

CYSTIC FIBROSIS TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

**CYSTIC FIBROSIS TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007**

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CYSTIC FIBROSIS TRUST
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2007

Royal Patron

HRH Princess Alexandra KG GCVO

President

Duncan Bluck CBE

Vice President

Peter Levy OBE FRICS

TRUSTEES

Chairman

Dr James Littlewood OBE MD FRCP FRCPE DCH

Vice Chairman

Sir Robert Johnson

Honorary Treasurer

Anthony Angel (resigned 26 September 2006)
Alison Halsey FCA (appointed 10 October 2006)

Other Trustees

Duncan Bluck
Sir Peter Cresswell
Professor Stuart Elborn MD FRCP *
Brian Henderson
Adrian Llewellyn Jones
Ed Owen
Martyn Rose
Peter Sharp

* *Chairman of Research and Medical
Advisory Committees*

Finance and Investment Committee

Anthony Angel *Chairman* (resigned 26 September 2006)
Alison Halsey *Chairman* (appointed 10 October 2006)
Guy Harington
Sir Robert Johnson
Dr James Littlewood
Alistair Peel (appointed 10 October 2006)
Martyn Rose
Peter Sharp

Charity Management

Rosie Barnes – Chief Executive
Alan Larsen ACA – Director of Research and Finance
Sarah Guthrie – Director of Fundraising
Malcolm Moore – Director of Operations

Company Secretary

Alan Larsen ACA

Principal Advisers

Auditors

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers

The Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

Investment Managers

Schroder & Co Ltd
31 Gresham Street
London
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Company Limited by Guarantee
Company registration number: 3880213
Charity registration number: 1079049

Principal and Registered Office

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CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007

WHO WE ARE

The Cystic Fibrosis Trust is the only national charity in the UK dedicated to all aspects of Cystic Fibrosis.

Cystic Fibrosis is the UK's most common life-threatening inherited disease. It is caused by a single defective gene. As a result, the internal organs, especially the lungs and the digestive system, become clogged with thick sticky mucus resulting in chronic infections and inflammation in the lungs, and difficulty digesting food.

The defective gene that causes Cystic Fibrosis is carried by 1 person in 25 in the UK. If two carriers have a baby, the child has a 1 in 4 chance of having Cystic Fibrosis.

There are over 8,000 people in the UK with Cystic Fibrosis.

WHAT WE DO

The Cystic Fibrosis Trust was founded in 1964; our objectives are:

- to fund medical and scientific **research** to develop a cure and to provide effective treatments for Cystic Fibrosis;
- to ensure appropriate **clinical care** for those with Cystic Fibrosis; and
- to provide **information, advice and support** and, where appropriate, financial assistance to anyone affected by Cystic Fibrosis.

OUR RESEARCH

Since it was founded the Cystic Fibrosis Trust has been a major funder of research into the causes and treatment of Cystic Fibrosis. This research has resulted in significant improvements in symptom control that have improved median survival for people with Cystic Fibrosis from five years in 1964, to over thirty years today.

We aim to fund high-quality research that is ground-breaking and of imminent and/or important clinical relevance to people with Cystic Fibrosis, for which funding is not available from other sources and which is not being carried out elsewhere.

Applications for funding of projects are invited annually through an announcement on the charity's website and advertising to specialist researchers. Institutional applicants are invited to submit their proposals in a specific format. The applications are reviewed against specific criteria and research objectives set by the Research Advisory Committee and are reviewed by external and internal referees in accordance with good research practice and the guidelines of the Association of Medical Research Charities. Projects are usually funded for up to three years and are monitored on an annual basis. Funding can be withdrawn at any time although it is normally continued subject to resources continuing to be available and the research fulfilling pre-agreed criteria. Annual and final reports are required for each piece of research.

Applications for scholarships are also invited from individuals wishing to carry out PhD studies in areas of research relevant to Cystic Fibrosis. Applicants are asked to provide their proposed thesis, which is reviewed by external referees and the Research Advisory Committee. Progress towards a PhD is monitored annually.

Small grants are also given to researchers and health professionals for travel abroad to scientific and medical meetings and symposia.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

The Cystic Fibrosis Trust is a member of the Association of Medical Research Charities (AMRC) and complies with its policies on research and peer review. Our commitment to these policies was confirmed by receiving a Certificate of Best Practice in Medical & Health Research Peer Review from the AMRC as a result of AMRC's 2006 audit of peer review practice among its member charities.

Research currently funded by the Cystic Fibrosis Trust falls into two main categories:

Gene Therapy

We currently spend around £3.5m each year on a medium-term research programme to develop gene therapy as a means of alleviating the lung disease that is the cause of 90% of deaths from Cystic Fibrosis. The aim is to make gene therapy a clinical reality by using the best available products and techniques to produce a realistic treatment that could be used in the clinic in the foreseeable future.

To achieve this, we have brought together a consortium of three centres of excellence in gene therapy research based at Imperial College London, Oxford University and Edinburgh University, which now work collaboratively as the **UK CF Gene Therapy Consortium**.

Progress made by the UK CF Gene Therapy Consortium over the past five years has been promising. A phase I pilot study is planned to take place in 2008 leading to a phase II multi-dose clinical trial beginning in 2009.

This is the first time that so much time, money and effort has been put into research to correct the basic defect, rather than controlling the symptoms of Cystic Fibrosis. If successful, the prognosis for people with Cystic Fibrosis will be significantly improved, increasing the length and quality of life and reducing the daily burden of treatment.

Other Medical and Scientific Research

Although we believe that gene therapy will provide an effective treatment for Cystic Fibrosis, we remain committed to research into alternative approaches to treatment and improvements in symptom control, as well as the need to add to our understanding and knowledge of the basic defect and recognising that Cystic Fibrosis affects other organs besides the lungs.

We therefore continue to fund research into improving the wellbeing of people with Cystic Fibrosis, as well as funding basic research into understanding the basic defect in the Cystic Fibrosis Transmembrane Conductance Regulator (CFTR), the protein that contains the fault that is the cause of Cystic Fibrosis.

In 2005 we were awarded a grant of £509,000 by the Big Lottery Fund towards a £600,000 three year programme of research under the umbrella of the **UK CF Microbiology Consortium**.

