

**REGISTERED COMPANY NUMBER: 01914825 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 292569**

**REPORT OF THE TRUSTEES AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019**  
**FOR**  
**ARTHRITIS ACTION**

LMDB Limited  
t/a LMDB Accountants  
Statutory Auditors  
Railview Lofts  
19c Commercial Road  
Eastbourne  
East Sussex  
BN21 3XE

## **ARTHRITIS ACTION**

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## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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The Trustees who are also directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Charity for the year ended 31 October 2019. The Trustees have adopted the provisions of 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) (effective 1 January 2015).

#### **Website**

[www.arthritisaction.org.uk](http://www.arthritisaction.org.uk)

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Company Number**

01914825 (England and Wales)

##### **Registered Charity Number**

292569

##### **Registered Office**

One Upperton Gardens  
Eastbourne  
East Sussex  
BN21 2AA

##### **Trustees**

Mr R H Nye – Chair	
Mr G C Allen	Appointed 15 August 2019
Ms A C Godfrey	
Mrs K Hoban	
Ms C J Jones	
Ms S E Jones	
Mr G Phillips	Resigned 30 April 2020
Mrs D M C Rose	
Mr D G S Torjussen-Proctor	Resigned 13 June 2019
Mr P M Woodhouse	
Mr K M Young	Resigned 16 July 2020

##### **Chief Executive**

Miss S Irwin

##### **Company Secretary**

Mr G Weir

##### **Auditors**

LMDB Limited  
t/a LMDB Accountants  
Statutory Auditors  
Railview Lofts  
19c Commercial Road  
Eastbourne  
East Sussex  
BN21 3XE

##### **Accountants**

Breeze & Associates  
Limited  
5 Cornfield Terrace  
Eastbourne  
East Sussex  
BN21 4NN

##### **Solicitors**

Gaby Hardwicke  
33 The Avenue  
Eastbourne  
East Sussex  
BN21 3YD

##### **Bankers**

NatWest  
Eastbourne Branch  
96 Terminus Road  
East Sussex  
BN21 3LX

##### **Financial Advisors**

Schroders  
1 London Wall  
Place  
London  
EC2Y 5AU

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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#### **TRUSTEES' REPORT**

##### **Structure**

Arthritis Action was set up in 1942 and is a charitable company limited by guarantee as defined by the Companies Act 2006. It is governed by its Articles of Association, which were last amended on 13 June 2019.

##### **Trustees**

The Trustees who served on the Board of Trustees during the year are shown on page 1. The Trustees did not receive any remuneration in their capacity as Trustees during the year ended 31 October 2019 (2018: nil); however, they have the option of being reimbursed for costs incurred in attending meetings on behalf of Arthritis Action.

In accordance with Article 8.5 of the Articles of Association, Mr G C Allen was appointed as a Trustee during the year by the Board of Trustees and shall be eligible for election at the next Annual General Meeting.

##### **Objects and Key Aims**

Our vision is for people to live active lives, free from the impact of arthritis. To achieve this we aim to:-

- Help and support people with arthritis through the provision of the best available evidence-based approaches and techniques for managing arthritis.
- Monitor arthritis related developments and initiatives, and promote efforts to gain a better understanding of arthritis and its impact on people's lives.
- Raise awareness of arthritis and disseminate evidence-based information about all matters relating to the condition

##### **Overview of Activities**

During 2019, the Charity spent £880,360 (2018: £906,749) on delivering its self-management health programme and £134,691 (2018: £35,377) on research and other grants.

Arthritis Action is a UK charity dedicated to improving quality of life for people living with arthritis and our aim is to reach as many people in the UK as possible, to help them manage their arthritis. We do this through a range of services, including dietary and nutritional consultations; local group meetings offering peer-to-peer support; subsidised clinical appointments with our network of osteopaths, physiotherapists and acupuncturists, and online resources on mental health and physical activity. While nutritional consultations, subsidised clinical appointments, and the Personalised Member Pathway are for members only, the majority of our services are free to everybody.

We launched a range of new services in 2019, including an online resource on our website, featuring moving images (GIFs) of a variety of chair-based exercises that people can try safely at home. These exercises form part of a strength and conditioning programme that we have developed in partnership with wellbeing organisation Oomph!. This programme is currently being delivered in 196 care home settings to an estimated 70,000 participants across the UK. Another key service that we rolled out this year is a Mental Health Directory, which lists over 265 organisations offering mental health support for people with long-term conditions. We also introduced a Webinar Lunchtime Series, offering people information and advice on a range of topics in real-time. The recordings have also been made available on our website and the YouTube channel, for people to watch in their own time.

We have continued to build on the success of our existing services. During the year, we organised over 100 Group meetings across 15 locations, most of which had prominent speakers representing local healthcare providers. People with all forms of arthritis benefit from the support of our local Groups, learning from the speakers' experience and knowledge and receiving peer-to-peer support. Our clinical support service continues to be useful, with members, attending over 400 appointments this year. Our nutritional consultations service has also been much sought-after, helping people better manage their symptoms and meet their weight and dietary goals. We have also expanded our Online Self-Management Resource to include 25 videos on topics relating to the physical and mental symptoms of arthritis.

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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We have extended our networks and partnerships across the country, and delivered a variety of presentations and programmes throughout the year. These have helped to spread the knowledge and raise the awareness of the self-management approach amongst people with arthritis and other long-term conditions. Around 2,000 people attended our events and external presentations.

We have continued to proactively publicise the activities of Arthritis Action and estimate that we have reached over 12.5 million people through PR activities covered in the national and local press. Our social media activity reached 905,000 people and our website had 130,000 visits with 285,000 pages being viewed.

We are evolving as an organisation to help people with all forms of arthritis, with an emphasis on building our online offering. Our new resources have been extremely popular this year, with around 3000 people accessing them each week.

The Trustees have also paid due regard to the Charity Commission's guidance on public benefit and its general guidance when deciding what activities Arthritis Action should undertake.

#### **Self-Management Approach**

We are the only UK charity giving hands-on, practical help to improve the quality of life for people affected by arthritis. We offer an integrated self-management approach to help people with arthritis gain the knowledge and confidence to manage their condition themselves, and live life to the full.

