

A woman with long, wavy brown hair, wearing a white long-sleeved shirt and a blue and white patterned scarf, is shown from the chest up. She is looking down at a bright green plastic pot filled with pink and purple flowers. She is holding the pot with both hands. The background consists of a wooden lattice structure, possibly part of a garden or a conservatory. The overall scene is bright and natural.

ANNUAL REPORT & ACCOUNTS 2019

MACMILLAN
CANCER SUPPORT



Mighty Hike, Wye Valley

Contents

Our year at a glance

Mohammad's story	4
Introduction from our Chairman and Chief Executive	6
The difference we made	8

Strategic report

Right there from diagnosis	10
Making support personal	16
Meeting people's all-round needs	24
Inspiring greater support	34
Being the best we can be	42
Looking forward	48
How we manage the money you give us	50
Principal risks and uncertainties	58
How we work	62

Governance

Our governance	68
Legal and administrative details	72
Further information	73

Financial statements

Independent auditors' report	74
Consolidated statement of financial activities	76
Balance sheets	77
Consolidated cash flow statement	78
Notes to the financial statements	79

And the rest

Thank you	98
References	102

MOHAMMAD'S STORY

'I am not very good with words but here goes...'

I was diagnosed back in 2014 but it did not hit me until a few weeks later, I needed to talk to someone, so I called Macmillan and cried, and they put me at ease and helped me, being very supportive.

I lost my job because of ill health. Macmillan helped me get my finances in order. They put me through to help me fill in forms and helped me with heating bills.

Now that I am getting better I thought that I'd do some fundraising – a coffee morning and a car boot to raise money for Macmillan.

Although I am in pain, I have got used to this. My wife and kids have been very helpful and supportive. Not forgetting Macmillan – thanks for all your help and support.

INTRODUCTION

from our Chairman and Chief Executive

Today, there are around 3 million people¹ living with cancer in the UK. Hundreds of thousands more are diagnosed every year. We are here to support everyone living with cancer to find their best way through.

We are delighted that we reached a record 8.3 million people through all of our services in 2019. This includes the 1.9 million² people we helped with in-depth personal support. We could not have offered this life-changing help without our professionals, partners, volunteers, employees, fundraisers and campaigners. Together, we are a truly fantastic team.

Last year, we reached more people recently diagnosed with cancer by making sure they were aware of how we could support them. We reached greater numbers through our website and made improvements to make it more personalised and easier for them to find what they need.

We tested how best to deliver joined-up personalised care and financial support so that people can quickly get the support that is right for them. We ran our support line services for 365 days last year for the first time ever. This meant we responded to 226,000 calls, emails and webchats – an impressive 45% increase on 2018.

In these extraordinary times, Macmillan's priority is the health and wellbeing of people living with cancer, Macmillan professionals, our employees, supporters and volunteers.



We continued to influence the government and financial institutions on a local and national level to keep the needs of people living with cancer at the heart of their work. This included us launching a partnership with the Scottish government to ensure everyone with cancer has a support worker and championing the introduction of a cancer strategy in Northern Ireland.

We rely on donations for 98% of our income and with the help of our supporters, we raised £229 million in 2019. While this is less than we raised in 2018, it is still a fabulous achievement in a very challenging time for the sector where there has been a decrease in trust and number of people giving.

Last year, we reached more people recently diagnosed with cancer by making sure they were aware of how we could support them.

At the time of writing this report we face the unprecedented challenge of the coronavirus pandemic. In these extraordinary times, Macmillan's priority is the health and wellbeing of people living with cancer, Macmillan professionals, our employees, supporters and volunteers.

The pandemic has already had a major impact on cancer care, in particular, on the willingness and ability of many in minority ethnic and underprivileged communities to access treatment they badly need. We will be working hard to help the NHS to address these issues in the coming months.

We know that our services are providing essential clinical, financial and emotional support and they are needed more than ever. We are doing everything we can to adapt our existing services and develop new ones so we can give people vital support now and in the future. We are continuing to influence the UK government to ensure that the needs of people living with cancer are not forgotten. We will tackle the health inequalities that make a cancer experience even more difficult for those already marginalised and vulnerable. We will be a champion for diversity and inclusivity for our professionals and our employees.

Thank you everyone for all that you have done to give people with cancer the support they needed in 2019, and for the difference we will make together in the coming year.

Richard Murley, Chairman

Lynda Thomas, Chief Executive Officer

THE DIFFERENCE WE MADE

Right now, there are around 3 million people living with cancer¹ in the UK. We exist to support everyone living with cancer to find their best way through.



1,900,000 PEOPLE

received personal, high impact support from one or more of our Macmillan professionals or services.²

8,300,000 PEOPLE

supported by Macmillan in total, either through our high impact support or lighter touch support such as our website or cancer information.²



365 DAYS

We ran the Macmillan Support Line every single day of 2019 for the first time ever, to be there when people needed us most.

226,000

calls, emails and webchats answered to give people the information that's right for them.

16,087

times our dedicated volunteers supported people living with cancer with emotional or practical support.

OVER £247 MILLION

of identified financial gains were unlocked when reviewing benefit entitlement for people living with cancer through the Macmillan Benefits Advice schemes.

MORE THAN 20,000 CAMPAIGNERS

involved in influencing change for the better.



£229 MILLION

raised by our super supporters.



£180.8 MILLION

spent on services for people living with cancer.

RIGHT THERE FROM DIAGNOSIS

Macmillan was there from the very start. This included them sending lots of helpful information. My mum also received a grant and I used the Macmillan website extensively to help support her physically and emotionally.

Carer for her mother before she passed away in 2018.

Many people don't know how Macmillan can help them when they are first diagnosed with cancer, throughout treatment and recovery, as well as at the end of life.

We are changing this by connecting with people from diagnosis, offering clearer and more tailored information and support, and educating professionals about how we can help the people they care for.

Reaching more people recently diagnosed with cancer

At diagnosis, people living with cancer often feel overwhelmed with all the information available. Throughout their cancer journeys they often struggle to find the information and support that's right for them.

To change this situation, one of our aims for 2019 was to reach more people recently diagnosed with cancer so they would know about our services and come to us earlier for support.

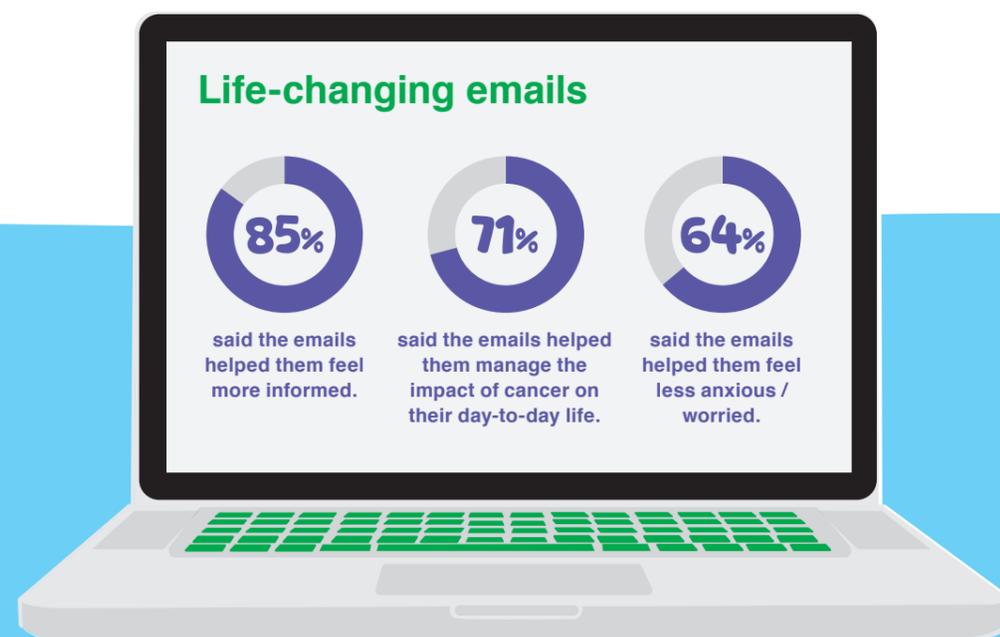
Ongoing support from diagnosis

We ran a pilot marketing campaign that asked people recently diagnosed with cancer if they would like to receive an information pack or ongoing emails offering personalised support.

In total, 20,417 people signed up to receive our emails, and 597 people signed up to receive an information pack through the post. Our aim was for at least 50% of these recipients to go on and use a Macmillan service. 80% of the people who received our emails used at least one Macmillan service (our website, support line or a local support centre).

On top of these encouraging results, we also learnt some important lessons about how best to reach and engage with people recently diagnosed with cancer; how our emails should look and what their content should be; and how we can effectively capture the details of people who call us to receive an information pack.

Building on this pilot, we increased our marketing to reach more people with cancer from the point of diagnosis.



Following the success of our information packs for people recently diagnosed with cancer, we launched packs tailored to their family members, friends and carers.



Emma, Cancer Information and Support Assistant at King's Mill Hospital.

Improving access to the right information and support

Accessing the right information and support when it's needed can make a real difference to the wellbeing of someone living with cancer. That's why one of our aims last year was to make sure our information and support is available when people need it, easy to find and right for them.

One of the key ways we felt we could meet this goal was by improving people's digital experience with Macmillan. So, in 2019, we updated our website with a new online platform and moved all of our online information and digital services onto it.

As a result, it is now easier for people to find the clear and tailored information they need from diagnosis, throughout treatment and recovery, as well as at the end of life. In addition, the new platform means we can offer more personalised information to individuals, and provide a better experience to people who use their phones to visit our website or use a digital service. This means we can develop and publish new online content quicker.

We will continue to evaluate and improve our information and website, responding to the needs of people living with cancer, for example, a new section with up to date information and support about cancer and coronavirus.

In 2019 we helped 116,000 people newly diagnosed with cancer with our information and support.

Developing cancer expertise and knowledge

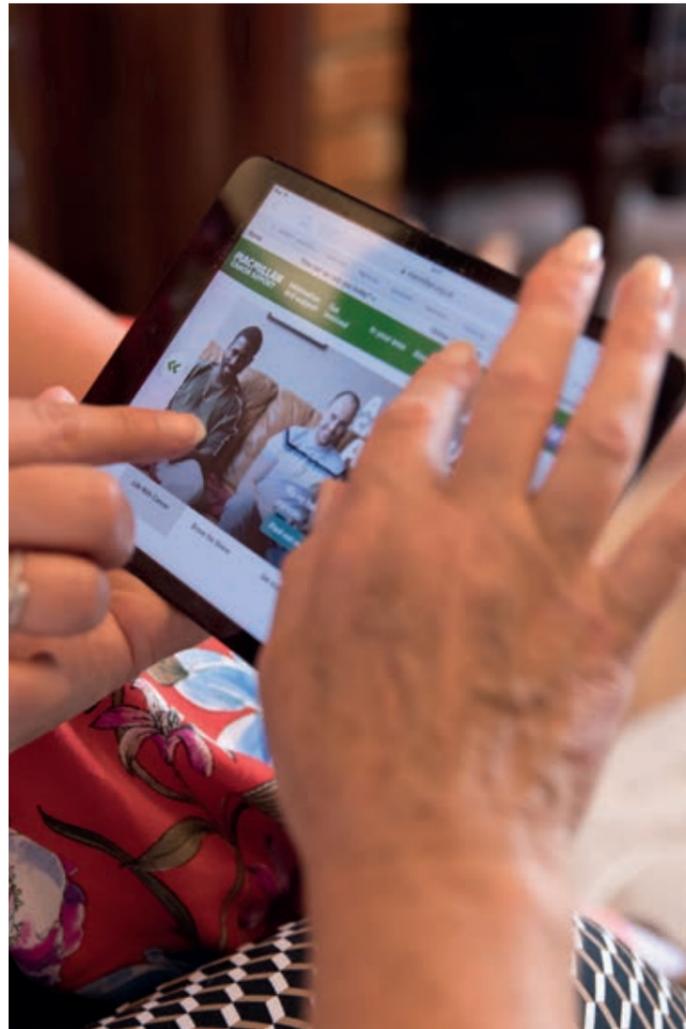
An important goal for us in 2019 was to work with doctors, nurses and other professionals who support people living with cancer so they understand how we can help their patients and families. By doing this, we will reach and support more people living with cancer when they need us most, and especially at diagnosis.

To achieve this objective, we began a programme to engage over 10,000 health and social care professionals from the UK's cancer and non-specialist workforce. The aim of the programme is to make sure all of these professionals have the right tools, resources and skills to provide the best possible care to people living with cancer and understand Macmillan's offer.

Connecting with professionals

In 2019, we...

- Carried out extensive research to understand what Macmillan and non-Macmillan professionals need and want from us.
- Commissioned the creation of a new learning management system to help us provide high-quality educational resources and training to Macmillan and non-Macmillan professionals.
- Established a new annual programme of events for professionals that will be introduced in 2020. The programme features regional roadshows and new update events on specific themes such as supporting people at the end of life. We believe these events will help to keep professionals engaged with Macmillan throughout the year and keep them up-to-date with our offer.



Robert's story

CONNECTING US WITH HIS COMMUNITY

‘Cancer doesn’t discriminate; so it’s been great to have an open and honest conversation about the illness, as well as spread the word about the help people can get from Macmillan.’

These are the words of Robert Riley, the owner of the Prestige Barber Shop in Brockley Cross, south London. Last year, with our support, he hosted a Macmillan cancer awareness event at his shop that was attended by local people and Macmillan information and support specialists.

What is so important about events like Robert's is that they help us get right to the heart of communities and reach people who traditionally we haven't connected with as much as we'd have liked. In turn, this allows us to increase people's understanding of how we can help them, dispel myths and taboos about cancer, and give people the opportunity to speak to a cancer expert in a relaxed setting.





MAKING SUPPORT PERSONAL

‘After my treatment was over, I met with my nurse, who carried out a holistic needs assessment. It helped me identify my all-round needs and the help that would support my recovery.’

Elaine, diagnosed with breast cancer in 2016.

When you have cancer, making sense of the different support out there can be confusing, disorientating and sometimes impossible.

We’re doing all we can to ensure everyone living with cancer can talk to someone about their needs and concerns, so they receive high-quality, personalised care; and we’re influencing governments to make this happen too.

Identifying individual needs and meeting them

Having regular conversations with health and social care professionals is important. A holistic needs assessment is an opportunity for people to sit down with a professional and assess their physical, psychological, spiritual and social needs.

Last year, our aim was to support healthcare professionals working in and outside of hospitals to have better conversations with people living with cancer so they could identify their all-round needs and concerns. One of the key ways we did this was by investing £45 million to fund 535 nurses, support workers and other professionals and services which help people have a conversation about their needs and get access to the support that's right for them.

Additionally, we did this by supporting nurses and other professionals, such as cancer support workers, so more Macmillan electronic holistic needs assessments (eHNAs) could be carried out.

This support led to 41,000 people having their needs assessed through an eHNA,² a 50% increase on 2018, when 27,000 people received an assessment. In addition, we introduced a new section to the eHNA which allows professionals to record if people have had multiple diagnoses of cancer or are currently affected by one or more additional conditions, such as heart disease. As a result, care teams can now develop care and support plans that are more personalised than ever before.

In 2019, 129 health and social care organisations used Macmillan electronic holistic needs assessments to identify people's needs and concerns. This was 17 more than in 2018.

£45 MILLION INVESTED

in 535 nurses, support workers and other professionals and services which help people have a conversation about their needs and get access to the support that's right for them.



WHAT IS A SUPPORT WORKER?

Macmillan support workers are a key part of the cancer care workforce. They act as a single point of contact for people living with cancer, their relatives and carers. They help with straightforward queries and support so specialist professionals can focus on those with more complex needs.



In 2019, we campaigned for cancer to be a key issue during the General Election. All four major parties echoed our calls for a fully costed workforce plan for health and social care and the end to the five-week wait for Universal Credit when someone is moved over to this benefit.

Influencing governments to make vital changes

Our vision that everyone living with cancer receives personalised care is dependent on the right workforce being in place. That's why one of our aims in 2019 was to influence governments and partners across the UK so they increased the number of cancer care professionals and did more to help professionals provide better joined-up support. This is something we did in the following ways:

Demanding an increase in frontline professionals

We launched a campaign³ which highlighted that hard-working professionals on the frontline are struggling with unmanageable workloads because of a lack of staff. This pressure means they do not feel valued or able to deliver the high-quality, personalised care that they'd like to.

To change this, we asked the public to add their name to an open letter to decision makers in England, Scotland, Wales and Northern Ireland that called on them to address this issue. So far, over 5,400 people have added their name to the letter and over 20,000 of our campaigners have emailed the Prime Minister and Secretary of State for Health and Social Care, urging them to put the frontline first to save the future of cancer care.

In our biggest ever survey of people living with cancer, 68% told us they are not getting the support they need from the NHS, and it's affecting their physical and mental health.

Securing education and training for nurses

Currently, due to a lack of funding, local courses and time, many clinical nurse specialists (CNSs) cannot access the education and training they want and need. As a result, their knowledge and skills are not always up-to-date, which means it's difficult for them to provide the best possible care to people living with cancer.

To change this unacceptable situation, we published our *Voices from the frontline*⁴ report in September 2019. As well as stating the issues that prevent the continuing professional development of CNSs, we provided key recommendations on how these issues could be overcome and presented first-hand experiences from CNSs and lead cancer nurses.

In response to the report, we're pleased to say the government has committed to providing more funding in 2020 for the continuing professional development of nurses in England. We were also invited to join NHS England's cancer workforce task and finish group to provide expertise on nursing. The group aims to ensure that NHS England has the right numbers of skilled staff to provide high-quality care and services to people living with cancer at each stage of their cancer experience.

Ensuring Long Term Plan commitments are delivered

In 2018, we played an important role in shaping the commitments on cancer which feature in the NHS's Long Term Plan for England.⁵ These commitments include the delivery of personalised care plan for every person living with cancer in England.



WE INFLUENCE OTHERS

In 2019, we pushed the government to do more to make these commitments a reality, for example we:

- Worked with a range of partners to shape the delivery of local five-year plans that focus on the cancer workforce, personalised care and end-of-life support.
- Helped to devise national training resources for cancer professionals to support the delivery of personalised care.
- Pushed the government to establish better measures to evaluate their delivery of the personalised care commitments stated in the plan.



Yvonne and Jen, Macmillan campaigns team.



Providing personalised medical care and support

In August 2019, we launched a high-profile Transforming Cancer Care programme with the Scottish government. It involves Macmillan and the government investing £9 million each to make sure everyone diagnosed with cancer in Scotland has a dedicated support worker.

Support workers act as a single point of contact for people living with cancer, their relatives and carers. They coordinate appointments, give advice, signpost to sources of information and other services, as well as providing a listening ear for those in need of emotional support. This helps to free up the time of specialist professionals to focus on those with more complex medical needs. They play a vital role in ensuring people living with cancer get the personalised support they need.

Securing a new Cancer Delivery Plan

With the Cancer Delivery Plan for Wales⁶ coming to an end in 2020, we called on the Welsh government to commit to the development of a new plan. In particular, we want to ensure the new plan features a strategic approach to the delivery of personalised care to people living with cancer in Wales.

In response to our request, the Cabinet Secretary for Health, Well-being and Sport for Wales said the Welsh government will develop a new Cancer Delivery Plan in 2020. Something we will help to shape as the chair of the Wales Cancer Alliance.

A new cancer strategy after a 10-year wait

Because of the challenging political situation in Northern Ireland, there has not been a national cancer strategy in place for the past 10 years. This has often resulted in people living with cancer in Northern Ireland not receiving the personalised care and support they need.

Throughout 2019, we continued to work with other charities and organisations to call for the delivery of a new cancer strategy. Following the General Election and the reforming of the Northern Ireland Executive in January 2020, we're delighted to report that we will support the new government to publish a new strategy by December 2020, providing evidence and insight on people's experience.

Providing personalised support, whenever it's needed

A person living with cancer only spends a small portion of their time in hospital. Beyond that, they are at home, their workplace or in their local community. In these settings, people often feel there is no one to talk to about their needs and don't know who can help them.

Because of this situation, one of our aims for 2019 was to explore how we can help people get the personalised, joined-up support they need, wherever they may be. In particular, we wanted to determine how we can ensure everyone has a conversation about their all-round needs, benefits from a comprehensive care and support plan, and is directed to the best information and support.

Last year, to achieve our goal, we established 12 test sites across the UK where we worked closely with health and social care organisations and voluntary and community groups to identify and put in place the services, professionals, resources and relationships needed to provide personalised, joined-up care to people living with cancer.

By the middle of 2020, we expect all the services, information and support we have been developing for our 12 test sites to be available and supporting people living with cancer. Following this launch, we will then closely monitor and evaluate how well the different elements work together and the impact they have on people's lives. In turn, this will help us understand the best ways to provide personalised, joined-up care to people living with cancer, wherever they may be.



AN INNOVATIVE, LIFE CHANGING SERVICE

Our development of innovative services is critical to more people living with cancer receiving the personalised support they need. For example, we launched the Macmillan East Midlands Brain Metastases Service in 2019, which is making a huge difference to people's quality of life and outcomes, as Macmillan Clinical Fellow Michael O'Cathail explains:

'Each week the service – which is the first of its kind in the region – brings together oncologists, neurosurgeons, radiologists, palliative care physicians, specialist nurses and radiographers. We talk about the needs of patients and design individual holistic care plans for each of them.'

'Also, to make the service as accessible as possible, we offer the option of virtual clinics via a video link. This means patients can talk to specialists from the comfort of their own homes.'

MEETING PEOPLE'S ALL- ROUND NEEDS

People living with cancer don't just need support focused on their physical health. They also need help with financial, practical and emotional concerns, as well as at the end of life.