Led by Professor John Govan at the University of Edinburgh, the research – with the overall title of *“Superbugs’ and other life threatening lung infection in Cystic Fibrosis’* – addresses several key aspects of the control of infection in people with Cystic Fibrosis. These include the faster identification of specific strains of pathogens; gaining a better understanding of factors that cause virulence and transmissibility; and identifying new approaches to developing novel antibiotics for CF lung infections.

This research is being carried out by four PhD students at Cardiff, Belfast, Liverpool and Edinburgh Universities, plus a post doctoral researcher at Edinburgh University, who is also co-ordinating the programme. In addition, ground-breaking developments identified by the researchers will be tested in pilot projects in collaboration with other clinical researchers in the Consortium in order to assess their direct clinical relevance.

The Cystic Fibrosis Trust also funds the **Edinburgh Cystic Fibrosis Microbiology Laboratory and Strain Repository** at the University of Edinburgh. This state of the art facility provides a service to clinicians and their patients throughout the UK for the accurate identification of pathogens and genomic fingerprinting in order to achieve optimal management of CF lung disease, as well as facilitating collaborative research.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

Other research currently funded by the Cystic Fibrosis Trust includes projects investigating: pharmacological approaches both to protein repair and to bypassing the loss of CFTR function; a treatment for CF bone disease; the early detection of lung disease in children; understanding and controlling inflammation, infections and mucus in the Cystic Fibrosis lung; as well as improving the basic understanding of various aspects of how CFTR works.

HOW WE HELP IMPROVE CLINICAL CARE

It is vitally important that people with Cystic Fibrosis receive the best possible care from birth, which is possible as a result of newborn screening. Appropriate monitoring and treatment from diagnosis by a specialist CF Consultant and multidisciplinary team of specialist allied health professionals at a specialist CF Centre improves the quality and length of life for people with Cystic Fibrosis.

The Cystic Fibrosis Trust continues to campaign for the appropriate provision and funding of specialist clinical care for people with Cystic Fibrosis throughout the UK to government, the Department of Health, the devolved administrations, those responsible for commissioning care services, and any other relevant bodies.

Following the major submission made to the Review of Commissioning Arrangements for Specialised Services in England instigated by the then Minister of State for Health, Lord Warner in 2005, we were pleased to see that most of our suggestions have been included in the final report published by the Department of Health. We are now monitoring the implementation of these recommendations, as well as working with the Department of Health to ensure that clinical care for people with Cystic Fibrosis is properly funded within the payment by results system that is now in operation in the National Health Service.

In addition, we continue to draw attention to geographical differences in the availability of drugs, diagnosis – especially from new-born screening, and access to care at properly funded and staffed specialist centres throughout the UK.

CF Registry

A patient registry that collects routine clinical data for all patients is an important tool for improving clinical outcomes through regular local and national audit. It can help to raise the standard of care by measuring and comparing outcomes both within and between the specialist CF Centres throughout the country. Best practice can then be identified and shared between care centres.

For over ten years, the Cystic Fibrosis Trust funded the development and operation of the UK CF Database based at the University of Dundee. The software for this database is now obsolete and the project has shut down.

Its replacement, the **CF Registry**, is based on Port CF, a sophisticated, web-based software application developed by the CF Foundation in the US and designed specifically to collate, analyse and compare information about various aspects of Cystic Fibrosis both within and between specialist CF Centres throughout the country. Implementation of the CF Registry is underway and will be completed early in 2008. Data collected for the UK CF Database since 2001 will be transferred into the CF Registry, subject to obtaining consent for this from patients or their parents who previously consented to their data being collected for the UK CF Database.

Cystic Fibrosis is unique among specialised conditions in the UK in having such a high quality patient registry containing information about the location and health status of people with Cystic Fibrosis. As a result, it is also proving to be increasingly useful in discussions with those responsible for commissioning care for people with Cystic Fibrosis and specifically in persuading them of the need for care in specialist centres and the proper funding of such care. The CF Registry will also be invaluable as a research tool, the more so that it will be possible to compare data with that collected by the CF Registry in the US.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

Peer review of specialist CF Centres and large clinics

Peer Review is a tool for assisting CF Centres and shared-care Clinics to develop their services and thereby improve clinical outcomes. It provides an opportunity for a small team of clinicians and allied health professionals from a similar unit, plus a patient or parent and a representative of the Cystic Fibrosis Trust, to review the service provided by a specialist CF Centre or shared-care Clinic and identify both areas of good practice, and areas that need further resources or re-evaluation to improve practice.

These are currently carried out at the rate of at least one per month and are planned for many months ahead.

Development grants

The Cystic Fibrosis Trust continues to give development grants to NHS hospitals to assist with development of new specialist CF Centres, or to help an existing specialist Centre that is experiencing a crisis in staffing. These are usually provided on the understanding that the NHS Trust will take over the responsibility for resourcing the posts funded within a reasonable timeframe.

Training grants

Many of the current directors of specialist CF Centres were trained through Fellowship awards from the Cystic Fibrosis Trust. In order to build on advances in treatment and in recognition of the fact that people with CF are living longer, the Cystic Fibrosis Trust launched a new scheme for training the specialist CF Consultants of the future. This scheme initially provided grants to three selected specialist CF Centres to fund a one-year training programme for an adult physician. Two further grants were awarded under this scheme during the year.

Dr Caroline Elston, one of the three trainee consultants recruited in the prior year, has since been appointed as a Consultant in Cystic Fibrosis and Centre Director of the adult specialist CF Centre at King's College Hospital in South London.

Expert Patient Advisers

The Cystic Fibrosis Trust employs four adults with Cystic Fibrosis as Expert Patient Advisers. Their role is to use their knowledge and experience to influence anyone who is involved with the commissioning or provision of care and services for people with Cystic Fibrosis, as well as to represent the Cystic Fibrosis Trust as patients at meetings and conferences.

HOW WE PROVIDE INFORMATION, ADVICE AND SUPPORT

Information, advice and support are provided by an extensive range of publications, factsheets and consensus documents that are produced with the assistance of experts in the relevant area. Most of these, along with further information, are available from our website. We run annual medical meetings and conferences for the medical community and for those affected by Cystic Fibrosis. Our telephone helplines are staffed by full-time employees and we give modest grants to those in need at times of crisis.

