CYSTIC FIBROSIS TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

CYSTIC FIBROSIS TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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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 relevant to Cystic Fibrosis.

In order to gain maximum value from the research it funds, the Cystic Fibrosis Trust is keen to leverage the funds committed to research through joint funding with other organisations, or by taking advantage of other specific funding opportunities when they arise. For example, the programme of research being carried out by the UK CF Microbiology Consortium is substantially funded by the Big Lottery Fund research grants scheme.

During the year, the Cystic Fibrosis Trust also agreed to fund jointly with the Medical Research Council a Clinical Research Training Fellowship in Cystic Fibrosis. The purpose of this Training Fellowship is to provide up to three years' support for a clinically qualified, active professional to undertake specialised or further research training in the bio-medical sciences within the UK, focusing on Cystic Fibrosis. Fellows are required to register for a research degree, normally a PhD, based on research undertaken during the fellowship.

The first award was made in June 2008 and the decision has been taken to repeat this scheme annually for the next two years in order to increase the pool of clinical researchers in Cystic Fibrosis.

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 will take place towards the end of 2008 leading to a phase II multi-dose clinical trial beginning in late 2009.

The amount spent on the programme has increased significantly over the past two years as, in preparation for the forthcoming phase I and phase II trials, some £9m of extra funds have been required to pay for the production and purchase of the gene transfer agent and the DNA construct that together comprise the gene therapy product.

In addition, the UK CF Gene Therapy Consortium is already considering products for a wave 2 programme, in recognition of the fact that development of a therapy that is at the cutting-edge of science and medical practice will require continual refinement for many years yet as scientific and medical knowledge progresses.

In total, the Cystic Fibrosis Trust has raised and committed nearly £35m to the gene therapy research programme since 2001. 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 are committed to funding 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.We therefore continue to fund research into alternative approaches to treatment and improvements in symptom control, recognising that Cystic Fibrosis affects other organs besides the lungs and that new complications are arising as people with Cystic Fibrosis live longer.

In addition, we are funding research into potential drug therapies that will correct the basic defect in CFTR, as well as basic research that will add to our understanding and knowledge of the condition.

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 using and 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 continues to fund 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.

In response to the difficulty in obtaining suitable lungs for transplant, we put out a call in September 2007 for a £500k research project into **increasing the availability of donor organs**. A three-year grant worth £464k was awarded in February 2008 to a group of researchers at Newcastle University to assess methods of transforming donor lungs that are currently considered unusable, into lungs suitable for transplant, whilst ensuring that excellent outcomes are maintained post transplant.

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. In addition, a grant was awarded to contribute to the UK arm of an international study into the prevalence and impact of depression and anxiety in people with Cystic Fibrosis and their caregivers.

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.

Commissioning and funding CF care
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 were included in the final report published by the Department of Health. We are now monitoring the implementation of these recommendations. To this end, we have made contact with the Specialised Commissioning Group within each Strategic Health Authority in England to ensure that Cystic Fibrosis is on their early agenda for implementation of the new commissioning arrangements.

We are now working closely 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 has been implemented to fund the provision of services within the National Health Service. The Department of Health has recognised that chronic, long-term, specialised conditions such as Cystic Fibrosis do not fit easily into the general system of payment by results, which funds each episode of care received by the patient.

As a result of our ongoing discussions with the Department of Health, Cystic Fibrosis has been designated as a 'development site' to develop and implement a form of payment by results for specialised conditions based on an annual tariff that varies according to the treatment required at several defined levels of severity of the condition. We have recruited a Clinical Care and Commissioning Manager who has experience of running a CF Centre in a large NHS Trust to expedite this project.

We anticipate that, if implemented successfully in England, similar methods of commissioning and payment for specialised services will be adopted in the devolved administrations in the UK.

In addition we continue to draw attention to geographical differences in the availability of drugs and access to care at properly funded and staffed specialist centres throughout the UK.

Peer review of specialist CF Centres and large clinics
The programme of peer review has gained momentum during the past year. Peer reviews are now being carried out at the rate of two per month and are planned for at least six months ahead.

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.

