

# **Arthritis Research Campaign**

*(Company Number: 490500)*

*(Charity Number: 207711)*

## **Report and Financial Statements**

**30 September 2000**



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Website: [www.arc.org.uk](http://www.arc.org.uk)  
Registered Charity Number: 207711

**Patron**

HRH The Duchess of Kent

**President**

Lord Lewis of Newnham

**Honorary Vice Presidents to the Campaign**

Michael Andrews CBE  
Professor Eric Bywater CBE  
His Grace the Duke of Devonshire PC, MC  
Dr Alan Dixon  
Dr Frank Dudley Hart  
The Lady Jane Grosvenor  
Dr Eric Hamilton  
Dr Ken Lloyd  
The Rt Hon The Baroness Macleod of Borve DL  
The Lord Richardson  
Dr Tom Scott

**Board of Trustees**

Dr B Ansell CBE  
Sir Richard Butler (Vice Chairman)  
Dr P W M Copeman  
O N Dawson Esq (Vice Chairman)  
Professor P A Dieppe  
Professor T Duckworth  
Dame Mary Glen Haig  
Professor H J F Hodgson  
R E Holland Esq (resigned 10<sup>th</sup> March 2000)  
J C Maisey Esq  
Professor G Nuki  
Professor R D Sturrock (Chairman)  
A C Torry Esq

**Chief Executive**

Fergus Logan

**Auditors**

PricewaterhouseCoopers  
Victoria House  
76 Milton Street  
Nottingham NG1 3QY

**Bankers**

NatWest plc  
5 Market Place  
Chesterfield  
Derbyshire S40 1TJ

**Investment Managers**

Baillie Gifford & Co  
1 Rutland Court  
Edinburgh EH3 8EY

**Solicitors**

Hempsons  
33 Henrietta Street  
London  
WC2E 8NH

## **Report of the Campaign For the Year Ended 30 September 2000**

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The Board of Trustees present their report for the year ended 30 September 2000.

### ***Charitable Objectives***

Arthritis Research Campaign ("the Campaign") is a registered charity with three objectives:

- ♦ To advance the study of and research into the causes, treatment and cure of arthritis and other rheumatic disease and disseminate the useful results of that research.
- ♦ To advance the education of the public by promoting the teaching of rheumatology and further understanding of rheumatic disease among medical students and practitioners and other persons involved in the treatment of rheumatic disease.
- ♦ To advance the education of the public in all matters relating to rheumatic disease including those persons suffering from the disease.

### ***Board of Trustees***

The Campaign is governed by the Board of Trustees which meets four times a year and for the purposes of the Companies Act 1985 act as Directors of the charity. The current members of the Board are listed on page 1. Mr R E Holland resigned on 10 March 2000. They are supported by the committees listed below.

Scientific Co-ordinating Committee  
Fellowship Committee  
Research Committee  
Education Committee  
Transition Management Group  
Finance Committee

The members of these committees, who receive no remuneration for their services in that capacity, are included at the end of the report and financial statements.

### ***Statement of Responsibilities***

Company law requires the Members of the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Campaign and of the income and expenditure of the Campaign for that period. In preparing those financial statements, the members are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Campaign will continue business.

The Members of the Board of Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Campaign and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Campaign and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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*Review of the Year*

**Research**

The past year has been a period in which we have celebrated the successes of the past and at the same time looked ahead to the future.

The Campaign's ultimate aim – to find the cause of and cure for arthritis and rheumatic disease- remains unalterable, but it was decided during 2000 that the means by which we seek to achieve that goal should be subject to scrutiny.

We are now embracing the concept of change – not for its own sake and not only from an organisational stance but also by expanding and developing new avenues of scientific and less traditional research.

We reported last year on the progress of the anti-TNF drug Remicade. This drug was licensed for use in July 2000 and marked the culmination of 15 years of work by Professor Maini and Professor Feldmann at the Campaign funded Kennedy Institute of Rheumatology, London.

Another major research initiative was launched during 2000, the ARC/BSR Clinical Trials. We have awarded £1.2million this year and allocated a further £1.5million to the Clinical Trials Fund to cover grants we expect to be awarded during the next year.

Three other new areas of research were started during the year:

- ♦ Innovative project grants aimed to encourage a limited number of high-risk, speculative projects.
- ♦ Funding research into complementary therapies. This was partly in response to public demand, and the rise in the number of arthritis patients who seek relief from pain through therapies such as homeopathy, herbalism, hypnotherapy and acupuncture.
- ♦ Five-year lectureships in academic nursing or related fields, targeted at physiotherapists, nurses and occupational therapists who have a commitment to research.