Publications and factsheets

Our publications and factsheets continue to be widely used in the CF Community. They cover many issues, such as new diagnosis, healthy eating, housing, genetics and Cystic Fibrosis related diabetes. Most are also available on the Cystic Fibrosis Trust website – www.cftrust.org.uk – which contains much information about Cystic Fibrosis. Publications and factsheets are produced and updated as required.

Consensus documents

The Cystic Fibrosis Trust has produced, and regularly updates, a number of consensus documents in association with its specialist expert medical committees. These cover a range of topics and are aimed at ensuring that people with Cystic Fibrosis receive an appropriate and consistent level of clinical care throughout the UK.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
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A new consensus document covering the treatment of Low Bone Density in people with Cystic Fibrosis was written by a specially convened working group of experts in this area and was published during 2006.

The Infection Control Working Group is preparing a new consensus document on the prevention and treatment of infection with Methicillin Resistant Staphylococcus Aureus (MRSA) and the Antibiotics Working Group is revising 'Antibiotic treatment for Cystic Fibrosis – second edition 2002'. In addition, the Standard of Care Working Group has begun work on revising 'Guidelines for the care of children and adults with Cystic Fibrosis in the UK - 2001'. These will all be published during 2007.

Medical meetings

The Cystic Fibrosis Trust hosts an annual meeting for the Directors of the specialist CF Centres in the UK. The purpose of the meeting is to have an effective dialogue with the clinicians who are responsible for the delivery of care to people with Cystic Fibrosis, to update them and get feedback on the charity's activities, and to inform future plans and activities by understanding their concerns.

This meeting was held in March in Loughborough and was followed by the annual one-day Medical Meeting, whose purpose is to update the wider CF professional community on the latest issues in CF care. Both meetings were again well attended and well received.

Helplines

The national telephone helplines continue to be an important resource for those with concerns about Cystic Fibrosis. The helplines take over 3,000 calls in a year and make almost as many, following up and dealing with the questions asked and returning calls left on the answerphones. The main helpline provides a confidential service that enables anyone to obtain advice, support and information on any aspect of Cystic Fibrosis. The Benefits Advice Line provides information and advice about benefits and how to apply for them, particularly in respect of the Disability Living Allowance.

'Ask the expert'

As well as containing much information about Cystic Fibrosis, the charity's website also provides access to its 'Ask the expert' service. Specific medical scientific questions are forwarded to a panel of experts, who provide an appropriate reply.

Welfare Grants

The charity provides financial assistance to those experiencing particular difficulty at a time of stress or crisis relating to Cystic Fibrosis. This service continues to be fully utilised and the budget for this fund was increased during the year.

Community forums

The website also provides several very popular community forums. These include a forum for adults and one for teenagers with Cystic Fibrosis, as well as forums for parents and carers, partners of people with Cystic Fibrosis, fundraisers, and others. By posting messages in the appropriate forum, users can talk to others in a similar situation and get advice and support from their peers, who have had similar experiences.

This is particularly important for people with Cystic Fibrosis, who are unable to meet with each other face to face because of the increasing risk of cross-infecting each other with harmful bacteria. The forum for adults with Cystic Fibrosis alone gets nearly 30,000 postings a year, with over 3,000 different conversation topics; this is from a population of around 3,500 mainly young adults with Cystic Fibrosis in the UK.

WHERE WE ARE GOING

Our ongoing annual objectives mirror the overall charitable objectives as outlined above. As with most medical research charities, our achievements – especially with regard to the research funded by the charity – are best measured over several years rather than from year to year.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
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Progress is being made in the gene therapy research. As part of the medium-term programme to develop a gene therapy for the lungs of people with CF, the UK CF Gene Therapy Consortium plan to start a phase I clinical trial during the coming year. In addition, recruitment has commenced for a twelve-month clinical study in over two hundred patients, from which one hundred will be selected to take part in a twelve-month multi-dose clinical trial commencing in 2009.

In working towards fulfilling our overall objectives our focus will be on the following during the coming year:

- the phase I pilot study of the gene therapy research that will commence in 2008 and preparing for the phase II study that is planned to commence in 2009;
- implementing the CF Registry in all specialist CF Centres and shared-care Clinics throughout the UK;
- working with strategic health authorities, the Department of Health and the National Health Service to ensure that clinical care for people with Cystic Fibrosis is commissioned and funded appropriately and in accordance with government recommendations.

HOW WE RAISED AND SPENT FUNDS

Income

Our income for the year increased by over 20% to £9,971,000 (from £8,173,000 in 2006). The increase arose mainly in income from legacies, individual donations and community events, all of which are areas in which we have focused attention and resource over the past year.

Well over 90% of the charity's Total incoming resources arises from Voluntary income. Income from Community fundraising and Branches and groups continues to represent around 50% of this, reflecting the commitment and enthusiasm shown by the charity's volunteers and supporters and underlining the importance of the branch and regional fundraising network to the work of the Cystic Fibrosis Trust.

The challenge for the charity over the next few years remains that of raising the underlying level of income progressively to a higher level of 'core' income. Our strategy continues to be to build on our traditional strengths in fundraising areas where potential income can be identified, as well as investing in developing other areas that we have traditionally not focused on, with the objective of increasing income to £12m by 2010.

However, fundraising for a genetic condition that affects a relatively small number of people in the UK continues to be a challenge and requires a relatively large fundraising department. This is demonstrated by the range of sources of income (see note 2) and the large proportion of income that is generated by Community fundraising and Branches and groups, which requires much organisation and nurturing.

The Trustees consider that, given the levels of income achieved over the past few years, the cost of generating income is appropriate for the charity.

Expenditure

Expenditure in the year rose to £13,128,000 from £8,323,000 in 2006. Two thirds of this is spent on research, mainly the gene therapy research programme. The increase in expenditure this year arises from commitments in respect of the production and purchase of the product for the phase I and phase II gene therapy trials which commence in early 2008.

Expenditure on Clinical Care and Information, Advice and Support remains at the same level as in previous years and an explanation of how it is applied is provided above.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

HOW WE ARE GOVERNED

The Cystic Fibrosis Trust is a registered charity (No. 1079049) and was incorporated as a charitable company limited by guarantee (No. 3880213) on 1 April 2000. It is governed by memorandum and articles of association, which were adopted on incorporation. The charity was founded in 1964 as the Cystic Fibrosis Research Trust.