Of the twenty peer reviews carried out to date, several have resulted in a significant increase in resources for the CF Service that will improve the provision of care to patients.

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. The CF Registry has now been implemented in all specialist CF Centres in the UK as well as in many shared-care clinics. Data has been entered for over 5,000 patients up to the end of 2007 and the data collected for the UK CF Database since 2001 has been transferred into the CF Registry.

These data are now being analysed with the aim of publishing an Annual Report.

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 since it will be possible to compare data with that collected by the CF Registry in the US and eventually with other countries in Europe, as many are planning to implement the same database application for their national CF Registries.

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 and the specialist multidisciplinary teams were built up with the help of our Clinical Support and Improvement Grants. In recognition of the fact that people with CF are living longer the Cystic Fibrosis Trust now provides grants for training the specialist CF Consultants of the future.

Five grants have been provided over the past three years to 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. Of the four trainees who have completed the year's training under this scheme, two have been appointed as specialist CF Consultants, one is in the process of applying for such a position, and one is still in the process of completing her respiratory training.

Expert Patient Advisers
As a result of the success of this scheme, the Cystic Fibrosis Trust has employed a further three adults with Cystic Fibrosis, bringing the number of Expert Patient Advisers to seven. 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 for specific purposes and 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.

A new consensus document covering the prevention and treatment of infection with Methicillin Resistant Staphylococcus Aureus (MRSA) written by a specially convened working group of experts in this area was published early in 2008.

In addition, the Antibiotics Working Group is revising 'Antibiotic treatment for Cystic Fibrosis – second edition 2002' and the Standards of Care Working Group continues to work on revising 'Guidelines for the care of children and adults with Cystic Fibrosis in the UK - 2001'. These will be finalised during 2008.

Consensus documents are available to both clinicians and people with CF and their families, as well as to the wider public, and can be downloaded from our website.

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. The 2008 meeting was held in Newcastle in July and was well attended.

The annual one-day Medical Conference, whose purpose is to update the wider CF professional community on the latest issues in CF care will take place in September 2008 in Manchester. Bookings for the Medical Conference are already higher than for 2007.

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 and scientific questions are forwarded to a panel of experts, who provide an appropriate reply.

Welfare Grants
The charity provides financial assistance for specific purposes to those experiencing particular difficulty at a time of stress or crisis relating to Cystic Fibrosis. This service continues to be fully utilised and it remains a struggle to contain the amount of grants awarded within the budget.

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.

ACHIEVEMENTS AGAINST OBJECTIVES AND 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.

The work of the UK CF Gene Therapy Consortium to develop a gene therapy for the lungs of people with CF remains our main focus of research. The phase I clinical trial will start in 2008 as foreseen in last year's report, although slightly later in the year than anticipated a year ago. This small delay serves as a reminder that this programme of research is at the cutting-edge of science and that, in addition, our consortium of scientists and clinical researchers are working together more like a small pharmaceutical company – but without the back-up teams of administrators and specialists that would be found in a company.

The twelve-month clinical 'run-in' study in over two hundred patients has started and will lead directly into a twelve-month multi-dose clinical trial commencing in 2009, with one hundred patients being selected from the clinical study to take part in the trial.

As related in the report above, significant progress has also been made in the other areas of focus outlined in the Trustees' report in 2007. The CF Registry has been implemented in all specialist CF Centres and in many shared-care Clinics throughout the UK; and we are working closely with 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

Our focus during the coming year will be in the following areas:

- the successful conclusion of the phase I pilot study of the gene therapy research, leading on to the phase II multi-dose clinical trial that is planned to commence in 2009;
- analysis of the CF Registry and publication of the Annual Report for 2007 as well as continuing to implement the registry in the remaining shared-care and other small clinics;
- continuation and development of the project with the Department of Health to develop an effective system of payment by results based on an annual tariff that varies according to the treatment required at several defined levels of severity of the condition.

HOW WE RAISED AND SPENT FUNDS

Income
Our income for the year increased to £11,530,000 (2007: £9,971,000). A large part of the increase arose from a grant of £962,000 from the Department of Health for the gene therapy research programme; in addition significant income from specific events in Branch, Groups & Community and Corporate income offset a disappointing year for Legacies.

