



**The Kennedy Trust for Rheumatology Research
Annual Report & Accounts for the Year Ended 30 September 2024**

**Registered Charity: No 260059
Company No 963832**

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Letter from the Chair

I am delighted to introduce the Annual Report and Accounts for the year 2023/24 for the Kennedy Trust for Rheumatology Research ("Trust"). This has been another year of notable progress for the Trust, with exciting breakthroughs in research, new grants awarded, and streams of funding developed as well as a chance to celebrate decades worth of transformational scientific advancements supported by the Trust.

The Kennedy Institute of Rheumatology ("Institute") continues to advance frontiers of research across a range of novel themes, and this year reached a major milestone in celebrating a decade since it opened its new building at Oxford University, one of the largest and most impressive medical research campuses in Europe. The Institute is thriving under the Directorship of Professor Dame Fiona Powrie and its cast of principal investigators, group leaders, students and talented support staff.

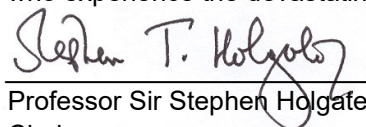
The expression 'world class' is often used in the realm of research funding, but the Trust can be rightly proud to attribute the term to the Institute; evidenced by the publication of its many impressive research findings in top-tier journals and its ability to attract the very best students and scientists from across the globe. The core funding provided by the Trust also enables the Institute to successfully compete for grants from other funders, which now comprise over 60% of the Institute's funding portfolio. This leverage is vital to the Institute's success and is made possible with the commitment of the Trust in prioritising its funds to the Institute and is enabling exciting new frontiers in translational and clinical research to be forged.

The Trust has a strong legacy in supporting research with relevance, and this year we celebrated a quarter-century milestone since the first approvals of Infliximab (anti-TNF α monoclonal antibody), the world's first biologic therapy for rheumatoid arthritis and inflammatory bowel disease. The pivotal studies at the Institute that were crucial to the development of this important drug were made possible by the funding of the Trust and Versus Arthritis. We have not wasted the opportunity to use the proceeds from its global success to invest in new research and build a sustainable future for the Trust and its work.

Recognising that biomedical research funding in the UK is under pressure and to meet this challenge, we continue to expand our ambitions to support research across the UK, and I'm excited about the potential of new funding for career-focused programmes we are planning for coming years. This funding offers researchers the opportunity to build their careers to help deliver the Trust's core mission.

The Trust's success also relies critically on the dedication and time given by its Trustees. These individuals bring a wealth of experience in different areas including finance, law and science and I would like to extend my strongest appreciation of their deep commitment to the Trust. I'm delighted that we are also expanding and evolving our Board, with new members from the world of private equity investment and science, including international academic leaders and those who join us from the pharma and biotechnology sectors. We have also expanded our Research Committee with three new non-Trustee experts, giving us ever greater confidence in placing independent scientific rigour at the heart of the research we fund. The Trust is supported ably by a small dedicated executive team for whose tireless work I extend my appreciation.

It is with a true sense of excitement that we look to new horizons for the Trust as it plans the next stage of its journey; supporting the Institute through a new agreement being developed with Oxford University, our new streams of funding across the UK and working with valued partner organisations and research centres to deliver science that has the potential to change lives for those many people and their families who experience the devastating effects of musculoskeletal disorders.



Professor Sir Stephen Holgate
Chair

19 March 2025

Trustees' Report

Background

The Kennedy Trust for Rheumatology Research ("Trust") was founded in 1965 by a donation from Mathilda Kennedy, daughter of the founder of Marks and Spencer Michael Marks, and her husband Terence to support the establishment of the first institute of its kind investigating the fundamental causes of rheumatic and related musculoskeletal diseases. This resulted in the establishment of the Kennedy Institute of Rheumatology, now at the University of Oxford ("Institute"). The Institute is run independently, but is a recipient of funding from the Trust.

Over the past two decades, the Trust has accumulated substantial reserves from the proceeds of patents from treatments developed for the alleviation of the symptoms of rheumatic and musculoskeletal disease. It uses the returns from the investment of these proceeds to meet its charitable objectives through funding research, in the form of grants, with a significant proportion provided to support the Institute, along with an increased proportion to other centres.

Charitable objectives

To provide financial and other support for basic and translational research into rheumatic and related musculoskeletal diseases. In meeting its charitable objectives, the Trust supports both basic and translational research primarily through its support of the Institute.

Strategic themes

To focus the key activities of the Trust and articulate how it delivers on its charitable objectives, the Trust adheres to the following strategic themes:

1. Maintain the agreed strategic course for its investments, based on the long-term asset allocation of financial assets.
2. Continue to prioritise available financial support for the Institute and work with Oxford University to maximise the value of this funding.
3. Strategically plan and focus on other research support where it can make the most difference and seek ways to leverage and maximise the impact of its research funding.

When setting the strategic themes, planning the work of the Trust and in preparing this report, Trustees have referred to the Charity Commission's general guidance on public benefit and are satisfied that the activities undertaken by the Trust meet the Commission's requirements.

Strategic Report

The Trustees are pleased to present their annual report together with the financial statements of the Trust for the year ended 30 September 2024 which are also prepared to meet the requirements for a directors' report, strategic report and accounts for the Companies Act purposes. A combined directors' report and Trustees' annual report has been prepared with strategic report content contained in activities, achievement and performance (from page 4) and the financial review (from page 8).

Activities, achievements and performance

Supporting excellence in research

The Trust continues to build its prominence as a funder of research within the UK biomedical research landscape, through a focus on supporting new talent and stimulating ambitious new avenues of research funding. The Trust currently supports a portfolio of over 50 live awards, both within the Institute at Oxford University and at 12 other centres of excellence across the UK.

We are increasingly focussed on developing funding instruments that support research where it is most needed. Far from simply filling gaps, we are intent on using our funds to help build and sustain the research ecosystem in the UK in the areas that meet our charitable objectives. Our ambition is that by nurturing new talent and providing carefully placed support, our funding intersects with the wider system in a way that synergises and amplifies with other funding and support provided by research institutions across the UK.

The Trust launched a new scheme in 2023, the Research Ignition Awards (“RIAs”) with the aim of providing early funding support of up to £100k to build capacity in rheumatic and musculoskeletal disease research in the UK. We know that this type of seed funding for researchers to develop early data is lacking in the UK, yet it can provide a vital life-line for embryonic research ideas to flourish. We are excited that ten of these ‘pump-priming’ grants were awarded by our Research Committee in October 2023, with most having started this year. They explore diverse research topics, ranging from the development of new pharmaceutical interventions for osteoarthritis to unpacking the mechanisms that lead to pathogenesis of systemic fibrosis. The second call for RIA's will launch early in 2025 and we look forward to supporting exciting new science to add to our existing portfolio.

