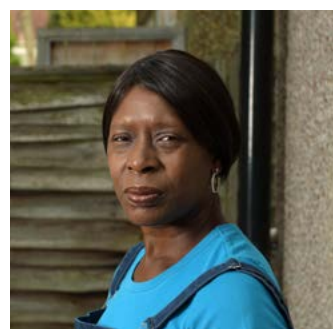
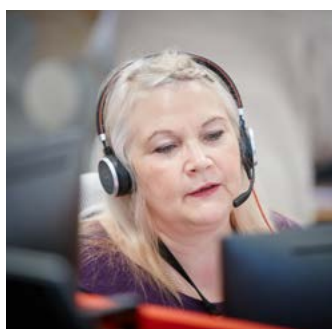


ANNUAL REPORT AND ACCOUNTS 2018-19



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WE ARE VERSUS ARTHRITIS

We exist so the world no longer tolerates the impact of arthritis.¹

We're the 10 million people living with arthritis. We're carers, researchers, fundraisers, professionals, friends and campaigners all united by heartfelt conviction to challenge the injustice of arthritis. Together we're making real headway and we'll never stop, until no one has to tolerate living with the pain, fatigue and isolation of arthritis.

Versus Arthritis launched in September 2018. Building on the strong foundations of our legacy organisations Arthritis Care and Arthritis Research UK, we have created a new, bigger and better charity. A charity that is bolder, louder, full of conviction and energy in demanding more with and for people with arthritis.

Arthritis can take away the ability to work, to care for your family, to move without pain and to live independently and yet it is often dismissed as 'just a bit of arthritis.' Arthritis is seen as inevitable, unavoidable, insignificant and untreatable. It is none of these things. That's why Versus Arthritis is challenging the climate of tolerance of arthritis, stating clearly that we do not accept arthritis stealing the fundamentals of life of more than ten million people in the UK.

We are calling on everyone to get involved and join us in the push to defy arthritis. Together we can make change happen, in homes and workplaces, in local communities and amongst national policy-makers, industry and the research community.

But this push won't be easy or quick to achieve. It will require all of us working relentlessly to defy arthritis. From the people living each day with arthritis to their family, friends and colleagues. From the volunteers running our services, offering strength and support when people need it to our employees reaching out in all four nations.

From the researchers searching relentlessly for new answers and breakthrough treatments to the campaigners demanding better answers. From the healthcare professionals striving to offer the best care and support to the runners, cyclists and bakers who fundraise tirelessly to support our work. Together, all of us, will defy arthritis.

We are Versus Arthritis

Versus Arthritis is a charity inspired, driven and informed by people with arthritis. The involvement of people with arthritis runs across our organisation. People with arthritis are not just benefiting from our services, research and campaigns, you're actively involved in shaping them: giving us ideas, co-designing solutions and making vital decisions on how and where we channel our resources.

All our ambitions can only be achieved with the support and hard work of Versus Arthritis volunteers in all four nations of the UK. Many of our volunteers live with arthritis. Their experiences, empathy and understanding of the painful reality of this condition are invaluable. Others have seen first-hand the impact arthritis has had on family, friends, colleagues or patients.

What they all have in common is a desire to make change happen through practical action, defying arthritis by delivering our services, running local groups, campaigning on big issues, making sure our research is always patient focused or raising the money we need to defy arthritis. By giving us their time, experience and dedication, our volunteers are defying arthritis every day, driving positive change. They are the cornerstone of what Versus Arthritis is striving to achieve.

¹We use the term arthritis throughout this report. Arthritis and other musculoskeletal conditions are disorders of the joints, bones and muscles – including osteoarthritis, rheumatoid arthritis, back pain and osteoporosis – along with rare but serious systemic autoimmune diseases, such as lupus. Our remit covers all these conditions.

REPORT FROM THE CHAIR & CHIEF EXECUTIVE OFFICER

This Annual Report and Accounts, our first as Versus Arthritis, focuses on a year of huge change and opportunity. A year in which we have strengthened our resolve, outlining a bold new purpose to create a world which no longer tolerates the impact of arthritis.

The decision to merge Arthritis Research UK and Arthritis Care has been the catalyst for this change. We embraced the opportunity it gave to create a vibrant, sustainable and different organisation. One that builds on the expertise, experience, credibility and trust we have gained in the past, but looks firmly to a future where we will use our combined knowledge, energy, resources and ideas to defy arthritis. A charity which is driven by people with arthritis and clearly demonstrates we are on your side and fighting your corner.

The scale of the task we have set ourselves is challenging, but exciting. There is so much we need to do and, though we are making real headway, we cannot do it alone. Versus Arthritis has set out to galvanise the UK. Bringing together the millions of people with arthritis, carers, researchers, friends, supporters, healthcare professionals and campaigners to create a community that is actively involved and taking action to make change happen. Together we are Versus Arthritis and our collective voice is impossible to ignore.

We are using this voice to demand more and better with, and for, everyone with arthritis in the UK, whatever their age, background, gender or condition. While challenging the climate of tolerance of arthritis through our campaigns, Versus Arthritis is always pushing for more and better treatments, more support from healthcare professionals and employers, better information and advice available whenever it's needed and more opportunities for you to connect with others with arthritis in local communities.

Versus Arthritis is a UK charity, our reach extends across all four nations. Since the merger we have been capitalising on fresh opportunities to make connections between different strands of our work. A revitalised approach to cross-team and cross-nation working is already helping us to have a bigger impact in every part of the business. For example, we have seen people with arthritis who use our services working with our campaigns team to successfully influence policy and our researchers linking up with people with arthritis in our local networks to inform their work.

While defining and launching a new organisation, we have not only maintained our core services, but in many cases grown them this year. This is a significant achievement given the scale and pace of change our employees and volunteers have faced.

'While defining and launching a new organisation, we have not only maintained our core services, but in many cases grown them this year'

We have agreed four priorities which will be our focus as we continue our transformation process until 2020:

- Involvement at scale with people affected by arthritis
- Increased recognition of the condition
- Attribution to the charity for what we do
- Ensuring we are operationally fit for the future.

This year we have also defined six long-term ambitions for Versus Arthritis, which clearly outline the changes we want to see happen:

- The impact of arthritis is recognised and people with arthritis are empowered and supported to demand more
- Every young person diagnosed with arthritis is supported by us
- No one is living with musculoskeletal pain without access to information and support to self-manage

- Wherever you are in the UK there is a local touchpoint with us
- The investment, visibility and participation levels in musculoskeletal research reflect the scale of the impact of arthritis
- There is a galvanised community – all of us pushing to defy arthritis.

Going forward these ambitions will guide and determine everything we do with and for people with arthritis.

This year's priorities and our achievements against them

Last year's Annual Report set out eight priorities for 2018/19, committing us to:

- Launch the merged organisation, with a clear purpose and vision and a new brand and visual identity in summer 2018.
- Continue the process of operationally merging and becoming fit for future.
- Ensure that we can meet the needs of people with arthritis, by developing our involvement and services offer across the UK, including peer support models and working with local volunteers to support people with arthritis in their communities.
- Continue to raise the status of arthritis and challenge the passive acceptance of the condition.
- Influence policy in areas core to the needs of people with arthritis, giving them a strong voice across the four nations.
- Invest in pain and cure research, uncovering new ideas and breakthrough treatments. We will also plan a new programme of activity around product development and design.
- Improve and progress our income streams, including securing strategic partnerships and maximising our return on investment.
- Review our office spaces in Chesterfield, Belfast, Glasgow and Cardiff to ensure they too are effectively supporting employees' health and wellbeing.

Working together with people with arthritis, researchers, decision-makers, healthcare professionals, volunteers, partners, supporters and funders we have delivered on each of these objectives and more over the last 12 months.

Becoming a new organisation, including the public launch of Versus Arthritis in September 2018, was a huge milestone this year. Through our transformation programme we have set out the vision and purpose of our new organisation, highlighting the specific changes we want to make happen in the world. Part of that transformation was the development of a new name and brand to clearly explain who we are and what we do, galvanising people, organisations and communities to join us to defy arthritis.

The name Versus Arthritis was agreed by the board in May 2018. After informing key stakeholders about our plans, we launched to the sector in September. Our new website, integrated social media channels and single helpline were live from day one of Versus Arthritis. We then introduced ourselves to the world in November with our launch campaign.

'Through our transformation programme we have set out the vision and purpose of our new organisation, highlighting the specific changes we want to make happen'

Becoming Versus Arthritis required a significant financial investment for the charity, but it is one we firmly believe will be a catalyst for change. We have had overwhelmingly positive feedback about our new organisation and it's ambitions. We have also already seen its direct impact. More local groups are being set up, different organisations want to work with us in partnership, new funders are supporting our work and, most importantly, people with arthritis know Versus Arthritis is here, working with and for them to defy arthritis.

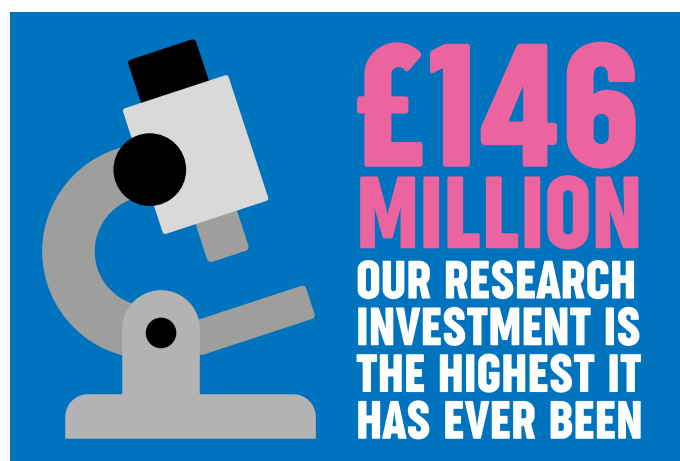
We have continued the process of operationally merging, ensuring Versus Arthritis is fit for the future. Embedding the culture of our new organisation and delivering the complexities of the merger has been a challenge and we should acknowledge the hard work and dedication of all our employees in making this happen. Ongoing work to develop our people, infrastructure and processes has strengthened the foundations of the charity. This includes applying our new Flex ways of working UK wide, focusing on home workers and employees working in offices across the four nations.

This year we have continued to grow our commitment to involving people with arthritis in shaping our work and the decisions we make. Our volunteers continue to be the bedrock upon which Versus Arthritis is built. As we grow our local network and develop our service offering for people of all ages with arthritis, their dedication and enthusiasm is more important than ever.

The Versus Arthritis launch campaign, which ran from November 2018 to March 2019, continued our work to raise the status and challenge the passive acceptance of arthritis. It drove a 200 per cent uplift in enquiries to our helpline, got thousands of people talking about arthritis on social media and inspired 45,000 people to actively declare themselves versus arthritis.

Working alongside people with arthritis, we demanded more from government and policy makers in all four nations. Our campaigning network has grown and we have successfully lobbied on key issues including work, benefits and improving paediatric rheumatology services this year. We continued working to develop new income streams and to secure partnerships that will help to ensure our long term sustainability.

Our research investment is the highest it has ever been, with a current portfolio of £146 million. Our focus on pain and cure research grows, as we directly fund cutting-edge research into life changing treatments and forge high level partnerships to leverage more funding than ever before into musculoskeletal research in the UK. This year we are extremely proud to have secured multi-million pound funding from both government and industry focused on pain research, an achievement which has potential to transform the lives of millions of people living in chronic pain.



Versus Arthritis highlights 2018/19

We secured multi-million pound investment from both Government and industry for our Virtual Institute for Pain, an ambitious pain research programme with potential to be life changing for people living with chronic pain.

Through our local network, we had over 15,800 interactions with people with arthritis, including 790 interactions with young people through our Young People and Families Services. We also supported more than 17,000 people through our helpline.

Research we funded led to development of a vaccine which, in tests on mice, effectively treats persistent pain caused by osteoarthritis. This could lead to a new class of pain relief for millions of people in the UK. The first dedicated paediatric rheumatology service in Wales is being funded by the Welsh Government, thanks to our #TooYoungForArthritis campaign.

NHS England chose our ESCAPE-pain self-management and exercise programme as one of only seven innovative interventions to be scaled up and delivered nationally. 10,000 people with chronic joint pain have already benefited from ESCAPE-pain and we hope to reach 10,000 more over the next two years as a result of this decision.

5,000 people drawn from all four nations are now signed up as active Versus Arthritis campaigners calling for positive change, a rise of 38 per cent over the last year. Young people and older adults from our services in Scotland have been involved in advising Scottish Government and Social Security Scotland on making sure the benefits system works for people of all ages with arthritis.

Our national marketing campaign inspired 45,000 people to declare themselves versus arthritis, joining us in the push and calling for arthritis to no longer be dismissed or ignored. Musculoskeletal conditions became a priority programme for Public Health England (PHE) in 2018, following extensive policy and influencing work by us. In 2019, for the first time, musculoskeletal conditions were included in PHE's remit letter from the Parliamentary Under Secretary of State for Public Health and Primary Care.

Recognition of our innovative Flex approach to employee health and wellbeing came in the form of award nominations, employee feedback and a positive independent review.

Important developments in our finances and governance

In 2018/19, 90 per cent of our total expenditure was on charitable activities. This compares to 85 per cent in the previous year. 1 per cent was spent on investment management costs (2018: 1 per cent) and 9 per cent on raising funds (2018: 14 per cent). We continued to spend the charity's reserves on transformational activities that will help us to achieve Versus Arthritis' ambitions. The expiration of patents on most anti-TNF products led to a spike in income from intellectual property royalties in 2018/19 of £12.9 million (2017/18: £2m) as funds were released to us. Going forward, the charity will see a significant reduction in these royalties. Prudent strategic financial management of our expenditure and investments, coupled with the Board's approval to draw down from our reserves as outlined in the Arthritis Research UK Annual Report 2015/16, will offset this loss of income in the short to medium-term. However, we recognise the need to make Versus Arthritis sustainable in the long-term.

'It is important to us that every person with arthritis in the UK, every supporter and every partner is clear about how we raise money, how we spend it and how we ensure our resources have the maximum impact'

Over the last 12 months we have continued our work to look at how we can diversify our income, scoping the potential of two new income streams that will give Versus Arthritis a mix of voluntary and earned income to support our bold ambitions. We look forward to sharing more about this in the coming months.

It is important to us that every person with arthritis in the UK, every supporter and every partner is clear about how we raise money, how we spend it and how we ensure our resources have the maximum impact. That's why we are committed to being open, transparent and ethical in everything we do.

This year the Board established a Governance Working Group to review and make recommendations on the governance of our new organisation going forwards. Versus Arthritis requires governance that not only applies rigour to every decision, but also allows us to be agile and seize opportunities that will push the charity forwards in achieving its vision. In October 2018, a new Charitable Purposes Committee was created to make recommendations to the Board about how we use our resources, ensuring we optimise the impact Versus Arthritis has on the lives of people with arthritis. A new Risk and Audit Committee was approved in March 2019 to effect oversight over risk management, governance and our internal control framework.

The Governance Working Group has also assessed our compliance with the Charity Governance Code published this year. This will be reviewed again in 2019/20.

In May 2018, the General Data Protection Regulation (GDPR) came into force. Ensuring our compliance was a huge piece of work, especially given the challenge of merging two sets of data from our legacy organisations. However, it also gave us an opportunity to ensure our contact with every supporter is meaningful and to give every stakeholder a great experience with Versus Arthritis.

Our plans for the next 12 months

2019/20 will be a crucial year for Versus Arthritis as we work towards the end of our period of merger and transformation, boosting our involvement activities and emerging as an organisation fit for the future. We will work with young people and families across the UK to determine our approach to supporting every young person with arthritis. We will deliver our local touchpoint pilot in six locations and begin to evaluate their impact. Our campaigns will continue to demand change for people with arthritis, including ensuring

people with arthritis have the products they need to live well. Our focus on pain will continue, as will our commitment to achieving a significant increase in investment in musculoskeletal research. Working with Sport England we will develop a strategy to enable and support people with arthritis to become more active in a way that is right for them. Our information services will grow and develop, and we will build a galvanised community of people to join us in challenging the climate of tolerance and apathy towards arthritis.



THANK YOU

Becoming Versus Arthritis has taken an enormous amount of hard work, creativity and commitment over the last 12 months. To launch a new organisation with such a bold purpose, while continuing to demand and deliver change for people with arthritis through our services, our research, our information and advice and our campaigning is a fantastic achievement. We would like to thank every employee, volunteer, funder, healthcare professional, partner, donor and researcher who has joined the push. Our successes this year are because of all of us, together, pushing to defy arthritis.

REBECCA'S STORY

Rebecca North, 31 ran in this year's London Marathon two years after being diagnosed with arthritis.

A keen runner at 5k and 10km distances, a pain in her foot prompted a visit to her GP who initially concluded that it was a stress fracture. "Unfortunately, the pain got worse and I couldn't drive or put any weight on the left side of my body. The pain quickly spread to my knees and ankles, and I struggled to get out of bed, as I could barely move my legs."

Rebecca was diagnosed with psoriatic arthritis, an auto-immune disease that causes inflammation in and around the joints and affects people who have psoriasis, a skin condition that causes a red, scaly rash across the body. "I was too weak to do anything, let alone hold a pen. I felt absolutely devastated – my whole life had been flipped upside down", said Rebecca who became so unwell she was signed off work.

"I will always do what I can to support Versus Arthritis. They've offered me so much support since diagnosis."

"Doctors told me that I would need a walking stick and long-term, possibly a wheelchair. It wasn't ideal to be off work, but it gave me the time to come to terms with what had happened and to explore the treatments available to me." A prescription of biologic drugs gave Rebecca "a second shot at life." The medication provided instant pain relief and changed her life. "In just a few weeks my mobility was almost back to normal. I could hold a pen again without crying out in pain and I started to run again." With the London Marathon looming Rebecca knew she wanted to take on the challenge.

"I will always do what I can to support Versus Arthritis. They've offered me so much support since diagnosis. I want others to know that yes, we have to live with pain, but that sharing it and letting people know they are not alone means more people begin to understand the reality of having and living with such a painful condition as arthritis."

PHOTOGRAPH BY: D.C. THOMSON

REPORT OF THE TRUSTEES

Volunteers versus arthritis

During 2018/19, more than 1800 volunteers across the UK were involved in delivering our services and running our local network of branches and groups, offering peer support and leading fundraising in their communities. Thousands more signed up to be part of our Campaigns Network and we have grown our Patient Insight Partners group of research-focused volunteers to 50. We hope to see these numbers rising as more and more people are inspired to join us in the push to defy arthritis.

In total, this year our local networks are made up of 133 Versus Arthritis local branches and 122 groups. In a year of so much change, when maintaining the status quo is an achievement, we are proud to have grown the network from 250 to 255. We look forward to being able to realise the potential for further growth in the coming year. Our increased profile due to the launch of Versus Arthritis is already having an impact, strengthening our footprint in local communities. In January 2019 in Montgomery, Powys a new support group, attracting 18 people with arthritis to every meeting, has been set up by new volunteers inspired to get involved by our TV advertising campaign.

Driven by the new involvement team created this year, led by a Head of Involvement, work is underway to review our branch and group model to bring clearer purpose and maximise the impact we can have by working with our volunteers. We are looking to extend the variety of activities our branches and groups can get involved in, increase their presence, improve governance and ensure every person who goes along to a Versus Arthritis branch or group has a great experience. More than 300 active volunteers responded to a survey we ran in 2018/19. We will use this volunteer feedback to inform future changes, including work we've already begun looking at how we can create an even better offer for Versus Arthritis volunteers, improving our volunteer recruitment, training and communication.

