

PROSTATE CANCER RESEARCH CENTRE

**Financial Statements
31 March 2018**

PROSTATE CANCER RESEARCH CENTRE**Financial statements for the year ended 31 March 2018**

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Reference and Administrative Details

| | | |
|------------------------------------|--|--|
| Charity name | The Prostate Cancer Research Centre | |
| Charity registration number | 1156027 | |
| Registered office | 26 Great James Street Suite 2 London WC1N 3ES | |
| Principal office | Unit 427 Metal Box Factory 30 Great Guildford Street SE1 0HS | |
| Trustees | Timothy Schroder, Chairman Michael J L Nicholson (resigned 16/10/2017) J Christopher Miller Heather Payne MBBS MRCP FRCR (resigned 24/07/2017) Geoffrey Bowman Michele Hunter Professor Prokar Dasgupta Robert Francis QC Matthew Ellis Shaun Grady (appointed 24/07/17) Ben Monro-Davies (appointed 29/01/18) | |
| Executive Director | John Masters BSc PhD FRCPATH (resigned 18/08/17) Oliver Kemp (appointed 21/08/17) | |
| Honorary Treasurer | Ceri Evans | |
| Bankers | Lloyds TSB Oxford Street London BX1 1LT | HSBC 39 Tottenham Court Road London W1T 2AR |
| | Barclays Bank plc London Bridge Branch 29 Borough High Street London SE1 1LY | |
| | CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ | |
| Auditor | Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB | |

Trustees' Report for the year ended 31 March 2018

These are exciting times for the Prostate Cancer Research Centre. When we look back in years to come I am confident that 2017-18 will be seen as a watershed year in the charity's development.

Sadly, Professor John Masters, our founder, retired from the charity during the last year and handed over to a new CEO. I am sure that I speak for all – trustees, staff, scientists and many of our supporters – when I say that we will miss him greatly and send him all very best wishes for the future. John has been succeeded by Oliver Kemp, who arrived last August having previously been CEO of Build Africa. He brings many new ideas to the role and has been concentrating on building the fundraising team and injecting energy and creativity to their efforts. The board gave Oliver the ambitious target of growing the charity's annual income to £5m by 2023 and he and the team have made an impressive start by increasing this by £500,000 (nearly 40%) in his first year. We have also made good progress in our outreach and communications.

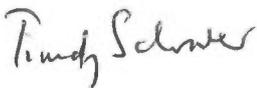
Progress in our research programmes is encouraging too, but increasing our fundraising will enable us to bring on new streams of research and help us to advance towards our ultimate goal of significantly improving the prospects of men diagnosed with prostate cancer. To this end, we have recruited some of the most eminent scientists in the field to our Scientific Advisory Committee. This will play a major part in developing our future research strategy and will be critically important as we seek bids for new research programmes based on open competition.

Another quite different development over the last year has been the acquisition of new office space of our own, at Great James Street in Central London. This has been a significant investment, but one which will save us money in the long term and give us the stability that frequent relocation due to circumstances beyond our control did not.

In all of these respects the charity stands on the brink of a new departure. And for all of these reasons I have decided that after ten years in the chair it is time for me to pass the baton to my successor. I am delighted to welcome Matthew Ellis to the chair. Mathew joined the trustees two years ago and will, I am sure, bring great flare and wisdom to the role as the charity moves forward into a new gear.

I would like to take this opportunity to thank my fellow trustees and the executive team for all the support they have given me during my time as chairman. Most importantly, I would like to thank all our donors and volunteers for building connections with us over the years. By creating a community of people who generously support us with their time, energy and donations we are maximising our chances of making real, positive changes to cancer treatment.

Yours sincerely



Tim Schroder
Chair of Trustees

Trustees' Report for the year ended 31 March 2018**Structure, governance and management**

The charity was founded as the Covent Garden Cancer Research Trust, Charity Commission number 802545. A third deed of amendment changed to the name to the Prostate Cancer Research Centre on 2nd of September 2004.

The Prostate Cancer Research Centre (the 'charity') is a Charitable Incorporated Organisation (CIO), and is registered with the Charity Commission (charity number 1156027). The charity was registered with the Charity Commission on 5 March 2014, with a deed of amendment filed on 15 July 2014. The charity raises funds to continue the aims of the charitable mission, to promote medical and scientific research into the causes and treatment of cancer.