To make sure they receive this vital support, we continue to deliver a wide range of services, work with our volunteers and partners, and influence governments and policy makers.

‘Just talking to someone about what you're going through really helps.’

Clint, diagnosed with oesophageal cancer in 2017.



Last year, the Macmillan Support Line helped **92,521 people**² by listening to their worries, helping with everyday tasks, and directing them to the support they needed.



Helping people at the end of life die well

We all need and deserve high-quality end of life care. But at the moment far too many people at the end of life, including those dying of cancer, are not experiencing this level of support. This is why in 2019 we aimed to establish and spread best practice for end of life care across the UK.

Making end of life care ambitions a reality

The NHS Long Term Plan sets the direction for the NHS in England for the next 10 years and includes welcome commitments to improve end of life care. But simply stating these commitments is not enough. We need action now.

This is why we published our *At the crossroads*⁷ report in 2019. It clearly demonstrates to national and local policy makers what they need to do to work together to seize the opportunities contained in the NHS Long Term Plan and deliver lasting improvements to end of life care.

As a result, end of life care guidance from NHS England now quotes recommendations from our report. We're closely monitoring whether these recommendations, and others contained in our report, are implemented on a national and local level.

Establishing best practice throughout the UK

We aim to improve the standard of end of life care. We will do this by developing test sites in collaboration with health and social care providers. The purpose of these sites is for them to demonstrate end of life care best practice, influence government and local authorities to invest in similar sites, and educate us about the realities of delivering high-quality end of life care.

Last year, we set ourselves the target of identifying one site in the UK where a collaborative site could be established. Encouragingly, we identified and started to fund two collaborative sites in Lancashire and South Cumbria, and Gateshead, with plans to invest in sites in Northern Ireland and Scotland.

In addition, we made smaller investments in eight partnership investment sites across the UK. Working with local and national partners, we'll ensure these sites follow our principles of enhanced end of life care, so they are ready to become collaborative sites in the future.



Supporting people with cancer that's treatable but not curable

Currently, many people with cancer that's treatable but not curable do not receive the support they need to live life as fully as they can. Last year, we set ourselves the goal to improve our understanding of the needs of these people, so Macmillan, health and social care systems, and professionals can better support them.

In response to this aim we undertook pioneering research with Public Health England's National Cancer Registration and Analysis Service to estimate the size of the population living with treatable but not curable cancer in England. If this is extrapolated onto the UK, it would mean at least 130,000 people⁸ are living with treatable but not curable cancer.

We also commissioned research that looked at whether specific services for people with cancer that's treatable but not curable would benefit them. In October 2019, Macmillan published initial findings from this research that showed 68% of people recently diagnosed with or treated for cancer in the UK were not getting all the support they need with issues related to their cancer. This figure rises to 77% among those with treatable but not curable cancer. Those living with treatable but not curable were also found to be more likely to have concerns about worry, fear or anxiety, and more likely to need support with pain, fatigue and sleep problems.⁸

We take this very seriously and we are working with other long-term condition charities to explore how we can identify and support these people. We will also ensure that professionals, government and policy makers are made more aware of the group and their experiences and needs.



Tackling people's all-round financial concerns

A cancer diagnosis can be tough on a person's finances. It may mean they need to stop work or reduce their hours. And they may have to spend more on everyday costs like heating and travel to hospital appointments.

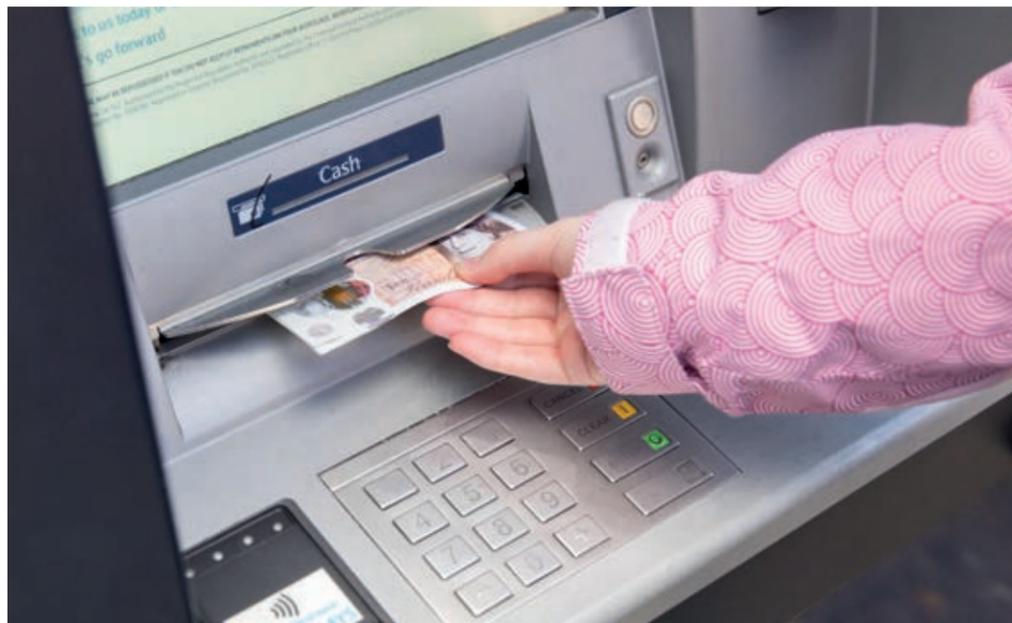
To help prevent the financial impact of cancer turning into a crisis, we offer a range of financial support. This includes benefits advice; help with work issues; small, one-off grants; support to help people pay their energy bills; financial guidance on mortgages, pensions, insurance and savings.

We know we're not reaching everyone who experiences financial issues. We aim to change this by bringing together our different types of financial support so we reach more people and address all their financial concerns quickly and comprehensively.

Last year, we started to explore how best to do this by setting up a 12-month pilot service for people living in Nottinghamshire. It tested a new way to deliver joined-up financial support to encourage early conversations about money and work, and to ensure people received all the specialist support they needed.

Following an evaluation of the service's pilot phase, which ended in April 2020, we can report it helped local people receive over £826,000 in realised financial gains. In addition, we now have a clearer understanding of how best to identify and tackle people's all-round money and work problems, helping them to focus more on getting better.

In 2019, we supported 153,000 people through our money and work services to help them claim nearly £394 million in financial gains benefits. We also helped many more thousands with other support and advice through our money and work services.



Increasing awareness of our financial support

After someone is diagnosed with cancer, it's critical they and their families know as soon as possible about how cancer may affect them financially and the support Macmillan offers to help with money and work issues.

To make sure this increasingly happens, we launched a Money and Cancer marketing campaign in 2019. The aim of it was to increase awareness of the range of financial support we offer and encourage people to visit our website or call the Macmillan Support Line if they had any financial concerns.

To achieve these goals, we used outdoor and digital advertising, as well as social media that specifically targeted people with cancer and their families, and in particular, those who might experience severe financial problems because of a cancer diagnosis.

Overall, our campaign resulted in 170,680 people visiting our website for information and support.

Improving financial support on a national level

In 2019, our goal was to influence governments and the NHS, as well as organisations such as banks and insurance companies, so they do more to support people living with cancer. We achieved this aim in the following ways:

Increasing MPs' awareness of financial issues

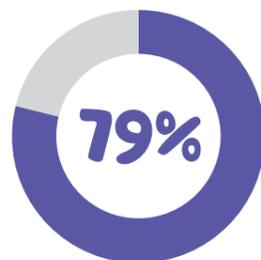
Many MPs are not aware of the devastating impact a cancer diagnosis can have on a person financially. As a result, not enough is being done on a local, regional or national level to tackle the money and work problems of people living with cancer.

Four in five people with cancer are, on average, £570 per month worse off because of their diagnosis.⁹

To change this unacceptable situation, we launched our *Cancer – A costly diagnosis*¹⁰ report in July 2019. It involved the publication of a booklet and the hosting of a parliamentary event to highlight our policy calls regarding this issue and the work we do to meet people's financial needs.

Over 80 MPs and peers, including the Secretary of State for Work and Pensions and the Shadow Secretary of State, attended our parliamentary event. This was due in no small part to thousands of our campaigners contacting 92% of all MPs to encourage them to attend the event.





79%
of MPs say they are aware of Macmillan's policy calls for better financial support for people living with cancer.

Protecting access to financial support in Scotland

In 2019, the Scottish government proposed new laws which would have removed the ability of nurses to sign new social security forms for people with terminal illnesses. As a result, thousands of people with terminal cancer would have struggled to access vital financial support.

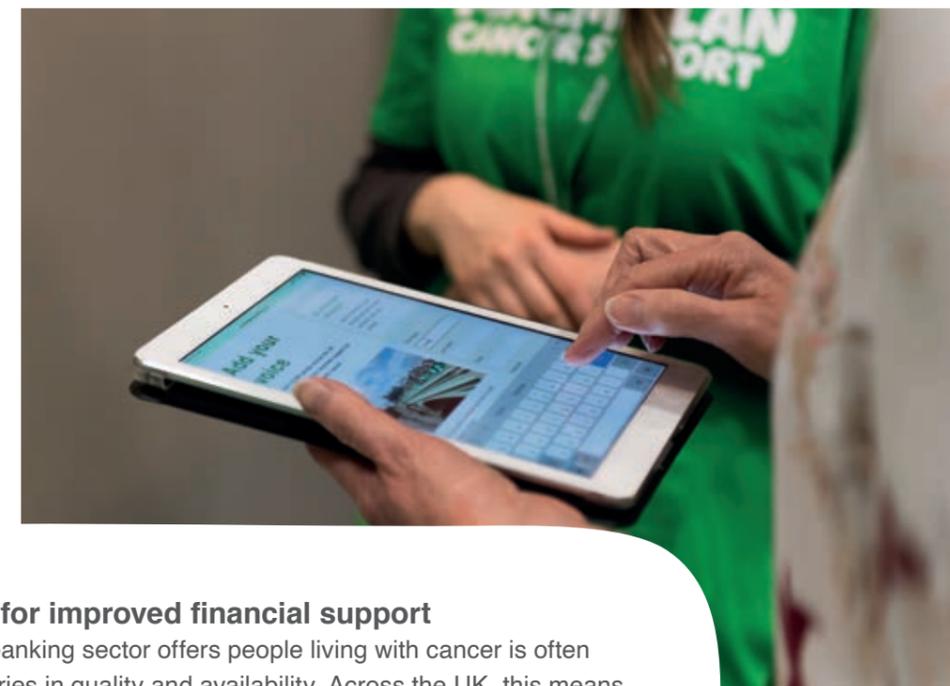
To try to prevent these laws coming into force, we met with ministers from the Scottish government to persuade them to reconsider their proposal. Thankfully, these talks led to the government making amends which mean nurses can still complete social security forms on behalf of people who are terminally ill.

Ensuring Universal Credit works for people with cancer

Universal Credit isn't working well for people living with cancer. It's difficult to apply for, hard to get help with a claim, and payments are often delayed.

Throughout 2019, we continued to engage with the government, MPs, our campaigners and other organisations to improve this situation. This included us joining over 50 charities to support the Trussell Trust's campaign to end the five-week wait for Universal Credit payments when someone is moved over to Universal Credit from a different type of benefit.

We believe this type of action can help to achieve real change that will make a positive difference to many lives. For example, in January 2019, the government announced that it would delay moving a further three million benefits claimants onto Universal Credit.



Campaigning for improved financial support

The support the banking sector offers people living with cancer is often not visible and varies in quality and availability. Across the UK, this means most people don't tell their banks about their diagnosis, and many who do don't get the help they need with issues such as insurance, paying their mortgage and pensions.

Last year, we continued to rally support behind our Banking on Change campaign, which calls on the Financial Conduct Authority (FCA) to put in place a legal duty of care for financial services. We believe this legal obligation will give people with cancer the confidence to seek help from their banks and ensure the appropriate support is provided.

In response to our campaign, the FCA carried out consultations on a duty of care, access to travel insurance and the fair treatment of vulnerable consumers, to inform future policies. As part of this work, they asked us to provide evidence, including personal stories, on the support people living with cancer need from the banking sector and the current lack of it.

We also spoke to and provided similar evidence to a Treasury Select Committee inquiry into people's access to financial services. This evidence, which primarily focused on the need for a duty of care and travel insurance, was referenced throughout the report that followed the inquiry.

In 2019, we also worked with the FCA on the development of new rules and guidance for companies that offer travel insurance. The aim of this work is to ensure people with pre-existing conditions such as cancer find it easier to navigate the travel insurance market and find affordable cover for their conditions. We expect the FCA to launch the rules and guidance in the summer of 2020.

A legal obligation will give people with cancer the confidence to seek help from their banks.

Partnerships helping people access high-quality support

Throughout 2019, we continued to work with a range of partners to ensure the all-round needs of people living with cancer are met by high-quality services.



Louise, Macmillan Financial Guide.

Lloyds Banking Group

Through our partnership, Lloyds Banking Group has developed Macmillan trained Cancer Support Teams to help customers of Lloyds Bank, Halifax and Bank of Scotland manage their money. In 2019, these teams provided confidential guidance over the phone to 1,925 people, helping them with personal banking, savings, loans and mortgages. The partnership offers holistic support to customers by offering them a referral to Macmillan's Financial Guidance team where we can provide additional financial, emotional and practical support.

As part of our partnership with Lloyds Banking Group, two pilot schemes were also launched in 2019 for the customers of Scottish Widows. The first scheme aimed to reduce the time it takes for a person living with cancer to make a claim on their critical illness insurance cover; the second offered customers with critical illness cover an early release of £1,000 if they were diagnosed with cancer. These innovative pilots are enabling us to ease the financial burden for Scottish Widows customers following a cancer diagnosis.

npower

In 2019, we celebrated 15 years in partnership with npower. During that time, the energy supplier has provided £16.6 million of support to people living with cancer. npower have supported Macmillan's Energy Advice Team (EAT) on a long standing basis. EAT helps people who are struggling to pay their fuel bills, no matter who their supplier is. The npower's Macmillan Fund writes off energy debts and caps the bills of eligible customers. Employees also fundraise to provide people living with cancer with grants that help them heat their homes and pay fuel bills. The partnership is recognised across the sector for its innovative co-collaborative nature in delivering support to people living with cancer.



National Garden Scheme

2019 also marked the 35th anniversary of our partnership with the National Garden Scheme, our longest standing partner. Since 1984, the National Garden Scheme has generously donated over £17.2 million in annual grants to help people living with cancer get the support they need. This has included the funding of new cancer care units in Bristol and Chesterfield, as well as 150 Macmillan nurses and other vital professionals.



In 2019, the National Garden Scheme gave £500,000 to help build the state-of-the-art Y Bwthyn NGS Macmillan Specialist Palliative Care Unit at the Royal Glamorgan hospital in South Wales. The unit opened to patients in September 2019.

Christina's story

DESPERATE FOR FINANCIAL SUPPORT

Christina, diagnosed with breast cancer in 2018.

'After paying our rent, which is £400 a month, me and my partner are left with £22.50 between us.'

When she started treatment for breast cancer, Christina had to give up her job. The resulting drop in income, and extra costs caused by her cancer, hit Christina hard financially and left her feeling helpless.

'After paying our rent, which is £400 a month, me and my partner are left with £22.50 between us. We can't afford to buy bits and bobs for our little boy; I struggle to attend hospital every three weeks; and we need money for food, electric, heating and the launderette.'

'I received a Macmillan Grant, but that's not enough. I also spoke to someone on the Macmillan Support Line and they told me I should be entitled to more benefits. But applying for these benefits has been hard and frustrating. I hate struggling like this.'

INSPIRING GREATER SUPPORT

Our supporters are incredibly important to helping us deliver our services to people living with cancer. We rely on donations and we aim to raise more money to be there for the growing number of people that need us.

Without Macmillan and its supporters, I wouldn't have gotten this far. I would have just stayed in my little shell.

Della, who set up a support group for African people after being diagnosed with breast cancer and then ovarian cancer.

To achieve this growth, we will listen carefully to what people expect from us and adapt to ensure they have a truly inspiring Macmillan experience.

Delivering a first-class Macmillan experience

We know people living with cancer, our volunteers and fundraisers predominantly have a good Macmillan experience. But we also know there's room for improvement in some areas too. We regularly survey our supporters about their most recent experience with Macmillan. In 2019, 87% of people surveyed were extremely or very satisfied with their experience, 2% more than in 2018, and we are committed to improving this every year.

However, despite our best efforts, we know we don't always get everything right. Last year, we managed just over 5,617 complaints about our fundraising, marketing and communications. This was 1,500 more complaints than we received in 2018. This rise is due to complaints around how we promote some of our fundraising products. We want to go above and beyond for our customers, so we encourage our employees to capture all individual comments about how we can improve, not just complaints.

In order to deliver first-class experiences one of our aims in 2019 was to develop our employees, processes and systems to ensure everyone's experience of Macmillan is first class. In 2019, we introduced webchat on more of our fundraising pages. This means supporters can receive instant responses to their queries. Similarly, we also started to monitor comments and complaints on social media more closely and respond to them in a more timely and consistent way.

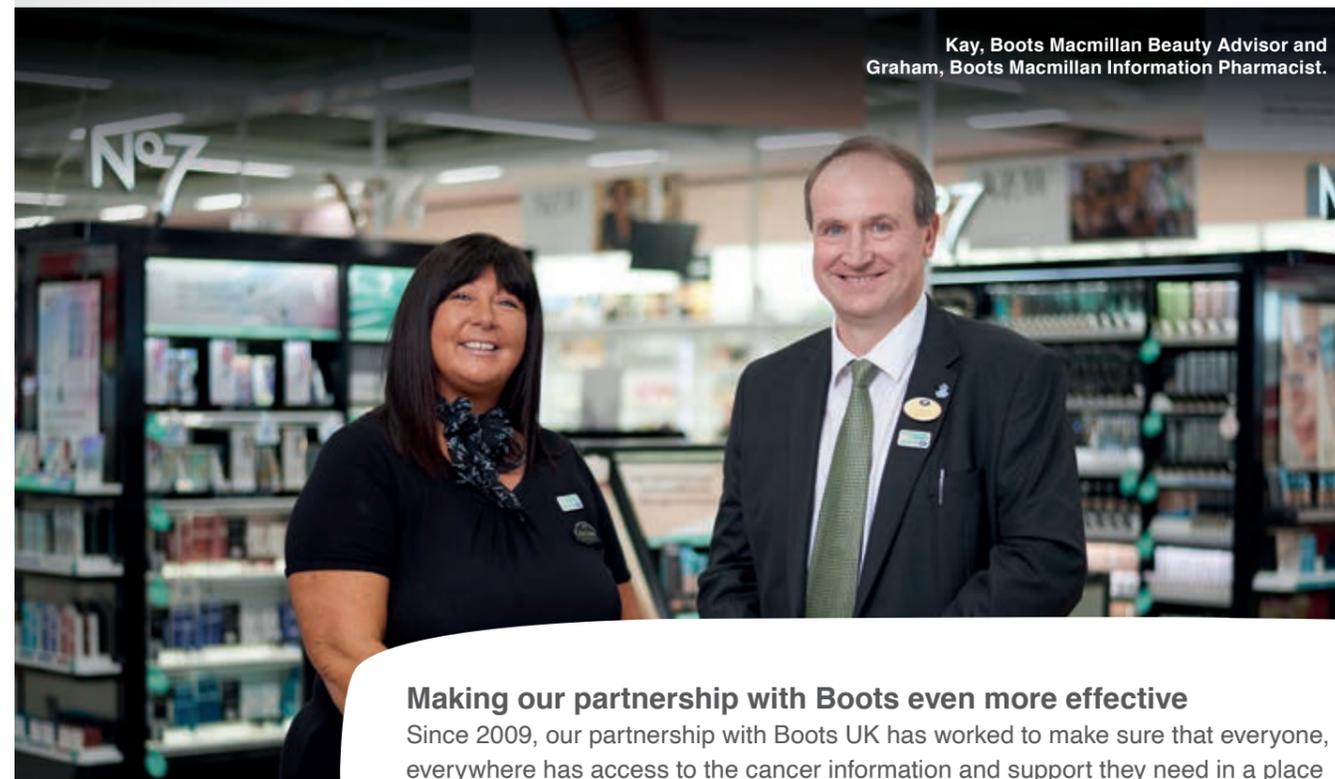
Improving the experiences of volunteers

Our Macmillan Volunteering Quality Standard (MVQS) is a practical tool that assesses how we and partner organisations manage people who volunteer for us. It helps to ensure every one of our volunteers has a first-class and consistent Macmillan experience. This is something that is vital if we are to encourage new volunteers to join us and retain volunteers for longer.

In 2019, 60 volunteer managers achieved the MVQS, which was an increase of 58% on the previous year. We also successfully launched a higher-level programme called MVQS

Advanced, which was tested by some of our regional fundraising teams. In 2020, we will evaluate the benefits of MVQS Advanced and decide whether to deliver it again.

Last year, we also developed a volunteer management resource for our partner organisations. This is helping them to access the volunteer management tools, resources and support they need to deliver an excellent Macmillan volunteer experience.



Kay, Boots Macmillan Beauty Advisor and
Graham, Boots Macmillan Information Pharmacist.

Making our partnership with Boots even more effective

Since 2009, our partnership with Boots UK has worked to make sure that everyone, everywhere has access to the cancer information and support they need in a place that's every day, familiar and trusted. Additionally, over the last 10 years, Boots customers and colleagues have helped us raise more than £18.5 million to support our work.

However, it's the Macmillan-trained volunteers that make our partnership so unique and special. Boots Macmillan Information Pharmacists (BMIPs) are trained to understand more about cancer diagnosis, treatment and how cancer

affects people. They can also answer questions about medication and guide people to other sources of information and support. Boots Macmillan Beauty Advisors (BMBAs) give face to face advice to help people cope with visible side effects, such as sparse brows or changes to skin. They offer lots of tips to help people feel, and look, more like themselves again.