Ignition highlight: Professor Ian Clark, Professor Alex MacGregor and Dr Rose Davidson, University of East Anglia.

The food we eat can affect arthritis, for example through inflammation, which can impact upon the structure of the joint and influence pain. Some foods have been linked to osteoarthritis in population studies, but the laboratory evidence supporting these connections is poor. This is because laboratory studies don't capture the complexity of how different foods interact. Researchers typically study one factor at a time, which limits their understanding of the bigger picture. In this project, Prof Clark, Dr Davidson and Prof MacGregor aim to overcome these limitations by using a more sophisticated approach which will allow them to test the effects of many dietary components simultaneously and understand how they interact. Ultimately, this will allow evidence-based advice enabling osteoarthritis patients to use diet in the self-management of their disease.

This year also saw the awarding of a sixth Senior Research Fellowship to Dr Tetsuo Hasegawa, at the University of Cambridge. His innovative project will generate a 3D molecular atlas of the synovium of the joint using unique imaging systems and investigate questions that will provide new strategies to target neuroimmune interactions in arthritis and joint pain. The value of this prestigious fellowship scheme cannot be underestimated in helping support young group leaders at a vital juncture in their career, as well as building much needed capacity at a senior level to help the Trust meet its mission. Dr Hasegawa joins five other Senior Research Fellows, who are already making great strides in building their careers and contributing to important knowledge in the field.

Fellowship highlight: The Trust is also delighted to have supported a further fellowship co-sponsored with the Medical Research Council through the Daphne Jackson Trust fellowship scheme that enables scientists to return to research after a period of absence. Our new fellow, Dr Kate Coldwell has started her fellowship in the laboratory of Professor Dame Fiona Powrie at the Institute. Dr Coldwell's work will focus on Primary Sclerosing Cholangitis ("PSC"), which is a rare liver disease causing damage to the bile ducts impacting the transport of bile between the liver and the gut. The Fellowship will analyse blood and faecal samples in patients with PSC to look at the impact this disrupted bile transport has on the gut microbiome (the community of bacteria living in the gut), gut health and the relationship with liver disease. It is hoped that data from the study will provide information on how gut and liver problems in patients with PSC could be managed by modification to diet or lifestyle.

To add to our suite of funding this year, Trustees approved an exciting new strategic scheme: the Transition Fellowships. The scheme aims to support talented postdoctoral researchers seeking to take their first step towards research independence and we expect to make our first awards in 2025.

An important element of research success is the cohesion and collaboration between scientists. In 2021 a new network was formed of Kennedy Trust funded students and scientists, the Kennedy Network ("Network"), which has the aim of building connections between the scientists and students that we fund. The Network has over 100 members and this year we refreshed the Steering Committee to oversee its activities and initiatives. This year, the Network supported travel bursaries to attend a conference focusing on translational medicine at Trinity College, Oxford, as well as a workshop focusing on the development of international careers in London. The Network's third residential conference was held in Birmingham in February 2025 and featured an exciting programme of speakers, networking and workshops. The Steering Committee has also achieved further success through the publication of a biannual newsletter to foster continued engagement and communication amongst Network members.

Continuing commitment to the Kennedy Institute of Rheumatology

The Institute remains a flagship of international research excellence in the field of rheumatic and related musculoskeletal and inflammatory diseases. The Trust continues to provide significant core funding to the Institute, which has over the past number of years been building on its legacy of translating discovery research into new potential therapies. The Institute currently hosts 222 international scientists, staff and students and the Trust directly supports just over a quarter of its 162 staff.

The rich and supportive culture of research at the Institute is a vital ingredient in its success and something that the Director, Professor Dame Fiona Powrie, and her senior leadership team continue to build and develop through effective mentoring, a focus on diversity and an open culture of networking and learning.

The core funding provision of the Trust provides crucial underpinning support for the Institute, which enables the lead researchers to secure other sources of competitive grant funding to build their programmes of work across five core themes of discovery and translational research:

- Clinical translational and experimental medicine
- Computational biology
- Immunity and microbes
- Inflammation biology
- Tissue remodelling and repair

These are supported by state of the art facilities and platforms, supported by the Trust along with other funding, all of which enable research group leaders at the Institute to tackle ambitious questions using highly innovative experimental techniques, including biological imaging, genomic analysis and deciphering of complex data sets.

Kennedy leadership highlight: Dr Fränze Progatzky

Dr Progatzky's research group is harnessing the power of imaging platforms at the Institute to understand how different cell types cooperate to sustain healthy tissue and how they cooperate in the response to injury and inflammation during disease, particularly in the intestine. The work has important implications for understanding tissue repair in conditions such as inflammatory bowel disease and arthritis and has been recognised through a prestigious Wellcome Trust Career Development Fellowship that was enabled through funding by the Kennedy Trust, which continues to support the work of Dr Progatzky's group.

The Institute provides an exceptional environment for training the next generation of scientists at pre-doctoral and postdoctoral levels, most notably through The Kennedy Prize Studentship programme, supported by the Trust. With an uptake of seven new DPhil students in 2024, the total number of Trust-funded clinical and non-clinical students represents almost half of the 60 students working across 25 research groups. Several of these new students have also won joint support from other scholarly organisations, including the Rhodes Trust, the Medical Research Council and the Clarendon Fund, adding to the badge of excellence for the students attracted to work at the Institute.

The Institute's DPhil (PhD) graduates often go on to build careers at research centres in the UK and around the world and remain as alumni members of the Kennedy Network. Our hope and expectation is that this growing family of next generation Kennedy-trained scientists will forge new pathways of deciphering the complexity of rheumatic and related conditions.

Kennedy studentship highlight: Julia Salafranca Gomez

Julia joined the Institute in 2021 on a Kennedy Trust Prize Studentship and has been focussing on the molecular regulation of neutrophils during inflammation, particularly in rheumatoid arthritis. Julia is using models of arthritis and human samples to study pathways in disease and identify new therapeutic targets.

The Trust is also delighted to continue to support the Africa Oxford (AfOx) Kennedy Trust Prize Studentship scheme, which is a cross-university platform based at the University of Oxford with the aim of facilitating equitable and sustainable collaborations between researchers at the University of Oxford and African Universities.

