

**ASSOCIATION
FOR *INTERNATIONAL*
CANCER *RESEARCH***

**Annual Report
2001/2002**

Association for International Cancer Research

Limited by Guarantee

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The Earl of St Andrews

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Mr J Ogilvy, Professor D Brynmor Thomas, Mrs M Thomson, Professor C R Wolf.

Chief Executive: Mr D M Napier

Company Secretary: Mr I S Lumsdaine

Investment advisors

Chiswell Associates
4 Chiswell Street
Finsbury Square
London
EC1Y 4UP

Bank: The Royal Bank of Scotland plc
South Street
St Andrews
KY16 9QB

Auditors: Henderson Loggie
Royal Exchange
Dundee
DD1 1DZ

Registered Office:

Madras House
St Andrews
Fife
KY16 9EH

Tel: 01334-477910 Fax: 01334-478667 e-mail: aicr@aicr.org.uk web site: www.aicr.org.uk

Registered in Scotland, No. 152991

Charity No. SC022918

Give As You Earn Registered No. 1767

CHAIRMAN'S REPORT

GENERAL

AICR has continued to fulfil a valuable role in funding scientific research throughout the world. The number of applications for project funding continues to increase and that, coupled with maintenance of the spread of quality of proposals has allowed the overall quality of the science in the successful applications to be raised significantly. The split between UK and overseas grants is currently two thirds in UK and one third overseas.

The prolonged decline in world stock markets has seen the value of the Association's investment portfolio reduced significantly. The portfolio makes up an important part of our reserves, which are held to guarantee the project grants that have already been awarded against the possibility of a catastrophic collapse of our fundraising income. Such a collapse is extremely unlikely, and we are confident that we will be able to maintain, and even increase current funding levels without resorting to the reserves. The effect of the decline in the stock market, therefore, is very much a paper loss which we hope will be recovered over time, when world markets regain confidence and establish a realistic level.

We were sorry to learn, earlier in the year, of the death of Professor César Milstein. Nobel prize winner, AICR Vice-President and long time supporter of the Association. Professor Milstein will be sadly missed.

The UK Cancer Plan

Over the past year we have made a number of approaches to the Westminster government and to the Scottish Executive over the level of government funding for scientific research into the causes and treatment of cancer, specifically from the extra funds allocated for the Cancer Plan for England and Wales, and from its counterpart in Scotland. After pressing for a response it was finally determined that in fact no extra resources have been allocated to scientific research from these funds, and the main burden of such research continues to fall on the cancer charities.

While the areas which have benefited from the allocation of extra resources are thoroughly deserving of such support which, we all hope, will lead to improvements in early diagnosis and treatment of the disease, and better patient support, we are nevertheless concerned that neglect of scientific research can only lead to a slower development of new treatments and delays in the introduction of improved methods of diagnosis. The cancer charities can only do so much, and we have argued that it is inappropriate that so much of the burden should be left to them. We have proposed that the government should match the cancer charities in their expenditure on scientific research – such a doubling of resources and effort would lead to the development of better treatments, higher survival rates, and would give the UK the opportunity to catch up with USA and most of Europe in its cancer programme.

Fundraising Costs

Early in 2002 the Directory of Social Change brought out a book entitled "The Major Charities – An Independent Guide". The Guardian newspaper ran an article based on this guide in which it highlighted what it called the "Big Spenders" – those charities whose fundraising costs were felt to be excessive.

Not unexpectedly, the newspaper quoted figures without explaining the basis on which spending had been undertaken. In particular it showed a graph comparing fundraising expenditure to income, in which AICR appeared as one of the 'Big Spenders'. The newspaper did comment on fundraising ratios that "Some (charities) do have high ratios, depending on their

circumstances, but the key factor is that they need to explain the objectives of their fundraising expenditure.” Having said that, the newspaper then published the table of ‘Big Spenders’ without publishing the individual charities’ explanation of the circumstances and objectives!

The Independent Guide had this to say about fundraising costs: “.. it can be argued that the more spent on fundraising, the more money there will be for the cause concerned. The facts about these costs need to be clearly and fully set out in the annual reports and accounts and in the fundraising appeals of all charities – in an accessible and honest form.”

