

REGISTERED COMPANY NUMBER: 01914825 (England and Wales)

REGISTERED CHARITY NUMBER: 292569

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018
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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FOR THE YEAR ENDED 31 OCTOBER 2018

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ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2018**

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 2018. 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

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
Ms D Breakspear
Ms A C Godfrey
Mrs K Hoban
Ms C J Jones
Ms S E Jones
Mr G Phillips
Mrs D M C Rose
Mr D G S Torjussen-Proctor
Ms P M Woodhouse
Mr K M Young

Until 21 June 2018 when 3 year term of office ended

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
12 Moorgate
London
EC2R 6DA

ARTHRITIS ACTION

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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 3 July 2012.

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 2018 (2017: nil); however, they have the option of being reimbursed for costs incurred in attending meetings on behalf of Arthritis Action.

In accordance with Article 8.7 of the Articles of Association, the following Trustees will retire at the next Annual General Meeting and shall be eligible for re-election:

Ms A C Godfrey
Ms C J Jones
Ms S E Jones
Mrs D M C Rose
Mr D G S Torjussen-Proctor

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 2018, the Charity spent £906,749 (2017: £748,375) on delivering its self-management health programme and £35,377 (2017: £7,165) on research and other grants.

We have continued to build on the success of the services we offer both our members and the general public. During the year, we organised 90 Group meetings across 12 locations, most of which had prominent speakers representing local healthcare providers. We invite anyone living with arthritis to benefit from the support of our local Groups, learning from these valuable speakers and benefitting from peer-to-peer support. Our clinical support and nutritional consultation services have once again been very popular with our members, who have been receiving the help they need to meet their mobility, diet and weight management goals.

We have continued to expand the networking involved in raising the profile of Arthritis Action, and we are pleased to have partnered with several charities and support organisations to deliver a number of presentations and programmes throughout the year. These have helped to spread the knowledge and raise the awareness of a variety of self-management techniques which have helped not only people with arthritis but also those with other long-term conditions. Over 800 people have attended our external presentations and in-house events.

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This year also saw the launch of three landmark projects with the aim of raising the profile of Arthritis Action. The first was a nationwide research poll of over 2000 people of working age living with arthritis, which examined the life impacts of arthritis. This valuable research has given us insight into the information and support people of working age need when living with arthritis, which we will use to develop new services and offers. The second was the launch of an Online Self-Management Resource on our website, which we believe is the first of its kind in the UK. This Resource features a series of educational videos to help people with arthritis to learn about the various techniques they can employ to help improve their symptoms and day-to-day experience of the condition. These videos were inspired by the topics we cover at our Self-Management Events which are held throughout the year in various parts of the UK. The third was the development of a strength training exercise programme for people living with arthritis, in collaboration with an organisation called Oomph!. Oomph!'s instructors will have the opportunity to deliver these exercises to their classes each week.

We have continued with a proactive approach to publicising the activities of Arthritis Action. It is estimated that we have reached over 7 million people through PR activities covered in the national press. Our social media activity reached 950,000 people and our website had 132,000 visits with 230,000 pages being viewed.

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:-

- 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;
- 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 2017/18, we continued the development of our two-day Self-Management Events which we ran in Warrington, Staines, Blackpool and Southampton. 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 coping with arthritis on a day-to-day basis. We have already run several more of these Events in other UK locations during 2018/19. We are keen to reach more people with this valuable self-management content, so we have developed a number of videos that are available for free on the Arthritis Action website. We will continue to build on this content in 2018/19.

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.

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REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2018**

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.

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 sub-divided 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.

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Professional Services

During the year ended 31 October 2018, 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 a new Member Services Manager in October 2018 and hired a second Membership & Office Administrator in January 2019. We also appointed our first Area Co-Ordinator for the Midlands & the North in June 2018, and we hired an intern to support the Marketing and Communications team for a four-month internship at the end of 2018. As a result, there are now 15 full and part time members of staff.