Well over 90% of the charity's Total incoming resources continues to arise from Voluntary income. Income from Community fundraising and Branches and groups also continues to represent over 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 fell to £9,681,000 (from £13,128,000 in 2007). A little over 50% of this was spent on research, mainly the gene therapy research programme. The decrease in expenditure this year arises mainly from comparison to the exceptional commitments made in the prior year in respect of the production and purchase of the product for the phase I and phase II gene therapy trials due to commence in late 2008.

The Cost of generating funds fell by some £200k (7%) compared to the prior year. This arises from efficiencies made during the year and, together with the exceptional grant from the Department of Health, accounts for the improved ratio of Cost of generating funds to Total incoming resources in the current year.

Expenditure on Clinical Care and Information, Advice and Support increased in the current year in line with the additional activities outlined above.

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. The members of the Board of Trustees 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 and recommending to the Trustees those applications that might be funded, as well as for reviewing and assessing the research that has been funded. 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. 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.

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.

In keeping with many charities of a similar size, the main risk for both the charity and its trading subsidiary has been identified as the inevitable dependence on a small number of key employees. The Trustees and Executive Management continually monitor this to ensure that appropriate professional staff are in place and that key tasks are shared and delegated appropriately. 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. Turnover for the year was £205k (2007: £242k) and taxable profit was £39k (2007: 10K). 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.

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 £3,000,000 was therefore made to the Gene Therapy Restricted fund from general funds.

The level of 'free reserves' at the balance sheet date is £3,608,000 (2007: £3,914,000). However, these are being held against the remaining deficit on the Gene Therapy Consortium restricted fund of £5,725,000 (2007: £7,145,000); 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 £5,725,000 at the end of the year compared to £7,145,000 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. 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.

Insofar as each of the Trustees of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditors in connection with

preparing the audit report) of which the company's auditors are unaware. Each Trustee has taken all the steps that he/she should have taken as a Trustee in order to make himself/herself 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 7 October 2008
and signed on their behalf by:

JM 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 2008 (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 2008 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
16 October 2008

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 2008

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2008 £'000**	*Total 2007 £'000*
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	7,694	3,211	-	**10,905**	*9,373*
Activities for generating funds						
Trading and merchandising		205	-	-	**205**	*242*
Investment & interest income		361	59	-	**420**	*356*
Total incoming resources		8,260	3,270	-	**11,530**	*9,971*
RESOURCES EXPENDED						
Cost of generating funds						
Costs of generating voluntary income		2,385	-	-	**2,385**	*2,524*
Trading and merchandising		161	-	-	**161**	*226*
Costs of generating funds		2,546	-	-	**2,546**	*2,750*
Charitable activities						
Research		554	4,428	-	**4,982**	*8,777*
Clinical Care		1,121			**1,121**	*752*
Information, advice & support		879	78	-	**957**	*785*
Governance costs		75	-	-	**75**	*64*
Total resources expended	3	5,175	4,506	-	**9,681**	*13,128*
NET INCOMING/ (OUTGOING) RESOURCES		3,085	(1,236)	-	**1,849**	*(3,157)*
Realised Investment gains		-	-	-	**-**	*-*
Profit on asset disposal		11	-	-	**11**	*8*
NET INCOME/(DEFICIT) FOR THE YEAR		3,096	(1,236)	-	**1,860**	*(3,149)*
Unrealised Investment gains/(losses)		(290)	(1)	(70)	**(361)**	*91*
Transfers between funds	5	(3,000)	3,000	-	**-**	*-*
NET MOVEMENT IN FUNDS		(194)	1,763	(70)	**1,499**	*(3,058)*
Funds brought forward		5,010	(7,069)	990	**(1,069)**	*1,989*
FUNDS CARRIED FORWARD	5	4,816	(5,306)	920	**430**	*(1,069)*