We tailor our self-management approach to meet individual needs, and our approach encompasses the following services:-

- Personalised Member Pathway, a new service that helps members access the services that meet their needs
- Nutritional and weight management consultations with our registered Dietitian;
- Arthritis Action Groups in locations across the country;
- Self-management educational events to learn about various techniques for managing both the physical and mental aspects of arthritis,
- Free, easy to follow on-line self-management videos;
- Quarterly webinars with expert speakers, covering a wide range of topics;
- Identification of the most suitable exercises for people with arthritis and other musculoskeletal conditions;
- Subsidised clinical appointments with our registered Osteopaths, Physiotherapists and Acupuncturists;
- Factsheets, a members' magazine, E-newsletters and informational leaflets on a variety of topics including self-management, physical activity, and mental well-being.

In 2018/19, we continued the development of our two-day Self-Management Events which we ran in Derby, Stoke-on-Trent, Nottingham and Birmingham. Once again, these Events were well attended by our members and the general public, which clearly demonstrates that people living with arthritis want to gain a significant benefit from learning more about managing their arthritis on a day-to-day basis.

#### **Governance and Management**

Members of the Board of Trustees are responsible, on behalf of their fellow members and people living with arthritis generally, for the good governance of the Charity. Board Members set and review the Charity's strategic objectives on a regular basis and establish policy for staff to implement in a manner that is in keeping with Arthritis Action's objectives.

The Articles of Association permits the appointment of up to 15 Trustees, one of whom should be the Chair of the Board of Trustees. The Chair is elected by the Trustees for a period of three years and can be re-elected by mutual consent. All Trustees are elected by members at the Charity's Annual General Meeting and are appointed for a period of three years. In accordance with the Articles of Association, new Trustees can be appointed by the existing Trustees during the year, but must then stand for election by the members at the next Annual General Meeting. Trustees can put themselves forward for re-election at the end of each 3-year period.

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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The Board of Trustees is committed to continually improving its governance of the Charity and meets as a whole on a minimum of four occasions in each calendar year. For efficient operational purposes, the Board of Trustees is also subdivided into two working Committees - the Finance & Risk Committee and the Remuneration & Nominations Committee.

The Finance & Risk Committee ("FRC") meets on at least three occasions in each calendar year and comprises three Trustees as well as the Chief Executive and the Company Secretary.

The purpose of the FRC is to oversee and brief the Board of Trustees on all aspects of financial, budgetary and risk management. In particular, the FRC:

- Reviews the management accounts;
- Oversees the preparation of the annual budget;
- Monitors the performance of the Charity's Investments;
- Formulates the Charity's Risk Management Policy;
- Oversees the preparation of the annual financial statements;
- Monitors the Charity's Information Technology requirements;
- Oversees the process of selection or re-selection of an Auditor.

The FRC ensures that effective systems of accounting and internal control are established and maintained, and that the Board of Trustees is aware of any matters that might have a significant impact on the financial condition or affairs of the Charity.

The Remuneration & Nominations Committee ("RNC") meets formally on at least two occasions each year and comprises four Trustees and the Chief Executive. The main purpose of the RNC is to oversee and brief the Board of Trustees on all aspects of Human Resources. It is also required to advise and make recommendations to the Board of Trustees with regard to appointments to the Board, its Committees and Advisory Groups, and to ensure that the skills and experience required for these roles are identified.

The RNC considers the appointment of all staff for Arthritis Action following presentation of a formal proposal for recruitment by the Chief Executive. The RNC then recommends agreed proposals to the Board for approval. Any changes in organisation structure are similarly proposed by the Chief Executive to the RNC before being submitted to the Board of Trustees for approval.

The RNC regularly appraises the employee remuneration structure and makes recommendations to the Board regarding salary reviews and any other proposals which affect pay, benefits and conditions. The RNC also leads on appraising the Chief Executive's performance and salary.

The RNC is also responsible for ensuring that all employment policies and practices comply with current UK Employment Law, and regularly reviews HR strategy and the implementation of HR policies & practices. Any significant changes to HR policies & practices are proposed for approval by the Board.

#### **Trustee Induction**

On appointment to the Board of Trustees, each Trustee completes a "Register of Interests" and receives appropriate induction. Further training needs are met, both individually and collectively, through regular Board training sessions and by Trustees attending training days conducted by external training providers.

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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#### **Professional Services**

During the year ended 31 October 2019, Arthritis Action retained the professional services of Breeze & Associates, Chartered Accountants, to ensure effective segregation of accounting duties. They were responsible for maintaining the financial records, while the Company Secretary was responsible for statutory and other financial matters. The names and addresses of organisations which provide banking services and professional advice to the Charity are detailed on page 1 of this report.

#### **Staff and Trustee Changes**

Over the last 12 months, Arthritis Action has continued to broaden its organisation structure to cope with increased activity and the development of more Arthritis Action Groups, in line with its strategic objectives. We recruited an area Co-ordinator for East Anglia in July 2019 and hired an intern to support the Marketing and Communications team for a three-month internship at the end of 2019. We also welcomed a new full-time Communications Officer in February 2020. As a result, there are now 16 full and part time members of staff. A Corporate Partnerships Manager role has been established and an additional staff member has been recruited. Graham Phillips and Kevin Young have decided to resign as Trustees. Graham joined the Board of Trustees in June 2010 and served as Chairman of the Remuneration and Nominations Committee for several years. He was instrumental in developing the hub and scope concept, which has now developed into the Action Group structure that we have today. Kevin has been involved with Arthritis Action since 2006 as an Associated Practitioner and was responsible for establishing and running our Harley Street Clinic. He became a trustee in 2011. Although Kevin will no longer be a Trustee he will continue to be involved with Arthritis Action through his role as an Associated Practitioner. Their advice and guidance has been invaluable and the Trustees and staff would like to formally record their thanks for Kevin's and Graham's considerable support.

The Charity has a multi skilled Board of Trustees which provides a pool of specialist knowledge that the Executive Management Team and the Charity as a whole can call upon for help and advice, and which is capable of continuing the development of Arthritis Action as a leading arthritis charity in the UK. Greg Allen joined the Board of Trustees in August-2019. He is a Chief Executive with over 15 years' board-level experience in the health and care sectors. As a result of Graham Phillips' and Kevin Young's resignations, the Board of Trustees is currently actively looking to recruit additional Trustees with suitable skill sets in order to maintain what is considered to be an optimum level of 10 Trustees to ensure efficient and effective governance.