The **Board of Trustees** is responsible for the overall governance, policy and strategic direction of the Cystic Fibrosis Trust. It comprises up to twelve members who are volunteers and, as charitable trustees and company directors, have the legal responsibility for the effective use of resources in accordance with the objects of the charity. The Trustees who have served during the year and since the year end are set out on page 1.

Since it was founded, the Cystic Fibrosis Trust has been governed mainly by individuals with close personal experience of Cystic Fibrosis. This continues and, in addition, a review carried out in 2004 identified key skills that are needed by the Trustees in order properly to oversee the running of a national charity. These skills are now well represented among the Trustees, all of whom have a strong personal interest in Cystic Fibrosis and one of whom is a person with Cystic Fibrosis.

The Board of Trustees meets quarterly to review progress and policies. Trustees serve on the Board for a period of three years (which is renewable by invitation of the Board). New Trustees are appointed by the Trustees, taking into account the skills required and not represented among the current members of the Board of Trustees. Each new Trustee is given appropriate induction and training relevant to their responsibility.

The Trustees are supported by a number of committees:

The **Finance and Investment Committee** meets quarterly and monitors, oversees and reviews progress and policies relating to financial and investment matters. It reviews the audited financial statements of the charity and recommends them to the Board of Trustees. It also reviews reports from the auditors and monitors management actions to implement recommendations. The committee monitors the performance of the charity's investment portfolio on a six-monthly basis and regularly reviews the investment policy and the appointment of the Investment Manager. The members of the Finance and Investment Committee are appointed by the Trustees.

The **Research Advisory Committee** advises the Trustees on research matters. It is responsible for considering applications for research funding, recommending to the Trustees those applications that might be funded, as well as for reviewing and assessing the research that has been funded. The Chairman of the Research Advisory Committee is Professor Stuart Elborn (a Trustee) and its members are distinguished scientific and clinical researchers who are representative of the various areas of research relevant to Cystic Fibrosis. Its members, who include an adult patient and/or a parent of a child with Cystic Fibrosis, are appointed by the Trustees for a period of three years, renewable by invitation of the Trustees.

The **Medical Advisory Committee** advises the Trustees generally on medical matters and on the provision of appropriate care for people with Cystic Fibrosis. It is also responsible for producing the Cystic Fibrosis Trust's consensus guidelines and standards that help ensure that people with Cystic Fibrosis receive the best possible standard of care. The Chairman of the Medical Advisory Committee is Professor Stuart Elborn (a Trustee) and its members are distinguished clinicians and health professionals who are representative of the various disciplines relevant to Cystic Fibrosis. Its members, who include an adult patient and/or a parent of a child with Cystic Fibrosis, are appointed by the Trustees for a period of three years, renewable by invitation of the Trustees.

The **UK CF Gene Therapy Consortium Scientific Advisory Committee and Steering Group** advises the Trustees on matters relating to the UK CF Gene Therapy Consortium. Its Chairman is Professor Stuart Elborn (a Trustee) and its members include: international experts in the field of gene therapy research; specialist Cystic Fibrosis clinicians; parents of people with Cystic Fibrosis; and the Chief Executive and Director of Research of the Cystic Fibrosis Trust. Its members are appointed by the Trustees.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
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Other expert medical and scientific committees and advisory groups are appointed and convened as required and report to the Trustees through the Research and Medical Advisory Committees.

Executive Management

Responsibility for strategy, planning and the day-to-day management of operations is delegated to an executive team of managers led by the Chief Executive. Formal reporting by the Chief Executive to the Trustees takes place regularly at meetings of the Board of Trustees and informally as appropriate throughout the year. The systems of internal control, which are designed to provide reasonable assurance against material misstatement or loss, include:

- A strategic plan;
- An annual budget approved by the Trustees;
- Regular consideration by the Trustees of financial results, variance from budgets and non-financial performance indicators;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

Risk Management

The Trustees have overall responsibility for ensuring that the Cystic Fibrosis Trust is managing risk in a professional, responsible and constructive manner. This has involved identifying the types of risks the charity may face and assessing and balancing them in terms of potential impact and likelihood of occurrence. Means of minimising and mitigating risk have been implemented. The charity's internal controls have been reviewed. The Trustees seek to ensure that all internal controls, and in particular financial controls, comply in all respects with the guidelines issued by the Charity Commission. The Trustees will continue to assess risk in a constructive manner to safeguard the efficacy of the Cystic Fibrosis Trust.

Investment policy and performance

The Trustees have the power to invest in such stocks, shares, investments and property in the UK as they see fit. The Trustees have engaged Schroder & Co Ltd as investment managers. During the year the Trustees continued to follow a total return policy, whilst having regard to a fair balance between income and capital growth, and continued to follow a medium risk investment strategy. Within this strategy, the Trustees have set a target of exceeding the average market performance for a similar fund. This target was achieved during the current year.

Trading

The Charity had one wholly owned trading subsidiary at the year end: CF Merchandising Limited, a company registered in England. The company carries out non-charitable trading activities for the charity, comprising mainly mail order trading with particular reference to Christmas cards and other catalogue merchandise. During the year the company made a gift aid payment transferring all its taxable profits to the charity.

Reserves

As explained above the charity carries out a diverse range of activities, some of which comprise short-term and externally funded projects, whilst others comprise longer-term projects requiring significant ongoing financial commitment and investment.

The Trustees have examined the requirement for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes, or otherwise committed. Consideration was given to the nature of the income and expenditure streams, current research imperatives and the current composition of the reserves. The Trustees concluded that:

- annual income is sufficiently reliable and consistent to ensure that commitments will be met for the foreseeable future;
- expenditure not covered by restricted or designated funds is sufficiently flexible to be met out of current income as it is raised; and
- forecasts of unrestricted fund cash flows demonstrate that the charity will be able to meet its liabilities as they fall due for the foreseeable future.

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TRUSTEES' REPORT (CONTINUED)
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In view of this the Trustees consider that, given the nature of the charity's work, any surplus income is best employed in funding research projects that contribute to the delivery of its objectives.