CYSTIC FIBROSIS TRUST
BALANCE SHEETS
AS AT 31 MARCH 2008

	Notes	Consolidated Total 2008 £'000	Consolidated *Total 2007 £'000*	Charity Total 2008 £'000	Charity *Total 2007 £'000*
Fixed assets					
Tangible assets	6	**1,145**	*1,096*	**1,145**	*1,096*
Investments	7	**4,071**	*4,139*	**4,071**	*4,139*
		5,216	*5,235*	**5,216**	*5,235*
Current assets					
Debtors	8	**964**	*713*	**989**	*681*
Cash held as short term investment		**1,218**	*1,608*	**1,218**	*1,608*
Cash at bank & in hand		**3,849**	*3,318*	**3,742**	*3,284*
		6,031	*5,639*	**5,949**	*5,573*
Creditors: amounts due within one year					
Grants payable	9	**(10,502)**	*(11,610)*	**(10,502)**	*(11,610)*
Creditors and accrued charges	10	**(315)**	*(333)*	**(233)**	*(267)*
		(10,817)	*(11,943)*	**(10,735)**	*(11,877)*
Net current liabilities		**(4,786)**	*(6,304)*	**(4,786)**	*(6,304)*
Net assets		**430**	*(1,069)*	**430**	*(1,069)*
Represented by:					
Endowment funds	5	**920**	*990*	**920**	*990*
Restricted funds	5				
Gene Therapy Consortium		**(5,725)**	*(7,145)*	**(5,725)**	*(7,145)*
Other Restricted funds		**419**	*76*	**419**	*76*
Unrestricted funds	5				
General fund		**3,608**	*3,914*	**3,608**	*3,914*
Designated funds		**1,208**	*1,096*	**1,208**	*1,096*
	1	**430**	*(1,069)*	**430**	*(1,069)*

Approved by the trustees on 7 October 2008
and signed on their behalf by:

JM Littlewood
AM Halsey } Trustees

CYSTIC FIBROSIS TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	2008 £'000	*2007* *£'000*
Net cash inflow from operating activities	**246**	*678*
Returns on investments and servicing of finance		
Investment income	**420**	*356*
	420	*356*
Capital expenditure and financial investment		
Purchase of fixed assets	**(248)**	*(194)*
Purchase of investments	**(293)**	*(145)*
Proceeds of sales of listed investments	**-**	*2*
Proceeds of sales of fixed assets	**16**	*23*
	(525)	*(314)*
Management of liquid resources		
Decrease/(increase) in cash held as short term investments	**390**	*(569)*
Increase in cash	**531**	*151*

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

	2008 £'000	*2007* *£'000*
Net incoming/(outgoing) resources	**1,849**	*(3,157)*
Depreciation	**194**	*187*
Investment income	**(420)**	*(356)*
Increase in debtors	**(251)**	*(78)*
(Decrease)/increase in creditors	**(1,126)**	*4,082*
	246	*678*

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

	2008 £'000	*2007* *£'000*
Net cash resources at 1 April 2007	**4,926**	*4,206*
Net increase in cash at bank & in hand	**531**	*151*
(Decrease)/increase in short term investments	**(390)**	*569*
Net cash resources at 31 March 2008 (being cash at bank & in hand and cash held as short term investments)	**5,067**	*4,926*

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.

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	33⅓%
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.

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: Gene Therapy Consortium £'000	Restricted Funds: Other Restricted Funds £'000	**Total 2008 £'000**	*Total 2007 £'000*
Branches, Groups & Community	4,726	1,342	41	**6,109**	*4,682*
Corporate	883	61	31	**975**	*520*
Department of Health	-	962	-	**962**	*-*
Individual donations	775	182	-	**957**	*1,124*
Regular giving	718	47	-	**765**	*559*
Trusts	204	61	173	**438**	*457*
Legacies	278	5	-	**283**	*1,680*
Big Lottery Fund	-	-	225	**225**	*116*
Appeals	110	81	-	**191**	*235*
Total Voluntary income	7,694	2,741	470	**10,905**	*9,373*

3. RESOURCES EXPENDED

	Grants £'000	Direct costs £'000	Support costs allocated £'000	**Total 2008 £'000**	*Total 2007 £'000*
Cost of Generating Funds					
Fundraising	-	1,706	679	**2,385**	*2,524*
Trading-Merchandising	-	161	-	**161**	*226*
Research	4,699	82	201	**4,982**	*8,777*
Clinical care	308	576	237	**1,121**	*752*
Information, advice & support	107	715	135	**957**	*785*
Governance	-	48	27	**75**	*64*
	5,114	3,288	1,279	**9,681**	*13,128*

Fundraising costs include finance lease interest of £nil (2007 - £Nil).

