

MEN UNITED **V** PROSTATE CANCER



**PROSTATE
CANCER UK**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**
for the year ended 31.03.14

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OVERVIEW OF THE YEAR

A year of investing in a better, brighter future for men

2013-14 has been a year of unprecedented levels of investment as we launched new programmes aimed at improving care and support for men and finding answers to reduce the impact of prostate cancer. These programmes will run over coming years as we continue to work tirelessly to improve outcomes for men.

Headline achievements against the three main objectives as set out in our Manifesto are:

SUPPORTING MEN

This year, our services have helped support more men than ever before, with calls to our helpline increasing by nearly 50%. We've branched out into local communities with greater levels of one-to-one and group support; piloted engagement events with our African/African Caribbean programme, and even taken our services on the road with Tenovus and Movember Foundation through the ManVan project.

Working to improve support for men from within and without, we've also increased our work with the NHS this year. We have funded 42 health professional roles of which 23 are already in post and are working within the NHS on projects to benefit men, and we've agreed £4m investment in projects aimed at redesigning services to help improve the care pathway for men with prostate cancer.

FINDING ANSWERS

With the continued support of Movember Foundation, we've funded an £11.8m investment in prostate cancer research. We've launched two Centres of Excellence in the UK to bring leading researchers together in the search for answers, 13 Project Grants and Pilot Awards (eight of which focus on telling aggressive from non-aggressive cancer) and ten Fellowships.

LEADING CHANGE

In January 2014 we launched our new campaign Men United v Prostate Cancer. A call to arms, Men United was conceived as a movement for men and a focal point to come together and unite against prostate cancer.

The Men United campaign has been very successful. Over 100,000 people have joined Men United in less than three months, and more than 160,000 men and women have taken our online awareness test. We reached millions of people – including men at risk of the disease – across the UK.

But Men United is much more than an awareness campaign or fundraising drive, it's the banner under which we will operate for the foreseeable future. Everyone who helps us is part of Men United.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Objectives and activities

The charity's objectives, set out in its Memorandum and Articles of Association, are to invest in prostate cancer research and to publish useful results to provide information and support to men and their families affected by prostate cancer to raise public awareness of prostate cancer and other prostate diseases and their symptoms.

In our Manifesto, which was published in 2012, we have summarised these objectives into the headings Supporting Men, Finding Answers and Leading Change, and these headings are used to structure our Strategic Report below.

The following information is not shown separately in the Council's report as it is disclosed within the strategic report under s414C(11) of the Companies Act 2006:

- i. Achievements and performance
- ii. Financial review
- iii. Plans for the future
- iv. Reserves policy
- v. Public benefit, and
- vi. Principal risks and uncertainties

STRUCTURE

The Members of the Council of Management ('The Trustees') of Prostate Cancer UK ('the charity'), who are also Directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2014.

The charity is a charitable company limited by guarantee and was set up on 14 October 1991. This report provides information on the charity's activity and financial performance from April 2013 to March 2014.

The charity also holds the following dormant companies: The Prostate Cancer Charity Ltd (08183613), Prostate Cancer Research Foundation (05926197) and Prostate Action (07149009).

GOVERNANCE AND MANAGEMENT

Overall strategy and policy for the charity are agreed by the Council of Management (known as the 'Board of Trustees'), advised by the Chief Executive and Executive Directors who attend all meetings.

Trustees retire after three years but are then eligible for re-election. Officers of the Board (Chairman, Treasurer and Vice Chairman) are elected for an initial term of three years. They are then eligible for election for a further, final term of three years. These terms are extendable, exceptionally, at the discretion of the Board of Trustees.

Trustees are generally recruited by open advertisement to ensure the widest field of applicants. A number of the Trustees have been personally affected by prostate cancer. During the year, four Trustees retired.

It is the charity's policy to train new Trustees to ensure they have the knowledge and skills to perform their roles. New Trustees undertake an induction programme, meeting with staff from across the charity and are provided with relevant background briefing information.

Trustees periodically review governance arrangements to ensure that appropriate structures and mechanisms are in place as the charity evolves.

The charity has put in place Trustee indemnity insurance.

Trustees met on 17 occasions during the year, either as a full Board or in the committees.

TRUSTEES AND DIRECTORS

The Trustees and Directors who served the charity during the year were:

- Professor Jonathan Waxman
(President)
- William Russell *(appointed Chairman 17.10.13)*
- Ray Kelly *(Vice Chairman)*
- Hugh Richardson
(Treasurer)
- Dr Mark Britnell
- Sharon Thorne
- Robert Humphreys
- Professor Roger Kirby
- Christopher Smith
- Dr Christopher Adams
- Laurance Racke
- David A Pretty CBE

Resigned in year:

- Professor Paul Forster
(Chairman retired 17.10.13)
- Professor Hing Leung
(retired 18.07.13)
- Dr Timothy Walker CB
(retired 18.07.13)
- Vanessa Valley
(retired 17.03.14)

SUBCOMMITTEES OF THE BOARD

Finance and General Purposes Committee

- Reviews in-depth budget and financial plans.
- Monitors the charity's financial performance.
- Makes recommendations to the Board on financial policy matters (e.g. Treasury Management and Reserves).
- Reviews strategic HR issues.
- Scrutinises support services and undertakes any other work delegated to it by the Board.

Nominations Committee

- Recommends to the Board the reward arrangements and appointment of new Trustees, Officers and the Chief Executive.

Audit and Risk Management Committee

- Leads on external audit matters.
- Responsible for reviewing arrangements for the management of risk.

Services Committee

- Provides strategic attention to the development of the charity's 'front line' service.
- Provision of services to men affected by prostate cancer and prostate disease.

Business Development Committee

- Since the year end the informal business development group, which has been running during the past year, has been formalised into an additional committee of the Board.
- The remit of the committee is to review existing income generation and communications related activity, as well as to consider future opportunities in these areas.

Additionally, the **Research Advisory Committee** advises the Board on research investment. Terms of reference for committees are regularly reviewed.

SENIOR MANAGEMENT TEAM

- **Chief Executive**
Owen Sharp
- **Director of Research**
Dr Iain Frame
- **Director of Policy and Strategy**
Dr Sarah Cant
(maternity leave from 18.06.13)

Mikis Euripides
(appointed Interim Director of Policy and Strategy from 08.07.13)
- **Director of Services**
Heather Blake
- **Director of Communications**
Seamus O'Farrell
(resigned 30.06.13)

Vivienne Francis
(appointed Interim Director of Communications from 01.07.13)
- **Director of Fundraising**
Mark Bishop
- **Director of Resources and Company Secretary**
Richard Whitley
(resigned 31.01.14)
- **Director of Finance and Company Secretary**
Angela Culhane
(appointed 01.02.14)

LEGAL AND ADMINISTRATIVE DETAILS OF THE CHARITY

Registered in England and Wales with the Charities Commission under charity number 1005541.