#### **Risk Management**

The Trustees have a duty to identify and review the risks to which Arthritis Action is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The principal risks are: -

- **Loss of Funds:** the majority of Arthritis Action's funds are managed by an accredited UK charity fund manager, and other funds are held with suitable first tier banks on a short-term basis. As a result, there is little risk in the short or medium term.
- **Loss of Income:** the Charity is dependent on income from legacies, donations, and membership fees, and remains actively engaged in fundraising activities in order to ensure the continuing flow of income from these sources. Efforts are being made to broaden the income sources in order to further reduce this risk.
- **Loss of Reputation:** the Charity takes great care to preserve the professionalism of the services it provides to its members and others who seek help with their arthritis condition. It also actively monitors its interaction and relationships with 3rd parties and other stakeholders to ensure that high standards are maintained.

Other identified risks include cash flow management, health & safety of staff and members, maintaining the IT infrastructure, and staff retention/development.

The Trustees are satisfied that appropriate internal control systems and risk management processes are in place to help to identify, evaluate and manage these risks. The Executive Management Team reviews key strategic and operational risks on a regular basis and considers new and emerging risks. These risks are recorded on a 'Risk Register' and the Board reviews this Register and receives updates on any changes to or re-assessments of all recorded risks on a regular basis. A rigorous set of financial authorities and procedures is also in place.

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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#### **Volunteers**

The Trustees volunteer their time and individual expertise freely to the governance and management of the Charity. The Charity also benefits from the help of a small number of volunteers, who help to organise some of the Arthritis Action Groups in their own localities. We also had a volunteer who helped out in the London office for a few hours every couple of weeks for two months to gain some work experience in an office environment.

Arthritis Action maintains an Employer Supported Volunteering scheme which is aimed at supporting employees who wish to volunteer or continue to volunteer to support a wide range of community activities such as a local community group, another charity or school, etc. The purpose of this policy is to encourage and support employees of Arthritis Action who wish to become involved in, or continue to be involved with, volunteering.

#### **Assistance and Support for Members & People Living With Arthritis**

We have continued to expand our services and the extent and methods by which we provide information to our members and others living with arthritis, who are seeking help and advice. As a result, we have seen a 50% increase in the number of visitors to our website in the last 12 months.

We have added more videos to our online Self-Management Resource, which continues to be the UK's first (and free) arthritis self-management e-learning platform. The resource now includes 25 evidence-based videos, to help people with arthritis self-manage different aspects of their condition and improve their daily life. Topics range from X-rays, Medication, Aids and Devices, Work and Arthritis, to Weight Management and Positive Thinking. We will continue to expand this successful resource.

We also launched, for the very first time, recipe videos on all social media platforms, linking them to our website and YouTube channel. The videos feature recipes by food blogger Kate Lawson, with our Dietitian, Martin Lau, providing commentary on the ingredients and their benefits for arthritis.

Our new online Mental Health Directory and Exercise resources were highly sought-after, providing viewers with vital information to help improve these aspects of their lives. Our Webinars also focused on topics that are of interest to people with arthritis, and included Managing Pain and the Role of Diet. More webinars are planned for 2020, and details of these will be published on the Arthritis Action website and in the monthly E-News publication.

During 2019, we enjoyed significant national media coverage in The Times, The Daily Express, The Guardian, and the Huffington Post. Arthritis Action also featured in a number of regional and local publications, with articles supporting the local group meetings. Following the launch of our own online eNews publication in 2017, we now have over 1,800 subscribers who receive it via a monthly email.

We have also continued the development of Arthritis Action Groups ("AAGs") which meet on a regular basis and enable like-minded people to share their experiences of living with arthritis. AAGs are also encouraged to invite guest speakers to some of their meetings to contribute to a greater knowledge of the ways in which people can control or manage the symptoms of arthritis. During 2018/19, we have again been working with local groups and have 15 AAGs. These are based in Eastbourne, London, Norwich, Ferndown (Bournemouth), Warrington, Staines, Southampton, Bury St Edmunds, Coventry, Leicester, Kent, Derby, Nottingham, Stoke on Trent and Birmingham.

We are extremely keen to support the development of other AAGs, and members and non-members alike are always actively encouraged to contact the Executive Management Team if they would like help with starting groups. The AAG meetings are open to members and those living with arthritis in the local area.

Arthritis Action has continued to expand the availability of therapies which complement our objective of relieving the pain of arthritis, and we also provide mental well-being support and a flexible healthy eating and weight management service. We raise awareness, disseminate information and give presentations on self-management topics around the country to people living with and impacted by arthritis. To improve the way we communicate with external audiences we have also continued to develop new social media channels such as Twitter, Facebook, and YouTube.



## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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#### **Research**

The Board of Trustees is keen for research to form an integral part of the Charity's activities and a budget allocation for research has been made available year-on-year for the last six years. Through our research funding we are constantly looking for ways to support people with arthritis and develop a better understanding of arthritis and its effects on people's lives.

#### **Fundraising**

Arthritis Action is committed to good fundraising practice and is registered with the Fundraising Regulator. We voluntarily subscribe to the Fundraising Regulator's Code of Fundraising Practice and have a Donations Acceptance Policy approved by the Board of Trustees, which can be viewed on our website. Our Fundraising Manager is fully conversant with, and adheres to, all applicable laws and codes such as the Fundraising Regulator's Code of Fundraising Practice and data protection laws. The Fundraising Manager reports directly to our Executive Management Team who, with regard to all members of the public, ensure that all fundraising activities do not result in unreasonable intrusions, unreasonably persistent approaches or any undue pressure being exerted. We do not use any external fundraising organisations or professional fundraisers and did not receive any complaints about fundraising activities carried out by Arthritis Action during 2018/19.

Our Fundraising Manager is focussed on developing new fundraising activities to diversify our income streams, covering most areas of fundraising: individual giving, legacy fundraising, challenge events, trusts, and corporate partnerships. Our largest income source continues to be legacies; therefore, we are exploring new ways of leveraging this area of fundraising alongside our other activities.

#### **Financial Review**

Arthritis Action's financial performance is set out on page 13 and the key accounting policies remain unchanged.

Income for the year ended 31 October 2019 was £564,106 (2018: £1,061,989) a decrease of £497,883. Expenditure during the year amounted to £1,112,816 (2018: £1,001,481), an increase of £111,335. As a result, the deficit from operational activities was £548,710, which compares with a surplus of £60,508 for 2018.