During the year a transfer of £4,000,000 was therefore made to the Gene Therapy Restricted fund from general funds.

The level of 'free reserves' at the balance sheet date is £3,914,000 compared to £3,654,000 at the end of the prior year. However, these are being held against the remaining deficit on the Gene Therapy Consortium restricted fund of £7,145,000 (2006: £4,000,000), giving a negative balance on total funds of £1,069,000. Thus, a substantial part of the grants committed and due within the next twelve months will need to be met, as in previous years, out of funds generated in the future.

Having reviewed the expected cash flows over the next twelve months the Trustees are satisfied that sufficient reserves will be available for the charity to meet all its commitments as they fall due. Should it prove unnecessary to offset further free reserves against the deficit on the Gene Therapy Consortium Restricted Fund, free reserves will be used to fund research projects in accordance with the charity's reserves policy as stated above. The Trustees therefore consider that the level of reserves is in accordance with the charity's reserves policy.

The reserves policy will be reviewed annually taking into account current forecasts of cash flows and income and expenditure budgets for the coming year.

Gene Therapy Consortium Restricted Fund

The Gene Therapy Consortium restricted fund shows a deficit of £7,145,000 at the end of the year compared to £4,000,000 at the end of the prior year. This deficit arises because grants committed at the year-end but not yet paid have been charged to the statement of financial activities in accordance with the charity's normal accounting policy. The deficit will be met both by income already pledged but not yet received and income that will be raised in subsequent years.

In view of the importance of the Gene Therapy Consortium to the charity's strategic plan over the coming years, the Trustees have also agreed, if necessary and where sufficient funds exist, to make funds available in the future from general funds to meet the costs of the gene therapy programme as they arise.

Statement of Trustees' responsibility for the Financial Statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees (who are the directors of the company for the purpose of the Companies Act) to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In preparing financial statements giving a true and fair view, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 operation.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Trustees 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.

CYSTIC FIBROSIS TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

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

So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. The Trustees have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

This report was approved by the Trustees on 17 July 2007
and signed on their behalf by:

JL Littlewood

Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYSTIC FIBROSIS TRUST

We have audited the financial statements of Cystic Fibrosis Trust for the year ended 31 March 2006 [(the "financial statements")] which comprise which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the trustees and auditors

The responsibilities of the trustees, who are also the charity trustees for the purposes of charity law, for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the other information contained with the Financial Statements and consider whether it is consistent with the audited financial statements. This other information comprises only the legal and administrative information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

Basis of opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYSTIC FIBROSIS TRUST (continued)

Unqualified opinion

In our opinion:

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

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
18 July 2007

St Bride's House
10 Salisbury Square
London EC4Y 8EH

CYSTIC FIBROSIS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2007

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000	<i>Total 2006 £'000</i>
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	8,567	806	-	9,373	7,587
Activities for generating funds						
Trading and merchandising		242	-	-	242	299
Investment & interest income		304	52	-	356	287
Total incoming resources		9,113	858	-	9,971	8,173
RESOURCES EXPENDED						
Cost of generating funds						
Costs of generating voluntary income	4	2,518	6	-	2,524	2,585
Trading and merchandising	4	226	-	-	226	266
Costs of generating funds		2,744	6	-	2,750	2,851
Charitable activities						
Research	4	674	8,103	-	8,777	4,042
Clinical Care	4	752	-	-	752	708
Information, advice & support	4	724	61	-	785	660
Governance costs	4	64	-	-	64	62
Total resources expended		4,958	8,170	-	13,128	8,323
NET (OUTGOING)/ INCOMING RESOURCES		4,155	(7,312)	-	(3,157)	(150)
Realised Investment gains		-	-	-	-	4
Profit/(Loss) on asset disposal		8	-	-	8	(5)
NET (DEFICIT)/INCOME FOR THE YEAR		4,163	(7,312)	-	(3,149)	(151)
Unrealised Investment gains/(losses)		89	(1)	3	91	417
Transfers between funds	3	(4,000)	4,000	-	-	-
NET MOVEMENT IN FUNDS		252	(3,313)	3	(3,058)	266
Funds brought forward	3	4,758	(3,756)	987	1,989	1,723
FUNDS CARRIED FORWARD	3	5,010	(7,069)	990	(1,069)	1,989

CYSTIC FIBROSIS TRUST
BALANCE SHEETS
AS AT 31 MARCH 2007

	Notes	Consolidated		Charity	
		Total 2007 £'000	Total 2006 £'000	Total 2007 £'000	Total 2006 £'000
Fixed assets					
Tangible assets	5	1,096	1,104	1,096	1,104
Investments	6	4,139	3,905	4,139	3,905
		<u>5,235</u>	<u>5,009</u>	<u>5,235</u>	<u>5,009</u>
Current assets					
Debtors	7	713	635	681	627
Cash held as short term investment		1,608	1,039	1,608	1,039
Cash at bank & in hand		3,318	3,167	3,284	3,118
		<u>5,639</u>	<u>4,841</u>	<u>5,573</u>	<u>4,784</u>
Creditors: amounts due within one year					
Grants payable	12	(11,610)	(7,543)	(11,610)	(7,543)
Creditors and accrued charges	8	(333)	(318)	(267)	(261)
		<u>(11,943)</u>	<u>(7,861)</u>	<u>(11,877)</u>	<u>(7,804)</u>
Net current liabilities					
		<u>(6,304)</u>	<u>(3,020)</u>	<u>(6,304)</u>	<u>(3,020)</u>
Net assets					
		<u>(1,069)</u>	<u>1,989</u>	<u>(1,069)</u>	<u>1,989</u>
Represented by:					
Endowment funds					
	3	990	987	990	987
Restricted funds					
Gene Therapy Consortium	3	(7,145)	(4,000)	(7,145)	(4,000)
Other Restricted funds		76	244	76	244
Unrestricted funds					
General fund	3	3,914	3,654	3,914	3,654
Fixed asset fund		1,096	1,104	1,096	1,104
	1	<u>(1,069)</u>	<u>1,989</u>	<u>(1,069)</u>	<u>1,989</u>

Approved by the trustees on 17 July 2007
and signed on their behalf by:

AM Halsey
JL Littlewood } Trustees

CYSTIC FIBROSIS TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	2007 £'000	2006 £'000
Net cash (outflow)/inflow from operating activities	<u>678</u>	<u>(155)</u>
Returns on investments and servicing of finance		
Investment income	356	287
Finance lease interest	-	(3)
	<u>356</u>	<u>284</u>
Capital expenditure and financial investment		
Purchase of fixed assets	(194)	(179)
Purchase of investments	(145)	(499)
Proceeds of sales of listed investments	2	367
Proceeds of sales of fixed assets	23	13
	<u>(314)</u>	<u>(298)</u>
Management of liquid resources		
Increase in cash held as short term investments	(569)	(1,039)
	<u>(569)</u>	<u>(1,039)</u>
(Decrease)/Increase in cash	<u>151</u>	<u>(1,208)</u>

A. RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH IN/(OUTFLOW) FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Net outgoing resources	(3,157)	(150)
Depreciation	187	192
Investment income	(356)	(287)
Finance lease interest	-	3
Increase in debtors	(78)	(118)
Increase in creditors	4,082	205
	<u>678</u>	<u>(155)</u>

B. ANALYSIS OF CHANGES IN CASH NET FUNDS DURING THE YEAR

	2007 £'000	2006 £'000
Net funds at 1 April 2006	4,206	4,375
Net (decrease)/increase in cash	151	(1,208)
Increase in short term investments	569	1,039
	<u>4,926</u>	<u>4,206</u>
Net funds at 31 March 2007 (being cash and short term investments)	<u>4,926</u>	<u>4,206</u>

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005 and the Companies Act 1985.

At 31 March the charity had a deficit on funds of £1,069,000. Thus, a substantial part of the grants committed and due within the next twelve months will need to be met, as in previous years, out of funds generated in the future. Having reviewed the expected cash flows over the next twelve months the Trustees are satisfied that sufficient reserves will be available for the charity to meet all its commitments as they fall due. Further details of the charity's reserves policy can be found in the Trustees' Report.

b) Consolidation

The financial statements include the results and assets and liabilities of the charity and its wholly owned subsidiary. Both entities draw up their financial statements to 31 March each year.

c) Fixed assets and depreciation

Tangible fixed assets costing £250 or more are capitalised and are depreciated by equal annual instalments over their estimated useful lives. The current estimated rates of depreciation are:

Computer equipment	33 $\frac{1}{3}$ %
Furniture and fittings	25%
Cars	20%
Freehold buildings	2%

Freehold land is not depreciated.

d) Income

Income from voluntary fundraising branches and groups is taken to the Statement of Financial Activities on the basis of the accounting returns received and the bank balances at the year end are incorporated in these financial statements. Donations, legacies and other income are brought into the statement of financial activities on an accruals basis, when the Trust knows with certainty that the income will be received. All income arises from continuing activities.

e) Resources expended

All expenditure is accounted for on an accruals basis and includes irrecoverable VAT where applicable.

Expenditure is allocated to relevant activity categories on a basis that is consistent with the use of the resource.

- Costs of generating funds includes all costs relating to activities where the primary aim is to raise funds, along with an apportionment of support costs.
- Charitable activities includes all costs relating to activities where the primary aim is part of the objects of the charity, along with an apportionment of support costs.
- Governance costs includes the cost of trustee expenses, audit fees, and an apportionment of support costs.

Support costs, which include general management, payroll administration, budgeting and accounting, information technology, and human resources, are apportioned based on the estimated amount of time spent by the support area on each activity category.

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES (CONTINUED)

- f) Investments**
Investments are included in the balance sheet at market value at the balance sheet date.
- g) Grants**
Grants payable within one year are included in the statement of financial activities when approved and when all conditions relating to the grant have been fulfilled. Grants payable after one year, which are approved, but where certain conditions relating to the grant have yet to be met, are not accrued for, but are noted as financial commitments in notes to the financial statements.
- h) Stocks**
Stocks are stated at the lower of cost and net realisable value.
- i) Leases**
Assets held under finance leases are capitalised and depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. Interest payable under finance leases is charged in the Statement of Financial Activities as a constant proportion of the balance of capital repayments outstanding.
- j) Pension scheme**
The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments are charged to the Statement of Financial Activities in the period to which they relate.
- k) Taxation**
No charge to taxation arises on the result for the year because the company is able to take advantage of the tax exemptions available to charities.

2. VOLUNTARY INCOME

	Unrestricted Funds £'000	Restricted Funds		Total 2007 £'000	<i>Total 2006 £'000</i>
		Gene Therapy Consortium £'000	Other Restricted Funds £'000		
Branches, Groups & Community	4,418	191	73	4,682	<i>4,198</i>
Legacies	1,680	-	-	1,680	<i>727</i>
Individual donations	1,010	113	1	1,124	<i>600</i>
Corporate	464	47	9	520	<i>782</i>
Regular giving	530	29	-	559	<i>488</i>
Trusts	230	177	50	457	<i>407</i>
Appeals	235	-	-	235	<i>303</i>
Big Lottery Fund	-	-	116	116	<i>82</i>
	8,567	557	249	9,373	<i>7,587</i>