The foregoing is a broad overview; an in- depth report of our research activities can be found in the research section in the Annual Review.

**Fundraising**

The year has seen a number of new initiatives together with some tried and tested activities maintain fundraising income at the 1999 level. Our dedicated supporters throughout the country carried out a wide range of activities and we depend on their skill and enthusiasm to maintain our income in what are difficult times for fundraising.

Three annual fundraising events continue to raise a substantial amount of income, A Grand Draw, Tea Week ,( for this year Tea Party 2000)and Himalayan Challenge. These events alone raised over £300,000.

The new Gift Aid changes came into operation on 6<sup>th</sup> April 2000. This will enable us to reclaim tax on all our donations where the donor, who is a taxpayer, authorises us to do so.

**Finance**

After the income setback in 1999 we are pleased to report an increase in income for the year of £0.8million resulting in a total income of £21.8million. Legacies, trading and investment income accounted for the increase while fundraising income remained at last year's level.

Direct charitable expenditure increased by £0.95million to reach almost £22million but we were able to reduce our fundraising and administration costs by almost £0.1million to £2.1million – 11.6% of voluntary income.

New investment managers, Baillie Gifford & Co, were appointed during the year. Due to the combination of restructuring and a buoyant stock market the value of our investment portfolio increased by £6.1million and now stands at £50.8million. We do not expect this level of increase to be maintained in the coming year.

#### **Reserves**

It is the Campaign's policy to maintain a constant level of long-term research expenditure, in accordance with its objectives, notwithstanding any fluctuations in income.

The Campaign has adopted a policy, which it believes is prudent, of holding free reserves that equate to between six and twelve months of the following year's estimated charitable expenditure. General reserves of £15.7million at 30 September 2000 are consistent with this policy.

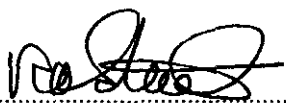
#### **Employees**

The Campaign is an equal opportunities employer and at all times gives full and fair consideration to applications for employment made by disabled persons. The Campaign provides employees with information on matters of concern to them.

#### **Auditors**

PricewaterhouseCoopers have expressed their willingness to continue in office. A resolution proposing their reappointment and authorising the Campaign to fix their remuneration will be put to the Annual General Meeting.

By order of the Board of Trustees



Professor R D Sturrock  
Chairman of the Board of Trustees  
7 March 2001

Company number: 490500  
Registered charity number: 207711

PricewaterhouseCoopers  
Victoria House  
76 Milton Street  
Nottingham NG1 3QY  
Telephone +44 (0) 115 947 3000  
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## Report of the Auditors to the Members of the Board of Trustees of Arthritis Research Campaign

We have audited the financial statements on pages 6 to 24.

### *Respective responsibilities of directors and auditors*

The directors who also act as trustees for the charitable activities of Arthritis Research Campaign are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

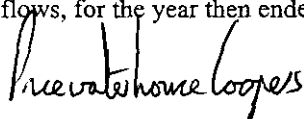
### *Basis of audit opinion*

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

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

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the charitable company and the group's affairs at 30 September 2000 and of its net outgoing resources, including its income and expenditure and cash flows, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Nottingham  
7 March 2001

**Group Statement of Financial Activities**  
**(Including Income and Expenditure Account and Statement of Recognised Gains & Losses)**  
**For the Year Ended 30 September 2000**

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	<i>Note</i>	<i>2000 £'000</i>	<i>1999 £'000</i>
<b>Income</b>			
Fundraising	4	3,910	3,949
Legacies		14,453	14,165
Total voluntary income		18,363	18,114
Trading - gross income	5	1,885	1,562
Investment income	6	1,600	1,361
Total income		21,848	21,037
<b>Expenditure</b>			
<i>Direct Charitable Expenditure (see note 10):</i>			
Research grants awarded	7&22	14,198	14,877
Capital grants	7&21	2,096	452
Research centres	8	4,687	4,647
Education		732	772
Support costs		242	253
		21,955	21,001
<i>Trading and Investment Expenditure:</i>			
Trading operating costs	5	1,705	1,470
Investment management fees		161	125
		1,866	1,595
<i>Other Expenditure:</i>			
Fundraising and publicity		1,791	1,926
Administration		344	291
		2,135	2,217
Total expenditure	10	25,956	24,813
<i>Net outgoing resources and net expenditure for the year</i>	3	(4,108)	(3,776)
Net realised and unrealised investment gains in the year	3	6,059	4,695
<i>Net Movement in Funds for the year</i>		1,951	919
<i>Fund Balances at 1 October 1999</i>		22,597	21,678
<i>Fund Balances at 30 September 2000</i>		24,548	22,597

There is one immaterial restricted fund within the Group (see note 20).