The decrease in income can primarily be attributed to a decrease of £505,447 in legacy receipts from £876,572 to £371,125. Legacy Receipts are the Charity's single most important source of income and, by their very nature, their timing is unpredictable. As the Charity receives a relatively small number of individual bequests, volume fluctuations have a marked effect on the amount of legacy receipts from one year to the next. Over the last 10 years annual legacy receipts have averaged £420,000.

The increase in expenditure can mainly be attributed to increased staff numbers and, therefore, costs, which were required to support delivery of the Charity's strategic objectives. The average number of employees rose from 13 to 15 and the staff cost increased from £533,454 to £642,938.

After including a net unrealised gain on investments of £107,219, (2018: £136,854 loss) the net deficit for the year ended 31 October 2019 was £441,491 (2018: £76,346). This resulted in Arthritis Action's total funds falling to £6,060,000 (2018: £6,501,491).

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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#### **Reserves Policy**

Arthritis Action aims to utilise its reserves to help people live active lives, free from the effects of arthritis and raise awareness of the impact of arthritis. The underlying approach is to continue indefinitely and not burn through the Charity's reserves and ultimately wind itself up. As a result, consideration is given to the long term financial implications of current decisions and actions. The Trustees' underlying policy is, therefore, to closely monitor the reserves position to ensure that the level of cash reserves is appropriate to the operating costs and other commitments of the Charity, and to maintain an adequate level of reserves to cover the inherent volatility and uncertainty surrounding legacy income. The Trustees also recognise the need to hold sufficient reserves in order to protect the Charity's core activities in the event of any income shortfall, and to meet its funding commitments in the unlikely event of a dramatic fall in its material income streams.

#### **Investment Policy**

The Charity has approximately £5.6m of reserves for investment. A portion of these (currently 89% or £5m) is regarded as long-term reserves, with the remainder being held as shorter-term reserves. The Charity seeks to obtain the best financial return within an acceptable level of risk and the investment objective for the long-term reserves is to preserve capital in real terms whilst producing a reasonable income, with an intermediate attitude to risk.

Approximately £4.1m of long-term reserves was placed under the stewardship of Schroders between October and November 2012. The value of the funds invested through Schroders has increased by approximately 20% during the seven-year period to 31 October 2019. When making investment decisions and placing deposits, careful consideration is given to credit, liquidity and cash flow risk. Due regard is also given to social, environmental and ethical aspects.

#### **Plans for the Future**

We are in our final year of our 2016-2020 strategic plan, which has set out to:

- expand our services so people with arthritis can actively participate in areas of self-management that interest them.
- have members who are motivated to change their lifestyle and self-manage their arthritis, with more younger members.
- have a larger staff team with capacity to develop the organisation as well as provide services.
- offer more services around the UK so we have a stronger geographical spread.
- raise awareness of Arthritis Action and arthritis as a condition.
- network with other health charities, umbrella bodies and health professionals to help raise our profile.

We have achieved these goals and have even greater ambitions for the future. Going forward, we will be focussed on developing our next three-year strategy, looking at the landscape; determining gaps in the market; and capitalising on our strengths to help more people with arthritis, whilst ensuring financial sustainability. However, implementation of much of this strategy will be delayed until the disruption to everyday life associated with the coronavirus (COVID-19) pandemic subsides.

The Trustees and the Charity's Executive Management Team have a clear vision and a sense of purpose when working together to meet the objectives of Arthritis Action whilst retaining the Charity's relevance in today's ever-changing world. Our primary intention continues to be the expansion of the self-management approach for those who live with arthritis by providing a range of services and enhanced practical support and information through our qualified team, therapists and dietitian.

Furthermore, we are ensuring that the information we offer and the help we provide continues to be innovative, evidence-based and at the forefront of that which is available. We are also working towards disseminating our information and approach, so that it becomes widely recognised by medical professionals as a useful component in the overall approach to the management of arthritis.

We are continuing to develop a more diverse membership which is motivated by lifestyle change and the management of arthritis with the help of Arthritis Action's comprehensive self-management approach.

## **ARTHRITIS ACTION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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We have greatly enhanced the way we communicate with our existing members and also with other potential members who have not yet discovered the benefits of membership of Arthritis Action. We are continually engaged in reviewing and improving the way in which our website is used by members and the general public, and we are greatly enhancing our reputation through media recognition and more rigorous use of social media platforms and PR efforts.

Our new Personalised Member Pathway Service helps members outline their self-management goals, so that we can support them to achieve those goals. Our Dietitian Service has always been popular with our members, and more people are keen to work directly with our Dietitian as they set their Pathway goals. Diet and exercise advice continue to be our most popular topics on our online Self-Management Resource.

Our strategy for the next 12 to 18 months is to continue to develop our services for members of the Charity and those affected by arthritis, throughout the UK. Over the past five years we have developed a self-management approach that offers in-person and on-line services to manage the physical and mental symptoms of living with arthritis. Looking towards the future, we would like to engage more people, of working age, living with arthritis by adapting our self-management approach and identifying services that meet their needs. This will help us achieve our aim of reaching and helping as many people living with arthritis as possible.

Due to COVID-19, we launched Virtual Groups in 2020 and will be running more of these Groups on-line to build supportive communities. We have also developed a COVID-19 information hub on our website to help people with arthritis manage their health and wellbeing during the pandemic. Once we can bring groups of people together again, we will continue to run our increasingly popular Self-Management Events, which include sessions on mental well-being and gentle exercise. We also intend to expand the free video resources available on the website.

We have produced a Mental Health Directory and an Exercise & Activity Directory, signposting people with arthritis to organisations that can offer them support. We will continue to work with organisations who support people with musculoskeletal conditions and collaborate where we can, replicating the successful partnership we had in 2018-2019 to deliver a strength and balance programme to encourage people to become more active.

We will also continue to monitor our investments and develop our income sources to ensure that our income can fund and sustain our ambitious development programme which we are currently implementing, without adversely affecting our overall financial standing.

We will continue to improve the way in which the Trustees govern Arthritis Action, particularly through the continuing ongoing development of the role and function of our Committees, increased risk awareness, and by ensuring that Board Members have the collective skills which enhance the overall effectiveness of the Board of Trustees.

