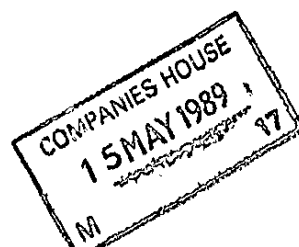


THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

FINANCIAL STATEMENTS

30 SEPTEMBER 1988

490500



THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

REPORT FOR 1988

OBJECTIVES

The council is a registered charity whose objectives are threefold namely:

- (1) Primarily to support research to find the cause of rheumatic disease,
- (2) to teach Rheumatology in Medical Schools and disseminate educational literature to all those professionally engaged in the treatment of arthritis,
- (3) through the foregoing, enhance the understanding of rheumatic disease and clinical service given to the patient.

INCOME

1988 was another fine year for rheumatological research with the Council's income increasing by 11% to £10.2m flowing from its four main sources - legacies, donations, its network of fund raising branches and investments.

EXPENDITURE

Expenditure was £7.7 million of which 82% was directed to research. The reserve in the Academic Development Fund to provide for capital investment in research centres was increased by £1m to £4.5m.

323 projects, programmes and fellowships of the highest possible quality are currently funded at centres of rheumatological excellence across the United Kingdom.

Strong public relations, research symposia and patient literature have underlined to the public the importance of the Council's work and despite the sharply increased workload this success brings, administrative costs have been contained to less than 3p for every £ of income.

OUTLOOK

As our population demographically ages the impact of rheumatic diseases will be more acutely perceived with an increased demand for their cure. The Council must, therefore, continue to make the public more aware of its work in the field of rheumatological research and the need for more funds to sustain and expand its programmes.

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

Telephone: 01-407 8989  
Telex: 884657-8  
Telecopier: 01-378 0047

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF THE ARTHRITIS AND  
RHEUMATISM COUNCIL FOR RESEARCH IN GREAT BRITAIN AND  
THE COMMONWEALTH**

We have audited the financial statements on pages 3 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Council's affairs at 30 September 1988 and of its surplus and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Price Waterhouse*

3 May 1989

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1988

Year ended 30 September 1987		Notes	£	£
	INCOME			
897,085	Donations		797,604	
2,022,159	Net income received from branches		2,002,331	
5,593,085	Legacies and bequests		6,554,591	
677,473	Investment income		811,507	
<u>9,189,802</u>				<u>10,166,033</u>
	EXPENDITURE			
	RESEARCH AND EDUCATION:			
3,581,586	Research Grants, Fellowships and Academic Posts	2&3	4,310,566	
1,296,762	Kennedy Research Institute	4	1,260,165	
355,040	Epidemiology Research Unit		328,548	
374,679	Medical publications and education		396,263	
<u>5,608,067</u>				<u>6,295,542</u>
	APPEALS AND FUND RAISING			
446,844	Staff costs		489,938	
206,229	Advertising and publicity		234,622	
41,949	Depreciation		45,678	
261,552	Other costs		323,133	
<u>956,574</u>				<u>1,093,371</u>
	ADMINISTRATION			
126,292	Staff costs		143,042	
36,802	Depreciation		48,706	
63,343	Other costs		94,706	
<u>226,437</u>				<u>286,454</u>
	INVESTMENT MANAGEMENT			
<u>37,598</u>	Fees			<u>44,340</u>
<u>6,828,676</u>				<u>7,719,707</u>
2,361,126	SURPLUS BEFORE INCREASE IN GRANT COMMITMENTS			2,446,326
(1,412,811)	NET INCREASE IN OUTSTANDING GRANT COMMITMENTS	2&3		(1,071,832)
<u>£948,315</u>	NET SURPLUS TRANSFERRED TO GENERAL RESEARCH RESERVE	9		<u>£1,374,494</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

STATEMENT OF INVESTMENT GAINS AND LOSSES  
FOR THE YEAR ENDED 30 SEPTEMBER 1988

Year ended 30 September 1987		1988
<u>£</u>		<u>£</u>
821,407	Realised gains/(losses) on disposal of investments	(166,956)
<u>2,436,861</u>	Change in unrealised gains on investments	<u>(1,591,054)</u>
<u>£3,258,268</u>	Net investment gains/(losses)	<u>£(1,758,010)</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