In 2019, we created brand new training for BMIPs and updated the volunteer journey for both roles, to engage them more and ensure they feel more supported. We believe this important step will help BMIPs and BMBAs provide even better support to people living with cancer throughout the UK.

In 2019, Boots Macmillan information pharmacists had 91,700 conversations with people in Boots stores, and Boots Macmillan beauty advisors held 54,800 consultations.²

This year the Boots Macmillan partnership was awarded Most Admired Charity Partnership in the UK through the C&E Barometer Corporate-NGO Partnership. Boots UK was also awarded Business in the Community's Responsible Business of the Year and CIPD's Best Skills-based Volunteering Initiative thanks to our work together.

Increasing our income to change more lives

Our aim is to be there for the growing number of people living with cancer when they need us. Something we can only do by increasing our income.

In 2019, we achieved a total income of £232.8 million, which we are hugely proud of. While this is less than we raised in 2018, it is still a fantastic achievement in a very challenging fundraising environment. Importantly, it didn't affect what we can deliver for people with cancer as we track income through the year and adjust budgets accordingly. Our ambition remains to increase our income and number of supporters so we can be there for more people living with cancer.

One of our aims for 2019 was to make the most of our opportunities to fundraise. We did this in the following ways:

Promoting legacy giving

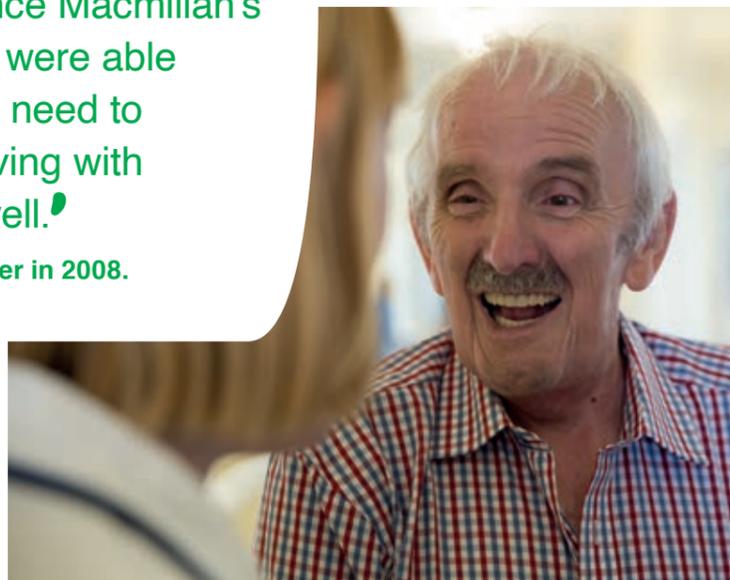
Last year, we made a significant effort to increase people's awareness of legacy giving and how a gift to Macmillan in their will could help us be there for more people living with cancer.

This included us promoting from September 2019 that our free wills service is now available all-year round, when previously it had only been available in the months of January and August. We also launched a TV and print marketing campaign, which showed people living with cancer enjoying meaningful moments because of past 'legacy gifters'.

At the moment, it's too early to know if marketing activities like this have resulted in an increase in our legacy income. But we do know that a record number of people are telling us that they are leaving a gift in their will to Macmillan, with over 1,000 new pledgers compared to 2018. This increase is extremely important, given that our legacy income was £77.7 million last year, a third of our total income.

- We decided to leave something to Macmillan in our will as we know first-hand what a difference Macmillan's support can make. They were able to help me; but they also need to be able to help people living with cancer in the future as well.

David, diagnosed with throat cancer in 2008.



Mighty Hike, Lake District

Maximising income from Mighty Hikes

Since launching in 2016, our Mighty Hikes series of walks has become very popular and has raised millions of pounds to help us be there for more people living with cancer. To build on this success, we developed a strong campaign in 2019 to recruit more participants, and particularly people who were likely to raise a lot of money and get others to join a hike.

We're delighted to report that this work resulted in over 20,000 people signing up for a Mighty Hike in 2019.

Raising money and awareness through Facebook

One of the new ways we have started to fundraise is by using Facebook's charitable giving tools, which allows us to collect donations and help people fundraise for us.

In 2019, our aim was to raise £1.9 million in this way. But in fact, we raised £2.25 million, which is an average of £42,000 a week.

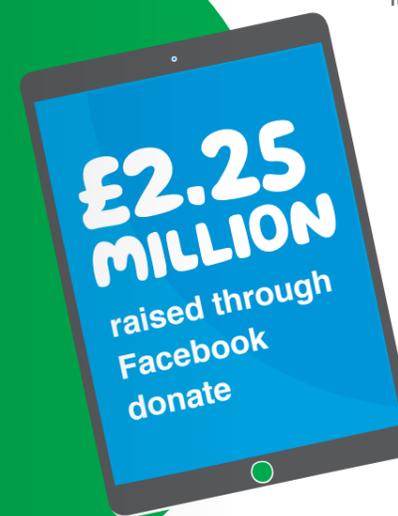
Developing new ways to raise money

To increase our income, and to engage our current and new supporters, it's vital that we develop new ways for people to fundraise for us.

In 2019, we tested different ways for people to get involved in fundraising for Macmillan. We offered more opportunities for people to fundraise digitally and through setting personal challenges.

In 2019, we also launched the Macmillan Ambassador programme. This involves us working with high-value supporters and benefiting from their skills, networks and expertise to support our vital work.

Robert Kilgour, a prominent Scottish businessman, and Andrew Hunter, the co-founder of Adzuna, the jobs search engine, became our first two ambassadors. So far, they have spoken at special events and to the media to raise our profile; they've mentored and supported Macmillan employees; and they've been working hard to raise lots of money, including Robert launching a £2 million appeal for our work in Scotland.



Vital corporate partnerships

Without our generous corporate partners, we wouldn't be able to make a difference to the lives of so many people living with cancer. That's why we're very thankful to every partner who engaged their employees and customers in fundraising activities in 2019.

Highlights last year included:

Greene King raising over £2 million in one year

Greene King is our biggest employee fundraising partner. In 2019, they raised over £2 million for the first time ever; and over the past seven years, they have raised more than £7 million to help Macmillan nurses and other healthcare professionals provide vital physical, financial and emotional support across the UK.

Greene King customers and staff are passionate about raising money for Macmillan and organise a wide-range of challenges and events every year. In 2019, this included a number of physical challenges including The Ultimate Brewery Bike Tour – a 100 mile challenge between their two breweries, cake sales, family fun days, music festivals and Macmillan May, an intensive month of fundraising across the whole business which raised over £711,000.

Celebrating a 10-year partnership with Marks and Spencer

In 2019, M&S raised over £3 million to support our life-changing work. This included £2.2 million generated from World's Biggest Coffee Morning fundraising activities that took place in M&S stores across the UK. This brings the total raised to over £19 million since 2010.



It was also particularly pleasing in September to see a record 1,630 Macmillan volunteers fundraising alongside M&S colleagues in their stores. And we were extremely grateful to benefit from M&S Sparks card donations and be one of their charity Christmas card partners.

Through social media, M&S, the headline partner of the World's Biggest Coffee Morning, encouraged over 2.2 million people to get involved in the event.



Marcus's story

ALL ABOARD AN EPIC CHALLENGE

‘Macmillan has been hugely supportive to me and my family over the years. Now, it's my time to support this wonderful charity through an epic 3,000-mile challenge.’

Last year, Marcus came to us with an extraordinary idea: to row solo across the Atlantic Ocean in 2020 and raise over £100,000 in the build-up to this challenge.

We absolutely loved this idea, and have since supported Marcus and his family to help them organise and promote a range of fundraising events to make his ambition a reality.

Our aim now is to make sure everyone we support and who supports us has a Macmillan experience which is first-class like Marcus's.

By doing this, people living with cancer, volunteers and fundraisers will come back to us again and again in the future.





BEING THE
BEST
WE CAN BE

£180.8
MILLION

In 2019, we spent **£180.8 million** on services for people living with cancer.

We know we can always improve how we work as an organisation so we are there for more people living with cancer who need our help.

This includes developing better relationships with our partners and professionals, and equipping our employees, volunteers and supporters with all they need to be their very best.



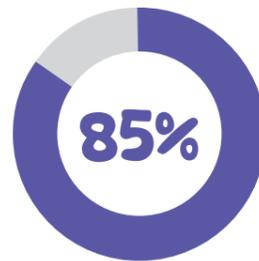
Building better and stronger relationships

We want to make sure everyone with cancer is able to live life as fully as they can, but we can't do this alone. To make sure everyone gets the support they need, we must be heard by and influence key decision makers, and have effective and efficient relationships with our partners.

That's why one of our aims in 2019 was to develop and improve how we work with others, including governments, the NHS and cancer care professionals. We achieved this aim in some of the following ways:

Government

- We took the Secretary of State for the Department of Work and Pensions and the shadow cabinet's equivalent to the Macmillan Horizon Centre in Brighton. This gave them a clear insight into the financial and practical issues many people living with cancer face and the support they need.
- We engaged with 150 MPs through social media and made them aware of our current campaigns and what needs to be done to improve the lives of people living with cancer and their loved ones.
- We performed the role of secretariat for the All-Party Parliamentary Group on Cancer (APPGC), which aims to be the voice of people living with cancer and their families in Westminster.
- At the Scottish parliament, we met regularly with Scottish government ministers and MSPs to discuss important cancer issues.
- Scotland's First Minister and Health Secretary helped to launch our £18 million Transforming Cancer Care partnership, which aims to make sure everyone diagnosed with cancer in Scotland has a dedicated support worker.
- We met with the Cabinet Secretary for Health, Well-being and Sport for Wales on two occasions to discuss the progress of the Cancer Delivery Plan 2016–20 and the need to develop a new plan.



85% of MPs have a positive impression of Macmillan and our work.

Partners and professionals

Previously at Macmillan, there was no consistent approach to how we managed our relationships with our service partners and professionals. We also needed to be clearer in how we measure the impact our services made and improve the systems we had for managing our expert knowledge and information on a wide range of topics.

To achieve this, in 2019, we:

- Established new processes, which included changes to how we develop new services.
- Introduced new technology, such as an online system for professionals that allows them to apply for grants for people living with cancer.
- Delivered comprehensive training and communications to our partners and professionals to educate them about our new ways of working, how they can make the most of them and why they are so important to people living with cancer.

Since starting this work, we are pleased to report it has resulted in a wide range of benefits that are improving our services for people living with cancer. These include better relationships between Macmillan and our partners and professionals; our professionals and partners having a clearer understanding of their responsibilities; the employees of Macmillan and partner organisations having a clearer understanding of the standards and outcomes services must attain.

Last year, we launched an online portal for professionals that allows them to apply for Macmillan Grants on behalf of people living with cancer.

Making sure we have the right technology

In 2019, we made it easier for people to donate to us in person without using physical money. This involved us providing contactless donation technology to every one of our fundraising regions and key committees, as well as volunteers who requested a machine. For the first time, we also made it possible for people to give at World's Biggest Coffee Morning events by scanning a QR code on printed promotional material.

Looking ahead to the future, we'll aim to make more contactless donation technology available to our fundraisers.



Providing an excellent volunteer experience

The skills, knowledge and passion of our volunteers are absolutely vital to us providing the best support for people living with cancer. That's why one of our aims for 2019 was to attract, develop and retain diverse and dedicated people who want to give their time and talent to help us improve lives. Feedback revealed that we achieved these goals (see pie charts to the side).

Increasing awareness

Last year, we used outdoor and digital advertising, as well as social media to promote volunteering with Macmillan and the difference it can make.

We also saw more people than ever before using our online Volunteering Village to search for volunteering roles that may be right for them.

As a result, we received 3,641 applications for volunteer roles in 2019.

Recognising incredible commitment

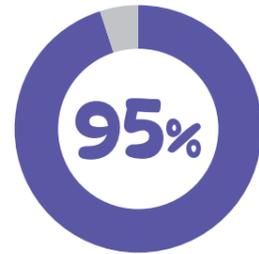
In 2019, we continued to provide our volunteers with enjoyable and rewarding experiences. This included us recognising the commitment and achievements of many of our volunteers through our Macmillan Volunteer Awards.

In total, we presented awards on a national and regional level as well as 268 awards to amazing people who have volunteered with Macmillan for their dedication and long-service.

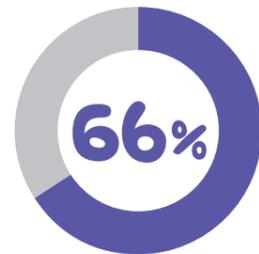
Throughout the year, our volunteer managers also delivered personal thanks to over 400 volunteers for their dedication and hard work.



Volunteer Conference 2019



95%
of volunteers say they are very or fairly satisfied with their most recent volunteering role at Macmillan.



66%
of our volunteers support Macmillan in other ways than volunteering.



How our volunteers improved lives in 2019

Our volunteers provided practical and emotional support to 1,323 people living with cancer and provided help 16,087 times in total.



92%
of people living with cancer who received practical or emotional support from a volunteer said they felt less anxious or worried because of this support.



86%
of people living with cancer who received practical or emotional support from a volunteer said they felt more able to cope with their situation because of this support.

Operating more efficiently and effectively

One of our continuing goals is to work towards the most efficient and effective model of managing our organisation. This is so we can have an even greater impact on the lives of people living with cancer.

In 2019, we moved closer to reaching this goal by carrying out the following work:

Equipping our employees with what they need

We want all our employees to feel motivated by our cause and empowered to do the best they can for people with cancer. We know that they feel frustrated and slowed down by inefficient processes, a lack of clarity on who is accountable for what, and worry about the efficient use of resources and work spaces. So, we are changing that.

By using our work spaces more efficiently, we expect to save £2.5 million by the end of 2024.

We embarked on a major transformation that will take a very close look at all of our processes and accountabilities, and seek efficiencies in everything from procurement to facilities. This will take time to implement and change is not always easy – but we're confident that at the end of it, our employees will feel even better enabled to do their very best for people living with cancer.

LOOKING FORWARD

Our five objectives show what we want to achieve in order to help everyone living with cancer live life as fully as they can.

The coronavirus pandemic has had a significant impact on our plans for 2020. We are anticipating income reductions of 35–50% in line with the rest of the charity sector. However, we plan to partially mitigate this in 2020 through a series of cost saving initiatives which are wholly within our control, many of which, at the time of writing, are already in the process of being implemented. These include taking advantage of the government backed job retention scheme, pausing or terminating delivery of indirect grants and reducing discretionary spend. Further cost reduction measures are being identified and will be implemented if fundraised income tracks lower than our base line projections.

1 Everyone with cancer will know that they can turn to Macmillan and how we can help from the moment they are diagnosed. In 2020 we will:

- Improve our online community and website, including a new section with up to date information and support about cancer and coronavirus.
- Increase our marketing to reach people with cancer from the point of diagnosis, focusing on those most in need of our support.

2 Everyone with cancer will have a conversation about all their needs and concerns and the support that's right for them. In 2020 we will:

- Work with partners and organisations providing cancer care to ensure people have more conversations about their needs and the support they can access.
- Campaign and influence government and decision makers to prioritise the needs of people living with cancer throughout the coronavirus pandemic and beyond.

3 Everyone with cancer will have their vital needs met by high quality services. In 2020 we will:

- Maintain our investment in financial support so that people can get help with all their financial concerns.
- Develop and test new services to support the emotional needs of people living with cancer.

4 We'll inspire more people to give to Macmillan so we can continue to be there for people when they need us most. In 2020 we will:

- Make it easier and more rewarding to support us by improving the experience for donors and volunteers.
- Develop new ways of raising money.
- Attract, develop and retain diverse and dedicated volunteers who will give their time and talent to help us deliver our work.

5 We'll improve the key activities which support Macmillan to do its work as efficiently and effectively as possible. In 2020 we will:

- Continue to improve how we engage, support and develop our employees so they can be as effective as possible in their work.
- Continue making improvements to our structure, systems and ways of working to ensure we spend as much money as possible on supporting people living with cancer.

As at 31 December 2019, we had a healthy liquidity position as our investments and cash totalled £179.8 million. Our policy has always been to hold adequate funds to enable us to react to any unexpected adverse impact on our finances and this approach is safe guarding us in the current unprecedented times.

Despite the challenges we face, our objectives remain the same, however we have had to quickly adapt how we will deliver against them.



Thanks to our supporters' generosity and the huge efforts of our volunteers and employees, we generated income totalling £232.8 million in 2019.

HOW WE MANAGE THE MONEY YOU GIVE US

This is only 1% less than 2018, primarily due to slightly reduced levels of legacy and donation income, but is still a significant achievement in a very challenging period for the charitable sector.

Now more than ever, we recognise that innovation is critical. We talk to our supporters and the public to understand how they would like to raise money. We also monitor new fundraising trends across the country and around the world to identify new ideas to test. We are committed to trying new things and to making changes when something isn't working.

During 2019 our charitable expenditure decreased to £180.8 million, a 7% reduction from prior year, primarily due to a strategic refocusing on Macmillan nurses and clinical roles within various programmes, whilst moving away from, and thereby reducing, our grant commitments associated with supporting allied health professional posts, as well as specific treatment and care buildings.

Overall for the year, we had a £12.9 million deficit between our income and expenditure before investment gains. This was in line with our stated intention to continue to operate an active liquidity policy. This was less than originally planned as the reduction in expenditure more than offset the reduction in fundraised income which emerged during the year. Part of the expenditure reduction was due to time lags and partly due to a mix of other operational factors.

As the number of people living with cancer is set to rise to four million by 2030,¹¹ the demand for our work continues to increase significantly. The good news is that we continue to reach and support more people. We also have an incredibly loyal and committed network of supporters who can help us achieve this.

Importantly, we are not dependent on government money and have a strong and diverse portfolio of fundraising streams, having consistently invested in fundraising for many years. In the current challenging environment, we are testing and launching new and innovative fundraising initiatives to engage our supporters, allowing us to continue to give vital support to people living with cancer.

We have volunteers and staff whose hard work is crucial to ensuring we are fit for purpose and able to continue to offer more support to the people who need our help.

During 2019, we introduced quarterly forecasting to enable us to react to changing market conditions. This allows us to optimise our charitable activity while maintaining financial discipline. Whilst we navigate our way through this unprecedented time, Macmillan remains a financially stable organisation. We are confident, as trustees, about the future prospects of Macmillan and its subsidiary trading companies.

How we raised our money

Our income has always come mostly from fundraising activities and last year was no different. Overall, 98% of our income, £229 million, came from these sources, with the remainder coming from our investments.

During the latter half of 2019, after taking investment advice and a slightly more cautious approach during a period of market turbulence, a trustee endorsed decision was taken to crystallise £9 million of the notional gain on our long-term Sarasin investments. This helped to partly de-risk our investment holdings.

Legacy income decreased by 3% to £77.7 million. This decrease was largely as a result of the Probate Registry undergoing a modernisation programme, which impacted the whole sector, and resulted in fewer grants being issued than would otherwise be the case. In 2019 we launched a free will writing service for our supporters. This is part of our strategy to grow legacy income. As legacies remain our biggest source of revenue, making up 34% of our total fundraised income, we will continue to invest in our long-term legacy strategy.



Our donation income for 2019 totalled £130.3 million which is broadly the same as prior year. We will continue to focus on this area to develop new fundraising products and enhance existing activities.

World's Biggest Coffee Morning was a fundraising highlight again this year, generating over £27.5 million, a 2% increase on 2018. Our corporate partners continue to play a vital role in the success of the event. We look forward to celebrating 30 years of coffee mornings in 2020.

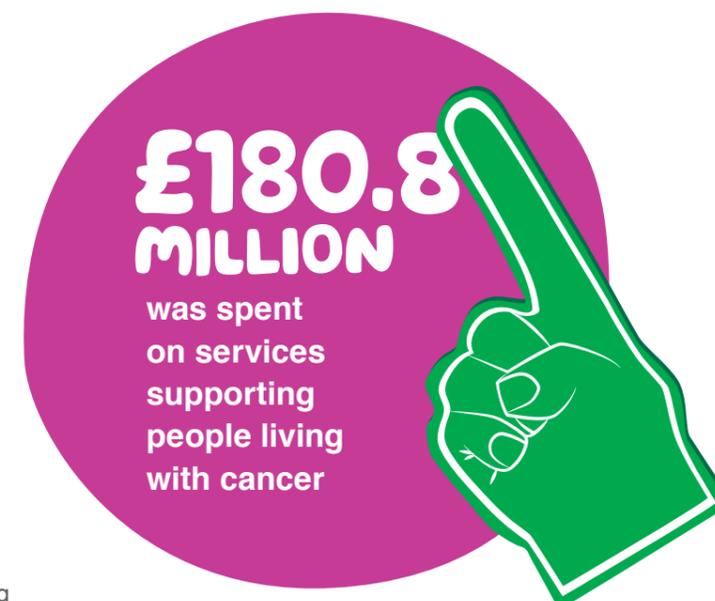
We have over 272 active volunteer fundraising committees across the UK. They generated a fantastic total income of £6 million in 2019, 5% less than 2018 but a superb achievement in challenging fundraising circumstances.

How we spent our money

Our 'How we spent our money' graphics on page 55 provides a summary of our £180.8 million charitable expenditure in 2019. Our strategic report on pages 10 to 67 explains what we did last year and what we achieved with the money we spent.

In 2019, we moved forward new and established programmes of work to provide vital support to people living with cancer, including working with partner organisations to set up test sites that will help us trial new approaches to achieve our strategic objectives.