Registered in Scotland by the Office of the Scottish Charity Regulator under charity number SCO39332.

Registered company number 02653887.

ADDRESS

Prostate Cancer UK

Fourth Floor
The Counting House
53 Tooley Street
London SE1 2QN

Prostate Cancer UK (Scotland)

Unit F22-24
Festival Business Centre
150 Brand Street
Glasgow G51 1DH

BANKER

National Westminster Bank plc

Park Royal Branch
1 Abbey Road
London NW10 7RA

AUDITOR

MHA Macintyre Hudson

Chartered Accountants & Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London E4V 6BJ

LEGAL ADVISOR

Russell-Cooke LLP

2 Putney Hill
London SW15 6AB

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Supporting men

Last year, we stated our goal was to achieve significant growth across all areas of our support services for men. We are happy to report that, thanks in no small part to investment from Movember Foundation, Prostate Cancer UK has this year achieved significant growth in its activities to support men living with prostate cancer compared with 2012/13.

SUPPORT SERVICES

- We had a 47% increase in calls to our helpline (9,196 in total), and 90% of callers surveyed told us they were very satisfied with the service.
- 72% more visitors (an additional 224,000) viewed the information pages on our website.

VOLUNTEERS

- Our new programme to raise awareness of prostate cancer – funded by Deloitte and Scotmid – launched in November 2013 focusing particularly on hard to reach groups of men. Through this programme, we have already made contact with 70,300 people through talks and information stands.
- Over 1,000 people signed up to swell the numbers of our committed volunteers to just under 2,000.

REACHING OUT TO THE COMMUNITY

- Our new UK-wide community services delivered 4,620 one to one support sessions (an increase of 439% compared to last year) through local one-to-one support, and supported 9,796 attendances in a group setting (an increase of 139%).
- Our African/African Caribbean programme was set up following a high profile engagement event in June 2013. Through this we have piloted engagement events through community organisations, and will shortly convert this into a broad UK-wide offer. We are also working to improve the engagement of African/African Caribbean men in research.
- Working in partnership with Tenovus and Movember Foundation, we launched the ManVan in March 2014. The ManVan delivers support services from a mobile unit to men living with prostate and testicular cancer across the whole of Wales, focusing particularly on remote areas and areas of high deprivation, incidence and need.

ENGAGING HEALTH PROFESSIONALS

- We launched our targeted plans to engage health professionals and promote our services with them towards the end of the year, and have already doubled the number of professionals subscribing to our newsletter to over 2,200 by the end of March. We had over 34,000 visits to our health professional web pages over the year.
- We have successfully allocated funds for 42 health professional roles within the NHS thanks to funding from Movember Foundation and Royal Mail. 23 of these roles are now in place and delivery of their projects is already underway.
- Towards the end of the financial year we succeeded in agreeing an investment of over £4m in service redesign projects through university and NHS partners. These projects, commissioned to demonstrate major improvements in care (from diagnosis to living with cancer), are now underway.
- Uptake of our education provision for health professionals rose significantly with a 53% increase in course attendances, 91% in talks and 316% increase in e-learning registrations, all with the aim of improving the care provided to men.



Finding answers

Last year we said we would launch our first major strategic award, build on our project and pilot awards, and continue to invest in future researchers through our PhD studentships and Fellowship programme. Thanks to the partnership with Movember Foundation, Prostate Cancer UK awarded 25 new research awards at a cost of £11.8m. This is the most we have ever invested in research in a single year and we are very proud of this achievement.

TWO MOVEMBER CENTRES OF EXCELLENCE

We promised to fund one new Movember Centre of Excellence. However, because the quality of the applications was so high, we decided to fund two.

- The Movember Centre of Excellence based in London (Institute of Cancer Research, Imperial College London and University College, London) will focus their expertise in genetics to investigate differentiation between aggressive and non-aggressive cancer, and new treatments.
- The Movember Centre of Excellence based between Queen's University Belfast and the University of Manchester-Christie NHS Foundation Trust will concentrate on finding new approaches to targeting radiotherapies.

With the funding of both Centres we hope to be able to accelerate findings in research from the laboratory to benefit men in the clinic.

TEN PROJECT GRANTS AND THREE PILOT AWARDS

We continued to underpin the research base in the UK through funding project grants and pilot awards. Last year we introduced several innovations to ensure that we were able to attract the best scientists with the best projects with the greatest potential to help men with prostate cancer.

- We removed the financial cap of £250,000 on awards and no longer stipulated that they could be no more than three years' duration.
- We also put a highlight notice on our research call – asking specifically for applications that would address our second research priority, differentiating between aggressive and non-aggressive cancers.

As a result of this strategic uplift, eight of the 13 new Project Grants and Pilot awards focussed on our second research priority, and we are beginning to balance the research portfolio between searching for new treatments and differentiating between cancer types. We will continue with this approach for future calls.

We have also introduced a Grants Advisory Panel to our decision making processes. This is a panel made up of people affected by prostate cancer that meets before the full Research Advisory Committee and recommends projects as high, medium, or low priority to people affected by prostate cancer. We anticipate this will help ensure research we fund has a direct relevance to men with prostate cancer.

FIVE PHD STUDENTSHIPS AND FIVE FELLOWSHIPS

We were delighted to continue to support scientists early in their careers by funding five new PhD studentships and three Clinical Training fellowships. For the first time we were able to offer support at intermediate level too through awarding two Career Development fellowships. These fellows are given substantial support over five years to become independent group leaders in their own right.

In a measure of the success of our programme, 32 publications acknowledged Prostate Cancer UK funding in 2013/14 and published papers that have acknowledged our support since 2007 have been cited 369 times in other publications, showing that the work we fund is being built on by other scientists around the world.



Leading change

The highlight of the year was the launch of the Men United campaign. We believe we have reached millions of people across the UK already and will continue to grow the movement for men, using it to bring people together to unite against prostate cancer.

In 2012/13, we pledged to build on the success of our first mass market awareness campaign – The Sledgehammer Fund – and further our understanding of the needs of men through evidence gathering projects. This year, Prostate Cancer UK led from the front on campaigning for better treatments and raising awareness through nationwide campaigns and communications. We have consolidated our presence in the UK through strengthening our identity and delivering nationwide coverage of our work. This activity has not only increased understanding of us and the disease, but sparked rises in donations, seen unprecedented numbers of people back our campaigns, and grown demand for our services.

CAMPAIGNING

- We successfully campaigned for the availability of the latest treatments for advanced prostate cancer including abiraterone and enzalutamide in Scotland.
- In March we launched our presence at the Senedd in Wales and started to engage with politicians and civil servants in Northern Ireland for the first time.
- We took on the co-chair of the Prostate Cancer Advisory Group (PCAG), a national group of top-level clinicians and policy makers, and have been working in partnership to identify the key challenges and solutions for prostate cancer services nationwide.
- We continued to develop our expertise by publishing new research into the needs and views of men including the 1 in 4 lifetime risk of developing prostate cancer for black men.