BALANCE SHEET - 30 SEPTEMBER 1988

30 September  
1987  
£

		Notes	£	£
<b>FIXED ASSETS</b>				
967,433	Tangible assets	5		994,426
<u>16,031,612</u>	Investments	6		<u>16,049,302</u>
16,999,045				17,043,728
<b>CURRENT ASSETS</b>				
376,550	Sundry debtors	7	467,607	
1,111,442	Cash on deposit		1,743,486	
<u>33,128</u>	Cash at bank and in hand		<u>144,922</u>	
1,521,120			2,356,015	
<b>CURRENT LIABILITIES</b>				
<u>(985,383)</u>	Sundry creditors and accruals	8	(1,176,646)	
<u>535,737</u>	NET CURRENT ASSETS			<u>1,179,369</u>
17,534,782	TOTAL ASSETS LESS CURRENT LIABILITIES			18,223,097
<b>COMMITMENTS UNDER GRANT AWARDS</b>				
(3,806,331)	payment due within one year	2&3		(4,785,917)
<u>(4,501,566)</u>	payment falling due after more than one year			<u>(4,593,811)</u>
<u>(8,307,897)</u>				<u>(9,379,728)</u>
<u>£9,226,885</u>				<u>£8,843,369</u>
<b>FUNDS</b>				
1,196,543	General Research Reserve	9		1,747,108
3,500,000	Academic Rheumatology Development Fund	10		4,500,000
(647,305)	Designated Funds	11		(1,006,645)
<u>5,177,647</u>	Investment Reserve	12		<u>3,602,906</u>
<u>£9,226,885</u>				<u>£8,843,369</u>

Approved by the Council on 3<sup>rd</sup> May 1989

*Constance*  
*CON Hansen*

} Trustees

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30 SEPTEMBER 1988

Year ended 30 September 1987 £		1988 £
<u>948,315</u>	Surplus from income and expenditure account	1,374,494
	Items not involving the movement of funds:	
102,147	Depreciation	113,736
<u>4,994,397</u>	Grants awarded but not paid	<u>5,382,397</u>
5,096,544		5,496,133
2,538,985	Proceeds from sales of investments	895,263
<u>23,496</u>	Proceeds from sale of tangible assets	<u>26,527</u>
2,562,481		921,790
(3,581,586)	Grants expended during the year	(4,310,566)
(5,142,302)	Purchase of investments	(2,756,073)
<u>(154,930)</u>	Purchase of tangible assets	<u>(167,256)</u>
<u>(8,878,818)</u>		<u>(7,233,895)</u>
<u>£(271,478)</u>		<u>£558,522</u>
INCREASE/(DECREASE) IN WORKING FUNDS		
74,877	Increase/(decrease) in debtors	91,057
17,081	(Increase)/decrease in creditors	(191,263)
	Increase/(decrease) in cash balances:	
(366,004)	Council	655,833
<u>2,568</u>	Maisie Lewis Fund	<u>2,895</u>
<u>£(271,478)</u>		<u>£558,522</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988

- 1 The Council is a company limited by guarantee, the liability of the members being limited to £1 each.

2 ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention except that investments are stated at market value.

The financial statements follow the recommendations of Statement of Recommended Practice No 2 issued by the Accounting Standards Committee, except that Research Grants, Fellowships and Academic Posts are included in the income and expenditure account when the grants or awards are approved, and not when the expenditure on the grant is incurred (see Note (a) below).

- (a) Research grants, fellowships and academic post grants are included in the income and expenditure account when the grants or awards are approved. The charge in the income and expenditure account is split between grants paid and payable as a result of the expenditure funded by the grant having been incurred, and the net increase in the total outstanding grants. The Council consider that this presentation in the income and expenditure account discloses more clearly the commitment entered into by them once they have approved and notified an applicant of a grant rather than just including the amount of the grant actually paid in the year, as recommended by Recommended Practice No 2.

The grants cover periods up to 5 years and the total outstanding grants are included in the balance sheet. The amount of outstanding grants relating to grants expended but not paid are included in current liabilities; the balance of the outstanding grants are shown in the balance sheet as commitments.

- (b) Investments are shown in the balance sheet at their market value. The unrealised movement in market value from one year end to another is taken to Investment Reserve or the appropriate designated fund. The market value of investments is determined as follows:

UK Listed	- Stock exchange prices
Overseas Listed	- Stock exchange prices
Unit trusts	- Published prices
Unquoted	- Trustees' valuation
Freehold properties	- Open market value as valued by Savills Limited 30 Grosvenor Hill, Berkeley Square, London W1X 0HQ, and Sherburn & Sherburn, 35 South End, Croydon CR9 1AS

- (c) No account is taken in the balance sheet of funds retained by branches (and representatives) and branch income is taken to the income and expenditure account on the basis of the net amount remitted from the branches.
- (d) Legacies and general donations are accounted for on a cash receipts basis, as this is considered to be the only practical method. Expenditure is accounted for on an accruals basis.



THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

- (e) Depreciation of tangible assets is provided on a straight line basis at rates set out below which are sufficient to write them down to their residual value over their estimated useful lives.

Building	-	2%
Fixtures and fittings	-	10% -25%
Computer	-	25%
Motor vehicles	-	25%

Freehold land is not depreciated.

- (f) The designated funds shown in the accounts have been formed from time to time from donations given for special purposes. They are therefore shown separately in the accounts as are any further donations received towards them or research grants charged against them.
- (g) The Academic Rheumatology Development Fund was created in respect of expenditure, including major grants to finance capital projects and endowments, to promote the establishment of Rheumatology Research Units in the United Kingdom. Such expenditure is shown separately in the income and expenditure account.
- (h) Consolidated financial statements have not been presented because of the different activity of the subsidiary (See note 13).
- (i) All assets and liabilities in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date.