Patient insight and involvement in research

The voice of people with arthritis is more integral to our research activities than ever before. By March 2019, 50 people with arthritis were volunteering for us as Patient Insight Partners (PIPs). Versus Arthritis PIPs are valued ambassadors for research, working with us and the wider scientific community to ensure every study we fund, every researcher we support and every partnership we forge is relevant, accessible and sensitive to the needs of people with arthritis.



This year we have worked collaboratively with Patient Insight Partners to:

- Ensure global pharmaceutical company Eli Lilly keep the patient's voice at the heart of their work. As part of our commitment to advise industry on meaningful patient involvement and build greater awareness of arthritis and its impact, in January 2019, Patient Insight Partners attended a workshop run by the company on psoriatic arthritis.
- Set up a strategic advisory group for research involvement, made up of seven patients and carers, to stretch our critical thinking about research involvement so we can extend its impact and grow our scale of operation.
- Assess and make awards in the 2019 Senior Research Fellowship round through involvement in the shortlisting and interview process.

- Monitor the effectiveness of our funded Research Centres. Patient Insight Partners joined panel visits to the Rheumatoid Arthritis Pathogenesis Centre and Work and Health Centre.
- Highlight the need for greater investment in auto-immune conditions. Six PIPs attended a parliamentary reception in November 2018 which asked 'Are You #AutoimmuneAware?'

This year Jane Taylor, Chair of Versus Arthritis' patient insight partner network, spoke about her work with an international research collaboration in musculoskeletal research (APPROACH) at the All-Party Parliamentary Group on Medical Research, as well as at events in Belgium, Germany and Holland. This 5 year project funded by Innovative Medicines Initiative (IMI) works with a patient council, including two Versus Arthritis PIPs, to help identify markers for osteoarthritis to ensure the right patient gets the right treatment and to develop specific measurements to identify who does and does not respond to a treatment.

Looking to the future, our ambition is to significantly scale up our involvement activities so everyone affected by arthritis will have the opportunity to get involved with research, either directly as part of a study or through involvement with Versus Arthritis.

Influencers, politicians, decision makers versus arthritis

Demanding and delivering better answers needs to happen at all levels of government; our politicians and decision makers must understand that just accepting the impact of arthritis is not acceptable. Versus Arthritis is leading the push, challenging decision makers and those shaping policy on health, employment and social care to listen and to take action. We also work to empower everyone who is versus arthritis to push for positive change and to get involved in campaigns.

We now have 5,000 people drawn from all four nations signed up as active campaigners calling for positive change; a rise of 38 per cent over the last year. Through this network, we are building a community of campaigners giving them the tools to demand the help and support they need.

More than 1500 people UK-wide told us about their experiences of working with arthritis in our 2018 survey. This feedback gave us valuable focus, evidence and personal stories for our Working It Out report which looks at how the Access to Work scheme in England, Scotland and Wales works for people with arthritis, identifying what needs to change to meet their needs. The subsequent Working It Out campaign helped us to engage with 48 MPs around arthritis and employment during party conferences, including with senior Ministers and Shadow Ministers. The Scottish Parliament also held its first ever debate about Access to Work in support of the Working It Out report.



In Wales

The tangible impact of our influencing work with the Welsh Government and National Assembly will soon be felt by Welsh children and young people with arthritis and their families. In 2018, Versus Arthritis worked in partnership with the National Rheumatoid Arthritis Society and the British Society of Rheumatology on the #TooYoungForArthritis campaign, lobbying for a dedicated NHS paediatric rheumatology clinic to be established in Wales, the only home nation without an NHS paediatric rheumatology clinic. In March 2019 the Welsh Government announced funding had been secured to set up a new specialist clinic based in Cardiff in 2019/20.

People using our Young People and Families Services across Wales drove this campaign from the start. Young people and parents were involved every step of the way, speaking to party leaders and local assembly members, attending events and debates and being interviewed by the media. Together we have achieved positive and practical change which will mean children and young people with arthritis across Wales get the specialist care they need.

During 2018/19, work to demand that arthritis is recognised as a health priority in Wales has gathered pace. Following our successful campaign for a new National Arthritis Strategy, we are working with the Welsh Government to develop a National Arthritis and Musculoskeletal framework to advise health boards on the provision of services for people with arthritis. Versus Arthritis has a lead role in developing the framework chapters on osteoarthritis and juvenile idiopathic arthritis (JIA).

In Scotland

Over the last 12 months work to influence decisions around disability benefits has been ramped up as social security is devolved to the Scottish Government. Lessons learnt from running the *Working Well with Arthritis* service in Scotland are being used to demand policy changes, highlight concerns and improve our reach amongst decision makers. Versus Arthritis was asked by the Scottish Government and Social Security Scotland to support research on how the benefits system works for people of all ages with arthritis. Young people and older adults from our services shared their views and experiences at focus groups and via the Patient Insight Partner user panel. We were also invited to join a new Department for Work and Pensions Scotland Health Forum and met with the Minister for Business, Fair Work and Skills to ensure the voice of people with arthritis is heard on disability benefits.

In Northern Ireland

The power-sharing Devolved Administration in Northern Ireland collapsed in 2017. Since then political engagement, lobbying and decision-making on health and social care policy has been hindered. Northern Ireland has the worst waiting lists for joint replacements in the UK; a situation which has worsened in the last two years. This will be a key policy issue going forwards, but our campaigning activity will depend on the reinstatement of a functioning government.

In England

People with arthritis have this year shared their stories at our annual parliamentary reception, spoken directly to MPs at party conferences and presented to MPs in Parliament about joint replacement surgery.

A roundtable event with NHS England about the health needs of people with arthritis and the quality of personalised care they need also heard from Versus Arthritis campaigners.

This year we surveyed people with arthritis about aids and adaptations in the home, attracting 1,120 responses. The results were featured in the *Room to Manoeuvre campaign report* which called for clearer advice and guidance for people with arthritis on what aids and adaptations support is available from local authorities.

As reported last year, after extensive policy and influencing work, on 1 April 2018 musculoskeletal conditions became a priority programme for Public Health England (PHE). In June 2018, Versus Arthritis met with PHE and key stakeholders to discuss the activities PHE will undertake in the next decade to reflect this prioritisation. In March 2019, for the first time, musculoskeletal conditions were included in PHE's remit letter from the Parliamentary Under Secretary of State for Public Health and Primary Care. Versus Arthritis and PHE have worked together on many different projects over the last five years. From reports, roundtables and providing musculoskeletal data to Versus Arthritis funding roles at PHE dedicated to musculoskeletal health. We are delighted that our partnership continues to flourish.

'In March 2019, for the first time, musculoskeletal conditions were included in PHE's remit letter from the Parliamentary Under Secretary of State for Public Health and Primary Care.'

Our CEO Liam O'Toole represented Versus Arthritis at two ministerial roundtables. The first in May 2018 on Healthy Ageing brought together Ministers from the Department of Health and Social Care and the Department for Business, Energy and Industrial Strategy. The second was held at 10 Downing Street with the Secretary of State for Health and Social Care, Matt Hancock MP, and advisor to the Prime Minister Jimmy McLoughlin in January 2019. Liam spoke about how our ambitious plans for the future will help support the Government's Ageing Society Grand Challenge.

Other highlights during 2018/19 include:

- In July 2018, the then Minister for Disabled People, Health and Work Sarah Newton MP, visited our London office to speak to colleagues with arthritis about its impact on their working lives. She called for employers to make workplace adjustments for those living with arthritis.
- In September 2018 NHS Digital accepted five out of six recommendations made by our national musculoskeletal data advisory group. This will improve the quality of data collected about the health and work status of people with arthritis.
- The Department of Health and Social Care's Prevention is better than cure vision document (November 2018) cited Versus Arthritis' work on musculoskeletal health at work as a case study.
- Through influencing activities in partnership with other medical research organisations, we have ensured that PhD level and above qualified workers will no longer be subjected to visa 'caps'.
- We gave evidence to the House of Lords Economic Affairs Committee on social care and the needs of people with arthritis.
- The long term plan for the NHS, published in January 2019, included content on elective surgery, ESCAPE-pain and mental health service provision for people with long term conditions, like arthritis.

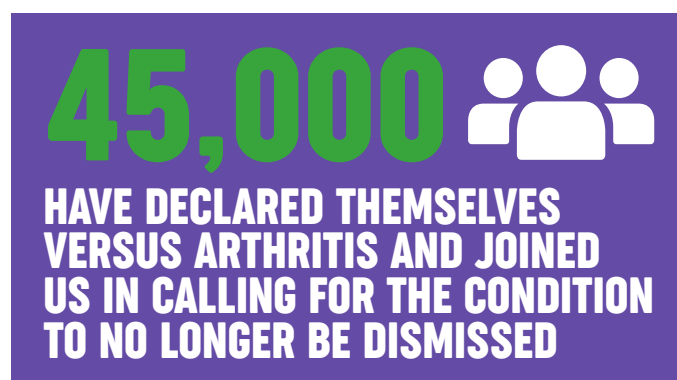
Friends, lovers, family, colleagues, all of us versus arthritis

In November 2018, we launched our first Versus Arthritis marketing campaign. Part of a five year investment in raising recognition of the impact of arthritis, the emotionally compelling campaign was designed to create a climate in which people with arthritis feel empowered to ask for help and support and to inspire others to care about arthritis and its impact.

The campaign encompassed TV advertising running in prime-time spots, outdoor advertising, a partnership with Channel 4's Gogglebox, work with influencers including Paul O'Grady and the Rugby Football Union, digital and PR activity. People with arthritis were once again involved in shaping the message and the content of the powerful stories we told.

A clear and visible call to action asked people across the UK to join us by declaring themselves versus arthritis. By March 2019, 45,000 people had declared themselves versus arthritis and joined us in calling for the condition to no longer be dismissed or ignored.

As a result, we saw a shift in the general public's understanding of the severity of the impact of arthritis and an increase in the amount of people believing that arthritis is deserving of the same level of support as other major health conditions.



Importantly, the campaign resulted in people with arthritis reporting that more people around them understood their condition, with many sharing stories of how they have received more support from friends and family as a result.

The campaign also saw an increase in people coming to us for help and support. Across social media, calls to the helpline, conversations with the virtual assistant and visits to our online information pages there was an uplift of more than 200 per cent during the campaign. There was a 59 per cent increase in online searches for 'arthritis', and we saw an increase in the number of people talking about arthritis on social media, with our Gogglebox partnership driving 25,000 mentions of arthritis in one week alone.

Awareness of the Versus Arthritis brand has also exceeded our expectations. Just four weeks into the campaign prompted awareness of Versus Arthritis equalled that of Arthritis Care. Results from a recent survey told us that people are seeing Versus Arthritis as a trustworthy and credible organisation, and one that is always on the side of people with arthritis.

DR JOHN REAY'S STORY

Dr John Reay is a GP partner in Scarborough and a trainer for our GP Core Skills programme. He's used Versus Arthritis' patient information to keep up to date on the latest research into musculoskeletal problems and advances in treating people with arthritis in primary care.

People with Musculoskeletal (MSK) conditions make up around 30% of all GP appointments. John has seen first-hand the positive impacts the Core Skills programme is having to improve patient care;

"We want arthritis patients to get the right treatment quickly with access to trusted information and advice that helps them manage their own symptoms effectively. Versus Arthritis' information and training for healthcare professionals plays a vital role in making this happen."

The programme equips GPs with the essential knowledge, skills and confidence to manage the most common MSK conditions seen in General Practice. Its delivered online and through face-to-face workshops.

In 2018 more than 6,000 GPs completed the course (equivalent to 6% of GPs in the UK). This means that potentially over 4.2 million GP appointments per year could now be delivered by a GP who has completed the course.

250 GPs attended our Core Skills face-to-face workshops too, with attendees giving positive feedback. The programme is helping Versus Arthritis to grow and galvanise a community of over 6,000 health care practitioners who we can continue working with to improve care for people living with arthritis.



GPs, healthcare commissioners, physiotherapists, practice nurses, fitness professionals, podiatrists, and health service managers versus arthritis

Inspiring more healthcare professionals to join the push against arthritis was a priority this year. As we work alongside people with arthritis to ensure they demand more from the healthcare system, it is vital we reach out to the healthcare professionals who support them to offer them the specialist training, information and support they need to give the best possible care to people with arthritis and empower them to make decisions about their treatment and care.

During 2018/19, Versus Arthritis increased its professional network by 43 per cent to 6,242 members (4,458 in 2017/18), attracting people working in a wide range of health and care disciplines across all four nations. By joining our active community of GPs, practice nurses, fitness professionals, physiotherapists, podiatrists, healthcare commissioners and health service managers, these professionals are helping to defy arthritis every day, using the knowledge and best practice we share with them to have a positive impact on their patients.

We also reached more than 32,000 healthcare professionals through training, events and our clinical update Joint Matters this year. This number has dropped since 2017/18, due to a decision to prioritise our resources on activities that will have the most tangible and direct impact on improving patient care, for example our education and training offer and MSK Champions programme.

More than 6,000 GPs and primary care professionals (3,300 in 2017/18) benefited from the Versus Arthritis Core Skills in Musculoskeletal Care programme, which aims to increase confidence and skills in assessing, diagnosing, and supporting people to manage musculoskeletal problems.

2018/19 saw the launch of a practical one-day workshop for primary care clinicians, developed to complement our popular e-learning package. Led by one of the team of 18 Versus Arthritis Core Skills trainers, the workshop gives attendees the opportunity to practice musculoskeletal examination techniques and develop the confidence

and skills needed to help people with arthritis leave their GP's surgery feeling supported and understood.

In addition to our workshops, Versus Arthritis ran training sessions at a variety of healthcare conferences and events meaning that, in total, 1600 healthcare professionals benefited from our face-to-face training during 2018/19.

We estimate that 4.2 million consultations related to arthritis this year were held by a GP who had received Versus Arthritis training. Every healthcare professional we train is also given access to our evidence-based resources and patient information and encouraged to signpost people with arthritis to our helpline and network of support services.

In 2019/20, we are commissioning a robust evaluation of our GP training offer which we hope will provide evidence to support anecdotal feedback from training participants; that our training changes clinician behaviour and practice, resulting in better care for patients with arthritis. For example, 98 per cent of those attending the six workshops we ran last year said they would do something differently in practice as a result of the training.

We have also made great progress in our work to galvanise action amongst healthcare professionals to influence and change the way the healthcare system is shaped to meet the needs of people with arthritis.

In April 2018 we launched a bespoke leadership programme for healthcare professionals, created in partnership with Ashridge Executive Education. The first cohort of 14 healthcare professionals, located in England and Northern Ireland, started an 18 month development programme in November 2018 designed to support and coach them to become Champions of musculoskeletal care. Each MSK Champion has identified a project to drive change within their local health system to achieve tangible outcomes for people with arthritis. Even in the early stages of the programme their impact is being felt. For example, in the North West of England, an MSK Champion has negotiated the redirection of local funding into musculoskeletal prevention services, promoting weight management and physical activity. Recruitment for the second cohort of MSK Champions took place

in March 2019, involving people with arthritis on the selection panel and 14 individuals from across England and Wales have been successfully appointed.

10,000 people with chronic joint pain have now benefited from the ESCAPE-pain programme, which combines self-management strategies with a personalised exercise plan. Versus Arthritis has supported the continued growth of this evidence-based programme through funding and our partnership with the Health Innovation network. Over the last 12 months the number of sites offering ESCAPE-pain in England, Northern Ireland and Wales has increased from 60 to 160.

This year NHS England chose ESCAPE-pain as one of only seven innovative interventions to be scaled up and delivered nationally. We believe at least 10,000 people with arthritis will benefit from ESCAPE-pain as a result of this roll-out over two years. We expect this number to grow in the future and our ambition is to reach more than 25,000 people with arthritis each year through this initiative by 2023. Versus Arthritis' involvement has been identified by an independent evaluation as a key factor in this decision.

“The strength of the core team and the visible hands-on support of a national charity were both factors in ESCAPE-pain being selected as a national programme. Versus Arthritis' thoughtful approach when working with adopters of innovation recognises the length of time it takes to understand and adapt to local context before implementation and gives the best chance of sustainability.”

Taken from ‘ESCAPE-pain Scale-up Developmental Evaluation’ by Brightpurpose, April 2019.

Help, support and advice versus arthritis

We understand what living with arthritis is like. By listening to people with arthritis and working in partnership with healthcare professionals and researchers Versus Arthritis has gathered a wealth of information and advice to share. Our helpline and online information channels are here to give you strength whenever you need it. We also offer a growing network of peer support activities in local communities across the UK.

Young People and Families Services

Our Young People and Families Services work every day towards the Versus Arthritis ambition that every young person diagnosed with arthritis is supported by us.

The resounding success of the Joint Creativity exhibition at Glasgow's Kelvingrove Museum and Art Gallery was a highlight this year. Between October 2018 to January 2019, more than 230,000 people visited the exhibition which featured artwork created by young people with arthritis at workshops run by our Take Control project. The exhibition gave young people a space to express their feelings about arthritis, raising awareness of the impact the condition has on young lives. The Joint Creativity project was awarded Self-Management Project of the Year in 2018 by the Health and Social Care Alliance Scotland.

Scotland's Young People and Families Services also won the Alliance's Self-Management Partnership of the Year award for work between the Joint Potential Plus project and Aberdeen Royal Infirmary Rheumatology Department which supports young people during the transition from paediatric to adult rheumatology services.

In February 2019, the Young People and Families Service in Wales received funding from the People's Postcode Lottery to deliver Taking the Next Step. In response to young people asking for help to access college and university and find a job, this 12-month pilot programme will help 16 to 25-year olds with arthritis to build employability skills and support them to go on to further and higher education.

Inspired by young people telling us they can find it difficult to talk confidently to their doctors about arthritis, this year the Young People and Families Service in Northern Ireland have developed an app to help young people to track their condition and record data to use at appointments. Co-designed with young people, the app is now being tested by young people with arthritis across Northern Ireland with a view to rolling it out across the UK.

We also expanded our Young People and Families Service to the North of England, adding two young people's residential events held in the Peak District, in addition to those in the South, and holding family events in Manchester, as well as London and Birmingham. The Young People and Families Service in England also presented at the Annual Conferences of the British Society of Paediatric Adolescent Rheumatology and the British Society of Rheumatology to explain how our services support young people as they access clinical care.

Living Well with Arthritis services

During 2018/19, a new telephone befriending service was introduced in Northern Ireland for people with arthritis who are isolated from their local communities or who cannot access self-management courses. Our volunteers offer support during 30 minute phone calls made once a week for up to eight weeks. The support focuses on sharing self-management skills and encouraging people to re-engage with community life. In the last year we have delivered 155 sessions to support 19 people.

Get Active for Arthritis, which is funded by the National Lottery Community Fund, continues to grow in mid and North Wales, giving people with arthritis the confidence, support and information to exercise safely. 56 people with arthritis benefited from the six courses delivered in 2018/19. 36 volunteers have supported the project over the three years it has been running, with 19 new recruits to the team this year. Five new support groups have also been established and we have developed a toolkit for people living in remote communities to use.