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

3. FUNDS

	<i>Balance April 1 2006 £'000</i>	Investment gains and income £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance March 31 2007 £'000
Endowment funds						
Ena Bennie Memorial Fund						
To fund the Gene Therapy Consortium	508	5	-	-	-	513
EW Joseph Fund						
For community home care support	175	(2)	-	-	-	173
Joseph Levy Memorial Fund						
For education	260	(2)	-	-	-	258
Robert Couper Memorial Fund						
For family support costs	6	-	-	-	-	6
Sailing Fund						
For sailing holidays	8	-	-	-	-	8
Leisure Fund						
For holidays	30	2	-	-	-	32
	<u>987</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>990</u>
Restricted Funds						
Gene Therapy Consortium						
For gene therapy research	(4,000)	-	557	(7,726)	4,024	(7,145)
Big Lottery Fund						
UK CF Microbiology Consortium	(18)	-	116	(364)	-	(266)
Ena Bennie Memorial Fund						
To fund the Gene Therapy Consortium	64	24	-	-	(24)	64
EW Joseph Fund						
For community home care support	113	12	-	(6)	-	119
Joseph Levy Memorial Fund						
For education	34	12	44	(49)	-	41
Robert Couper Memorial Fund						
For family support costs	1	1	-	-	-	2
Sailing Fund						
For sailing holidays	15	1	-	-	-	16
Leisure Fund						
For holidays	15	1	-	-	-	16
Sundry restricted funds						
Transplant donor co-ordinator	-	-	50	(6)	-	44
Nurse at King's College Hospital	-	-	30	-	-	30
Nebulisers	-	-	9	-	-	9
Publications	6	-	-	(6)	-	-
Patient Care Plus Programme	14	-	-	(13)	-	1
	<u>(3,756)</u>	<u>51</u>	<u>806</u>	<u>(8,170)</u>	<u>4,000</u>	<u>(7,069)</u>
Unrestricted funds						
General funds	<u>3,654</u>	<u>401</u>	<u>8,809</u>	<u>(4,958)</u>	<u>(3,992)</u>	<u>3,914</u>
Designated funds						
Fixed asset fund	<u>1,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>1,096</u>
Total funds	<u>1,989</u>	<u>455</u>	<u>9,615</u>	<u>(13,128)</u>	<u>-</u>	<u>(1,069)</u>

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

3. FUNDS (CONTINUED)

The Fixed asset fund comprises the net book value of the charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not, therefore, be regarded as realisable.

During the year transfers between funds were made as follows:

- a) £24,000 from the Ena Bennie Memorial Fund to the Gene Therapy Consortium Fund being interest income for the year.
- b) £ 4,000,000 from the General Funds to the Gene Therapy Consortium Fund being unrestricted funds made available to the Gene Therapy Consortium Fund in line with the charity's reserves policy.
- c) £8,000 from the designated Fixed Asset Fund to the General Funds to reflect the lower book value of the fixed assets at the end of the year.

Analysis of Funds

	Unrestricted funds £'000	Endowment funds £'000	Gene Therapy Consortium £'000	Other Restricted Funds £'000	Total £'000
Tangible fixed assets	1,096	-	-	-	1,096
Investments	2,882	990	-	267	4,139
Current assets	5,099	-	383	157	5,639
Current liabilities	(4,067)	-	(7,528)	(348)	(11,943)
	<u>5,010</u>	<u>990</u>	<u>(7,145)</u>	<u>76</u>	<u>(1,069)</u>

4. EXPENDITURE

	Grants £'000	Direct costs £'000	Support costs allocated £'000	Total 2007 £'000	<i>Total 2006 £'000</i>
Cost of Generating Funds					
Fundraising		1,984	540	2524	2,585
Trading-Merchandising		226	-	226	266
Research	8,468	147	162	8,777	4,042
Clinical care	300	266	186	752	708
Information, advice & support	111	561	113	785	660
Governance		38	26	64	62
	<u>8,879</u>	<u>3,222</u>	<u>1,027</u>	<u>13,128</u>	<u>8,323</u>

Fundraising costs include finance lease interest of £ nil (2006 - £3,244).

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

4. EXPENDITURE (CONTINUED)

Analysis of allocated Support Costs	Management £'000	Finance £'000	IT Support £'000	Admin & Facilities £'000	Total 2007 £'000
Fundraising	36	97	92	315	540
Research	29	20	46	67	162
Clinical care	50	20	46	70	186
Information, advice & support	14	16	46	37	113
Governance	14	8	-	4	26
	<u>143</u>	<u>161</u>	<u>230</u>	<u>493</u>	<u>1,027</u>

Costs are allocated on a time spent basis by full time staff.

Analysis of Governance Costs

	2007 £'000	<i>2006 £'000</i>
External audit fee	18	<i>18</i>
Trustees' travel expenses	10	<i>11</i>
Managing strategy & compliance	36	<i>33</i>
Total Governance costs	<u>64</u>	<u><i>62</i></u>

5. TANGIBLE ASSETS

Group and charity	Freehold property £'000	Furniture & fittings £'000	Computer Equipment £'000	Leased cars £'000	Total £'000
Cost					
At 1 April 2006	948	133	423	229	1,733
Additions	-	9	69	116	194
Disposals	-	-	-	(81)	(81)
At 31 March 2007	<u>948</u>	<u>142</u>	<u>492</u>	<u>264</u>	<u>1,846</u>
Depreciation					
At 1 April 2006	144	89	288	108	629
Disposals	-	-	-	(66)	(66)
Charge for the year	17	20	98	52	187
At 31 March 2007	<u>161</u>	<u>109</u>	<u>386</u>	<u>94</u>	<u>750</u>
Net book value at 31 March 2007	<u>787</u>	<u>33</u>	<u>106</u>	<u>170</u>	<u>1,096</u>
<i>Net book value at 31 March 2006</i>	<u><i>804</i></u>	<u><i>44</i></u>	<u><i>135</i></u>	<u><i>121</i></u>	<u><i>1,104</i></u>

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

6. INVESTMENTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2007 £'000	<i>Total 2006 £'000</i>
Market value as at 1 April 2006	2,666	1,239	3,905	3,352
Disposal proceeds	(2)	-	(2)	(367)
Additions	211	-	211	362
Cash held as part of portfolio	(82)	16	(66)	137
Realised and unrealised investment gains in the year	89	2	91	421
Market value as at 31 March 2007	<u>2,882</u>	<u>1,257</u>	<u>4,139</u>	<u>3,905</u>
Represented by				
Investments held in Unit Trusts	2,471	1,015	3,486	3,186
Cash held as part of portfolio	411	242	653	719
	<u>2,882</u>	<u>1,257</u>	<u>4,139</u>	<u>3,905</u>
Investments held in Unit Trusts				
Historical cost as at 31 March 2007	<u>2,051</u>	<u>918</u>	<u>2,969</u>	<u>2,761</u>
Unrealised gains at 31 March 2007	<u>419</u>	<u>97</u>	<u>516</u>	<u>425</u>

Under the terms of the trust deed there are no restrictions on the trustees powers of investment.

