



**The Kennedy Trust for Rheumatology Research
Annual Report & Accounts for the Year Ended 30 September 2025**

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

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Letter from the Chair

I am delighted to introduce this year's Annual Report and Accounts. The Kennedy Trust continues its mission with ambition and energy, harnessing its resources to support a growing community of world-class researchers across the UK.

Our close relationship and support for the Kennedy Institute for Rheumatology Research in Oxford continues to thrive as we enter a new strategic phase of funding in 2026 with the recent signature of a £27.5m, five-year grant agreement covering 2026-2031. The ambition to see the therapeutic translation of key discoveries is at the heart of this, and to benefit as many patients suffering from debilitating and life-changing effects of arthritis as possible.

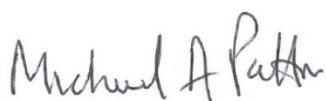
The Trust continues to build its status as a prominent funder for biomedical research excellence in the UK with an international reach through many collaborations across the globe. We are part of a vital network of funders in the UK providing training and support for the research community to maintain the UK's leading position in life sciences. Our relationship with Oxford University and others is vital to this endeavour.

As well as our expanding range of competitive research awards across the UK, we have recognised the importance of training and developing the research careers of our young scientists and have had an annual residential networking event in Birmingham, which furthers collaboration between the Trust funded researchers and students.

Throughout the year the Trust has supported a number of international research meetings in Oxford including "Cutting Edge in Osteoarthritis" and the "International Forum for Rheumatoid Arthritis" and we aim to continue this support.

The work and dedication of the Kennedy Trustees remains vital to the success of the Trust and I am grateful for their tireless support and the expertise they provide and to the work and dedication of the Trust's staff. This year we have had significant changes to our Board with the appointment of four new Trustees and the retirement of Professor Sir Stephen Holgate as Chair after six years. His wisdom, guidance and knowledge have left the charity in an excellent position. Professor Andy Cope also retired during the year as a Trustee and Chair of our Research Committee and I would like to thank both of them on behalf of the Trust for their outstanding contributions.

Through prudent management by our Finance and Investment Committee and the investment managers at JP Morgan, our investments have reached £360 million providing a secure future. We will maintain a steady course in the coming year, seeking to consolidate on our successes, and build on future opportunities to support the very best research aligned with our mission.



Professor Michael Patton

Chair

March 2026

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

The Trust's objectives are to provide support, infrastructure and training in research that enhances understanding of the basic mechanisms and clinical features of the rheumatic disorders and related immune mediated conditions, as well as the application of this research for the benefit of patients.

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 2025 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 5) and the financial review (from page 10).

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 in stimulating ambitious new avenues of research funding. The Trust currently supports a portfolio of over 60 live awards, both within the Institute at Oxford University and at 12 other centres of excellence across the UK, with a combined value of £55 million.

We have developed a range of funding instruments and strategic enabling support for the Institute that support research where it is most needed and in a way that it intersects with the wider system to prime, synergise and amplify with other funding and support provided by research institutions across the UK.

The Trust inaugurated the Research Ignition Awards (RIAs) in 2023, with the aim of providing early funding support of up to £100,000 to pump-prime new avenues of research in rheumatic and musculoskeletal disease research in the UK. This seed funding is crucial in helping researchers to develop their early ideas and build the evidence they need to secure larger awards from other funders. Through a second RIA call this year, we have added to the existing portfolio of grants. All of these have been peer-reviewed by an independent expert panel, which recommended six new awards for funding to our Research Committee and Board of Trustees. We received over 40 applications to the call, which serves to illustrate the significant need in the UK for smaller, early-stage funding of this type and our aim in the scheme has been to provide rapid high-quality review of grant applications, such that the process is balanced appropriately for applicants and peer-review experts alike.

The new awards adds significantly to the diversity of research supported by the Trust, including the effect of loss of crucial proteins in the cartilage leading to the development of osteoarthritis, testing biophysical influences on joint development and disease and how changes in the immune system and ageing contribute to increased risk of developing rheumatoid arthritis.

Research Ignition Award spotlight: Dr Mahetab Amer, University of Manchester

Engineering 3D Cell-Instructive Microenvironments to Enhance Stem Cell Efficacy in Osteoarthritis

Osteoarthritis causes joint pain, stiffness, and reduced mobility for millions of people. This Research Ignition Award will support research into a drug-free, biomaterials-based strategy to improve joint repair by guiding how stem cells behave in damaged and inflamed environments. Using injectable materials with surface features that influence cell responses, Dr Amer's project will investigate why repair is impaired in osteoarthritis and how these engineered materials can help restore it. The findings will help lay the groundwork for future regenerative treatments that enhance the body's natural capacity to rebuild joint tissues.