In Scotland, volunteer-led projects in local communities are encouraging and supporting people with arthritis to take part in physical activities. We listen to what local people want and make it happen, whether that's a walking group in partnership with Paths for All, a cycling project like the Cycle Shed in Stranraer which offers group cycling sessions for people with arthritis using trio cycles, mountain and electric bikes or tai chi sessions. In 2018/19 we've been exploring how we can adapt this model to work in remote rural and island communities, by training and supporting volunteers to deliver Living Well activities to people living in isolated areas. Our Chair is visiting Campbeltown on the Kintyre Peninsula in 2019/20 to understand more about how local touchpoints in remote communities could expand our reach and impact.

In December 2018, we were awarded £97,000 by Sport England to start the development of the next stage of Versus Arthritis' work to support people with arthritis to be physically active in the way that's right for them. We will aim to decrease levels of inactivity amongst people with arthritis, identifying barriers and how to break them down and building our capacity to support people to lead full and active lives.



In 2018/19, we increased the number of Clinical Commissioning Groups in England to whom we deliver Living Well with Arthritis services. These NHS commissioned services provide personalised support focused on the self-management techniques to assess whether surgical hip or knee interventions are appropriate for them. All existing contracts were renewed, and new services added in Northumberland and Guildford and Waverley, both of which quickly reported a desire to expand across a wider area following a successful initial roll-out.

TRACEY'S STORY

Tracey became a trainer after attending a self-management workshop that fuelled a passion to ensure that others living with arthritis know that help is available.

Living with constant pain can make people with arthritis anxious, frustrated and angry with the tension that results adding to their pain. "I had previously suffered a heart attack and was later diagnosed with osteoarthritis in my knee, nodular arthritis and Fibromyalgia. Pain was taking over my life and I was scared to move."

Our Versus Arthritis Northern Ireland self-management workshops help people break this vicious cycle making a huge difference to their lives. "It was such a relief to learn about the things that may help me manage the pain, such as gentle exercise, pacing myself and aids and adaptations. There was so much interaction and I loved the participation. It was during this I remember thinking more people need to know about this toolbox of tricks that can help us live with our condition and not be controlled by it."

"Now I'm out and about shouting about Versus Arthritis and realising my pain doesn't have to hold me hostage any longer."

During six-week course Tracey began to feel her old self returning; "It felt like I was meeting the old Tracey again and I started to think how I could help other people. I was so spurred on by this thought, I applied to Versus Arthritis to become a voluntary trainer helping others learn these techniques." By understanding her condition and her pain it slowly become less frightening for Tracey. She's since gone on to run a monthly support group inviting guest speakers to talk about helpful topics.

"The biggest change is how much confidence it has given me. I feel like it has helped me gain some control. I don't beat myself up as much as used to. From sitting in the house being in pain, now I am out and about shouting about Versus Arthritis and realising that my pain doesn't have to hold me hostage any longer."



Helpline

The Versus Arthritis helpline launched in September 2018. The smooth transition of two separate helplines, using different operational and technological approaches, into a single integrated service has been an important achievement in 2018/19. People with arthritis now have easy access to support and advice from one helpline, running from two locations, with one voice.

Over the last 12 months we've worked hard to bring together the helpline teams in Chesterfield and London, organising buddy sessions and cross-team meetings to help colleagues get to know each other and share expertise. In March 2019 we recruited two full-time helpline advisers in London to add vital resource to the team.

During 2018/19, we supported more than 17,000 people through our helpline, with enquiries made and answered via phone calls, social media, email and post. An external evaluation of the helpline was conducted in June 2018, which included a survey of people who had used the service. It found 86 per cent of respondents reported making one or more positive changes after contacting the helpline, 62 per cent said their knowledge had improved and 83 per cent of those given practical advice said they had taken agreed actions and found it helpful.

Though demand for the helpline has remained high, there have been some fluctuations in call volumes. A drop over the summer coincided with a pause in marketing activity, while efforts were focused on the launch of Versus Arthritis. The unfamiliarity of the charity's new name and website also affected enquiry volumes initially. However, following our launch campaign in November 2018 the number of enquiries increased, with a significant uplift in calls and social media enquiries seen around campaign peaks.

This year we have seen the number of helpline enquiries received via social media more than double to 1,600 during 2018/19 (an increase of 238 per cent). This reflects the organisation's more proactive approach in this area, which has led to 50 per cent growth in our social media channels since we launched as Versus Arthritis.

During 2018/19, more than 1.6 million (last year 1.3 million) pieces of print information were distributed, over 6.7 million (last year 7.7 million) people visited our websites for information and more than 411,000 (last year 468,000) of our information booklets and exercise sheets were downloaded. In a year when we launched a new organisation with a new brand and website, the drop in the number of online visitors was expected. However, overall, we have seen an upward trend in these figures, with peaks in activity during our marketing campaigns.

'This year we have seen the number of helpline enquiries received via social media more than double to 1,600'

Online community

We have seen continued growth in our online community, which provides peer to peer support for people living with arthritis and their families. There are now almost 11,000 registered users of the community, an increase of 1,500 people over the last year. During 2018/19, the community attracted 153,487 unique users and 689,032 page views. Threads and conversations covered topics including side effects of drugs, benefits and work, pain management, joint replacement surgery and supporting a child with arthritis. This year we also began work planning the growth and development of the community so we can reach more people living with arthritis across the UK.

Virtual Assistant

Our virtual assistant has gone from strength to strength in its first full year of operation. The artificial intelligence (AI) powered tool helps people to find the answers to questions about arthritis at any time of day or night. From November 2018 until March 2019, the Virtual Assistant was opened nearly 17,000 times and over 35,000 messages were sent. Our innovative approach in using AI to support people with arthritis has been recognised externally this year. We were invited to present at the IBM Think Conference in San Francisco and shortlisted for a Digital Agenda Impact Award 2019. As an early adopter of this technology within the voluntary sector, we have also been asked by other charities to share best practice in this emerging area.

People with arthritis continue to be involved in the development of the virtual assistant. User feedback gathered in summer 2018 via a survey and one-to-one interviews informed improvements which mean more detailed information on a wider range of topics and conditions is now available.

This year we began work on a prototype using Watson Discovery which will increase the range of questions the virtual assistant can answer. By drawing on a wider pool of Versus Arthritis knowledge and evidence, this project has potential to reach new audiences. For example, helping healthcare professionals to find up-to-date information about specific conditions and researchers to spot patterns in data. We are also exploring options for integrating the virtual assistant with our helpline to make sure people get the support they need when they need it.

Scientists, fellows, professors, PhDs, partnerships, researchers versus arthritis

A world that no longer tolerates the impact of arthritis will not happen without research which innovates, crosses boundaries and is driven by the needs of people with arthritis. Versus Arthritis is galvanising action, bringing together the research community, industry and government to stimulate the levels of investment and partnership working required to transform the lives of millions of people living with arthritis.

Last year our action plan for future pain research, or Pain Roadmap, was published. Co-produced by people living with pain, researchers and healthcare professionals, the roadmap was designed as a catalyst for stimulating national investment in 14 priority research challenges, each with potential to be life changing for people living in pain. The scale and complexity of each of these challenges means it is beyond any single organisation to deliver this on its own. So we have taken the lead in setting a new national agenda on pain, working tirelessly over the last 18 months to establish partnerships with Government, other charities and industry to combine forces to tackle these challenges together.

As a result, in late 2020 we'll be launching the Virtual Institute for Pain (VIP) – an ambitious programme of research and activities dedicated to accelerating the development of new interventions for chronic pain by 2030. This umbrella programme for all our work on tackling chronic pain will be a unique charity, private and public collaboration. Building on the foundations of existing Versus Arthritis investment into pain research, we will bring together the best minds, methodologies and cutting-edge technologies under a virtual network, all focused and targeted on answering the challenges posed within our Pain Roadmap. We will establish three new pillars of research activity focused on understanding complexity, developing innovative interventions and supporting translational and clinical pain research to deliver interventions to patients.

'In late 2020 we'll be launching the Virtual Institute for Pain (VIP) – an ambitious programme of research and activities dedicated to accelerating the development of new interventions for chronic pain by 2030'

Versus Arthritis is committing significant investment into this highly ambitious venture and has been securing other funds to help make it happen. In December 2018, Versus Arthritis made a joint bid submission with the Medical Research Council to UK Research and Innovation (UKRI) for a combined investment of over £27 million to partner with us to create an Advanced Pain Discovery Platform. As part of this we expect to secure over £15 million from Government and industry.

We are in advanced discussions with leading companies and other partners to develop a suite of new treatments for people living with chronic pain. Where possible, we will work in partnership with public and private organisations to co-invest in innovative approaches to supporting the most promising ideas and products.

Our ambition to ensure the investment, visibility and participation levels in musculoskeletal research reflect the scale of the impact of arthritis is bold, but the development of the VIP is an example of what can be realised. By listening to people with arthritis and

bringing those living in pain together with leading scientists and pain experts we were able to set out a compelling case, based on living experience, which has focused the research community, industry and Government on what has to be done to tackle pain. Versus Arthritis has made this happen. Together we are defying arthritis.

We continue to fund research directly in England, Wales, Northern Ireland and Scotland. £146 million is currently invested by Versus Arthritis in research, a figure higher than it has been for the last two decades. In total, this year Versus Arthritis made 50 research awards, totalling just over £15.5 million.

However, even with our own investment, arthritis remains an under funded research area in the UK and we cannot take on the challenge of funding musculoskeletal research alone. We are increasingly using our resources, expertise and connections to influence the growth of the UK's musculoskeletal research programme, leveraging funding, challenging others to do things differently and setting a course for the next decade of research priorities.

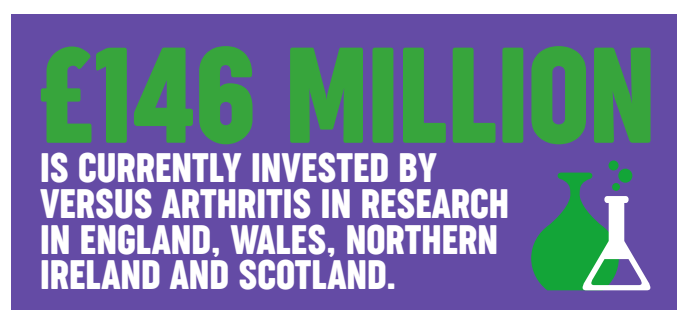
Our research priorities – pain, cure, health and medical technologies

In tandem with our work to attract external funding for the Virtual Institute for Pain, during 2018/19 Versus Arthritis has continued to fund pain research as a priority. Approximately £32 million of our current research investment portfolio is related to work that has relevance to the challenge of chronic pain, including £4million of funding we awarded in May 2018 to ten outstanding applications made to our second Pain Challenge call. These projects are now underway in the UK and range from early discovery research into the mechanisms of musculoskeletal pain through to a five-year study at the University of Aberdeen to develop improved patient-centred care pathways for people with fibromyalgia.

Searching for a cure also remains a priority and we continue to support research in this area through our pipeline of ambitious discovery research and our clinical portfolio. For example, in March 2019 the CLUSTER consortium formally launched to explore targeted treatments for childhood arthritis and

associated eye conditions like uveitis. We co-funded this £5million, five-year research project with the Medical Research Council in the rapidly evolving area of stratified medicine.

Our commitment to improving lives for people with arthritis in the immediate future was shown by the approval of three awards to our Pushing Frontiers in Health Research call, totalling £940,000. The studies, running from 2019 to 2022, look to improve the delivery of health services for hip fractures for people with rare rheumatic diseases and whether electronic rehabilitation programmes are able to help people with chronic knee pain.



Supporting medical technologies and translational research is a high priority for the charity, demonstrated by our long-standing association with the Medical Technologies Innovation and Knowledge Centre to progress and develop promising technologies. This year, we funded eight awards totalling £591,000 including technologies to promote rapid tendon repair, testing an at-home sensory training system for people with persistent limb pain to help regain normal feeling in their limbs and a regimen to prevent post-traumatic osteoarthritis.

Our priorities in clinical research resulted in two awards in 2018/19, totalling £970,000. One of these awards was a first in human study looking at the safety of a technological device to repair damage to cartilage. Previous work on this device was funded through our Medical Technology partnership (mentioned above) and this phase of research will look at its effectiveness in people with arthritis. This illustrates the power of Versus Arthritis' funding in helping move ideas from proof of concept through to being available for patients.



LORNA'S STORY

Lorna works at Versus Arthritis. Diagnosed with Psoriatic Arthritis and Lupus in 2013. Over the last six years, Lorna has been hospitalised over 20 times and bed-bound for weeks at a time. She's now on the Anti-TNF treatment which she injects twice a week.

“Having arthritis is very painful and the fatigue can be overwhelming. Adding work worry to that doesn't help. The pain and fatigue caused by arthritis and other MSK conditions can make working life hard. But people with arthritis both want and need to work and with the right support they can.

“Flex for me has been a game changer. Knowing that, if I am having a bad day, I can alter my working hours, work from home or not have to commute during rush hour means I worry less and work more. I now feel like I continue in my career and not let attitudes to arthritis hold me back.”

In 2016, we devised our Flex programme, a fundamentally new and different way of working enabling employees to have flexibility about when, where and how they work.

Flex principles were also used to make improvements to the workplace. Drawing on the latest insight on inclusive design, ergonomics, and health and wellbeing our new London office was designed to support both physical and mental health. For Lorna, Flex has made all the difference to her working life.

Strengthening and building new partnerships

Recognising we can have a much greater impact through collaboration, building strategic partnerships continues to be a key activity. We currently fund around 10 per cent of our research portfolio in partnership. This means every £1 of this part of our investment spent by Versus Arthritis generates an additional £1.46 from other organisations working with us to defy arthritis. Over the next few years we intend to scale up our collaborative efforts to secure a sizeable increase in musculoskeletal research investment in the UK, commensurate with the impact of the disease.

We have been working closely with the National Institute for Health Research (NIHR) on an exciting and ambitious new partnership to coordinate and renew investment in UK experimental medicine by forming a UK MSK Translational Research Collaboration (UK MSK TRC). Experimental (also known as translational) medicine is a broad term for studies specifically undertaken in humans, also drawing on other types of lab-based research and model systems. Its aim is to uncover mechanisms and pathways of disease, which will lead to new drug treatments or help to make existing ones more effective. This collaboration aims to engage industry and stimulate longer term investment via central government and the devolved nations. We have jointly funded a Programme Manager to take this work forward.

‘Over the next few years we intend to scale up our collaborative efforts to secure a sizeable increase in musculoskeletal research investment in the UK’

Other new partnerships secured in 2018/19 include:

- The launch of Connect Immune Research, a joint initiative between Versus Arthritis, JDRF (the type 1 diabetes charity) and the MS Society, with support from the British Society for Immunology. The first award funded so far is bringing together researchers from different fields to promote a new approach to understanding auto immune diseases and help grow new funding and research infrastructure to develop new and better treatments and diagnosis. Similar collaborations of

researchers working across disease such as cancer have started to yield positive effects.

- Versus Arthritis was invited to join the European Innovative Medicine Initiative group (IMI) as an associate member of their Pain Group.
- Trustees from Versus Arthritis and The Kennedy Trust for Rheumatology Research came together in late 2018 to discuss areas of research where we could join forces to make a real difference in the lives of people living with arthritis. Research into fatigue was chosen as the focus and both charities have committed to working with patients and researchers to explore how this area of research can be advanced.
- Developing a collaborative research application with the Scottish Pain Research Collaboration for the Medical Research Council and National Institute for Health Research methodology research programme.

The impact of our research

Our continued commitment to tackling pain, finding a cure and improving the effectiveness and choice of treatments for people with arthritis will not only have an impact in the future, it is changing lives now:

- Researchers, funded by Versus Arthritis, have developed a vaccine that, in tests on mice, can effectively treat persistent pain caused by osteoarthritis. The new drug works by blocking a protein called nerve growth factor which is increased in people with chronic pain. Scientists from the University of Oxford, University of Bern and the Latvian Biomedical Research and Study Centre believe their research could lead to a new class of pain relief which could be a game-changer for millions of people living with painful osteoarthritis.
- Two years ago, we reported that a clinical trial (SYCAMORE) funded by us changed the lives of thousands of children living with juvenile idiopathic arthritis (JIA) in the UK and Europe. The discovery that the drug adalimumab successfully treated sight-threatening uveitis, led to guidelines for treatment being changed in the United States in September 2018. Children with arthritis in 65 countries worldwide can now access this life-changing treatment.

- In many cases, conditions have effective treatments, but patients do not benefit as they are not aware of the best ways to take it. Thanks to funding from Versus Arthritis, a trial by the University of Nottingham showed that a nurse-led package of care was able to empower patients with gout to better understand their condition and giving lifestyle advice. This simple, yet effective solution produced a significant improvement in their condition, reducing the frequency of painful flare-ups which can affect every aspect of people's lives.
- Our research findings are being built on by others. For example, findings from the arcOGEN study we supported have led to the largest ever genetic study of osteoarthritis at the University of Cambridge. By studying the genomes of 77,000 people with osteoarthritis and 370,000 healthy people, researchers have found 52 new genetic changes linked to osteoarthritis. These findings could help researchers to identify starting points for new medicines to help the millions of people living with this condition.
- In December 2018, the STarTBack diagnostic approach to back pain, developed by Versus Arthritis researchers at our Primary Care Centre of Excellence at Keele University, was named by Universities UK as one of 100 best breakthroughs developed with a university. It was recognised for its significant impact on the everyday lives of millions.
- Investing in the brightest and best research talent at all stages of academic careers is a key priority for us. This year we were proud to learn that Dr Fiona Watt from our Centre for Osteoarthritis Pathogenesis at the Kennedy Institute of Rheumatology has been awarded a prestigious UKRI Future Leaders Fellowship. Fiona leads several studies within the Centre, including the KICK (Knee Injury Cohort at the Kennedy) study, exploring whether we can predict who will develop painful osteoarthritis following a knee injury. Her fellowship directly builds on her work supported by Versus Arthritis, showing how we are able to leverage further investment in vital areas of research.

Investing in research leaders of tomorrow

We continue to nurture the best new talent through our early career PhD scholarships and clinical research fellowships, as well as funding foundation, career development and senior fellowships. For example, Hema Chaplin, funded through our Centre for Adolescent Rheumatology in London. Hema won the British Society of Rheumatology's Young Investigator Award in 2018 for her work exploring a biopsychosocial approach to pain in young people with juvenile idiopathic arthritis.



In 2018/19, we continued successful partnerships with the Academy of Medical Sciences and the Medical Research Council to support clinical academics in building independent research areas. We have also this year invested in a partnership with the National Institute of Health Research to give two of our allied health professional fellows, both based in Scotland, access to one-to-one mentoring and support through the Integrated Clinical Academic (ICA) Mentorship scheme.

This year we have made a total of 18 awards across these schemes, representing an investment of £4.6 million in work focused on our three core areas of activity; pain, cure and health. We also gave £3 million to create a Versus Arthritis Professorship of Rheumatology at the University of Cambridge. Cambridge are currently recruiting for a world-class candidate with the expertise and drive to lead novel cross-discipline research that will have a profound impact on the lives of people with arthritis.



JANE'S STORY

Jane is one of our friendly and knowledgeable helpline advisors. Together, the team provides tailored support to thousands of people every year, empowering them to make informed decisions about their arthritis and achieve a better quality of life.