3 RESEARCH GRANTS, FELLOWSHIPS AND ACADEMIC POSTS  
(See note 2 (a))

	<u>1988</u> £	<u>1987</u> £
Amounts outstanding 1 October 1987	9,161,058	7,789,209
Grants awarded during the year	5,382,397	4,994,397
Paid during the year	<u>(4,139,782)</u>	<u>(3,622,548)</u>
Amounts outstanding 30 September 1988	<u>£10,403,673</u>	<u>£9,161,058</u>
Accruals for grants expended but not paid	1,023,945	853,161
Commitments - Payment falling due within one year	4,785,917	3,806,331
- Payment falling due after one year	<u>4,593,811</u>	<u>4,501,566</u>
	<u>£10,403,673</u>	<u>£9,161,058</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

4 KENNEDY INSTITUTE OF RHEUMATOLOGY

This research centre is an associated charity and the Council is committed to supporting it for an indefinite period. The Council's contribution to its budget for 1988/89 is £1.4 million.

5 TANGIBLE ASSETS

<u>Cost</u>	<u>Freehold</u>		<u>Fixtures and fittings</u>	<u>Computer</u>	<u>Motor cars</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>				
	£	£	£	£	£	£
At 1 October 1987	15,000	904,013	96,572	38,683	245,883	1,300,151
Additions	-	-	48,847	25,663	92,746	167,256
Disposals	-	-	(6,997)	-	(79,620)	(86,617)
At 30 September 1988	<u>15,000</u>	<u>904,013</u>	<u>138,422</u>	<u>64,346</u>	<u>259,009</u>	<u>1,380,790</u>
<u>Depreciation</u>						
At 1 October 1987	-	163,086	62,185	9,670	97,777	332,718
Charge for the year	-	18,080	19,817	16,087	59,752	113,736
Released on disposals	-	-	(5,413)	-	(54,677)	(60,090)
At 30 September 1988	<u>-</u>	<u>181,166</u>	<u>76,589</u>	<u>25,757</u>	<u>102,852</u>	<u>386,364</u>
<u>Net book amount</u>						
At 30 September 1988	<u>£15,000</u>	<u>£722,847</u>	<u>£61,833</u>	<u>£38,589</u>	<u>£156,157</u>	<u>£994,426</u>
At 30 September 1987	<u>£15,000</u>	<u>£740,927</u>	<u>£34,387</u>	<u>£29,013</u>	<u>£148,106</u>	<u>£967,433</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

6 INVESTMENTS

	Market value		Cost	
	1988	1987	1988	1987
	£	£	£	£
COUNCIL				
Listed securities - UK	7,886,134	8,209,226	6,728,718	5,193,314
Listed securities - Overseas	3,163,073	3,264,536	2,610,025	2,633,834
Unit trusts	1,335,490	1,344,242	684,846	584,646
Unlisted securities	729,340	753,184	313,114	232,070
	13,114,037	13,571,188	10,336,703	8,643,864
Freehold property	2,492,500	1,917,250	1,666,927	1,666,927
Cash deposits	344,002	432,007	344,002	432,007
	15,950,539	15,920,445	12,347,632	10,742,798
MAISIE LEWIS FUND				
Listed securities	84,480	99,779	42,493	41,479
Cash deposits	14,283	11,388	14,283	11,388
	98,763	111,167	56,776	52,867
	£16,049,302	£16,031,612	£12,404,408	£10,795,665
Investments	15,691,017	15,588,217	12,046,123	10,352,270
Cash deposits	358,285	443,395	358,285	443,395

MOVEMENT ON INVESTMENTS

	Council				Maisie Lewis Fund:
	Total	Listed securities and unit trusts	Unlisted securities	Freehold property	Listed securities
1 October 1987 at market value	15,588,217	12,818,004	753,184	1,917,250	99,779
Additions at cost	2,756,073	2,670,633	81,043	-	4,397
Proceeds of sale	(895,263)	(890,865)	-	-	(4,398)
Profit/(loss) on sale of investments	(166,956)	(167,971)	-	-	1,015
Increase/(decrease) in market value	(1,591,054)	(2,045,104)	(104,887)	575,250	(16,313)
30 September 1988 at market value	£15,691,017	£12,384,697	£729,340	£2,492,500	£84,480

The portfolio of securities is managed on the Council's behalf by Framlington Investment Management Limited, who are also responsible for the custody of the securities.