New Trustees are appointed by the existing Trustees and serve for variable periods. The Trust deed provides for a minimum of 2 Trustees to make a quorum and up to a maximum of 15 Trustees. All Trustees give of their time freely and no Trustee remuneration was paid in the year.

Four Trustees' meetings are held in the year, at which the Trustees consider strategy, grant making, reserves, risk management, finance, governance, performance and fundraising direction. The day-to-day administration of the Charity, including setting the salary of the executive staff, is delegated to the Chief Executive, Oliver Kemp. The Trustees set the salary of the Chief Executive. The Investment sub-committee (consisting of a Trustee with banking and investment expertise and the Treasurer) communicate by e-mail or meet as required. One of the Trustees is an expert in the science and management of prostate cancer. At least two of the Trustees have personal experience of prostate cancer.

The Trustees are grateful to Professor A (Tony) Davies for chairing the Scientific Advisory Committee. Professor Davies was Deputy Director of the Institute of Cancer Research and is an eminent expert in cancer research.

Objectives and activities

The objects of the charity are the promotion of medical and scientific research into the causes and treatment of cancer and related diseases and the dissemination of the useful results thereof. The charity carries out these objects by funding research that aims to improve the survival of men with advanced prostate cancer.

The mission of the charity is to develop more effective therapy for men with life-threatening prostate cancer and the long-term vision is treatment for the next generation.

Risk Management

The Trustees have considered the major risks to which the charity is exposed.

Because the Trustees commit to grants over periods of up to 5 years, the reserves policy aims to keep 12 months running costs in hand. Grants are made subject to funding being available. In the event of no further funds being available, the Trustees could run down their commitments in an orderly fashion. By adhering to this policy, the Trustees would be able to give 6 months or more notice of the termination of any grant.

The Trustees do not invest in foreign banks outside UK government protection.

Trustees' Report for the year ended 31 March 2018

Grant making policy

The Charity's grant-making policy allows it to achieve its object of funding research to improve the survival of men with prostate cancer. Prostate cancer can be cured while it is localized to the prostate, but once it has spread outside the prostate it is difficult to cure. There has been little improvement in the survival of men with prostate cancer that has spread outside the prostate since hormone therapy was introduced in the 1940s. Consequently the main objective of the research is to develop new treatments for the next generation of men with prostate cancer.

The beneficiaries of the grant-making programme are ultimately those affected by prostate cancer and those at risk of developing prostate cancer. Prostate cancer is the most frequently diagnosed cancer in men, with UK figures of over 45,000 new cases diagnosed and over 11,800 deaths due to the disease every year.

The Charity follows guidelines and principles set down by the Association of Medical Research Charities (AMRC). The Charity became a member of the AMRC in 2016. The AMRC guidelines for peer review are followed by the charity. For example, grants with a cost in excess of £50,000 per annum and/or with a duration of longer than one year are externally peer-reviewed by UK and foreign scientists of international standing with relevant expertise in the field of the grant proposal. A summary is produced by the Chairman of the Scientific Committee for submission to the Trustees, together with the original reports where required. Reports are submitted to the Trustees on completion for grants of one year or less, and annually for grants of longer than one year.

How the grant programmes deliver public benefit

The public benefits of the Charity's work are the acquisition of knowledge that will lead to improvement of the survival and/or quality of life of men with prostate cancer or lead to the development of novel therapy. In addition, the Charity trains and educates future prostate cancer research scientists and clinicians, disseminates its research findings and provides a booklet for men with prostate cancer and their families.

The charity funds four major streams of research. A team led by Professor Prokar Dasgupta at the Guy's campus of KCL were awarded £1.5 million over 5 years from October 2014 to develop immunotherapy for prostate cancer. Dr Magali Williamson and Dr Aamir Ahmed were each awarded five year grants at KCL starting in May 2018. Professor Matt Smalley and Boris Shorning at Cardiff University have been awarded a three year grant.

Current research

The Charity has been funding four research groups working towards the development of new therapy for advanced prostate cancer, focussing on (1) immunotherapy, (2) the spread of prostate cancer, (3) stem cell signalling and (4) transgenic models of prostate cancer (for mechanistic studies and the testing of therapy).