The notes on pages 11 to 24 form part of these financial statements.

# Group Balance Sheet - 30 September 2000

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	Note	£'000	2000 £'000	£'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets	11		6,901		6,975
Investments	12		50,792		43,338
			57,693		50,313
<b>Current assets</b>					
Stocks for resale		36		45	
Sundry debtors	13	288		331	
Cash on deposit and in hand		3,082		2,530	
			3,406		2,906
<b>Current liabilities - Amounts falling due within one year</b>					
Sundry creditors and accruals	14	(155)		(94)	
Grant payments due within one year	2&7	(11,647)		(11,601)	
			(11,802)		(11,695)
<b>Net current liabilities</b>			(8,396)		(8,789)
<b>Total assets less current liabilities</b>			49,297		41,524
<b>Liabilities - Amounts falling due over one year</b>					
Grant payments falling due after more than one year	2&7		(24,749)		(18,927)
			24,548		22,597
<b>Funds</b>					
General Research Reserve	3		15,747		12,060
Designated Funds	3&15		8,801		10,537
			24,548		22,597

Approved by the Trustees on 7 March 2001



Professor R D Sturrock  
Chairman of the Board of Trustees

The notes on pages 11 to 24 form part of these financial statements.



# Campaign Balance Sheet - 30 September 2000

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	Note	£'000	2000 £'000	£'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets	11		6,901		6,975
Investments	12		51,042		43,588
			57,943		50,563
<b>Current assets</b>					
Sundry debtors	13	335		315	
Cash on deposit and in hand		3,274		2,620	
			3,609		2,935
<b>Current liabilities - Amounts falling due within one year</b>					
Bank overdraft		(464)		(285)	
Sundry creditors and accruals	14	(144)		(88)	
Grant payments due within one year	2&7	(11,647)		(11,601)	
			(12,255)		(11,974)
<b>Net current liabilities</b>			(8,646)		(9,039)
<b>Total assets less current liabilities</b>			49,297		41,524
<b>Liabilities - Amounts falling due over one year</b>					
Grant payments falling due after more than one year	2&7		(24,749)		(18,927)
			24,548		22,597
<b>Funds</b>					
General Research Reserve	3		15,747		12,060
Designated Funds	3 & 15		8,801		10,537
			24,548		22,597

Approved by the Trustees on 7 March 2001



Professor R D Sturrock  
Chairman of the Board of Trustees

The notes on pages 11 to 24 form part of these financial statements.

**Group Cash Flow Statement**  
**For the Year Ended 30 September 2000**

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	2000 £'000	1999 £'000
Net cash inflow/(outflow) from operating activities (Note a)	559	(63)
Returns on investments and servicing of finance (Note b)	1,600	1,361
Capital expenditure and financial investment (Note b)	(3,061)	(2,184)
Decrease in cash	(902)	(886)
<i>Reconciliation of net cash flow to movement in net funds (Note c)</i>		
Decrease in cash in the period and movement in net funds	(902)	(886)
Net funds at 1 October 1999	4,670	5,556
Net funds at 30 September 2000	3,768	4,670

**Notes to the group cash flow statement**

*a Reconciliation of net deficit to net cash inflow from operating activities*

	2000 £'000	1999 £'000
Net outgoing resources for the year	(4,108)	(3,776)
Depreciation charge	276	246
Loss on disposal of fixed assets	10	1
Investment income	(1,600)	(1,361)
Decrease in stocks	9	-
Decrease in debtors	43	19
Increase/(decrease) in creditors	61	(227)
Research/capital grants awarded during the year	16,294	15,329
Research grants paid during the year	(10,426)	(10,294)
Net cash inflow/(outflow) from operating activities	559	(63)

**Group Cash Flow Statement**  
**For the Year Ended 30 September 2000.....cont'd**

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**b Analysis of cash flows for headings netted in the cash flow statement**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	195	220
Investment income received	1,405	1,141
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>1,600</b>	<b>1,361</b>
<b>Capital expenditure and financial investment</b>		
Purchase of investments	(62,489)	(12,808)
Sale of investments	59,640	10,810
Purchase of tangible fixed assets	(215)	(186)
Sale of tangible fixed assets	3	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(3,061)</b>	<b>(2,184)</b>

**c Analysis of changes in net funds**

	<b>At 1 October</b>	<b>Cash flows</b>	<b>At 30 September</b>
	<b>1999</b>		<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash on deposit and in hand	2,530	552	3,082
Cash deposits included in investments (see note 12)	2,140	(1,454)	686
<b>Total</b>	<b>4,670</b>	<b>(902)</b>	<b>3,768</b>

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## 1 *Legal Structure*

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

## 2 *Accounting Policies*

### *Basis of Accounting*

The financial statements comply with the requirements of the Statement of Recommended Practice - Accounting by Charities - issued by the Charity Commissioners in October 1995, applicable accounting standards and the Companies Act 1985.