This year 17,000 people contacted the helpline for information and advice about how to manage their pain. “Often people require information about the treatments and medications that are available, their side effects, or how to navigate the benefits system. Sometimes people call when they’re newly diagnosed, or others reach out to us when they are waiting for surgery. “Whatever point they’re at, we try to find answers or signpost them to other organisations that can help. The cutting-edge research we fund means we always have access to the latest information about arthritis.”

An independent evaluation of the helpline in 2018 confirmed high levels of satisfaction with the service. Around 8 out of 10 respondents said they would use the helpline again and would recommend the service to others. Helpline callers also value speaking with someone who understands their experiences. “Providing people with the opportunity to talk about the challenges they’re facing, with someone who can relate and understand, can itself have a powerful, positive impact.”

The helpline has also helped callers to get the best from doctors and health care professionals. “One said that because of the help and support we gave them over the phone, they had the knowledge to change hospitals for their son. They now have a fantastic consultant who has looked past the scans and concentrated on the person.”

Runners, bakers, sky divers, collectors, donors, funders versus arthritis

Despite a turbulent external environment, over the last year we have generated £26.6 million of income at a cost of £5.3 million. This provided £21.3 million of net income towards funding our charitable activities and ensuring we run the charity as efficiently as possible. This means that for every £1 we spent on generating income we received £5.02.

£22.4 million of this income was given from 530 gifts left in bequests (517 in 2017/18), representing a 3 per cent increase on last year. Legacies remain a vital source of funds to the charity and we are enormously grateful to those donors who choose to give in this way.

‘Despite a turbulent external environment, over the last year we have generated £26.6 million of income at a cost of £5.3 million’

Income from our high value partnerships, such as trusts, companies and foundations increased on last year, raising a total of £859,000 of net income. Some examples of how this support has helped us to defy arthritis are:

- 2018/19 was the final year of a three year grant from the National Lottery Community Fund which gave us £384,681 to deliver the Get Active for Arthritis project in mid and north Wales. In total, this project has directly supported more than 400 people with arthritis, giving them the tools they need to live well with their condition, and provided information to thousands more. 38 volunteers and 500 healthcare professionals have also been involved in delivering this work.
- The Masonic Charitable Foundation (MCF) were generous supporters of both our legacy organisations. Most recently helping Arthritis Care to establish 50 new peer support groups and funding Arthritis Research UK’s work to understand more about the role of the microbiome in rheumatoid arthritis. Believing strongly in the new organisation’s goals, the MCF declared themselves versus arthritis in 2018/19 by funding two Versus Arthritis and MCF PhD Scholarships. One of which

was awarded to Dr Helen Wright at the University of Liverpool to investigate how we can switch off unwanted cell activity in rheumatoid arthritis.

Our individual fundraising also increased, contributing £1.88 million of net income to the charity. More than 7,000 people gave to our appeals, raised sponsorship from hundreds of events around the UK or gave in memory of a loved one. This total includes £293,000 (2017/18: £260,000) raised through community fundraising, including street and supermarket collections, bake sales, coffee mornings and events organised by volunteers in our local branches and groups.

783 people joined us in defying arthritis by taking part in a challenge event this year. This includes the 105 runners who took on the London Marathon for us in April 2018. Supporters who had signed up to run for Arthritis Care and Arthritis Research UK ran for us as one team and together raised almost £250,000 - the most money our organisation has ever received from a single fundraising event.

Recognising that public trust in charities has dropped in recent years, we welcome greater scrutiny of the charity sector. This year we have been working hard to get the systems in place that will allow us to maintain and drive further improvements to the way we record and manage our supporter data, communicate with supporters effectively about the things that they are interested in and demonstrate the impact we are having.

We are incredibly grateful for the continued generosity of all our supporters. Each and every donor, partner, funder and volunteer has this year played an important and individual role in our push to defy arthritis. Thank you for your ongoing support. Together we are Versus Arthritis.

Employees, colleagues, collaborators versus arthritis

Over the last 12 months we have continued the complex process of operationally merging. Our transformation programme is leading the creation of a new organisation that is fit for the future, with our people, infrastructure and processes all playing a vital role in achieving our ambition and pushing back against arthritis.

The integration of separate systems and functions inherited from our legacy organisations continues. In October 2018 our new Customer Relationship Management (CRM) system, thankQ, went live for key teams, including supporter care, ICT and Finance. This initial roll-out has involved a lot of hard work to reconcile income and manage the consent data required for GDPR compliance. The full implementation of the system will continue into next year, enabling us to improve the way we manage relationships with our supporters and stakeholders.

We have also made some changes this year which reflect how our culture is evolving as we become a four nations charity. For example, our team in Wales have worked with colleagues across the organisation to develop a set of Welsh language principles for Versus Arthritis to adopt.

Launching Versus Arthritis gave us an opportunity to work with our employees, volunteers and trustees across the four nations to define exactly what type of organisation we wanted to be. We spent time talking to our people about the culture of the two legacy organisations, identifying what worked and where change was needed. During 2018/19, we filtered and shaped this feedback into a values and behaviours framework for Versus Arthritis which will be launched later this year. This set of principles, which has been co-produced with our employees, outlines how we aspire to work together every day.

We have also developed a new set of employment terms for Versus Arthritis this year. During autumn 2018, employees were asked for their views on benefits packages, performance management and pay. The Employee Forum established in April 2018 took a lead on this consultation.

Having listened to what employees told us, we shaped a fresh benefits package including a healthcare cash plan, developed a new approach to performance management, unrelated to pay, and benchmarked our salaries against comparable organisations. In January 2019 we launched this new employment offer which introduced parity across our new, merged organisation. Recognising that change to an employment package can be disruptive and challenging, we are pleased to report we have already

exceeded our target of 80 per cent of our employees signing up for the new offer within the first year.

At the core of this employment offer is our ongoing commitment to the health and wellbeing of our people, demonstrated this year with the employment of a full-time Workplace Wellbeing Manager and the continued work to embed the principles of our trailblazing Flex programme consistently across the organisation.

The Flex programme is designed to support collaboration, inclusion, flexibility and health and wellbeing. It is about supporting our people and creating environments and ways of working that will help us to achieve Versus Arthritis' ambitions for people with arthritis.

Leading by example as an employer, we set out to support our employees' physical and mental wellbeing, focusing on their musculoskeletal health in particular. A review in October 2018 of the implementation of Flex ways of working and the move to our new London office was overwhelmingly positive, demonstrating our success in embedding this innovative approach.

'The Flex programme is designed to support collaboration, inclusion, flexibility and health and wellbeing.'

86 per cent of respondents said Flex ways of working have made a positive difference to their working lives, including to their work life balance (86 per cent) and productivity (68 per cent). The findings show how far we have come in achieving a working culture where flexibility is the norm.

79 per cent agree Flex ways of working are making Versus Arthritis a more inclusive organisation and 84 per cent said they are more likely to recommend us as an employer as a result of Flex.

As well as gaining backing from our employees, we have been recognised externally for Flex and our approach to employee wellbeing. Versus Arthritis has been invited to speak at conferences to audiences interested in our approach to office design, organisational culture and workplace wellbeing. We also featured as a good practice case study on the

Public Health England website and were finalists in the leadership and culture category of the REBA Employee Wellbeing Awards 2019.

Our London office continues to be an exemplar of the Flex principles. This year we have welcomed visitors keen to see these principles in action, running over 26 tours of Saffron House for other charities, businesses and the Minister for Disabled People, Health and Work. The fit-out contractor for our London office was a finalist for an LCA Interior Design of the Year Award 2018 for the Versus Arthritis office design.

During 2018/19, we began work to embed Flex consistently across our offices in the four nations. Flex principles were applied to the search for a new location when our team in Wales had to move office at short notice this year. We have also been reviewing our offices in Belfast, Cardiff and Glasgow against the Flex principles with a view to improving and adapting our existing office spaces in 2019/20. We have moved forwards with our search for suitable premises for a new Chesterfield office and hope to be able to secure a site later this year. In the interim we have also been looking at how we can improve and adapt the existing office space, layout and furniture during 2019/20.

Looking ahead to 2019/20

By January 2020 we will determine our approach to achieving our long term ambition of reaching every young person. This includes defining our service offer, as well as what we do to influence change and what we do in partnership with others. Our approach will be based on the evidenced needs of young people and their families through new commissioned insight work. Young people and families will be involved in shaping our future approach.

We will complete the review of our approach to branches, deliver and begin to evaluate local touchpoint pilots in six sites across all four nations. We believe that a network of local touchpoints will be an effective means of reaching out to and connecting with local people and stakeholders to bring a range of benefits for people with arthritis – directly as well as enhancing our ability to influence attitudes, local policy and activities. The pilots will be co-designed with people with arthritis and other stakeholders.

We will determine our approach to achieving significant increase in investment in musculoskeletal research through leading and contributing directly to partnerships, stimulating others to invest in musculoskeletal research and aligning to UK government investments. Our focus on pain will continue. We will work with Sport England to develop our physical activity strategy to enable and support people with arthritis to become more active in a way that is right for them.

We will grow our mass information services and increase our reach through our website, virtual assistant and social media channels. We will build our capabilities, being user-led, testing new channels, improving the user experience and innovating our services offer.

We will continue to expose the reality of arthritis and its impact on daily life, and to challenge the climate of tolerance and apathy. We want to make it a moral imperative to care, and for people with arthritis to feel empowered to ask for help and support. We will continue to raise the profile of the condition through our influencing work across the UK as well as ongoing mass market, multi-channel marketing.

We will be reaching the end of our period of merger and transformation. During the year we will continue to evolve our systems and processes to be fit for the future. We will further develop our approach and implement plans to grow involvement and volunteering. We will co-design and launch our values and behaviours framework, defining the expectations we have of each other in being Versus Arthritis.

Most of all, we will continue to inspire, motivate, influence and engage millions of people across the UK to push back against arthritis. Building our community to make change happen – through giving their time, their voice, their energy, their ideas and their money. Together we can defy it, all of us, pushing against arthritis.

DARREN'S STORY

For the last eight years Darren and his daughter, Aimee, have had to travel long distances for her hospital appointments because of limited rheumatology provision for children in parts of Wales.

"Travelling long distances has put a huge strain on our family. Often, Aimee and her siblings will need days off school, so we can make the 230 mile round trip," Darren says. As Aimee's condition can cause intense pain and fatigue, travelling itself can worsen these symptoms. As Darren points out, the time taken up making long hospital trips eats into Aimee's school and socialising with friends. But the shortcomings of local services have left Darren with little choice: "When Aimee has been treated locally, the healthcare professionals assigned to care for her have never treated a child with arthritis. As a parent, this is very stressful."

"I'm pleased that the need for a full-time paediatric rheumatology unit for South and Mid-Wales has been recognised"

For the last two years, Versus Arthritis, The British Society for Rheumatology and the National Rheumatoid Arthritis Society campaigned for a dedicated multi-disciplinary paediatric rheumatology service to be established in South Wales, and for an expansion of current services in North Wales. The campaign led to a motion at the Welsh National Assembly calling for a new service to be established. Later a review of paediatric rheumatology services by the Welsh Health Specialist Services Committee agreed that a new service was needed. In 2019, funding was confirmed for a new Cardiff based service for children and young people across the South and Mid-Wales region.

Darren is now hopeful that Aimee will receive the specialist care she needs; "I'm pleased that the need for a full-time paediatric rheumatology unit for South and Mid Wales has been recognised. It will ensure better care for children and young people affected by inflammatory arthritis and will ensure that skills and knowledge of the condition are developed across the region."



THANK YOU

We would like to thank all our staff, volunteers, donors, campaigners, trusts, foundations, corporate supporters, celebrity supporters, contributors, reviewers, researchers, advocates, spokespeople and partners.

We would also like to say a special thank you to the many people living with arthritis that have spoken out and shared their stories. Through interviews, fundraising activities and campaigning, we have been able to raise awareness of the impact that arthritis has on everyday lives and generate much needed funds.

Quite simply, our work wouldn't be possible without you. Through your generous contributions you have helped make a real difference in the advancement of arthritis research and crucially, to the lives of people living with arthritis.

- AbbVie Ltd
- Tom and Shelagh Allen
- The Barbour Foundation
- BBC Children in Need England
- BBC Children in Need Northern Ireland Main Grant
- BBC Children in Need Northern Ireland Small Grant
- BBC Children in Need Scotland
- BBC Children in Need Wales
- Big Lottery Fund Northern Ireland Staying Connected
- Binks Trust
- The Bothwell Charitable Trust
- The C M Lowe Charitable Trust
- The Cadogan Charity
- Celgene Limited
- The City of London Corporation's charitable funder, City Bridge Trust
- The Constance Travis Charitable Trust
- The Doris Louise Hailes Charitable Trust
- EBM Charitable Trust

- Edith Florence Spencer Memorial Trust
- The Edith Murphy Foundation
- The Edward Cadbury Charitable Trust
- Faegre Baker Daniel LLP
- The Harry Bacon Foundation
- Health and Social Care Alliance
- Health and Social Care Board
- The Hospital Saturday Fund
- Inman Charity
- James & Patricia Hamilton Charitable Trust
- Joan Ainslie Charitable Trust
- The Joan Lynette Dalton Charitable Trust
- John Jarrold Trust
- Members of The Joint Initiative giving club
- The Jordan Charitable Foundation
- Kathleen Laurence Charitable Trust
- Kirby Laing Trust
- The Late St Patrick White Charitable Trust
- The Lidbury Family Trust
- Andrew Lumley
- The Lyons Charitable Trust
- Masonic Charitable Foundation
- National Lottery Community Fund Wales
- Next Plc
- NHS Highland
- Parry Family Charitable Foundation
- The People's Postcode Trust
- The Philip Leigh-Bramwell Trust 'E'
- Pilkington Charities' Fund
- The Revere Charitable Trust
- Roche Products Ltd
- The Schroder Charity Trust
- Scottish Government
- ShareGift
- The Simon Gibson Charitable Trust
- The Sir William Coxen Trust Fund, a Charity administered by the City of London Corporation
- Southern Health and Social Care Trust
- Susanna Peake Charitable Trust
- The Violet M Richards Charity

FRANCESCA'S STORY

At 16, Francesca was diagnosed with juvenile idiopathic arthritis (JIA). Thousands of young people across the UK are living with arthritis, a condition that impacts on all aspects of their development.

Many young people don't have access to the treatments, information and support they need. Our partnership with Great Ormond Street Hospital is changing that. We've funded a new Centre for Adolescent Rheumatology to do high quality research to help young people with arthritis today and to prevent the condition affecting future generations. Young people are at the heart of the Centre. Participation provides hope of better treatments in the future.

Over 1,600 adolescents and young adults have been involved across 19 research studies generating over 70 publications. Francesca is one of the many young people whose life has been transformed thanks to the Centre's specialist support. "I was finally being taken seriously by experts who really understood my condition. I felt such a sense of relief meeting people who were dedicated to finding me the right treatment and supporting me through it."

Staff at the Centre also support young people by helping them to learn more about their condition and become more independent at managing their care, helping their transition to adult services when the time comes. For Francesca, the opportunity to meet other young people living with arthritis has been positive. "Having friends my own age who are going through the same thing, and who I can talk to and seek support from has been life changing."

With a diagnosis, ongoing treatment and Centre support, Francesca was empowered to continue studying, pass her exams and graduate from university. "Knowing that researchers are working hard to find a cure and new treatments gives me hope and the motivation to keep going. A breakthrough could make the difference to millions of people like me. Versus Arthritis' research reassures me that there is hope for the future."

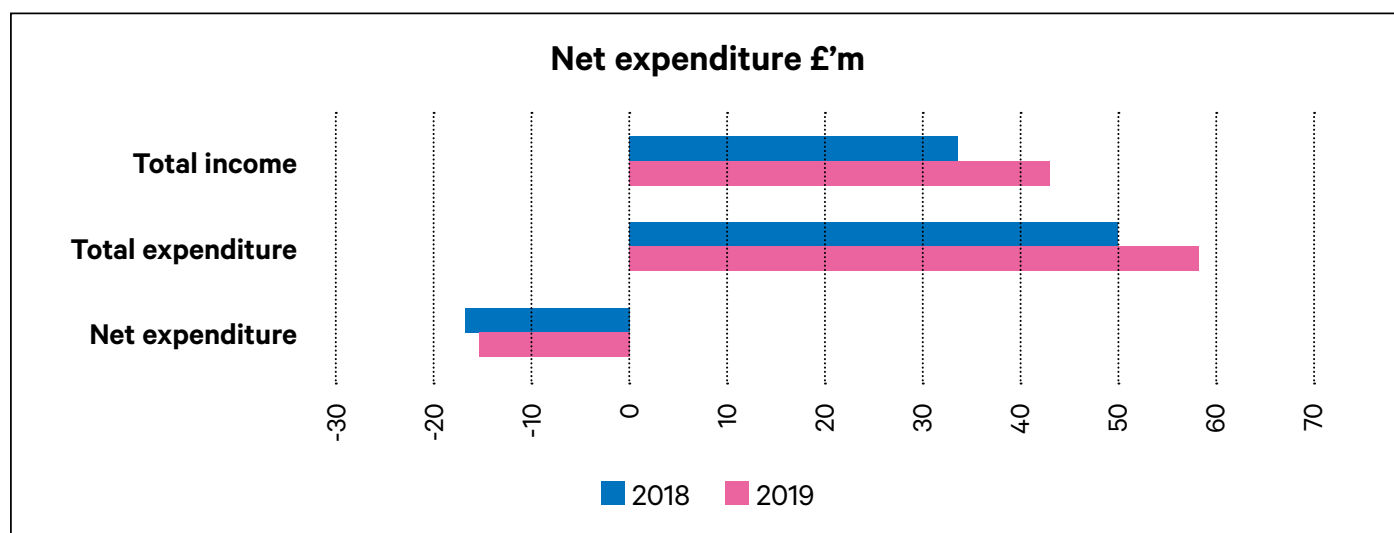


GOVERNANCE & FINANCIAL STATEMENTS

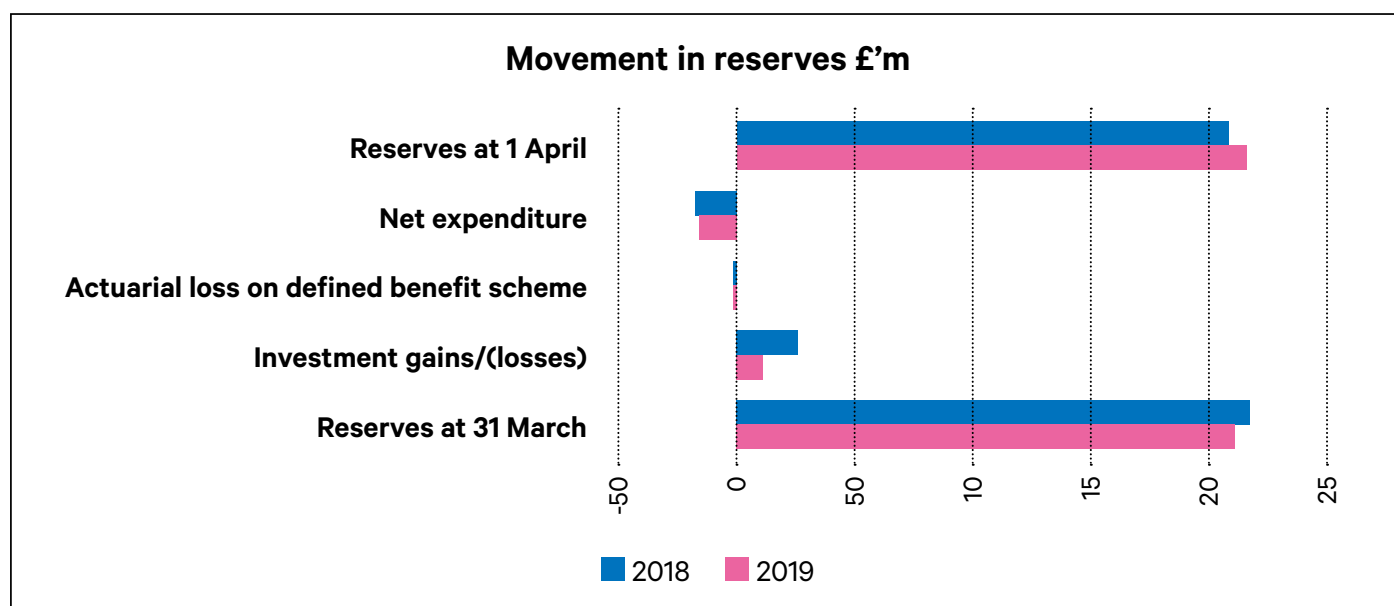


FINANCIAL REVIEW

A summary of the financial results for the year ending 31 March 2019 is set out below. The charity's full set of financial statements can be found on pages 48 to 71.