IDENTITY AND AWARENESS

- The Charity Brand Index moved us up 20 places within the top 130 charities to 36th on the strength of our growing brand and identity.
- We were selected as one of three charities for The Times Christmas Appeal, offering us an excellent platform to run a series of features, news, sports pieces, and interviews to raise awareness of the work of Prostate Cancer UK and our cause.
- We had 1,976,167 sessions recorded on our website, an increase of 72% compared to last year (1,143,980 in 2012/13).

FATHER'S DAY AND STAND BY YOUR MAN

- Our week-long partnership with ITV – Stand By Your Man – culminated in the premiere of Father's Day, our specially commissioned drama featuring Ray Winstone, Charles Dance and Tamzin Outhwaite.
- ITV coverage of the campaign is estimated to have reached over 3.3 million people, with additional media and PR coverage reaching 45 million.



Fundraising

The total income generated in 2013/14 was £30.9m. Of this total £17.8m was donated by Movember Foundation, which remains the largest single source of funding for our work.

Prostate Cancer UK's other fundraising activities raised £12.9m, representing a 34% increase on gross income from the previous year. We would like to express our gratitude to every company, trust, community group, event participant and individual giver who helped fund our work in 2013/14.

We have a continuing flagship partnership with The Football League, which has given us access to millions of men across the 72 local communities in which the clubs are located. Raising funds and awareness have gone hand in hand at football grounds and as part of our wider Men United v Prostate Cancer campaign. Other highlights include:

- Strong corporate support from Deloitte, Iceland, Keyline Builders Merchants, Marks and Spencer, Royal Mail and Scotmid, plus many other leading businesses.
- Legacy and in memory raised a total of £1.7m in the last year, which is a harsh reminder of how prostate cancer remains a deadly disease.
- Strong support from grass roots clubs at golf courses, Rotary and from our Local Heroes, helping us to raise over £2m.
- 45,000 new donors recruited via direct marketing as a result of an additional investment in this programme.



Financial review

2013/14 saw our highest ever income and expenditure levels.

Our income from generated funds at £30.9m has increased by 16% compared to the previous year (excluding the one-off donation from the merger during that year). This continues the strong trend of recent years, which is the result of both the growth of income from the Movember campaign, and a strong performance across the charity's other income streams.

Expenditure at £41.2m was almost double the previous year's total. Using our strong brought forward reserves position, together with the income generated in the current year, we were able to make a record level of investments in charitable activities, increasing the total spend from £16.6m in 2012/13 to £35.4m in 2013/14. This includes £12.6m on research commitments; £12.1m on services to improve support for men living with cancer; £6.9m on awareness; and £3.8m on policy and strategy activities, which included a £2.2m commitment to the new Patient Reported Outcome Measures (PROMs) project, funded by Movember Foundation.

This high level of investment in charitable activities resulted in a deficit of £10m for the year (2012/13 £8.7m surplus). Most of this came from the investment of restricted reserves, which reduced from £24.1m at the start of the year to £16m at the end of March 2014. Unrestricted general reserves reduced from £8.5m at the start of the year to £6m at the end of March 2014 (see Reserves Policy section on page 18 for more detail). Designated reserves increased from £0.6m to £1.3m due to increased investment in fixed assets as a result of moving premises during the year.

The charity's cash position remains strong at £28.2m compared to £24m at the start of the year. This is because much of the expenditure in the year represents commitments on long-term projects, which have not yet been paid out.

The charity also operates a wholly-owned subsidiary trading company, Prostate Cancer Trading Ltd, which produced a net profit of £21,000. This will be donated to the charity.

Plans for the future

We are looking forward to continuing our partnership with Movember Foundation, supporting the research and many other ongoing programmes.

SUPPORTING MEN

2014/15 is the final 12 months of our current three year Survivorship Programme. We are aiming for continued growth in most of the programmes, capitalising on the investments made and experience of the first two years in learning what works and what makes the most difference for men and families. We have a schedule of evaluation work across the programmes during the year to get a more in-depth picture of the impact we have made.

We are already working with partners across the health care system and plan to increase the breadth and depth of our engagement in 2014/15 in order to support change which leads to better outcomes for men.

FINDING ANSWERS

Through our Strategic and Major Awards, we aim to continue the great strides we made last year by launching a major programme looking at developing a risk assessment tool to help us reduce the number of unnecessary biopsies. We will also be issuing a call in translational research aimed at maximising the benefits from basic research, and moving scientific discoveries towards clinical benefit.

We will highlight two areas of particular interest in this year's call for research applications. The first is on African/African Caribbean research and the second is on survivorship research, both of which are important strategic areas for the charity.

- We will continue to collaborate with other funders and support early career researchers at Fellowship level.
- We will continue to campaign for better care and support for men and for access to the latest drugs.
- We will begin our ground-breaking PROMs study across the UK.
- We will ensure impact and evaluation remains central to all our work through excellent reporting mechanisms.

LEADING CHANGE

We will continue to build Men United v Prostate Cancer, using the growing 'movement for men' we have created to make real change. We will recruit more supporters to the Men United team, and campaign to address the injustice around this disease, as well as raise funds to fight it.

We will reach more men, on their 'home turf', undertaking more grass roots and community-based activity and get more men aware of their risk. We will also go where they go, using such platforms as our partnership with the Football League, to reach them and use technology to match how men engage with our information.

FUNDRAISING

In the year ahead, we aim to continue to our strong income generation through a combination of the support we receive from Movember Foundation and Prostate Cancer UK's own fundraising activities.

Our Men United campaign is a rallying cry, which seeks to engage men in particular, to play their part in fighting prostate cancer. We will continue to use this strong unifying theme to build the success of our fundraising programme.



Reserves policy

The charity operates within a reserves policy which is reviewed annually as part of the charity's budgetary processes.

The purpose of holding free reserves within a target range, as recommended in our reserves policy, is to ensure uninterrupted delivery of the charity's objectives regardless of short to medium term fluctuations in income and expenditure. The target range specified in our policy is to the value of between three and six months' of the higher of forward-looking income or expenditure. The free reserves requirement is calculated on a quarterly basis and monitored on a monthly basis.

The level of free reserves at the balance sheet date in March 2014 was £6m, compared to £8.5m in 2012/13. This represents 4.6 months of expenditure at 2014/15 budget levels and is in line with our policy.

The charity has restricted reserves of £16m at year end. Of this, £14.7m relates to funds from Movember Foundation, which will be fully committed to spending across the areas of research and survivorship.

Public benefit

We have considered the Charity Commission's guidance on public benefit when reviewing our aims and objectives and in planning future activities.

The public benefit of the charity is in mitigating the effect of prostate cancer and prostate disease in the United Kingdom. Our strategic aims and all of the charity's activities are designed to achieve this benefit.