The consolidated financial statements which show the results of the Campaign and its trading subsidiary ARC Trading Limited, have been prepared under the historical cost convention as modified by the revaluation of investments at market value.

The Campaign has not presented its own statement of financial activities as permitted by Section 230 of the Companies Act 1985. The net increase in funds dealt with in the financial statements of the Campaign was £1,951,000 (1999: £919,000).

### *Income and Expenditure*

Income from all sources is accounted for when received, and expenditure on an accruals basis. A proportion of management and administration costs have been allocated to charitable and fund raising activities on the basis of the number of head office personnel supporting that activity. Expenditure not apportioned above relates to central administration costs, including the general management of the Campaign and other expenditure incurred to attain compliance with constitutional and statutory requirements.

### *Grants Awarded*

Grants awarded are included in the financial statements at the time the grant is approved. Payments are made over a period of up to five years and amounts remaining due are shown as liabilities in the balance sheet.

### *Fixed Assets*

The Campaign's tangible fixed assets are stated at cost.

### *Depreciation*

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

Freehold property	-	2%
Fixtures and fittings	-	10% - 25%
Computer equipment	-	20% - 33%
Motor vehicles	-	25%
Freehold land is not depreciated.		

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## 2 Accounting Policies....cont'd

### *Funds*

The Campaign maintains the following types of fund:

- *Designated* – money set aside by the Trustees from General Research Reserve for a specific purpose.
- *General Research Reserve* – which can be used by the Trustees for the general purposes of the Campaign.

### *Investments*

Investments are shown in the balance sheet at their market value. Both realised and unrealised movements in market value from one year end to another are taken to the General Research Reserve. The market value of investments is determined, at the balance sheet date, as follows:

UK Listed	Stock Exchange middle market prices
Overseas Listed	Stock Exchange middle market prices
Authorised Unit Trusts	Published bid prices

### *Stock*

Stock is valued at the lower of cost and net realisable value.

### *Foreign Currency*

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

### *Pensions*

Pension contributions which are explained in note 17 are charged to the statement of financial activities in the period in which they become payable.

### *Leases*

Rental costs under operating leases are charged to the statement of financial activities.

### 3 Movement in Funds and Total Recognised Gains and Losses

	<i>General Research Reserve £'000</i>	<i>Designated Funds £'000</i>	<i>Total £'000</i>
Net outgoing resources for the year	(4,108)	-	(4,108)
Net realised and unrealised investment gains	6,059	-	6,059
Transfer from Designated Funds	1,736	(1,736)	-
Total recognised gains/(losses) for the financial year	3,687	(1,736)	1,951
Balance sheet at 30 September 1999	12,060	10,537	22,597
Balance sheet at 30 September 2000	15,747	8,801	24,548

Details of designated funds are shown in note 15.

### 4 Fundraising

	<i>2000 £'000</i>	<i>1999 £'000</i>
Donations	1,653	1,766
Branch Fundraising	1,774	1,917
Regional Fundraising	483	266
	3,910	3,949

## 5 Trading Income

	<i><b>Shops £'000</b></i>	<i><b>ARC Trading mail order £'000</b></i>	<i><b>Campaign promotions £'000</b></i>	<i><b>Total 2000 £'000</b></i>	<i><b>Total 1999 £'000</b></i>
Income	1,089	570	226	1,885	1,562
Operating costs	(1,074)	(565)	(66)	(1,705)	(1,470)
Net income	15	5	160	180	92

## 6 Investment Income

	<i><b>2000 £'000</b></i>	<i><b>1999 £'000</b></i>
Dividends and fixed interest	1,405	1,141
Bank interest	195	220
	1,600	1,361