Building from foundations of excellence in discovery research, the steady growth of translational and clinical research at the Institute remains a priority for the Trust and we continue to support a dedicated Clinical Pathology platform to help enable the development of novel experimental medicine studies. Linked closely with this is the groundbreaking Arthritis Therapy Acceleration Programme ("A-TAP"), initiated by a £7m award by the Trust in 2017 to bring together a highly novel configuration of researchers at the Universities of Oxford and Birmingham with industry partners who combine their resources to undertake innovative experimental medicine studies and clinical trials of new therapeutics. The first iteration of A-TAP is now in its final year and the Trust will continue to work with the Institute to build on its success in future years, supporting and encouraging the deepening of successful partnerships with industry spearheaded by A-TAP. To this end, the Institute has created lead innovator positions adjacent to key platforms as a means of ensuring that innovation keeps pace with new science emerging at the Institute.

Reach, visibility and impact of our research funding

The value of medical research funding lies not only in the generation of new knowledge, but in how this can be harnessed and translated into new forms of treatment that benefits patients. We are confident that our funding is flowing to internationally competitive research groups and their scientific productivity is a valuable measure of their success and our own. The Trust continues to think about how we measure and communicate the impact of our funding, and we have been developing a framework for measuring and reporting impact.

Our grant recipients report annually through the Researchfish platform and this gives the Trust a useful snapshot of how our grant funding is performing. Over the last five years alone, over £89m of further funding has been reported by our award holders, demonstrating the importance of our support in stimulating new avenues of research. Over this period, our grants have generated over 500 publications in peer reviewed journals, revealing the scale of dissemination of new knowledge emanating from our support. Almost half of these awards started publishing within their first year, which suggests that our funding leads to efficient and productive research.

Our funding has also helped, directly and indirectly, support over 200 partnerships and collaborations in the UK and across 18 countries worldwide, demonstrating the importance and breadth of the Trust's funding in enabling scientists to forge cohesion and build networks.

We continue to showcase our research using our website and social media channels, and this year we celebrated perhaps our greatest single impact with the publication of a new booklet chronicling the development of anti-TNF therapies. The development of this form of treatment began with research at the Institute in the 1990's and has brought huge benefits to human health, helping spawn a new generation of therapeutic biologic drugs for the treatment of a range of inflammatory diseases. The ultimate demonstration of the impact of anti-TNF therapy is the millions of people whose lives it has transformed, but the considerable financial legacy it has provided has also enabled the Trust to sustain its investment into new research and a new generation of research talent. This is a true testament to how research can have a lasting multigenerational impact, from which the Trust will continue to build.

Looking ahead: building and aligning our capability to deliver excellence and relevance

The Trust remains ambitious about the future of its work to support worldclass research. This year the Institute celebrates a decade as a beacon of research excellence under its Director Professor Dame Fiona Powrie. At the Institute, we have helped build key infrastructure, research capability and scientific teams that together form a unique environment for the delivery of research. Together with the Institute and Oxford University, we are now exploring how the Trust can most effectively fund and support the long-term success of this worldclass fulcrum of research.

To help us do this we continue to carefully manage our resources: in our available funding, in our planning and operations and in supporting an effective Board and sub-committees. Over the year, we recruited Mr Joe Cronly as a new Trustee and member of the Finance and Investment Committee. Joe comes with a wealth of experience in private equity investment, which forms a key element of the Trust's investment portfolio and which is vital to our ability to sustainably fund research. Joe replaces Mr Ed Buckley, who retired from the Board and Finance and Investment Committee in 2024 having served for six years, over which time he brought considerable knowledge and experience in helping the Trust manage its key investments.

We have also recruited four new scientific Trustees and are delighted to welcome highly respected research leaders in academia and industry to the Board: Professor Paul Peter Tak, Professor Edith Hessel, Professor Paul Emery and Dr Tony Wood. We also welcome three new non-Trustee members to our Research Committee: Professor Philip Conaghan, Professor Dirk Elewaut and Professor Carola Vinuesa. We are truly excited about the new scientific capacity these individuals bring to the Trust and are confident that their combined experience will bring fresh ideas to how we support the delivery, translation and exploitation of our funded research.

With guidance from our Research Committee, we continue to plan ahead for future funding streams, so that we are able to develop consistency in the way in which we fund the research community. In addition, we will continue to scope new areas of strategic importance, particularly where there is opportunity to partner or align with other research funders.

There is an expanding appreciation amongst many funders of the importance of bringing an authentic patient perspective and voice to research. In July 2024 we hosted a joint workshop with like-minded funders and patient partners to explore the opportunities and challenges of incorporating meaningful Patient and Public Involvement (“PPI”) practices into all aspects of our work. Feedback from this meeting has already informed updates to the application and review process for our first Transition Fellowship call, and we have updated our Researchfish reporting process to highlight and monitor the PPI activities undertaken by our funded researchers. We will continue to explore how we might bring the voice of those with direct experience of arthritis and other inflammatory conditions into other aspects of our research activities and delivery of funding.

This year we also expanded the small executive team of the Trust with the addition of a new Operations Support Officer. This has been an important development of the Trust’s executive functions and is enabling a new approach to how we organise and plan our work, deliver research funding and support the Board and its sub-committees.

Financial Review

Investment income £10.6m	Grants awarded £5.3m	Total Reserves £301.9m
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From a financial perspective, the Trust has two key drivers of financial sustainability; how well the investments perform and how much the Trust spends on research grants.

Investments (including policy and objectives)

The Trust relies on the dividends, distributions and capital gains derived from its investment portfolio to fund its charitable activities. The portfolio is mostly managed by JP Morgan as the Trust’s responsible fiduciary managers. The Trust carries out no fundraising activities.

The portfolio is invested with the aim of providing sufficient returns to cover the Trust’s grant giving, while preserving the real value of its assets over the long-term. Thus, the principal objective for the portfolio is a total return on invested funds of UK CPI+3% per annum over the longer term. The Trust has a balanced portfolio with sufficient liquidity to meet short-term spending commitments and avoid the forced sale of long-term and less liquid assets. In order to meet the portfolio’s objective, JP Morgan continues to work towards the agreed long-term asset allocation of 45% alternatives, 40% equities and 15% fixed income and cash. The Trust’s Investment Policy was reviewed and updated in November 2023.

The Trustees expect JP Morgan to consider the environmental, social and governance (ESG) policies of companies alongside other factors that may affect their long-term investment prospects. Given the Trust’s objectives, tobacco investments are kept to an absolute minimum and excluded where practically possible in the context of the Trust’s investments in pooled funds.