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

7 SUNDRY DEBTORS

	<u>1988</u>	<u>1987</u>
	£	£
Amount due from subsidiary company	233,993	199,434
Income tax recoverable	102,793	73,978
Prepayments	17,324	22,567
Other debtors	<u>113,497</u>	<u>80,571</u>
	<u>£467,607</u>	<u>£376,550</u>

8 SUNDRY CREDITORS AND ACCRUALS

	<u>1988</u>	<u>1987</u>
	£	£
Creditors	51,097	35,299
Accruals - Grants expended but not paid	1,023,945	853,161
Others	<u>101,604</u>	<u>96,923</u>
	<u>£1,176,646</u>	<u>£985,383</u>

9 GENERAL RESEARCH RESERVE

	<u>1988</u>	<u>1987</u>
	£	£
Balance at 1 October 1987	1,196,543	290,275
Profit/(loss) on sale of investments	(167,971)	820,942
Surplus from income and expenditure account	1,374,494	948,315
Transferred to Academic Rheumatology		
Development Fund	(1,000,000)	(1,000,000)
Transferred to Designated Funds	(12,000)	(12,000)
Net expenditure applicable to Designated Funds	<u>356,042</u>	<u>149,011</u>
Balance at 30 September 1988	<u>£1,747,108</u>	<u>£1,196,543</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

10 ACADEMIC RHEUMATOLOGY DEVELOPMENT FUND

	1988	1987
	£	£
Balance 1 October 1987	3,500,000	2,500,000
Transferred from General Research Reserve	1,000,000	1,000,000
Balance at 30 September 1988	<u>£4,500,000</u>	<u>£3,500,000</u>

11 DESIGNATED FUNDS

	1988	1987
	£	£
Balance at 1 October 1987	(647,305)	(541,407)
Net expenditure for the year	(356,042)	(149,011)
Transferred from general research reserve	12,000	12,000
Change in market value of investments	(16,313)	30,648
Profit on sale of investments	1,015	465
	<u>£(1,006,645)</u>	<u>£(647,305)</u>

Movements during the year:

	Balance 1 October 1987	Income	Expenditure	Other items	Balance 30 September 1988
	£	£	£	£	£
	(Note 2 f)				
Maisie Lewis Fund	111,167	5,094	(2,200)	(15,298)(a)	98,763
Scottish Fund	(963,090)	197,375	(568,645)		(1,334,360)
Copeman Fellowship	12,104	-	-	12,000 (b)	24,104
Boots Fellowship	10,051	15,000	-	-	25,051
Michael Mason Fellowship	3,541	-	-	-	3,541
Dorothy Eden Fellowship	170,668	17,988	(20,770)	-	167,886
Philip Henman Trust Fund	8,254	116	-	-	8,370
	<u>£(647,305)</u>	<u>£235,573</u>	<u>£(591,615)</u>	<u>£(3,298)</u>	<u>£(1,006,645)</u>

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

11 DESIGNATED FUND (CONTINUED)

	<u>1988</u>
(a) Decrease in market value - year to 30 September 1988	£(16,313)
Profit on sale of investments	<u>£1,015</u>
(b) Transferred from general research reserve	<u>£12,000</u>

12 INVESTMENT RESERVE

	<u>1988</u>	<u>1987</u>
	£	£
Balance at 1 October 1987	5,177,647	2,771,434
Increase/(decrease) in market value during the year	<u>(1,574,741)</u>	<u>2,406,213</u>
Balance at 30 September 1988	<u>£3,602,906</u>	<u>£5,177,647</u>

13 INTEREST IN SUBSIDIARY, ARC CARDS LIMITED

The accounts of ARC Cards Limited are made up to 31 May each year. In the opinion of the Finance Committee it would be inadvisable for its accounts to be made up to the same date as that of the Council because of the seasonal nature of the subsidiary's business. The amount owing by the subsidiary at 31 May 1988 was £70,099. (The profits of the subsidiary for the year to 31 May 1988 of £48,893 are covenanted to the Council and have been included in the donations figure in these accounts).

14 STAFF COSTS, DEPRECIATION AND AUDIT FEES

	<u>1988</u>	<u>1987</u>
	£	£
Salaries	738,744	697,373
Social security	66,950	65,756
Other pension costs	<u>56,283</u>	<u>45,910</u>
	<u>£861,977</u>	<u>£809,039</u>

The number of employees whose annual emoluments exceeded £30,000 was 1.

THE ARTHRITIS AND RHEUMATISM COUNCIL FOR RESEARCH  
IN GREAT BRITAIN AND THE COMMONWEALTH

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1988 (CONTINUED)

14 STAFF COSTS, DEPRECIATION AND AUDIT FEES (CONTINUED)

The average number of employees during the year was:

	<u>Number</u>	<u>Number</u>
Executive	5	5
Administrative	46	47
Scientific administrative	<u>22</u>	<u>24</u>
	<u>73</u>	<u>76</u>
 Depreciation	 <u>£113,736</u>	 <u>£102,147</u>
 Audit fee	 <u>£6,750</u>	 <u>£6,295</u>

15 PENSION ARRANGEMENTS

The Council operates two pension scheme covering the majority of its employees. One is financed by an insured pension policy and in the other contributions are made to the Universities Superannuation Scheme.