## 7 Grants – Group and Campaign

	<i><b>2000 £'000</b></i>	<i><b>1999 £'000</b></i>
Amounts outstanding at 1 October	30,528	25,493
Research grants awarded during the year (Note 22)	14,198	14,877
Capital grants awarded during the year (Note 21)	2,096	452
Amounts paid during the year	(10,426)	(10,294)
Amount outstanding at 30 September	36,396	30,528
<i>Comprising:</i>		
- Payments falling due within one year	11,647	11,601
- Payments falling due after one year	24,749	18,927
	36,396	30,528

## 8 Research Centres

	2000 £'000	1999 £'000
Kennedy Institute of Rheumatology - core grant	2,945	2,865
ARC Epidemiology Research Unit	1,588	1,628
Depreciation	134	134
Other costs	20	20
	4,687	4,647

### (a) Kennedy Institute of Rheumatology

The Campaign provides the Kennedy Institute with rent free accommodation. The core grant of £2.9 million is reviewed at 5 yearly intervals and is next due for review on 1 October 2002.

The full statutory accounts of the Kennedy Institute are available from the company secretary at:

Kennedy Institute of Rheumatology  
1 Aspenlea Road  
Hammersmith  
LONDON  
W6 8LH

### (b) ARC Epidemiology Research Unit

This unit is based at the University of Manchester and the current grant of £1.6 million per annum was fixed for a period of 5 years commencing 1 October 1998.

## 9 Income and Expenditure

The income and expenditure account is arrived at after charging the following:

	2000 £'000	1999 £'000
Depreciation of tangible fixed assets	276	246
Loss on disposal of fixed assets	10	1
Auditors remuneration (for audit services only)	23	23
Amounts paid under operating leases	373	435

The audit fee included above in respect of the Campaign is £19,000 (1999: £19,000).



# 10 Analysis of Total Expenditure

					2000	1999
	Awards	Staff	Depre-	Other	Total	Total
	£'000	Costs	ciation	£'000	£'000	£'000
		£'000	£'000			
<i>Direct Charitable</i>						
Research Grants	14,198	-	-	-	14,198	14,877
Capital Grant	2,096	-	-	-	2,096	452
Research Centres	4,553	-	134	-	4,687	4,647
Education	-	114	5	613	732	772
Support Costs	-	137	8	97	242	253
<i>Other Expenditure</i>						
Head Office Fundraising and Publicity	-	314	20	347	681	873
Branch Fundraising	-	246	26	408	680	771
Regional Fundraising	-	234	25	171	430	282
	-	794	71	926	1,791	1,926
Management and Administration	-	180	37	127	344	291
Trading and Investment	-	516	21	1,329	1,866	1,595
	20,847	1,741	276	3,092	25,956	24,813

## Staff Costs

	2000	1999
	£'000	£'000
Salaries	1,488	1,373
Social security costs	129	121
Other pension costs	105	96
Other staff costs	19	16
	1,741	1,606

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**10 Analysis of Total Expenditure....cont'd**

The average number of employees during the year was:

	<i>2000</i> <i>Number</i>	<i>1999</i> <i>Number</i>
Education	5	5
Support	4	4
Fundraising and publicity	30	29
Management and administration	14	14
Shops and trading	40	38
	93	90

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The number of employees whose emoluments (excluding pension contributions) were above £40,000 are as follows:

	<i>2000</i>	<i>1999</i>
Between £60,000 - £70,000	1	1

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The Trustees of the Campaign receive no remuneration for their services in that capacity, but six Trustees have been reimbursed for expenses directly incurred in carrying out their activities as Trustees at a cost of £3,559 (1999: £1,993).

# 11 Tangible Assets

## Group and Campaign

	<i>Freehold Land and Buildings £'000</i>	<i>Fixtures and Fittings £'000</i>	<i>Computer Equipment £'000</i>	<i>Motor Vehicles £'000</i>	<i>Total £'000</i>
<b>Cost</b>					
At 1 October 1999	7,604	210	227	187	8,228
Additions	-	33	66	116	215
Disposals	-	(54)	-	(20)	(74)
At 30 September 2000	7,604	189	293	283	8,369
<b>Depreciation</b>					
At 1 October 1999	873	154	184	42	1,253
Charge for the year	155	22	42	57	276
Released on disposals	-	(53)	-	(8)	(61)
At 30 September 2000	1,028	123	226	91	1,468
<b>Net book amount</b>					
At 30 September 2000	6,576	66	67	192	6,901
At 30 September 1999	6,731	56	43	145	6,975

The net book amount at 30 September represents tangible fixed assets used for:

	<i>2000 £'000</i>	<i>1999 £'000</i>
Direct Charitable purposes	5,831	5,965
Other purposes	1,070	1,010
	6,901	6,975