Research Ignition Award spotlight: Dr Adrien Hallou, University of Oxford & Dr Ruby Peters, University of Sheffield

A label-free imaging method to determine the mechanical properties of human tissues in inflammatory diseases.

Collagen is one of the body's most abundant proteins, but when too much of it accumulates, tissues become abnormally stiff. Pathological remodelling of the collagen fibre networks that support tissues underlies many conditions, including psoriasis, inflammatory bowel disease, rheumatoid arthritis, and cancer. Clinicians routinely examine biopsies to assess collagen organisation as a marker of disease severity and to guide treatment. However, current methods cannot directly measure tissue stiffness, the defining feature of diseased tissues. There is a pressing need for simple, cost-effective and non-invasive tools that can link collagen structure to tissue stiffness in a clinical setting. Dr Hallou and Dr Peters propose to develop an AI-powered, image-based technology capable of estimating tissue stiffness directly from standard biopsies. Designed for use with equipment already common in healthcare settings, this approach will offer new insight into the relationship between collagen organisation and tissue mechanics, delivering a step-change in our understanding of extracellular matrix in rheumatological and inflammatory diseases.

The Trust also launched its new Transition Fellowship scheme in October 2024, with the aim of supporting talented postdoctoral researchers to develop an independent research career and progress towards higher-level appointments. Five fellowships were awarded this year of between £250k and £500k and these are for up to 5 years in any basic or clinical scientific discipline that has a clear relevance to rheumatic or related musculoskeletal, immunological or inflammatory diseases. The independent review panel shortlisted and then interviewed applicants in a highly competitive process, recommending those they felt most deserving to be funded. Providing crucial support at a pivotal career stage, these awards will also promote development of broader skills and expertise beyond in building an independent career in research.

Transition Fellowship spotlight: Dr Lakshanie Wickramasinghe (University of Oxford)

Keratin-17: the missing piece of the puzzle to link joint, skin and eye inflammation.

People living with Psoriatic Arthritis often develop vision problems due to a condition called Anterior Uveitis (AU) - a painful inflammation inside the eye that can lead to vision impairment or blindness. Current treatments, such as steroid eye drops, offer only temporary relief and can cause serious side effects. Dr Lakshanie Wickramasinghe's research aims to understand why inflammation develops in the eye and how it connects to inflammation in the joints and skin. Using cutting-edge microscopic imaging, new human and experimental models of AU, she will study how the protein Keratin-17 (KRT17) drives inflammation. She will also explore how mechanical stress - common to the skin, joints, and iris - can worsen this process. This research could lead to more effective, targeted treatments that address the root causes of uveitis, protecting both vision and joint health.

Transition Fellowship spotlight: Dr Anna Montgomery (King's College London)

The impact of aging and the monocyte/macrophage axis in arthritis

The impact of ageing and the monocyte/macrophage axis in arthritis. Dr Montgomery's research will focus on understanding what immune changes related to ageing contribute to increased risk of developing rheumatoid arthritis (RA). Her previous work, supported by data from other studies, suggests immune cells in the joint called macrophages are a key contributor to symptoms and progression of RA. In particular, macrophages that have developed from blood cells called monocytes (monocyte derived macrophages). Dr Montgomery has shown these monocyte derived macrophages are affected by ageing and become more damaging. During her Transition Fellowship she plans to investigate how ageing impacts blood monocytes, and if this influences the development of damaging pro-inflammatory joint macrophages that contribute to arthritis. By focusing her research on blood cells, Dr Montgomery aims to identify changes before disease onset that could determine arthritis susceptibility.

The Trust also supports fellowships for more senior investigators in building their own independent programmes of research and this year we launched our sixth call for Senior Research Fellows with support of £1.5 million over five years. Following intensive expert review, shortlisting and interview, the fellowship is expected to be awarded later in 2026.

Our MB PhD programme is recruiting for its fifth year, with over fifty students enrolled across five centres into this intercalated undergraduate medical training PhD programme. We have extended the scheme for a further year and have initiated a commissioned interim review to help inform the future of the scheme and the approach of the Trust to support vital doctoral training for clinician scientists in the future.