We continued to develop our base of Macmillan professional posts last year. Our overall total reached over 12,000. This included almost 6,400 nurses and over 900 support workers. We also continued to invest in improving the practical, emotional and information support we provide through Macmillan posts, grant-funded services delivered in partnership with other organisations, and services we deliver ourselves, such as our Macmillan Grants and Support Line services, including our welfare rights experts.



In 2019, we provided Macmillan Grants to just over 36,000 people living with cancer. Our total spend on Macmillan Grants was £12.7 million, a decrease of 11% compared to 2018. This is in line with our strategic approach to introduce a model of joined up financial support which focuses on helping address financial needs much earlier, meaning that people living with cancer become less reliant on Macmillan Grants. Our spend on treatment and care buildings in 2019 was £3.4 million, largely focusing on the development and maintenance of quality standards in existing facilities that we have previously funded.

We spent £14.6 million on our welfare rights and benefits advice services, a decrease of 14% compared to 2018. Our Welfare Rights team helped to secure over £69.5 million in benefits support for people living with cancer. Our separate network of benefits advice schemes across the UK also helped to secure almost £247.3 million in unclaimed benefits which is fantastic and 9% more than in 2018.

You'll find a more detailed analysis of our charitable expenditure in note 10 to the financial statements.

The cost of raising our income in 2019 was £64.9 million, a 1% decrease on 2018. We will continue to keep a very close eye on all our costs and fundraising activities, to make sure that we are making the most of all our resources.

How we raised our money

Our superb supporters raised £229 million in 2019.

Donations

£130.3 MILLION

See the breakdown below.

Local fundraising committees
£4 million
This is donation income raised by fundraising committees in their local communities.

Fundraising events £59.4 million
This includes national, challenge and local events.

Corporate income £17.6 million
This is income from corporate supporters and partners.

Philanthropy £4.2 million
This includes income from trusts and major donors.

General donations £11.9 million
We raise lots of money from general donations by the public.

Direct marketing £30.4 million
This is money raised by activities like direct debit campaigns and mailings.

Donated services and facilities £2.8 million
This is services and facilities donated to us.

Legacies

£77.7 MILLION

This is from people leaving a gift to us in their will.

Grant income

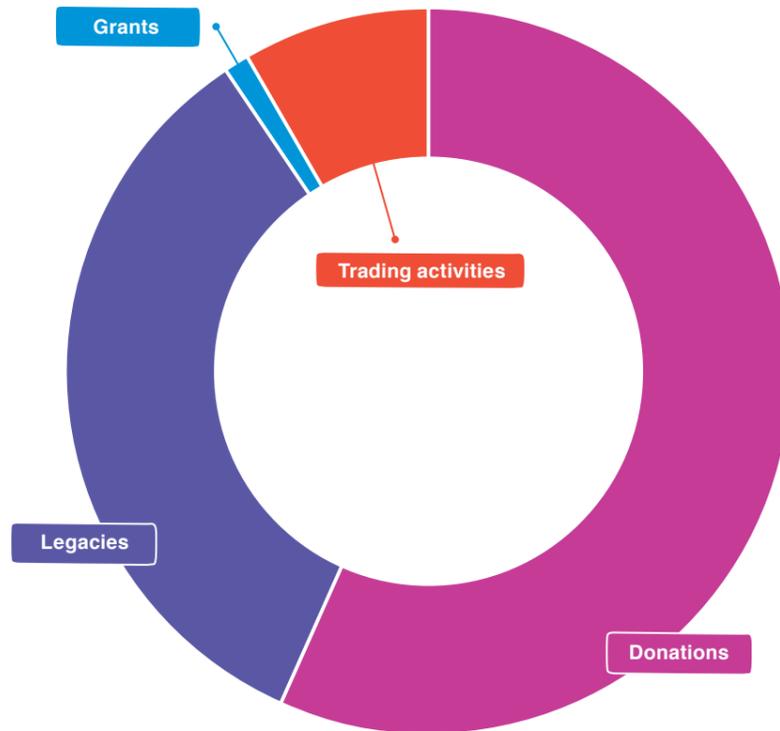
£2.1 MILLION

This income comes from specific grants given to support Macmillan initiatives.

Income from trading activities

£18.9 MILLION

This includes income from our raffles and lotteries, fundraising committee sales, our online shop, licensing and royalties.



Total fundraised income
£229 million

Investment income
£3.8 million

Total income
£232.8 MILLION

How we spent our money

We spent £180.8 million on services for people affected by cancer.

Healthcare

£59.9 MILLION

We fund and support a range of health and social care professionals.

Information and support

£28.5 MILLION

We provide people with information to help them make important decisions about their treatment and care.

Financial support

£34.5 MILLION

We provide financial support to help people who are struggling with the cost of cancer, including through Macmillan grants, benefits advice and financial guidance.

Practical and emotional support

£17 MILLION

We help people find the emotional support they need and get help with the practical issues arising from cancer.

Learning and development

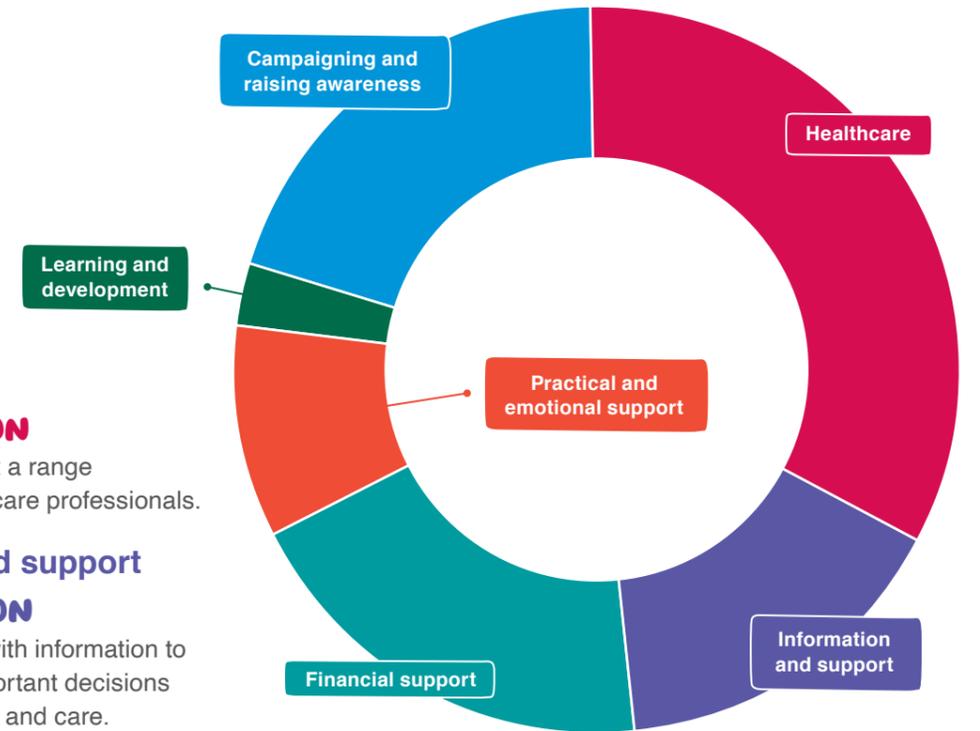
£5.1 MILLION

This includes providing training opportunities for professionals, volunteers and people affected by cancer.

Campaigning and raising awareness

£35.8 MILLION

We campaign for changes to improve the lives of people affected by cancer and raise awareness of issues most important to them.



Expenditure on charitable activities
£180.8 million

Expenditure on raising income
£64.9 million

Total expenditure
£245.7 MILLION

Liquidity

Following the decision in 2018 to operate a liquidity rather than a reserves policy, the trustees continued to endorse this approach in 2019, as Macmillan remains in a financially strong position and is therefore able to maximise support for those living with cancer.

As an organisation relying almost entirely on annual fundraised income, our policy has always been to hold adequate funds to enable us to react to any unexpected adverse impact on our finances. This approach is safeguarding us in the current unprecedented time and ensures we can cover future liabilities as they arise, including any future pension commitments, whilst any short or long-term adjustments are made to our financial strategy.

Under our liquidity policy, our target is to retain £100 million in investments and cash which are capable of being liquidated at relatively short notice. In addition, we will hold cash and other liquid funds to meet normal day-to-day cash flow requirements. As at 31 December 2019, our investments and cash totalled £179.8 million.

During this time, we are constantly reviewing our liquidity policy to ensure we maintain appropriate levels of easily accessible funds, in conjunction with a specific focus on cashflow management which is particularly relevant given recent coronavirus developments. We believe we are in a strong position to manage our way through these unprecedented times and more details about the actions we have taken can be found on page 61 in the financial risk section of this report.

Reserves

As at 31 December 2019, our general reserves totalled £11.3 million, an increase of £2.2 million on 2018. This reflects the net position from the planned operational deficit due to the agreed liquidity policy within the year, more than offset by investment and other gains. Designated funds as at 31 December 2019 totalled £3.2 million, an increase of £0.3 million on 2018. Restricted funds totalled £21.7 million, a decrease of £1.1 million from 2018. Total reserves stood at £36.2 million, compared to £34.7 million in 2018.

Our investments

Fixed asset investments

Our portfolio is being managed by Sarasin and Partners. In 2019, our long-term fund stood at £132 million, compared to £118.1 million in 2018. This includes the value of some residual holdings with our previous investment managers, JP Morgan Private Bank.

Sarasin and Partners' mandate is to maximise the overall growth of these funds through investment in various different asset classes while ensuring that the risks taken are carefully monitored, managed and controlled, whilst bearing in mind liquidity needs.

We do not directly invest in tobacco. We have made it clear to Sarasin and Partners that our funds must not be directly or indirectly invested in tobacco stocks.

The performance of Sarasin and Partners is regularly monitored by the trustees against agreed benchmarks. The benchmarks are a weighted average of indices related to the asset classes invested in. For 2019, their overall performance was better than the benchmark return.

In our financial statements, in addition to the above funds, our fixed asset investments also include legacy property of £0.5 million and a programme related investment of £1.4 million.

Current asset investments

Additionally, we hold funds to meet ongoing commitments, either invested with Sarasin and Partners or invested in highly rated sterling denominated money market funds.

The trustees regularly monitor these funds to ensure the security of this money, as well as reviewing the performance of our investments. The trustees are satisfied that these funds are prudently invested and will continue to monitor their status closely.

Pension schemes

Our defined benefit pension scheme was closed to future accruals on 30 June 2010. We now operate a defined contribution stakeholder pension scheme for eligible employees.

The Financial Reporting Standard 102 (FRS102) valuation of our defined benefit pension scheme at 31 December 2019 showed a surplus of £10.9 million, a 14% increase from 2018. In accordance with FRS102, this surplus is not recorded in the financial statements.

A formal triennial valuation was undertaken as at 31 December 2016 and showed a surplus of £0.7 million. Another triennial valuation is currently being undertaken as at 31 December 2019.

Our grant-making policy

As a charity almost entirely reliant on our generous supporters, we can make our funds work harder and achieve much more through our partnerships than we could alone. We do this by providing grants to NHS, local authorities and other organisations. Our grants fund new Macmillan professionals, and develop and embed best practice to ensure everyone, now and in the future, receives personalised, all-round care that's right for them.

Today, there are almost 12,000 Macmillan nurses, doctors and other health and social care professionals working in the UK who are employed and managed by our partners. We generally fund new Macmillan professionals for a fixed period. After this time, the partner organisation takes over the funding of their salary. Macmillan continues to provide ongoing professional development and support. Funding Macmillan professionals in this way means we can support more professionals into more roles, in a sustainable way.

As at 31 December 2019, we had unpaid but committed charitable grants of £205.1 million, about a third of which are due to be paid out in 2020.

We also give Macmillan Grants to individuals living with cancer who demonstrate financial hardship, something we have done ever since we were founded more than 100 years ago. These grants offer people living with cancer a speedy financial lifeline when financial problems arise that are connected with their cancer. Typically, these grants are for around £325 and help pay for a wide variety of things, for essential items like a new washing machine, for services or unavoidable expenses, such as fuel bills or travel costs or to even pay for a short break to aid recovery.

Principal risks and uncertainties

Risks and uncertainties

At Macmillan, we define risk as anything that can adversely affect our ability to achieve our objectives for people living with cancer, sustain our operations, maintain our reputation or meet regulatory requirements. We see risk as being inherent in what we do and the decisions we make. We seek to understand the risks we face or create and plan to operate within an acceptable level of risk-taking. However, we also know that we must innovate and take risks to reach and improve the lives of people living with cancer. Our approach to risk management follows the recommendations of the Charity Governance Code.

Risk management process

We ask all our employees to be aware of the risks involved in everything they do; to assess the potential seriousness and chance of any risks occurring; and to manage risks for the benefit of our stakeholders.

Risk assessment

More formally, as part of our planning and review cycle, teams throughout the organisation (e.g. directorate teams, programme teams and operational risk managers) assess their risks at least twice a year. As well as identifying things that could go wrong, we look for opportunities we might miss for further growth and a sustainable future, as missing these could also stop us improving the lives of people living with cancer. Risks are scored for the impact they would have and how likely they are to happen. Each risk has an identified owner,

who is responsible for the effectiveness of the controls that are already in place and for considering whether any further actions need to be taken.

Appropriate level of risk

Key to assessing our risks is establishing our risk appetite, i.e. the amount of risk we are prepared or able to accept in pursuit of our purpose. Risk appetites can be different for different situations, depending on the extent of benefit we are aiming for and the availability of effective controls. If we are faced with too much risk, the risk owner may need to take further mitigating actions to reduce the risk; if not enough risk is being taken to generate the expected benefit, then we may need to reduce some controls or look for ways to find more benefit. For instance, we may be willing to be more risk seeking in the pursuit of new initiatives, while remaining intolerant of any activities that could lead to compliance issues.

For our principal risks, formal risk appetites are codified in our policies and procedures so risk owners have direction and boundaries that help them make consistent, risk-aware decisions. As the environment in which we operate, stakeholders' expectations and our priorities change, we may have to adapt our risk appetites. Ultimately, we recognise we may not always be able to prevent individual incidents; but risk owners will still look to reduce the possible impact of every risk and the likelihood of them occurring to an appropriate level.

Management review

During our two annual planning reviews, 'bottom up' risk assessments and action plans produced by Macmillan teams are consolidated to provide a corporate risk register, which is then compared with the Executive Strategy team's 'top down' review of risk. The corporate risk register is an organisational wide summary of our risk profile and corresponding mitigating actions which helps Macmillan's management to validate the organisation's performance and sustainability. The register is then presented to the trustees for scrutiny and approval.

In addition, regular ongoing reviews of risk management plans inform our strategic planning, change management and operational decision making; they also feed into our assurance framework, including our annual Internal Audit Plan.

Governance

Our risk management process is supported by our governance structure. Our trustees and executive management recognise the importance of maintaining a strong system of internal controls, supported by these risk management activities and assurance mechanisms, including internal and external audit. Whilst our executive management are responsible for the day-to-day operation of our risk processes; our trustees are responsible for ensuring there is an effective risk management process and an appropriate internal control environment. Executive management are informed by our directorate leadership teams, a Performance and Risk Board and a Risk and Compliance Group. They present updates to Finance and Audit Committee which reviews the principal risks and provides oversight of the risk management process, so that the Treasurer can report annually on the effectiveness of the risk management process to our Board of Trustees.

Our risk profile

To help us analyse our risks, we identify and categorise our risks into three broad areas: strategic, operational and regulatory, and financial.

Strategically, we have a clear and compelling programme of strategic initiatives designed to reach even more people living with cancer, improve standards of care and support and help people living with cancer live life as fully as they can. This is being rolled out pragmatically, informed by our understanding of what people living with cancer need and want, learning as we progress. However, there continues to be significant change and uncertainty in the external environment in which we operate: the impact of the coronavirus pandemic, major changes to NHS and social care structures, cuts to public spending, an uncertain economic outlook and a competitive charitable sector. We monitor and adjust as needed. Operationally, as we grow and change, we are looking continually for new and more efficient ways of delivering our services, such as listening to people living with cancer; improving the way we work with partner organisations and our volunteers and employees; and enhancing our technological support. This is against a background of continuing pressure on donors' finances. Changes in regulation, particularly regarding data protection, require investment and changes to policies and procedures. Financially, we have carefully reviewed the level of reserves we need to safely sustain our operations, so we can deploy as much as possible for our strategy and make more of a difference for people living with cancer.

Throughout the year, we stay alert for changes, both externally and internally, and make adjustments to keep us on track to achieve our objectives, sustain our operations, maintain our reputation and meet regulatory requirements. Each risk category is described in more detail on the next page, along with our approach to managing them.

Strategic risk:

Due to planning assumptions on future activities and growth that are no longer valid, plans that we can no longer deliver or changes to the external environment that we cannot manage.

- We work with stakeholders, key decision makers and influencers in government, local authorities and the NHS, and people living with cancer to understand their needs, develop policy positions and demonstrate the benefit we can provide.
- Annually, a defined strategic planning process analyses the external and internal environment, develops objectives, initiatives and plans for delivery. It is supported by a programme management function and a communication programme to inform employees and volunteers of our strategy and progress.
- We have a policy and procedures to help us understand what ethical issues to consider when making decisions, such as investing charitable funds, accepting or refusing donations, or deciding whether to work with partners, suppliers or individuals.
- We invest in our brand to promote what we can do to help people living with cancer and engage with existing and new supporters. We protect our brand consistency and integrity through guidelines, training, trademarks, licences and review processes.
- We look to protect our future by maintaining a diverse mix of income streams; assessing the need for local and national improvement in cancer services, now and in the future; engaging with current partners to deliver services with us and developing new relationships; and constantly innovating to stay competitive.
- We have weekly, monthly, quarterly and annual performance management processes in place to review, understand and adapt to the external environment.

- We therefore have the right performance, planning and risk controls in place to allow us the flexibility to respond to and adapt our strategy to mitigate risks and uncertainty in the external environment.

Strategic risk as a result of coronavirus:

- Coronavirus presents our main strategic risk. It has already disrupted strategic goals that we had for 2020. Uncertainty about the impact of the virus on society, fundraising and health care means our strategy will need to change in ways we cannot predict.
- We are responding to the impact of coronavirus over three time-horizons: end of 2020, end of 2021, 2022 onwards (6 months, 18 months, 3–5 years).
- We have adjusted our plans and goals for 2020 in response to Coronavirus, changing what we had planned to deliver.
- We have a process to review our strategic objectives and finances across the 18 month and 3 year period.
- We have an established annual plan and budget process into which we will feed any changes to strategy, plans or budget resulting from the current uncertainty.

Operational and regulatory risk:

Due to failures in operational processes or meeting regulatory standards, including areas such as fundraising, partnerships, talent, safeguarding, health and safety, cyber security, data protection, and business continuity.

- We have policies, procedures and governance structures to monitor and mitigate operational risks and major incidents, including understanding our regulatory requirements.
- We recruit and manage people, informed by clear role profiles and an operating model showing our current and future needs.

- We provide learning and development opportunities, benchmark our benefits and engage with employees through forums and surveys.
- Specialist compliance training is delivered to employees in key areas to build their skills and ensure awareness of compliance requirements.
- Information security procedures have been benchmarked against recognised standards.
- Processes are in place to prevent and detect fraud, including annual audits designed to test the effectiveness of key financial controls.
- Contingency planning, incident management and crisis management arrangements are in place.
- We have specialist teams to support and train our people and monitor performance in such areas as safeguarding, health and safety, information security, data protection, insurance and business continuity.
- As a result of the coronavirus pandemic, we are anticipating an income reduction of 35–50% in line with impacts expected across the charity sector. This has resulted in us carefully analysing our spend and implementing measures to reduce our expenditure to enable us to continue to support people living with cancer, Macmillan professionals, our employees and volunteers. We have developed robust financial models that reflect the current situation and enable us to track our finances during this uncertain time.
- In our investment activities, foreign exchange forward and options contracts are used to hedge exposure resulting from any risk of changes in foreign currency rates. All other assets and liabilities are held in sterling.
- Credit risk on amounts owed in respect of incoming resources is low.
- Investment policies, delegation of authorities, procurement and expenses policy are in place.
- We have defined accounting policies and financial controls for accurate and timely reporting.

Financial risk:

Due to insufficient funds to meet our charitable objectives, failure to spend our money well or errors in reporting our performance.

- We monitor our financial performance, liquidity and solvency through a system of financial reporting that compares actual results against the phased budget on a monthly basis. In addition, we prepare longer-term financial forecasts aligned to our strategic plans, incorporating scenarios, to confirm our longer-term solvency.
- Financial instrument borrowings are not used, and our investment and liquidity policies are set, with input from external advisers, to ensure we manage our risks and ensure we have adequate liquidity and solvency to meet liabilities as they arise.

Additional pervasive feedback and assurance controls:

- We have complaints and grievance procedures and an anonymous and independent whistleblowing hotline to enable appropriate reporting and consideration of internal and external stakeholders' concerns.
- A process for individual comments on how we can improve.
- An annual audit programme tests the existence and effectiveness of key controls, supplemented by external reviews.

How we work

The relentless pursuit of better has always been in our DNA. It was the core motive of our founder, Douglas Macmillan, who worked to make people's experience of cancer better. It's also true of the way we work as an organisation today: we constantly strive to give those we support, as well as our donors, partners, employees and volunteers, the best possible experience and achieve the highest standards as an organisation.

It may not always be easy, but to help us achieve these standards, we have developed policies and procedures that reflect our organisational values. We communicate this guidance to our employees and volunteers and provide training. We also record our decisions and incidents, monitor our performance, and seek feedback to learn and improve.

We are committed to being responsible and getting better, reaching and exceeding the standards expected of us.

The following are some examples of how this helps us do better:

Considering ethical issues

We are committed to maintaining high ethical standards to ensure that our activities and those of our partners and suppliers are in line with our values; and we take account of sector guidance and best practice, including Charity Commission guidance and the National Council for Voluntary Organisations' ethical principles.