Working together, the Board of Trustees and the Executive Management Team will ensure the continued growth of Arthritis Action as it delivers upon its strategic objectives to existing and future beneficiaries of the Charity.

#### **COVID-19**

As a result of the coronavirus pandemic and the UK Government's lockdown announcement on 23rd March 2020, Arthritis Action took all necessary steps to revise its operations in order to safeguard staff and members. We immediately closed our offices and arranged for all staff to work from home and revised the ways in which we deliver our services to members and the public. In particular, this has involved suspending our subsidised clinical appointment service and converting our local face to face group meetings to on-line meetings in order to continue to provide peer to peer support. We are pleased to report that these arrangements have all worked well and we are continuing to develop new ways of providing effective remote interaction and support to our members and stakeholders. Unfortunately, however, the restrictions on large gatherings has meant that we had to cancel our 2020 Annual Conference and will defer our Annual General Meeting until later in the year.

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Unlike many other charities, we are not particularly reliant on sponsored events or merchandise sales to support our work. Accordingly, while the pandemic has adversely affected the value of investments and will probably reduce the income that these investments generate over the next few years, we have not suffered the immediate cash flow difficulties experienced by others in the sector. Since the financial year end, we experienced a fall of approximately £500,000 (10%) in the value of our investments as markets reacted to the pandemic. However, there is evidence that these markets are now starting to recover following the gradual restart of economic activity. In conjunction with Schroders, our financial advisors, we continue to monitor this financial risk very closely, given that there is likely to be further volatility due to the uncertain pace of economic recovery and concerns about a second wave of COVID-19.

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The Trustees (who are also the directors of Arthritis Action for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period. In preparing those financial statements, the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

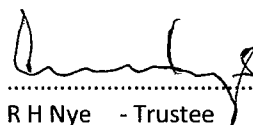
In so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditors are 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 auditors are aware of that information.

#### **AUDITORS**

The Auditors, LMDB Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Trustees, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on Thursday 16<sup>th</sup> July 2020 and signed on the Board's behalf by:

  
.....  
R H Nye - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARTHRITIS ACTION**

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### **Opinion**

We have audited the financial statements of Arthritis Action (the Charity) for the year ended 31 October 2019 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 October 2019 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARTHRITIS ACTION**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' 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 Statement of Trustees Responsibilities, the trustees (who are also the directors of the Charity 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

### **Our 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 a Report of the Independent Auditors 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

This report is made solely to the Charity'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 Charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

S Jaquet FCCA (Senior Statutory Auditor)  
for and on behalf of LMDB Limited  
t/a LMDB Accountants  
Statutory Auditors  
Railview Lofts  
19c Commercial Road  
Eastbourne  
East Sussex  
BN21 3XE

Date: 31/07/2020

## **ARTHRITIS ACTION**

### **STATEMENT OF FINANCIAL ACTIVITIES** **(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)** **FOR THE YEAR ENDED 31 OCTOBER 2019**

		2019	2018
		Total funds	Total funds
		£	£
<b>INCOME AND ENDOWMENTS FROM</b>	Notes		
Donations and legacies	4	394,211	887,047
Charitable activities	5	15,339	16,661
Other trading activities	6	760	1,040
Income from investments	7	<u>153,796</u>	<u>157,241</u>
<b>Total</b>		564,106	1,061,989
<b>EXPENDITURE ON</b>			
Raising funds	8	97,765	59,355
<b>Charitable activities</b>	9		
Research and other grants		134,691	35,377
Self-management health programme		<u>880,360</u>	<u>906,749</u>
<b>Total</b>		1,112,816	1,001,481
Net gains/(losses) on investments	22	<u>107,219</u>	<u>(136,854)</u>
<b>NET INCOME/(EXPENDITURE)</b>		(441,491)	(76,346)
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>		6,501,491	6,577,837
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>6,060,000</u></u>	<u><u>6,501,491</u></u>

The notes form part of these financial statements

**ARTHRITIS ACTION****STATEMENT OF FINANCIAL POSITION  
AT 31 OCTOBER 2019**

		2019 Total funds	2018 Total funds
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	15	344,685	385,366
Investments	16	<u>4,977,717</u>	<u>4,894,203</u>
		5,322,402	5,279,569
<b>CURRENT ASSETS</b>			
Debtors	17	209,152	314,160
Cash at bank and in hand		<u>598,363</u>	<u>956,382</u>
		807,515	1,270,542
<b>CREDITORS</b>			
Amounts falling due within one year	18	<u>(67,397)</u>	<u>(46,760)</u>
<b>NET CURRENT ASSETS</b>		<u>740,118</u>	<u>1,223,782</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,062,520	6,503,351
<b>PROVISIONS FOR LIABILITIES</b>	20	<u>(2,520)</u>	<u>(1,860)</u>
<b>NET ASSETS</b>		<u>6,060,000</u>	<u>6,501,491</u>
<b>FUNDS</b>	21		
Unrestricted funds:			
General fund		5,449,434	5,873,859
Revaluation reserve		<u>610,566</u>	<u>627,632</u>
		6,060,000	6,501,491
<b>TOTAL FUNDS</b>		<u>6,060,000</u>	<u>6,501,491</u>

The notes form part of these financial statements

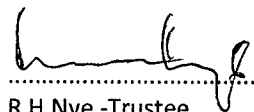


**ARTHRITIS ACTION**

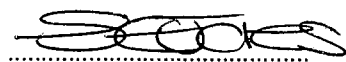
**STATEMENT OF FINANCIAL POSITION - CONTINUED**  
**AT 31 OCTOBER 2019**

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The financial statements were approved by the Board of Trustees on 16<sup>th</sup> July 2020 and were signed on its behalf by:

  
.....

R H Nye -Trustee

  
.....