About AICR the Independent Guide had this to say: “AICR is almost wholly funded by voluntary income, of which (unusually for a cancer charity) legacies form only a small part. Its finances are notable for their very high fundraising costs: 50p in the pound in 1999/00, 59p in the pound in the previous year and an average of 37p in the pound in the three years to 1998. Though the costs then were already unusually high, there has been a very rapid further increase in fundraising expenditure, from £2 million in 1996/97 to £5.6 million in 1999/00. This was largely due to investment in the recruitment of regular donors to supplement the charity’s traditional reliance on Prize Draw sweeps promoted by direct mail. Though income has also grown, it has done so at a slower rate.”

The Independent Guide includes a paragraph where the charity is allowed to respond to the coverage. AICR’s response, shown in the Guide, was: “*Fundraising costs are entirely taken up by our Direct Mail and Donor Recruitment Programmes. We do not suffer from the costs incurred in running shops or mail order catalogues, which can incur costs of up to 80% - but are usually shown as separate from fundraising costs. This is why we are ‘relaxed’ about our costs. When all fundraising activities are taken into consideration (e.g. shops, mail order), AICR stands comparison with any comparable charity.*”

The Independent Guide, in assessing the information provided by AICR, had this to say: “There is a good, clear annual report and accounts, with unusually comprehensive reporting of the charity’s fundraising. There is an informative website.”

AICR welcomes analysis of its fundraising activities. It is worth pointing out again, as we have done so many times before, that comparison is only valid when like is compared with like. A charity which undertakes a large-scale donor recruitment programme, involving massive investment up front, should not be compared with a charity that is involved largely with traditional events and local fundraising initiatives. Nor should total income be used as the basis for calculating fundraising costs, but only the income generated from fundraising activities. This means that income from legacies, which is inevitably larger in long-established charities, and which incurs relatively minor costs, should not be included in the calculation.

When assessing donor recruitment programmes designed to build a large base of donors who donate regularly by standing order or direct debit, the long-term income should be calculated to offset the initial investment. Such programmes will inevitably have much higher fundraising ratios at the beginning, ratios which will fall steadily as the programme continues over succeeding years and current costs are offset by the growing total income generated by all existing donors. Fundraising ratios can be further skewed when individual donor recruitment programmes stop, or when new ones begin. When a donor recruitment programme stops all further recruitment costs cease, but income generated by the donors already recruited continues, leading to a potentially massive increase in net income. When a new programme starts, its up-front investment costs form a large part of the fundraising costs, but they will be offset to some extent by the donors recruited from the previous programme.

In essence it can be dangerous to compare one charity's activities and fundraising costs with another's unless you are certain that both charities are engaging in comparable activities. Tables, graphs and statistics are meaningless when inappropriate comparators are used.

AICR's current fundraising activities and the resultant income and costs, are discussed in this report.

Technovation Award

We were very pleased to be informed that AICR had won the Technovation Award run by Blackbaud, the American provider of the database "The Raiser's Edge" that is widely used in charity and educational circles. The award was for the best use of technology linked to The Raiser's Edge, and AICR was entered following the introduction of a specially written programme to capture data directly from donor forms that had been scanned electronically. The programme, written for us by the firm "imagin' Solutions" of Falkirk, scanned a specially devised form and captured donor details, bank details, and payment details, exporting the data to a file that held the data for all forms scanned that day. The file was imported into The Raiser's Edge the following day using an import program written for us by BlackBaud Europe. Once the records had been imported to The Raiser's Edge thank you letters were produced to be sent to the donors. These letters were processed through a mailing machine that folded and inserted the letter and a copy of our Newsletter, "Progress", sealed the envelope and franked it ready for posting. Meanwhile the direct debits set up for each record were set up and forwarded electronically to BACS (Banking Automated Credit System). Using these processes we were able to set up new donors, send out letters and process their direct debits within 48 hours of receiving the forms, at a rate of over 1,000 donors per week.

Our system so impressed officials of Blackbaud on a visit to UK that they persuaded us to enter their award programme. We were pleased to find out that AICR was the only UK entry in the final 10, and delighted to learn that we had won the overall prize of £2,000 and a handsome trophy.