Connectivity within our community of funded researchers is hugely valuable and the Kennedy Network (Network), aims to bring together over 200 Trust-funded researchers and students across all our centres with the annual conference representing a highlight of the year. Held in Birmingham in February 2025, the three-day event hosted networking, presentations, prizes and travel awards and collaboration between different laboratories. The Network's fourth conference will be held in February 2026. The Network is also responsible for reviewing Travel Awards funded by the Trust, and three awards were made to talented young investigators to enable new connections and collaborations between laboratories in the UK and abroad.

The Trust continues to support research in partnership with other funders and in previous years we have supported, through the Daphne Jackson Trust, a number of fellowships to young researchers wishing to return to research after a career break. We continue to follow the progress of these fellows with interest.

This year also saw the deployment of funding through a new Strategic Opportunities Fund, designed to allow the Trust to support new opportunities in research and related activities that further the mission of the Trust. Of particular note this year has been the use of this fund to support a new and exciting partnership with Arthritis UK (formerly Versus Arthritis) to fund a new consortium to build a novel programme of patient and public involvement across the UK. There is a rapidly expanding appreciation amongst many funders of the importance of bringing an authentic patient perspective and voice to research and this new partnership builds on scoping work previously done by the Trust to explore how it can add value in this area.

Continuing commitment to the Kennedy Institute for Rheumatology

The Trust continues to support a significant core of research at the Institute, which continues to build its reputation as a unique international centre of excellence in rheumatic and related musculoskeletal and inflammatory diseases. The Institute currently hosts 237 international scientists, staff and students and the Trust directly supports almost one third of its 157 staff and over half of its 49 students.

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

The core funding provision of the Trust provides a crucial underpinning 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. The leadership development programme at the Institute is world class and exemplified by the prestigious grants, prizes and awards secured by these talented scientists.

Kennedy Institute leadership spotlight: Dr Calliope Dendrou, who joined the Institute in 2023, and was awarded an Associate Professorship in 2024, was a recipient of a major Wellcome Discovery Award this year. The £3.83 million award aims to ‘stop the clock’ on chronic inflammation by understanding and controlling the immune system’s regulatory mechanisms, with a particular focus on liver diseases. There is the hope that this will ultimately lead to improved, earlier treatments. The research programme will see Dr Dendrou team up with scientists and clinician-scientists at the University of Birmingham, and with 2025 Nobel Prize winner Professor Shimon Sakaguchi from Osaka University.

The Institute also provides an exceptional environment for training the next generation of younger 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 (PhD) students in 2025, Trust-funded clinical and non-clinical students are able to work on a diverse range of projects across the Institute’s 25 research groups. Several of these new students have also won joint support from other scholarly organisations, including Rhodes Scholarships, 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 doctoral graduates often go on to build careers at research centres in the UK and around the world and remain as alumni of the Kennedy Network of scientists. 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 spotlight: Ruth Nanjala is a DPhil student funded by an (Africa Oxford) AfOx Kennedy Trust Prize Studentship and the Clarendon Fund. Alongside her work in Dr Yang Luo’s lab studying the Human Leukocyte Antigen region of the human genome, Ruth is committed to building capacity and communities. She has been involved with projects aimed at creating bioinformatics capacity in Africa, including the Pan African Bioinformatics Network. She is the Student Facilitator for the AfOx Programme, took part in the International Youth Day at the United Nations headquarters in 2025, and attended a Kenya Reception at Buckingham Palace. She recently received the Sir Cyril Taylor Young African Leaders Award.

The Trust is a strategic funding partner in the Institute's new MRC Centre of Research Excellence (MRC CoRE) grant jointly led with Manchester University. The research is focusing on Exosome Immunology and will receive up to £50 million over 14 years, leveraging the combined strength of teams at The University of Oxford and The University of Manchester in immunology, big data, and environmental science. The Trust is also pleased to be a strategic funding partner with a second MRC CoRE bid, currently in review and will contribute up to £400,000 towards training and development in early and late-stage translational science should the bid be successful in early 2026.

Reach, visibility and impact of our research funding

With an expanding portfolio of research grants, it remains important that the Trust is able to measure and articulate the impact it is having through its funded research. The generation of new knowledge through fundamental scientific discovery is a crucial foundation, but a priority for the Trust is also how this is translated for patient benefit. As the Institute evolves, it continues to push new boundaries of translational and clinical research through expanding partnerships and funding from industry, through new spin out companies, generation of new intellectual property and active identification of exploitable research.