The beneficiaries of our work are men and their families – reached either directly or through healthcare professionals. Those who have benefited from our services are detailed in the review of activities. Our service is open to all men in the United Kingdom and their families, without charge.

As a result of the above, the Trustees consider that Prostate Cancer UK clearly satisfies the public benefit test.

Principal risks and uncertainties

The major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate these risks. A risk register seeks to summarise the key risks facing the charity, graded according to their likelihood and impact, and identifies mitigating actions to manage them. The register is regularly reviewed and updated by risk owners, the Executive Team, and the Audit and Risk Management Committee. Any 'red light' issues are brought to each meeting of the Board of Trustees.

The key risks facing the charity during the year, and actions taken to manage them, are as follows:

The Trustees approve the Trustees Report, including the Strategic Report.



William Russell, Chairman
23 July 2014

| RISK | ACTION |
|---|---|
| Not delivering the programmes of activity that we have committed to deliver. | Rigorous monitoring and reporting processes have been put in place and are scrutinised at a senior level. Suitable resources are put in place via controlled recruitment and procurement processes. |
| Infrastructure is inadequate to enable staff to work effectively. | Systems functionality, performance and stability are closely monitored and back up facilities have been put in place using third parties off-site. |
| Charity own generated income falls significantly short of target restricting our ability to deliver our charitable objectives in a sustainable way. | The reputation and profile of the charity has been developed during the year, supporting long-term sustainability for funding sources. A strong fundraising team has been put in place and their performance is monitored against target each month by the senior management team, with corrective action taken as necessary. |
| Falling short of acceptable standards in management of people's safety and protection of their personal or sensitive information. | Policies for Health and Safety, Data Protection and other governance areas are kept under review by senior management and any non compliances are investigated and reported to Trustees, with corrective action plans. |
| Contributions from our key funding partners fall short of the amounts in our business plan. | We support our partners to be successful in their efforts to raise money for us and work very closely with them, in particular Movember. Where possible spending commitments are only made when we get visibility of the income stream to allow adjustments to be made if necessary. |
| Financial controls fail to protect the charity from material loss. | The Audit and Risk Committee oversee the effectiveness of financial controls, which are operated by the charity's finance team. A finance procedures manual was implemented during the year documenting key controls and processes and is kept under continual review. |

Responsibilities of the Trustees

Company law requires the Trustees to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) which give a true and fair view of the state of affairs of the group and the charity at the end of the financial year and of the Group's surplus or deficit for the financial year. In doing so the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for maintaining proper and adequate accounting records which 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 Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that the audited report and financial statements for Prostate Cancer UK comply with the provisions of the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities', issued in March 2005, the Companies Act 2006 and the Charity's Memorandum and Articles of Association.

STATEMENT OF DISCLOSURE TO THE AUDITOR

So far as the Trustees are aware,

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

AUDITOR

MacIntyre Hudson MHA has been appointed as the charity's auditor. The Trustees review the appointment of the auditor on an annual basis and have delegated power to set the auditor's remuneration to the risk and audit committee.

This report was approved by the Council of Management (Board of Trustees) on 23 July 2014 and authorised to be signed on its behalf by:



William Russell, Chairman
23 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSTATE CANCER UK

We have audited the financial statements of Prostate Cancer UK for the year ended 31 March 2014 which comprise the Group Statement of Financial Activities, the Group Income and Expenditure Account, the Group and Parent Charity Balance Sheets, Group Cash Flow Statement and related notes on pages 26 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its 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 charitable company, the charitable company's members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Peter Gotham FCA, Partner
23 July 2014

For and on behalf of:
MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London EC4V 6BJ

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

GROUP STATEMENT OF FINANCIAL ACTIVITIES INCLUDING SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.14

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2014 £'000 | Total 2013 £'000 |
|---|-------|--------------------------------|------------------------------|------------------------|------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 3,4 | 10,902 | 19,795 | 30,697 | 26,458 |
| Interest | 5 | 187 | - | 187 | 135 |
| | | 11,089 | 19,795 | 30,884 | 26,593 |
| Donation from Prostate Action on merger | 6 | - | - | - | 2,381 |
| Total Incoming resources from generated funds | | 11,089 | 19,795 | 30,884 | 28,974 |
| Other incoming resources | 7 | 241 | - | 241 | 403 |
| Total incoming resources | | 11,330 | 19,795 | 31,125 | 29,377 |
| RESOURCES EXPENDED | | | | | |
| Costs of generating funds: | | | | | |
| Costs of generating voluntary income | 3,4 | 5,599 | - | 5,599 | 3,929 |
| Charitable activities | 8 | 7,497 | 27,891 | 35,388 | 16,559 |
| Governance costs | 10 | 166 | - | 166 | 206 |
| Total resources expended | | 13,262 | 27,891 | 41,153 | 20,694 |
| Net outgoing resources before other recognised gains/losses | | (1,932) | (8,096) | (10,028) | 8,683 |
| Other recognised gains and losses | | | | | |
| Realised gain on sale of investment assets | 15 | - | - | - | 29 |
| Net movement in funds before transfers | | (1,932) | (8,096) | (10,028) | 8,712 |
| Net movement in funds after transfers | 21 | (1,932) | (8,096) | (10,028) | 8,712 |
| Total funds brought forward | | 9,154 | 24,092 | 33,246 | 24,534 |
| Total funds carried forward | | 7,222 | 15,996 | 23,218 | 33,246 |

A separate statement of financial activities for the charity has not been published by virtue of section 408 of the Companies Act 2006. The charity-only version is also not materially different to that of the Group.

The unconsolidated, charity only, deficit for the year, was £10,049,000.

BALANCE SHEETS AS AT 31.03.14

| | Notes | GROUP | | CHARITY | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 14 | 1,257 | 368 | 1,257 | 368 |
| Current assets | | | | | |
| Assets held for resale | 16 | - | 619 | - | 619 |
| Debtors | 17 | 20,610 | 18,413 | 20,670 | 18,466 |
| Investments | 15 | 1 | 1 | 1 | 1 |
| Cash and short-term deposits | | 28,155 | 24,049 | 28,089 | 23,996 |
| | | 48,766 | 43,082 | 48,760 | 43,082 |
| Creditors | | | | | |
| Amounts falling due within one year | 18 | 11,917 | 6,817 | 11,911 | 6,817 |
| Net current assets | | 36,849 | 36,265 | 36,849 | 36,265 |
| Total assets less current liabilities | | 38,106 | 36,633 | 38,106 | 36,633 |
| Creditors | | | | | |
| Amounts falling due after more than one year | 19 | 14,888 | 3,387 | 14,888 | 3,387 |
| Net assets | | 23,218 | 33,246 | 23,218 | 33,246 |
| Unrestricted funds | | | | | |
| General | 21 | 5,965 | 8,537 | 5,965 | 8,537 |
| Designated | 21 | 1,257 | 617 | 1,257 | 617 |
| | | 7,222 | 9,154 | 7,222 | 9,154 |
| Restricted funds | | | | | |
| Movember | 21 | 14,661 | 23,163 | 14,661 | 23,163 |
| Other | 21 | 1,335 | 929 | 1,335 | 929 |
| | | 15,996 | 24,092 | 15,996 | 24,092 |
| Total funds | | 23,218 | 33,246 | 23,218 | 33,246 |