AIMS AND OBJECTIVES

Support of the best fundamental scientific research in the world into the causes of cancer remains the prime aim, with particular attention paid to areas that are relatively underfunded, or unexplored.

Our main objective remains raising the funds that allow us to support that research.

PROSTATE APPEAL

The Prostate Appeal continues to bring in significant donations, and has now raised £2.8 million, which, added to the £1 million with which AICR set up the fund, means that we are confident of being able to support high quality research into prostate cancer for several years to come.

GENERAL CANCER RESEARCH FUNDING

AICR considers 300 applications for funding each year, in two rounds. Current awards show that we are able to fund around 25% of the applications. Not all of the unsuccessful applications are of high enough quality to merit funding, but it is probably true to say that for every successful applicant there is one who deserved funding but missed out. Our aim is to increase the level of funding so that we can offer grants to many more of these deserving researchers.

In the past year we have been able to fund applications at around £1.25 million (first year costs) in each of the rounds. That is a three-year commitment of some £7 million for new projects funded in 2001-2002. It is our intention to increase the funding level in 2002-2003 to £1.5 million (first year costs) in each round.

SCIENTIFIC REPORT

Over the last two years there has been a clear trend in the types of cancer research that we have been funding at AICR. This is not the result of any conscious decisions by the Directors or the Scientific Advisory Committee. Rather, it is a result of the way cancer research itself has been developing. We have seen a substantial increase in the number of applications received and grants awarded to investigate how proteins and genes interact to control the behaviour of the cell and in particular the growth, division and death of the cell.

Normal cells control the rate at which they divide to produce new cells and the rate at which they kill themselves, to keep constant the total number of cells in any particular tissue or organ. To achieve this balance, the cells have to communicate with each other using a number of hormone-like molecules called cytokines. These molecules stimulate changes in the interactions between groups of molecules inside cells. This process, which is known as intracellular signalling, ultimately causes changes in the expression of a number of genes, with the resulting change in cell division or cell death.

When cells become cancerous, this delicate and complex system changes, causing the cell to go into uncontrolled cell division and – in most cases – to stop killing themselves. We do not yet understand the details of intracellular signalling, but when we know exactly how it works and how it malfunctions in cancer, we should be able to develop methods of preventing that malfunction. The study of intracellular signalling holds out the prospect of new and truly specific ways to treat cancer.

A first-class example of the type of research that we are funding in this area is the grant awarded to a young Spanish scientist, Dr Angel Nebrada, who is working at the European Molecular Biology Laboratory in Heidelberg, Germany. Dr Nebrada is studying a protein called RINGO, which he discovered in 2001. This protein is part of the system that controls how cells divide. Dr Nebrada will examine the specific parts of the protein molecule that are necessary for it to control two other well-known proteins that control cell division. He will also be examining how cells divide when the control exerted by RINGO is lost. This type of project, dissecting the role of one specific part of the intracellular signalling system is essential if we are to understand fully how it functions.

The grants awarded by AICR make use of new technologies as they arise. Often the progress of science is determined by the rate at which new and more powerful experimental techniques are developed. These new techniques make it possible to analyse aspects of cancer that were previously beyond our ability to investigate. One of the most useful new techniques in cancer research is called microarray technology. DNA copies of 20,000 different human genes are attached to a small glass slide so that it can be used to analyse the expression of these genes in a particular tissue.

We have recently awarded a grant to Dr Jacqueline Boulton and her colleagues at the University of Oxford to investigate changes in gene expression in the disease Polycythemia rubra vera. This is a disorder of the bone marrow that results in an overproduction of several types of blood cells. The disease carries an increased risk of leukaemia and is regarded as a form of ‘first step’ in the development of this type of cancer. Microarray analysis will allow the Oxford group to plot changes in gene activity that are caused by, or are the cause of, this

condition. They can then begin to work out which are which, giving them a picture of which genes are actually involved in the origins of this disease and of leukaemia itself.