Through our funding instruments and strategic funding to the Institute, and through the rigour of our expert peer-review processes, we aim to ensure that the Trust always supports excellence. This might be through the funding of students and new trainees, investigators taking their first steps towards independence, or through more established research groups building mature programmes of research. As reported in 2024, the Trust continues to think about how we measure and communicate the impact of our funding. To this end we have been developing a framework for impact and we plan to progress the development of an impact report in 2026.

Our grants report annually through Researchfish platform and this gives the Trust a valuable insight into the performance of our grants portfolio. For example, our direct support has enabled the leverage of over £90 million of follow-on funding from other funders from the current grants portfolio and over the last year has supported the generation of over 500 publications in peer-reviewed journals. This is an important metric of academic success and ensures research findings are disseminated to the international academic sphere with almost half of our awards publishing within the first year of funding.

Scientific collaborations and partnerships are another clear measure of the success of the Trust's funded research network and the 200+ partnerships and collaborations in the UK and across 18 countries worldwide, demonstrate the importance and breadth of the Trust's funding in enabling scientists to forge cohesion and build networks.

Kennedy Trust spotlight on impact: Professor Adam Croft, University of Birmingham

Professor Croft is one of the Trust's first Senior Research Fellows, awarded in 2020 and has focussed his research on the therapeutic targeting of a particular cell called a fibroblast. These cells are essential in helping maintain tissue health and interact with the immune system to maintain correctly regulated immune responses. Fibroblasts can however malfunction, leading to a range of inflammatory diseases and through his fellowship, Professor Croft is using a range of sophisticated methods to understand how this happens and applying this towards developing new therapies for diseases such as Rheumatoid Arthritis. This is a burgeoning field and Professor Croft, with his colleagues and collaborators at Birmingham University and other UK and international laboratories, is at the leading edge, generating multiple high impact publications, new exploitable knowledge and training the next generation of scientists. Ultimately, this is setting the stage for revolution in new modes of therapy for inflammatory diseases and sets to transform how we understand and, importantly, how we can more effectively treat these diseases.

This year, the Trust supported the International Forum for Rheumatoid Arthritis, hosted by the Institute. This international meeting attracts some of the very best researchers in the field from across the globe and it was a mark of esteem for it to be hosted by the Institute and the world class research supported by the Trust.

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

The Trust has secured its role as a funder within the UK landscape through support for the Institute and the expanding schemes it has developed. Through directed funding for key infrastructure, research capability and scientific teams at the Institute, we have helped create a unique environment for the delivery of research. We now look to a new five-year phase of strategic enabling funding for the Institute starting with its new strategy 2026-2031, which will focus on progressing fundamental discovery research into the clinic. The Institute is extending its translational reach, building capability with new appointments and training of clinical research academics, and through its vital partnerships with industry. The Trust has agreed a provision of over £20 million for the next five-year period to help achieve this and we are currently working with Oxford University on a new agreement that will underpin the Institute's strategic funding.

The Trust is financially well resourced to continue its funding and support for research well into the future, and we are judicious with how we apply our support. Our Board and its sub-committees are vital to this success working closely with the Executive team in planning how our available funding is used to greatest effect.

With guidance from our new scientific Trustees and our Research Committee, we continue to plan ahead for future funding streams, so that we are able to develop consistency in vital funding available to the research community. To help achieve this we have started to review our funding schemes to understand the impact they are making and how they may be better aligned and developed to support researchers of the future. In addition, we will continue to scope new areas of strategic importance and particularly in areas where there is opportunity to partner or align with other research funders.

Financial Review

Investment income £10.9m	Total investment portfolio £359.7m	Total investment return after fees £35.6m (11%)
Grants awarded £3.8m	Grants paid £9.4m	Grant commitments £27.5m

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. The Trust also received legacy income of £231,000 during the year (2024: £nil).

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 manager. 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. 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 maintains 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 40% equities, 45% alternatives (comprising private equity, infrastructure, property, transport and private credit) and 15% fixed income and cash. As at 30 September 2025, the portfolio comprised 49% equities, 35% alternatives and 16% fixed income and cash. The primary focus is on increasing the allocation to private equity over time.

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.

Investment Performance

As at 30 September 2025, the total investments were valued at £359.7m (2024: £332.9m) and had generated £10.9m (2024: £10.6m) in investment income from dividends and distributions and gains on investment of £26.0m (2024: £26.4m). After deduction of investment management fees of £1.3m (2024: £1.1m), total investment return was £35.6m (2024: £35.9m).

The return on investments after fees for the year to 30 September 2025 was 11.0% (2024: 13.9%), above the Trust's long-term target return of UK CPI+3%, which was 6.8% (2024: 4.7%).