1. Immunotherapy

Professor Dasgupta's group are harnessing the man's immune system to fight his prostate cancer. A combination therapy is being developed to expose the prostate cancer cells to immune cells that can potentially kill the cancer cells. Coupled with these unblocking proteins is a unique technology called "tailing", which enables the proteins to stick to the cancer cells and gather in much larger numbers and for longer than would otherwise be possible. This approach to therapy has successfully eradicated prostate cancer growing in experimental models.

Trustees' Report for the year ended 31 March 2018

2. The spread of prostate cancer

Early prostate cancer (disease that is confined to the prostate) is curable with surgery or radiotherapy, but once the cancer has spread outside the prostate it becomes life-threatening. The team studying the spread of prostate cancer set out to identify genetic changes that enable prostate cancer cells to spread. They discovered that mutations in a gene called Plexin B1 are one of the most frequent genetic changes in prostate cancer. About half of the cancers localized within the prostate have mutations, while nearly all those that have spread to bone have mutations. These findings suggest that the mutations in Plexin B1 help the prostate cancer cells to spread.

The group has made further progress by identifying the mechanism by which the mutations in Plexin B1 alter the behaviour of prostate cancer cells. The mutations do not appear to modify the signals outside the cell, but they do affect the interactions with other proteins inside the cells and consequently influence cell movement and invasion. These experiments are important because they will help define how to kill prostate cancer cells carrying mutations in Plexin B1.

Professor Clarke and his team in Cardiff have demonstrated that Plexin B1 mutation increases the rate and incidence of prostate cancer spread in two transgenic models of prostate cancer. Dr Williamson at KCL is now developing antibodies to inhibit the action of Plexin B1 and prevent the spread of prostate cancer or kill cancer cells that have already spread.

3. Stem cell signalling

Within every cancer there is a small number of stem cells, responsible for the growth of the cancer. The stem cell team have found that a biochemical pathway (called wnt signalling) is crucial for prostate stem cell self-renewal. They have discovered that drugs used to treat other conditions can target one part of this pathway and potentially provide a treatment for prostate cancer. This discovery has been patented and the group are testing some of these drugs to determine if they might slow down the growth of prostate cancer.

4. Transgenic models of prostate cancer

We need new models of prostate cancer to determine the influence of the Plexin B1 mutations on the spread of prostate cancer and to test new therapies before they are applied in the clinic. New models have been developed. They demonstrate that Plexin B1 mutation increases the rate and incidence of prostate cancer spread and will be used to screen the new treatments.

Future Plans

With the help of the Scientific Advisory Committee we are currently writing a new research strategy to rapidly expand the depth and breadth of our projects. We will start rolling out a new grant round in 2018/19 to expand the number of projects we are supporting from 4 to 7.

Dissemination of research

For research to benefit patients, it is necessary that the output is published in high impact journals that are read by scientists and doctors researching into and treating prostate cancer.

Prostate cancer booklet

With the help of a grant from the National Lottery Charities Board, the Charity developed a booklet for men recently diagnosed with prostate cancer and their families called *Treating Prostate Cancer — Questions & Answers*. This booklet is popular and over half a million copies have been distributed free directly to patients or through clinical services. The numbers of booklets distributed suggests that the majority of men diagnosed with prostate cancer in the UK get one of our booklets.

Trustees' Report for the year ended 31 March 2018

Fundraising

The organisation has set out on an ambitious 5 year fundraising strategy to increase income to £5m by 2023. In the first year of this plan we have broadened the number of major income streams from 3 to 5. This makes the organisation more sustainable and allows us to fund the expansion in our research projects over the next few years.

Volunteers

Volunteers help in challenge events by registering participants, marshalling, manning cheer stations and photographing the event.

Our Treasurer works half a day a week on a voluntary basis.

Financial review

Income

Income for the year totalled £1,865,517, an increase of £505,282 over the previous year.

Legacy income accounted for approximately a third of the fundraising income, with events income accounting for about 40% and other fundraising activity the remaining 25%.

Expenditure

Overheads and administration costs increased this year due largely to recruitment and rental costs. Salary costs increased in the year due to additional staff being employed as the charity grows. Grant funding decreased from £575,352 to £546,429.

Cash and Investments

Income from investments was similar to the previous year at £12,930. In contrast to the previous year, there was a loss in the value of the investments of £14,459.