We have a duty under charity law to maximise Macmillan's income and subsequently our expenditure on charitable activities; however, it is essential that we do not allow our relationships with third parties to undermine our values. Our ethics policy and procedures make sure our values are at the centre of our decision making. We use them to help us manage ethical issues when they arise, such as deciding whether to accept or refuse a donation, participate in partnerships with other organisations, or make an investment. We regularly review our ethics policy to ensure that it remains appropriate.

We want to make the right ethical decisions.

Protecting our supporters

We want everyone we interact with to feel free from undue influence when they consider donating. This includes anyone who may be in a temporary or permanent vulnerable state and unable to make an informed decision about giving. There are lots of reasons why someone might be vulnerable, and we need to be able to spot the signs. As a result, we train our employees and fundraising suppliers to recognise these signs so they can manage conversations and take action in the most appropriate way.

Our processes and procedures on vulnerability are defined in our 'Fundraising with people in vulnerable circumstances' policy, which forms part of our fundraising supplier contracts. The policy includes the steps to take when vulnerability is identified. We also ensure the policy is reflected in our fundraising scripts and training materials. We have developed the policy to prevent people who represent Macmillan from behaving in a way that could be considered by others as being intrusive or putting repeated or undue pressure on someone to donate.

Through our Compliance team, we routinely monitor our fundraising materials and the performance of our suppliers, for example, through call monitoring and mystery shopping. This ensures our standards remain high and our supporters are treated fairly. We also regularly review feedback from our supporters and other interested parties to check if our fundraising offer is right and complies with relevant rules and regulations.

We want everyone to feel free from undue pressure to donate.

*More details are included in the Fundraising section, pages 34–41.

Safeguarding everyone's welfare

We are committed to safeguarding the welfare of all our employees and volunteers and everyone who receives our support.

We believe all children and adults have the right to protection from all types of harm or abuse. Our employees and volunteers have a duty to prevent the abuse of children and adults and report any safeguarding concerns to the relevant person. Our safeguarding policy and training guide our employees and volunteers to remove, reduce and manage safeguarding risks for everyone we support and work with. We also operate a safeguarding contact number, which offers 'real-time' advice and emotional support expertise to anyone dealing with sensitive, challenging and difficult issues, 24 hours a day, seven days a week.

We want all our employees and volunteers to operate in a safe working environment. Our continual aim is to reduce their risk of harm when working for us. Our health and

safety procedures and training are designed to keep our premises and events safe for all. If people regularly work or volunteer alone in the community, we provide support and training, including access to a lone worker alarm with 24/7 emergency support. As well as offering emotional support and guidance through our Safeguarding team, we also give all staff members access to an employee assistance programme and healthcare cover for ongoing support.

We want everyone to feel safe when they work or volunteer for Macmillan or interact with us.

Promoting inclusivity

We want to be a fully inclusive organisation that's relevant and accessible for everyone living with cancer. To achieve this goal, we will continue to value all forms of difference in employees, volunteers, professionals, people living with cancer and supporters, and understand and respond to their different needs and situations.

We use our network of volunteers and partnerships to work with people and local communities to learn and test how best to shape our future services and support so they meet their differing needs. Some examples of how we've put this into practice include making information available in different languages and formats; offering an interpretation service through our helpline; analysing our gender pay gap and taking action to drive improvement in this area; and carrying out a number of actions to ensure we're a more diverse and inclusive employer.

We are constantly looking to learn from our experiences and have appointed an equality, diversity and inclusion partner. In 2020, we will also recruit an additional role that will

strengthen the delivery of further initiatives in this area of work. We have already developed a strategy and action plan and set up employee-led networks to promote diversity. These networks cover disability; black, Asian and minority ethnic (BAME) people; LGBTQ+ people; working families; gender equality; and neurodiversity. They each have an Executive Strategy team sponsor to provide support and guidance. The networks are developing key areas of focus for 2020, which leadership teams will then decide how to tackle.

We want our workforce to represent the people it supports, have equal access to all the opportunities we offer, and feel part of Macmillan and its ambition.

Our gender pay gap mean is

10.8%



Caring for the environment

We recognise we have a responsibility to minimise our impact on the planet and use our resources wisely. To help Macmillan be as green as possible, we have a employee-led group, which works to increase environmental awareness across the charity and make connections between health and the environment.

Environmental initiatives at Macmillan include encouraging employees to recycle in our offices, exploring how we can reduce the amount of waste that goes to landfill, and using stationery products with environmental credentials. We are also working towards removing plastics from our fundraising materials and using recycled and recyclable

materials instead. Already, all our t-shirts, collection buckets and tins, as well as World's Biggest Coffee Morning host pack items are recyclable. Currently, we're researching new products, including reusable water bottles made from sugar cane and biodegradable banger sticks and ponchos.

To reduce our carbon footprint, we offer employees access to the cycle-to-work scheme, provide Skype for Business software to reduce travelling, and we're working to reduce CO² emissions from our fleet cars. We also have online education and training facilities for employees to reduce travel.

We want to minimise our environmental impact and make resource efficiency a consideration in all our activities.

Keeping data safe

At Macmillan, we are committed to protecting the personal and sensitive information of the people we support and our partners, professionals, employees, supporters and volunteers. To achieve our aim, we have implemented data protection by design and default to ensure Macmillan complies with current data protection regulation. This includes enhancing our governance and accountabilities, processes and procedures, ensuring we have the appropriate technical and organisational measures to implement data protection principles and safeguard individual rights.

Macmillan's data protection by design and default focuses on considering data protection and privacy issues in all that we do and the services we provide. This helps to ensure we comply with the fundamental principles and requirements of General Data Protection Regulation (GDPR) and forms part of our focus on accountability.

As a consequence, we have also strengthened our information security management system (ISMS) to keep our data safe and have achieved certification

to the internationally recognised ISO 27001 standard for the maintenance of an effective organisational wide ISMS.

We want everyone to trust us to keep their data safe.

Fighting modern slavery

We want to ensure there is no modern slavery or human trafficking in our supply chains or in any part of our business. When we review our contracts, and develop new ones, we look at the possibility of modern slavery, communicate this with our colleagues, and when we feel there is the potential for slavery, we take actions to change our arrangements. We continue to monitor and make improvements in our contract management and share developments with our employees.

We want our supply chain to be free from modern slavery.

Listening is important to us

We want to hear from all our stakeholders, whose views and feedback are incredibly important to us. We have a number of ways we listen to and learn from suggestions and concerns.

People living with cancer

We constantly strive to listen to people living with cancer and use their feedback and experiences to shape our strategic direction, future services and support, and day-to-day operations; as a result, we are in a much stronger position to meet their varying needs.

To understand how best to hear from and listen to people living with cancer, we regularly speak to our geographic service teams, network of volunteers and health and social care partners. We also have a formal people and community engagement programme that aims to improve the ways

we involve people living with cancer and turn their experiences into practical action, such as increasing our reach and relevance to diverse communities. Overall, we want these insights to help us provide a consistently excellent experience for everyone living with cancer.

Supporters, employees and volunteers

It's important to us that our supporters, employees and volunteers feel confident about speaking up if they are not treated with fairness or respect. This is why we have and raise awareness of our zero-tolerance approach to any form of discrimination, bullying or harassment against anyone working for or with Macmillan.

In addition, we also have a clear complaints procedure for our supporters ([macmillan.org.uk/about-us/contact-us/make-a-complaint](https://www.macmillan.org.uk/about-us/contact-us/make-a-complaint)); discussion forums and a problem-solving procedure for our volunteers; a representative body for our employees (Our Voice); and a whistleblowing facility that allows employees, volunteers and contractors to raise concerns anonymously via an independent third party.

This will help us continue to be better.

*More details on the nature and number of complaints we receive are included in the inspiring greater support section, page 36.

Setting ourselves up for success

Section 172 of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the charity to achieve its charitable purposes. The Act states that in doing so, the directors should have regard, amongst other matters, to:

The likely consequence of any decision in the long term

Our strategic objectives (page 48) were developed as part of a long term strategy to improve the lives of people living with cancer. We routinely review external developments and horizon scan for future trends, and ensure that our plans can be adapted as needed to meet changing circumstances.

The interests of the company's employees

Our employees are vital to Macmillan and we regard ongoing, regular engagement with them as a top priority. We measure employee engagement through regular surveys and address any issues raised through this as quickly as possible. Feedback from Our Voice, our employee representative forum, is shared regularly with our Executive Strategy team. We also have employee networks which have been set up to bring together and represent specific groups of employees, aimed at helping to establish a sense of community and support for these groups of people, as well as providing social and professional networks. Each network has an Executive director as sponsor.

The need to foster the company's business relationships with suppliers, customers and others

Our relationships with partners and suppliers are key to our effectiveness. Each will have an individual staff member as their contract manager, and we work with them closely to develop a mutually beneficial relationship.

We encourage feedback from our customers so that we can learn from this to improve how we do things.

More information on page 65.

The impact of the company's operations on the community and the environment

We recognise our responsibility to care for the environment and aim to minimise our environmental impact in all our activities.

More information on how we care for the environment can be found on page 64.

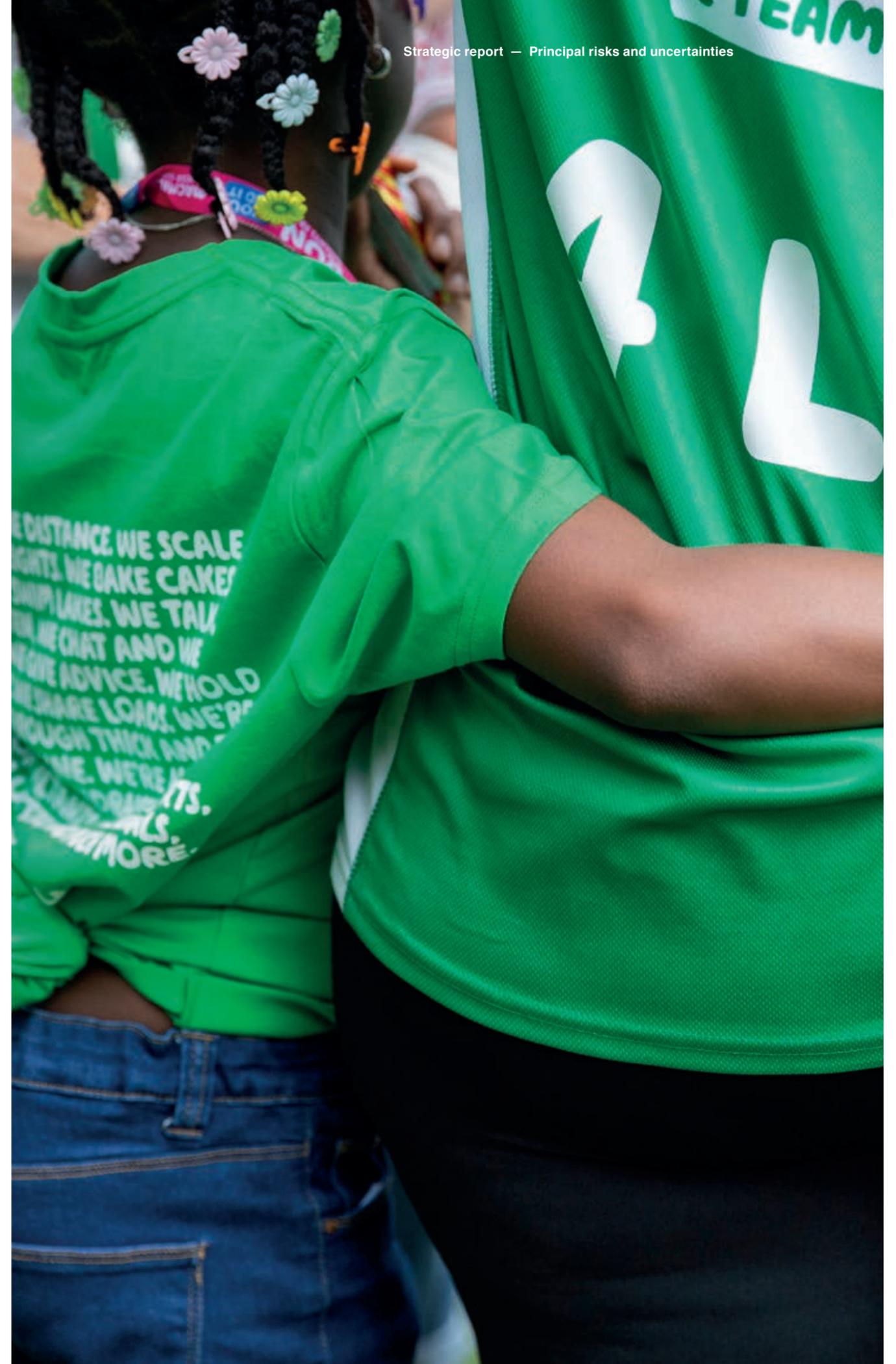
The desirability of the company maintaining a reputation for high standards of business conduct

Our reputation and public trust in Macmillan is fundamental to our future success. We use our organisational values and behaviours in our recruitment and training for both employees and volunteers to ensure that we maintain high standards, and these are used as a performance measure in our appraisal processes. Our procurement and ethical policies and procedures ensure that our values also a key part of our selection of partners and suppliers.

The need to act fairly as between members of the company

We aim to be a fully inclusive organisation which is relevant and accessible for anyone living with or affected by cancer. We will not unfairly discriminate against anyone.

More information on how we promote inclusivity can be found on page 63.



Our governance

Structure and management

Macmillan Cancer Support is a company limited by guarantee and a registered charity. Macmillan is governed by its Articles of Association, which sets out the Charity's powers and authorities.

The objects of the Charity included in the Articles of Association are:

- to provide support, assistance and information directly or indirectly to people affected by cancer
- to further build cancer awareness, education and research
- to promote and influence effective care, involvement and support for people affected by cancer.

The Board of Trustees (Board) is ultimately responsible for the overall control and strategic direction of the Charity and for the protection of its assets. Day-to-day management is delegated to the Chief Executive, Lynda Thomas, and the Executive Directors who comprise the Executive Strategy team (see page 72).

Board of Trustees

Our trustees are also directors under company law. They are appointed by the Board for a term of three years and normally serve a maximum of three terms. The Board's Nominations Committee reviews the structure, size, composition (including the skills, knowledge and experience) of the Board, considers succession planning, and makes recommendations on appointments to the Board. The trustees all give their time to Macmillan on a voluntary basis and receive no remuneration. Out-of-pocket expenses may be reimbursed.

When recruiting new trustees, the Board aims to attract a diverse range of candidates who have the skills the Charity needs. It values the benefits of having members with different backgrounds, expertise and experience. Ultimately, though, all Board appointments are based on merit, in the context of ensuring that we have an appropriate balance of skills and experience. During 2019 we recruited three new trustees.

All new trustees undertake an induction programme, which includes visits to Macmillan services, coverage of the Charity's aims and how they are being fulfilled, the role and duties of the trustees, company and charity law and governance, and financial and risk management. Trustees meet with the Chief Executive, members of the Executive Strategy team and other relevant parties. Additional training is arranged as required for individual trustees or for the Board as a whole.

The trustees who served during the year and up to the date of this report are as follows:

Dr Jag Ahluwalia (Chair of Charitable Expenditure Committee)

Iain Cornish (Treasurer and Chair of Finance and Audit Committee)

Jane Cummings CBE

Andrew Duff

Professor Timothy Eisen

Kate Howe (appointed 15 October 2019)

Sue Langley OBE (Chair of Remuneration Committee)

Feilim Mackle (Chair of Fundraising Marketing and Communications Committee)

Mohammed Mehmet (appointed 15 October 2019)

Richard Murley (Macmillan Chairman and Chair of Nominations Committee)

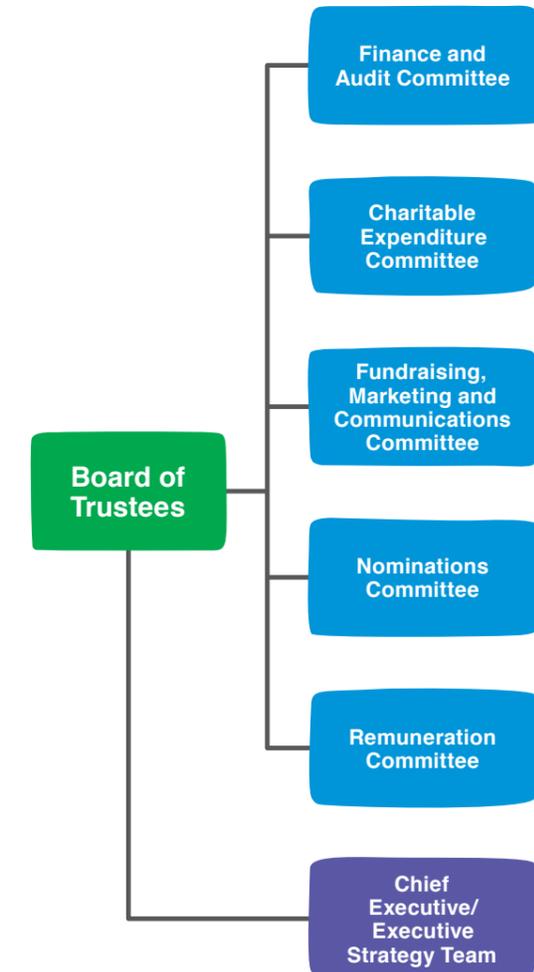
Dame Una O'Brien DCB

Toby Strauss

Mark Ware (appointed 15 October 2019)

The current term of office of Richard Murley ends in July 2020, but in line with our policy on trustee terms, he will stand for re-election for a further three-year term. Andrew Duff will stand down from the Board in July 2020 after serving for nine years.

During the year and up to the date of approval of the trustees' report, there was a qualifying third-party indemnity in place for directors, as allowed by Section 234 of the Companies Act 2006.



How our Board works

In addition to receiving regular reports from the Chief Executive and Executive Directors, the Board is advised on clinical matters by the Expert Advisory Board, and is informed by the views of the Volunteer Forum, which consists of both national and regional groups, and whose Chairman reports to the Chairman of Macmillan's Board. Trustees may also, when appropriate, take independent professional advice.

Conflicts of interest are considered at each meeting, and the Company Secretary maintains a register of conflicts.

The Board and its committees meet regularly during the year, including at an annual away day, which helps trustees and the Executive Strategy team to focus in more depth on the Charity's strategic direction.

A framework of delegation is in place to set out matters delegated to committees of the Board, the Executive Strategy team or other staff. This is regularly reviewed and updated as necessary.

Board committees

The Board has delegated specific responsibilities to its committees, each of which has detailed terms of reference and reports to the Board. The remit of the committees is reviewed regularly to ensure they continue to work well. During 2019 the former Investment Committee merged with the Finance and Audit Committee.

Finance and Audit Committee: Monitors the financial performance of the Charity, the performance of Macmillan's investments and our investment strategies, financial reporting, planning and budgeting processes, compliance, corporate risk and our internal and external audit arrangements.

Charitable Expenditure Committee: Reviews charitable expenditure and activities against strategic corporate priorities agreed by the Board.

Fundraising, Marketing and Communications Committee: Oversees the Charity's fundraising, marketing and communications strategies and ensures that the Charity follows high standards of fundraising practice.

Nominations Committee: Considers the membership of the Board and recommends potential new trustees for election. This committee also keeps under review succession planning in respect of honorary officers and the Chief Executive, and oversees Board effectiveness reviews and action plans resulting from such reviews.

Remuneration Committee: Determines and recommends to the Board the overall policy for the remuneration of the Charity's employees and keeps an oversight on people issues and related policies.

Number of meetings held in 2019

Board of Trustees	6
Charitable Expenditure Committee	1
Finance and Audit Committee	4
Fundraising, Marketing and Communications Committee	4
Investment Committee	1
Remuneration Committee	2
Nominations Committee	2

Board review

The Board regularly undertakes a review of its effectiveness to identify any improvements to the Board's governance and ways of working or any training needs. The Board supports the principles of good governance set out in the Charity Governance Code and uses the Code to evaluate its effectiveness. The performance of individual trustees is assessed each year.

An externally facilitated in-depth Board governance review was completed toward the end of 2018, with the actions and recommendations from this implemented during 2019. Actions included widening Executive Strategy team presence at Board meetings, reviewing Board agendas to ensure that strategic issues are covered in sufficient depth, reviewing and clarifying the remit of committees, and undergoing a detailed reputational risk scenario exercise to help identify any improvements we can make to our procedures.

An in-house Board review will be undertaken in 2020 to evaluate the effectiveness of these actions and consider what further enhancements might be helpful.

Governance review

During 2019 a review was undertaken of our internal governance arrangements. This resulted in the establishment of two new Executive level bodies: the Performance and Risk Board (PRB) and the Investment and Procurement Board (IPB). These new bodies are each chaired by an Executive Director, focus in depth on performance, risk,

investment and procurement issues and report to the CEO and Executive Strategy team.

Membership

On 25 July 2019, our Annual General Meeting adopted new Articles of Association which mean our current trustees are now the sole legal members of Macmillan Cancer Support.

Statement of responsibilities of the trustees

Macmillan's trustees, who sit on Macmillan's Board and are also directors of Macmillan Cancer Support for the purposes of company law, are responsible for preparing the trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Charitable Company and the Group, and of the incoming resources and application of resources, including the income and expenditure of the Charitable Group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Charitable Company will continue in business.

The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy the financial position of the Charitable Company at any time and provide financial statements which comply with the Companies Act 2006, Charities and trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charitable Company and the Group, and taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees have overall responsibility for Macmillan's internal controls, while the Finance and Audit Committee reviews internal risks and monitors how well the trustees manage these risks.