Key factors influencing performance were:

Global equities: Equity markets delivered strong returns, with the portfolio benefitting from US market outperformance, driven by robust corporate earnings and strong investor enthusiasm for technology and artificial intelligence.

Alternatives portfolio: The Trust continued to build its allocation to alternatives, which performed well during the year. Private equity and private credit performed at the top end of their long-term targets, whilst infrastructure and transport investments provided consistent income. Gold delivered exceptional returns, benefitting from central bank buying and geopolitical uncertainty. The alternatives portfolio now represents 35% of total investments, progressing towards the 45% long-term target.

Currency hedging: Sterling weakness in late 2024 was a drag on portfolio performance due to the hedging policy in place at that time. In January 2025, the Trust aligned its currency hedging policy with JP Morgan's recommendations to hedge fixed income and infrastructure assets only.

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 £3.8m of multi-year grant funding to 3 UK Universities and through a partnership with Arthritis UK during the 2025 financial year (2024: £5.3m, 7 UK institutes and Universities). These grants have been discussed in pages 5-9 above. This is included within the Statement of Financial Activities (page 19) under the heading 'Research Funding'. Including the allocated support and governance costs, the total Research Funding expense was £4.3m (2024: £5.8m). The overall portfolio of ongoing research with grant commitments still to be paid is £27.5m as at 30 September 2025 (2024: £33.1m) after discounting to present value. 65% of this balance is related to Institute funding (2024: 57%). The cash disbursement on grants was £9.4m (2024: £8.0m).

A new multi-year agreement with Oxford worth £27.5m, which covers the period from 2026 to 2031, was signed in March 2026, and will be reflected in the accounts for the year to 30 September 2026.

Further details on grants are shown in note 3 of the accounts.

Operating costs

The Trusts' annual operating costs are £0.7m (2024: £0.6m). 49% (2024: 41%) are comprised of staff costs.

Reserves

Total reserves as at 30 September 2025 were £333.4m (2024: £301.9m). If designated funds of £4.2m and a small endowment of £1.7m are excluded, this results in a general fund of £327.6m.

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 shown 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</p> <p>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 Private Bank, 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>Agreement with the University of Oxford</p> <p>The current 5-year agreement is due to end in July 2026. A new agreement worth £27.5m between The Trust, Oxford University and the Institute was signed in March 2026.</p> <p>This is a long-standing relationship which the Trust will continue to prioritise under the agreed strategic themes.</p>	<p>A temporary sub-committee was created to navigate the development of a new agreement, which aligns with the Institute's new strategy, on and finalise the grant agreement on terms that are appropriate for the Trust and its objectives.</p>
<p>External factors</p> <p>The Trust is subject to external forces such as the Financial Markets, liquidity and currency risk, as well as 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 team 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 a mix of Trustees and 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. For each recruitment, 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 Michael Patton (Chair from 10 December 2025)
Professor Sir Stephen Holgate (Chair) (resigned 10 December 2025)
Mr. Christopher Coombe
Professor Andrew Cope (resigned 19 March 2025)
Mr. Joseph Cronly
Mr. Mark Dighero
Professor Paul Emery (appointed 25 November 2024)
Professor Edith Hessel (appointed 25 November 2024)
Professor Tracy Hussell
Mrs. Harsha Patel
Mr. Richard Punt
Dr. Paul Satchell
Professor Paul Peter Tak (appointed 25 November 2024)
Dr. Tony Wood (appointed 25 November 2024)

Sub-committees

General Purposes Committee

Mr. Mark Dighero (Chair), Mr. Richard Punt,
Professor Michael Patton (until 10 December 2025)
and Mr. Christopher Coombe (from 23 March 2026)

Finance and Investment Committee

Mr. Christopher Coombe (Chair), Mr. Mark Dighero,
Mrs. Harsha Patel, Dr. Paul Satchell and Mr. Joseph Cronly

Research Committee

Professor Andrew Cope (Chair to 19 March 2025),
Professor Tracy Hussell (Chair from 19 March 2025 to 10 December 2025), Mr. Richard Punt (until 10 December 2025) and Professor Edith Hessel (Chair from 10 December 2025). Non-Trustee members:
Professor Philip Conaghan, Professor Dirk Elewaut,
Professor Carl Goodyear, Professor Paul Lehner
and Professor Carola Vinuesa

*The Chair of the Board of Trustees attends
Committee meetings as an observer*

Key Management Personnel

Dr. Stephen Simpson (Chief Executive Officer)
Mrs. Hazel Middleton (Director of Finance and Operations)
Mrs. Jessica Lock (Interim Director of Finance and Operations from 7 July 2025)

President*

Professor Sir Ravinder Maini

Vice presidents*

Mr. Colin Barnes (until 28 August 2025)
Mr. James Davis
Dr. Gregory Winter

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Independent Auditors

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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.