The charity continues to operate a policy of retaining sufficient funding to cover at least 12 months future commitments. This funding is held in cash and investments in a ratio designed to spread risk whilst maintaining liquidity. Because the charity commits to making grants for up to 5 years in advance, the 12 month holding is regarded by the Trustees as an absolute minimum. Where available, funds are designated to cover the cost of future grant commitments. At the year end the charity had £1,281,457 of free reserves.

The charity has joined the government pension scheme NEST. It has agreed to supplement contributions by 3%. It is expected that this change will add approximately 3% to the wage bill.

In 2017, the Trustees agreed a stricter ethical policy, with particular emphasis on avoiding any investment related to tobacco and its associated products which the Charity has adhered to in the year.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom

Trustees' Report for the year ended 31 March 2018

Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the results of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the Trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The maintenance and integrity of the charity's website is the responsibility of the Trustees. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

Auditor

Moore Stephens LLP has expressed its willingness to be reappointed as auditor for the forthcoming year.

Approved by the Trustees on 16-7-2018 and signed on their behalf by:

Timothy Schroder

.....
Timothy Schroder
 Trustee

Signed on 17 September 2018

Independent Auditor's Report to the Trustees of the Prostate Cancer Research Centre**Opinion**

We have audited the financial statements of Prostate Cancer Research Centre (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 FRS 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 charity's affairs as at 31 March 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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 charity 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 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 audit opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, 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.

Independent Auditor's Report to the Trustees of the Prostate Cancer Research Centre

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities Statement set out on pages 6 & 7, the trustees 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 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity 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 Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Trustees of the Prostate Cancer Research Centre

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Stephens LLP

Philip Clark, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date: *18 September 2018*

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities for the Year Ended 31 March 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Total funds 2018 £ | Total Funds 2017 £ |
|--|-------|-------------------------|-----------------------|--------------------------|--------------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | 2 | 1,851,843 | - | 1,851,843 | 1,338,662 |
| Investments | 3 | 12,930 | - | 12,930 | 17,362 |
| Other Income | | 745 | - | 745 | 4,211 |
| Total income | | 1,865,517 | - | 1,865,517 | 1,360,235 |
| Expenditure on: | | | | | |
| Raising funds | 4 | 442,708 | - | 442,708 | 259,206 |
| Charitable activities | 5 | 876,267 | - | 876,267 | 779,396 |
| Total expenditure | | 1,318,975 | - | 1,318,975 | 1,038,602 |
| Net income before gains/(losses) on investments | | 546,542 | - | 546,542 | 321,632 |
| Net gains/(losses) on investments | | (14,460) | - | (14,460) | 63,790 |
| Net movement in funds | | 532,082 | - | 532,082 | 385,423 |
| Fund balances brought forward at 31 March 2017 | | 2,539,375 | - | 2,539,375 | 2,153,951 |
| Fund balances carried forward at 31 March 2018 | | 3,071,457 | - | 3,071,457 | 2,539,374 |

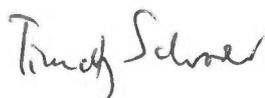
All the above results were derived from continuing activities.

The notes and information on pages 14 to 21 form part of these financial statements.

Balance Sheet as at 31 March 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|------------------|------------------|
| Fixed assets | | | |
| Property and Equipment | 9 | 893,841 | - |
| Investments | 10 | 638,288 | 552,747 |
| | | <u>1,532,129</u> | <u>552,747</u> |
| Current assets | | | |
| Debtors | 11 | 208,214 | 286,805 |
| Cash at bank and in hand | | 1,609,368 | 2,106,980 |
| | | <u>1,817,582</u> | <u>2,393,785</u> |
| Creditors: amounts due within 1 year | 12 | <u>(278,252)</u> | <u>(407,158)</u> |
| Net current assets | | <u>1,539,329</u> | <u>1,986,627</u> |
| Net assets | | <u>3,071,457</u> | <u>2,539,374</u> |
| Funds of the charity | | | |
| Restricted | | | |
| | | - | - |
| Unrestricted | | | |
| Designated funds | | 1,790,000 | 1,052,638 |
| General funds | 14 | 1,281,457 | 1,486,736 |
| Total funds | | <u>3,071,457</u> | <u>2,539,374</u> |

Approved by the Board on 16-7-2018 and signed on its behalf by:



Timothy Schroder
Trustee

Signed on 17 September 2018

The notes and information on pages 14 to 21 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2018

| | | 2018 £ | 2017 £ |
|--|-----|------------------|------------------|
| Cash flows from operating activities: | | | |
| Net cash provided by operating activities | (a) | <u>483,299</u> | <u>437,155</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 12,930 | 17,362 |
| Purchase of property, plant and equipment | | (893,841) | - |
| Proceeds from sale of investments | | 249,908 | 180,531 |
| Purchase of investments | | (349,908) | (100,000) |
| Net cash (used in)/provided by investing activities | | <u>(980,911)</u> | <u>97,893</u> |
| Change in cash and cash equivalents in the reporting period | | <u>(497,612)</u> | <u>535,048</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>2,106,980</u> | <u>1,571,932</u> |
| Cash and cash equivalents at the end of the reporting period | | <u>1,609,368</u> | <u>2,106,980</u> |
| (a) Reconciliation of net expenditure to net cash flows from operating activities | | | |
| Net income for the reporting period | | 532,082 | 385,423 |
| Adjustments for: | | | |
| Losses/(gains) on investments | | 14,460 | (63,790) |
| Dividends and interest from investments | | (12,930) | (17,362) |
| Decrease/(increase) in debtors | | 78,591 | (96,883) |
| (Decrease)/increase in creditors | | (128,904) | 229,767 |
| Net cash provided by operating activities | | <u>483,299</u> | <u>437,155</u> |

The notes and information on pages 14 to 21 form part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2018

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Designated funds are unrestricted funds set aside at the discretion of the Trustees for specific purposes.

Further details of each fund are disclosed in note 14.

Income

Voluntary income including donations, legacies and grants that provide core funding or are of a general nature is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the Charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the Statement of Financial Activities once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the Charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Fixed assets

Individual fixed assets costing £5,000 or more are initially recorded at cost.

Notes to the Financial Statements for the Year Ended 31 March 2018**1. Accounting policies continued****Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| | |
|-------------------------|---------------|
| Long Leasehold Property | - 50 years |
| Office Equipment | - 50% on cost |

No depreciation has been charged in the year as the as the property will not be moved into until the 23 July 2018.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using their closing quoted market price. Realised and unrealised gains and losses are shown in the statement of financial activities together as net gains on revaluation and disposals of investment assets. Investments held in the cash liquidity funds are classified within current assets.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in the investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors of sub-sectors. Substantially all investments were sold after the year end.

Gains/losses on investment assets

All gains and losses are taken to the Statement of Financial Activities as they arise. Unrealised gains and losses on investment assets represent the difference between their fair value at the end of the year and their fair value at the beginning of the year, or transaction value if acquired during the year. Realised gains and losses on disposal of investment assets represent the difference between the sale proceeds and the fair value at the beginning of the year, or transaction value if acquired during the year.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Creditors

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes to the Financial Statements for the Year Ended 31 March 2018

1. Accounting policies continued

Operating leases

Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Judgements and key sources of estimation uncertainty

There are no significant judgements in relation to the above accounting policies that have a material impact on the financial statements.

2. Donations & legacies

| | Unrestricted Funds £ | Restricted Funds £ | Total 2018 £ | Total 2017 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Donations, fundraising and legacies | | | | |
| Committed giving | 1,213,535 | - | 1,213,535 | 602,402 |
| Legacies and bequests | 638,307 | - | 638,307 | 736,260 |
| | <u>1,851,843</u> | <u>-</u> | <u>1,851,843</u> | <u>1,338,662</u> |

3. Income from investments

| | Unrestricted Funds £ | Restricted Funds £ | Total 2018 £ | Total 2017 £ |
|---|----------------------------|--------------------------|--------------------|--------------------|
| Interest and dividends from investments | 11,938 | - | 11,938 | 16,663 |
| Interest on cash deposits | 992 | - | 992 | 699 |
| | <u>12,930</u> | <u>-</u> | <u>12,930</u> | <u>17,362</u> |

4. Expenditure on raising funds

| | Unrestricted Funds £ | Restricted Funds £ | Total 2018 £ | Total 2017 £ |
|-------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Fundraising costs | 313,373 | - | 313,373 | 185,043 |
| Employment costs (see note 8) | 129,385 | - | 129,385 | 74,163 |
| | <u>442,708</u> | <u>-</u> | <u>442,708</u> | <u>259,206</u> |