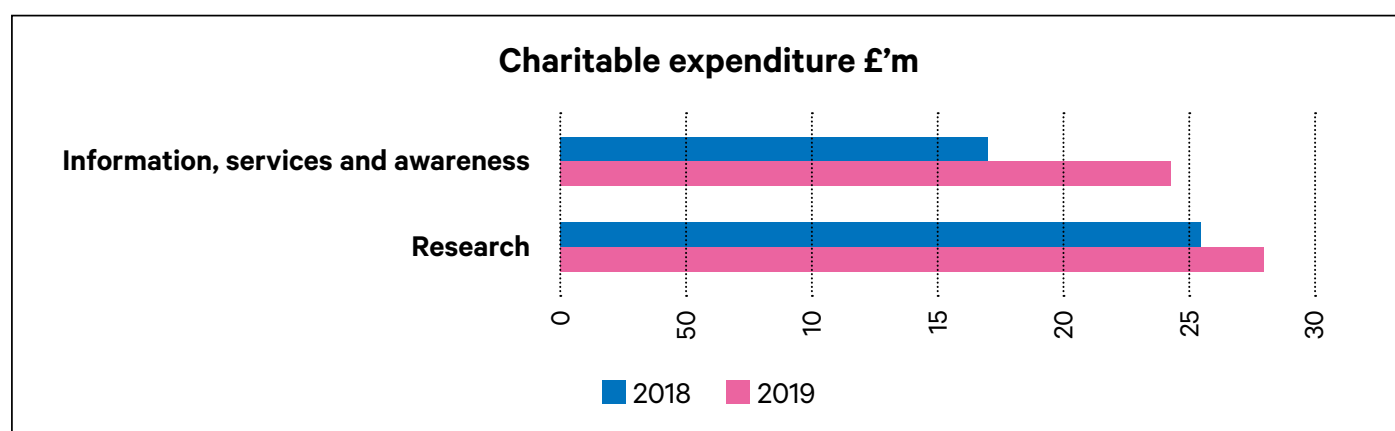


Expenditure exceeded income for the year by £15.33m (before investment gains and actuarial loss on defined benefit scheme) (2018: expenditure exceeded income by £16.68m). While the deficit was in line with our strategic plans to utilise reserves to invest in improved quality of life for people with arthritis the deficit was lower than planned due to higher legacy income and investment income, combined with lower expenditure relating to slippage in key activities into 2019/20.



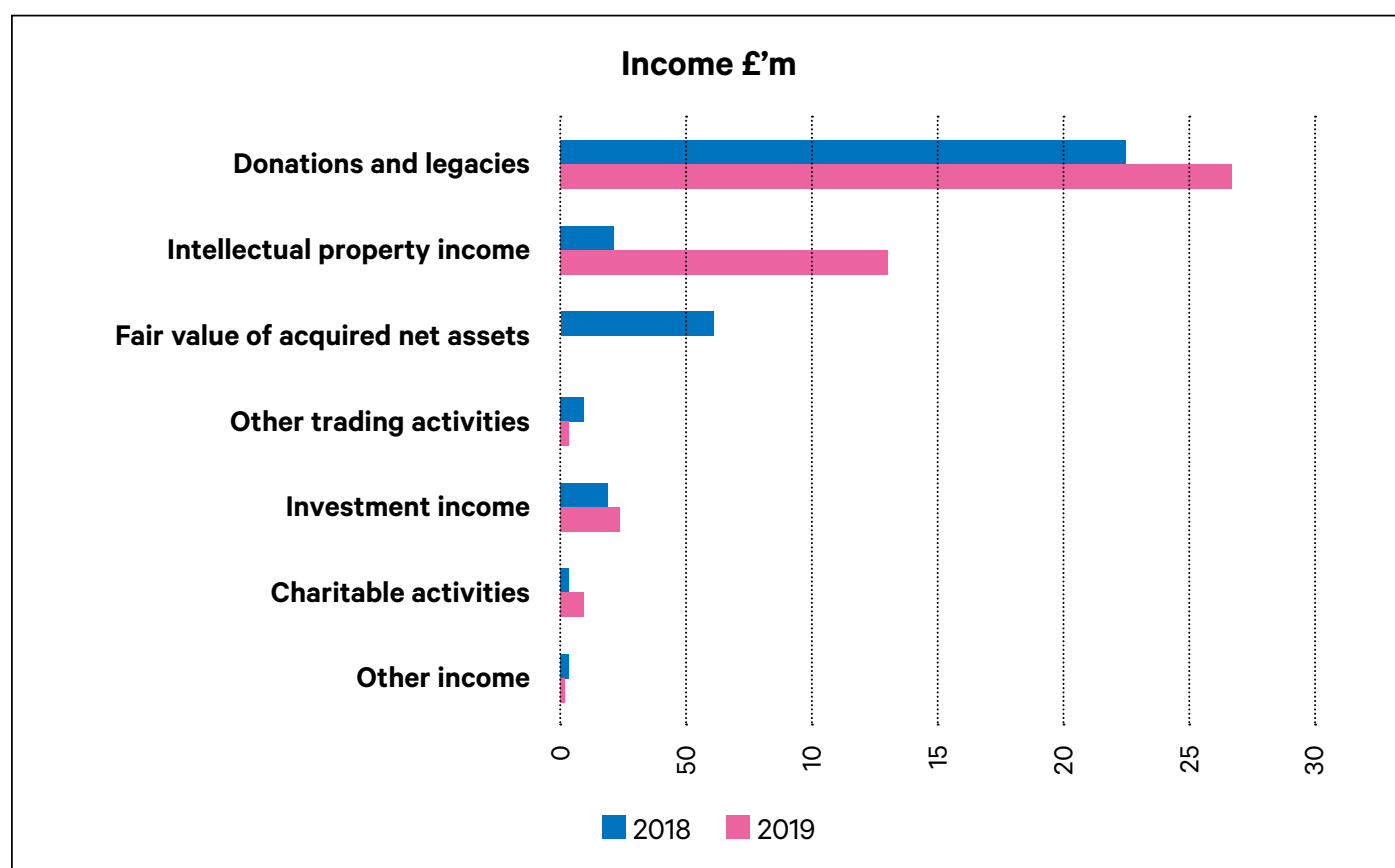
Total funds reduced by £4.17m to £210.42m (2018: £16.96m) due to expenditure exceeding income (after actuarial loss on defined benefit scheme) by £15.78m (2018: £16.96m) offset by £11.61m in investment gains (2018: £24.76m gain). This is due to a positive performance driven by our Global Stewardship Fund, where we achieved strong returns driven by investments in US equities.

In line with our investment policy (see page 37), cashflow requirements for the next two years are held as cash and cash equivalents (2019: £34.56m, 2018: £51.98m - see balance sheet on page 49) to cover our transformational expenditure from reserves over the coming years in line with our strategy.



Charitable expenditure increased to £52.18m (2018: £42.45m) and represented 90% (2018: 85%) of our total spend for the year. This increase relates to investment in key charitable projects and services including the launch of our first Versus Arthritis marketing campaign, part of a five-year investment in raising recognition of the impact of arthritis. Services which include Young People & Families and Living Well with Arthritis have seen a 67% increase in spend.

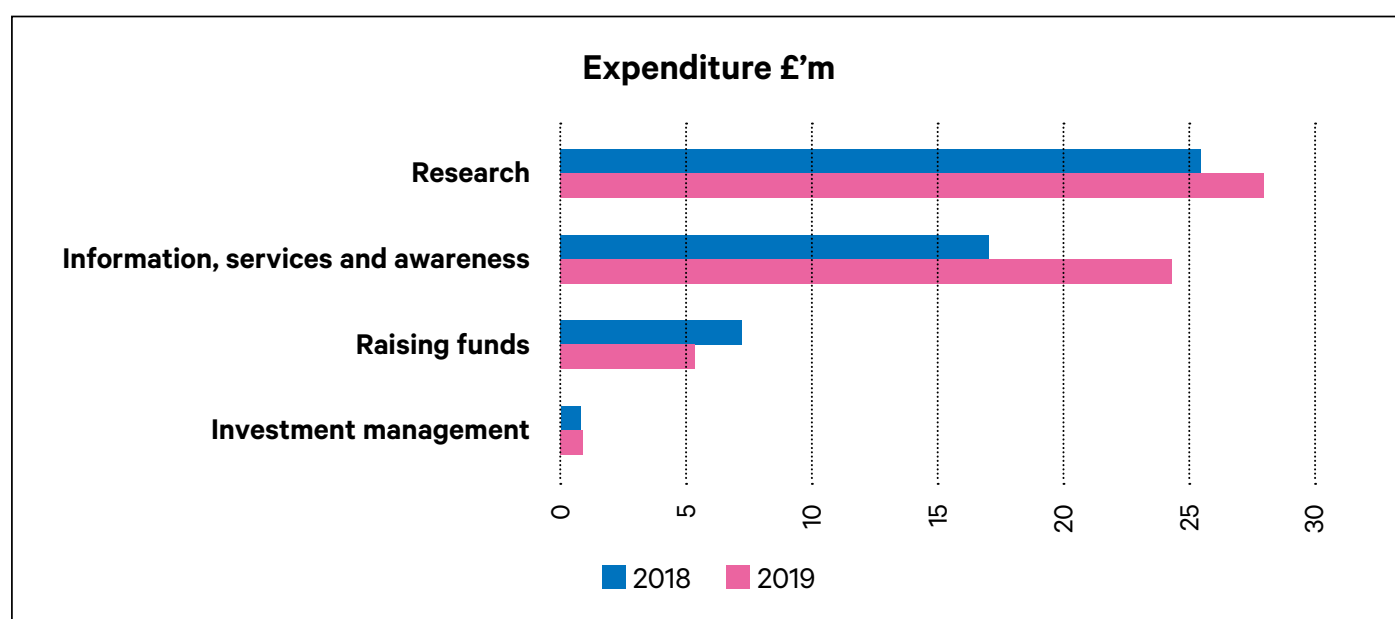
More detail is included below.



Overall income increased to £42.93m (2018: £33.54m) as set out above. The main increase relates to Intellectual Property Income which is up by £10.91m to £12.95m, of which £12.5m was received after the year end and is included as accrued income. This income was received from The Kennedy Trust for Rheumatology Research in respect of royalties for anti-TNF treatments developed jointly with the Kennedy Institute. Most patents have come to an end and The Kennedy Trust has now released all income apart from some £1m, 22% of which is due to Versus Arthritis, which is retained in a Legal Expenses Fund until the potential for legal dispute expires in 2023 (see note 3).

Legacy income is up by £4.04m to £22.40m (2018: up by £3.78m to £18.37m), thanks to the generosity of our supporters.

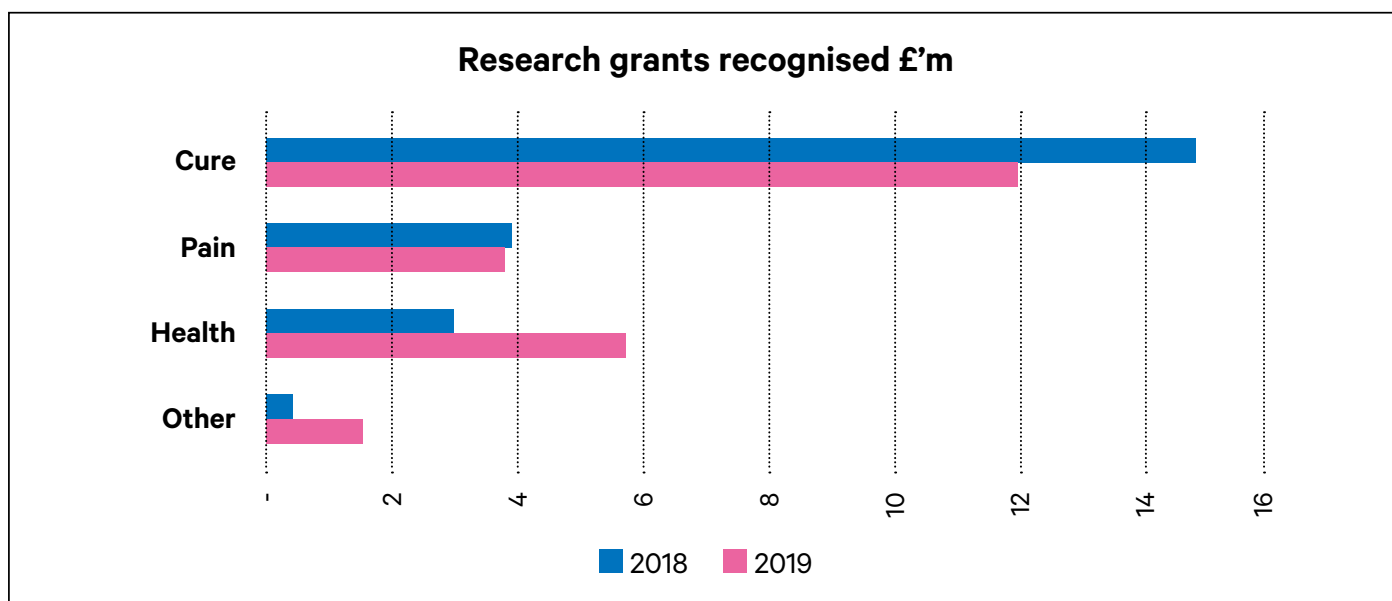
Interest and dividend income from our investment portfolio makes up the majority of the investment income of £2.25m (2018: £1.81m). Our five investment funds have an objective to optimise our total capital and revenue return within the parameters of our investment policy.



There has been a significant increase in charitable expenditure within Information, Services and Awareness, from £17.03m in 2018 to £24.29m this year. This increase reflects continuing and additional investment in key activities which have included the investment in raising recognition of the impact of arthritis through a major national marketing campaign, and a 67% increase in spend within our services which include Young People & Families and Living Well with Arthritis.

Total research expenditure was £27.89m (2018: £25.42m) which consists of research grants and related support costs. We saw a reduction in spend on raising funds dropping to £5.29m (2018: £7.06m) due to the closure of the remaining shop portfolio during the prior year.

Further information about our achievements is included from page 3.



Research grants recognised for the year totalled £23.09m (2018: £22.20m) (see note 4 on page 55). The graph above shows research spend by key area. Note 20 on pages 71-72 provides more detail on the grants awarded and the recipient institutions in year. Highlights of what we have achieved this year in our research can be found from page 3.

Future periods

Our transformation programme will see the charity continuing to implement new and more efficient ways of working to meet the needs of the new organisation and to enable our investment in transformational projects designed to achieve significant increases in the quality of life for our beneficiaries. A significant element of these projects will be funded from our reserves through further planned deficits over the coming years.

Trading Company

Versus Arthritis Trading Limited is a 100% subsidiary of the charity, incorporated in England and Wales, and is principally engaged in the sale of Christmas cards and gifts on behalf of the parent company, Versus Arthritis. Taxable profits are transferred as a charitable donation to the charity. For 2018/19 and 2017/18, the trading company made no charitable donations to the charity.

Reserves policy

The charity has significant ongoing commitments to research expenditure, and a clear strategic objective to invest in new areas of charitable expenditure to improve the quality of life for people with arthritis. Investment is required in fundraising activity to sustain strategic plans, and other investment to maintain fit for purpose charity infrastructure. The Trustees have authorised an excess of expenditure over income in future periods to fund these commitments.

Income levels are expected to fall over the coming years with the expiry of intellectual property income. Other fundraised income sources are inherently subject to fluctuation. Investment values are also subject to unpredictable market movements. Reserves are required to underpin all these factors in line with sound financial management practice.

All outstanding commitments to research expenditure at the year-end (with the exception of the first three months, which are current liabilities), are held as Designated Funds. Other commitments that have been made internally but are not yet contractually agreed are also held as Designated Funds.

Versus Arthritis undertakes ongoing strategic financial modelling as part of ensuring long term financial sustainability for the organisation. At the current time the modelling does not identify any key risks that require an allocation to general reserves. As our plans evolve any risks that might result in a financial consequence will be factored into the modelling and our strategic plans for our funds.

As at 31 March 2019, the charity's consolidated total funds were made up as follows:

| | 31 March 2019 | 31 March 2018 |
|---------------------|---------------|---------------|
| | £m | £m |
| Restricted funds | 2.54 | 2.36 |
| Designated funds | 157.15 | 164.83 |
| Revaluation reserve | 50.73 | 47.40 |
| Total | 210.42 | 214.59 |

Funds have reduced in year by £4.17m, ending on the 31 March 2019 at £210.42m. The reduction is due to the operating deficit of £15.33m, net realised gains of £8.38m including currency losses & revaluation of property (see note 10), unrealised gains of £3.23m, and actuarial loss on a defined benefit scheme of £0.45m.

Funds are defined as all cash, investments, current assets less current liabilities held in the name of Versus Arthritis and its trading subsidiary. The charity's reserves policy is kept under review by the Finance Committee with periodic consideration by the Board of Trustees.

Investment policy

The charity has a policy to hold sufficient funds as cash and cash equivalents to meet cash flow requirements for the next two years. Surplus funds are available for investment by the charity's investment managers.

The Finance Committee has set a benchmark for the distribution of the investment portfolio, against which the actual performance is monitored, with the aim of optimising long-term total return, within appropriate risk parameters. Versus Arthritis' investment managers have discretion to manage the portfolio within this framework. Versus Arthritis' ethical policy specifically excludes direct investments in companies with more than 10% of disclosed sales in the tobacco industry.

Investments held by former Arthritis Care branches currently follow a policy as agreed by the respective branch which will be subject to review in 2019/2020.

Remuneration policy

A new market-based pay system was developed during 2018 and introduced in January 2019 as part of the new Versus Arthritis employment offer. All employees on Arthritis Care and Arthritis Research UK employment terms have been offered the opportunity to move across to the new terms and supporting policies.