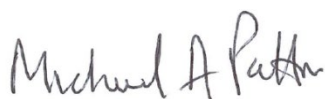
In so far as the Trustees are aware:

- 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 Michael Patton
Chairman of the Board of Trustees
23 March 2026



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 2025 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 2025, 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. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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 the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 15, 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:

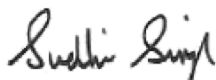
- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances 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 auditor's 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: 30 March 2026

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542)

Statement of Financial Activities

(incorporating income and expenditure account)

For year ended 30 September 2025

	Note	Unrestricted	Endowment	Total	Total
		2025	2025	2025	2024
		£'000	£'000	£'000	£'000
Investment income		10,917	-	10,917	10,562
Income from donations and legacies		231	-	231	-
Income from charitable activities					
Co-funding of research initiatives		175	-	175	95
Total income		11,323	-	11,323	10,657
Costs of raising funds					
Investment advice	2	1,488	-	1,488	1,199
Expenditure on charitable activities					
Research funding	2,3	4,334	-	4,334	5,816
Other expenditure					
Exchange loss		-	-	-	12
Total expenditure		5,822	-	5,822	7,027
Net income before investment gains		5,501	-	5,501	3,630
Net gains on investments	7c	25,894	106	26,000	26,375
Net movement in funds		31,395	106	31,501	30,005
Total funds brought forward		300,352	1,556	301,908	271,903
Total funds carried forward	12	331,747	1,662	333,409	301,908

The detailed 2024 comparative Statement of Financial Activities is reported in note 18.

The notes on pages 22 to 36 form part of these financial statements.

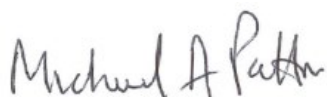
Balance Sheet

as at 30 September 2025

Company number: 963832

	Note	2025 £'000	2024 £'000
Fixed assets			
Tangible assets	14	7	1
Investments	7	358,985	332,941
		358,992	332,942
Current assets			
Debtors	8	628	472
Investments	7	750	-
Cash at bank and in hand		765	1,706
		2,143	2,178
Current liabilities (amounts falling due within one year)			
Sundry creditors and accruals	9	(200)	(128)
Grant payments due within one year	10	(13,946)	(13,301)
		(14,146)	(13,429)
Net current assets		(12,003)	(11,251)
Total assets less current liabilities		346,989	321,691
Creditors (amounts falling due after one year)			
Grant payments	10	(13,580)	(19,783)
Total net assets	11	333,409	301,908
Funds			
Unrestricted – Designated		4,170	8,921
Unrestricted – General		327,577	291,431
Unrestricted – Total		331,747	300,352
Endowment		1,662	1,556
Total funds	12	333,409	301,908

These Accounts were approved by the Trustees and authorised for issue on 23 March 2026.



Professor Michael Patton
Chairman of the Board of Trustees



Christopher Coombe
Chair of the Finance and Investment Committee

The notes on pages 22 to 36 form part of these financial statements.

Statement of Cashflows

For year ended 30 September 2025

	2025	2024
	£'000	£'000
Net cash used in operating activities (note a)	(9,707)	(8,099)
Net cash provided by investing activities (note b)	8,766	8,385
	<u>(941)</u>	<u>286</u>
Cash and cash equivalents at 1 October	1,706	1,420
Cash and cash equivalents at 30 September	765	1,706

a. Cash flows from operating activities

Net income for the year	31,501	30,005
Investment income	(10,917)	(10,562)
(Gains) on investments	(26,000)	(26,375)
Investment Management fees	1,348	1,101
Depreciation of tangible assets	3	1
(Decrease) in creditors	(5,486)	(3,165)
(Increase)/decrease in debtors	(156)	896
Net cash used in operating activities	(9,707)	(8,099)

b. Cash flows from investing activities

Payments to acquire investments	(263,456)	(76,324)
Receipts from sales of investments	265,065	75,469
Investment income	10,917	10,562
Purchase of tangible fixed assets	(9)	-
Decrease/(increase) in cash held by investment manager	603	(3,688)
Cash (outflow)/inflow from foreign exchange hedging	(3,006)	3,467
Investment Manager fees	(1,348)	(1,101)
Net cash provided by investing activities	8,766	8,385

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 14 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 and 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 Annual Report in note 3.