In so far as the trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditors are unaware
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the auditors are aware of that information.

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

The trustees confirm that they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

Macmillan has its UK office in London, and national offices in Scotland (Edinburgh), Wales (Pencoed) and Northern Ireland (Belfast).

Legal and administrative details

As at 31 December 2019

Status

The organisation is a charitable company limited by guarantee, incorporated on 30 June 1989 and registered as a charity in England and Wales on 21 June 1989 and in Scotland on 1 October 2008. Within this document, the Company is variously referred to as Macmillan, Macmillan Cancer Support and the Charity.

Governing document

The organisation was established under a Memorandum of Association and is governed under its Articles of Association (last amended 25 July 2019), which establish the objects and powers of the organisation.

Company number 2400969

Charity number 261017

Scottish charity number SC039907

Registered office and operational address

89 Albert Embankment, London SE1 7UQ

Patron

HRH The Prince of Wales

President

The Countess of Halifax

Deputy Presidents

Jamie Dundas

Julia Palca

Chairman

Richard Murley

Treasurer

Iain Cornish

Company Secretary

Elsbeth Cox MVO

Chief Executive

Lynda Thomas

Executive Strategy Team

Cancer Support Operations

John Pearson

Finance, Legal and Audit

Steve Clayton

Fundraising, Marketing and Communications

Claire Rowney

People

Kathy Taylor

Strategy and Performance

Simon Phillips

Technology

Declan Hunt

Bankers

Royal Bank of Scotland,
280 Bishopsgate, London EC2M 4RB

Investment Managers

Sarasin & Partners LLP, Juxon House,
100 St Paul's Churchyard, London EC4M 8BU

Independent Auditors

PricewaterhouseCoopers LLP

1 Embankment Place, London WC2N 6RH

Macmillan Defined Benefit

Pension Scheme Actuary

Declan Keohane, First Actuarial LLP,
Network House, Basing View
Basingstoke, Hampshire RG21 4HG

Further information

Subsidiaries

Macmillan Cancer Support has eight subsidiary companies:

Macmillan Cancer Support Sales Limited, which sells Christmas cards and other items, and Macmillan Cancer Support Trading Limited, which carries out fundraising trading activities, continued to operate during 2019, and all of their profits were transferred to the Charity.

Macmillan Cancer Support Enterprises Limited, which provides design and construction services to Macmillan Cancer Support, continued to operate, but it does not make a profit or loss, as all of its costs are invoiced to the Charity.

Macmillan Cancer Information Lottery Limited, Macmillan Financial Grants Lottery Limited, Macmillan Healthcare Lottery Limited and Macmillan Influencing Cancer Care Lottery Limited, which all operate society lotteries, continued to operate during 2019. All of their profits were transferred to the Charity.

Cancerbackup was dormant throughout 2019.

Note 7 to the financial statements summarises the results of the subsidiaries, which performed satisfactorily in 2019.

Related parties

Details of other related parties and connected organisations can be found in note 26 to the financial statements.

Basis of preparation

The trustees' report and the financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and Financial Reporting Standard 102.

Independent auditors

PricewaterhouseCoopers LLP is the Group and Charity's auditors. A resolution will be proposed by the charity's members that PricewaterhouseCoopers LLP is reappointed as auditors for the ensuing year.

The trustees' report, including the strategic report on pages 10 to 67, was approved by the board of trustees and authorised for issue on 16 June 2020.



Richard Murley, Chairman

Independent auditors' report

To the members and trustees of Macmillan Cancer Support Report on the audit of the financial statements

Opinion

In our opinion, Macmillan Cancer Support's Group financial statements and parent Charitable Company financial statements ("the financial statements"):

- give a true and fair view of the state of the Group's and of the parent Charitable Company's affairs as at 31 December 2019 and of the Group's incoming resources and application of resources, including its income and expenditure, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Group and parent Charitable Company balance sheets as at 31 December 2019; the consolidated statement of financial activities (including an income and expenditure account) and the consolidated cash flow statement for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent Charitable Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and trustees' Annual Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and parent Charitable Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the trustees' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of responsibilities of the trustees set out on page 71, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2020

Consolidated statement of financial activities

(including an income and expenditure account)

For the year ended 31 December 2019

	Note	Unrestricted £'000	Restricted £'000	2019 Total £'000	Unrestricted £'000	Restricted £'000	2018 Total £'000
Income							
Legacies, donations and grants:							
Legacy income	2	70,727	6,995	77,722	72,212	7,827	80,039
Donation income	3	117,678	12,706	130,384	119,050	13,999	133,049
Grant income	4	26	2,056	2,082	43	115	158
Total legacies, donations and grants		188,431	21,757	210,188	191,305	21,941	213,246
Income from trading activities	5	17,518	1,328	18,846	16,077	1,519	17,596
Total fundraised income		205,949	23,085	229,034	207,382	23,460	230,842
Investment income	6	3,799	-	3,799	4,876	-	4,876
Total income		209,748	23,085	232,833	212,258	23,460	235,718
Expenditure							
Expenditure on raising income	9	64,611	299	64,910	65,374	331	65,705
Expenditure on charitable activities	10	156,974	23,855	180,829	171,913	23,134	195,047
Total expenditure		221,585	24,154	245,739	237,287	23,465	260,752
Net expenditure before gain/(loss) on investments		(11,837)	(1,069)	(12,906)	(25,029)	(5)	(25,034)
Net gain/(loss) on fixed and current asset investments		14,419	-	14,419	(5,822)	-	(5,822)
Net income/(expenditure)		2,582	(1,069)	1,513	(30,851)	(5)	(30,856)
Transfers between funds	25	-	-	-	-	-	-
Net movement in funds		2,582	(1,069)	1,513	(30,851)	(5)	(30,856)
Reconciliation of funds							
Total funds brought forward		11,968	22,762	34,730	42,819	22,767	65,586
Total funds carried forward	25	14,550	21,693	36,243	11,968	22,762	34,730

No corporation tax was payable by the Group or Charity for the year ended 31 December 2019 (2018: £nil).

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 25 to the financial statements. The notes on pages 79–97 form part of these financial statements.

Balance sheets

As at 31 December 2019

Company number 2400969

	Note	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Fixed assets					
Tangible assets	13	7,679	7,531	7,679	7,531
Investments	14	133,893	119,359	133,893	119,359
Total fixed assets		141,572	126,890	141,572	126,890
Current assets					
Stocks and property awaiting sale	18	1,158	84	938	-
Debtors	19	66,558	70,588	70,252	72,939
Investments	15	39,337	54,817	39,337	54,817
Cash at bank and in hand	16	6,564	6,719	863	2,233
Total current assets		113,617	132,208	111,390	129,989
Liabilities					
Creditors: amounts falling due within one year					
Grants committed not yet paid	20	(68,141)	(70,094)	(68,141)	(70,094)
Other creditors and deferred income	21	(13,151)	(13,394)	(10,924)	(11,175)
Net current assets		32,325	48,720	32,325	48,720
Total assets less current liabilities		173,897	175,610	173,897	175,610
Creditors: amounts falling due after more than one year					
Grants committed not yet paid	20	(136,920)	(140,347)	(136,920)	(140,347)
Provisions for liabilities	23	(734)	(533)	(734)	(533)
Net assets	24	36,243	34,730	36,243	34,730
The funds of the charity					
Restricted income funds					
Unrestricted funds:					
Investment revaluation reserve		10,163	2,033	10,163	2,033
Other general funds		1,203	7,065	1,203	7,065
Total general funds		11,366	9,098	11,366	9,098
Designated funds		3,184	2,870	3,184	2,870
Total unrestricted funds		14,550	11,968	14,550	11,968
Total funds of the charity	25	36,243	34,730	36,243	34,730

The net income for the year of the parent Charity was £1,513,000 (2018: £30,856,000 net expenditure).

The financial statements, including the notes on pages 79–97, were approved by the Board of Trustees and authorised for issue on 16 June 2020, and signed on its behalf by;

Richard Murley, Chairman

Iain Cornish, Treasurer

Consolidated cash flow statement

For the year ended 31 December 2019

	Note(s)	2019 £'000	2018 £'000
Net income/(expenditure) for the year (as per the statement of financial activities)		1,513	(30,856)
Adjustments to exclude non-cash items and investment income			
Depreciation	13	428	769
(Decrease)/increase in grant commitments, other creditors and deferred income	20, 21	(5,623)	6,116
Increase in provisions	23	201	66
Increase in stocks and property awaiting sale	18	(1,074)	(16)
(Decrease)/increase in debtors	19	4,030	(4,617)
(Gains)/losses on fixed and current asset investments		(14,419)	5,822
Investment income	6	(3,799)	(4,876)
Shares and investments acquired via legacies and gifts	14	(59)	-
Net cash (used in) operating activities		(18,802)	(27,592)
Cash flows from investing activities			
Investment income	6	3,799	4,876
Purchase of tangible assets	13	(576)	(356)
Payments to acquire fixed asset investments	14	(3,640)	(4,154)
Proceeds from sales of fixed asset investments	14	53	-
Payments into current asset investments		(106,920)	(46,114)
Withdrawals from current asset investments		84,256	68,753
Transfer to cash and cash equivalents	14	41,262	5,911
Transfer to stocks and property awaiting sale	14	413	-
Net cash provided by investing activities		18,647	28,916
Change in cash and cash equivalents in the year		(155)	1,324
Cash and cash equivalents at the beginning of the year		6,719	5,395
Cash and cash equivalents at the end of the year	16	6,564	6,719

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments to fair value, and in accordance with applicable accounting standards in the United Kingdom, the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and Financial Reporting Standard (FRS) 102, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

These financial statements consolidate the results of the Charitable Company and its wholly owned subsidiary companies; Macmillan Cancer Support Sales Limited, Macmillan Cancer Support Trading Limited, Macmillan Cancer Support Enterprises Limited, Macmillan Healthcare Lottery Limited, Macmillan Financial Grants Lottery Limited, Macmillan Cancer Information Lottery Limited and Macmillan Influencing Cancer Care Lottery Limited on a line-by-line basis. Uniform accounting policies are adopted across the Group and inter company transactions are eliminated on consolidation. Cancerbackup was dormant in 2018 and 2019 and as such is excluded from the consolidated financial statements. The Charity also has an investment in an associate which is a programme related investment and is accounted for under the equity method in the consolidated financial statements, see note 14. A separate Statement of Financial Activities for the Charity itself is not presented as allowed by Section 408 of the Companies Act 2006 and paragraph 5.1 of the SORP 2015. The income of the parent Charity was £225,249,000 (2018: £229,555,000) and the expenditure was £238,155,000 (2018: £254,589,000). The net surplus of the Charity after recognised gains of £14,419,000 (2018: £5,822,000 loss) was

£1,513,000 (2018: £30,856,000 deficit). The Charity has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102 Section 1.12(b). The cash flows of the Charity are included in the Consolidated cash flow statement.

The accounting policies have been consistently applied across the Group from year to year in accordance with FRS 102.

Critical accounting estimates

In the preparation of the financial statements, accounting estimates are made. The most significant areas of estimation that affect items in the financial statements are to do with estimating the accrued legacy income for the year and the discount applied to grant commitments not yet paid falling due after more than one year to adjust the valuation to its present value. In calculating the value of a legacy estate, we apply an estimated deduction for costs incurred in administering the legacy. See note 1, 'Legacy income' and notes 2 and 19 for more information on the accrued legacy income and see note 1, 'Grant commitments' and notes 17 and 20 for more information on grant commitments.

Critical accounting judgements

In the preparation of the financial statements, accounting judgements are also made. The most significant area of judgement that affects items in the financial statements relates to donated goods and services. No amount is included for items where Macmillan would not have paid for the donated good or service under ordinary circumstances. Further detail on donated goods and services can be found in note 1 'Donation income'.

Going concern

The financial statements have been prepared on a going concern basis. Additional work carried out in light of the coronavirus pandemic has given the trustees comfort that there

are no material uncertainties that affect this. The liquidity and reserves sections of the annual report contains further information on our planned use of reserves.

Taxation

As a registered charity, the Charity benefits from rates relief and is exempt from corporation tax on its charitable activities but not from VAT. Irrecoverable VAT is included in the cost of those items to which it relates. The subsidiary undertakings do not generally pay direct tax because their policy is to Gift Aid their taxable profits to the Charity.

Legacy income

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, notification has been received and where they can be valued. Residuary legacies with a life interest are only valued where legal title has passed to the Charity.

Donation income

General donations, donations from fundraising events, corporate and philanthropy income and direct marketing income are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Income received in advance is deferred where appropriate. Donation income from local fundraising committees is included when received and notified by the committee. Gift Aid receivable is included when claimable. Donated services and facilities are valued and included as income and expenditure, at the price that Macmillan estimates it would pay in the open market for an equivalent service or facility. Donated goods for resale are recognised when they are sold. A valuation of volunteer time given to the Charity is not included in these financial statements.

1. Accounting policies (continued)

Grant income

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a specific future period, in which case it is deferred.

Income from trading activities

Income from trading activities is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period, in which case it is deferred. Income received in respect of raffles and lotteries is recognised when the draw is made. Income received in advance for future raffle and lottery draws is deferred until the draw takes place. Trading income from local fundraising committees is included when received and notified by the committee.

Resources expended

Resources expended are recognised on an accruals basis in the period in which they are incurred. Expenditure on raising income includes the costs incurred in raising legacy income, donation income, grant income and income from trading activities, including apportioned support costs. Expenditure on charitable activities comprises the costs incurred on charitable activities including apportioned support costs.

Allocation of expenditure

Resources expended are allocated to the particular activity to which the cost relates. Where expenditure contributes to more than one area of activity, the costs are allocated to each of the activities based on estimated staff time.

Governance costs

Governance costs are the costs associated with constitutional and statutory requirements and with the strategic management of the Charity's activities.

Redundancy and termination payments

Redundancy and termination payments are recognised when there is a demonstrable commitment on an individual or group basis that cannot be realistically withdrawn.

Tangible assets

Tangible assets are stated at cost, net of cumulative depreciation and provision for impairment. Depreciation is charged in equal instalments over the life of each tangible asset at the following rates:

Furniture and equipment.....	20%
Computer equipment and software.....	33.33%
Motor vehicles.....	20%
Leasehold property and leasehold property improvements.....	Over the life of the lease

Items of equipment, motor vehicles, and property are capitalised where the purchase price exceeds £10,000. Leasehold improvements are capitalised where the cost exceeds £250,000. Software development including purchases is capitalised where the costs exceed £250,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

An annual impairment review is undertaken and adjustments are made where the adjustment is material.

Assets under construction are not depreciated and comprise expenditure on the purchase, creation or enhancement of tangible assets not brought into use at the Balance Sheet date. Transfers are made from assets under construction to the relevant category of tangible asset when the asset is brought into use.

Investments

Listed investments are included on the Balance Sheet at fair value which is their closing bid price on the current or previous trading day.

Unlisted investments are included on the Balance Sheet at their fair value. For unlisted funds this is based on the Charity's share of the net asset value of the investments using the latest available performance data. Investments in subsidiaries are recorded at cost in the Charity's Balance Sheet.

Realised gains and losses on disposals in the year and unrealised

gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying funds. All investment income is treated as unrestricted.

Investment properties include properties that arise from legacies or lifetime gifts from donors where legal title has passed to the Charity. Investment properties are included on the Balance Sheet at fair value. Investment property land is valued by an independent valuer who holds a relevant professional qualification and has relevant experience of both the class and location of the asset. Investment properties that relate to properties with a life interest where legal title has passed to the Charity are valued by management based on the current market value of similar properties less an adjustment to reflect the life interest. Properties with a life interest cannot be sold until the life interest held by a third party has ended.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long-term investment purposes.

Programme related social investments

Programme related social investments are investments made in order to directly further the charitable purposes of the Charity. Any financial return obtained is not the primary reason for making the investment. Programme related social investments are held at cost adjusted for impairment losses. Impairments in the value of programme related investments are charged to charitable expenditure. Gains in the value of programme related investments are credited to investment income.

Where the Charity has a significant interest in a programme related investment, it will be treated as either a joint venture or an associate, dependent on the level of control exerted by the Charity. Joint ventures and associates are included at cost, subsequently adjusted for the Charity's share in the associate's net assets under the equity method in the consolidated financial

1. Accounting policies (continued)

statements. The annual movement in the value of programme related investments is shown as a separate category in the investments note.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values, but not held for investment purposes.

Financial instruments

The Charity has applied the provisions of FRS 102, Section 11, 'Basic Financial Instruments' and Section 12, 'Other Financial Instruments Issues'. Financial assets and liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. The Charity initially recognises a financial asset or a financial liability at transaction price, for debtors and other creditors this is the settlement amount. Grant commitments over one year are discounted to reflect present value.

Stocks and property awaiting sale

Goods purchased for resale are valued at the lower of cost and net realisable value. Gifted properties awaiting sale are valued at their fair value, which is their expected sale price, less costs of sale. Properties awaiting sale are valued by an independent valuer who holds a relevant professional qualification and has relevant experience of both the class and location of the asset.

Debtors and creditors

Trade debtors and other receivables are recognised at their transaction price less any allowance for doubtful debts. Liabilities are recognised when, as a result of past events, there is a probable future outflow of resources and the amount can be estimated reliably. Trade creditors and other payables are included at their nominal value.

Grant commitments

Grants are generally made to organisations to meet employment and development costs of Macmillan

post holders and related service developments, to assess and meet patient needs. This covers costs associated with health, financial, information and emotional and practical support developments, including buildings. The full value of the charitable grant is recognised in the year in which the commitment is made and shown as a long or short-term creditor as appropriate. The discount applied to grant commitments not yet paid falling due after more than one year to adjust the valuation to its present value is the current base rate. Commitments are recognised on the date the Charity formally notifies the recipient of the award.

Macmillan grants are grants to individuals which are made to cover a wide range of practical needs and are recognised in the year in which they are paid.

Releases of grant commitments

There are occasions when it becomes necessary to withdraw and redeploy a grant which has been approved in a prior year. Where redeployment occurs the intention of the original grant is observed where possible. If it cannot be spent in the current year, the funds revert to the original unrestricted or restricted reserve.

Provisions

Provisions are recognised when the Charity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Leases

The Charity enters into operating leases as detailed in note 27. Expenditure on operating leases is charged in the Statement of Financial Activities as incurred.

Fund accounting

Restricted, designated and general funds are separately disclosed, as set out in note 25. The different funds held are defined as follows:

Restricted funds

These are subject to specific restrictions imposed by the donor or by the nature of the appeal.

Designated funds

These are set aside at the discretion of the trustees for specific purposes. They would otherwise form part of the general funds.

General funds

These are available to spend at the discretion of the trustees in furtherance of the charitable objectives of the Charity.

Any transfers between funds and any allocations to and from designated funds are approved by trustees.

Pensions

During the year the Charity operated a contributory, defined benefit pension scheme for employees. The scheme closed to the accrual of future benefits on 30 June 2010. The scheme is accounted for in accordance with FRS 102.

In accordance with FRS 102, following the closure of the scheme during 2010, the resultant scheme surplus is not recognised on the Charity's Balance Sheet. Any future scheme deficit would be shown on the Charity's Balance Sheet.

The assets of the scheme are held separately from those of the Charity in an independently administered fund. The Charity also contributes to a separate stakeholder pension scheme provided by Legal & General. Contributions to the Charity's stakeholder pension scheme are charged to the Statement of Financial Activities in the year in which they become payable.

Macmillan contributed to a further defined benefit pension scheme, the National Health Service Pension Scheme which is unfunded. It is not possible for Macmillan to identify its share of the liabilities for the scheme and therefore contributions are recognised in the Statement of Financial Activities in the year in which they become payable.

2. Legacy income

	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
	70,727	6,995	77,722	80,039

3. Donation income

	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
Local fundraising committees	1,393	2,637	4,030	3,972
Fundraising events	58,609	770	59,379	56,117
Corporate income	11,373	6,276	17,649	19,486
Philanthropy	1,963	2,231	4,194	5,245
General donations	11,168	776	11,944	12,106
Direct marketing	30,343	16	30,359	33,202
Donated services and facilities	2,829	-	2,829	2,921
	117,678	12,706	130,384	133,049

Donated services and facilities comprises contributions totalling £2,152,000 (2018: £1,770,000) to our fuel management programme, £173,000 (2018: £260,000) of advertising space and £504,000 (2018: £542,000) in respect of professional advice including training. There were no contributions during the year for development of our volunteer management system (2018: £349,000). The Charity also benefits from the services of unpaid volunteers.

4. Grant income

	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
Scottish Government – Income Maximisation	-	-	-	62
Scottish Government – Improving Cancer Journey Programme	-	2,000	2,000	-
Department of Work and Pensions – Access to Work scheme	26	-	26	43
University of Southampton – RESTORE Web Development	-	4	4	-
Sussex Cancer Fund – Macmillan Horizon Centre, Brighton	-	52	52	53
	26	2,056	2,082	158

5. Income from trading activities

	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
Lottery and raffle	13,027	-	13,027	12,071
Local fundraising committees sales	636	1,328	1,964	2,354
Fundraising events	442	-	442	476
Corporate and other trading income	2,571	-	2,571	1,914
Sales activities undertaken by Macmillan Cancer Support Sales Limited	842	-	842	781
	17,518	1,328	18,846	17,596

6. Investment income

	2019 Unrestricted £'000	2018 Unrestricted £'000
Income from fixed asset investments	3,594	4,732
Income from cash and current asset investments	205	144
	3,799	4,876

7. Subsidiary undertakings

As at 31 December 2019, the Charity had eight wholly owned subsidiaries which are incorporated in the UK. The registered address for all the subsidiary undertakings is 89 Albert Embankment, London, SE1 7UQ. All of their taxable profits each year are transferred to the Charity. The specific activity or status of each company is:

	Company registration number	Principal activity
Macmillan Cancer Support Sales Limited	934859	Sale of Christmas cards and other items
Macmillan Cancer Support Trading Limited	2779446	Fundraising trading activities
Macmillan Cancer Support Enterprises Limited	3123290	Building construction
Cancerbackup	2803321	Dormant
Macmillan Healthcare Lottery Limited	9771479	Seasonal raffle
Macmillan Cancer Information Lottery Limited	9771409	Weekly lottery
Macmillan Financial Grants Lottery Limited	9494065	Weekly lottery
Macmillan Influencing Cancer Care Lottery Limited	9771351	Weekly lottery

A summary of the trading results and Balance Sheets of the non dormant companies is shown below. The companies have the same year end date as the Charity.