Deborah Breakspear gave notice that she did not wish to make herself available for re-election as a Trustee and so retired as a Trustee after some 27 years of service. Deborah has seen considerable change in the Charity over a quarter of a century, and has consistently been a loyal, supportive and much respected Trustee. She will be greatly missed by all at Arthritis Action, and the Trustees and staff all wish her well for the future. The Board has no plans to replace Deborah at this time in the belief that the Charity can maintain effective governance with a multi-skilled Board of 10 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.

In May 2018, the Trustees unanimously elected Robin Nye to serve a third term as Chair of the Board of Trustees for a 3-year period to April 2021.

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 various 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.
- 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.

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.

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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 a few months to get some experience of working 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.

Membership

Net membership fell by 292 in the year to October 2018. The number of new members joining in 2017/2018 was 107 (2016/2017: 167). The number of members not renewing their memberships in 2017/2018 was 399 compared to 629 who were archived in 2016/2017. The fall in net membership continues to be mainly attributed to the fact that some existing members do not wish to pay the increase in membership fees to £20 which took full effect during 2017 and worked its way through the system during 2017/18. We are also aware that a number of members do not renew their membership once they feel they have gained all they can from being a member.

Assistance and Support for Members & People Living With Arthritis

In 2017/2018, we continued to simplify the way in which members can access the services they are most interested in, and we greatly increased our contact with members by proactively speaking to them about the services we offer.

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 2017/2018, we have again been working with local members and have now established AAGs in Eastbourne, London, Norwich, Ferndown (Bournemouth), Warrington, Staines, Southampton, Bury St Edmunds, Coventry, Leicester and Tunbridge Wells. We supported a small Group in Bristol. However, as the members preferred to meet less formally for coffee mornings in the area, we closed this Group in January 2019 but are still in regular contact.

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.

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.

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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 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 organisations or professional fundraisers and did not receive any complaints about fundraising activities carried out by Arthritis Action during 2017/18.

Financial Review

Arthritis Action's financial performance is set out on page 12 and the key accounting policies remain unchanged.

Income for the year ended 31 October 2018 was £1,061,989 (2017: £601,847) an increase of £460,142. Expenditure during the year amounted to £1,001,481 (2017: £780,655), an increase of £220,826. As a result, the surplus from operational activities was £60,508, which compares favourably with a deficit of £178,808 for 2017.

The increase in income can primarily be attributed to an increase of £454,934 in legacy receipts from £421,638 to £876,572, with one extremely generous legacy during the year of £321,000 representing 37% of total legacy receipts. Legacy Receipts are the Charity's single most important source of income but, by their very nature, their timing is unpredictable. As the Charity receives a relatively small number of individual bequests, fluctuations in volume 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 £448,000.

The increase in expenditure can mainly be attributed to increased staffing costs to support delivery of the Charity's strategic objectives, the full year effect of operating from a fit-for-purpose London office and an increase in expenditure on research.

After including a net unrealised loss on investments of £136,864, (2017: £156,001 gain) the net deficit for the year ended 31 October 2018 was £76,346 (2017: £22,807). This resulted in Arthritis Action's total funds falling to £6,501,491 (2017: £6,577,837) and, as such, the Charity remains well placed to finance its plans for the future.

Reserves Policy

Arthritis Action aims to utilise 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 £5.8m of reserves for investment. A portion of these (currently 85% or £4.9m) 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.

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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 18% during the six-year period to 31 October 2018. 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

The Trustees and the Charity's Executive Management Team have a clear vision and a clear 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.

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

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 strategy for the next 12 to 18 months is to continue to develop the availability of our services for members of the Charity and those living with arthritis throughout the UK. We will also establish additional Arthritis Action Groups (AAGs), so that we can provide more help and support for people living with arthritis in various areas around the country. We will continue to run the increasingly popular Self-Management Events which include sessions on mental well-being and gentle exercise, along with building on the free video resources available on the website. We have also developed strength training exercises for people living with arthritis and will continue to develop our work to encourage people to be physically active. We believe that this will provide a more rounded offer of self-management options.

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

We will continue with the programme to improve the way in which the Trustees govern Arthritis Action, particularly through the continuing 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.