The pay policy applies to all job roles within the Charity, including the CEO and all Directors. It is underpinned by our commitment to pay all employees, including apprenticeships and internships, at least in line with the real Living Wage/London Living Wage (as determined by the Living Wage Foundation) and principles of open, transparent communication; fairness; respect and consistency and value for money.

To ensure rigour and objectivity we use an external consultancy to establish the salary for each role based on the value of the role in the external market. The target rate (basic pay) for each role is a spot salary which sits mid-way between the relevant job market median and upper quartile. This position allows the Charity to be competitive amongst our peers and the wider market, so that pay is attractive to talented candidates, whilst recognising our principles as a charity.

We are committed to a full market benchmarking review for all job roles every three years with an annual cost of living pay review in the intervening years. The decision to award any increase is made by the Board of Trustees taking account of a wide range of different factors including: affordability; overall financial viability and any financial constraints influencing the Charity; our performance as an organisation; the external market e.g. inflation, wider economic conditions and pay awards.

We aim to operate a fair and transparent pay system based on objective criteria and free from gender bias. As part of our commitment, we will undertake an Equal Pay Audit at the same time as carrying out each full benchmarking exercise and share the outcome and any resultant action plan with our people. We prepare an annual gender pay gap report to identify any differences in the average pay between male and female employees and publish the information on our website along with further information on our approach to pay.

Grants Policy

Opportunities for funding are, under usual circumstances, subject to open competition and applications are received via the online Grant Tracker system. Applications received are validated and in accordance with the requirements of the Association of Medical Research Charities (AMRC), are subject to independent, external peer review. The applications and the independent, expert peer review comments are considered by research subcommittees, expert groups or bespoke panels, who make recommendations to the charity executive relating to whether an award should be made or whether the application should be rejected. The research subcommittees and expert groups have a core membership of research, clinical and scientific experts as well as patient insight partners. Bespoke research panels are formed for specific strategic calls and expertise generated according to the needs of the call. All reviewers undergo a strict assessment to identify any conflicts of interest prior to being asked to review an application.

When applications are recommended for award they are approved in accordance with the charity's schedule of authority, and letters of award, including conditions of award are issued. All awards are managed post award for compliance and performance, and outputs are carefully monitored and disseminated appropriately.

INTERNAL CONTROLS AND RISK MANAGEMENT

Our Board of Trustees have ultimate accountability for risk management. They are responsible for ensuring that adequate systems of internal control and risk management are in place and discharge their duties through the review of these systems. The current systems of risk management and internal control provide reasonable assurance that risks are being appropriately managed.

Staff are supported in the management of risk through training sessions and the provision of guidance and resources. The charity operates a series of risk registers which are operationally embedded in the organisation, updated as and when appropriate. Strategic level risks that have the potential to impact on our organisational objectives are captured in an overarching corporate risk register. The Finance Committee reviews this register on a quarterly basis as do the Board of Trustees. Directorate, project, and programme risks are recorded in individual risk registers, with an escalation process via the Risk Management Group and Transformational Leadership Team.

There are currently 10 key strategic risks recorded in the corporate risk register, these are listed below:

| Risk | Mitigating Actions |
|---|--|
| Operating Environment Changes in the external operating environment that the charity may fail to recognise and respond to | <ul style="list-style-type: none"> • Monitoring of legislative and regulatory changes. • Horizon scanning and utilisation of insights to inform decision making including through the new Charitable Purposes Committee • Networking and maximising opportunities through a commercial approach • Impact and evaluation framework evolving to meet our needs as Versus Arthritis |
| Reputation Management and Brand misappropriation Unforeseen circumstances that have the potential to negatively impact on the charity | <ul style="list-style-type: none"> • Proactive reporting, management and investigation of incidents and potential adverse events. • Provision of specialist resources in areas such as legal, procurement, risk, compliance and communications. • Performance monitoring of grant recipients to ensure terms and conditions are met and output delivered. • Monitoring of public confidence in charities and adoption of the Charity Governance Code • Reputational management approach for all high-profile campaigns and for use of brand. • Regular review of branded materials • Social listening to monitor for negative or damaging content |
| Income Failure to achieve the net income target or a major unplanned reduction in income | <ul style="list-style-type: none"> • Close monitoring of the external environment. • Legacy forecasting in place and regularly reviewed. • Income diversification project in place • Strategic Financial Modelling providing oversight of key income projections as part of ensuring financial sustainability • New income stream under development |

| Risk | Mitigating Actions |
|--|---|
| Managing Activities and Resources The charity fails to effectively prioritise, plan, finance and manage activities and resources | <ul style="list-style-type: none"> • Performance framework in place to monitor performance and to inform decision making and future planning. • Rolling 12-month forecasting and financial modelling • Ongoing implementation of project and programme management approach. |
| People Failure to recruit, align and manage people and behaviours | <ul style="list-style-type: none"> • HR indicators and staff establishment management. • Recruitment masterclasses for managers introduced. • Employee engagement and action plans ongoing priority throughout transformation. • Competency framework. • Review and adapt the profile of the workforce to reflect the changing needs of the charity. • New employment offer in place • Development of work to embed Versus Arthritis values and behaviours and commitment to health and wellbeing, particularly MSK health. • Development of our approach to equality, diversity and inclusion as Versus Arthritis. |
| Internal governance and compliance Non-compliance with organisational governance and statutory requirements | <ul style="list-style-type: none"> • Ongoing monitoring of legal and regulatory requirements. • Provision of specialist resources in areas such as legal and compliance. • Internal reviews implemented around compliance with the Institute of Fundraising Code of Practice and Data Protection. • Governance Development Project in place reviewing actions and controls across Governance, Risk Management and Compliance. |
| Fiscal Control Poor management of cash flow, treasury and investments | <ul style="list-style-type: none"> • Insight through portfolio management. • Strategic financial modelling. • Monthly management accounts information assisting in financial control and planning. |
| Trustee responsibilities Failure in appropriate oversight by the Board of Trustees | <ul style="list-style-type: none"> • Governance Development Project using Charity Governance Code as basis for plans • Annual Board Development Programme • Committee structure reviewed, Risk and Audit Committee and Charitable Purposes Committee setting up |
| Professional advice and partnerships Requirements and /or contracts are poorly defined | <ul style="list-style-type: none"> • New procurement strategy developed. • Due diligence process in place • Development of in-house legal support. |
| Cyber risk Financial loss, disruption or reputational damage as a result of IT systems failure | <ul style="list-style-type: none"> • Use of technology mitigations. • Refinement of information Asset Risk assessment • Development of Risk Treatment Plan • Embed monitoring and reporting systems |

Going Concern

Trustees have reviewed our financial position and plans along with our risk management and believe the Charity and the Group have adequate resources to continue operational existence for the foreseeable future and support the going concern basis for these annual accounts.

OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal status

Versus Arthritis is a charitable company. The governing document of the Charity is its Articles of Association dated 31 January 1951 and last amended on 6 October 2012. The Charity is a company limited by guarantee, the liability of the members of the Board of Trustees being limited to £1 each. The change of name from Arthritis Research UK to Versus Arthritis was certified at Companies House on 24 September 2018.

The Charity is registered with the Charity Commission of England and Wales and the Office of the Scottish Charity Regulator. Versus Arthritis is governed by the Board of Trustees who for the purposes of the Companies Act 2006 are the Directors of the Charity. Versus Arthritis is a public benefit entity. In preparing this report, Trustees have referred to the Charity Commission's general guidance on public benefit and are satisfied that the activities undertaken by the Charity meet the Commission's requirements.

Our management

The Board delegates operational planning and day-to-day management, including financial authority, to the Chief Executive and through the Chief Executive to the executive team, within approved limits.

The performance of the Chief Executive is overseen by the Board through reports and briefings presented by him and the executive team at Board meetings. The Charity promotes equal opportunities for all employees and at all times gives full and fair consideration to applications for employment made by disabled persons.

Our supporters

The Charity's achievements are heavily reliant on the loyal support of our donors, volunteers, funders, campaigners and corporate partners. Their contribution is made in many different ways: from supporting us financially, making valuable introductions and volunteering time to providing insight and advice and sharing knowledge. The Charity is extremely grateful to all its supporters for not only helping us to achieve our charitable objectives, but also for making a difference to the lives of people with arthritis all over the UK.

'The Charity is extremely grateful to all its supporters for not only helping us to achieve our charitable objectives, but also for making a difference to the lives of people with arthritis'

Our subsidiary companies

The charity has a trading subsidiary, Versus Arthritis Trading Ltd (formerly Arthritis Research UK Trading Ltd). The trading company directors are the Chair of the Finance Committee and the Chief Executive. They delegate day to day management to the executive team, within approved limits.

The charity owns 100% of the issued ordinary shares of Versus Arthritis Trading Limited. The Company is principally engaged in the sale of Christmas cards and gifts on behalf of the parent company. The results of Versus Arthritis Trading Limited have been consolidated with those of the Charity on a line-by-line basis. All profits of the subsidiary are donated to the Charity.

We have five other subsidiary companies all of which are dormant: Arthritis Matters Ltd (Company number: 10029084), Arthritis Matters Trading Ltd (Company number: 10028973), Arthritis UK Ltd (Company number: 03450500), Arthritis Care (Company number: 529321) and Arthritis Care Trading Ltd (Company number: 2924742).

Our approach to fundraising

Section 144 (2) of the Charities Act 2011 and Sections 13 and 14 of the Charities (Protection and Social Investment) Act 2016 require Versus Arthritis to provide the following information about fundraising.

Direct response marketing is an important element of our fundraising activity. We work with marketing companies Lida, Catalyst Works and Wood Valldata to create fundraising materials and communications designed to retain our current supporters and attract new regular donors. We do not invest in any telephone, face to face or door to door fundraising.

Versus Arthritis is registered with the Fundraising Regulator, the Fundraising Preference Service and is also a member of the Institute of Fundraising, the National Council for Voluntary Organisations and the Lotteries Council. We train and support our staff and volunteers, so they are aware of and work within the required fundraising standards and regulation. We are not aware of any failure by our staff or volunteers to meet these standards during 2018-2019. During the year we received 21 (2018: 61) complaints about our fundraising activity, all of which were resolved without raising ongoing issues.

We take our responsibilities around managing our supporters' data very seriously and do everything we can to respect both their privacy and communication choices. We are investing in our technology infrastructure and putting clear data governance procedures in place to help us. In May 2018, in line with GDPR legislation, we published our privacy notice to outline how we manage the personal data entrusted to us by our supporters and volunteers. We do not swap, sell or share our supporters' details to other charities or organisations for marketing purposes.

We are particularly aware of the risks to vulnerable people and other members of the public from behaviour which is an unreasonable intrusion on a person's privacy, is unreasonably persistent or places undue pressure on a person to give money or other property. We have an organisational safeguarding policy in place supported by an overarching procedure and more detailed processes. There is a designated safeguarding lead for fundraising who is a member of our operational safeguarding group who meet regularly to develop, share and embed good practice. Every employee is also expected to complete introductory safeguarding training regardless of role.

Our Board of Trustees

The Board of Trustees is responsible for the overall governance, policy and work of the Charity. It is also responsible for ensuring that the Charity delivers charitable outcomes for the benefit of people suffering from all forms of arthritis, in accordance with its charitable purposes.

The Trustees are volunteers and do not receive any remuneration for their services but may claim reasonable expenses properly incurred in connection with attendance at meetings or other duties. The Board of Trustees meets formally four times each year.

The Trustees are listed on page 78 as are the Trustees who served for part of the year. Also listed are the Vice-Presidents of the Charity (who do not have Trustee status). The Chair of the Board is elected for a maximum term of five years and may serve a maximum of two consecutive terms. Other Trustees are elected for a term of four years and may serve a maximum of two consecutive terms of office.

Trustees are recruited in accordance with the Articles of Association of the Charity. As set out in the Articles of Association new Trustees are appointed for their first term of office by the Appointments and Remuneration Committee and continue in office until the next Annual Board Meeting, where the appointment is approved by the Trustees.

New Trustees are provided with an induction training pack, and site visits. The continuing development of all Trustees is addressed through regular updates and refresher presentations (including invited expert speakers), at Board meetings and at an annual residential conference.

The Trustees are committed to effective, efficient and transparent governance of the charity and in 2018 set up a Governance Working Group to review the governance needed for Versus Arthritis. The group considered the extent to which the governance arrangements are consistent with good governance. A self-assessment questionnaire, based on the Charity Governance Code, was shared with all Trustees to serve as a baseline and inform the evolution of governance. This will be followed up in 2019 with an external governance review. The review looked at how the Board operates and delegates and made recommendations on the governance structure. As a result, the Board agreed to set up a new Charitable Purposes Committee and decided to set up a Risk and Audit Committee.

During the year, the Trustees appointed a Trustee with oversight of Safeguarding.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of Versus Arthritis for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

The Trustees confirm that in so far as each of the Trustees is aware:

- There is no relevant audit information of which the charitable company's auditor is not aware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Board committees

During the year ended 31 March 2019, the Trustees were supported by the committees listed below:

- Appointments and Remuneration Committee
- Finance Committee

In October 2018 the Board decided to relaunch the Charitable Purposes Committee (which had been put on hold prior to the merger in 2017 pending a governance review). New terms of reference were approved, the committee was constituted and co-opted members were recruited. The new Charitable Purposes Committee, with new terms of reference, had its inaugural meeting in May 2019.

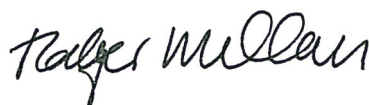
Following the work of the Governance Working Group in reviewing the committee structure the first meeting of the new Risk and Audit Committee will be in 2019 / 2020.

All committees operate under specific terms of reference drawn up by the Board of Trustees, which maintains governance oversight of the activities and decisions of each committee.

Auditors

BDO LLP were appointed as auditors for the year ending 31 March 2019.

This Report including the Strategic Report was reviewed by the Board of Trustees at their meeting on 11 July 2019 and approved on 11 July 2019.



Dr Rodger McMillan

Chair of the Board of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERSUS ARTHRITIS

Opinion

We have audited the financial statements of Versus Arthritis ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Cash Flow Statement 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements 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 related 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 Group or the Parent 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Report from the Chair and Chief Executive Officer and Report of the Trustees (including the Strategic Report). The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

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

Responsibilities of Trustees

As explained more fully in the 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 determines 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 Group's and the Parent 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 Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date : 11 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Incorporating an income and expenditure account for the year ended 31 March 2019

| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | 2019 Total Funds £'000 | 2018 Total Funds £'000 |
|---|-----------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Income from | | | | | |
| Donations and legacies | 2 | 25,570 | 1,047 | 26,617 | 22,412 |
| Other trading activities | 2 | 188 | - | 188 | 869 |
| Investment income | 2 | 2,247 | - | 2,247 | 1,805 |
| Intellectual property income | 3 | 12,945 | - | 12,945 | 2,033 |
| Fair value of acquired net assets | | - | - | - | 5,987 |
| Charitable activities | 2 | 182 | 690 | 872 | 252 |
| Other | 2 | 50 | 13 | 63 | 189 |
| Total Income | | 41,182 | 1,750 | 42,932 | 33,547 |
| Expenditure | | | | | |
| Raising Funds | 7 | 5,296 | - | 5,296 | 7,064 |
| Investment management costs | 7 | 789 | - | 789 | 710 |
| Charitable activities: | | | | | |
| – Research | 7 | 27,281 | 608 | 27,889 | 25,420 |
| – Information Services & Awareness | 7 | 23,334 | 956 | 24,290 | 17,033 |
| Total Expenditure | 7 | 56,700 | 1,564 | 58,264 | 50,227 |
| Net (expenditure)/income before net gains on investments | | (15,518) | 186 | (15,332) | (16,680) |
| Net gains on investments | 10 | 11,609 | - | 11,609 | 24,760 |
| Actuarial loss on defined benefit scheme | 17 | (452) | - | (452) | (279) |
| Transfers between funds | | 8 | (8) | - | - |
| Net movement in funds | | (4,353) | 178 | (4,175) | 7,801 |
| Reconciliation of funds | | | | | |
| Funds brought forward | | 212,234 | 2,357 | 214,591 | 206,790 |
| Total funds carried forward | | 207,881 | 2,535 | 210,416 | 214,591 |

The notes on pages 51 to 71 form part of these financial statements.

CONSOLIDATED AND CHARITY BALANCE SHEETS

| As at 31 March 2019 | Note | Group 2019 £'000 | Group 2018 £'000 | Charity 2019 £'000 | Charity 2018 £'000 |
|--|-----------|---------------------|---------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | 2,685 | 2,419 | 2,685 | 2,419 |
| Investments | 10 | 154,550 | 155,539 | 154,800 | 155,789 |
| Investment property | 10 | 8,350 | 8,240 | 8,350 | 8,240 |
| Total Fixed Assets | | 165,585 | 166,198 | 165,835 | 166,448 |
| Current assets | | | | | |
| Stocks | | - | 14 | - | - |
| Debtors | 12 | 27,594 | 12,367 | 27,573 | 12,355 |
| Cash on deposit & in hand | | 34,558 | 51,979 | 34,272 | 51,699 |
| Total Current Assets | | 62,152 | 64,361 | 61,845 | 64,055 |
| Creditors – amounts falling due within one year | | | | | |
| Creditors | 13 | (2,858) | (2,667) | (2,815) | (2,669) |
| Grant payments due within one year | 4 | (14,125) | (13,163) | (14,125) | (13,163) |
| Total Creditors due within one year | | (16,983) | (15,830) | (16,940) | (15,832) |
| Net Current Assets | | 45,169 | 48,531 | 44,905 | 48,223 |
| Total assets less current liabilities | | 210,754 | 214,729 | 210,740 | 214,671 |
| Provisions for liabilities | 19 | (338) | (138) | (338) | (138) |
| Net Assets | | 210,416 | 214,591 | 210,402 | 214,533 |
| The funds of the group: | | | | | |
| Unrestricted income funds: | | | | | |
| Designated funds | 14 & 15 | 157,150 | 164,835 | 157,136 | 164,777 |
| Revaluation reserve | 14 | 50,731 | 47,399 | 50,731 | 47,399 |
| Total unrestricted funds | | 207,881 | 212,234 | 207,867 | 212,176 |
| Restricted income funds | 14 | 2,535 | 2,357 | 2,535 | 2,357 |
| Total funds | 14 | 210,416 | 214,591 | 210,402 | 214,533 |

The Charity has not presented its own statement of financial activities as permitted by Section 408 (4) of the Companies Act 2006. The total income dealt with in the financial statements of the Charity was £42.93m (2018: £33.54m). The net decrease in funds dealt with in the financial statements of the Charity was £4.17m (2018: net increase in funds £7.80m). Approved by the Trustees on 11 July 2019 and signed on 11 July 2019.



Dr Rodger McMillan

Chair of the Board of Trustees

The notes on pages 51 to 71 form part of these financial statements.