# The Arthritis and Rheumatism Council for Research in Great Britain and the Commonwealth.

## REPORT FOR 1988

### OBJECTIVES

The Council is a registered charity whose objectives are three fold namely:

- 1 Primarily to support research to find the cause of rheumatic disease,
- 2 To teach Rheumatology in Medical Schools and disseminate educational literature to all those professionally engaged in the treatment of arthritis,
- 3 Through the foregoing, enhance the understanding of rheumatic disease and clinical service given to the patient.

### INCOME

1988 was another fine year for rheumatological research with the Council's income increasing by 11% to £10.2m flowing from its four main sources - legacies, donations, its network of fund raising branches and investments.

### EXPENDITURE

Expenditure was £7.7 million of which 82% was directed to research. The reserve in the Academic Development Fund to provide for capital investment in research centres was increased by £1m to £4.5m.

323 projects, programmes and fellowships of the highest possible quality are currently funded at centres of rheumatological excellence across the United Kingdom.

Strong public relations, research symposia and patient literature have underlined to the public the importance of the Council's work and despite the sharply increased workload this success brings, administrative costs have been contained to less than 3p for every £ of income.

### OUTLOOK

As our population demographically ages the impact of rheumatic diseases will be more acutely perceived with an increased demand for their cure. The Council must, therefore, continue to make the public more aware of its work in the field of rheumatological research and the need for more funds to sustain and expand its programmes.

**FINANCIAL STATEMENTS**  
year ended:  
**30th September 1988**



# Income and Expenditure Account for the year ended: 30th September 1988

2

	Notes	1988	1987
INCOME		£	£
Donations		797,604	897,085
Net income received from branches		2,002,331	2,022,159
Legacies and bequests		6,554,591	5,593,085
Investment income		<u>811,507</u>	<u>677,473</u>
		<u>10,166,033</u>	<u>9,189,802</u>
<b>EXPENDITURE</b>			
<b>RESEARCH AND EDUCATION</b>			
Research Grants, Fellowships and Academic Posts	2 & 3	4,310,566	3,581,586
Kennedy Research Institute	4	1,260,165	1,296,762
Epidemiology Research Unit		328,548	355,040
Medical publications and education		<u>396,263</u>	<u>374,679</u>
		6,295,542	<u>5,608,067</u>
<b>Appeals and Fund Raising</b>			
Staff costs		489,938	446,844
Advertising and publicity		234,622	206,229
Depreciation		45,678	41,949
Other costs		<u>323,133</u>	<u>261,552</u>
		1,093,371	<u>956,574</u>
<b>Administration</b>			
Staff costs		143,042	126,292
Depreciation		48,706	36,802
Other costs		<u>94,706</u>	<u>63,343</u>
		286,454	<u>226,437</u>
<b>Investment Management</b>			
Fees		<u>44,340</u>	<u>37,598</u>
		<u>7,719,707</u>	<u>6,828,676</u>
<b>SURPLUS BEFORE INCREASE IN GRANT COMMITMENTS</b>		2,446,326	2,361,126
<b>NET INCREASE IN OUTSTANDING GRANT COMMITMENTS</b>	2 & 3	<u>(1,071,832)</u>	<u>(1,412,811)</u>
<b>NET SURPLUS TRANSFERRED TO GENERAL RESEARCH RESERVE</b>	9	<u>1,374,494</u>	<u>948,315</u>

# Balance Sheet

## 30 September 1988

	Notes	1988	1987
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	5	994,426	967,433
Investments	6	<u>16,049,302</u>	<u>16,031,612</u>
		17,043,728	16,999,045
<b>CURRENT ASSETS</b>			
Sundry debtors	7	467,607	376,550
Cash on deposit		1,743,486	1,111,442
Cash at bank and in hand		<u>144,922</u>	<u>33,128</u>
		2,356,015	1,521,120
<b>CURRENT LIABILITIES</b>			
Sundry creditors and accruals	8	<u>(1,176,646)</u>	<u>(985,383)</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,179,369</u>	<u>535,737</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		18,223,097	17,534,782
<b>COMMITMENTS UNDER GRANT AWARDS</b>			
	2 & 3		
payment due within one year		(4,785,917)	(3,806,331)
payment falling due after more than one year		<u>(4,593,811)</u>	<u>(4,501,566)</u>
		<u>(9,379,728)</u>	<u>(8,307,897)</u>
		<u>8,843,369</u>	<u>9,226,885</u>
<b>FUNDS</b>			
General Research Reserve	9	1,747,108	1,196,543
Academic Rheumatology Development Fund	10	4,500,000	3,500,000
Designated Funds	11	(1,006,645)	(647,305)
Investment Reserve	12	<u>3,602,906</u>	<u>5,177,647</u>
		<u>8,843,369</u>	<u>9,226,885</u>

Approved by the Council on 3rd May 1989  
 Trustees  
 O.N. Dawson  
 C.G. Barnes