As at 30 September 2024, the total investments were valued at £332.9m (2023: £305.5m) and had generated £10.6m (2023: £8.7m) in income from dividends and distributions.

The return on investments for the year to 30 September 2024 was 13.9% (2023: 5.5%), above the Trust's long-term target return of UK CPI+3%. Key factors influencing performance were:

- Global equities: Gains were driven by easing inflation and strong corporate earnings, with the portfolio significantly benefiting from its U.S. equity market allocation. Investments in the Nasdaq and Semiconductor indices stood out, delivering exceptional returns. These sectors experienced robust growth due to strong investor enthusiasm for artificial intelligence, and a backdrop of a resilient economic environment.
- China equities: Performance in this allocation was a drag on returns. Despite government interventions such as interest rate cuts and liquidity injections, the Chinese economy struggled with persistent challenges. Weak consumer demand, deflationary pressures, and ongoing geopolitical tensions continued to weigh heavily on market performance, limiting the impact of stimulus efforts.

The Trust has continued to increase its allocation to Alternatives, with new investments in Global Transportation and additional commitments to Private Equity with the overall exposure increasing from \$7.2m to \$19.0m.

Grants

Grants are awarded through specific research calls or under the Trust's agreement with the Institute, in accordance with the Trust's charitable objectives.

The Trust committed a further £5.3m of multi-year grant funding to 7 UK institutes and Universities during the 2024 financial year (2023: 15.4m, 4 UK institutes and Universities). These grants have been discussed in pages 4-8 above. This is included within the SOFA (page 17) under the heading 'Research Funding'. Including the allocated support and governance costs, the total spend on Research Funding was £5.8m (2023: £15.9m). In 2023, a single award of £8.3m was given to the University of Oxford by the Trust to support the creation of two new permanent University Statutory Chairs at the Institute through a joint endowment between the University and the Trust.

This adds to the overall portfolio of ongoing research, with grant commitments still to be paid totalling £33.1m as at 30 September 2024 (2023: £35.7m). 57% of this balance is related to Institute funding (2023: 68%).

Reserves

Total reserves as at 30 September 2024 were £301.9m (2023: £271.9m). If designated funds of £8.9m and a small endowment of £1.6m are excluded, this results in a general fund of £291.4m.

Whilst these may be considered 'free reserves', the Trust's policy is to maintain the real value of the level of reserves over the long-term, as the majority of these are invested to generate a sufficient return to fund current and future charitable activities. This is in line with the power conferred on the Trust and has been discussed with the Charity Commission. The Trustees consider the current level of reserves to be appropriate in light of the Trust's ambition to provide long-term support to scientists working in the fields of fundamental and translational research into musculoskeletal and related diseases.

Details of the designated and endowment funds are in note 12 of the accounts.

Principal risks and uncertainties

The Board of Trustees has responsibility for ensuring there are adequate and effective risk management protocols in place to manage the Trust's overall areas of risk. An annual review of the key risks is carried out by the Board and is supported in its assessment by the Finance and Investment Committee and General Purposes Committee.

The Trust has identified the following principal risks and steps to mitigate the risk:

Risk	Mitigation strategy
<p>Investment Management: The Trust solely relies on investments to generate a sufficient return to cover research expenditure. As is the nature with investment, there is some accepted risk of loss, as well as variable returns.</p>	<p>The Trust has engaged an external fiduciary manager, JP Morgan, and pursues an asset allocation policy to diversify risk and conserve capital in real terms. There are regular reviews of the Trust's investment strategy and policy (in light of the Trust's financial plans) by the Finance and Investment Committee and the Trust's fiduciary manager.</p> <p>Quarterly performance reports are presented to the Finance and Investment Committee and annual presentations are made to the Board. Regular reviews of long-term expected returns compared with expected spending are performed.</p>
<p>Relationship with the University of Oxford: The current 5 year agreement is due to end in July 2026. The Trust has entered into discussions with Oxford University and the Institute on the future funding terms.</p> <p>This is a historic relationship which the Trust will continue to prioritise under the agreed strategic themes.</p>	<p>A temporary sub-committee has been created to navigate the development of a new agreement, which aligns with the Institute's new strategy, on agreed terms that are appropriate for the Trust and its objectives.</p>
<p>External factors</p> <p>The Trust subject to external forces such as the Financial Markets and changes to legislation/guidance.</p>	<p>The Trust considers that its operations are unlikely to be impacted by short-term market volatility given the portfolio is well-diversified and there are sufficient liquid assets to meet its spending requirements.</p> <p>Trustees and the Executive keep abreast of potential external changes which may impact the Trust.</p>

Structure, Governance and Management

Governing Document

The Trust is a charitable company limited by guarantee incorporated on 13 October 1969 and is governed under its Articles of Association. The Charity is registered with the Charity Commission of England and Wales.

Structure and decision making

The Trust is governed by a Board of Trustees who meet quarterly as a minimum. There are three permanent sub-committees each with specific responsibilities, as set out in their Terms of Reference, and each reports to the Board on a regular basis:

General Purposes Committee: ensures that all matters relating to the Trust are effectively managed by the appropriate Committee or the Board. Its responsibilities include the structure, governance, and reputation of the Trust.

Finance and Investment Committee: responsible for the Trust's financials, investments, and audit and risk management for finance and investment matters.

Research Committee: has responsibility for all matters requiring scientific expertise and operates with five non-trustees.

Recruitment and appointment of new Trustees

Trustees are recruited by the Board based upon their experience, professional qualifications, empathy and interest in the Trust's objectives and ability to further the Trust's performance and achievements. A dedicated working group of Trustees shortlist candidates for interview and put forward a final recommendation to the Board of Trustees. Suitable candidates are identified through an open recruitment process with a specialist recruiter.

Once appointed, new Trustees are provided with an induction pack which highlights their fiduciary responsibilities, as well as containing relevant information about the Trust and their areas of responsibility. Trustee training is provided where considered necessary.

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Charity. The cost of this insurance in the year has been included within total insurance costs.

Pay and remuneration

The Trust considers salaries paid on an annual basis to ensure they are fair and appropriate for the positions and reflect any changes to the roles during the year. In addition, account is taken of changes in the cost of living.

The Finance and Investment Committee, with approval by the Board, reviews salaries of Key Management Personnel (KMP) on an annual basis as outlined above and makes recommendations to the Board for final approval.