Company Number: 00490500

CONSOLIDATED CASH FLOW STATEMENT

| For the year ended 31 March 2019 | 2019 £'000 | 2018 £'000 |
|--|-----------------|-----------------|
| Cash flows from operating activities | | |
| Net (expenditure) / income for the reporting period (as per statement of financial activities) | (4,175) | 7,801 |
| Depreciation | 442 | 281 |
| Profit on disposal of fixed assets | (4) | - |
| Dividends, interest and rent | (2,247) | (1,805) |
| Loss on Investments recognised | 237 | - |
| Net gains on investments | (11,609) | (24,760) |
| Decrease in stocks | 14 | 26 |
| (Increase) in debtors | (15,227) | (2,011) |
| Increase in creditors | 191 | 1,177 |
| Increase / (Decrease) in provisions | 200 | (611) |
| Research and education grants recognised during the year | 23,087 | 22,202 |
| Research and education grants paid during the year | (22,125) | (20,751) |
| Net cash used in operating activities | (31,216) | (18,451) |
| Cash flows from investing activities | | |
| Dividends, interest and rent | 2,247 | 1,805 |
| Investment income movement | 109 | 23 |
| Proceeds from the sale of property, plant and equipment | 4 | 8 |
| Purchase of property, plant and property | (708) | (1,812) |
| Proceeds from the sale of investments | 33,419 | 94,891 |
| Purchase of investments | (21,306) | (59,989) |
| Net cash provided by investing activities | 13,765 | 34,926 |
| Change in cash and cash equivalents in the reporting period | (17,451) | 16,474 |
| Cash and cash equivalents at the beginning of the reporting period | 51,980 | 35,721 |
| Cash and cash equivalents due to the exchange rate movements | 29 | (215) |
| Cash and cash equivalents at the end of the reporting period | 34,558 | 51,980 |

The notes on pages 51 to 71 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Charity Statement of Recommended Practice, Financial Reporting Standard 102 (Charities SORP FRS102) issued by the Charity Commission in July 2014 and the Companies Act 2006. Versus Arthritis is a public benefit entity.

The consolidated financial statements comprise the Charity and its trading subsidiary Versus Arthritis Trading Limited and cover the year ending 31 March 2019. They have been prepared under the historical cost convention as modified by the revaluation of listed investments at market value. The Charity's investment in its subsidiary has been included in the accounts at cost as there is no readily available market value and the Trustees consider that the cost of obtaining a valuation outweighs the benefit to the users of the accounts.

Income

All income is accounted for when the Charity is entitled to the income, the amount can be quantified with reasonable accuracy and the probability of receipt of the income is more likely than not. Legacies are accounted for when probate has been granted, the estate has an estimated value, and there are no material uncertainties relating to the estate.

No amounts are included in the financial statements for services donated by volunteers. Additionally, no amounts have been included for donated use of facilities as such amounts are not considered to be financially significant. Income is attributable to UK activity.

Expenditure

Expenditure is accounted for on an accrual basis. Where costs cannot be directly attributed to particular activities, they have been allocated to activities on a basis consistent with the use of the resources. Publicity costs relating to raising the public awareness of the range of services the Charity provides are included within the costs of Information, Services & Awareness.

Governance costs incurred consist of audit, legal advice for trustees and costs associated with constitutional and statutory requirements. Support costs consist of central resources that support all activities undertaken by the charity. Further information can be found in note 7. Support costs are allocated to activities on the basis of staffing resource within activities. Irrecoverable VAT costs are included with the expenditure on which the VAT was charged in the Statement of Financial Activities.

Grants Payable

Grant awards are charged to the financial statements as the obligation arises. Irrespective of the method of funding, and as a result of the termination clauses within the grants terms and conditions, the obligation is deemed to be a value equivalent to 3 months of the total grant commitment together with any amounts claimed by the grantee at the year end. The balance of the potential grant commitment is identified as Designated Funds.

1. ACCOUNTING POLICIES CONTINUED

Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at the rates set out below which are sufficient to write them down to their residual value over their estimated useful lives.

| | |
|-----------------------|-----------|
| Freehold property | - 2% |
| Fixtures and fittings | - 10-25% |
| Computer equipment | - 33% |
| Motor vehicles | - 25% |
| Computer software | - 20%-33% |

Freehold land is not depreciated. Assets with a cost below £1,000 are not capitalised.

Funds

Versus Arthritis maintains the following types of fund:

- **Restricted Income** – funds which are subject to restrictions imposed by the donors.
- **Designated** – money set aside by the Trustees from unrestricted funds for a specific purpose. The aim and use of each designated fund is set out in the notes to the financial statements.
- **General Reserve** – unrestricted funds which can be used by the Trustees for the general purposes of Versus Arthritis. However, in the year ending 31 March 2019, Trustees have agreed no general reserves will be held given the risk profile of the charity.
- **Revaluation Reserve** – the difference between the historic cost of investments and their market value.

Investments

Listed investments are shown in the balance sheet at their mid-market valuation. Property leased to tenants is treated as an investment property and is valued at open market value per an independent external valuation.

Stock

Stocks consist of goods for resale and are stated at the lower of cost and net realisable value, except for new goods which have been donated for resale which are valued at wholesale cost.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in the Statement of Financial Activities.

Pensions

Pension contributions which are explained in note 17 are charged to the Statement of Financial Activities in the period in which they become payable.

Per note 17, a defined benefit pension fund which transferred from Arthritis Care at the point of merger is held separately from those of the charity in an independently administered scheme. The charity has adopted the full requirements of FRS 102 section 28. The surplus/ (deficit) on the scheme, representing the excess/ shortfall of the value of the scheme assets above/ below the present value of the scheme liabilities is recognised as an asset/ liability on the balance sheet to the extent that the employer charity is able to recover a surplus, or has legal or constructive obligation for the liability. A corresponding pension reserve is included within total unrestricted funds.

The assets of the defined contribution pension schemes are held separately from those of the charitable company in independently administered funds. The pension cost charged to the SOFA represents contributions payable under the scheme by the charitable company to the funds. The charitable company has no liability under the schemes other than for the payments of those contributions.

1. ACCOUNTING POLICIES CONTINUED

Leases

Rental costs under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Debtors

A debtor arises when future economic benefits are expected to flow to entity and is recognised at its recoverable amount.

Creditors

A liability is recognised at its settlement amount when there is a present obligation to the entity arising from past events.

Accounting Estimates

Legacies – For estates with estimated values taken from the grant of probate, 10% of the gross estate is deducted to account for administrative costs.

Intellectual Property Income – unless there are exceptional circumstances, income is accrued for a period based on recent monthly average receipted income.

Provisions – shop dilapidation provisions are estimates based on surveys while those covering existing office leases are based on similar historic actual costs.

Cash

Cash in hand consists of cash at bank and in hand. Cash on deposit consists of short term investments with an original maturity date of three months or less.

2. INCOME

| | Unrestricted Income £'000 | Restricted Income £'000 | 2019 Total Income £'000 | Unrestricted Income £'000 | Restricted Income £'000 | 2018 Total Income £'000 |
|--|---------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Donations & Legacies | | | | | | |
| Legacies | 21,977 | 428 | 22,405 | 17,234 | 1,133 | 18,367 |
| Donations | 3,107 | 618 | 3,725 | 2,957 | 596 | 3,553 |
| Sponsorship | 486 | 1 | 487 | 492 | - | 492 |
| Total | 25,570 | 1,047 | 26,617 | 20,683 | 1,729 | 22,412 |
| Other Trading Activities | | | | | | |
| Registration and raffle | 65 | - | 65 | 87 | - | 87 |
| Charity Shops & Trading | 123 | - | 123 | 782 | - | 782 |
| Total | 188 | - | 188 | 869 | - | 869 |
| Investment Income | | | | | | |
| Listed Investments | 2,062 | - | 2,062 | 1,656 | - | 1,656 |
| Unlisted Investments | 25 | - | 25 | 14 | - | 14 |
| Income from Investment Property | 152 | - | 152 | 132 | - | 132 |
| Bank Interest | 8 | - | 8 | 3 | - | 3 |
| Total | 2,247 | - | 2,247 | 1,805 | - | 1,805 |
| Intellectual Property Income (note 3) | 12,945 | - | 12,945 | 2,033 | - | 2,033 |
| Fair value of acquired net assets | - | - | - | 5,230 | 757 | 5,987 |
| Income from charitable activities | 182 | 690 | 872 | 89 | 163 | 252 |
| Other income | 50 | 13 | 63 | 187 | 2 | 189 |
| Total Income | 41,182 | 1,750 | 42,932 | 30,896 | 2,651 | 33,547 |

As at 31 March 2019 there was a contingent asset for legacies notified which did not meet the SORP criteria for recognition of income which totalled £3.75m (2018: £2.40m).

3. INTELLECTUAL PROPERTY INCOME

| | 2019 £'000 | 2018 £'000 |
|-------------------------------------|---------------|---------------|
| Intellectual Property Income | 12,945 | 2,033 |

Royalties arise from anti-TNF immunotherapy of rheumatoid arthritis developed with The Kennedy Trust for Rheumatology Research who collect the royalties some of which they retain in a Legal Expenses Fund to enable them to protect the related patents.

The income for the year includes £12.5m which was received after the year end and is included as accrued income on the basis that the amounts are receivable at 31 March 2019. Most patents have come to an end and The Kennedy Trust has now released all income apart from some £1m, 22% of which is due to Versus Arthritis, which they continue to retain in a Legal Expenses Fund until the potential for legal dispute expires in 2023. This is not accounted for as an asset in these financial statements as Versus Arthritis is not yet able to reliably measure the amount due.

4. GRANT COMMITMENTS AND CREDITORS

| | 2019 £'000 |
|---|---------------|
| Grant creditors | |
| Balance at 1 April 2018 | 13,163 |
| Movement in the year: | |
| Awards recognised | 23,087 |
| Awards paid | (22,125) |
| Balance at 31 March 2019 | 14,125 |
| Grant commitments | |
| Balance at 1 April 2018 | 59,811 |
| Movement in the year: | |
| New awards (not included within the accounts) | 14,648 |
| Total awards recognised within the accounts (see note 20) | (23,087) |
| Balance at 31 March 2019 | 51,372 |
| Total Grant Commitments and Creditors | |
| Balance at 1 April 2018 | 72,974 |
| Balance at 31 March 2019 | 65,497 |

A value equivalent to 3 months of the total grant liability is maintained in short-term liabilities. The balance of the potential grant liability is identified as Designated Funds.

5. AUDITOR REMUNERATION

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Fees payable to the charity's auditor for the audit of the charity's annual accounts | 49 | 34 |
| Other services – taxation and pension compliance services | 9 | 5 |
| Total Auditor Remuneration | 58 | 39 |

6. OPERATING LEASES

The amounts expensed under operating leases during the year were £1,147k (2018: £1,246k). Committed lease payments for future periods are as follows: -

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Less than 1 year | 933 | 344 |
| 2 to 5 years | 3,679 | 4,177 |
| Over 5 years | 2,886 | 3,759 |
| Total Operating Leases Payments | 7,498 | 8,280 |

7. EXPENDITURE ANALYSIS

| | Awards Recognised £'000 | (note 8) Staff Costs £'000 | Direct Costs £'000 | Support Costs £'000 | 2019 Total £'000 | 2018 Total £'000 |
|------------------------------------|-------------------------------|----------------------------------|-----------------------|------------------------|---------------------|---------------------|
| Raising Funds | | | | | | |
| Legacies | - | 203 | 83 | 201 | 487 | 488 |
| Donations | - | 2,012 | 948 | 1,134 | 4,094 | 5,245 |
| Other Activities | - | 176 | 351 | 188 | 715 | 1,331 |
| Total Cost of Raising Funds | - | 2,391 | 1,382 | 1,523 | 5,296 | 7,064 |
| Investment Management Costs | - | - | 789 | - | 789 | 710 |
| Charitable Activities | | | | | | |
| Research | 23,087 | 2,385 | 1,141 | 1,276 | 27,889 | 25,420 |
| Information, Services & Awareness | - | 6,473 | 14,348 | 3,469 | 24,290 | 17,033 |
| Total Charitable Activities | 23,087 | 8,858 | 15,489 | 4,745 | 52,179 | 42,453 |
| Total Expenditure | 23,087 | 11,249 | 17,660 | 6,268 | 58,264 | 50,227 |

Restricted expenditure of £1,564k (2018: £1,535k) all related to research grants.

7. EXPENDITURE ANALYSIS CONTINUED

| | Finance & Procurement £'000 | HR & Organisational Development £'000 | ICT £'000 | Corporate Services £'000 | Communication & Marketing £'000 | Governance £'000 | Total £'000 |
|-----------------------------------|--------------------------------|--|--------------|-----------------------------|------------------------------------|---------------------|----------------|
| Support Costs | | | | | | | |
| Legacies | 21 | 17 | 60 | 102 | - | 1 | 201 |
| Donations | 115 | 94 | 321 | 546 | 54 | 4 | 1,134 |
| Other Activities | 17 | 15 | 49 | 83 | 23 | 1 | 188 |
| Research | 109 | 89 | 306 | 520 | 223 | 29 | 1,276 |
| Information, Services & Awareness | 344 | 280 | 961 | 1,635 | 223 | 26 | 3,469 |
| Grand total | 606 | 495 | 1,697 | 2,886 | 523 | 61 | 6,268 |

The apportionment of support costs is based on staff resource related to activities except governance which has been apportioned by total expenditure incurred by activities.

The large elements of expenditure with ICT are maintenance, development and licences while property costs are the largest proportion of corporate services costs.

| | 2019 £'000 | 2018 £'000 |
|----------------------------------|---------------|---------------|
| Governance Costs Analysed | | |
| Audit Fees | 49 | 39 |
| Board of Trustees Costs | 7 | 16 |
| Other Costs | 5 | 14 |
| Total Governance Costs | 61 | 69 |

8. STAFF COSTS

| | 2019 £'000 | 2018 £'000 |
|-----------------------------------|---------------|---------------|
| Gross salaries | 9,597 | 8,094 |
| Employer national insurance costs | 975 | 820 |
| Pension costs | 676 | 603 |
| Other staff costs | 1 | 34 |
| | 11,249 | 9,551 |

There is no difference in employee numbers and costs between the group and the charity. Total redundancy & termination payments for the year ending 31 March 2019 were £1k (2018: £95k).

8. STAFF COSTS CONTINUED

For the year ending 31 March 2019 total remuneration to the Transformational Leadership Team (who are the key management personnel for the purposes of this note) was £921k (2018: £802k) while employer pension and national insurance contributions were £116k and £87k respectively (2018: £101k and £70k).

The average number of employees (headcount) and FTE during the period was:

| | Average Headcount | | Average FTE | |
|-----------------------|-------------------|------------|-------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Charitable Activities | 252 | 174 | 223 | 160 |
| Raising Funds | 64 | 81 | 62 | 71 |
| | 316 | 255 | 285 | 231 |

The table below summarises the number of employees who received £60,000 or more in the year along with the related collective payments.

| Gross annual salary | 2019 Actual Pay Headcount | 2019 Actual Payments | 2018 Actual Pay Headcount | 2018 Actual Payments |
|---------------------------|---------------------------|----------------------|---------------------------|----------------------|
| Between £60,000-£64,999 | 2 | £126,497 | 3 | £186,906 |
| Between £65,000-£69,999 | - | - | 2 | £132,945 |
| Between £70,000-£74,999 | 1 | £74,364 | 1 | £74,022 |
| Between £80,000-£84,999 | 1 | £84,363 | - | - |
| Between £90,000-£94,999 | 1 | £91,558 | - | - |
| Between £95,000-£99,999 | 3 | £296,478 | 4 | £390,280 |
| Between £100,000-£104,999 | 1 | £100,906 | 1 | £102,574 |
| Between £105,000-£109,999 | 1 | £105,501 | - | - |
| Between £140,000-£144,999 | - | - | 1 | £142,647 |
| Between £145,000-£149,999 | 1 | £145,850 | - | - |

All employees are eligible for a range of benefits which can be viewed on our website at:

<https://www.versusarthritis.org/about-us/work-for-us/what-we-offer/>

The Trustees of Versus Arthritis receive no remuneration for their services in that capacity but, in line with the Charity's expenses policy, 6 Trustees (2018: 8) have been reimbursed for expenses directly incurred in carrying out their activities as Trustees at a cost of £2k for the year ended 31 March 2019 (2018: £4k). The expenses policy applies to Trustees and all staff, including the Transformational Leadership Team.

9. TANGIBLE ASSETS

| Group and Charity | Freehold Land & Buildings £'000 | Fixtures & Fittings £'000 | Computer Equipment £'000 | Computer Software £'000 | Motor Vehicles £'000 | Total £'000 |
|-------------------------|---------------------------------------|---------------------------------|--------------------------------|-------------------------------|----------------------------|--------------|
| Cost | | | | | | |
| At 1 April 2018 | 679 | 1,692 | 1,254 | 622 | 7 | 4,254 |
| Additions | - | 60 | 338 | 310 | - | 708 |
| Disposals | - | - | (79) | - | (7) | (86) |
| At 31 March 2019 | 679 | 1,752 | 1,513 | 932 | - | 4,876 |
| Depreciation | | | | | | |
| At 1 April 2018 | 373 | 436 | 810 | 209 | 7 | 1,835 |
| Charge for the year | 14 | 139 | 253 | 36 | - | 442 |
| Released on disposals | - | - | (79) | - | (7) | (86) |
| At 31 March 2019 | 387 | 575 | 984 | 245 | - | 2,191 |
| Net Book Value | | | | | | |
| At 31 March 2019 | 292 | 1,177 | 529 | 687 | - | 2,685 |
| At 31 March 2018 | 306 | 1,256 | 444 | 413 | - | 2,419 |

10. INVESTMENTS

| Group | Market Value 2019 £'000 | Market Value 2018 £'000 | Cost 2019 £'000 | Cost 2018 £'000 |
|--|----------------------------|----------------------------|--------------------|--------------------|
| Listed investments: | | | | |
| UK Equities | 6,423 | 7,357 | 5,011 | 4,529 |
| Multi-asset investment fund | 22,277 | 30,435 | 22,514 | 30,435 |
| Overseas Equities | 113,508 | 103,280 | 69,961 | 66,123 |
| Emerging Markets | 11,690 | 13,715 | 7,357 | 7,945 |
| Other | 652 | 643 | 587 | 48 |
| Accrued Income | - | 109 | - | 109 |
| Sub Total | 154,550 | 155,539 | 105,430 | 109,189 |
| Investment Property | 8,350 | 8,240 | 6,994 | 6,994 |
| Total Investments | 162,900 | 163,779 | 112,424 | 116,183 |
| Charity | | | | |
| As stated above for the group | 162,900 | 163,779 | 112,424 | 116,183 |
| Investment in subsidiary (Versus Arthritis Trading Limited) | 250 | 250 | 250 | 250 |
| Total | 163,150 | 164,029 | 112,674 | 116,433 |

| Group & Charity Listed Investments | 2019 £'000 | 2018 £'000 |
|--|----------------|----------------|
| Carrying value (market value) at beginning of period | 163,779 | 173,729 |
| Additions at cost | 21,306 | 59,989 |
| Accrued Income | (109) | (23) |
| Loss against cost recognised | (237) | - |
| Withdrawals from cash deposit investments | (8) | (5,514) |
| Proceeds of sale | (33,411) | (89,377) |
| Realised and unrealised gains on revaluation of investments* | 11,580 | 24,975 |
| Carrying value (market value) at end of period | 162,900 | 163,779 |

*Reconciliation of revaluation of investments to net gains per SOFA

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Realised gains | 8,239 | 32,257 |
| Unrealised gains / (losses) | 3,231 | (7,322) |
| | 11,470 | 24,935 |
| Currency gains / (losses) | 29 | (215) |
| Gain on revaluation of Property | 110 | 40 |
| Net gains on investments (SOFA) | 11,609 | 24,760 |

10. INVESTMENTS CONTINUED

The portfolio of investments are mainly managed on Versus Arthritis's behalf by Baillie Gifford & Co, Ruffer LLP, Aberdeen Standard and Royal London Asset Management.