Approved by the Council of Management on 23 July 2014 and signed on its behalf by:



William Russell, Chairman

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.14

| | | 2014 | | 2013 | |
|--|-------|-------------|---------|-------------|--------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Net cash inflow/(outflow) from operating activities | 25 | | 5,227 | | 11,933 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | 5 | 164 | | 96 | |
| Dividends and other income received | | 23 | | 39 | |
| | | | 187 | | 135 |
| Capital expenditure and financial investment | | | | | |
| Payments to acquire tangible fixed assets | | (1,308) | | (369) | |
| Sale of Investments | | - | | 29 | |
| | | | (1,308) | | (340) |
| Increase/(Decrease) in cash | | | 4,106 | | 11,728 |
| Net cash resources at 1 April | | | 24,049 | | 12,321 |
| Net cash resources at 31 March | 25 | | 28,155 | | 24,049 |

A separate cash flow statement for the charity has not been published as the charity-only version is not materially different.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

1 BASIS OF ACCOUNTING

1.1 The financial statements have been prepared under the historical cost basis of accounting as modified by the revaluation of certain assets and in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). The financial statements consolidate the charity's individual financial statements with its subsidiary undertaking and dormant entities on a line-by-line basis. No separate company Statement of Financial Activities or Income and Expenditure Account has been presented as permitted by the Companies Act 2006.

2 ACCOUNTING POLICIES

2.1 Income is shown gross.

2.2 All income and expenditure is included in these financial statements on a full accruals basis. Donations and legacies are accounted for when the charity is entitled to receipt and the amount can be measured with reasonable certainty. Legacies in the form of property or investments are included at market value when recognised.

2.3 Donated services and gifts are included at the estimated value to Prostate Cancer UK. Where possible, this is based on an estimate provided by the donor. In accordance with SORP 2005, no amounts have been included in these financial statements to reflect the value of services provided free of charge to the charity by volunteers.

2.4 Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

2.5 Charitable activities include expenditure associated with research grants, community engagement, helpline and information services, policy and media and public affairs.

2.6 Grants payable are included in both the Group Statement of Financial Activities and Group Income and Expenditure Account when approved by the Trustees and agreed with the recipient organisation. The value of such grants unpaid at the year end is accrued.

2.7 Costs of generating funds relates to expenditure incurred in attracting voluntary income, and that incurred in trading activities that raise funds.

2.8 Governance costs are those incurred in the governance of the charity and its assets.

2.9 Support costs are allocated between fundraising, charitable activities and governance on the basis of a combination of staff numbers and the use of resources within the department for each activity. Cost allocation includes an element of judgement and the charity has had to consider the cost-benefit of detailed calculations and record keeping.

2.10 Rentals payable under operating leases are charged to Group Statement of Financial Activities and Group Income and Expenditure Account as incurred.

2.11 The charity operates defined contribution pension schemes for certain employees. The assets of these schemes are held separately from those of the charity in independently administered funds. Contributions in respect of these schemes are charged against net incoming resources in the year in which they are due.

2.12 Tangible fixed assets and depreciation:
Expenditure on individual assets with a value greater than £5,000 is capitalised. Depreciation is provided on a straight line basis at the following annual rates in order to write off each asset over its estimated useful life:

| Lease improvements | over period of lease |
|---|-------------------------|
| Computer equipment, software and website redevelopment | 33% |
| Fixtures and fittings | 33% |

2.13 Fund accounting

The following funds are held by the charity:

Unrestricted:

These are funds which can be used in accordance with the charitable objects at the discretion of the Council.

Designated:

These are funds set aside by the Council out of unrestricted funds for specific purposes.

Restricted:

These are funds that can only be used for particular restricted purposes. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2.14 During the previous year the charity merged with Prostate Action. This was accounted for as an acquisition due to the dominant position of the charity in managing the combined entity. The assets and liabilities of Prostate Action were recognised at fair value as at the date of the merger. The results of the activities acquired were included from the date of the merger.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

3 VOLUNTARY INCOME AND COSTS OF GENERATING VOLUNTARY INCOME

| | INCOME | | 2014 |
|------------------------------------|-----------------------|---------------------|-----------------------|
| | Unrestricted £'000 | Restricted £'000 | Total income £'000 |
| Individual donors and legacies | 4,603 | 337 | 4,940 |
| Community and sporting events | 3,978 | 57 | 4,035 |
| Movember | - | 17,765 | 17,765 |
| Major donors and charitable trusts | 620 | 322 | 942 |
| Corporate donors | 974 | 1,226 | 2,200 |
| Gala and special events | 406 | 5 | 411 |
| Donated goods and services | 10 | - | 10 |
| Other donations | 311 | 29 | 340 |
| Statutory income | - | 54 | 54 |
| | 10,902 | 19,795 | 30,697 |

Income less costs provides the net contribution figures below:

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Individual donors and legacies | 1,823 | 1,823 |
| Community and sporting events | 2,702 | 1,974 |
| Movember | 17,765 | 16,800 |
| Major donors and charitable trusts | 592 | 630 |
| Corporate donors | 1,648 | 805 |
| Gala and special events | 164 | 38 |
| Donated goods and services | 10 | 59 |
| Other donations | 340 | 166 |
| Statutory income | 54 | 225 |
| | 25,098 | 22,520 |

| COST | | | 2014 | 2013 | |
|--------------|---------------|--------------|---------------|--------------|--|
| Direct costs | Support costs | Total costs | Total income | Total costs | |
| £'000 | £'000 | £'000 | £'000 | £'000 | |
| 2,587 | 530 | 3,117 | 3,395 | 1,572 | |
| 1,107 | 226 | 1,333 | 3,306 | 1,332 | |
| - | - | - | 16,800 | - | |
| 291 | 59 | 350 | 853 | 223 | |
| 458 | 94 | 552 | 1,464 | 659 | |
| 205 | 42 | 247 | 163 | 125 | |
| - | - | - | 59 | - | |
| - | - | - | 166 | - | |
| - | - | - | 225 | - | |
| 4,648 | 951 | 5,599 | 26,431 | 3,911 | |

Movember receives all proceeds and meets the costs of its Campaign. In accordance with a three-year agreement which commenced in November 2011, the charity is the major beneficiary of its UK Campaign and each year is entitled to receive the first £15m of net proceeds as restricted grant funding (dependent upon the success of the campaign and delivery of programmes meeting Movember's strategic objectives). The funds are payable in equal instalments in May and December of the year following each campaign.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