The Trust appoints external recruitment agents to advise on KMP appointments. The Board or a delegated working group will determine the pay range for a vacancy prior to advertising, ensuring remuneration is in line with industry and market.

Charity Information

Registered Charity No: 260059
Registered Company No: 963832

Board of Trustees

Professor Sir Stephen Holgate (Chair)
Mr. Edmund Buckley (resigned 20 June 2024)
Mr. Christopher Coombe
Professor Andrew Cope
Mr. Joseph Cronly (appointed 23 July 2024)
Mr. Mark Dighero
Professor Paul Emery (appointed 25 November 2024)
Mrs. Margaret Frost (resigned 7 December 2023)
Professor Edith Hessel (appointed 25 November 2024)
Professor Tracy Hussell
Mrs. Harsha Patel
Professor Michael Patton
Mr. Richard Punt
Dr. Paul Satchell
Professor Paul Peter Tak (appointed 25 November 2024)
Ms. Victoria White (resigned 8 November 2023)
Dr. Tony Wood (appointed 25 November 2024)

Sub-committees

General Purposes Committee

Mr. Mark Dighero (Chair), Professor Sir Stephen Holgate, Professor Michael Patton, Mr. Richard Punt and Ms. Victoria White (to 8 November 2023)

Finance and Investment Committee

Mr. Christopher Coombe (Chair from 1 November 2023), Mrs. Margaret Frost (Chair to 31 October 2023), Mr. Edmund Buckley (to 20 June 2024), Mr. Mark Dighero, Professor Sir Stephen Holgate, Mrs. Harsha Patel, Dr. Paul Satchell and Mr. Joseph Cronly (from 23 July 2024)

Research Committee

Professor Andrew Cope (Chair), Professor Tracy Hussell, Mr. Richard Punt and Professor Sir Stephen Holgate. Non-Trustee members: Professor Brigitta Stockinger (to 14 February 2024), Professor Philip Conaghan (from 24 April 2024), Professor Dirk Elewaut (from 24 April 2024), Professor Carl Goodyear, Professor Paul Lehner and Professor Carola Vinuesa (from 24 April 2024)

Key Management Personnel

Dr. Stephen Simpson (Chief Executive Officer)
Mrs. Hazel Middleton (Director of Finance and Operations)

President*

Professor Sir Ravinder Maini

Vice presidents*

Mr. Colin Barnes
Mr. James Davis
Dr. Greg Winter

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Independent Auditors

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London EC2Y 5AU

Bankers

Lloyds TSB Bank PLC
25 King Street
Hammersmith
London W6 9HW

Investment Advisers

J.P. Morgan SE
60 Victoria Embankment
London EC4Y 0JP

Legal Advisers

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

**honorary positions and not a trustee*

Statement of Trustee Responsibilities

The Trustees (who are also directors of the Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other regularities.

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

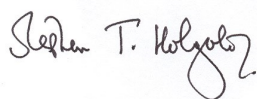
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- The Trustees' Annual Report is approved by the Trustees of the charity. The Strategic Report, which forms part of the Annual Report, is approved by the Trustees in their capacity as Directors in company law of the charity.

Auditors

The auditors, MHA were appointed auditors during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board of Trustees.



Professor Sir Stephen Holgate
Chairman of the Board of Trustees
19 March 2025



Christopher Coombe
Chair of the Finance and Investment Committee

Independent Auditor's Report to the Members of The Kennedy Trust for Rheumatology Research

Opinion

We have audited the financial statements of The Kennedy Trust for Rheumatology Research (the 'charitable company') for the year ended 30 September 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets and forecasts provided.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. In connection with our audit of the financial statements, our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report (incorporating the Strategic Report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on Page 13, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the control systems in place and testing the effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditor's report.

Use of this report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sudhir Singh FCA (Senior Statutory Auditor)

For and behalf of

MHA

Statutory Auditor

London, United Kingdom

Date:

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Statement of Financial Activities

(incorporating income and expenditure account)

For year ended 30 September 2024

	Note	Unrestricted	Endowment	Total	Total
		2024	2024	2024	2023
		£'000	£'000	£'000	£'000
Investment Income		10,562	-	10,562	8,740
Income from other Trading Activities					
Co-funding of Research Initiatives		95	-	95	163
Total income		10,657	-	10,657	8,903
Costs of Raising Funds					
Investment Advice	2	1,199	-	1,199	970
Royalty Sharing Payments	2	-	-	-	499
Expenditure on Charitable Activities					
Research Funding	2,3	5,816	-	5,816	15,943
Other Expenditure					
Exchange loss		12	-	12	15
Total expenditure		7,027	-	7,027	17,427
Net income/(expenditure) before investment gains/ (losses)		3,630	-	3,630	(8,524)
Net gains on investments	7c	26,285	90	26,375	1,309
Net movement in funds		29,915	90	30,005	(7,215)
Total funds brought forward		270,437	1,466	271,903	279,118
Total funds carried forward	12	300,352	1,556	301,908	271,903

The detailed 2023 comparative Statement of Financial Activities is reported in note 18

The notes on pages 20 to 34 form part of these financial statements

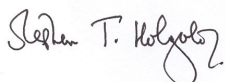
Balance Sheet

as at 30 September 2024

Company number: 963832

	Note	2024 £'000	2023 £'000
Fixed Assets			
Tangible assets	14	1	2
Investments	7	332,941	305,489
		332,942	305,491
Current Assets			
Debtors	8	472	1,368
Cash at bank and in hand		1,706	1,420
		2,178	2,788
Current Liabilities (amounts falling due within one year)			
Sundry accruals and creditors	9	(128)	(630)
Grant payments due within one year		(13,301)	(13,479)
		(13,429)	(14,109)
Net current assets		(11,251)	(11,321)
Total assets less current liabilities		321,691	294,170
Creditors (amounts falling due after one year)			
Grant payments	10	(19,783)	(22,267)
Total net assets	11	301,908	271,903
Funds			
Unrestricted – Designated		8,921	13,041
Unrestricted – General		291,431	257,396
Unrestricted – Total		300,352	270,437
Endowment		1,556	1,466
Total funds	12	301,908	271,903

These Accounts were approved by the Trustees and authorised for issue on 19 March 2025.



Professor Sir Stephen Holgate
Chairman of the Board of Trustees



Christopher Coombe
Chair of the Finance and Investment Committee

The notes on pages 20 to 34 form part of these financial statements.