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".

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REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2018**

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing 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 charitable company 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

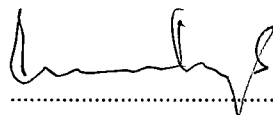
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company'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 *24 May 2019* and signed on the board's behalf by:


.....

R H Nye - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARTHRITIS ACTION

Opinion

We have audited the financial statements of Arthritis Action (the 'charitable company') for the year ended 31 October 2018 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 charitable company's affairs as at 31 October 2018 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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.

Opinion 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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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. This description forms part of our Report of the Independent Auditors.

Use of our report

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

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: 7/6/2019

ARTHRITIS ACTION**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 OCTOBER 2018**

		Total	2018 funds	Total	2017 funds
	Notes		£		£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	4		887,047		433,094
Charitable activities	5		16,661		19,898
Other trading activities	6		1,040		1,340
Income from investments	7		157,241		147,515
Total			1,061,989		601,847
EXPENDITURE ON					
Raising funds	8		59,355		25,115
Charitable activities	9				
Research and other grants			35,377		7,165
Self-management health programme			906,749		748,375
Total			1,001,481		780,655
Net gains/(losses) on investments	22		(136,854)		156,001
NET INCOME/(EXPENDITURE)			(76,346)		(22,807)
RECONCILIATION OF FUNDS					
Total funds brought forward			6,577,837		6,600,644
TOTAL FUNDS CARRIED FORWARD			6,501,491		6,577,837

The notes form part of these financial statements

ARTHRITIS ACTION**STATEMENT OF FINANCIAL POSITION
AT 31 OCTOBER 2018**

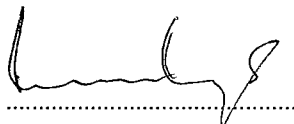
		2018 Total funds	2017 Total funds
	Notes	£	£
FIXED ASSETS			
Tangible assets	15	385,366	428,150
Investments	16	<u>4,894,203</u>	<u>5,052,415</u>
		5,279,569	5,480,565
CURRENT ASSETS			
Debtors	17	314,160	124,818
Investments	18	-	301,192
Cash at bank and in hand		<u>956,382</u>	<u>736,671</u>
		1,270,542	1,162,681
CREDITORS			
Amounts falling due within one year	19	(46,760)	(60,909)
NET CURRENT ASSETS		<u>1,223,782</u>	<u>1,101,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,503,351	6,582,337
PROVISIONS FOR LIABILITIES	21	(1,860)	(4,500)
NET ASSETS		<u>6,501,491</u>	<u>6,577,837</u>
FUNDS	22		
Unrestricted funds:			
General fund		5,873,859	5,788,636
Revaluation reserve		<u>627,632</u>	<u>789,201</u>
		<u>6,501,491</u>	<u>6,577,837</u>
TOTAL FUNDS		<u>6,501,491</u>	<u>6,577,837</u>

The notes form part of these financial statements


ARTHRITIS ACTION

STATEMENT OF FINANCIAL POSITION - CONTINUED
AT 31 OCTOBER 2018

The financial statements were approved by the Board of Trustees on 23rd May 2019 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 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	A	(255,311)	(284,708)
Provisions for liabilities		<u>(2,640)</u>	<u>(12,000)</u>
Net cash provided by (used in) operating activities		<u>(257,951)</u>	<u>(296,708)</u>
 Cash flows from investing activities:			
Purchase of tangible fixed assets		(3,727)	(171,459)
Purchase of fixed asset investments		(75,497)	(473,781)
Sale of tangible fixed assets		1,597	-
Sale of fixed asset investments		123,995	538,569
Interest received		2,945	4,655
Dividends received		<u>154,296</u>	<u>142,860</u>
Net cash provided by (used in) investing activities		<u>203,609</u>	<u>40,844</u>
 Change in cash and cash equivalents in the reporting period		<u>(54,342)</u>	<u>(255,864)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,196,276</u>	<u>1,452,140</u>
 Cash and cash equivalents at the end of the reporting period		<u><u>1,141,934</u></u>	<u><u>1,196,276</u></u>
 Cash and cash equivalent comprises the following:-			
Fixed asset investments – other deposits		185,553	158,413
Current asset investments		-	301,192
Cash at bank and in hand		<u>956,381</u>	<u>736,671</u>
		<u><u>1,141,934</u></u>	<u><u>1,196,276</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 2018**