4 NET INCOME AND ASSETS FROM TRADING ACTIVITIES OF SUBSIDIARY

The charity has a wholly-owned subsidiary incorporated in England, Prostate Cancer Trading Limited, which raises funds through trading activity, marketing and the sales of goods. The company pays its profits under Gift Aid to Prostate Cancer UK. Audited accounts will be filed with the Registrar of Companies. A summary of its trading results for the year ended 31 March 2014 is as follows:

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------|--------------|
| | Total | Total |
| | £'000 | £'000 |
| Turnover | | |
| Sales of goods | - | 2 |
| Income from corporate partnerships | 26 | 25 |
| | 26 | 27 |
| Cost of sales | 2 | 11 |
| Gross profit | 24 | 16 |
| Administrative expenses | 1 | 1 |
| Interest payable | 2 | 6 |
| Net profit | 21 | 9 |
| Income transferred by Gift Aid | 21 | 9 |
| Retained in subsidiary | - | - |
| | <u>2014</u> | <u>2013</u> |
| | Total | Total |
| | £'000 | £'000 |
| Total assets as at 31 March | 65 | 56 |
| Total liabilities as at 31 March | 65 | 56 |
| Net assets held as at 31 March | - | - |

Other subsidiaries are Prostate Cancer Research Foundation, Prostate Cancer Charity and Prostate Action, all of which are dormant and have nil net assets.

5 INTEREST AND OTHER INCOME

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------|--------------|--------------|
| | Total | Total |
| | £'000 | £'000 |
| Dividends and other income received | 23 | 39 |
| Interest received | 164 | 96 |
| | 187 | 135 |

6 DONATION FROM PROSTATE ACTION

As disclosed in the 2013 accounts, as at 31 July 2012, Prostate Cancer UK and Prostate Action merged. Following that date the assets and liabilities of Prostate Action were transferred into Prostate Cancer UK and Prostate Action became dormant. The merged assets and liabilities transferred in resulted in a donation totalling £2,381,000 which represented the excess of assets over liabilities at that date.

7 OTHER INCOMING RESOURCES

| | <u>2014</u> | <u>2013</u> |
|---|--------------|--------------|
| | Total | Total |
| | £'000 | £'000 |
| Settlement of claims in connection with a legal dispute, less related costs | - | 1,608 |
| Cost of termination of office leases | - | (1,205) |
| VAT refund | 241 | - |
| | 241 | 403 |

8 CHARITABLE ACTIVITIES

| | | | <u>2014</u> | <u>2013</u> |
|--|---------------------|----------------------|--------------------|--------------------|
| | Direct costs | Support costs | Total costs | Total costs |
| | £'000 | £'000 | £'000 | £'000 |
| Research | 12,202 | 401 | 12,603 | 5,052 |
| Services | 10,509 | 1,569 | 12,078 | 5,019 |
| Awareness | 5,735 | 1,167 | 6,902 | 5,687 |
| Policy and strategy | 3,338 | 467 | 3,805 | 801 |
| | 31,784 | 3,604 | 35,388 | 16,559 |
| Charitable activities as percentage of total expenditure | | | 86% | 80% |

Policy and strategy contribute to charitable activities by developing research on men's needs; measuring and evaluating our impact; instilling project management principles; and campaigning for improvements in national policy. Increased costs in Policy and strategy in 2014 were mainly due to a commitment towards the PROMS project of £2.2m, a non-recurring item which will only be reflected in the current year.

In the year ended 31 March 2014, total charitable activity equated to 86p for every £1 expended (2013: 80p). This is driven by the exceptionally high investment in Research and Services during the current year, as well the PROMS project mentioned above.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

9 GRANTS AWARDED

| | 2014 | 2013 |
|--|---------------|--------------|
| | Total | Total |
| | £'000 | £'000 |
| Research grants: | | |
| The Institute of Cancer Research | 4,134 | 385 |
| Queen's University Belfast | 2,217 | 107 |
| University of Manchester | 1,424 | - |
| University of East Anglia | 838 | 250 |
| Newcastle University | 834 | 543 |
| University of Dundee | 500 | 237 |
| University of York | 357 | 385 |
| University College London | 334 | 63 |
| Imperial College London | 262 | 99 |
| Queen Mary University of London | 214 | 374 |
| Paul Strickland Scanner Centre, Mount Vernon Hospital | 189 | - |
| Academy of Medical Sciences, London | 180 | - |
| University of Bath | 100 | - |
| University of Oxford | 100 | 100 |
| King's College London | 50 | 377 |
| Keele University | 50 | - |
| University of Strathclyde | - | 249 |
| Cardiff University | - | 292 |
| University of Ulster | - | 214 |
| University of Glasgow | - | 205 |
| University of Southampton | - | 113 |
| Erasmus University Medical Centre, Rotterdam, Netherlands* | - | 100 |
| University of Bradford | - | 99 |
| University of Stirling | - | 97 |
| Leiden University, Netherlands* | - | 73 |
| University of Sheffield | - | 50 |
| University of Cambridge | - | 49 |
| University of Sunderland | - | 15 |
| University of Leicester | - | 14 |
| Prostate Cancer Support Federation | - | 3 |
| | 11,783 | 4,493 |

*All overseas grants were in respect of Prostate Action funds.

| | 2014 | 2013 |
|--|---------------|--------------|
| | £'000 | £'000 |
| Reconciliation of grants payable: | | |
| Commitments at 1 April | 6,174 | 3,184 |
| Commitments made in the year | 11,783 | 4,493 |
| Grant adjustments and cancellations | (25) | - |
| Grants paid during the year | (2,111) | (1,503) |
| Commitments at 31 March | 15,821 | 6,174 |

Outstanding commitments at 31 March 2014 are payable as follows:

| | | |
|------------------------------------|---------------|--------------|
| Within one year (note 18) | 5,724 | 3,101 |
| After more than one year (note 19) | 10,097 | 3,073 |
| | 15,821 | 6,174 |

| | 2014 | 2013 |
|--|--------------|------------|
| | £'000 | £'000 |
| Programmes awarded: | | |
| ASAP (started January 2014) | 3,472 | - |
| Community Nursing Programme (started January 2013) | 1,901 | 314 |
| PROMS (started April 2014) | 2,200 | - |
| | 7,573 | 314 |

Outstanding commitments at 31 March 2014 are payable as follows:

| | | |
|------------------------------------|--------------|------------|
| Within one year (note 18) | 3,008 | - |
| After more than one year (note 19) | 4,565 | 314 |
| | 7,573 | 314 |

All grants awarded fall within the aims and objectives of the charity.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

10 GOVERNANCE

| | | | 2014 | 2013 |
|--|--------------|---------------|-------------|-------------|
| | Direct costs | Support costs | Total costs | Total costs |
| | £'000 | £'000 | £'000 | £'000 |
| Legal and professional fees | 10 | - | 10 | 43 |
| External audit | 31 | - | 31 | 15 |
| Other fees payable to auditors | - | - | - | 2 |
| Trustee support costs | 5 | - | 5 | 5 |
| Apportionment of staff and support costs | 76 | 44 | 120 | 141 |
| | 122 | 44 | 166 | 206 |

11 COUNCIL OF MANAGEMENT AND EMPLOYEE INFORMATION

No member of the Council received any remuneration from the charity. Directly incurred expenses are reimbursed, if claimed. In the year ended 31 March 2014 expenses amounting to £1,936 were reimbursed to one trustee (2012/13 : £5,366 to two trustees).