Analysis of allocated Support Costs	Management £'000	Finance £'000	IT Support £'000	Admin & Facilities £'000	**Total 2008 £'000**
Fundraising	43	102	99	435	**679**
Research	34	21	50	96	**201**
Clinical care	60	21	49	107	**237**
Information, advice & support	17	17	50	51	**135**
Governance	17	8	-	2	**27**
	171	169	248	691	**1,279**

Costs are allocated on the basis of time spent on the activity by full time staff.

3. EXPENDITURE (CONTINUED)
Analysis of Governance Costs

	2008	*2007*
	£'000	*£'000*
External audit fee	**18**	*18*
Trustees' travel expenses	**13**	*10*
Managing strategy & compliance	**44**	*36*
Total Governance costs	**75**	*64*

4. STAFF COSTS
Staff costs comprise the following:

	2008	*2007*
	£'000	*£'000*
Salaries	**1,758**	*1,633*
Social security costs	**183**	*170*
Other pension costs	**56**	*52*
	1,997	*1,855*

The average number of employees during the year was 61 (2007 - 62).

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

	No.	*No.*
£60,001 - £70,000	**1**	*-*
£70,001 - £80,000	**1**	*1*
£80,001 - £90,000	**1**	*1*

Pension contributions to defined contribution pension schemes for these employees totalled £16,765 (2007 - £15,643).

No remuneration was paid to the trustees. Travel expenses of £13,393 (2007 - £12,219) were settled for two trustees (2007 – two).

5. FUNDS

	Balance April 1 2007 £'000	Investment gains and income £'000	Income £'000	Expenditure £'000	Transfers £'000	**Balance March 31 2008 £'000**
Endowment funds:						
Ena Bennie Memorial fund *To fund the Gene Therapy Consortium*	*513*	(42)	-	-	-	**471**
EW Joseph fund *For community home care support*	*173*	(9)	-	-	-	**164**
Joseph Levy Memorial fund *For education*	*258*	(12)	-	-	-	**246**
Robert Couper Memorial fund *For family support costs*	*6*	(1)	-	-	-	**5**
Sailing fund *For sailing holidays*	*8*	(2)	-	-	-	**6**
Leisure fund *For holidays*	*32*	(4)	-	-	-	**28**
Total Endowment funds	***990***	**(70)**	**-**	**-**	**-**	**920**
Restricted funds:						
Gene Therapy Consortium *For gene therapy research*	*(7,145)*	-	2,741	(4,349)	3,028	**(5,725)**
Big Lottery fund *UK CF Microbiology Consortium*	*(266)*	-	225	(70)	-	**(111)**
Ena Bennie Memorial fund *To fund the Gene Therapy Consortium*	*64*	28	-	-	(28)	**64**
EW Joseph fund *For community home care support*	*119*	14	-	(6)	-	**127**
Joseph Levy Memorial fund *For education*	*41*	13	38	(55)	-	**37**
Robert Couper Memorial fund *For family support costs*	*2*	1	-	-	-	**3**
Sailing fund *For sailing holidays*	*16*	1	-	-	-	**17**
Leisure fund *For holidays*	*16*	1	-	-	-	**17**
Sundry restricted funds:						
Transplant donor co-ordinator	*44*	-	15	-	-	**59**
CF Nurse Specialist	*30*	-	-	-	-	**30**
Nebulisers	*9*	-	27	(17)	-	**19**
Transplant research	*-*	-	150	-	-	**150**
Patient Care Plus Programme	*1*	-	15	(9)	-	**7**
Sub total Other Restricted funds	*76*	58	470	(157)	(28)	**419**
Unrestricted funds:						
General funds	*3,914*	82	7,899	(5,175)	(3,112)	**3,608**
Designated funds:						
Fixed asset fund	*1,096*	-	-	-	49	**1,145**
Grants fund	*-*	-	-	-	63	**63**
Sub total Designated funds	*1,096*	-	-	-	112	**1,208**
Total funds	*(1,069)*	70	11,110	(9,681)	-	**430**

5. 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.

