committee

Mr Luke Johnson MA(Hons) – **Chair**
Dr Brendan O'Neill PhD – **Deputy Chair**
Mr William (Bill) Burns BA(Hons)
Mrs Jane Hamilton BCom FRICS (from 10/2016)

The Audit Committee

Mrs Mandy Donald – **Chair**
Mr Christopher Molloy BSc (from 6/2017)
Professor Howard Morris FRS (to 1/2017)
Mr Graham Clarke MSc MBA FCMA CGMA
Dr Michael Young PhD FCA MIOd
Professor Morris attended 2 (out of 2) meetings, Mr Clarke attended 3 meetings, Mrs Donald and Dr Young attended all 4 meetings held (August 2016 to July 2017)

The Remuneration Committee

Mr Luke Johnson MA(Hons) – **Chair**
Dr Brendan O'Neill PhD – **Deputy Chair**
Mr Charles Geffen
Mrs Jane Hamilton BCom FRICS (from 11/2016)

The Investments and Building Development Committee

Dr Brendan O'Neill PhD – **Chair**
Mrs Marie-Christine Riachi CFA – **Deputy Chair**
Mrs Jane Hamilton BCom FRICS
Mr Clive Heaphy BSc FCPFA (to 5/2017)
The Honourable Thomas Henderson HonDSc(Med)
Mr Michael Sales BA(Hons) MPhil MRICS (from 6/2017)

The ICR also benefits from the expertise of those it has appointed as Trustees of The Institute of Cancer Research Pension Scheme (ICRPS)

Mr John Roberts CBE BA(Hons) FRSA FColl – **Chair**
Mr Fred Maroudas MA
Dr Brendan O'Neill PhD (from 10/2015)
Mrs Win Robbins
Mr Michael Weston MA MBA AIIIMR

Fellows of the ICR

The honorary appointment of Fellow of the Institute is conferred upon distinguished individuals who have some connection with the ICR or with cancer research in its broadest sense. Such appointments are in recognition of past achievement and based on a major contribution to the advancement of the ICR's objectives.

Sir John Ashworth PhD DSc
Professor Sir Kenneth Calman KCB FRSE
Professor D Catovsky MD DSc(Med) FRCPath FRCP FMedSci
Mr E A C Cottrell MA
Dr M J Crumpton CBE PhD HonFRCPath FRS FMedSci
Professor T M Dexter DSc HonFRCP FRS FMedSci
Lord Faringdon KCVO
Professor P B Garland CBE MA PhD MB BChir DSc(hc) LLD(hc) FRSE
Mr J M Kipling FCA DChA
Baroness Morgan of Drefelin
Professor Sir Michael Peckham MD FMedSci
Professor M Waterfield FRS HonFRCPath FMedSci
Professor R A Weiss PhD HonFRCP FRCPath FRS FMedSci

Members of the Institute

Members of the Institute are persons who, by reason of their past and present contributions, are, in the opinion of the Board of Trustees, likely to assist the furtherance of the objects of the ICR. Members are subscribers to the ICR's Articles of Association and as such are entitled to attend any Extraordinary General Meeting which may be convened.

Mr N Ashley DUniv BUniv BSc
Sir John Ashworth PhD DSc
Dr P J Bailey PhD
Dr D Barford FRS FMedSci
Lord Bell FIPA FIPPR FPRCA
Professor A J Bellingham CBE FRCP FRCPath
Mr R Bird MA FCA
Professor Sir Tom Blundell FRS FMedSci
Dr M Bodmer PhD
Sir Henry Boyd-Carpenter KCVO MA
Mr W Burns BA(Hons)
Mr G Clarke MSc MBA FCMA CGMA
Mr E A C Cottrell MA
Miss P M Cunningham CBE FRSA
Mr S R Davie CB
Professor A J S Davies PhD DSc
Mr M de Ferranti BSc
Mr J J Defries BCom IPFA

Mrs M Donald
Mr A W C Edwards
Mr R J Elliott
Lord Faringdon KCVO
Dr S E Foden MA DPhil
Mr B W Freedman
Mr D R Fryatt MA FCA FCIBS
Professor P B Garland CBE MA PhD MB BChir DSc(hc) LLD(hc)
FRSE
Mr C Geffen
Mr D J Gleeson MA
Dr P N Goodfellow FRS FMedSci
Mrs J Hamilton BCom FRICS
Professor A Harris DPhil FRCP FMedSci HonDSc(Med)
Mr C Heaphy BSc FCPFA
The Honourable Thomas Henderson HonDSc(Med)
Mr J Hill
Dr T A Hince PhD
Mr J Hollond
Mrs I Hotimsky MBA
Mr L Johnson MA(Hons)
Mrs S A Johnson BA(Hons)
Professor Nicholas Jones
Mr P J C Keemer MPhil
Mr J M Kipling FCA DChA
Professor R A Laskey CBE FRS FMedSci FLSW HonDSc(Med)
HonLLD
Mr K C Lawrance
Mr A E Lightly FRICS
Mr M G Lillywhite
Professor R Marais PhD FMedSci
Mr K A Markham
Mr F Maroudas MA
Professor T Maughan
Mr C Molloy BSc
Dr M J Morgan PhD
Professor H R Morris FRS
Professor G J Mufti OBE DM FRCP FRCPATH
Ms S Nebhrajani OBE MA ACA
Professor S Neidle PhD DSc ARCS DIC FRSC
Dr B O'Neill PhD
Professor A van Oosterom MD PhD
Professor R J Ott PhD FInstP CPhys HonFBIR
Lady Otton SRN
Mr J M Pearce
Professor Sir Michael Peckham MD FMedSci
Miss A C Pillman CB OBE HonDSc(Med)
Mrs Tim Rathbone
Professor Dame Lesley Rees DBE MD DSc FRCP FRCPATH
FMedSci
Mrs M-C Riachi CFA
Dame Stella Rimington DCB
Mrs W Robbins
Mr A J Roberts CBE BA(Hons) FRSA FColI