The average full-time equivalent number of persons employed by the charity during the year was:

| | 2014 | 2013 |
|---------------------|------|------|
| Fundraising | 42 | 33 |
| Research | 6 | 4 |
| Services | 61 | 45 |
| Policy and Strategy | 18 | 10 |
| Communications | 27 | 22 |
| Resources | 31 | 25 |
| | 185 | 139 |

Amounts paid in respect of employees were:

| | 2014 | 2013 |
|--------------------------|-------|-------|
| | £'000 | £'000 |
| Salaries and wages | 7,055 | 5,006 |
| National insurance costs | 782 | 559 |
| Pension costs | 218 | 150 |
| | 8,055 | 5,715 |

The increase in staff costs was the result of a planned investment in staff resources across the charity in line with the increased activity levels.

The number of employees paid by the charity on an earned basis (restated for last year) was within each of the following ranges:

| | <u>2014</u> | <u>2013</u> |
|----------------------|-------------|-------------|
| £60,001 to £70,000 | 3 | 3 |
| £70,001 to £80,000 | 1 | - |
| £80,001 to £90,000 | 1 | 3 |
| £90,001 to £100,000 | 2 | - |
| £100,001 to £110,000 | 1 | - |
| £110,001 to £120,000 | - | - |
| £120,001 to £130,000 | 1 | 1 |

The charity made pension contributions under a defined contribution scheme amounting to £35,555 (2012/13: £21,616), in respect of nine higher paid employees (2012/13:7).

Trustee indemnity insurance for the year was set at £5m cover collectively.

12 PENSION COSTS

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost represents contributions paid by the charity to the funds and amounted to £217,602 (2012/13 : £150,007). The amount payable at the year end amounted to £39,187 (2012/13 : £29,291).

13 SUPPORT COSTS

The breakdown of support costs and how these are allocated are shown below:

| | Cost of generating income | Charitable activities | Governance | <u>2014</u> Total costs | <u>2013</u> Total costs |
|-------------------------|---------------------------------|--------------------------|------------|----------------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff and similar costs | 489 | 1,855 | 17 | 2,361 | 2,356 |
| Supplies and services | 152 | 575 | 13 | 740 | 807 |
| Premises costs | 230 | 873 | 11 | 1,114 | 624 |
| Depreciation | 80 | 301 | 3 | 384 | 240 |
| | <u>951</u> | <u>3,604</u> | <u>44</u> | <u>4,599</u> | <u>4,027</u> |

Where support costs are not specific to a particular activity, they are allocated between fundraising, charitable activities and governance on the basis of a combination of staff numbers and the use of resources within the department for each activity. Cost allocation includes an element of judgement and the charity has had to consider the cost-benefit of detailed calculations and record keeping.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

14 TANGIBLE FIXED ASSETS – GROUP AND CHARITY

| | Lease improvements | Fixtures and fittings | Computer equipment/ software | Total |
|---------------------------------|-----------------------|--------------------------|------------------------------------|--------------|
| Cost | £'000 | £'000 | £'000 | £'000 |
| At 1 April 2013 | 243 | 276 | 593 | 1,112 |
| Additions | 601 | 481 | 226 | 1,308 |
| Disposals | (243) | (175) | (236) | (654) |
| At 31 March 2014 | 601 | 582 | 583 | 1,766 |
| Depreciation | | | | |
| At 1 April 2013 | 177 | 108 | 459 | 744 |
| Disposals | (243) | (140) | (236) | (619) |
| Charge for the year | 96 | 168 | 120 | 384 |
| At 31 March 2014 | 30 | 136 | 343 | 509 |
| Net book value | | | | |
| Net book value at 31 March 2014 | 571 | 446 | 240 | 1,257 |
| Net book value at 31 March 2013 | 66 | 168 | 134 | 368 |

15 INVESTMENTS – GROUP AND CHARITY

| | 2014 | 2013 |
|--------------------------------|-------|---------|
| Market value: | £'000 | £'000 |
| At 1 April | 1 | 18 |
| Additions on merger | - | 1,501 |
| Disposals | - | (1,547) |
| Realised gains | - | 29 |
| At 31 March | 1 | 1 |
| Historical cost as at 31 March | 1 | 1 |
| UK listed investments: | | |
| Other | 1 | 1 |

The charity's investment in its subsidiary undertaking amounted to £100 representing 100 ordinary shares, representing the entire share capital of the subsidiary. The charity also holds the following dormant companies: The Prostate Cancer Charity Ltd (08183613), Prostate Cancer Research Foundation (05926197) and Prostate Action (07149009).

16 ASSET HELD FOR RESALE – GROUP AND CHARITY

| | 2014 | 2013 |
|-------------------|-------|-------|
| | £'000 | £'000 |
| Freehold property | - | 619 |
| | - | 619 |

The freehold property comprised offices owned and used by the charity following the merger with Prostate Action during the year. The above amount was the expected net sales proceeds of the property as at 31 March 2013.

17 DEBTORS

| | GROUP | | CHARITY | |
|-------------------------|---------------|--------|---------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Legacies | 8 | 112 | 8 | 111 |
| Tax recoverable | 388 | 177 | 388 | 177 |
| Subsidiary company | - | - | 57 | 126 |
| Prepayments | 255 | 347 | 255 | 347 |
| Other debtors | 671 | 977 | 674 | 905 |
| | 1,322 | 1,613 | 1,382 | 1,666 |
| Movember accrued income | 19,288 | 16,800 | 19,288 | 16,800 |
| Total debtors | 20,610 | 18,413 | 20,670 | 18,466 |

Movember income is paid in two equal instalments in May and December of the year following each campaign. Movember also committed a further £3.3m in 2013 for the ASAP (A Survivorship Action Plan), Tenovus and PROMS (Patient Recorded Outcome Measures Survey) programmes.

There is no specific security or repayment terms in respect of the loan to the subsidiary company. No interest was charged on this amount. An interest bearing current account operates between the trading company and Prostate Cancer UK, to assist with the cash flow requirements of the subsidiary during any accounting period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

18 CREDITORS – FALLING DUE WITHIN ONE YEAR

| | GROUP | | CHARITY | |
|---------------------------------|---------------|--------------|---------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 2,199 | 1,481 | 2,199 | 1,481 |
| Research commitments | 5,724 | 3,101 | 5,724 | 3,101 |
| Programme commitments | 3,008 | - | 3,008 | - |
| Other taxes and social security | 233 | 176 | 228 | 176 |
| Accruals | 675 | 602 | 675 | 602 |
| Other creditors | 78 | 1,457 | 77 | 1,457 |
| | 11,917 | 6,817 | 11,911 | 6,817 |

Deferred voluntary income relating to activities taking place after the year end included in accruals amounted to £251,721 (2013: £229,417).