## 12 Investments

### Group

	Market Value		Cost	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Listed securities				
- Fixed interest	7,806	7,591	7,649	7,548
- UK Equities	22,910	21,393	19,142	15,955
- Overseas Equities	19,390	8,423	19,355	6,184
Authorised unit trusts	-	3,791	-	1,508
Investments	50,106	41,198	46,146	31,195
Cash deposits	686	2,140	686	2,140
	50,792	43,338	46,832	33,335
<b>Campaign</b>				
As stated above for the group	50,792	43,338	46,832	33,335
Investment in subsidiary (ARC Trading Limited)	250	250	250	250
	51,042	43,588	47,082	33,585

### Movement on investments for the Group:

	Total Listed Securities and authorised unit trusts £'000
At 1 October 1999 at market value	41,198
Additions at cost	62,489
Proceeds of sale	(59,640)
Net investment gains	6,059
At 30 September 2000 at market value	50,106

Realised gains based on historic cost amounted to £12,247,000 (1999: £1,836,000).

There were no individual investments with a market value in excess of 5% of the market value of the portfolio.

The portfolio of securities was managed on the Campaign's behalf by Framlington Investment Management Limited, until 30 March 2000 and from 1 April 2000 by Baillie Gifford & Co. The custodian of the securities is HSBC Bank Plc.

## 12 Investments.....cont'd

### ARC Trading Limited:

	2000 £'000	1999 £'000
Investment in subsidiary (ARC Trading Limited)	250	250

ARC Trading Limited is a 100% subsidiary of the Campaign, incorporated in England and is principally engaged in the sale of Christmas cards and other gift items by mail order catalogue and through the Campaign's voluntary branches. Surplus stock is sold through the Campaign's shops. The net profit is covenanted to the Campaign.

The auditors' report contained no qualifications, and the Directors' Report and Financial Statements, for the year ended 30 June 2000, have been filed with the Registrar of Companies. The 30 June year end is used to conform to the company's trading cycle.

## 13 Sundry Debtors

	Group		Campaign	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Amount due from subsidiary company	-	-	84	23
Income tax/tax credits	43	50	43	50
VAT	24	15	24	15
Prepayments	194	153	163	122
Other debtors	27	113	21	105
	288	331	335	315

## 14 Sundry Creditors and Accruals

	Group		Campaign	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Other creditors	111	27	109	27
Accruals	44	67	35	61
	155	94	144	88

### 15 Designated Funds - Group and Campaign

	<i>Academic Rheumatology Fund £'000</i>	<i>Clinical Trials Fund £'000</i>	<i>Fellowship Fund £'000</i>	<i>Fixed Asset Fund £'000</i>	<i>Total £'000</i>
Balance at 1 October 1999	1,954	1,413	195	6,975	10,537
Expenditure	(2,096)	(1,191)	(102)	-	(3,389)
Income	-	-	19	-	19
Other transfers from General Research Reserve	142	1,500	66	(74)	1,634
Total transfers (to)/from General Research Reserve	(1,954)	309	(17)	(74)	(1,736)
Balance at 30 September 2000	-	1,722	178	6,901	8,801

There are four designated funds which represent amounts set aside at the Campaign's discretion for various purposes.

- 1 Academic Rheumatology Fund - to fund capital projects and endowments which promote the establishment of Rheumatology Research Units in the United Kingdom. Expenditure relating to this fund is shown as a capital grant in the statement of financial activities.
- 2 Clinical Trials Fund - to fund selected clinical trials in rheumatic disease jointly with the British Society for Rheumatology.
- 3 Fellowship Fund - to support three named fellowships - W S C Copeman, Michael Mason and Dorothy Eden - which give grants to UK clinicians and scientists enabling them to develop new techniques at centres of excellence overseas.
- 4 Fixed Asset Fund - represents the net book value of fixed assets held by the Campaign for its own use.

### 16 Fixed Asset Fund

	<i>2000 £'000</i>	<i>1999 £'000</i>
Balance at 1 October	6,975	7,036
Additions	215	186
Disposals	(13)	(1)
Depreciation	(276)	(246)
Balance at 30 September	6,901	6,975

## 17 Pension Arrangements

The Campaign together with the majority of its employees, makes contributions to two pension funds whose assets are held separately from those of the Campaign in independently administered funds. One is a defined contribution scheme and the other a group personal pension scheme both managed by Scottish Amicable Life Assurance Society Limited.

The pension charge represents contributions payable by the Campaign to the funds and amounted to £105,000 (1999: £96,000). Contributions totalling £9,000 (1999: £85,000) were prepaid at the year end and are included in debtors.