**Statement of Source and  
Application of Funds for  
the year ended:  
30 September 1988**

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	£	1988 £	1987 £
Surplus from income and expenditure account		1,374,494	948,315
Items not involving the movement of funds:			
Depreciation	113,736		102,147
Grants awarded but not paid	<u>5,382,397</u>		<u>4,994,397</u>
		5,496,133	5,096,544
Proceeds from sale of investments	895,263		2,538,985
Proceeds from sales of tangible assets	<u>26,527</u>		<u>23,496</u>
		921,790	2,562,481
Grants expended during the year	(4,310,536)		(3,581,586)
Purchase of investments	(2,756,073)		(5,142,302)
Purchase of tangible assets	<u>(167,256)</u>		<u>(154,930)</u>
		<u>(7,233,895)</u>	<u>(8,878,818)</u>
		<u>558,522</u>	<u>(271,478)</u>
<b>INCREASE (DECREASE) IN WORKING FUNDS</b>			
Increase/(decrease) in debtors		91,057	74,877
(Increase)/decrease in creditors		(191,263)	17,081
Increase/(decrease) in cash balances:			
Council		655,833	(366,004)
Maisie Lewis Fund		<u>2,895</u>	<u>2,568</u>
		<u>558,522</u>	<u>(271,478)</u>

**Statement of Investment  
Gains and Losses for  
the year ended:  
30 September 1988**

	1988 £	1987 £
Realised gains/(losses) on disposal of investments	(166,956)	821,407
Change in unrealised gains on investments	<u>(1,591,054)</u>	<u>2,436,861</u>
Net investment gains/(losses)	<u>(1,758,010)</u>	<u>3,258,268</u>

# Notes to the Financial Statements for the year ended: 30 September 1988

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1 The Council is a company limited by guarantee, the liability of the members being limited to £1 each.

## 2 ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention except that investments are stated at market value.

The financial statements follow the recommendations of Statement of Recommended Practice No 2 issued by the Accounting Standards Committee, except that Research Grants, Fellowships and Academic Posts are included in the income and expenditure account when the grants or awards are approved, and not when the expenditure on the grant is incurred (see Note (a) below).

(a) Research grants, fellowships and academic post grants are included in the income and expenditure account when the grants or awards are approved. The charge in the income and expenditure account is split between grants paid and payable as a result of the expenditure being funded by the grant having been incurred, and the net increase in the total outstanding grants. The Council consider that this presentation in the income and expenditure account discloses more clearly the commitment entered into by them once they have approved and notified an applicant of a grant rather than just including the amount of the grant actually paid in the year, as recommended by Recommended Practice No 2.

The grants cover periods up to 5 years and the total outstanding grants are now included in the balance sheet. The amount of outstanding grants relating to grants expended but not paid are included in current liabilities; the balance of the outstanding grants are shown in the balance sheet as commitments.

(b) Investments are shown in the balance sheet at their market value. The unrealised movement in market value from one year end to another is taken to Investment Reserve or the appropriate designated fund. The market value of investments is determined as follows:

UK Listed	- Stock exchange prices
Overseas Listed	- Stock exchange prices
Unit trusts	- Published prices
Unquoted	- Trustees' valuation
Freehold properties	- Open market value as valued by Savills Limited 30 Grosvenor Hill, Berkeley Square, London W1X 0HO, and Sherburn & Sherburn, 35 South End, Croydon CR9 1AS

(c) No account is taken in the balance sheet of funds retained by branches (and representatives) and branch income is taken to the income and expenditure account on the basis of the net amount remitted from the branches.

(d) Legacies and general donations are accounted for on a cash receipts basis, as this is considered to be the only practical method. Expenditure is accounted for on an accruals basis.

(e) Depreciation of tangible assets is provided on a straight line basis at rates set out below which are sufficient to write them down to their residual value over their estimated useful lives.

Building	- 2%
Fixtures and fittings	- 10% - 25%
Computer	- 25%
Motor vehicles	- 25%
Freehold land	is not depreciated.

(f) The designated funds shown in the accounts have been formed from time to time from donations given for special purposes. They are therefore shown separately in the accounts as are any further donations received towards them or research grants charged against them.

(g) The Academic Rheumatology Development Fund was created in respect of expenditure, including major grants to finance capital projects and endowments, to promote the establishment of Rheumatology Research Units in the United Kingdom. Such expenditure is shown separately in the income and expenditure account.

(h) Consolidated financial statements have not been presented because of the different activity of the subsidiary (see note 13).

(i) All assets and liabilities in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date.

**Notes to the Financial  
Statements for  
the year ended:  
30 September 1988**

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	1988 £	1987 £
<b>3 RESEARCH GRANTS, FELLOWSHIPS AND ACADEMIC POSTS</b>		
(See note 2 (a))		
Amounts outstanding at 1 October 1987	9,161,058	7,789,209
Grants awarded during the year	5,382,397	4,994,397
Paid during the year	<u>(4,139,782)</u>	<u>(3,622,548)</u>
Amounts outstanding at 30 September 1988	<u>10,403,673</u>	<u>9,161,058</u>
Accruals for grants expended but not paid	1,023,945	853,161
Commitments – Payment falling due within one year	4,785,917	3,806,331
– Payment falling due after one year	<u>4,593,811</u>	<u>4,501,566</u>
	<u>10,403,673</u>	<u>9,161,058</u>

**4 KENNEDY INSTITUTE OF RHEUMATOLOGY**

This research centre is an associated charity and the Council is committed to supporting it for an indefinite period. The Council's contribution to its budget for 1988/89 is £1.4 million.