Ms S E Jones -Trustee

The notes form part of these financial statements

**ARTHRITIS ACTION****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	A	(532,882)	(255,311)
Provisions for liabilities		<u>660</u>	<u>(2,640)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>(532,222)</u>	<u>(257,951)</u>
 <b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(3,297)	(3,727)
Purchase of fixed asset investments		(1,217,038)	(75,497)
Sale of tangible fixed assets		-	1,597
Sale of fixed asset investments		1,079,763	123,995
Interest received		3,957	2,945
Dividends received		<u>149,839</u>	<u>154,296</u>
<b>Net cash provided by (used in) investing activities</b>		<u>13,224</u>	<u>203,609</u>
 <b>Change in cash and cash equivalents in the reporting period</b>		<u>(518,998)</u>	<u>(54,342)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>1,141,934</u>	<u>1,196,276</u>
 <b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>622,936</u></u>	<u><u>1,141,934</u></u>
 <b>Cash and cash equivalent comprises the following:-</b>			
Fixed asset investments – other deposits		24,573	185,553
Current asset investments		-	-
Cash at bank and in hand		<u>598,363</u>	<u>956,381</u>
		<u><u>622,936</u></u>	<u><u>1,141,934</u></u>

The notes form part of these financial statements

## **ARTHRITIS ACTION**

### **NOTES TO THE STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED 31 OCTOBER 2019**

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#### **A. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019 £	2018 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(441,491)</b>	<b>(76,346)</b>
<b>Adjustments for:</b>		
Depreciation charges	43,979	44,914
(Gain)/losses on investments	(107,219)	136,854
Interest received	(3,957)	(2,945)
Dividends received	(149,839)	(154,296)
Decrease/(increase) in debtors	105,008	(189,343)
Increase/(decrease) in creditors	<u>20,637</u>	<u>(14,149)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>(532,882)</u></b>	<b><u>(255,311)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

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**1. STATUTORY INFORMATION**

Arthritis Action is a Charity registered in England and Wales. The Charity's registered number and registered office address can be found within the trustee report.

The financial statements are presented in £ Sterling.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

**Going concern**

There are no material uncertainties that cast doubt on the charity's ability to continue as a going concern.

**Income**

All income is recognised in the Statement of Financial Activities once the Charity has entitlement to the funds and it is probable that the income will be received, except where it cannot be measured with sufficient certainty.

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except in so far as they cannot be measured with sufficient certainty. Tangible fixed assets donated or left in legacies are recognised at market value at the time title passes to the Charity.

Subscriptions received and Interest receivable is calculated on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

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**2. ACCOUNTING POLICIES - continued**

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year-end date are noted as a commitment but not accrued as expenditure.

**Allocation and apportionment of costs**

The Charity's operating costs include staff costs, premises and other related costs. Such costs are allocated between different expenditure categories including fundraising, publicity, management and administration. Where costs cannot be directly attributable to direct charitable expenditure or other expenditure, they have been apportioned based on an estimate of time spent in each of these categories.

The cost of generating funds is the direct cost spent on fundraising activity. A proportion of central support cost is allocated to the cost of generating funds.

Governance costs are the costs associated with governance of the Charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity.

Support costs, which comprise central office functions such as general management, administration, budgeting and accounting, information technology and human resources are allocated across the cost of generating funds, grant making and charitable activities costs.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Short leasehold	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer hardware	- 50% on cost
Computer software	- 20% on cost

Included within freehold property is land at a historical cost of £76,667 (2018: £76,667) which is not depreciated.

Tangible fixed assets are included at historical cost and assets are capitalised on a historical cost basis of value. Items costing less than £500 are generally not capitalised.

Bequeathed and donated assets are recognised at market value at the time title passes to the Charity. Gains or losses are recognised on disposal.

The Charity holds title to financial assets subject to life tenancy interests held by third parties. Therefore no values for these assets are shown on the balance sheet.

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash generating unit which the asset belongs.

Impairment losses are recognised in the year of impairment.

**Taxation**

The Charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

General funds are unrestricted funds which can be used at the discretion of the trustees in furtherance of the general objectives of the charity and have not been designated for other purposes.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

**Pension costs and other post-retirement benefits**

The Charity operates a defined contribution pension scheme. Contributions payable to the Charity pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Pension costs are allocated to activities on the same basis as set out in the allocation and apportionment of costs policy stated above.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 OCTOBER 2019****2. ACCOUNTING POLICIES - continued****Investments**

Investments are initially recorded at cost and thereafter restated to market value as at the relevant reporting date. The aggregate value of these investments may fluctuate significantly in line with prevailing market conditions.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

**Provisions**

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

**Financial instruments**

The Charity recognises a financial asset or liability when it becomes party to the contractual provisions of the instrument. It initially measures the financial instrument at fair value.

**Subsidiary Undertakings**

Arthritis Action has two subsidiary companies, The Arthritis Association and The Arthritic Association. These subsidiaries have no assets or liabilities and are both dormant. As a result, the Charity is exempt from preparing group accounts under the Companies Act 2006 and under FRS 102.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates are underlying assumptions and are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Following a review of the financial statements it is deemed there are no areas of estimation uncertainty.

**4. DONATIONS AND LEGACIES**

	2019	2018
	£	£
Donations	20,742	10,475
Gift aid	2,344	-
Legacies	<u>371,125</u>	<u>876,572</u>
	<u>394,211</u>	<u>887,047</u>

**Contingent Legacy assets**

The Charity has received notification of 11 (2018: 17) legacies which are regarded as contingent assets and for which income is expected to be received in future years but which had not met the income recognition criteria as at 31 October 2019. The actual timing of receipt and amounts to be received are unknown. The Charity maintains a record of expected legacies receivable based on the most recent correspondence received in relation to the estate. The value of legacies receivable has been estimated at £319,000 (2018: £540,000).

## **ARTHRITIS ACTION**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 31 OCTOBER 2019**

#### **5. INCOME FROM CHARITABLE ACTIVITIES**

	2019	2018
	£	£
Membership subscriptions	<u>15,339</u>	<u>16,661</u>

#### **6. OTHER TRADING ACTIVITIES**

	2019	2018
	£	£
Income from treatment consultations	<u>760</u>	<u>1,040</u>

#### **7. INCOME FROM INVESTMENTS**

	2019	2018
	£	£
Income from investments	149,839	154,296
Interest receivable	<u>3,957</u>	<u>2,945</u>
	<u>153,796</u>	<u>157,241</u>

#### **8. RAISING FUNDS**

	2019	2018
	£	£
Cost of generating donations and legacies	13,987	14,551
Investment management costs	23,706	21,358
Support costs (See Note 11)	<u>60,072</u>	<u>23,446</u>
	<u>97,765</u>	<u>59,355</u>

#### **9. CHARITABLE ACTIVITIES COSTS**

	Direct costs	Grant funding of activities (See note 10)	Support costs (See note 11)	Totals
	£	£	£	£
Research and other grants	84,577	8,250	41,864	134,691
Self-management health programme	<u>391,648</u>	<u>-</u>	<u>488,712</u>	<u>880,360</u>
	<u>476,225</u>	<u>8,250</u>	<u>530,576</u>	<u>1,015,051</u>



## **ARTHRITIS ACTION**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 31 OCTOBER 2019**

#### **10. GRANTS PAYABLE**

	2019	2018
	£	£
Net subsidies paid to assist with physical therapy	<u>8,250</u>	<u>3,710</u>

During the year ended 31 October 2019 subsidies paid to members in respect of physical therapy consultations amounted to £7,590 (2018 £6,350). In 2018 a provision of £1,860 to cover unclaimed subsidies was made, however, following an increase in the uptake of subsidised consultations, the amount of the provision required at 31 October 2019 has increased (provision reduced by £2,640 in 2018) by £660 to £2,520.