	Macmillan Cancer Support Enterprises Limited £'000	Macmillan Cancer Support Sales Limited £'000	Macmillan Cancer Support Trading Limited £'000	Macmillan Healthcare Lottery Limited £'000	Macmillan Cancer Information Lottery Limited £'000	Macmillan Financial Grants Lottery Limited £'000	Macmillan Influencing Cancer Care Lottery Limited £'000	2019 Total £'000	2018 Total £'000
Profit and loss for year ended 31 December 2019									
Turnover	1	841	2,911	3,187	3,527	3,445	2,865	16,777	15,091
Cost of sales	-	(251)	(554)	(834)	(1,641)	(1,387)	(1,606)	(6,273)	(4,962)
Gross profit	1	590	2,357	2,353	1,886	2,058	1,259	10,504	10,129
Operating costs	(1)	(205)	(4)	(325)	(6)	(6)	(6)	(553)	(595)
Interest receivable	-	1	2	3	-	-	-	6	3
Net profit	-	386	2,355	2,031	1,880	2,052	1,253	9,957	9,537
Costs recharged by and interest paid to the Charity	-	(218)	(598)	(113)	(58)	(65)	(55)	(1,107)	(940)
Result on ordinary activities before and after taxation	-	168	1,757	1,918	1,822	1,987	1,198	8,850	8,597
Amount donated to the Charity under Gift Aid	-	(168)	(1,757)	(1,918)	(1,822)	(1,987)	(1,198)	(8,850)	(8,597)
Result on ordinary activities before and after taxation	-	-	-	-	-	-	-	-	-
Balance sheet as at 31 December 2019									
Current assets	-	915	2,646	1,101	641	2,585	735	8,623	7,941
Creditors: amounts falling due within one year	-	(915)	(2,646)	(1,101)	(641)	(2,585)	(735)	(8,623)	(7,941)
Net assets	-	-	-	-	-	-	-	-	-
Share capital – ordinary shares at £1 each	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-
Total equity	-	-	-	-	-	-	-	-	-

The called up share capital of Macmillan Cancer Support Sales Limited, Macmillan Cancer Support Trading Limited, and Macmillan Cancer Support Enterprises Limited is £2; for Macmillan Healthcare Lottery Limited, Macmillan Financial Grants Lottery Limited, Macmillan Cancer Information Lottery Limited and Macmillan Influencing Cancer Care Lottery Limited, the called up share capital is £1.

8. Expenditure

	Grants £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	2019 Total £'000	2018 Total £'000
Expenditure on charitable activities	74,584	45,062	33,288	27,895	180,829	195,047
Expenditure on raising income	-	17,785	33,906	13,219	64,910	65,705
	74,584	62,847	67,194	41,114	245,739	260,752

Other direct costs associated with raising income include direct event and campaign costs, marketing and advertising.

Analysis of apportioned support costs

	Governance £'000	Human Resources and Facilities £'000	Information Technology £'000	Finance, Legal and Executive £'000	Policy and Communi- cations £'000	2019 Total £'000	2018 Total £'000
Charitable	924	8,024	7,332	6,134	5,481	27,895	28,965
Fundraising	438	3,803	3,475	2,907	2,596	13,219	15,388
	1,362	11,827	10,807	9,041	8,077	41,114	44,353

Support costs, including staff costs, were apportioned to activities on the basis of staff numbers on a full time equivalent basis for each of the departments supporting the various activities. Governance costs included within support costs are apportioned on the same basis.

Analysis of governance costs

	2019 £'000	2018 £'000
Employees and contract staff	1,013	1,574
External audit fees:		
Audit work	121	110
Audit related assurance services	-	8
Other governance related services	-	148
Board meeting expenses	23	13
AGM and annual report costs	17	18
Legal, strategy and other costs	188	111
	1,362	1,982

External audit fees include non recoverable VAT.

9. Expenditure on raising income

	2019 £'000	2018 £'000
Costs of raising legacies, donations and grants	55,921	58,073
Costs of trading activities	8,262	6,818
Investment management fees	727	814
	64,910	65,705

10. Expenditure on charitable activities

	Direct and indirect staff costs £'000	Grants £'000	Direct and indirect other costs £'000	2019 Total £'000	2018 Total £'000
Healthcare					
Macmillan nurses	4,498	43,957	4,149	52,604	40,808
Macmillan allied health professionals	-	(742)	-	(742)	21,303
Treatment and care buildings	1,867	113	1,431	3,411	9,480
Macmillan GPs	1,505	2,697	456	4,658	4,312
Information and support					
Information services	4,340	26	3,574	7,940	12,174
Information buildings	7	52	29	88	3,192
Mobile Macmillan cancer information centres	3,727	90	1,794	5,611	6,340
Macmillan Support Line	11,372	-	3,469	14,841	11,617
Financial support					
Macmillan grants	1,191	12,663	2,479	16,333	17,628
Macmillan benefits advice	1,365	7,309	604	9,278	11,830
Macmillan welfare rights helpline	4,068	-	1,272	5,340	5,199
Financial guidance service	2,505	-	1,041	3,546	2,980
Practical and emotional support					
Social care schemes	994	7,127	1,406	9,527	5,543
Macmillan social workers	-	(560)	-	(560)	313
Volunteering services	5,968	-	2,037	8,005	7,129
Learning and development					
For Macmillan professionals	1,630	1,001	1,957	4,588	4,407
For people affected by cancer	360	-	205	565	765
Campaigning and raising awareness					
Research to improve cancer services	3,487	615	1,115	5,217	6,070
Public education and awareness raising	1,526	36	12,464	14,026	11,426
Inclusion	76	200	290	566	727
Policy and campaigning	12,360	-	3,133	15,493	11,442
Customer and content management	372	-	122	494	362
	63,218	74,584	43,027	180,829	195,047

Grant commitments vary in size from an individual post to a full redesign of a service or a building. This can cause significant movements in the expenditure within a category from one year to the next.

New grants committed in the year are recognised as charitable expenditure in the year in which they are made and are shown above. Write-backs of underused grants are released against the line of charitable expenditure to which they were originally made.

The grants figure shown above comprises both multi-year grants where the full cost is recognised on the Balance Sheet and as a liability in the year of commitment and those grants, mainly Macmillan grants, which are wholly disbursed during the year.

Grants to institutions and partner organisations totalled £61,921,000 (2018: £79,256,000). Grants to individuals totalled £12,663,000 (2018: £14,291,000). A full list of the grants made to institutions and partner organisations is disclosed in a separate publication which is available on the Charity's website.

11. Net expenditure for the year

This is stated after charging:	2019 £'000	2018 £'000
Depreciation	428	769
Remuneration paid to external auditor:		
Audit work	121	110
Audit related assurance services	-	8
Other services	-	1,106
Operating lease rentals:		
Property	4,338	3,798
Vehicles and equipment	74	85

External audit fees include non recoverable VAT.

No trustee has received any remuneration from the Group during the year (2018: £nil). The total amount of trustee expenses incurred directly by Macmillan or reimbursed during the year was £8,103 (2018: £5,114), which all related to trustee meetings and seminar attendance. One trustee was reimbursed in 2019 (2018: one). Donations received from trustees during the year totalled £9,294 (2018: £10,430). Trustees also generate non donation income through their involvement in, and support of, other Macmillan activities.

12. Staff costs and numbers

	2019 £'000	2018 £'000
Wages and salaries	68,671	66,079
Agency and contract staff	2,977	5,002
Employers' National Insurance contributions	7,537	7,404
Pension costs	7,706	6,627
Other employee benefits	1,253	1,614
Redundancy and termination costs	1,654	684
	89,798	87,410

Redundancy and termination costs included amounts totalling £484,000 (2018: £85,000) which were unpaid as at 31 December 2019. The Executive Strategy Team (EST) are regarded as the Charity's key management personnel under the Financial Reporting Standard 102. The total earnings, including benefits, employer pension contributions and termination payments received by staff who were members of the EST during 2019 totalled £1,462,000 (2018: £1,389,000). During the year payments were made to 9 staff (2018: 8 staff).

The number of employees whose total earnings in the year (including benefits but excluding employer pension contributions) fell into the bands below were:	2019 No.	2018 No.
£60,001 – £70,000	69	60
£70,001 – £80,000	29	27
£80,001 – £90,000	14	16
£90,001 – £100,000	6	8
£100,001 – £110,000	10	5
£110,001 – £120,000	2	-
£120,001 – £130,000	3	2
£130,001 – £140,000	1	3
£140,001 – £150,000	2	2
£150,001 – £160,000	1	-
£160,001 – £170,000	-	-
£170,001 – £180,000	-	1
£180,001 – £190,000	1	1

The Chief Executive was the highest paid employee in 2018 and 2019.

Retirement benefits are accruing under defined benefit schemes for 37 (2018: 38) higher paid employees. Contributions totalling £528,000 (2018: £448,000) were made to stakeholder schemes for 118 (2018: 106) higher paid employees.

The average number of staff employed during the year was 1,943 (2018: 1,925) which includes 418 part time staff (2018: 410). The average number of full time equivalent (FTE) staff employed during the year was 1,810 (2018: 1,801).

The average FTE is analysed by function as follows:

	2019 No.	2018 No.
Fundraising	582	625
Charitable	1,228	1,176
	1,810	1,801

13. Tangible assets

The Group and Charity	Assets under construction £'000	Leasehold property £'000	Leasehold property improvements £'000	Motor vehicles £'000	Computer equipment and software £'000	Furniture and equipment £'000	Total £'000
Cost							
At 1 January 2019	178	7,096	2,169	1,075	864	1,418	12,800
Additions in the year	36	-	198	49	-	293	576
Disposals in the year	-	-	-	-	(39)	(110)	(149)
Transfers of assets brought into use	(178)	-	108	70	-	-	-
At 31 December 2019	36	7,096	2,475	1,194	825	1,601	13,227
Accumulated depreciation							
At 1 January 2019	-	329	2,034	767	833	1,306	5,269
Charge for the year	-	143	71	98	12	104	428
Disposals in the year	-	-	-	-	(39)	(110)	(149)
At 31 December 2019	-	472	2,105	865	806	1,300	5,548
Net book value							
At 31 December 2019	36	6,624	370	329	19	301	7,679
At 31 December 2018	178	6,767	135	308	31	112	7,531

The assets under construction at the year end relate to leasehold improvements for our Head Office premises in London, and the purchase of IT assets.

Capital commitments as at 31 December 2019 totalled £672,000 (2018: £553,000).

14. Fixed asset investments

The Group and Charity	Listed investments and related foreign exchange contracts £'000	Unlisted investments and related foreign exchange contracts £'000	Money market funds and cash for reinvestment £'000	Investment properties £'000	Programme related investments £'000	2019 Total £'000	2018 Total £'000
Market value at 1 January	138,635	3,992	13,451	742	539	157,359	164,941
Purchased acquisitions	36,681	34	(36,715)	-	745	745	210
Shares and investments acquired via legacies and gifts	-	-	-	59	-	59	-
Transfer to cash and cash equivalents	-	-	(41,262)	(413)	-	(41,675)	(5,911)
Disposal proceeds	(91,872)	(7)	91,879	(53)	-	(53)	-
Net income reinvested	(46)	-	2,941	-	-	2,895	3,944
Net gains and losses on investments	13,525	(848)	1,593	149	144	14,563	(5,825)
Market value at 31 December	96,923	3,171	31,887	484	1,428	133,893	157,359
Transfer to current asset investments						-	(38,000)
Total fixed asset investments						133,893	119,359

The transfer to current asset investments in 2018 represents the value of investments that were liquidated in 2019.

Investments in cash and cash equivalents within the £31,887,000 (2018: £13,451,000) money market funds and cash for re-investment above includes £25,008,000 (2018: £6,503,000) in highly rated money market funds.

The programme related investment relates to the Charity's investment in the Care and Wellbeing Fund in partnership with Social Finance and Big Society Capital.

Investment properties comprises properties received from legacies when the Charity has title but there is a life interest.

The historical cost of Group and Charity fixed asset investments before the transfer to current asset investments at 31 December 2019 was £123,730,000 (2018: £155,326,000).

15. Current asset investments

The Group and Charity

	2019 £'000	2018 £'000
Listed investments	39,337	16,817
Transfer from fixed asset investments	-	38,000
	39,337	54,817

The historical cost of the Group and Charity's listed investments at 31 December 2019 was £39,337,000 (2018: £16,817,000).

16. Cash and cash equivalents

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Cash at bank and in hand	6,564	6,719	863	2,233
	6,564	6,719	863	2,233

17. Financial instruments

Categories of financial instruments	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Financial assets				
Fixed asset investments	133,893	157,359	133,893	157,359
Current asset investments	39,337	54,817	39,337	54,817
	173,230	212,176	173,230	212,176
Cash at bank and in hand	6,564	6,719	863	2,233
Debtors	65,835	70,232	69,529	72,583
	245,629	289,127	243,622	286,992
Financial liabilities				
Grants committed not yet paid	205,061	210,441	205,061	210,441
Other creditors and deferred income	10,649	10,902	8,414	8,683
	215,710	221,343	213,475	219,124

Risk management

The Group is exposed through its operations and investments to the following financial risks:

- Market risk
- Foreign currency exchange rate risk
- Credit risk
- Liquidity risk

Market risk, including foreign currency exchange rate risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices. Market prices are influenced by movements in interest rates, currency movements and other market factors. The Charity manages this risk by employing professional investment managers and aims to hold a widely diversified portfolio of investments. As a result of the coronavirus pandemic, the trustees decided to liquidate the long-term fund in its entirety in order to reduce exposure to changes in investment prices and improve liquidity.

The Charity is exposed to foreign currency exchange rate risk through its investment activities in assets denominated in foreign currencies. The Charity uses foreign exchange forward and option contracts to hedge this exposure.

All other non-investment related activities are denominated in sterling and therefore do not generate any foreign exchange rate risk.

17. Financial instruments (continued)

Credit risk

Credit risk in the Charity's investment portfolio as at 31 December 2019 and 31 December 2018 relates to the risk that funds in which the Charity has an investment would fail to process a request for redemption of the investment. The Charity manages this risk by employing professional investment managers and holding a widely diversified portfolio of investments ensuring that risks taken are carefully managed, monitored and controlled.

The nature of the Charity's non-investment assets and customer profile means that the Charity is not exposed to significant credit risk on these assets.

Liquidity risk

The Charity's reserves policy is framed to ensure there is no liquidity risk. The Charity has a policy of holding funds on deposit with our bankers, or investing in highly rated money market funds, to ensure cash is available to meet liabilities as they arise.

18. Stocks and property awaiting sale

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Goods for resale	220	84	-	-
Gifted properties awaiting sale	938	-	938	-
	1,158	84	938	-

19. Debtors

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade debtors	570	1,042	-	-
Amount owed by subsidiary undertakings	-	-	4,802	4,236
Accrued legacy income	58,745	60,519	58,745	60,519
Gift Aid recoverable	723	356	723	356
Sundry debtors	3,021	3,066	3,021	3,066
Prepayments and other accrued income	3,499	5,605	2,961	4,762
	66,558	70,588	70,252	72,939

It is estimated that £45,000,000 (2018: £44,000,000) of the accrued legacy income shown above will be received within one year.

In addition to the accrued legacy income above, the Charity has been notified of legacies for which no income has been recognised at 31 December 2019 because the income recognition criteria has not been met. The actual timing and amounts to be received are unknown. Based on the average value of legacies received, the value of these is estimated to be in the region of £30,000,000 (2018: £25,000,000).

Included within the amount owed by subsidiary undertakings is a loan of £370,000 (2018: £220,000) to Macmillan Cancer Support Sales Limited. Interest is payable on the loan and is calculated at base rate plus 2%. The loan is repayable by 31 December 2020, and is secured by a first-ranking debenture dated 28 July 1999 containing fixed and floating charges over all the assets of the subsidiary company.

20. Grants committed not yet paid

The Group and Charity

	Macmillan professionals' grants £'000	Buildings £'000	Other £'000	2019 Total £'000	2018 Total £'000
Commitments at 1 January	143,928	17,633	48,880	210,441	204,778
Grants paid during the year	(45,399)	(5,027)	(15,462)	(65,888)	(72,204)
New grants committed during the year	61,401	663	8,506	70,570	89,440
Commitments released as no longer required	(4,110)	(501)	(5,451)	(10,062)	(11,573)
Commitments at 31 December	155,820	12,768	36,473	205,061	210,441
Falling due within one year	45,782	9,116	13,243	68,141	70,094
Falling due after one year	110,038	3,652	23,230	136,920	140,347
Commitments at 31 December	155,820	12,768	36,473	205,061	210,441

Other grants are those which are made in relation to a service which is more than just for a Macmillan professional post or a building. This includes developing and supporting research and services to assess and meet patient needs across health, financial, information, emotional and practical support, from diagnosis onwards.

21. Other creditors and deferred income

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Taxation and social security	2,502	2,492	2,510	2,492
Accruals	3,198	1,460	3,039	1,387
Trade creditors	5,172	7,283	4,644	6,712
Other creditors	244	134	269	134
Deferred income	2,035	2,025	462	450
	13,151	13,394	10,924	11,175

22. Deferred income

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Deferred income at 1 January	2,025	1,840	450	458
Income deferred in the year	1,593	1,575	20	-
Deferred income released from prior years	(1,583)	(1,390)	(8)	(8)
Deferred income at 31 December	2,035	2,025	462	450

23. Provisions for liabilities

The Group and Charity

	Dilapidations £'000	Other £'000	2019 Total £'000	2018 Total £'000
Provisions at 1 January	533	-	533	467
Additional provisions made in the year	222	-	222	86
Provisions released from prior years	(21)	-	(21)	(20)
Provisions for liabilities at 31 December	734	-	734	533

The dilapidations provisions relate to property leases with various termination dates up until November 2033.

24. Analysis of group net assets between funds

	Restricted funds £'000	Designated funds £'000	General funds £'000	Total funds £'000
Tangible assets	4,495	3,184	-	7,679
Fixed asset investments	-	-	133,893	133,893
Cash and current asset investments	49,974	1,701	(5,774)	45,901
Debtors, stocks and property awaiting sale	6,340	-	61,376	67,716
Creditors, deferred income and provisions	(39,116)	(1,701)	(178,129)	(218,946)
Net assets at 31 December 2019	21,693	3,184	11,366	36,243

25. Movements in group funds

	Balance 1 January 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Gain on investments £'000	Transfers £'000	Balance 31 December 2019 £'000
Restricted funds						
Local appeals	(199)	2,770	(2,837)	-	-	(266)
Macmillan Horizon Centre	4,483	-	(117)	-	-	4,366
Department of Health grants	104	-	11	-	-	115
Mobile Information support	178	-	(49)	-	-	129
Other funds	18,196	20,315	(21,162)	-	-	17,349
Total restricted funds	22,762	23,085	(24,154)	-	-	21,693
Unrestricted funds						
General funds						
Investment revaluation reserve	2,033	-	-	-	8,130	10,163
Other general funds	7,065	201,684	(213,521)	14,419	(8,444)	1,203
Total general funds	9,098	201,684	(213,521)	14,419	(314)	11,366
Designated funds						
Tangible asset fund	2,870	-	-	-	314	3,184
Macmillan local services	-	1,139	(1,139)	-	-	-
Healthcare	-	1,918	(1,918)	-	-	-
Information services	-	1,822	(1,822)	-	-	-
Macmillan grants	-	1,987	(1,987)	-	-	-
Influencing cancer care	-	1,198	(1,198)	-	-	-
Total designated funds	2,870	8,064	(8,064)	-	314	3,184
Total unrestricted funds	11,968	209,748	(221,585)	14,419	-	14,550
Total funds	34,730	232,833	(245,739)	14,419	-	36,243

25. Movements in group funds (continued)

Purposes of restricted funds

Local appeals

Local appeal funds comprise income generated from fundraising activities by Macmillan appeals throughout the UK. Local appeal deficits arise where we commit to funding the service early on in an appeal. Under our accounting policy, we recognise the full cost of multi-year grants when the commitment is made. Often, we will take three years to raise the income necessary to meet this cost. Such appeals will start in deficit and gradually work their way to break even over the life of the appeal. During the year no funds (2018: £nil) were transferred from unrestricted funds to restricted appeal funds to cover deficits which will not be matched by future fundraising. It is anticipated that the remaining deficits will be matched by future restricted income flows.

Some appeals raise significant funds before the actual grant commitment is made, particularly building appeals. As a result, they appear in surplus for the first part of the life of the appeal. Appeals at the year end in surplus totalled £1,992,000 (2018: £3,168,000). Appeals in deficit totalled £2,258,000 (2018: £3,367,000).

Macmillan Horizon Centre

Depreciation in the year of £117,000 (2018: £117,000, fixed asset expenditure net of depreciation) funded from appeal funds relating to an information and support centre adjacent to the Brighton Cancer Centre. The fund balance at 31 December 2019 was £4,366,000 (2018: £4,483,000).

Department of Health Grants – National Cancer Survivorship Initiative

There were no funds received or expended in the year (2018: £nil). Grants released back to the fund in the year totalled £11,000 (2018: £11,000). The fund balance at 31 December 2019 was £115,000 (2018: £104,000).