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

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(76,346)	(22,807)
Adjustments for:		
Depreciation charges	44,914	25,813
Losses/(gain) on investments	136,854	(156,001)
Interest received	(2,945)	(4,655)
Dividends received	(154,296)	(142,860)
(Increase)/decrease in debtors	(189,343)	6,891
(Decrease)/increase in creditors	<u>(14,149)</u>	<u>7,641</u>
Net cash provided by (used in) operating activities	<u>(255,311)</u>	<u>(285,978)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

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 Trustees' 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 2018

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 2018

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 (2017: £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 to.

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 2018****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 Charity'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 that there are no areas of estimation uncertainty.

4. DONATIONS AND LEGACIES

	2018	2017
	£	£
Donations	10,475	11,456
Legacies	<u>876,572</u>	<u>421,638</u>
	<u>887,047</u>	<u>433,094</u>

Contingent Legacy assets

The Charity has received notification of 17 (2017: 12) 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 2018. 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 £540,000 (2017: £775,000).

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2018****5. INCOME FROM CHARITABLE ACTIVITIES**

	2018	2017
	£	£
Membership subscriptions	<u>16,661</u>	<u>19,898</u>

6. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Income from treatment consultations	<u>1,040</u>	<u>1,340</u>

7. INCOME FROM INVESTMENTS

	2018	2017
	£	£
Income from investments	154,296	142,860
Interest receivable	<u>2,945</u>	<u>4,655</u>
	<u>157,241</u>	<u>147,515</u>

8. RAISING FUNDS

	2018	2017
	£	£
Cost of generating donations and legacies	14,551	10,103
Investment management costs	21,358	12,762
Support costs (See Note 11)	<u>23,446</u>	<u>2,250</u>
	<u>59,355</u>	<u>25,115</u>

9. CHARITABLE ACTIVITIES COSTS

	Direct costs	Grant funding of activities (See note 10)	Support costs (See note 11)	Totals
	£	£	£	£
Research and other grants	31,667	3,710	-	35,377
Self-management health programme	<u>396,099</u>	<u>-</u>	<u>510,650</u>	<u>906,749</u>
	<u>427,766</u>	<u>3,710</u>	<u>510,650</u>	<u>942,126</u>

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2018****10. GRANTS PAYABLE**

	2018	2017
	£	£
Net subsidies paid to assist with physical therapy	<u>3,710</u>	<u>2,772</u>

During the year ended 31 October 2018 subsidies paid to members in respect of physical therapy consultations amounted to £6,350 (2017 £14,772). In 2017 a provision of £4,500 to cover unclaimed subsidies was made, however, following a reduction in the number of subsidised consultations that members are entitled to claim from four per annum to two per annum and a reduction in the amount of the maximum subsidy from £40 to £30 with effect from 1 November 2016, the amount of the provision required at 31 October 2018 has further reduced (provision reduced by £7,500 in 2017) by £2,640 to £1,860.

11. SUPPORT COSTS

	Management £	Information technology £	Premises £	Governance costs £	Totals £
Raising donations and legacies	23,446	-	-	-	23,446
Self-management health programme	<u>183,863</u>	<u>67,293</u>	<u>192,676</u>	<u>66,818</u>	<u>510,650</u>
	<u>207,309</u>	<u>67,293</u>	<u>192,676</u>	<u>66,818</u>	<u>534,096</u>

12. NET INCOME/(EXPENDITURE)

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

	2018	2017
	£	£
Auditors' remuneration	4,950	4,992
Depreciation - owned assets	<u>44,914</u>	<u>25,813</u>

ARTHRITIS ACTION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 OCTOBER 2018

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 2018 or for the year ended 31 October 2017.