Rt Hon Lord Ryder of Wensum OBE
Mr M Sales BA(Hons) MPhil MRICS
Mr G Sangster
Konstantin Graf von Schweinitz
Mrs C Scivier MSc FCIPD
Sir Julian Seymour CBE
Mr R S Sharp
Mr M S Smith MA
Dr K Snell PhD EFIAP PPSA LRPS
Mr R E Spurgeon
Ms A Stevens MA DLitt(Hon)
Professor Sir Michael Stratton FRS FMedSci HonDSc(Med)
Mr S A Taylor MBA FCCA
Mr J Thorne MA
Mr M J Usher BA CPFA
Miss M I Watson MA MBA
Professor S Webb PhD DIC DSc ARCS FIPEM FInstP HonFIPEM
FRSA HonMDGMP HonDSc(Med)
Mr M Weston MA MBA AIIIR
Mr J Williamson BSc(Hons) DipMgmt MBA CEng MIET
Mr A Wolstenholme OBE FEng BSc CEng FICE HonDSc
Sir David Wootton MA
Dr M Young PhD FCA MIOd

Associates of the Institute

Appointment as an Associate of the ICR is conferred on long-serving ex-employees of the ICR or on those former members of staff or students or other individuals who are deemed eligible by reason of their having rendered exceptional service to the Institute or having otherwise done something outstanding to enhance the reputation of the ICR.

Dr G Aherne PhD
Mrs R J Atkins
Mrs L Baldwin AIAT
Mrs R Barfoot
Dr S E Barrie MA PhD
Mr D A Brunning ALA
Mrs B Carey-Watts BA
Professor R L Carter CBE MA DM DSc FRCP FRCPATH
Professor J Chamberlain MB FRCP FFPH
Mr N Clarke
Miss S Clinton
Mr P F Collins
Mrs G Coombes RN
Mrs J Cordell BSc(Hons) MPhil
Professor Dame Jessica Corner DBE PhD RN FMedSci
Mrs C Croucher
Dr D A Darcy MA DPhil
Professor S Eccles PhD
Mr P Farley
Mrs C A Faux
Dr E O Field DM DMRD
Dr M A Flower PhD FIPEM

Mrs A Ford
Mr F Friedlos MPhil
Professor M Garrett PhD
Mrs P M Goddard MPhil
Dr G H Goodwin PhD
Dr H S Greer MD FRCPsych FRANZCP
Mr L J Griggs BSc
Dr P L Grover DSc
Professor B A Gusterson PhD FRCPATH
Professor J G Hall MB BS PhD DSc FRCPATH
Mr J G Harris
Mr A J Hewer CBiol
Professor C R Hill DSc FInstP FIEE HonFRCR HonFIPEM
Mr P Hyett BA ABIPP RMIP MIMI
Professor A L Jackman PhD
Ms L Jackson
Professor M Jarman DSc CChem FRSC HonDSc(Med)
Mrs M Kipling
Mrs B Lloyd
Mr R MacCormick
Mrs R Marriott
Mrs C Martin MSc DMS
Dr E Matutes MD PhD FRCPATH
Dr E McDonald MA PhD ARCS
Mr R K Merrifield MSc
Mr E Merryweather
Ms J Mills MPhil
Dr M Osborne PhD
Dr K Owusu-Ankomah BSc(Hons)
Mr G Parnell CBiol MIBiol MISTR
Dr H Paterson PhD
Dr J H Peacock PhD
Mrs R A Pendry FBIFM AMIBiol
Ms N Perusinghe BSc
Professor C R Pinkerton MD FRCPCH FRACP
Mrs M Rangeley
Dr J Renshaw PhD
Mrs S Sanford
Mr D J C Simmons MPhil FIBMS
Mrs M Snigorska
Professor G G Steel DSc
Mr A Stewart
Mrs S M Stockbridge
Miss D L Tharp BSc
Mr M Valeri BSc(Hons)
Dr S Venitt PhD
Mr W Warren BSc
Dr K Weston PhD
Mrs E Williams SRN
Mrs M Zanelli

Legal and administrative information

Legal and administrative information

Auditors

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30 Finsbury Square, London, EC2P ZXU

Bankers

HSBC plc
70 Pall Mall, London SW1Y 5EZ

Investment Managers

Cazenove Capital Management
12 Moorgate, London EC2R 6DA

Solicitors

Veale Wasbrough Vizards LLP
Barnards Inn, 86 Fetter Lane, London EC4A 1AD

Registered Office

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Company number

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