Mobile Information and Support Service buses

Depreciation in the year of £49,000 (2018: £49,000, fixed asset expenditure

net of depreciation) funded from other funds relating to two Mobile Information and Support Service buses. The fund balance at 31 December 2019 was £129,000 (2018: £178,000).

Other funds

Other restricted funds comprise income for specific Macmillan activities. At 31 December 2019, the balance of £17,349,000 (2018: £18,196,000) is made up of:

Healthcare and information funds

Income which has been restricted to these funds has come from a variety of sources and is restricted either to clinical or information services, including nurses, allied health professionals, clinical and information buildings and information services. The income is sometimes further restricted to either a type of post or service or to a post or service at a specific location. Funds will be expended as appropriate posts are identified or developed. The balance at the year end totalled £12,933,000 (2018: £14,243,000).

Financial support and practical and emotional support funds

Income which has been restricted to these funds has come from a variety of sources and is restricted either to financial support or daily living including volunteer schemes and social work. Much of this income is restricted to a geographical area, and it is likely that we will expend a significant proportion of this income on Macmillan grants to individuals. There may, however, be other service developments in the area of the restriction and the income may be spent on such new service developments. The balance at the year end totalled £4,416,000 (2018: £3,953,000).

Designated funds

Tangible asset fund

The tangible asset fund represents the value of general funds invested in tangible assets which are not, by the nature of tangible assets, readily available for use for other purposes. The transfer in of £314,000 (2018:

transfer out of £247,000) makes the value of the fund equal to the net book value of the tangible assets less any restricted tangible assets at 31 December 2019. Tangible asset expenditure financed from restricted funds is shown within the restricted fund balances.

Macmillan local services

£1,139,000 (2018: £671,000) was designated and spent in the year on Macmillan professional posts, to match cause related marketing raised to fund local Macmillan services.

Healthcare

The £1,918,000 (2018: £1,910,000) profits donated to the Charity from Macmillan Healthcare Lottery Limited were designated and spent during the year on healthcare services.

Information services

The £1,822,000 (2018: £2,049,000) profits donated to the Charity from Macmillan Cancer Information Lottery Limited were designated and spent during the year on information services.

Macmillan grants

The £1,987,000 (2018: £1,613,000) profits donated to the Charity from Macmillan Financial Grants Lottery Limited (plus in 2018, £13,000 relating to an individual donor) were designated and spent during the year on Macmillan grants.

Influencing cancer care

The £1,198,000 (2018: £1,521,000) profits donated to the Charity from Macmillan Influencing Cancer Care Lottery Limited were designated and spent during the year on influencing cancer care.

Other unrestricted funds

Investment revaluation reserve

The investment revaluation reserve is calculated as the difference between the market valuation and the historical cost of the Charity's investments. The transfer in of £8,130,000 (2018: transfer out of £4,082,000) is an adjustment to align the fund to the difference between market value and historical cost at 31 December 2019.

26. Related party transactions

Iain Cornish is a trustee and the Treasurer of Macmillan Cancer Support. He is also a Non Executive Director of the St. James's Place Wealth Management Group. During 2019 the St. James's Place Charitable Foundation made no donations (2018: £4,000) to Macmillan Cancer Support.

Jane Cummings is a trustee of Macmillan Cancer Support. She is also Chief Nursing Officer for England and National Executive Director of NHS England. Macmillan Cancer Support had many interactions and relationships with NHS England during 2019. However, there were no related party transactions that she had direct influence over or financial interest in.

Tim Eisen is a trustee of Macmillan Cancer Support. He is also a professor of Medical Oncology at the University of Cambridge and a shareholder at AstraZeneca. During the year, Macmillan received income of £33,000 (2018: £nil) from AstraZeneca.

Sue Langley OBE is a trustee of Macmillan Cancer Support. She is also a Vice President of the Insurance Institute of London (IIL). Macmillan paid £2,000 (2018: £4,000) to the IIL for staff training and membership fees.

Rosie Loftus is the Chief Medical Officer of Macmillan Cancer Support. Rosie's husband, Dr Peter Green, is the Chair at Medway Clinical Commissioning Group (CCG). During 2019, Macmillan Cancer Support did not make any grant payments to Medway CCG (2018: £137,000, which comprised of £66,000 for benefits advice; £31,000 for support services and £40,000 for a GP post). During 2019 Macmillan made payments in relation to commitments from prior years totalling £59,000 (2018: £82,000) to Medway CCG: £29,000 (2018: £45,000) for benefits advice, £10,000 (2018: £16,000) for support services, £10,000 (2018: £14,000) for a GP post, £10,000 (2018: £3,000) for a Primary Care Nurse, and no payments (2018: £4,000) for learning and development.

Feilim Mackle is a trustee of Macmillan Cancer Support. He is also an independent Non Executive Director of Towergate Insurance. During 2019, Macmillan made payments totalling £303,000 (2018: £379,000) to Towergate Insurance.

Jane Maher is a Clinical Adviser of Macmillan Cancer Support, she is also a Non Executive Director of the Christie NHS Foundation Trust. In 2019 grant commitments totalling £144,000 (2018: £460,000) were made to the Christie NHS Foundation Trust: £143,000 (2018: £414,000) for professional posts and £1,000 (2018: £4,000) for support grants. No payments were made (2018: £42,000) for emotional and practical support schemes. In 2019, no payments were made (2018: £114,000) in relation to professional posts for the prior year. In addition a further £1,206,000 (2018: £508,000) was paid in respect of grants committed in prior years: £1,179,000 (2018: £453,000) in relation to professional posts; and £27,000 (2018: £55,000) for research. In 2019, £30,000 (2018: £7,000) was paid in respect of non committed grant expenditure for learning and development. Further payments were made totalling £40,000 (2018: £16,000) for non grant training and learning and development fees and £15,000 (2018: £40,000) for providing training courses to Macmillan professionals.

Julia Palca was the Chairman of the Board of Trustees of Macmillan Cancer Support until 30 April 2019, she is also Vice Chair of City University of London. In 2019 Macmillan Cancer Support made no payments to City University of London (2018: £105,000 for a research project, £1,000 for non-committed grant learning and development costs, £3,000 for non-grant related learning and development, and £12,000 for consultancy services).

Claire Rowney joined Macmillan on 25 February 2019 and is the Executive Director of Fundraising, Marketing and Communication at Macmillan Cancer Support. She

is also Vice Chair of the Institute of Fundraising. During the year Macmillan made payments of £70,000 (2018: £54,000) to the Institute for membership fees and conferences.

Toby Strauss is a trustee of Macmillan Cancer Support. He is also Non Executive Director on the board of Legal & General plc. During the year Macmillan received income from Legal & General of £3,000 (2018: £1,000).

Fran Woodard was the Executive Director of Policy and Impact for Macmillan Cancer Support until September 2019. She is also Board Member of the Public Health England Cancer Board. During 2019, Macmillan Cancer Support made payments totalling £14,000 (2018: £31,000) to the Public Health England Cancer Board, these payments were for two secondments (2018: £15,000 for three secondments and £16,000 for conferences).

Other

Macmillan is a member of the **National Cancer Research Institute (NCRI)**, which brings together the major organisations that fund cancer research to coordinate their activities including joint funding initiatives. In 2019, the Charity made payments totalling £33,000 (2018: £29,000) to the NCRI: £19,000 (2018: £20,000) relating to NCRI's annual conference, £9,000 (2018: £9,000) for NCRI annual membership and £5,000 (2018: £nil) for an evidence review.

Macmillan Cancer Support

Jersey Limited (MCSJ Ltd) is a company limited by guarantee and incorporated in the Island of Jersey (company number 104090). It is an independent organisation which carries out fundraising on the Island and funds Macmillan services. Edmond Murphy was the Head of Services for South West England and a Director of MCSJ Ltd until 6 March 2020. During 2019 the Charity did not have any transactions with MCSJ Ltd (2018: £nil).

26. Related party transactions (continued)

Other (continued)

Macmillan had a long standing relationship with the **National Association of Laryngectomee Clubs** which came to an end in 2018. The final grant payment of £24,000 was made to the National Association of Laryngectomee Clubs in 2018.

The Charity acted as the Secretariat for the **All Party Parliamentary Group on Cancer**, a group which brings

together MPs and Peers to improve cancer services. The Charity operates a separate bank account for the Group which had a balance of £59,000 (2018: £51,000) as at 31 December 2019.

Lynda Thomas, the Chief Executive Officer at Macmillan Cancer Support, is the Vice-Chair of the Richmond Group of Charities. Macmillan Cancer Support is a member of the Richmond

Group and provides administrative support to the Group. It makes payments and receives income on behalf of the Group. At the year end the Charity held funds totalling £143,000 (2018: £89,000) on behalf of the Group. In 2018 Macmillan received a grant of £30,000 from the DCMS Life Chances Fund on behalf of the Group.

27. Operating lease commitments

The Group and Charity

The Group and Charity had commitments to future minimum lease payments under non cancellable operating leases at the year end as follows:

	Property 2019 £'000	Property 2018 £'000	Vehicles and equipment 2019 £'000	Vehicles and equipment 2018 £'000	Total 2019 £'000	Total 2018 £'000
Within 1 year	3,904	4,268	65	77	3,969	4,345
Between 1 and 5 years	10,614	7,435	18	85	10,632	7,520
After 5 years	-	-	-	-	-	-
	14,518	11,703	83	162	14,601	11,865

28. Contingent liabilities

There were no material contingent liabilities as at 31 December 2019 (2018: £nil).

29. Post balance sheet events

The coronavirus pandemic has impacted Macmillan's operations. As disclosed in note 14 and note 17, the value of fixed asset investments was £133,900,000 at 31 December 2019. From 31 December 2019 to the date of signing these financial statements, there has been significant volatility in the stock markets due to the pandemic. In order to reduce exposure to changes in investment prices and improve liquidity, in May 2020 the trustees instructed Sarasin & Partners to liquidate the long-term fund in its entirety, converting it into cash and short dated, high quality corporate bonds. At the date of signing, £78,300,000 had been liquidated and invested in the BlackRock Sterling Liquidity fund and transferred to the short-term portfolio.

As disclosed in note 20, the grant commitment balance totalled £205,100,000 at 31 December 2019. As a direct consequence of the coronavirus pandemic it was decided in April 2020 that £19,500,000 of these grant commitments would be written back in 2020 due to an anticipated significant reduction in income, and in response to the feedback that some partners were unable to develop services as planned against the original commitment.

The financial impact of the pandemic on the Group will be reflected in the 2020 financial statements.

30. Pension costs

During 2019, the Charity operated a defined benefit pension scheme for employees who joined the scheme before 30 April 2005, the date the scheme was finally closed to all new entrants. On 30 June 2010, the scheme closed to the accrual of future benefits. The assets of the defined benefit scheme are held separately from those of the Charity in an independently administered fund. From 1 May 2004, the Charity has paid contributions for eligible employees into a stakeholder pension scheme. The Charity has also paid contributions for eligible employees into the National Health Service (NHS) Pension.

Macmillan defined benefit scheme

The actuary has computed the following information about the financial position of the scheme as at 31 December 2019:

Scheme assets and liabilities	2019 £'000	2018 £'000
Fair value of the scheme assets	52,303	48,815
Present value of scheme liabilities	(41,453)	(39,260)
Net surplus	10,850	9,555

Following closure of the scheme to future accrual, in accordance with Financial Reporting Standard (FRS) 102, the scheme surplus is not recognised on the Charity's Balance Sheet.

Scheme funds are administered by the scheme's trustees and are independent of the Charity's finances. The scheme is a UK based defined benefit scheme, providing benefits at retirement and on death in service.

The scheme is subject to triennial valuation by an independent actuary using the projected unit method. The most recent triennial valuation was undertaken as at 31 December 2016 and reported a funding surplus of £657,000.

Following closure of the scheme to future accrual on 30 June 2010, there were no employer contributions made by the Charity in 2019 (2018: £nil). The Charity does not expect to make any contributions in 2020.

For the purposes of the disclosures required under FRS 102, the actuarial valuation has been updated at 31 December 2019 by a qualified actuary using the following assumptions:

Financial assumptions	2019	2018
Discount rate	1.90%	2.70%
Retail price inflation	2.80%	3.30%
Consumer price inflation	2.00%	2.30%
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment RPI capped at 5%	2.80%	3.10%
Rate of increase in pensions in payment RPI capped at 2.5%	2.10%	2.30%
Rate of increase in deferred pensions	2.00%	2.30%

The liabilities allow for future discretionary increases of RPI (capped at 5% per annum) to be awarded each year on pension accrued to 6 April 1997.

Mortality assumptions	2019 life expectancy	2018 life expectancy
Using mortality table S3PMA/S3PFA CMI Model 2018 [1.25%] (year of birth)	years	years
Males at 65 in 2019	21.7	22.0
Females at 65 in 2019	23.4	23.9
Males at 65 aged 45 in 2019	23.0	23.4
Females at 65 aged 45 in 2019	24.9	25.4

The scheme's assets also include £133,000 (2018: £147,000) of insured annuity policies in relation to pensions secured prior to May 1993.

30. Pension costs (continued)

An analysis of the scheme assets and the expected long-term return rates at 31 December 2019 was as follows:

	2019 £'000	2018 £'000
Bonds	51,959	48,619
Other	344	196
	52,303	48,815

Assets do not include any amounts for the Charity's own financial instruments or property occupied, or other assets used by the Charity.

The following amounts have been recognised in the financial statements for the year ended 31 December 2019 under the requirements of FRS 102:

	2019 £'000	2018 £'000
Interest income	1,048	983
Interest on liabilities	(1,048)	(983)
Past service cost	-	-
Net credit to the Statement of Financial Activities	-	-
Unrecognisable credit due to closure of the scheme to future accrual	-	-
Amount credited to the Statement of Financial Activities	-	-

	2019 £'000	2018 £'000
Actual return on assets less interest	3,991	(2,303)
Actuarial (losses)/gains on scheme liabilities	(2,696)	2,272
Limit on recognition of assets less interest	(1,295)	31
Amount recognised in the Statement of Financial Activities	-	-

Changes in the fair value of the scheme assets are as follows:	2019 £'000	2018 £'000
Fair value of scheme assets at 1 January	48,815	50,961
Interest income	1,048	983
Contributions	-	-
Benefits paid	(1,551)	(826)
Actual return on assets less interest	3,991	(2,303)
Fair value of scheme assets at 31 December	52,303	48,815

Changes in the present value of the scheme liabilities are as follows:	2019 £'000	2018 £'000
Present value of scheme liabilities at 1 January	39,260	41,375
Past service cost	-	-
Interest on liabilities	1,048	983
Benefits paid	(1,551)	(826)
Actuarial losses/(gains) on scheme liabilities	2,696	(2,272)
Present value of scheme liabilities at 31 December	41,453	39,260

30. Pension costs (continued)

Other pension schemes

The Charity participates in the NHS Pension Scheme, an unfunded, defined benefit scheme for employees who were formerly employed in the NHS, GP practices and other bodies allowed under the direction of the Secretary of State, in England and Wales. During the year the Charity made contributions for 172 employees totalling £1,028,000 (2018: 179 employees, £1,095,000) to the NHS Scheme. There were £102,000 contributions outstanding at the end of the year (2018: £131,000).

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016, which reported that the scheme had accumulated a notional deficit of £19.4 billion against the notional assets as at 31 March 2016. This valuation set the employer contribution rate payable from April 2019, increased by 6.3% to 20.68% of pensionable pay from this date (inclusive of administration levy) although the increase was met by NHS England and the Department of Health and Social Care for the financial year 2019/20. Following the cost increase, from 1 January 2020 the NHS Scheme will be closed to new Macmillan employees. From an accounting perspective, a valuation of the scheme liability is carried out annually by the scheme actuary by updating the results of the full actuarial valuation based on detailed membership data. The latest assessment of the liabilities of the scheme was undertaken for the year to 31 March 2019 and is contained in the scheme actuary report which forms part of the annual NHS Pension (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pension website.

The Charity ceased participation in the Teachers' Pension Scheme on 31 March 2018. This is a defined benefit scheme for employees who were formerly employed by Local Education Authorities. The Teachers' Pension Scheme is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. In the year the Charity therefore made no contributions (2018: 1 employee, £2,000) to the Teachers' Pension Scheme.

The Charity has also made payments into a stakeholder scheme operated by Legal & General. This is a defined contribution scheme. During the year the Charity made contributions for 2,046 employees totalling £6,677,000 (2018: 2,032 employees, £5,530,000). The increase in costs is due to the increase in minimum pension contribution levels for auto enrolment.

Thank you

We simply couldn't be there for people living with cancer without our supporters. There are so many incredible donors, partners, committees, volunteers and fundraisers that we'd like to thank. They include:

AG Barr	Eileen Sinclair
The Albert Hunt Trust	The Elizabeth and Prince Zaiger Trust
Alva Academy	Emlyn and Lorraine Gowing
The Amar Family Charitable Trust	ENGIE UK
The Annandale Charitable Trust	Eric Butcher
Appletiser	Ernest Cooper Ltd
Aviva	E T Clay
Banham Charitable Foundation	Everyone Active
Bank of Scotland	Flat Iron Steak Ltd
Bill Brown's Charitable Settlement of 1989	The Fred Whitton Challenge
Bonmarché	Frodsham Nursing Fund
Boots UK	Gareth Bater
Brenda Tuite-Birbeck	GB Railfreight
Brewery Yard Club	George Cadbury Trust
Callum O'Brien and Jean-Pierre De Villiers	Girlguiding Anglia
Canada Life	Girlguiding London and South East England
Card Factory	The Godfrey Winn Will Trust
CEF	Gordon Hector Maclean
The Churchill Foundation	Greene King
The Constance Travis Charitable Trust	Groupe Atlantic
The Countess of Halifax	Hafele UK Ltd
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Duncan Owen-Elmer	Harvey Nichols
Dunelm Group plc	Health and Social Care Alliance, Scotland

The Hintze Family Charitable Foundation	The Jaspar Foundation
Hitachi Capital (UK) plc	Jeremy Hosking
Hodge Foundation	JPE Holdings Ltd
Homebase	The Joan Alice Miriam Saunders Charitable Trust
Houghton Dunn Charitable Trust	John Burkhill
HSBC UK	The John Coates Charitable Trust
Hugo Boss (Joe Lycett)	The John Scott Trust
Hyams Family Charitable Trust	The Jordan Charitable Foundation
IAA-Advisory and AFPA Trust	Josef Sucharewicz
I&K Motors Ltd	Leonardo MW Ltd
The Ingram Trust	Lloyds Bank
The IWHM Bernard Butler Trust Fund	London Luton Airport Operations Ltd
The James and Patricia Hamilton Charitable Trust	Lord Leverhulme's Charitable Trust
Jason Lewis – Ride Cymru	The Mabel Cooper Charitable Trust



Macmillan's House of Lords vs. House of Commons Tug of War.

The Mackie Foundation	NatWest Group
Marcus and Susanne Beale	Nestlé UK Ltd
The Margaret Giffen Charitable Trust	Next plc
Margaret Thrush	The Northwood Charitable Trust
Marks & Spencer	npower
Marshalls plc	The Oak Foundation
Martin Laing Foundation	The Ofenheim Charitable Trust
Martyn Wells	Ogilvy UK
Maureen Boal Charitable Trust	Olympus Keymed
The McGrath Charitable Trust	One Call Insurance
The Morrisons Foundation	One Stop Stores Ltd
Murdoch Forrest Charitable Trust	Orlight Ltd
Muriel Blackledge	Paris Natar
The Musk-Burton Family Trust	Mr Paul Thompson
National Garden Scheme	PayingTooMuch.com
Nationwide Building Society	The Peacock Charitable Trust



Macmillan Charity Raceday at York Racecourse.

PizzaExpress	The Thompson Family Charitable Trust
Riverstone Management Ltd	The Tom and Sheila Springer Charity
Robert D. Kilgour	Topps Tiles plc
The Robert Fleming Hannay Memorial Charity	Travis Perkins and Benchmarx
Rogers Stirk Harbour + Partners Charitable Foundation Limited	Treating Children with Cancer
Rubab Sultanali Nurmohamed	Trevor Magee
Scottish Widows	Ulster Bank Ltd
Selco Builders Warehouse	Ulster Garden Villages Ltd
The Seroussi Foundation	United Utilities Group plc
Shanks Kilgour Trust	Vistry Homes Yorkshire
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Sir Robert and Lady Ogden	Wolfgang Gorth
Six Degrees Holdings Ltd	York Racecourse and the Raceday Committee
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Snapfish	
SSP UK	
St Edmunds Trust	
Stagecoach London	
The Stephen and Margaret Mary Young Charitable Trust	
Sue and John Pearson	
SUEZ recycling and recovery UK	
The Sumner Wilson Charitable Trust	
Mrs Sylvia Keller – The Samuel Keller Trust	
Team McKeown	
	Volunteer Awards national winners
	Antrim Fundraising Committee
	Chris Hughes
	End of Life Support Volunteer Service (Harrogate)
	Louise Swann
	Lucy Creamer
	Maggie Riordan
	Mavis Paterson
	Online Community Champions
	Sonia Tudor

A special thank you to the 2,642 people who so kindly had the forethought to leave us a gift in their will. Together they contributed £77.7m – over a third of our income. With their support, and the support of the thousands of people who wrote us into their wills in 2019, we will continue to be there for people living with cancer when they most need us.

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We're here to help everyone with cancer live life as fully as they can, providing physical, financial and emotional support.

So whatever cancer throws your way, we're right there with you.



To fundraise, volunteer or campaign for Macmillan, please call **0300 1000 200** or visit [macmillan.org.uk/getinvolved](https://www.macmillan.org.uk/getinvolved)