Trustees' expenses

	2018	2017
	£	£
Trustees' expenses	<u>1,253</u>	<u>671</u>

During the year, four (2017: three) 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

	2018	2017
	£	£
Wages and salaries	453,209	374,230
Social security costs	47,451	37,291
Other pension costs	<u>32,794</u>	<u>29,237</u>
	<u>533,454</u>	<u>440,758</u>

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

	2018	2017
Executive staff	3	3
Support staff	<u>10</u>	<u>8</u>
	<u>13</u>	<u>11</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 £76,943 (2017: £74,880).

This employee also participated in the defined contribution pension scheme and the employer's contributions for the year total £5,771 (2017: £5,616).

Included in defined contribution pension costs is an accrual for unpaid pensions of £4,010 (2017: £3,179).

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 2018****15. TANGIBLE FIXED ASSETS**

	Freehold property £	Short leasehold £	Total land and buildings £
COST			
At 1 November 2017	517,694	99,283	616,977
Additions	-	-	-
Disposals	-	-	-
At 31 October 2018	<u>517,694</u>	<u>99,283</u>	<u>616,977</u>
DEPRECIATION			
At 1 November 2017	244,116	9,627	253,743
Charge for year	<u>5,284</u>	<u>19,857</u>	<u>25,141</u>
At 31 October 2018	<u>249,400</u>	<u>29,484</u>	<u>278,884</u>
NET BOOK VALUE			
At 31 October 2018	<u>268,294</u>	<u>69,799</u>	<u>338,093</u>
At 31 October 2017	<u>273,578</u>	<u>89,656</u>	<u>363,234</u>

	Total land and buildings £	Fixtures and fittings £	Computer hardware £	Computer software £	Totals £
COST					
At 1 November 2017	616,977	136,963	51,538	39,075	844,553
Additions	-	-	3,288	439	3,727
Disposals	-	(1,597)	-	-	(1,597)
At 31 October 2018	<u>616,977</u>	<u>135,366</u>	<u>54,826</u>	<u>39,514</u>	<u>846,683</u>
DEPRECIATION					
At 1 November 2017	253,743	84,878	38,707	39,075	416,403
Charge for year	<u>25,141</u>	<u>11,173</u>	<u>8,570</u>	<u>30</u>	<u>44,914</u>
At 31 October 2018	<u>278,884</u>	<u>96,051</u>	<u>47,277</u>	<u>39,105</u>	<u>461,317</u>
NET BOOK VALUE					
At 31 October 2018	<u>338,093</u>	<u>39,315</u>	<u>7,549</u>	<u>409</u>	<u>385,366</u>
At 31 October 2017	<u>363,234</u>	<u>52,085</u>	<u>12,831</u>	-	<u>428,150</u>

Included within freehold property is land at a historical cost of £76,667 (2017: £76,667), which is not depreciated.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2018****16. FIXED ASSET INVESTMENTS**

	2018 £	2017 £
Shares	4,860,453	5,018,665
Other deposits	<u>33,750</u>	<u>33,750</u>
	<u>4,894,203</u>	<u>5,052,415</u>

Additional information as follows:

	Listed investments £	Other deposits £	Totals £
MARKET VALUE			
At 1 November 2017	4,860,252	158,413	5,018,665
Additions	75,497	27,140	102,637
Disposals	(123,995)	-	(123,995)
Revaluations	<u>(136,854)</u>	<u>-</u>	<u>(136,854)</u>
At 31 October 2018	<u>4,674,900</u>	<u>185,553</u>	<u>4,860,453</u>
NET BOOK VALUE			
At 31 October 2018	<u>4,674,900</u>	<u>185,553</u>	<u>4,860,453</u>
At 31 October 2017	<u>4,860,252</u>	<u>158,413</u>	<u>5,018,665</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 £4,047,269 (2017 - £4,071,052).