#### **11. SUPPORT COSTS**

	Management	Information	Premises	Governance	Totals
	£	technology	£	costs	£
		£		£	
Raising donations and legacies	51,998	-	-	8,074	60,072
Research and other grants	41,864	-	-	-	41,864
Self-management health programme	<u>163,418</u>	<u>66,344</u>	<u>201,530</u>	<u>57,420</u>	<u>488,712</u>
	<u>257,280</u>	<u>66,344</u>	<u>201,530</u>	<u>65,494</u>	<u>590,648</u>

#### **12. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2019	2018
	£	£
Auditors' remuneration	5,136	4,950
Depreciation - owned assets	<u>43,978</u>	<u>44,914</u>

## **ARTHRITIS ACTION**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 31 OCTOBER 2019**

#### **13. TRUSTEES' REMUNERATION AND BENEFITS**

None of the Trustees received remuneration or received any other benefits in respect of the performance of their duties as a Trustee for either year ended 31 October 2019 or for the year ended 31 October 2018.

##### **Trustees' expenses**

	2019	2018
	£	£
Trustees' expenses	<u>865</u>	<u>1,253</u>

During the year, three (2018: four) Trustees were reimbursed travel and subsistence expenses which were incurred wholly, exclusively and necessarily in the performance of their duties as a Trustee.

#### **14. STAFF COSTS**

	2019	2018
	£	£
Wages and salaries	550,169	453,209
Social security costs	54,205	47,451
Other pension costs	<u>38,564</u>	<u>32,794</u>
	<u>642,938</u>	<u>533,454</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Executive staff	3	3
Support staff	<u>12</u>	<u>10</u>
	<u>15</u>	<u>13</u>

One employee was paid emoluments of between £70,000 and £80,000. This employee is the Chief Executive and is the only employee who is regarded as key management for the purpose of FRS102. The amount paid to this employee during the year was £79,445 (2018: £76,943).

This employee also participated in the defined contribution pension scheme and the employer's contributions for the year total £5,958 (2018: £5,771).

Included in defined contribution pension costs is an accrual for unpaid pensions of £4,885 (2018: £4,010).

Pension costs are allocated between activities within the statement of Financial Activity based on staff hours dedicated to the relevant activity.

# **ARTHRITIS ACTION**

## **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 31 OCTOBER 2019**

### **15. TANGIBLE FIXED ASSETS**

	Freehold property £	Short leasehold £	Total land and buildings £
<b>COST</b>			
At 1 November 2018	517,694	99,283	616,977
Additions	-	-	-
At 31 October 2019	<u>517,694</u>	<u>99,283</u>	<u>616,977</u>
<b>DEPRECIATION</b>			
At 1 November 2018	249,400	29,484	278,884
Charge for year	<u>5,285</u>	<u>19,856</u>	<u>25,141</u>
At 31 October 2019	<u>254,685</u>	<u>49,340</u>	<u>304,025</u>
<b>NET BOOK VALUE</b>			
At 31 October 2019	<u>263,009</u>	<u>49,943</u>	<u>312,952</u>
At 31 October 2018	<u>268,294</u>	<u>69,799</u>	<u>338,093</u>

	Total land and buildings £	Fixtures and fittings £	Computer hardware £	Computer software £	Totals £
<b>COST</b>					
At 1 November 2018	616,977	135,366	54,826	39,514	846,683
Additions	-	321	2,976	-	3,297
Disposals	-	(11,705)	(10,975)	(6,502)	(29,182)
At 31 October 2019	<u>616,977</u>	<u>123,982</u>	<u>46,827</u>	<u>33,012</u>	<u>820,798</u>
<b>DEPRECIATION</b>					
At 1 November 2018	278,884	96,051	47,277	39,105	461,317
Charge for year	25,141	11,387	7,363	87	43,978
Eliminated on disposal	-	(11,705)	(10,975)	(6,502)	(29,182)
At 31 October 2019	<u>304,025</u>	<u>95,733</u>	<u>43,665</u>	<u>32,690</u>	<u>476,113</u>
<b>NET BOOK VALUE</b>					
At 31 October 2019	<u>312,952</u>	<u>28,249</u>	<u>3,162</u>	<u>322</u>	<u>344,685</u>
At 31 October 2018	<u>338,093</u>	<u>39,315</u>	<u>7,549</u>	<u>409</u>	<u>385,366</u>

Included within freehold property is land at a historical cost of £76,667 (2018: £76,667), which is not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

**16. FIXED ASSET INVESTMENTS**

	2019 £	2018 £
Shares	4,943,967	4,860,453
Other deposits	<u>33,750</u>	<u>33,750</u>
	<u><u>4,977,717</u></u>	<u><u>4,894,203</u></u>

Additional information as follows:

	Listed investments £	Other deposits £	Totals £
<b>MARKET VALUE</b>			
At 1 November 2018	4,674,900	185,553	4,860,453
Additions	1,217,038	-	1,217,038
Disposals	(1,079,763)	(160,980)	(1,240,743)
Revaluations	<u>107,219</u>	<u>-</u>	<u>107,219</u>
At 31 October 2019	<u><u>4,919,394</u></u>	<u><u>24,573</u></u>	<u><u>4,943,967</u></u>
 <b>NET BOOK VALUE</b>			
At 31 October 2019	<u><u>4,919,394</u></u>	<u><u>24,573</u></u>	<u><u>4,943,967</u></u>
At 31 October 2018	<u><u>4,674,900</u></u>	<u><u>185,553</u></u>	<u><u>4,860,453</u></u>

There were no investment assets outside the UK.