## 18 Operating Leases

Payments on operating leases during the year amounted to £373,000 (1999: £435,000). The expected leasing charges for the next financial year amount to £321,000 (1999: £390,000). This amount comprises leases due to expire in:

	<i>Property</i>		<i>Vehicles</i>		<i>Total</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Less than 1 year	14	22	1	19	15	41
1 to 5 years	227	115	-	7	227	122
Over 5 years	79	227	-	-	79	227
	320	364	1	26	321	390

## 19 Related Party Transactions

There were no related party transactions during the year other than those with Kennedy Institute (note 8) and the Campaign's trading subsidiary, ARC Trading Limited. The results of ARC Trading Limited have been consolidated with those of the Campaign.

## 20 Restricted Funds

The Arthritis Research Campaign received funding from the National Lotteries Board of £96,716, over a three year period from 19 March 1997, for a research project validating a new bone measurement technique. This grant was awarded by the Campaign to the University of Aberdeen in July 1996 and was included in the Campaign's accounts for the year ended 30 September 1996.



NATIONAL  
LOTTERY  
CHARITIES  
BOARD

<i>Balance at 30 September 1999</i>	<i>Movement in Funds</i>		<i>Balance at 30 September 2000</i>
<i>£</i>	<i>Income</i>	<i>Expenditure</i>	<i>£</i>
	<i>£</i>	<i>£</i>	
(7,009)	7,009	-	-

## 21 Capital Grants

Nine grants have been charged to the Academic Rheumatology Fund (note 15) during the year:

	<i>2000 £'000</i>
Keele University	233
University of Bath	197
University of Cambridge	182
University of Glasgow	379
University of Leeds	174
University of Newcastle	391
University of Nottingham	228
University of Sheffield	87
University of Wales	174
Additions to existing grants	51
	<u>2,096</u>



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**22 Research Grants Awarded**

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
122 awards over £10,000 (1999: 128 awards)	14,581	14,551
96 awards less than £10,000 (1999: 72 awards)	275	258
Supplements to existing grants	473	512
Awards no longer required	(1,131)	(444)
	<hr/> 14,198	<hr/> 14,877

Details of grants awarded over £10,000 are shown on the following page.

## Detailed schedule of Grants Awarded in the Year

	<i>Number of grants</i>	<i>£'000</i>
Bristol Royal Infirmary	1	56
Glasgow Royal Infirmary	1	45
Haywoods Hospital, Stoke on Trent	1	54
Imperial College, London	12	1,662
John Radcliffe Hospital, Oxford	2	169
Keele University	1	104
Kings College London	17	2,056
Ninewells Hospital, Dundee	1	47
Nottingham City Hospital	1	74
Royal National Hospital, Bath	3	184
St Bartholomew's & Royal London Hospitals, London	5	488
University College, London	12	1,974
University of Aberdeen	3	284
University of Bath	1	237
University of Birmingham	4	1,140
University of Bristol	1	205
University of Cambridge	6	670
University of Dundee	2	50
University of Edinburgh	1	89
University of East Anglia, Norwich	1	62
University of Leicester	1	74
University of Leeds	2	208
University of Manchester	4	1,267
University of Newcastle upon Tyne	5	189
University of Oxford	5	763
University of Sheffield	9	593
University of Southampton	4	222
University of Strathclyde	1	100
University of Wales, Cardiff	9	952
University of York	2	296
Whipps Cross Hospital, London	1	165
Travelling Fellowships	3	102
<b>Total</b>	<b>122</b>	<b>14,581</b>

## Committees and Groups

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### *Scientific Co-ordinating Committee (SCC)*

Determines scientific policies, awards programme grants, and confirms research and educational grant awards recommended by its sub-committees.

Professor Humphrey Hodgson (Chairman)  
Professor David Isenberg (Vice Chairman)  
Professor Peter Beverley  
Professor Howard Bird  
Professor Carol Black  
Professor Marc Feldmann

Professor Anthony Freemont  
Professor Paul Gregg  
Professor Tim Hardingham  
Professor Graham Russell  
Professor David Scott  
Chairmen of Sub-Committees are ex-officio members.

### *Fellowship Sub-Committee (FSC)*

Meets five times a year to interview candidates for senior, postdoctoral, clinical, clinician scientist and travelling fellowships. Also recommends PhD studentship awards. Reports to the SCC.