The Grants fund represents grants due within one year but approved after the balance sheet date and therefore not included in the consolidated statement of financial activities for the year.

During the year transfers between funds were made as follows:

a) £28,000 from the Ena Bennie Memorial fund to the Gene Therapy Consortium fund being interest income for the year.

b) £ 3,000,000 from 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) £49,000 from General funds to the designated Fixed asset fund to reflect the higher book value of the fixed assets at the end of the year.

d) £63,000 from General funds to the designated Grants fund representing grants due within one year but approved after the balance sheet date and therefore not included in the consolidated statement of financial activities for the year.

Analysis of funds

	Unrestricted funds £'000	Endowment funds £'000	Gene Therapy Consortium restricted fund £'000	Other restricted funds £'000	**Total £'000**
Tangible fixed assets	1,145	-	-	-	**1,145**
Investments	2,867	920	-	284	**4,071**
Current assets	2,235	-	3,443	392	**6,070**
Current liabilities	(1,431)	-	(9,168)	(257)	**(10,856)**
	4,816	920	(5,725)	419	**430**

6. TANGIBLE ASSETS

Group and charity	Freehold property £'000	Furniture & fittings £'000	Computer equipment £'000	Cars £'000	Total £'000
Cost					
At 1 April 2007	948	142	492	264	1,846
Additions	-	51	146	51	248
Disposals	-	-	(9)	(59)	(68)
At 31 March 2008	**948**	**193**	**629**	**256**	**2,026**
Depreciation					
At 1 April 2007	161	109	386	94	750
Disposals	-	-	(9)	(54)	(63)
Charge for the year	17	26	100	51	194
At 31 March 2008	**178**	**135**	**477**	**91**	**881**
Net book value at 31 March 2008	**770**	**58**	**152**	**165**	**1,145**
Net book value at 31 March 2007	*787*	*33*	*106*	*170*	*1,096*

7. INVESTMENTS

	Unrestricted funds £'000	Restricted funds £'000	**Total 2008 £'000**	*Total 2007 £'000*
Market value as at 1 April 2007	2,882	1,257	**4,139**	*3,905*
Additions at cost	66	-	**66**	*211*
Disposal proceeds	-	-	**-**	*(2)*
Cash held as part of portfolio	210	17	**227**	*(66)*
Realised and unrealised investment (losses) in the year	(291)	(70)	**(361)**	*91*
Market value as at 31 March 2008	2,867	1,204	**4,071**	*4,139*
Represented by:				
Investments held in Unit Trusts	2,246	945	**3,191**	*3,486*
Cash held as part of portfolio	621	259	**880**	*653*
	2,867	1,204	**4,071**	*4,139*
Investments held in Unit Trusts Historical cost as at 31 March 2008	2,118	918	**3,036**	*2,969*
Unrealised gains at 31 March 2008	128	27	**155**	*516*

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

8. DEBTORS

	Group 2008 £'000	*Group 2007 £'000*	**Charity 2008 £'000**	*Charity 2007 £'000*
Trade debtors	**13**	*22*	**-**	*-*
Prepayments and accrued income	**784**	*508*	**784**	*508*
Sundry debtors	**41**	*48*	**80**	*48*
Taxation recoverable	**1**	*10*	**-**	*-*
Interest free loan	**125**	*125*	**125**	*125*
	964	*713*	**989**	*681*

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.