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.

The Trust's investment portfolio is stress tested periodically 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 9 and 10. 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 Statement 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, from time to time, 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				2025
	Research funding £'000	Investment advice £'000	Governance £'000	Support £'000	Total £'000
Staff Costs (see note 5)	116	36	116	52	320
Grants (see note 3)	3,816	-	-	-	3,816
Network	62	-	-	-	62
Legal and Professional	7	1,348	62	34	1,451
Operating costs	30	-	35	108	173
	4,031	1,384	213	194	5,822
Governance Costs	159	54	(213)	-	-
Support Costs	144	50	-	(194)	-
Total	4,334	1,488	-	-	5,822

	Activity				2024
	Research funding £'000	Investment advice £'000	Governance £'000	Support £'000	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

3 Grants

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:

	2025 £'000	2024 £'000
University of Oxford	3,269	1,907
King's College London	250	99
University of Birmingham	250	-
University of Cambridge	-	1,992
Queen Mary University of London	-	100
University of Leeds	-	100
University of East Anglia	-	100
University of Nottingham	-	99
Arthritis UK	50	-
Total grants awarded	3,819	4,397
Other adjustments		
Writebacks	(607)	(1,333)
Movement in grant discount	604	2,232
Total	3,816	5,296

The Trust discounts multi-year grant liabilities to present value and applies a discount rate of UK Core CPI +3%. As at 30 September 2025, the discount rate of 6.5% (2024: 6.2%), resulted in a discount of £1.9m (2024: £2.5m).

The current year impact of movement in the discount rate of £0.6m (2024: £2.2m) is recorded in charitable expenditure.

Grant commitments (£'000):

Grant commitment at 30 September 2023	35,746
<i>Movements in 2024:</i>	
Cash disbursements	(7,958)
New grants made	4,397
Writebacks	(1,333)
Movements in grant discount	2,232
Grant commitment at 30 September 2024	33,084
<i>Movements in 2025:</i>	
Cash disbursements	(9,374)
New grants made	3,819
Writebacks	(607)
Movements in grant discount	604
Grant commitment at 30 September 2025	27,526

4 Net expenditure for the year

Net expenditure for the year is stated after charging:

	2025 £'000	2024 £'000
Auditor's remuneration (for audit services only)	36	32
Exchange rate loss	-	12
Operating lease expense	93	90
Depreciation	3	1

5 Staff costs

	2025 £'000	2024 £'000
Staff salaries	268	235
National Insurance	24	23
Employer contributions to pensions	27	23
Other employee benefits	1	-
Total staff costs	320	281

Average staff numbers during the year comprise 4 members of staff (3.1 full time equivalent) (2024: 3.5 (2.7 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 £252k (2024: £230k)

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

	2025	2024
Employees paid between £60,000 and £70,000	1	1
Employees paid between £110,000 and £120,000	-	1
Employees paid between £120,000 and £130,000	1	-

6 Payments to Trustees

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

Expenses totalling £4,923 (2024: £894) were reimbursed to 9 Trustees (2024: 5) and £3,368 (2024: £4,143) were paid directly by the Trust to third parties on behalf of 9 Trustees (2024: 9). These payments related mainly to travel and subsistence costs incurred in carrying out their duties as Trustees.

7 Investments

(a) Movement on investments:

	2025 £'000	2024 £'000
Market value brought forward	330,710	306,946
Net additions at cost	263,456	76,324
Disposals at market value	(265,065)	(75,469)
Gain on investments	29,006	22,909
	358,107	330,710
Outstanding forward contracts	-	1,569
Cash held by Investment Managers	1,628	662
Market Value carried forward	359,735	332,941
Historic cost of investments	348,415	322,144

(b) Investments comprise of:

	2025 £'000	2024 £'000
Equities	175,327	162,539
Fixed Income	56,259	56,756
Alternatives	126,521	92,468
UK Property Funds	-	18,947
Foreign currency forward contracts	-	1,569
Cash	1,628	662
Total	359,735	332,941

(c) Net gains/(losses) on investments

	2025 £'000	2024 £'000
Realised gains/(losses) on portfolio	9,601	(45)
Unrealised gains on portfolio	19,405	22,953
Cash (losses)/gains from FX hedging	(3,006)	3,467
Net gain in Statement of Financial Activities	26,000	26,375

Total fair value of listed investments held as at 30 September 2025 was £229.6m (2024: £220.6m) which are made up of equities, fixed income, REITs and gold.