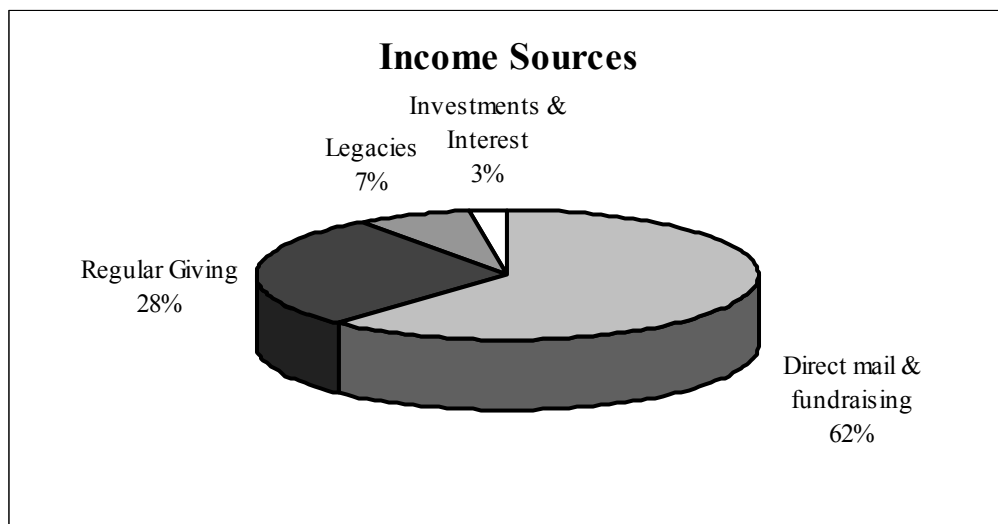
We have also continued to fund research that is more directly focused on understanding or improving ways to treat or prevent specific cancers. At the University of Edinburgh, AICR is supporting the research of Dr Lesley Stark, who is studying the way in which drugs like aspirin can prevent colon cancer. Although this property of aspirin has been known for some time it is not recommended to be used for this purpose. Taking aspirin regularly carries an increased risk of stomach ulcers. Dr Stark is trying to identify exactly how it has this protective effect so that new drugs can be designed to give similar or better protection

SCHOOLS

The programme of giving talks to 2nd Year and 6th Year pupils on cancer, and how lifestyles can affect the chances of contracting the disease, continues. The talks are well received in the schools, and do appear to have some effect, although the only recorded instance of someone giving up smoking as a result of the talks was a teacher at The Royal High School!

INCOME

Gross income in 2001-2002 was £15,137,849. The breakdown of income is shown below.



Direct Mail & Fundraising

Our direct mail programme has now been running since 1984, when AICR was one of the few charities using this method of fundraising. Our programme has grown steadily, allowing us to develop a large base of supporters throughout the UK. The format of the programme, where different types of mailings are sent out at regular intervals throughout the year, has evolved steadily to the point where it is now one of the most successful charity direct mail programmes in the country. Mailings vary, from prize draw sweeps to raffles, from appeals for donors to give regular support through direct debits to appeals for support for specific scientific projects, and from the thrice-yearly Newsletter to updates on scientific projects supported. The direct mail programme still represents our biggest single source of income, although our former total reliance on it has been reduced by the introduction of our regular giving donor recruitment programme.

The original donor recruitment programme ran from January 1999 until July 2001. A replacement programme began in April 2002, and was running well when the new provider went

into administration, owing AICR a considerable sum of money. However, the company was able to continue trading, and has provided a steady stream of new donors for AICR. A company voluntary agreement has been agreed under which the provider has undertaken to repay all the amounts owed, albeit over a period of some years. As long as the provider continues to offer us a competitively priced donor recruitment programme we will continue to employ it in this role, thus achieving the dual purpose of increasing our supporter base of regular givers and enabling the provider to trade its way out of administration.

AICR, operating from a single office with a staff of eleven, does not engage in more traditional fundraising activities such as street collections, local events, shops or mail order catalogues. The only significant event with which we are involved is the London Marathon, where we regularly have around thirty runners raising funds for AICR.

Regular Income

Income from standing orders, direct debits, and Gift Aid contributions came to £4,301,055.

Trusts

Applications to charitable trusts form an ongoing part of our fundraising efforts, and £46,304 was raised from this source. We are most grateful to the trustees of the respective trusts who supported our funding efforts.