9. GRANTS PAYABLE

	2008 £'000	*2007 £'000*
Grant creditor at 1 April 2007	**11,610**	*7,543*
Grants paid during the year (note 13)	**(6,222)**	*(4,812)*
Grants approved before 31 March 2008 and payable within one year	**5,114**	*8,879*
Grant creditor at 31 March 2008	**10,502**	*11,610*
Represented by		
Grants awaiting claim at 31 March 2008	**4,843**	*2,986*
Grants due within one year at 31 March 2008	**5,659**	*8,624*
	10,502	*11,610*

10. CREDITORS

	Group 2008 £'000	*Group 2007 £'000*	**Charity 2008 £'000**	*Charity 2007 £'000*
Trade creditors	**193**	*199*	**114**	*121*
Other creditors	**59**	*54*	**59**	*68*
Accruals and deferred income	**63**	*80*	**60**	*78*
	315	*333*	**233**	*267*

11. 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 2008 £'000**	*Total 2007 £'000*
Sales and sundry income	205	**205**	*242*
Cost of sales and administration	(166)	**(166)**	*(232)*
Net profit received by the charity	39	**39**	*10*

At 31 March 2008 CF Merchandising Limited had net assets of £2 (2007 - £2).

12. 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:

	2008 £'000	*2007 £'000*
Payable between two and five years	**6,079**	*12,685*

13. GRANTS PAID DURING THE YEAR

	2008	2007
	£	£
Research grants paid – Restricted funds		
UK CF Gene Therapy Consortium	**5,450,255**	*3,484,313*
UK CF Microbiology Consortium	**211,268**	*144,499*
University of Edinburgh	**-**	*33,797*
Total Research grants paid – Restricted funds	**5,661,523**	*3,662,609*
Research grants paid – General funds		
Controlling infection		
Queen's University, Belfast	**12,158**	*29,209*
Queen's University, Belfast	**15,808**	*8,658*
University of Edinburgh	**35,659**	*20,528*
University of Warwick	**31,568**	-
Nottingham City Hospital	**-**	*5,145*
Western General Hospital, Edinburgh	**-**	*11,271*
Controlling inflammation		
University of Portsmouth	**19,081**	*31,936*
Genetic science		
University of Cambridge	**-**	*16,712*
Managing digestive disorders		
University of East Anglia	**-**	*17,222*
Basic Science		
University of Cambridge	**1,712**	*28,882*
University of Dundee, Tayside Institute of Child Health	**33,045**	-
University of Oxford, John Radcliffe Hospital	**79**	*77,390*
University of Portsmouth	**3,070**	*34,392*
UK CF Database		
University of Dundee, Tayside Institute of Child Health	**6,429**	*17,579*
University of Dundee, Tayside Institute of Child Health	**-**	*47,325*
University of Dundee, Tayside Institute of Child Health	**-**	*75,061*
Understanding & correcting the CF protein		
Newcastle University	**6,193**	-
University of Bristol	**47,581**	*28,550*
University of Cambridge	**1,859**	-
University of Bristol	**-**	*14,055*
University of Oxford, John Radcliffe Hospital	**-**	*75,217*
Various		
Institute of Child Health, University College, London	**43,444**	*23,421*
University of Edinburgh	**58,822**	*77,834*
University of Liverpool	**7,941**	*18,575*
Institute of Child Health, University College, London	**-**	*8,413*
University of Oxford, John Radcliffe Hospital	**-**	*27,298*
Research models	**-**	*42,455*
Total Research grants paid – General funds	**324,449**	*737,128*

13. GRANTS PAID DURING THE YEAR (CONTINUED)

	2008 £	*2007 £*
Development and other grants paid		
Bristol Royal Infirmary	**3,000**	-
British Society for Gene Therapy	**5,000**	-
European Cystic Fibrosis Society	**3,487**	-
Harefield Hospital	**10,699**	-
Llandough Hospital, Wales	**3,900**	*42,311*
Various re Patient Care Plus Programme	**8,718**	*13,311*
Papworth Hospital, Cambridge	**-**	*25,000*
Royal Hospital for Sick Children, Edinburgh	**-**	*836*
Various clinical support grants	**-**	*5,157*
Western General Hospital, Edinburgh	**-**	*8,338*
Total Development and other grants paid	**34,804**	*94,953*
Training grants paid		
Birmingham Heartlands Hospital	**18,750**	-
Wythenshawe Hospital, Manchester	**75,000**	*56,250*
Papworth Hospital, Cambridge	**-**	*75,000*
Royal Brompton Hospital, London	**-**	*75,000*
Total Training grants paid	**93,750**	*206,250*
Grants to Individuals	**107,774**	*111,057*
Total grants paid	**6,222,300**	*4,811,997*