19 CREDITORS – FALLING DUE AFTER MORE THAN ONE YEAR

| | GROUP | | CHARITY | |
|-----------------------|---------------|--------------|---------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Research commitments | 10,097 | 3,073 | 10,097 | 3,073 |
| Programme commitments | 4,565 | 314 | 4,565 | 314 |
| Accruals | 226 | - | 226 | - |
| | 14,888 | 3,387 | 14,888 | 3,387 |

Programme commitments comprise funding for the following:

- funding to a number of NHS and other bodies for part time and full time nurses for periods of between 18 months and two years;
- funding for ASAP (A Survivorship Action Partnership) a three year programme;
- PROMS (Patient Recorded Outcome Measures) a three year programme.

Accruals consist of the initial rent free period of our lease at Counting House and this will be released over the next eight years and three months.

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General funds | Designated funds | Restricted funds | Total funds |
|---------------------------------|---------------|------------------|------------------|-------------|
| | £'000 | £'000 | £'000 | £'000 |
| Tangible fixed assets (note 14) | - | 1,257 | - | 1,257 |
| Investments | 3 | - | - | 3 |
| Current assets less liabilities | 5,962 | - | 15,996 | 21,958 |
| Net assets at 31 March 2014 | 5,965 | 1,257 | 15,996 | 23,218 |

21 MOVEMENT IN FUNDS – CHARITY AND GROUP

| | As at 1.4.2013 | Incoming | Outgoing | As at 31.3.2014 |
|-------------------------------------|-------------------|---------------|-----------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Restricted funds Movember | 23,163 | 17,765 | (26,267) | 14,661 |
| Other restricted funds: | | | | |
| General research | 325 | 423 | (224) | 524 |
| Royal Mail | 379 | 977 | (665) | 691 |
| Marks & Spencer PLC | - | 291 | (291) | - |
| Deloitte and Scotmid | - | 133 | (49) | 84 |
| Scottish legacies | - | 143 | (143) | - |
| Statutory income | 225 | 54 | (250) | 29 |
| Other restricted funds | - | 9 | (2) | 7 |
| Total other restricted funds | 929 | 2,030 | (1,624) | 1,335 |
| Total restricted funds | 24,092 | 19,795 | (27,891) | 15,996 |
| Unrestricted fund | 8,537 | 11,330 | (13,902) | 5,965 |
| Designated funds: | | | | |
| Fixed asset reserves | 368 | 889 | - | 1,257 |
| Relocation fund | 150 | - | (150) | - |
| Dilapidations | 99 | - | (99) | - |
| Total designated funds | 617 | 889 | (249) | 1,257 |
| Total unrestricted funds | 9,154 | 11,330 | (13,902) | 7,222 |
| Total funds | 33,246 | 31,125 | (41,793) | 23,218 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

22 PURPOSES OF RESTRICTED FUNDS

| | |
|--------------------------------|---|
| Movember | Movember income from its campaigns, restricted to finance spending on research and survivorship services for men with prostate cancer in 2013/14 and beyond. |
| General research | Used to fund research projects not otherwise supported by organised or directed programmes. |
| Royal Mail | Funding for specialist/community nurses over a two year period to deliver first class care to men living with prostate cancer. A proportion of the funds generated by the partnership are raised through the Movember campaign. |
| Marks & Spencer PLC | Funding for the specialist helpline to increase access and support for men and their families affected by prostate cancer. |
| Deloitte and Scotmid | Funding for our Search and Rescue prostate cancer awareness programme – speaker volunteer recruiting, training and managing 200 volunteers to deliver awareness talks and stands to 350,000 people from 2013-2016. |
| Scottish legacies | Legacies left to the charity to support its work in Scotland. |
| Statutory income | To match fund a research programme provided by the Scottish Government which is restricted to Scotland. |

23 PURPOSES OF DESIGNATED FUNDS

Designated funds – funds set aside from the general fund for objectives stated below:

| | |
|-----------------------------|--|
| Fixed asset reserves | Amount representing the net investment in fixed assets. |
| Re-location fund | Cost incurred moving the London office, now completed. |
| Dilapidations | Amount representing cost provisions for dilapidations on office leases – not currently required. |

24 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2014, the charity had six commitments under operating leases.

- Annual rent of £20,368 (plus VAT) for the First floor 1-3 Worship Street London EC2A 2AB, lapsing on 3 November 2014 (notice given).
- Annual rent of £7,237 (plus VAT) for the Glasgow Office, with three months' termination notice on either side.
- Annual rent of £7,812 (plus VAT) for 2 additional units at the Glasgow Office, with three months' termination notice on either side.
- Annual charge of £3,238 (plus VAT) for one photocopier at the Glasgow office, lapsing September 2014.
- Annual rent of £337,559 (plus VAT) for the Fourth Floor, The Counting House, London office, lapsing on 4 July 2023 (rent free period till July 2014).
- Annual rent of £9,672 (plus VAT) for storage unit E4, basement of The Counting House, London office, lapsing on 4 July 2023.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.14

25 NOTE TO GROUP CASH FLOW STATEMENT

Reconciliation of net movement in funds to net cash inflow from operating activities.

| | <u>2014</u> | <u>2013</u> |
|--|---------------|---------------|
| | £'000 | £'000 |
| Net movement in funds for year before other recognised gains or losses | (10,028) | 8,712 |
| Investment/other income | (187) | (135) |
| Depreciation | 384 | 240 |
| Loss on sale of fixed assets | 35 | - |
| (Increase)/decrease in debtors | (1,578) | (2,035) |
| Increase/(decrease) in creditors | 16,601 | 5,151 |
| | <u>5,227</u> | <u>11,933</u> |
| Analysis of net cash resources | | |
| Cash at bank and in hand | 2,084 | 8,049 |
| Short-term deposits | 26,071 | 16,000 |
| Cash at bank and in hand | <u>28,155</u> | <u>24,049</u> |

At 31 March 2014, the charity held seven fixed rate bonds of £2m each with Barclays Bank plc, National Westminster Bank Plc and Lloyds Bank Plc. A further two separate short-term deposits of £3m each were held in sterling liquidity funds with Federated and BlackRock and a short-term deposit of £5m with CCLA.

26 RELATED PARTY TRANSACTIONS

The Council of Management is required to declare all outside interests. When any item arises where it may be considered a member has an interest it must be declared and the member concerned may not take part in that debate or any related decisions.

No related party transactions have been identified for the year.