Legacies

Legacy income was £1,109,030. This is the first time AICR has reached the £1 million mark from legacies, and we are extremely grateful to the many supporters who have shown their commitment to the fight against cancer by leaving bequests to the Association. We are particularly grateful to the following donors, whose bequests were received in 2001/2002:

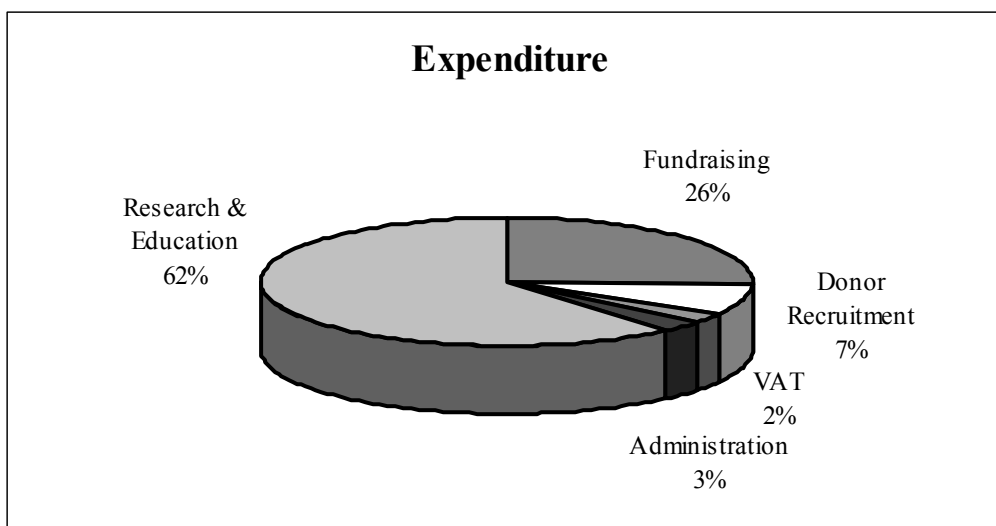
Miss E G Barnard
Mrs R L Bass
Mr H D G Birkett
Mrs M J Blackwell
Mr M Blitz
Mrs J B G Borland
Mr P W H Botting
Miss P M Bowyer
Mr J A Boxhall
Mr W H Bryan
Mrs I I Buchanan
Miss E D Cassels
Mr R T Clarke
Miss B D Cornille
Miss M H Craven
Miss P E Damerell
Mr T G Desborough
Mr J R Easson
Mr G C Eppey
Mrs M S Fenton

Mr A Gordon
Mr F H Haggis
Mr H G Hartley
Mr R W C Ing
Mrs I C C Jacobi
Mr F J Knight
Mr W E Lumley
Mrs M Makinson
Mr A D Makuch
Miss J M Mallen
Mr N D Manners
Mr D F Moore
Mr N T Morgan
Mr D P Morris
Mr M C Moss
Miss H A Murphy
Mrs I Murphy
Mr C N M Osborne
Miss A K R Paddison
Mrs M A B Parker

Dr A D K Peters
Mrs A S Phillips
Mrs A E Prest
Mr J E Pugh
Mrs J E Pugh
Mr C E H T Reisdorf
Mrs V E Schaerli
Mrs A S Shanks
Mr R J Smith
Mrs J Solomon
Mr S Talbot
Mrs J P Usherwood
Mrs K M Veness
Miss M A Walsh
Mr J G Williams
Mr G L Williamson
Mrs V G Woodland
Mrs P A Woodthorpe

EXPENDITURE

The breakdown of expenditure is given below.



Research and Education covers grant awards for scientific research projects, publication of our widely read Newsletter, “Progress”, and support for scientific seminars and conferences.

Administration costs are kept low, but realistic, through running the Association very cost-effectively from our single office in St Andrews. The cost for the year was £461,325.

Fundraising and donor recruitment costs are kept under close review. We pointed out last year that costs in this area were unrealistically low due to the cessation of our original donor recruitment programme, and we forecast that costs would rise again when the replacement programme started. This programme got under way in April 2002, and the initial costs have not yet been offset by the long term regular income generated. This programme will continue, and should show an increasingly favourable cost/income ratio as the donorbase of regular givers grows. To a certain extent the costs this year are offset by the existing donorbase of regular givers from the first donor recruitment programme.