**5 TANGIBLE ASSETS**

	Land £	Freehold Buildings £	Fixtures and fittings £	Computer £	Motor cars £	Total £
<b>Cost</b>						
At 1 October 1987	15,000	94,013	96,572	38,683	245,883	1,300,151
Additions	–	–	48,847	25,663	92,746	167,256
Disposals	–	–	<u>(6,997)</u>	–	<u>(79,620)</u>	<u>(86,617)</u>
At 30 September 1988	<u>15,000</u>	<u>904,013</u>	<u>138,422</u>	<u>64,346</u>	<u>259,009</u>	<u>1,380,790</u>
<b>Depreciation</b>						
At 1 October 1987	–	163,086	62,185	9,670	97,777	332,718
Charge for the year	–	18,080	19,817	16,087	59,752	113,736
Released on disposals	–	–	<u>(5,413)</u>	–	<u>(54,677)</u>	<u>(60,090)</u>
At 30 September 1988	<u>–</u>	<u>181,166</u>	<u>76,589</u>	<u>25,757</u>	<u>102,852</u>	<u>386,364</u>
<b>NET BOOK AMOUNT</b>						
At 30 September 1988	<u>15,000</u>	<u>722,847</u>	<u>61,833</u>	<u>38,589</u>	<u>156,157</u>	<u>994,426</u>
At 30 September 1987	<u>15,000</u>	<u>740,927</u>	<u>34,387</u>	<u>29,013</u>	<u>148,106</u>	<u>967,433</u>

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6 INVESTMENTS	Market value		Cost	
	1988	1987	1988	1987
	£	£	£	£
<b>Council</b>				
Listed securities – UK	7,886,134	8,209,226	6,728,718	5,193,314
Listed securities – Overseas	3,163,073	3,264,536	2,610,025	2,633,834
Unit trusts	1,335,490	1,344,242	684,846	584,646
Unlisted securities	<u>729,340</u>	<u>753,184</u>	<u>313,114</u>	<u>232,070</u>
	13,114,037	13,571,188	10,336,703	8,643,864
Freehold property	2,492,500	1,917,250	1,666,927	1,666,927
Cash deposits	<u>344,002</u>	<u>432,007</u>	<u>344,002</u>	<u>432,007</u>
	<u>15,950,539</u>	<u>15,920,445</u>	<u>12,347,632</u>	<u>10,742,798</u>
<b>Maisie Lewis Fund</b>				
Listed securities	84,480	99,779	42,493	41,479
Cash deposits	<u>14,283</u>	<u>11,388</u>	<u>14,283</u>	<u>11,388</u>
	<u>98,763</u>	<u>111,167</u>	<u>56,776</u>	<u>52,867</u>
	<u>16,049,302</u>	<u>16,031,612</u>	<u>12,404,408</u>	<u>10,795,665</u>
Investments	15,691,017	15,588,217	12,046,123	10,352,270
Cash deposits	<u>358,285</u>	<u>443,395</u>	<u>358,285</u>	<u>443,395</u>

#### Movement on Investments

	Total	Listed securities	Unlisted securities	Council Freehold property	Maisie Lewis Fund: Listed securities
1 October 1987 at market value	15,588,217	12,818,004	753,184	1,917,250	99,779
Additions at cost	2,756,073	2,670,633	81,043	-	4,397
Proceeds of sale	(895,263)	(890,865)	-	-	(4,398)
Profit (loss) on sale of investments	(166,956)	(167,971)	-	-	1,015
Increase (decrease) in market value 30th September 1988	<u>(1,591,054)</u>	<u>(2,045,104)</u>	<u>(104,887)</u>	<u>575,250</u>	<u>(16,313)</u>
at Market value	<u>£ 15,691,017</u>	<u>12,384,697</u>	<u>729,340</u>	<u>2,492,500</u>	<u>84,480</u>

The portfolio of securities is managed on the Council's behalf by Framlington Investment Management Limited, who are also responsible for the custody of the securities.