Statement of Cashflows

For year ended 30 September 2024

	2024	2023
	£'000	£'000
Net Cash used in Operating Activities (Note a)	(8,099)	(17,778)
Cashflow from Investing Activities (Note b)	8,385	17,401
	286	(377)
Cash and Cash Equivalents at 1 October	1,420	1,797
Cash and Cash Equivalents at 30 September	1,706	1,420

a. Net Cash used in Operating Activities

Net income/(expenditure) for the year	30,005	(7,215)
Investment income	(10,562)	(8,740)
(Gains) on investments	(26,375)	(1,309)
Add back investment management costs	1,101	918
Add back depreciation of tangible assets	1	2
(Decrease) in creditors	(3,165)	(645)
Decrease/(Increase) in debtors	896	(789)
Net Cash Flow from Operating Activities	(8,099)	(17,778)

b. Cash Flow from Investing Activities

Payments to acquire investments	(76,324)	(142,320)
Receipts from sales of investments	75,469	113,544
Investment income	10,562	8,740
(Increase)/ decrease in cash held by investment manager	(3,688)	34,657
Cash inflow from foreign exchange hedging	3,467	3,698
Investment Manager fees	(1,101)	(918)
Net Cash Flow from Investing Activities	8,385	17,401

As the Trust does not have any debt, an analysis of net debt has not been produced.

Notes to the Accounts

1. Summary of Significant Accounting Policies

(A) GENERAL INFORMATION AND BASIS OF PREPARATION

The Kennedy Trust for Rheumatology Research is a private company limited by guarantee registered in England. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 12 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £'000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(B) FUNDS

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been restricted for particular purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, principally the Maynard Jenour Fund and the Kennedy Endowment Fund. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

(C) INCOME RECOGNITION

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Donations are recognised on receipt. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and private market distributions. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included within cost of raising funds when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

Income from royalty and license agreements is recognised throughout the year when there is reasonable assurance of receipt. Royalty and license income are recognised gross of the related revenue share obligations to the Inventors and other parties which are payable on recognition of the royalty income. License agreements also provide for the reimbursement of patent protection costs in certain cases.

(D) EXPENDITURE RECOGNITION

All expenditure is accounted for on an accruals basis, inclusive of VAT that cannot be recovered and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes royalty sharing payments, intellectual property protection & investment advice;
- Expenditure on charitable activities includes research science funding and research infrastructure funding.

Grants payable to the Institute and to other third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the Trust's target rate of return on investment, currently UK CPI +3%. This discount rate is regarded by the Trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Trust. The effect of the rate applied has been quantified in the Financial Report in note 3.

Royalty sharing payments are calculated by applying a formula for the distribution of royalty income agreed by the Trustees and Versus Arthritis, which reflects current UK university practice. Such payments are accrued in line with the corresponding royalty income.

Investment advice reflects the costs incurred by the Trust in managing its investment portfolios. The cost includes both internal costs and external consultancy and management costs. Cost is recognised in line with the accruals basis above.

(E) SUPPORT COSTS ALLOCATION

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include grant management carried out by the Trust's employees. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises overheads and other overheads have been allocated either on time spent or on another basis as appropriate.

(F) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. The agreed capitalisation limit of tangible assets has been increased and agreed at £1,000.

Depreciation is calculated to write-off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Computer equipment	3 years
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(G) INVESTMENTS

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains /(losses) on investments' in the Statement of Financial Activities if the shares are publicly traded or their fair value can otherwise be measured reliably. The Trustees have deemed that the fair value of unlisted open ended investment companies (OEIC's) and illiquid property fund investments, equates to the charity's share of the Net Asset Value (NAV) of the assets held, based on the market prices as at the valuation date. Investment gains and losses are shown split between realised and unrealised.

(H) DEBTORS AND CREDITORS RECEIVABLE / PAYABLE WITHIN ONE YEAR

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(I) PROVISIONS

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(J) LEASES

Rentals payable and receivable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

(K) FOREIGN CURRENCY

Foreign currency transactions are initially recognised by applying to the foreign currency amount the best available exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate. Gains and losses on exchange are allocated to the appropriate resource.

Forward exchange contracts are used solely to manage the exposure to foreign exchange rate risks in respect of the Trust's investment portfolio.

(L) EMPLOYEE BENEFITS

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity contributes to the personal pension schemes of the employees and all costs are charged to the Statement of Financial Activities in the year to which they relate. These costs are all allocated to unrestricted funds based on time spent on each activity.

(M) TAX

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. It therefore does not suffer tax on income or gains applied for charitable purposes.

(N) GOING CONCERN

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure are sufficient with the level of reserves for the charity to be able to continue as a going concern.

In arriving at this conclusion, the Trust's investment portfolio has been stress tested with the assistance of its fiduciary manager JP Morgan. The Trustees concluded that even in the worst case scenarios, funds available are considered to be comfortably adequate to ensure the solvency, resilience, and liquidity of the Trust.

(O) FINANCIAL INSTRUMENTS

The charity holds both basic and complex Financial Instruments. The Trust has elected to apply the provisions of Section 11 and Section 12 of FRS 102 in full in respect of financial instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors – trade and other debtors (including accrued royalty income) are basic financial instruments measured at amortised cost.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments and are measured at amortised cost as detailed in notes 10 and 11. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Investments – a number of investments held at the year-end are classified as complex financial instruments as they are unlisted open ended investment companies (OEIC's). Under Section 11.24 of FRS 102 SORP 2019 the subsequent measurement of complex financial instruments should be at fair value and all changes in the fair value should be recognised in the Statements of Financial Activities. The Trustees have deemed that the fair value of these investments equates to the charity's share of the Net Asset Value (NAV) of the assets held, based on the market prices as at the valuation date. The Trust deems its derivative instruments as complex financial instruments and the Trust's policy is explained below. All other investments are classified as basic financial instruments and held at their market value.

Derivative instruments – The Trust uses Forward foreign currency contracts to reduce exposure to foreign exchange rates solely in respect of its investment portfolio. Derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value gains and losses are recognised in the SoFA.

(P) JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

- Allocation of support costs are made in line with the use of the resource
- Fund allocation
- Discounting of the multi-year grants liabilities to present value. Internal estimation is required in calculating the appropriate discount rate and determining when the liability will fall due
- Fair value of investments
- Foreign currency exchange rates.