The public scrutiny under which our fundraising costs have been put (see the introduction to this report) has raised the whole topic of what reasonable costs should be. A charity that relies on an extensive network of volunteers to raise money through local events and collections organised and essentially financed by themselves can perhaps point to low fundraising costs. A charity that relies on shops or mail order catalogues will inevitably have high costs. Shops, even when manned by volunteers, are expensive. A charity that runs a direct mail programme will have costs that reflect the diversity and quantity of mail sent out, offset by the income generated in that year. Mailings aimed at obtaining new donors, asking donors to make regular payments by direct debit, or asking them to consider leaving a legacy to the charity will have associated costs which could well be recovered many times over in succeeding years, but which appear in the current annual accounts as net expenditure. Regular giving donor recruitment programmes, where the charity pays a provider for each new donor recruited, and where the donor undertakes to support the charity by regular direct debit payments, are an investment in long term predictable income that can allow a charity to plan expenditure well in advance.

Whatever the method used to raise funds, the charity should be able to show that its money is spent prudently, with a favourable cost/income ratio over the life of the programme. Taking a snapshot of cost/income at a random point in a programme does not give a true idea of the programme life return on investment. For example, donors recruited in June 1999 cost

£101,114 in recruitment fees. By September 1999 AICR had received £16,181 in payments, giving an end of year cost/income ratio of 6.25. By October 2002 these donors had paid £264,145 to AICR giving a cost/income ratio of 0.38. As each year goes by that ratio will decrease correspondingly. Only when the last donor stops paying, many years in the future, can the lifetime cost/income ratio be determined, and by that stage it will be insignificant.

VAT. Despite extensive pressure on politicians charities continue to be liable for VAT on much of their expenditure. £330,524 was paid to HM Customs and Excise in VAT, a sum that could have allowed us to fund a further nine projects.

SCIENTIFIC ADVISORY COMMITTEE

Members leaving the Committee on conclusion of their three-year appointment were Professor J Cassidy, Dr V Cerundolo, Dr R Kanaar and Professor D Thurston. We are extremely grateful to them for their contribution to the work of the Committee, and in ensuring that the science funded is among the best in the world.

Members of the Committee for 2001-2002 are:

Professor E Wright	University of Dundee (Chairman)
Dr Fran Balkwill	Cancer Research UK, St Bartholomew's, London
Dr D Blakey	Astra Zeneca, Alderley Park
Professor A Boobis	Imperial College of Science, Technology & Medicine
Dr R Brown	Cancer Research UK, Beatson Laboratories, Glasgow
Dr P Di Fiore	European Institute of Oncology, Milan
Professor T Elliott	University of Southampton
Professor Margaret Frame	Cancer Research UK, Beatson Laboratories, Glasgow
Dr J Ghysdael	Institut Curie, Orsay
Professor R J Griffin	University of Newcastle upon Tyne
Professor P Johnson	Southampton General Hospital
Dr J Sleeman	Institute of Genetics, Karlsruhe
Dr D C Van Gent	Erasmus University, Rotterdam
Professor E Van Obberghen	INSERM, Nice
Dr R Wilson	Belfast City Hospital
Professor C R Wolf	Biomedical Research Centre, Dundee (ex-officio)
Dr Mark Matfield	AICR Science Consultant (ex-officio)

GRANTS

As at 30 September 2002 AICR funded projects in the following establishments:

United Kingdom:

University of Aberdeen	Birkbeck College, London
Biomedical Research Centre, Dundee	Imperial College, London
University of Dundee	Institute of Cancer Research, London
Medical Research Council, Edinburgh	King's College, London
University of Edinburgh	Ludwig Institute, London
Beatson Institute, Glasgow	National Institute for Medical Research
Glasgow Caledonian University	Royal Free Hospital, London
Glasgow University Veterinary School	St George's Hospital, London
University of Glasgow	University College, London

Aston University, Birmingham
University of Birmingham
University of Bath
University of Bradford
University of Sussex, Brighton
University of Bristol
Babraham Institute, Cambridge
Medical Research Council, Cambridge
University of Cambridge
Addenbrooke's NHS Trust, Cambridge
University of Kent, Canterbury
Wellcome/CRC Institute, Cambridge
University of Durham
University of East Anglia, Norwich
Keele University, Stoke-on-Trent
University of Leeds
University of Leicester
University of Liverpool