Notes to the Financial Statements for the Year Ended 31 March 2018

5. Charitable activities

| | Unrestricted Funds £ | Restricted Funds £ | Total 2018 £ | Total 2017 £ |
|---|----------------------------|--------------------------|--------------------|--------------------|
| Grant funding of activities (see note 7) | 546,429 | - | 546,429 | 575,352 |
| Employment costs (see note 8) | 146,421 | - | 146,421 | 98,990 |
| Support costs (see note 6) | 183,417 | - | 183,417 | 105,054 |
| Total expenditure on charitable activities | 876,267 | - | 876,267 | 779,396 |

6. Support costs are allocated on the basis of staff time and comprise the following:

| | 2018 £ | 2017 £ |
|------------------------------|----------------|----------------|
| Donated services | - | 18,000 |
| Other stationery and postage | 33,988 | 24,330 |
| Office rent | 69,260 | 30,553 |
| IT costs | 35,487 | 14,438 |
| Recruitment | 20,610 | - |
| Bank charges | 1,126 | 405 |
| Sundry | 3,566 | 4,593 |
| Governance costs | | |
| Auditor's remunerations | 6,240 | 5,880 |
| Trustee meeting expenses | 3,809 | 2,579 |
| Legal and professional fees | 9,331 | 4,276 |
| Total | 183,417 | 105,054 |

7. Grant funding of activities

| Name of institution | Activity | Total 2018 £ | Total 2017 £ |
|-----------------------|-----------------|--------------------|--------------------|
| King's College London | Research grants | 470,444 | 575,352 |
| Cardiff University | Research grants | 75,985 | - |
| | | 546,429 | 575,352 |

Notes to the Financial Statements for the Year Ended 31 March 2018

8. Employees' remuneration

The average number of persons employed by the charity during the year, analysed by category was as follows:

| | 2018 | 2017 |
|---------------------------|----------|----------|
| Charitable activities | 4 | 2 |
| Fundraising and marketing | 3 | 2 |
| Total | <u>7</u> | <u>4</u> |

The aggregate payroll costs of these persons were as follows:

| | 2018 | 2017 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Salaries and wages | 246,908 | 155,022 |
| National Insurance | 20,623 | 13,027 |
| Training and recruitment | 5,852 | 5,104 |
| Total | <u>273,383</u> | <u>173,153</u> |

No employees were paid more than £60,000 (2016: none).

The key management personnel are the Trustees, the Chairman of the Scientific Advisory Committee and the CEO. All grant proposals, strategic and financial plans and personnel appointments are vetted by the Trustees. Apart from the payment of expenses, the only post which is remunerated is that of the CEO (annual salary: £77,000).

9. Property and Equipment

| | Long Leasehold Property | Office Equipment | Total |
|----------------------------|----------------------------|---------------------|-----------------------|
| Cost | | | |
| As at 01 April 2017 | - | - | - |
| Additions | 889,781 | 4,060 | 893,841 |
| As at 31 March 2018 | <u>889,781</u> | <u>4,059</u> | <u>893,841</u> |
| Depreciation | | | |
| As at 01 April 2017 | - | - | - |
| Charge for the year | - | - | - |
| As at 31 March 2018 | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Book Value | | | |
| As at 31 March 2017 | - | - | - |
| As at 31 March 2018 | <u>889,781</u> | <u>4,060</u> | <u>893,841</u> |

Notes to the Financial Statements for the Year Ended 31 March 2018

| 10. Investments | 2018 | 2017 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Market value at 1 April | 552,746 | 569,488 |
| Additions | 349,908 | 100,000 |
| Disposals | (249,908) | (180,531) |
| Realised gains | 3,394 | 18,555 |
| Net unrealised gain | (17,854) | 45,235 |
| Market value at 31 March | <u>638,288</u> | <u>552,746</u> |
| Historic cost | <u>624,908</u> | <u>475,000</u> |

| Investment by fund | 2018 Historic Cost | 2018 Units | 2018 £ | 2017 Historic Cost | 2017 Units | 2017 £ |
|--|--------------------------|---------------|----------------|--------------------------|---------------|----------------|
| Newton Global Growth & Income Fund for Charities | 349,908 | 235,819 | 339,768 | 150,000 | 263,786 | 246,513 |
| Ruffer Charity Assets Trust | 275,000 | 256,263 | 298,520 | 275,000 | 325,483 | 306,234 |
| | <u>624,908</u> | | <u>638,288</u> | <u>475,000</u> | | <u>552,747</u> |