There are no other key assumptions concerning the future or key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Analysis of Expenditure

	Activity					
	Research Funding £'000	Investment Advice £'000	Royalty Sharing payments £'000	Governance £'000	Support £'000	2024 Total £'000
Staff Costs (see note 5)	102	32	-	101	46	281
Grants (see note 3)	5,296	-	-	-	-	5,296
Network	7	-	-	-	-	7
Legal and Professional	19	1,101	-	32	15	1,167
Operating costs	44	-	-	11	126	181
Other	26	-	-	57	-	83
	5,494	1,133	-	201	187	7,015
Governance Costs	167	34	-	(201)	-	-
Support Costs	155	32	-	-	(187)	-
Total	5,816	1,199	-	-	-	7,015

	Activity					
	Research Funding £'000	Investment Advice £'000	Royalty Sharing payments £'000	Governance £'000	Support £'000	2023 Total £'000
Staff Costs (see note 5)	84	33	-	92	42	251
Grants (see note 3)	15,402	-	-	-	-	15,402
Network	47	-	-	-	-	47
Legal and Professional	47	918	3	33	21	1,022
Operating costs	22	-	-	11	116	149
Other	29	-	496	16	-	541
	15,631	951	499	152	179	17,412
Governance Costs	143	9	-	(152)	-	-
Support Costs	169	10	-	-	(179)	-
Total	15,943	970	499	-	-	17,412

3 Grants awarded

The Trust issues grants to institutions only, in areas that have a clear relation to disease pathways of rheumatological and related musculoskeletal disorders:

	2024	2023
	£'000	£'000
University of Oxford	1,907	5,241
University of Cambridge	1,992	-
Queen Mary University of London	100	68
University of Leeds	100	-
University of East Anglia	100	-
University of Nottingham	99	-
King's College London	99	-
University of Oxford – Statutory Chairs*	-	8,264
University of the West of England	-	50
University of Birmingham	-	98
Total grants awarded	4,397	13,721
Other adjustments		
Writebacks	(1,333)	(315)
Movement in grant discount	2,232	1,996
Total	5,296	15,402

The Trust discounts multi-year grant liabilities to present value, and applies a discount rate of UK Core CPI +3%. As at 30 September 2024, the total rate of 6.2% (2023: 9.1%), resulted in a discount of £2.5m (2023: £4.8m).

The current year impact of £2.2m (2023: £2.0m) is recorded in charitable expenditure.

*A single award of £8.3m, given to the University of Oxford by the Trust to support the creation of two new permanent University Statutory Chairs at the Institute through a joint endowment between the University and the Trust.

4 Net expenditure for the year

Net expenditure for the year is stated after charging:

	2024 £'000	2023 £'000
Auditors remuneration (for audit services only)	32	33
Exchange rate loss	12	15
Operating lease expense	90	83
Depreciation	1	2

5 Staff Costs

	2024 £'000	2023 £'000
Staff salaries	235	210
National Insurance	23	20
Employer contributions to pensions	23	21
Total Staff Costs	281	251

Average staff numbers during the year comprise 3.5 members of staff (2.7 full time equivalent) (2023: 3 (2.4 full time equivalent)).

The key management personnel of the Charity are the Chief Executive and the Director of Finance and Operations; aggregate remuneration and benefits for the key management personnel is £230k (2023: £230k)

The table below summarises the number of employees who received £60,000 or more in the year:

	2024	2023
Employees paid between £60,000 and £70,000	1	-
Employees paid between £110,000 and £120,000	1	1

6 Payments to Trustees

The members of the Board of Trustees receive no emoluments for their service.

Expenses totalling £894 (2023: £1,691) were reimbursed to 5 Trustees (2023: 5) and £4,143 (2023: £3,025) were paid directly by the Trust to third parties on behalf of 9 Trustees (2023: 8). These payments related mainly to travel and subsistence costs incurred in carrying out their duties as Trustees.

7 Investments

(a) Movement on Investments:

	2024 £'000	2023 £'000
Market Value brought forward	306,946	280,559
Net Additions at Cost	76,324	142,320
Disposals at Market Value	(75,469)	(113,544)
Gain/(loss) on investments	22,909	(2,389)
	330,710	306,946
Outstanding forward contracts	1,569	(2,027)
Cash held by Investment Managers	662	570
Market Value carried forward	332,941	305,489
Historic Costs of Investments	322,144	325,312

(b) Investments comprise of:

	2024 £'000	2023 £'000
Equities	162,539	135,649
Fixed Income	56,756	60,176
Alternatives	92,468	81,554
UK Property Funds	18,947	29,567
Foreign currency forward contracts	1,569	(2,027)
Cash	662	570
Total	332,941	305,489

(c) Net gains/(losses) on investments

	2024 £'000	2023 £'000
Realised (losses) on portfolio	(45)	(62)
Unrealised gains/(losses) on portfolio	22,953	(2,327)
Cash gains from FX hedging	3,467	3,698
Net gain/ (loss) in Statement of Financial Activities	26,375	1,309

Total fair value of listed investments held as at 30 September 2024 were £220.6m (2023: £197.9m) which are made up of equities, fixed income, REIT's and gold.

During 2023, the Trust fully redeemed the residual illiquid holdings in SEI managed vehicles with the net proceeds of £0.38m invested by the Trust's fiduciary manager JP Morgan.

8 Debtors

	2024	2023
	£'000	£'000
Other Accrued Income	451	1,349
Sundry Debtors	21	19
Total Debtors	472	1,368

9 Sundry Creditors and Accruals

	2024	2023
	£'000	£'000
Royalties Payable	-	496
Other Creditors and Accruals	117	127
Taxation and Social Security	11	7
Total Creditors	128	630

10 Creditors falling due after more than One Year

The balance of grants payable is as follows:

	2024	2023
	£'000	£'000
Grant Payments due between one and five years	21,802	25,170
Grant Payments due after five years	512	1,859
Discounting of grant liabilities	(2,531)	(4,762)
Commitments due after One Year	19,783	22,267

11 Analysis of Net Assets

	Unrestricted Funds £'000	Endowment Funds £'000	2024 Total £'000	Unrestricted Funds £'000	Endowment Funds £'000	2023 Total £'000
Fixed Assets:						
Tangible Fixed Assets	1	-	1	2	-	2
Investments	331,385	1,556	332,941	304,023	1,466	305,489
Current Assets						
Debtors	472	-	472	1,368	-	1,368
Cash at Bank and In Hand	1,706	-	1,706	1,420	-	1,420
	333,564	1,556	335,120	306,813	1,466	308,279
Current Liabilities	(13,429)	-	(13,429)	(14,109)	-	(14,109)
Long Term Liabilities	(19,783)	-	(19,783)	(22,267)	-	(22,267)
	300,352	1,556	301,908	270,437	1,466	271,903

12 Funds

	30 September 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Profits £'000	30 September 2024 £'000
Endowment Funds						
Maynard Jenour Fund	99	-	-	-	6	105
Kennedy Endowment Fund	1,367	-	-	-	84	1,451
Total Endowment Funds	1,466	-	-	-	90	1,556
Unrestricted Funds						
General Fund	257,396	10,657	(7,027)	4,120	26,285	291,431
Designated Funds						
Oxford Research Grant Fund 2021	13,041	-	-	(4,120)	-	8,921
Total Designated Funds	13,041	-	-	(4,120)	-	8,921
Total Unrestricted Funds	270,437	10,657	(7,027)	-	26,285	300,352
Total Funds	271,903	10,657	(7,027)	-	26,375	301,908

Endowment Funds

Maynard Jenour and Kennedy Endowment Funds represent donations received in the early years of the Trust, held as permanent endowments. The income is unrestricted and is applied to fund grants to support clinical research.