UMIST, Manchester
University of Manchester
University of Newcastle-upon-Tyne
Gray Cancer Institute, Northwood
University of Nottingham
University of Oxford
John Radcliffe Hospital, Oxford
Marie Curie Research Institute, Oxted
University of Reading
University of Salford
University of Sheffield
CRUK, South Mimms
University of Southampton
Institute of Cancer Research, Sutton
University of Warwick
University of York
Cardiff University
University of Wales College of Medicine

Overseas:

Australia
University of Queensland, Brisbane
Garvan Institute, Sydney
Peter MacCallum Cancer Institute, Melbourne
Belgium
Ghent University
Canada
University of Toronto
Cyprus
Institute of Neurology & Genetics, Nicosia
Denmark
Panum Institute, Copenhagen
Eire
University College, Dublin
France
IGBMC, Illkirch
IARC, Lyons
INSERM, Nantes
Institut Pasteur, Paris
UMR CNRS, Paris
Germany
University of Essen Medical School
EMBL Heidelberg
National Cancer Institute, Heidelberg
Forschungszentrum Karlsruhe
Medical University of Ulm

Israel
Ben Gurion University, Beer Sheva
Institute of Technology, Haifa
Hadassah-Hebrew University Hosp,
Bar-Ilan University, Ramat-Gan
Italy
European Institute of Oncology, Milan
Netherlands
Netherlands Cancer Institute, Amsterdam
University of Leiden
UMC St Raboud, Njmegen
Erasmus University, Rotterdam
Josephine Nefkens Institute, Rotterdam
Spain
University of Madrid
University of Salamanca
Sweden
University of Gothenburg
University of Uppsala
Switzerland
University of Bern, Tubingen
University of Geneva
University of Zurich
USA
University of North Carolina, Chapel Hill
Skirball Institute, New York

STAFF

Once again we must record our thanks to the small staff of AICR for their continuing hard work and achievement. It is in no small part due to their efforts that AICR is able to maintain its respected position as a funder of top quality scientific research.

We were all sorry to see the departure of Mrs Audrey Jones during the year. Mrs Jones had been ill for some time, and decided that she would retire in March 2002. She had worked for AICR since 1987, first in the post of Administrator and later in the post of Grants Administrator and Deputy Chief Executive. She had an encyclopaedic knowledge of AICR and its workings, and supervised a major expansion of grant funding from support for a handful of one-year projects to the full-time administration of over 200 3-year projects by 2001. She had a pleasant, cheerful manner that put people at ease, whether face to face or on the telephone, and many scientists around the world counted her more as a friend than as a faceless voice at the end of a wire. We wish her well in her retirement.

The Grants Department has been ably run by Mr Alan Gilchrist, who was appointed Grants Administrator on Mrs Jones' departure. Assisted by Miss Linsey Cargill, he oversees the twice-yearly round of grant applications and administers the payment of invoices for current grants. Mr Gilchrist and Miss Cargill also organise the Grants Allocation Meetings at which applications are assessed and funding awarded, and provide secretarial services at the meetings.

The staff in our Finance Department are both versatile and flexible, having to turn their hands to many tasks. Although they tend to have main responsibilities, all are expected to be able to carry out any of the tasks within the Department, and cover for each other seamlessly when any are off for one reason or another. In the Reception Office Mrs Jane Wilson handles telephone and mail enquiries, and is the first point of contact with the public. Miss Claire Wood is responsible for the administration of the still considerable number of covenants held by many of our supporters. Although the covenant system ended in 2000 with the introduction of Gift Aid, existing covenants are still valid. We are trying to convert covenant payers to Gift Aid, but until that happens the remaining covenants have to be administered. Miss Karen Whitaker is responsible for the administration of the Payroll Giving scheme, a programme that calls for detailed and intensive data entry on a monthly basis. Both Claire and Karen also operate the scanning and data capture system, scanning and processing around 200 donors form every day, in addition to their other duties. Mrs Sarah Rushforth and Mrs Annika Naismith oversee the set up of new donors from the files generated by the scanning process, and the production and mailing of thank you letters to the new donors. They also undertake the monthly process of manual entry of standing order payments that cannot be posted automatically to donor records. Mrs Aileen Bullen is responsible for the administration of the direct debit programme, involving setting up new direct debits, identifying and correcting anomalies that lead to rejection, and processing direct debit payments twice a month. As our direct debit donorbase has grown to over 20,000, and is growing at the rate of 1,000 a week, it can be seen that this is a most demanding job.