7. DEBTORS

	Group 2007 £'000	<i>Group 2006 £'000</i>	Charity 2007 £'000	<i>Charity 2006 £'000</i>
Trade debtors	22	26	-	-
Prepayments and accrued income	508	454	508	442
Sundry debtors	48	28	48	60
Taxation recoverable	10	2	-	-
Interest free loan	125	125	125	125
	<u>713</u>	<u>635</u>	<u>681</u>	<u>627</u>

The loan of £125,000 was made for the establishment of a Cystic Fibrosis Unit at the Royal Brompton Hospital (London) and is repayable in full at the latest in December 2008.

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

8. CREDITORS

	Group 2007 £'000	<i>Group 2006 £'000</i>	Charity 2007 £'000	<i>Charity 2006 £'000</i>
Trade creditors	199	182	121	128
Other creditors	54	61	68	61
Accruals and deferred income	80	75	78	72
	<u>333</u>	<u>318</u>	<u>267</u>	<u>261</u>

9. STAFF COSTS

Staff costs comprise the following:

	2007 £'000	<i>2006 £'000</i>
Salaries	1,633	1,534
Social security costs	170	160
Other pension costs	52	48
	<u>1,855</u>	<u>1,742</u>

The average number of employees during the year was 62 (2006 - 60).

The number of employees whose pay exceeded £60,000 in the year was:

	No.	<i>No.</i>
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1

Pension contributions to defined contribution pension schemes for these employees totalled £15,643 (2006 - £14,828).

No remuneration was paid to the trustees. Travel expenses of £12,219 (2006 - £10,742) were settled for two trustees (2006 – two).

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

10. INTEREST IN SUBSIDIARY – CF MERCHANDISING LIMITED

CF Merchandising Limited is a wholly owned subsidiary of the charity, incorporated in England, and is engaged in the sale of Christmas cards and other merchandise and the operation of events and activities. The profit and loss account of CF Merchandising Limited for the years ended 31 March can be summarised as follows:

	Merchandising £'000	Total 2007 £'000	<i>Total 2006 £'000</i>
Sales and sundry income	242	242	299
Cost of sales and administration	(232)	(232)	(273)
Net profit received by the charity	10	10	26

At 31 March 2007 CF Merchandising Limited had net assets of £2 (2006 - £2).

11. GRANT COMMITMENTS

At the balance sheet date the charity had commitments in respect of grants approved, but which are not accrued in these financial statements, as all of the criteria relating to payment of the grant in subsequent years have not been met, as follows:

	2007 £'000	<i>2006 £'000</i>
Payable between two and five years	12,685	140

12. GRANTS PAYABLE

	2007 £'000	<i>2006 £'000</i>
Grant creditor at 1 April 2006	7,543	7,347
Grants paid during the year (note 13)	(4,812)	(4,009)
Grants approved before 31 March 2007 and payable within one year	8,879	4,205
Grant creditor at 31 March 2007	11,610	7,543
Represented by		
Grants awaiting claim at 31 March 2007	2,986	3,834
Grants due within one year at 31 March 2007	8,624	3,709
	11,610	7,543

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

13. GRANTS PAID DURING THE YEAR

Research grants paid	2007	2006
	£	£
Controlling infection		
Nottingham City Hospital	5,145	739
Queens University, Belfast	29,209	-
Queens University, Belfast	8,658	-
Western General Hospital, Edinburgh	11,271	23,324
Central Public Health Laboratory	-	44,581
University of Edinburgh	-	67,755
University of Liverpool	-	30,146
Controlling inflammation		
University of Portsmouth	31,936	3,431
University of Oxford, John Radcliffe Hospital	-	107,816
Disease modelling		
University of Wales	-	13,514
Genetic science		
University of Cambridge	16,712	56,075
University of Sheffield	-	10,319
University of Sheffield	-	11,147
Managing digestive disorders		
University of East Anglia	17,222	23,904
Basic Science		
University of Cambridge, Addenbrooks	28,882	27,364
University of Bristol	77,390	286
University of Portsmouth	34,392	7,165
UK CF Database		
Tayside Institute of Child Health, University of Dundee	17,579	21,626
Tayside Institute of Child Health, University of Dundee	47,325	112,266
Tayside Institute of Child Health, University of Dundee	75,061	-
Understanding & correcting the CF protein		
University of Bristol	14,055	23,592
University of Bristol	28,550	-
University of Edinburgh	20,528	-
University of Oxford, John Radcliffe Hospital	75,217	28,628
Universities of Bristol and Edinburgh	-	12,610
Carried forward	539,132	626,288

CYSTIC FIBROSIS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

13. GRANTS PAID DURING THE YEAR (CONTINUED)

	2007 £	2006 £
Brought forward	539,132	626,288
Various		
Institute of Child Health, University College, London	8,413	67,144
Institute of Child Health, University College, London	23,421	-
UK CF Microbiology Consortium	77,834	-
University of Oxford, John Radcliffe Hospital	27,298	-
Research models	42,455	137,105
University of Liverpool	18,575	14,038
Imperial College, London	-	19,877
Institute of Child Health, University College, London	-	37,113
University of Bristol	-	21,237
University of Cambridge	-	24,185
University of Liverpool	-	8,667
Total general fund research grants paid	737,128	955,654
Restricted fund research grants paid		
UK CF Gene Therapy Consortium	3,484,313	2,739,579
UK CF Microbiology Consortium	144,499	18,997
University of Edinburgh	33,797	50,844
Royal Brompton Hospital	-	27,000
Total restricted fund research grants paid	3,662,609	2,836,400
Development and Clinical Support grants paid		
Llandough Hospital, Wales	42,311	36,865
NHS Lothian	8,338	-
Papworth Hospital, Cambridge	25,000	-
Royal Hospital for Sick Children, Edinburgh	836	1,672
Various clinical support grants	5,157	-
Various re Patient Care Plus Programme	13,311	11,995
British Society for Gene Therapy	-	5,000
Cardiothoracic Centre, Liverpool	-	156
King's College Hospital, London (Children)	-	10,000
London Chest Hospital	-	11,252
Western Area Health Trust/Plymouth	-	3,553
Total general funds development and clinical support grants paid	94,953	80,493
Training Grants		
Papworth Hospital, Cambridge	75,000	-
Royal Brompton Hospital	75,000	-
South Manchester University Hospital NHS Trust	56,250	-
	206,250	-
Grants to Individuals	111,057	135,967
Total grants paid	4,811,997	4,008,514