Designated Funds

The designated funds represent unrestricted amounts which the Trustees have allocated for specific purposes. The Trustees can reallocate these funds as required.

The Oxford Research Grant Fund 2021: represents the intention of the Trust to continue funding the Institute under the current agreement with the University of Oxford signed in October 2018. Under this agreement the Trust committed to provide funding of £4m per annum (adjusted for inflation) from 1 August 2021 until 31 July 2026. The designated fund is used to ringfence the expected funding under the agreement. £4.1m (2023: £4.4m) was released from the Oxford Research Grant Fund 2021 to General Funds constituting funding of this obligation for the year. No grant creditor for the possible future commitments has been shown as the Trust has the right to refuse payment if no suitable projects are put forward.

13 Funds – continued 2023 Comparatives

	30 September 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Profits £'000	30 September 2023 £'000
Endowment Funds						
Maynard Jenour Fund	95	-	-	-	4	99
Kennedy Endowment Fund	1,310	-	-	-	57	1,367
Total Endowment Funds	1,405	-	-	-	61	1,466
Unrestricted Funds						
General Fund	259,252	8,903	(16,928)	4,921	1,248	257,396
Designated Funds						
Oxford Research Grant Fund 2021	17,403	-	-	(4,362)	-	13,041
Legal Expense Fund	1,058	-	(499)	(559)	-	-
Total Designated Funds	18,461	-	(499)	(4,921)	-	13,041
Total Unrestricted Funds	277,713	8,903	(17,427)	-	1,248	270,437
Total Funds	279,118	8,903	(17,427)	-	1,309	271,903

Legal Expense Fund: Up until 2011, the Trustees set aside 10% of gross royalty income to cover the costs of compliance with licence agreements and to defend the Trust's patent rights in the event of litigation. Trustees confirmed in December 2023 that the balance remaining should be distributed to the beneficiaries on the percentage of royalties due based on the patent rights' expiration and the expectation that no future claims are expected. As the end of the patent period was during the financial year to 30 September 2023, this release was reflected in the 2023 accounts.

14 Tangible Fixed Assets

	Computer Equipment	2024 £'000	2023 £'000
Cost			
Cost as at the beginning of the year	5	5	5
Additions	-	-	-
Disposals	-	-	-
Cost at the end of the year	5	5	5

Depreciation

Accumulated depreciation at the beginning of the year	3	3	1
Disposals	-	-	-
Depreciation	1	1	2
Accumulated depreciation at the end of the year	4	4	3
Net book value at beginning of the year	2	2	4
Net book value at end of the year	1	1	2

15 Operating Leases

The Trust has a lease on its current offices which can be terminated at the end of the minimum contract term on 31 March 2025.

These non-cancellable lease commitments and their period of expiry are:

	2024 £'000	2023 £'000
Under 1 year	47	43
2-5 years	-	-
>5 years	-	-
Total	47	43

16 Related Party Transactions

On release of the legal expenses fund in 2023 (see note 12), a final payment of £131,859 was due to the Trust's President, Professor Sir Ravinder Maini.

Professor Sir Ravinder Maini was an employee of the Institute, responsible with Professor Sir Marc Feldmann for the invention which subsequently led to the generation of royalty income. Under a royalty distribution arrangement agreed with Versus Arthritis, and in line with standard UK university practice, he and Professor Feldmann were entitled to an equal share of royalty income.

Professor Maini was a Trustee of the Charity, who resigned in December 2018. He was given approval by the Charity Commission to continue to receive payment of his share of royalty income. In the prior year, £131,859 was receivable by Professor Maini. This was paid during the 2024 financial year and no amounts were outstanding at the year end.

Professor Maini ceased to be a Trustee in December 2018.

In the prior year, The Trust provided £6,000 sponsorship of the British Society of Immunology (BSI) Immunology Awards. Trustee Professor Tracy Hussell is currently President of the BSI and was also President at the time of the award in the prior year. No such transactions were made in the 2023/24 year.

Although not strictly a related party transaction, for transparency purposes, we have elected to disclose that one of the Trust's Research Ignition Awards was granted to the University of Cambridge during the year. The project is led by Professor Paul Lehner, a non-Trustee member of the Research Committee. The total grant awarded was £99,970, with £58,148 remaining at the year-end.

17 Post Balance Sheet Events

In June 2024, notice was provided to the Investment Managers of Savills Charity Property Fund and Mayfair PITCH for the redemption of the Trust's holdings in UK Property Funds. The funds will be reinvested.

As at 30 September 2024 the Trust continued to hold the assets, subject to redemption post year-end:

	Value at the year-end	Receipts post year- end (net of fees)
	£'000	£'000
Savills Charity Property Fund	9,999	2,488
Mayfair PITCH	8,948	8,945

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Detailed Comparatives for the Statement of Financial Activities

	Unrestricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000
Investment Income	8,740	-	8,740
Incoming from other trading activities			
- Co-funding of Research Initiatives	163	-	163
Total Income	8,903	-	8,903
Costs of Raising Funds			
- Investment Advice	970	-	970
- Royalty Sharing Payments	499	-	499
Expenditure on Charitable Activities			
- Research Funding	15,943	-	15,943
Other Expenditure	15	-	15
- Exchange loss			
Total Expenditure	17,427	-	17,427
	(8,524)	-	(8,524)
Net expenditure before investment gains			
Net gains on investments	1,248	61	1,309
Net movement in funds	(7,276)	61	(7,215)
Total Funds brought forward	277,713	1,405	279,118
Total Funds carried forward	270,437	1,466	271,903