Investments (neither listed nor unlisted) were as follows:

	2018 £	2017 £
Investment property	<u>33,750</u>	<u>33,750</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 2018****17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Legacies Receivable	209,517	33,520
Rent Deposits	27,171	26,611
Staff loans	10,043	13,545
Prepayments and accrued income	<u>67,429</u>	<u>51,142</u>
	<u>314,160</u>	<u>124,818</u>

18. CURRENT ASSET INVESTMENTS

	2018	2017
	£	£
Cash equivalents on deposit	<u>-</u>	<u>301,192</u>

Current asset investments comprise cash on deposit with a maturity of less than one year held for investment purposes rather than to meet short term cash commitments, as they fall due.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	9,445	28,911
Social security and other taxes	14,054	12,155
Other creditors	1,443	1,476
Accruals and deferred income	<u>21,818</u>	<u>18,367</u>
	<u>46,760</u>	<u>60,909</u>

20. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	118,560	124,190
Between one and five years	<u>59,280</u>	<u>165,587</u>
	<u>177,840</u>	<u>289,777</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 £177,840.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2018****21. PROVISIONS FOR LIABILITIES**

	2018	2017
	£	£
Provisions	<u>1,860</u>	<u>4,500</u>

All members are entitled to claim subsidies for physical therapy consultations. Everyone who was a member as at 31 October 2018 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 2018.

22. MOVEMENT IN FUNDS

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

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

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

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2018****22. MOVEMENT IN FUNDS - continued****Comparatives for movement in funds**

	At 1/11/16 £	Net movement in funds £	At 31/10/17 £
Unrestricted Funds			
General fund	5,908,382	(119,746)	5,788,636
Revaluation reserve	<u>692,262</u>	<u>96,939</u>	<u>789,201</u>
	6,600,644	(22,807)	6,577,837
TOTAL FUNDS	<u><u>6,600,644</u></u>	<u><u>(22,807)</u></u>	<u><u>6,577,837</u></u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	601,847	(780,655)	59,062	(119,746)
Revaluation reserve	<u>-</u>	<u>-</u>	<u>96,939</u>	<u>96,939</u>
	601,847	(780,655)	156,001	(22,807)
TOTAL FUNDS	<u><u>601,847</u></u>	<u><u>(780,655)</u></u>	<u><u>156,001</u></u>	<u><u>(22,807)</u></u>

The movement in funds for the 2 years between 1 November 2016 and 31 October 2018 is as follows:

	At 1/11/16 £	Net movement in funds £	At 31/10/18 £
Unrestricted funds			
General fund	5,908,382	(34,523)	5,873,859
Revaluation reserve	<u>692,262</u>	<u>(64,630)</u>	<u>627,632</u>
TOTAL FUNDS	<u><u>6,600,644</u></u>	<u><u>(99,153)</u></u>	<u><u>6,501,491</u></u>

ARTHRITIS ACTION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 OCTOBER 2018

22. MOVEMENT IN FUNDS - continued

The movement in funds for the 2 years between 1 November 2016 and 31 October 2018, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,663,836	(1,782,136)	83,777	(34,523)
Revaluation reserve	-	-	(64,630)	(64,630)
	<u>1,663,836</u>	<u>(1,782,136)</u>	<u>19,147</u>	<u>(99,153)</u>
TOTAL FUNDS	<u>1,663,836</u>	<u>(1,782,136)</u>	<u>19,147</u>	<u>(99,153)</u>

During the year realised investment gains amounted to £24,715 (2017: £59,062) and unrealised investment losses amounted to £161,569 (2017: gain £96,939).

23. RELATED PARTY DISCLOSURES

During the year three (2017: three) Trustees provided services to the Charity for which they received payment.

K Young received £14,955 (2017: £16,635) for physiotherapy services. The balance due to K Young at 31 October 2018 amounts to £1,125 (2017: £1,275). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

R Nye received £2,925 (2017: £2,625) for human resource services. The balance due to R Nye at 31 October 2018 amounts to £nil (2017: £950). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

D Rose received £5,150 (2017: £4,075) for member events services. The balance due to D Rose at 31 October 2018 amounts to £nil (2017: £750). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

24. SUBSIDIARY UNDERTAKINGS

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

The Arthritis Association
The Arthritic Association

These subsidiaries, 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.