Listed investments are accounted for at market value. The historical cost of listed investments and unit trusts is £4,308,828 (2018 - £4,047,269).

Investments (neither listed nor unlisted) were as follows:

	2019 £	2018 £
Investment property	<u><u>33,750</u></u>	<u><u>33,750</u></u>

Investment property comprises land bequeathed to the Charity. The land was valued at market value in July 2009 when title passed to the Charity and the Trustees are satisfied that there has been no significant change in the fair value of the land since that date.

## **ARTHRITIS ACTION**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 31 OCTOBER 2019**

#### **17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Legacies Receivable	107,600	209,517
Rent Deposits	26,260	27,171
Staff loans	13,188	10,043
Prepayments and accrued income	<u>62,104</u>	<u>67,429</u>
	<u>209,152</u>	<u>314,160</u>

#### **18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade creditors	21,522	9,445
Social security and other taxes	16,913	14,054
Other creditors	4,385	1,443
Accruals and deferred income	<u>24,577</u>	<u>21,818</u>
	<u>67,397</u>	<u>46,760</u>

#### **19. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	60,065	118,560
Between one and five years	<u>-</u>	<u>59,280</u>
	<u>60,065</u>	<u>177,840</u>

The Charity entered into a five year operating lease agreement in respect of its London premises in May 2017. However the lease contains a break clause which permits the Charity to cancel the lease in April 2020 and the aggregate lease and service charge payment commitments until this date amount to £60,065.

#### **20. PROVISIONS FOR LIABILITIES**

	2019	2018
	£	£
Provisions	<u>2,520</u>	<u>1,860</u>

All members are entitled to claim subsidies for physical therapy consultations. Everyone who was a member as at 31 October 2019 is entitled to claim for subsidies of up to £30 each for up to two physical therapy consultations until their next annual membership expiry date. The provision is an estimate, based on the latest uptake statistics, of the likely aggregate amount of subsidy claims that the Charity will be obliged to honour in respect of members as at 31 October 2019.

**ARTHRITIS ACTION****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 OCTOBER 2019****21. MOVEMENT IN FUNDS**

	At 1/11/18 £	Net movement in funds £	At 31/10/19 £
<b>Unrestricted funds</b>			
General fund	5,873,859	(424,425)	5,449,434
Revaluation reserve	<u>627,632</u>	<u>(17,066)</u>	<u>610,566</u>
	<u>6,501,491</u>	<u>(441,491)</u>	<u>6,060,000</u>
<b>TOTAL FUNDS</b>	<u><u>6,501,491</u></u>	<u><u>(441,491)</u></u>	<u><u>6,060,000</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	564,106	(1,112,816)	124,285	(424,425)
Revaluation reserve	<u>-</u>	<u>-</u>	<u>(17,066)</u>	<u>(17,066)</u>
	<u>564,106</u>	<u>(1,112,816)</u>	<u>107,219</u>	<u>(441,491)</u>
<b>TOTAL FUNDS</b>	<u><u>564,106</u></u>	<u><u>(1,112,816)</u></u>	<u><u>107,219</u></u>	<u><u>(441,491)</u></u>

**Comparatives for movement in funds**

	At 1/11/17 £	Net movement in funds £	At 31/10/18 £
<b>Unrestricted Funds</b>			
General fund	5,788,636	85,223	5,873,859
Revaluation reserve	<u>789,201</u>	<u>(161,569)</u>	<u>627,632</u>
	<u>6,577,837</u>	<u>(76,346)</u>	<u>6,501,491</u>
<b>TOTAL FUNDS</b>	<u><u>6,577,837</u></u>	<u><u>(76,346)</u></u>	<u><u>6,501,491</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

**21. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	1,061,989	(1,001,481)	24,715	85,223
Revaluation reserve	-	-	(161,569)	(161,569)
	<u>1,061,989</u>	<u>(1,001,481)</u>	<u>(136,854)</u>	<u>(76,346)</u>
<b>TOTAL FUNDS</b>	<u>1,061,989</u>	<u>(1,001,481)</u>	<u>(136,854)</u>	<u>(76,346)</u>

The movement in funds for the 2 years between 1 November 2017 and 31 October 2019 is as follows:

	At 1/11/17 £	Net movement in funds £	At 31/10/19 £
<b>Unrestricted funds</b>			
General fund	5,788,636	(339,202)	5,449,434
Revaluation reserve	789,201	(178,635)	610,566
<b>TOTAL FUNDS</b>	<u>6,577,837</u>	<u>(517,837)</u>	<u>6,060,000</u>

The movement in funds for the 2 years between 1 November 2017 and 31 October 2019, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	1,626,095	(2,114,297)	149,000	(339,202)
Revaluation reserve	-	-	(178,635)	(178,635)
	<u>1,626,095</u>	<u>(2,114,297)</u>	<u>(29,635)</u>	<u>(517,837)</u>
<b>TOTAL FUNDS</b>	<u>1,626,095</u>	<u>(2,114,297)</u>	<u>(29,635)</u>	<u>(517,837)</u>

During the year realised investment gains amounted to £124,285 (2018: £24,715) of which £116,636 related to unrealised gains accounted for in the revaluation reserve brought forward.

**22. RELATED PARTY DISCLOSURES**

During the year three (2018: three) Trustees provided services to the Charity for which they received payment.

K Young received £15,350 (2018: £14,955) for physiotherapy services. The balance due to K Young at 31 October 2019 amounts to £1,040 (2018: £1,125). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

R Nye received £2,950 (2018: £2,925) for human resource services. The balance due to R Nye at 31 October 2019 amounts to £nil (2018: £nil). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

D Rose received £5,550 (2018: £5,150) for member events services. The balance due to D Rose at 31 October 2019 amounts to £nil (2018: £nil). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

**23. SUBSIDIARY UNDERTAKINGS**

On 7 October 2014 Arthritis Action incorporated the following subsidiary companies:

The Arthritis Association  
The Arthritic Association

These subsidies, which were created to protect the trading names, have no assets or liabilities and were both dormant during the year. It is anticipated that these subsidiaries will remain dormant for the foreseeable future.

Exemption has been claimed from preparing consolidated group accounts under section 9 of FRS102.