Professor Hill Gaston (Chairman, retired June 2000)  
Professor Dorian Haskard (Chairman from July 2000)  
Professor Graham Russell (Vice Chairman, retired June 2000)  
Dr Madeleine Devey (Scientific Secretary)

Membership varies according to the nature of the fellowship under consideration.

### *Research Sub-Committee (RSC)*

Meets three times a year to consider approximately 210 applications per year for project and equipment grants. Reports to the SCC.

Professor Roger Mason (Chairman)  
Professor Gabriel Panayi (Vice Chairman)  
Professor Peter Croft  
Professor Steven Dower  
Mr Stephen Eisenstein  
Professor Brian Henderson  
Professor Mike Horton  
Professor David Hukins

Professor Catherine Kielty  
Professor Ian Learmonth  
Professor Gill Murphy  
Professor Di Newham  
Professor Bill Ollier  
Professor Jonathan Seckl  
Professor Tauny Southwood  
Professor David Wraith

### *Education Sub-Committee (ESC)*

Oversees the award of various grants and bursaries, sponsorship of scientific meetings, the Campaign's wide range of publications, and other educational activities. Reports to the SCC.

Dr Elaine Hay (Chairman)  
Professor Jane Dacre (Chair Elect)  
Dr Ade Adebajo  
Dr Alison Carr  
Mrs Maggie Carr  
Ms Anne Chadwick  
Dr Fiona Clarke  
Mrs Janet Cushnaghan  
Dr Susan Fraser  
Dr Andrew Hassell

Dr Neil Hopkinson  
Dr Richard Hull  
Professor Brian Jolly  
Dr Lesley Kay  
Professor Peter Maddison  
Dr Sheila O'Reilly  
Dr Margaret O'Sullivan  
Dr Martin Underwood  
Dr David Walker

## Committees and Groups ... continued

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### *Programme Grant Sub-Committee (PGSC)*

Undertakes the annual review of programme grant applications, organises site visits and reports recommendations for programme grant funding to the SCC.

Professor Stephen Holgate (Chairman)  
Dr Madeleine Devey (Scientific Secretary)

Membership varies according to the nature of the applications under consideration.

### *ARC/BSR Clinical Trials Group*

In conjunction with the BSR, the ARC has formed the Clinical Trials Group to promote clinical research on a multi-centre basis, with a national direction. Reports to the SCC.

Professor David Blake (Chairman)	Ms Sophie Edwards
Professor Cyrus Cooper (Vice Chairman)	Mr Grey Giddins
Dr Madeleine Devey (Scientific Secretary)	Professor Adrian Grant
Dr Andrew Bamji	Professor Paul Gregg
Professor Maarten Boers	Dr Brian Hazleman
Dr Hilary Capell	Professor David Isenberg
Professor Anne Chamberlain	Professor Richard Lilford
Dr Ernest Choy	Professor Tiny Maini
Professor Peter Croft	Professor Gabriel Panayi
Professor Jane Dacre	Ms Samantha Peters
Dr Veena Dhillon	Dr Mike Shipley
Professor Paul Dieppe	Professor Alan Silman
Ms Rachel Edwards	Dr Deborah Symmons

### *Standing Committee for the Development of Academic Rheumatology (SCDAR)* (dissolved 17 May 2000)

Was responsible for the endowment of chairs of rheumatology and other permanent academic posts in universities. Also considered applications for short-term senior and clinical lectureship posts in medical schools.

Dr Colin Barnes (Chairman)	Professor Dorian Haskard
Dr Barbara Ansell	Professor David Isenberg
Professor Paul Bacon	Dr John Kirwan
Dr Bryan Bourke	Professor Sandy McNeish
Professor Tim Cawston	

### *Infrastructure Support Committee (ISC)* (dissolved 17 May 2000)

Met annually to consider applications for Integrated Clinical Arthritis Centre awards and Academic Secretary Grants.

Professor Alan Silman (Chairman)  
Dr Madeleine Devey (Scientific Secretary)

## **Committees and Groups ... continued**

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### ***Transition Management Group (TMG)***

Set up as an interim structure to take over the responsibilities of both SCDAR and the ISC prior to the formation of a new committee.

Professor Alan Silman (Chairman)

Professor Dorian Haskard

Professor David Isenberg

Dr Madeleine Devey (Scientific Secretary)

### ***Finance Committee***

Mr O N Dawson (Chairman)

Mr P J W Henderson

Mr R E Holland (resigned 10 March 2000)

Mr J C Maisey

Mr A C Torry

### ***Honorary Medical Secretaries***

Dr Jeremy Camilleri

Dr John Isaacs

Dr Rajan Madhok

Dr Richard Watts