Supervision of the Finance Department, and overall supervision of administration, is the responsibility of Mrs Joan Paxton, whose grasp of every job and process is admirable. Mrs Paxton deserves our thanks for the smooth running of an intensive and complicated process

that covers every aspect of donor administration from recruitment to posting of monthly payments.

Mr Tony Cross is the Legacy and Trusts Officer. He is assiduous in following legacy procedures, and thanks to his diligence sums which might otherwise have been missed or overlooked by inexperienced executors have been identified and recovered.

Our Chief Executive, Mr Derek Napier, continues to lead the Association's overall activities in his energetic and forthright manner.

ACCOUNTS AND FINANCIAL RECORD FOR LAST FIVE YEARS

The summarised accounts for 2001/02 and financial record for the years 1997/98 – 2001/02 are shown overleaf.

ACCOUNTS

Income and Expenditure	2001/02	2000/01	1999/00
for the year ended 30-September-2002			
Donations	13,655,017	13,191,094	10,444,600
Legacies	1,108,030	730,291	754,041
Total Voluntary Income	14,763,047	13,921,385	11,198,641
Investment and other income	379,384	368,266	520,524
Gain/(Loss) on investments	(4,582)	(14,759)	38,981
Total Income	15,137,849	14,274,892	11,758,146
Less expenditure			
Fundraising	3,590,809	3,339,232	2,672,053
Donor Recruitment	1,199,981	286,636	2,967,010
Administration	429,700	430,753	402,410
	5,229,490	4,056,621	6,041,473
Net Income	9,908,359	10,218,271	5,716,673
Less			
Research expenditure	7,237,460	6,858,837	6,324,756
Education expenditure	831,861	662,160	1,000,969
Support costs	134,980	93,904	81,486
	8,204,301	7,614,901	7,407,211
Operating surplus/deficit	1,704,058	2,603,370	(1,690,538)
Unrealised gains/losses on Investments	(1,312,515)	(1,222,285)	205,424
Total surplus/deficit for year	391,543	1,381,085	(1,485,114)
Balance sheet	2001/02	2000/01	1999/00
As at 30 September 2002			
FIXED ASSETS			
Tangible assets	672,559	309,279	313,591
Listed investments	4,693,464	4,628,745	5,438,224
	5,366,023	4,938,024	5,751,815
CURRENT ASSETS			
Debtors	1,178,904	1,409,825	763,545
Short term bank deposits	5,156,112	4,558,468	2,753,441
Cash at bank and in hand	4,961	856	15,455
	6,339,977	5,969,149	3,532,441
CREDITORS			
Amounts falling due within one year	4,374,704	3,967,420	3,725,588
Net current assets	1,965,273	2,001,729	(193,417)
Total assets less current liabilities	7,331,296	6,939,753	5,558,668

Financial record

for the five years
to 30 September 2002

	2001/02	2000/01	1999/00	1998/99	1997/98
	£000	£000	£000	£000	£000
TOTAL INCOME	15,137	14,275	11,758	9,013	7,838
Appeals and administration costs	5,229	4,057	6,041	5,235	3,197
Research/education expenditure	8,204	7,615	7,407	4,316	3,441
Operating surplus/(deficit)	1,704	2,603	(1,690)	(538)	1,200
Unrealised investment gain/(loss)	(1,313)	(1,222)	205	64	(58)
Total surplus/(deficit)	391	1,381	(1,485)	(474)	1,142
Tangible assets	673	309	314	299	307
Investments	4,693	4,629	5,438	6,662	6,614
Net current (liabilities)/assets	1,965	2,002	(193)	83	597
Balance carried forward	7,331	6,940	5,559	7,044	7,518

John Matthews
Chairman
Board of Directors