Notes to the Financial  
Statements for  
the year ended:  
30 September 1988

8

**7 SUNDRY DEBTORS**

	1988 £	1987 £
Amount due from subsidiary company	233,993	199,434
Income tax recoverable	102,793	73,978
Prepayments	17,324	22,567
Other debtors	113,497	80,571
	<u>467,607</u>	<u>376,550</u>

**8 SUNDRY CREDITORS AND ACCRUALS**

	1988 £	1987 £
Creditors	51,097	35,299
Accruals - Grants expended but not paid	1,023,945	853,161
- Others	101,604	96,923
	<u>1,176,646</u>	<u>985,383</u>

**9 GENERAL RESEARCH RESERVE**

	1988 £	1987 £
Balance at 1 October 1987	1,196,543	290,275
Profit/(loss) on sale of investments	(167,971)	820,942
Surplus from income and expenditure account	1,374,494	948,315
Transferred to Academic Rheumatology Development Fund	(1,000,000)	(1,000,000)
Transferred to Designated Funds	(12,000)	(12,000)
Net expenditure applicable to Designated Funds	356,042	149,011
Balance at 30 September 1988	<u>1,747,108</u>	<u>1,196,543</u>

**10 ACADEMIC RHEUMATOLOGY  
DEVELOPMENT FUND**

	1988 £	1987 £
Balance 1 October 1987	3,500,000	2,500,000
Transferred from General Research Reserve	1,000,000	1,000,000
Balance at 30 September 1988	<u>4,500,000</u>	<u>3,500,000</u>

# 11 DESIGNATED FUNDS

	1988 £	1987 £
Balance at 1 October 1987	(647,305)	(541,407)
Net expenditure for the year	(356,042)	(149,011)
Transferred from general research reserve	12,000	12,000
Change in market value of investments	(16,313)	30,648
Profit/(loss) on sale of investments	1,015	465
Balance at 30th September 1988	<u>(1,006,645)</u>	<u>(647,305)</u>

## Movements during the year

	Balance 1/10/87 £	Income £	Expenses £	Other items £	Balance 30/9/88 £
Maisie Lewis Fund	111,167	5,094	(2,200)	(15,298) (a)	98,763
Scottish Fund	(963,090)	197,375	(568,645)	-	(1,334,360)
Copeman Fellowship	12,104	-	-	12,000 (b)	24,104
Boots Fellowship	10,051	15,000	-	-	25,051
Michael Mason Fellowship	3,541	-	-	-	3,541
Dorothy Eden Fellowship	170,668	17,988	(20,770)	-	167,886
Philip Henman Trust Fund	<u>8,254</u>	<u>116</u>	<u>-</u>	<u>-</u>	<u>8,370</u>
	<u>(647,305)</u>	<u>235,573</u>	<u>(591,615)</u>	<u>(3,298)</u>	<u>(1,006,645)</u>

(a) Decrease in market value - year to 30 September 1988	£(16,313)
Profit on sale of investments	£ 1,015
(b) Transferred from general research reserve	£ 12,000



# Notes to the Financial Statements for the year ended: 30 September 1988

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## 12 INVESTMENT RESERVE

	1988 £	1987 £
Balance at 1 October 1987	5,177,647	2,771,434
Increase/(decrease) in market value during the year	<u>(1,574,741)</u>	<u>2,406,213</u>
Balance at 30 September 1988	<u>3,602,906</u>	<u>5,177,647</u>

## 13 INTEREST IN SUBSIDIARY, ARC CARDS LIMITED

The accounts of ARC Cards Limited are made up to 31 May each year. In the opinion of the Finance Committee it would be inadvisable for its accounts to be made up to the same date as that of the Council because of the seasonal nature of the subsidiary's business. The amount owing by the subsidiary at 31 May 1988 was £70,099. (The profits of the subsidiary for the year to 31 May 1988 of £48,893 are covenanted to the Council and have been included in the donations figure in these accounts).

	1988 £	1987 £
<b>14 STAFF COSTS, DEPRECIATION AND AUDIT FEES</b>		
Salaries	738,744	697,373
Social security	66,950	65,756
Other pension costs	<u>56,283</u>	<u>45,910</u>
	<u>861,977</u>	<u>809,039</u>

The number of employees whose annual emoluments exceeded £30,000 was 1.

The average number of employees during the year was:

Executive	5	5
Administrative	46	47
Scientific administrative	<u>22</u>	<u>24</u>
	<u>73</u>	<u>76</u>
Depreciation	<u>£ 113,736</u>	<u>£ 102,147</u>
Audit fee	<u>£ 6,750</u>	<u>£ 6,295</u>

## 15 PENSION ARRANGEMENTS

The Council operates two pension schemes covering the majority of its employees. One is financed by an insured pension policy and in the other, contributions are made to the University Superannuation Scheme Ltd.

AUDITORS' REPORT TO THE MEMBERS OF THE  
ARTHRITIS AND RHEUMATISM COUNCIL FOR  
RESEARCH IN GREAT BRITAIN AND THE  
COMMONWEALTH.

11

We have audited the annexed financial statements on  
pages 2 to 10 in accordance with approved Auditing  
Standards.

In our opinion the financial statements give a true  
and fair view of the state of the Council's affairs at 30  
September 1988 and of its surplus and source and  
application of funds for the year then ended and  
comply with the Companies Act 1985.

Price Waterhouse  
Chartered Accountants

Southwark Towers  
32 London Bridge St  
London SE1 9SY  
3rd May 1989

Patron: HRH The Duchess of Kent  
Charity number: 207711