| 11. Debtors | 2018 | 2017 |
|----------------------|----------------|----------------|
| | £ | £ |
| Donations Receivable | - | 91,709 |
| Other debtors | 28,854 | 10,192 |
| Prepayments | 179,360 | 184,904 |
| | <u>208,214</u> | <u>286,805</u> |

| 12. Creditors – amounts falling due within one year | 2018 | 2017 |
|---|----------------|----------------|
| | £ | £ |
| Creditors Control Account | 11,560 | 344 |
| Accruals | 160,674 | 136,574 |
| Deferred Income | 104,063 | 270,240 |
| Other creditors | 1,955 | - |
| | <u>278,252</u> | <u>407,158</u> |

Notes to the Financial Statements for the Year Ended 31 March 2018

13. Analysis of net assets between funds

| | Unrestricted | Restricted | Total funds |
|---------------------------------------|------------------|------------|------------------|
| | £ | £ | £ |
| Fixed Assets | 893,841 | - | 893,841 |
| Investments | 638,288 | - | 638,288 |
| Debtors | 203,214 | - | 203,214 |
| Cash at bank and in hand | 1,609,368 | - | 1,609,368 |
| Creditors falling due within one year | (278,252) | - | (278,252) |
| Net assets at the end of year | <u>3,041,457</u> | <u>-</u> | <u>3,041,457</u> |

14. Funds

| | At 1 April 2017 £ | Income £ | Expenditure £ | Other recognised gains £ | Transfers | At 31 March 2018 £ |
|-------------------------------|----------------------------|------------------|--------------------|-----------------------------------|-------------|-----------------------------|
| Unrestricted Funds | | | | | | |
| General | 1,486,736 | 1,667,487 | (772,546) | (14,460) | (1,085,760) | 1,281,457 |
| Designated Funds | | | | | | |
| Grants | 1,052,638 | 198,030 | (546,429) | - | 195,979 | 900,219 |
| Property | - | - | - | - | 889,781 | 889,781 |
| | <u>2,539,374</u> | <u>1,865,517</u> | <u>(1,318,975)</u> | <u>(14,460)</u> | <u>-</u> | <u>3,071,457</u> |
| Restricted Funds | - | - | - | - | - | - |
| Total funds | <u>2,539,374</u> | <u>1,865,517</u> | <u>(1,318,975)</u> | <u>(14,460)</u> | <u>-</u> | <u>3,071,457</u> |

Designated funds:

Grants represents funds set aside to finance grants that have been awarded for the duration of the grants.

Property represents the value invested in headquarters to enable the ongoing operations and activities of the Centre, as identified in note 9.

A transfer has been made from unrestricted reserves to designated funds so that the level of designated funds carried forwards are equal to amounts that are expected to be paid for the duration of the grants. Grants have been awarded for periods of up to five years and therefore their funds are expected to be utilised within this five year period.

Notes to the Financial Statements for the Year Ended 31 March 2018

15. Related party transactions

A grant of £1.5 million, payable over five years, was awarded to Kings College London. The grant is managed by Professor Prokar Dasgupta of King's College London, who is a Trustee of PCRC. Mr Dasgupta was not involved in the decision to award the grant. The grant was peer-reviewed by the external scientific committee (consisting of three eminent scientists from outside the UK) and awarded in competition with other proposals. Professor Dasgupta was not party to the selection process. At the year end, £75,804 is included within accruals in respect of this grant, representing the final instalment of this year's grant payment.

16. Trustees

The Trustees received no remuneration (2017: nil). In addition, no Trustee was paid or received any expenses during the year (2017: nil). Trustee meeting expenses of £3,809 (2017: £2,579), as included in Note 6, are the costs of holding the Trustees meetings, which include dinner.

17. Financial commitments

At 31 March 2018 the charity had annual commitments under non-cancellable operating leases as follows:

| | 2018 | 2017 |
|------------------------|--------|--------|
| | £ | £ |
| Lease expiring: | | |
| Within one year | | |
| Land and buildings | 20,344 | 39,719 |
| Other | 419 | 628 |
| Between 1 and 5 years | | |
| Land and buildings | - | 20,344 |
| Other | - | 419 |
| | 20,763 | 61,109 |