8 Debtors

	2025	2024
	£'000	£'000
Accrued income	608	451
Prepayments	20	21
Total debtors	628	472

9 Sundry Creditors and Accruals

	2025	2024
	£'000	£'000
Other creditors and accruals	185	117
Taxation and social security	15	11
Total creditors	200	128

10 Creditors falling due after more than one year

The balance of grants payable is as follows:

	2025	2024
	£'000	£'000
Grant payments due between one and five years	15,278	21,802
Grant payments due after five years	229	512
Discounting of grant liabilities	(1,927)	(2,531)
Commitments due after one year	13,580	19,783

11 Analysis of net assets

	Unrestricted Funds £'000	Endowment Funds £'000	2025 Total £'000	Unrestricted Funds £'000	Endowment Funds £'000	2024 Total £'000
Fixed assets:						
Tangible fixed assets	7	-	7	1	-	1
Investments	357,323	1,662	358,985	331,385	1,556	332,941
Current Assets:						
Debtors	628	-	628	472	-	472
Investments	750	-	750	-	-	-
Cash at bank and in hand	765	-	765	1,706	-	1,706
	359,473	1,662	361,135	333,564	1,556	335,120
Current liabilities	(14,146)	-	(14,146)	(13,429)	-	(13,429)
Long-term liabilities	(13,580)	-	(13,580)	(19,783)	-	(19,783)
	331,747	1,662	333,409	300,352	1,556	301,908

12 Funds

	30 September 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Profits £'000	30 September 2025 £'000
Endowment Funds						
Maynard Jenour Fund	105	-	-	-	7	112
Kennedy Endowment Fund	1,451	-	-	-	99	1,550
Total Endowment Funds	1,556	-	-	-	106	1,662
Unrestricted Funds						
General Fund	291,431	11,323	(5,822)	4,751	25,894	327,577
Designated Funds						
Oxford Research Grant Fund 2021	8,921	-	-	(4,751)	-	4,170
Total Designated Funds	8,921	-	-	(4,751)	-	4,170
Total Unrestricted Funds	300,352	11,323	(5,822)	-	25,894	331,747
Total Funds	301,908	11,323	(5,822)	-	26,000	333,409

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. £4.8m (2024: £4.1m) 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) – 2024 comparatives

	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

14 Tangible Fixed Assets

	Computer Equipment	2025 £'000	2024 £'000
Cost			
Cost as at the beginning of the year	5	5	5
Additions	9	9	-
Cost at the end of the year	14	14	5
Depreciation			
Accumulated depreciation at the beginning of the year	4	4	3
Depreciation	3	3	1
Accumulated depreciation at the end of the year	7	7	4
Net book value at beginning of the year	1	1	2
Net book value at end of the year	7	7	1

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 2026.

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

	2025 £'000	2024 £'000
Under 1 year	47	47
2-5 years	-	-
>5 years	-	-
Total	47	47

16 Related Party Transactions

There were no related party transactions during the year.

Although not strictly a related party transaction, for transparency purposes, we have elected to disclose that one of the Trust's 2024 Research Ignition Awards was granted to the University of Cambridge during the year. The project was led by Professor Paul Lehner, a non-Trustee member of the Research Committee. The total grant awarded was £99,970, with £58,148 outstanding at the start of the year. £58,100 was paid during the year, £48 was written back and there were no payments remaining at the year end.

17 Post Balance Sheet Events

On 10 March 2026, an agreement was signed to provide £27.5m of strategic funding to the Kennedy Institute for Rheumatology Research from 1 August 2026 to 31 July 2031. This commitment will be recognised on the signing date of the agreement.

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Detailed Comparatives for the Statement of Financial Activities

	Unrestricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total Funds 2024 £'000
Investment income	10,562	-	10,562
Incoming from other trading activities			
Co-funding of research initiatives	95	-	95
Total income	10,657	-	10,657
Costs of raising funds			
Investment advice	1,199	-	1,199
Expenditure on charitable activities			
Research funding	5,816	-	5,816
Other expenditure	12	-	12
Exchange loss			
Total expenditure	7,027	-	7,027
Net income before investment gains	3,630	-	3,630
Net gains on investments	26,285	90	26,375
Net movement in funds	29,915	90	30,005
Total funds brought forward	270,437	1,466	271,903
Total funds carried forward	300,352	1,556	301,908