The investment property has been valued by an external independent qualified surveyor on the basis of the asset being sold in its current capacity. The value is based on an analysis of recent market transactions, supported by market knowledge derived from the surveyor's professional experience.

The valuation was in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Practice Statements (VPS) contained in the RICS Valuation – Professional Standards 2017 incorporating the IVSC International Valuation Standards (the 'Red Book').

The basis of market value as defined in VPS4 of the 'Red Book' being: 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

An options appraisal is in progress in relation to the future use of this investment property by the charity.

| Charity investment in subsidiary | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Investment in subsidiary (Versus Arthritis Trading Limited) (note 11) | 250 | 250 |

11. SUBSIDIARY COMPANY

The Charity owns 100% of the 250,000 issued ordinary shares of Versus Arthritis Trading Ltd (formerly Arthritis Research UK Trading Ltd), a company registered in England (Company number: 00891517). The company is principally engaged in the sale of Christmas cards on behalf of the parent charity. The results of Versus Arthritis Trading Ltd have been consolidated with those of the Charity on a line-by-line basis. All taxable profits of the subsidiary are donated to the Charity. A summary of the results of the subsidiary is shown below:

| | Mail Order £'000 | Other Trading £'000 | 2019 £'000 | 2018 £'000 |
|-------------------------|---------------------|------------------------|---------------|---------------|
| Turnover | 140 | 2 | 142 | 197 |
| Cost of sales | (93) | - | (93) | (117) |
| Gross profit | 47 | 2 | 49 | 80 |
| Administrative expenses | (85) | (8) | (93) | (83) |
| Net (loss) | (38) | (6) | (44) | (3) |

11. SUBSIDIARY COMPANY CONTINUED

The aggregate of the assets, liabilities and capital and reserves was:

| | 2019 £'000 | 2018 £'000 |
|-------------------|---------------|---------------|
| Assets | 308 | 317 |
| Liabilities | (44) | (10) |
| Net Assets | 264 | 307 |
| Share Capital | 250 | 250 |
| Reserves | 14 | 57 |
| Funds | 264 | 307 |

Group Transactions

For the year ending 31 March 2019:

- Versus Arthritis Trading Ltd made no donations in 2018/19 and 2017/18 to the charity
- There was a management fee from the charity to Versus Arthritis Trading Ltd of £2k (2018: £7k).

Dormant Subsidiaries

We also have five dormant subsidiary companies: Arthritis Matters Ltd (Company number: 10029084), Arthritis Matters Trading Ltd (Company number: 10028973), Arthritis UK Ltd (Company number: 03450500), Arthritis Care (Company number: 529321) and Arthritis Care Trading Ltd (Company number: 2924742).

12. DEBTORS

| | Group | | Charity | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Amount due from subsidiary company | - | - | 34 | - |
| Tax | 100 | 102 | 100 | 101 |
| Prepayments | 345 | 1,683 | 345 | 1,684 |
| Accrued income | 26,839 | 10,242 | 26,839 | 10,242 |
| Other debtors | 310 | 340 | 255 | 328 |
| | 27,594 | 12,367 | 27,573 | 12,355 |

13. CREDITORS

| | Group | | Charity | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Amount due to subsidiary company | - | - | - | 12 |
| Other creditors | 409 | 860 | 370 | 857 |
| Other Taxes and Social Security | 407 | 384 | 409 | 384 |
| Accruals | 2,042 | 1,423 | 2,036 | 1,416 |
| | 2,858 | 2,667 | 2,815 | 2,669 |

14. MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES

| | Designated Funds £'000 | Revaluation Reserve £'000 | Restricted Funds £'000 | Group Total £'000 |
|---|------------------------------|---------------------------------|------------------------------|----------------------|
| Balance sheet at 1 April 2018 | 164,835 | 47,399 | 2,357 | 214,591 |
| Income | 41,182 | - | 1,750 | 42,932 |
| Expenditure | (56,700) | - | (1,564) | (58,264) |
| Net realised and unrealised investment gains | 11,609 | - | - | 11,609 |
| Actuarial loss on defined benefit scheme | (452) | - | - | (452) |
| Transfer between funds | (3,324) | 3,332 | (8) | - |
| Total recognised losses for the financial year | (7,685) | 3,332 | 178 | (4,175) |
| Balance sheet at 31 March 2019 | 157,150 | 50,731 | 2,535 | 210,416 |

A full analysis of Designated Funds is provided in note 15. The Revaluation Reserve represents the difference between the historic cost of investments and their market value amount.

14. MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES CONTINUED

Movement in Restricted Income Funds

| Donor Funded Projects | Balance Sheet as at 1 April 2018 | Transfers £'000 | Income £'000 | Expenditure £'000 | Balance Sheet as at 31 March 2019 £'000 |
|---|--|--------------------|-----------------|----------------------|--|
| Research | | | | | |
| Academic Health Science Networks (AHSN) | 310 | - | 12 | 117 | 205 |
| Ankylosing spondylitis | - | - | 1 | 1 | - |
| CELGENE partnership | 50 | (27) | - | 5 | 18 |
| Cultaneous systemic sclerosis | - | - | 2 | - | 2 |
| Dupuytren's disease | - | - | 3 | 3 | - |
| Escape Knee pain | - | - | 103 | 103 | - |
| General MSK conditions | - | - | 81 | 81 | - |
| Gout | 11 | - | 9 | 20 | - |
| Inflammatory arthritis | - | - | 70 | 29 | 41 |
| Juvenile Idiopathic Arthritis (JIA) | - | - | 15 | 15 | - |
| Knee arthroplasty | - | - | 1 | - | 1 |
| Living Well with Arthritis | - | - | 8 | 8 | - |
| Online Community | - | 5 | 15 | 20 | - |
| Osteoarthritis (OA) | 10 | - | 56 | 42 | 24 |
| Osteoporosis (OP) | 23 | - | - | 9 | 14 |
| Other | 2 | - | 3 | (10) | 15 |
| Pain | 29 | - | 87 | 100 | 16 |
| Rheumatoid Arthritis (RA) | 150 | - | 435 | 201 | 384 |
| Young People & Families | - | - | 78 | 16 | 62 |
| Unallocated | 1,246 | - | 134 | - | 1,380 |
| Sub Total Research | 1,831 | (22) | 1,113 | 760 | 2,162 |
| Central & Regional Funds | | | | | |
| Information | 31 | - | 50 | 30 | 51 |
| Services | 358 | 14 | 587 | 774 | 185 |
| Local Committee & Branch Funds | 137 | - | - | - | 137 |
| Sub-total Central & Regional | 526 | 14 | 637 | 804 | 373 |
| Total Restricted Funds | 2,357 | (8) | 1,750 | 1,564 | 2,535 |

This note has been revised to reflect the latest categories of projects that restricted funds are appropriately allocated to in accordance with the restrictions associated with the funds. Until restricted income is allocated to a project, it is held under unallocated funds.

15. DESIGNATED FUNDS – GROUP AND CHARITY

| | (Note 4) Grants £'000 | Transformational charitable commitments £'000 | Fixed Asset Fund £'000 | Total £'000 |
|---------------------------------|-----------------------------|--|------------------------------|----------------|
| Balance at 1 April 2018 | 59,811 | 102,605 | 2,419 | 164,835 |
| Net transfers in year | (8,439) | 488 | 266 | (7,685) |
| Balance at 31 March 2019 | 51,372 | 103,093 | 2,685 | 157,150 |

Designated funds mainly represent existing commitments by Versus Arthritis in respect of long-term scientific projects and transformational charitable initiatives. There are three elements to the designated fund which represent total amounts set aside: -

- The recognition of all grant commitments, already processed, and approved, through the Versus Arthritis committee peer review structure beyond the initial three months of the grants remaining life, at the balance sheet date. The first three-month commitment being recognised as a current liability.
- Recognising the commitment of Versus Arthritis to transformational charitable initiatives to meet the strategic objectives of the charity.
- Fixed asset fund (see note 9).

16. ANALYSIS OF GROUP AND CHARITY NET ASSETS BETWEEN FUNDS

| Fund balances at 31 March 2019 are represented by: | Designated Funds £'000 | Revaluation Funds £'000 | Restricted Funds £'000 | Total £'000 |
|---|---------------------------|----------------------------|---------------------------|----------------|
| Tangible fixed assets | 2,685 | - | - | 2,685 |
| Investments | 112,169 | 50,731 | - | 162,900 |
| Current assets | 59,617 | - | 2,535 | 62,152 |
| Current liabilities | (16,983) | - | - | (16,983) |
| Provisions | (338) | - | - | (338) |
| Total net assets | 157,150 | 50,731 | 2,535 | 210,416 |

| Fund balances at 31 March 2018 are represented by: | Designated Funds £'000 | Revaluation Funds £'000 | Restricted Funds £'000 | Total £'000 |
|---|---------------------------|----------------------------|---------------------------|----------------|
| Tangible fixed assets | 2,419 | - | - | 2,419 |
| Investments | 116,380 | 47,399 | - | 163,779 |
| Current assets | 62,004 | - | 2,357 | 64,361 |
| Current liabilities | (15,830) | - | - | (15,830) |
| Provisions | (138) | - | - | (138) |
| Total net assets | 164,835 | 47,399 | 2,357 | 214,591 |

17. PENSION ARRANGEMENTS

Versus Arthritis operates a number of pension funds whose assets are held separately from those of the charity in independently administered funds. Further details are below.

Defined contribution schemes

Group Personal Pension Plan managed by Royal London

This is the Charity's current pension plan. All employees are eligible for membership and are automatically enrolled unless they request to opt out. The pension charge for the year ending 31 March 2019 represents contributions payable by Versus Arthritis and amounted to £0.76m (2018: £0.52m). The charity has no liability under the scheme other than for the payment of those contributions.

Flexible retirement plan managed by The Pensions Trust (TPT)

This plan which transferred from Arthritis Care has operated since the end of 2010 and closed to new members from the date of merger. The pension charge for the year ending 31 March 2019 represents contributions payable by Versus Arthritis and amounted to £22k (2018: £44k). The charity has no liability under the scheme other than for the payment of those contributions.

Prudential Assurance Company Limited

This trust-based defined contribution scheme which was operated by Arthritis Research UK has one remaining member, who has applied to take his benefits. There are no ongoing contributions.

Defined benefit schemes

The Federated Flexiplan No.1 scheme

This scheme was a multi-employer defined benefit scheme for employers in the charitable sector which was accounted for as a defined contribution scheme and had one remaining member. The scheme underwent a buy-in with Aviva in April 2017 and a full buy-out during 2018/19. There are no further liabilities or employer contributions required and none were paid during 2018 and 2019.

The Pensions Trust – Arthritis Care Pension Scheme

The scheme, which transferred from Arthritis Care at the point of merger, is a defined benefit funded pension scheme which closed to new members and to service accruals with effect from 31 December 2010. It is a separate Trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out on 30 September 2015 and updated to 31 March 2019 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent full actuarial valuation showed a deficit of £1,889,000 (84% funded). The employer agreed with the Trustee that it would aim to eliminate the deficit over a period of 2 years 9 months from 1 October 2016 by payment of annual contributions of £462,528. In addition, the employer agreed with the Trustee that it will pay £70,600 per annum in respect of the cost of meeting the expenses of the scheme and levies to the Pension Protection Fund. Therefore, the total contributions paid in each of 2019 and 2018 amounted to £533k. A full actuarial valuation as at 30 September 2018 is underway for completion by 31 December 2019. The preliminary valuation shows the scheme to have a surplus on the scheme funding valuation basis of £1,036,000 (109% funded).

The net assets of the pension scheme are not recognised as an asset on the balance sheet in line with accounting standards on such matters as any surplus cannot be refunded directly to Versus Arthritis. The following information in respect of the Scheme has been provided in accordance with the requirements of FRS102:

17. PENSION ARRANGEMENTS CONTINUED

| £'000 | 31 March 2019 | 31 March 2018 |
|---|-----------------|-----------------|
| Equity | 6,512 | 6,217 |
| Fixed Interest Bonds | 2,794 | 966 |
| Index-linked Bonds | 3,191 | 3,358 |
| Fixed Interest Gilts | 200 | 1,462 |
| Property | 582 | 666 |
| Other | 91 | 68 |
| Total market value of assets | 13,370 | 12,737 |
| Present value of Scheme liabilities | (11,851) | (11,798) |
| Surplus | 1,519 | 939 |
| Effect of asset ceiling | (1,519) | (939) |
| Net pension asset / (liability) under FRS102 | - | - |

| Analysis of amount charged to SOFA £'000 | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Expenses | 81 | 38 |
| Operating charge | 81 | 38 |
| Interest (income) on assets | (330) | (138) |
| Interest cost on defined benefit obligation | 299 | 133 |
| Interest on surplus that is not recoverable | 31 | 5 |
| Total expense recognised in the SOFA | 81 | 38 |

| Statement of other comprehensive income £'000 | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| Return on plan assets (excluding amounts included in net interest cost) | 414 | 264 |
| Experience gains on liabilities | 53 | - |
| (Loss) / gain from change in assumptions | (370) | 121 |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in the net interest cost) – (loss) | (549) | (664) |
| Actuarial (loss) | (452) | (279) |

| Movement in balance sheet asset /(liability) during the period £'000 | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| Surplus /(deficit) in Scheme at the beginning of the period | - | - |
| Expenses | (81) | (38) |
| Re-measurements included in other comprehensive income | (452) | (184) |
| Employer contributions | 533 | 222 |
| Surplus /(deficit) in Scheme at the end of the period | - | - |

17. PENSION ARRANGEMENTS CONTINUED

| Change in liabilities during the period £'000 | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Opening liabilities | 11,798 | - |
| Transferred benefit obligation from Arthritis Care | - | 12,052 |
| Interest cost | 299 | 133 |
| Expenses | - | 38 |
| Benefits paid | (563) | (304) |
| Actuarial (gain) / loss on changes in demographic and financial assumptions | 370 | (121) |
| Experience (gains) on liabilities | (53) | - |
| Closing liabilities | 11,851 | 11,798 |

| Change in assets during the period £'000 | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| Opening assets | 12,737 | - |
| Transferred fair value of assets from Arthritis Care | - | 12,417 |
| Interest income on assets | 330 | 138 |
| Expenses | (81) | - |
| Return on assets excluding interest income | 414 | 264 |
| Employer Contributions | 533 | 222 |
| Benefits paid | (563) | (304) |
| Closing assets | 13,370 | 12,737 |

| Financial assumptions | 31 March 2019 | 31 March 2018 |
|--------------------------------------|---------------|---------------|
| Discount rate at the end of the year | 2.40% | 2.60% |
| Future salary increases | 4.30% | 4.20% |
| Deferred revaluation | 3.30% | 3.20% |
| Inflation assumption (RPI) | 3.30% | 3.20% |
| Inflation assumption (CPI) | 2.30% | 2.20% |
| Pension increases in payment | | |
| • CPI max 5% | 2.35% | 2.20% |
| • CPI max 2.5% | 1.75% | 1.70% |

18. RELATED PARTY TRANSACTIONS

Three Versus Arthritis Trustees were based at UK institutions which received grant payments during the year. The details are as follows:

| Trustee | Institution | Amount Recognised £'000 | Amount in Creditors £'000 | Amount in Designated £'000 | Awarded 2019 £'000 |
|------------------------------|-------------------------------|----------------------------|------------------------------|-------------------------------|-----------------------|
| Professor David Isenberg | University College London | 1,722 | 1,320 | 7,254 | 2,558 |
| Professor Sarah Lamb | University of Oxford | 2,152 | 837 | 4,299 | 401 |
| Professor Martijn Steultjens | Glasgow Caledonian University | 27 | 12 | 27 | - |

| Trustee | Institution | Amount Recognised £'000 | Amount in Creditors £'000 | Amount in Designated £'000 | Awarded 2018 £'000 |
|--------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|-----------------------|
| Professor David Isenberg | University College London | 1,341 | 917 | 6,939 | 3,967 |
| Professor Sarah Lamb | University of Oxford | 2,566 | 885 | 6,418 | 2,752 |

In addition, the charity paid £4k (2018: £4k) for membership with National Voices, where Ms Olivia Belle is a Trustee. There is a standard item of each committee and board meeting for members to declare any conflicts of interest in relation to the agenda. In advance of the meeting the governance team will check the register of interests and as appropriate make a note within the chair's brief to ensure conflicted trustees / committee members are invited to vacate the room during discussions of the relevant agenda item.

19. PROVISIONS FOR LIABILITIES (CHARITY AND GROUP)

| | 2019 £'000 | 2018 £'000 |
|------------------------------------|---------------|---------------|
| At 1 April | 138 | 749 |
| Charge / (Release) during the year | 200 | (611) |
| At 31 March | 338 | 138 |

The provision relates to one shop and existing office space where there is a requirement to return the property at the end of the lease in a specific condition.

20. RESEARCH GRANT NEW AWARDS

The table below summarises all the new grant awards committed within the financial year.

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| 42 awards over £10,000 (2018: 55 awards) | 14,275 | 25,824 |
| Supplements to existing grants | 1,121 | 840 |
| Awards unutilised | (748) | (748) |
| | 14,648 | 25,916 |

All grant awards are made to institutions. Details of grants awarded over £10,000 are shown below. The recognised awards column reflects payments and accruals in the year.

| | Recognised Awards (Note 4) £'000 | Number of Grants | Awarded (over £10,000) £'000 |
|--|--|---------------------|------------------------------------|
| Academic Health Science Network North East and North Cumbria | 12 | - | - |
| Addenbrookes Hospital | 21 | - | - |
| Anglia Ruskin University | 24 | - | - |
| Aston University | 17 | 1 | 79 |
| Cardiff University | 795 | 1 | 49 |
| Defence Medical Rehabilitation Centre (DMRC) Headley Court | 29 | - | - |
| Design Council | 180 | 1 | 180 |
| Glasgow Caledonian University | 27 | - | - |
| Guy's & St Thomas' NHS Foundation Trust | 16 | 1 | 96 |
| Health Innovation Network | 54 | 1 | 95 |
| Imperial College London | 278 | - | (36) |
| Keele University | 1,303 | 4 | 1,028 |
| Kennedy Institute of Rheumatology | 109 | - | (1) |
| King's College London | 1,067 | 1 | 262 |
| NC3Rs | 114 | - | - |
| Newcastle University | 435 | 1 | 201 |
| North West AHSN | 15 | - | - |
| Northumberland, Tyne & Wear NHS Foundation Trust | 93 | - | - |
| Northumbria University | 27 | - | - |
| Nottingham University Hospitals NHS Trust | 312 | - | - |
| Queen Mary University of London | 609 | 3 | 394 |
| Queen's University Belfast | 99 | - | - |
| Robert Jones & Agnes Hunt Orthopaedic & District Hospitals Trust | 21 | - | - |
| Royal United Hospital | 10 | - | - |
| Sheffield Hallam University | 68 | - | - |
| The Royal Veterinary College | 154 | - | - |
| United Bristol Healthcare NHS Trust | 134 | - | - |
| University College London | 1,722 | 6 | 2,558 |

Table continued on next page

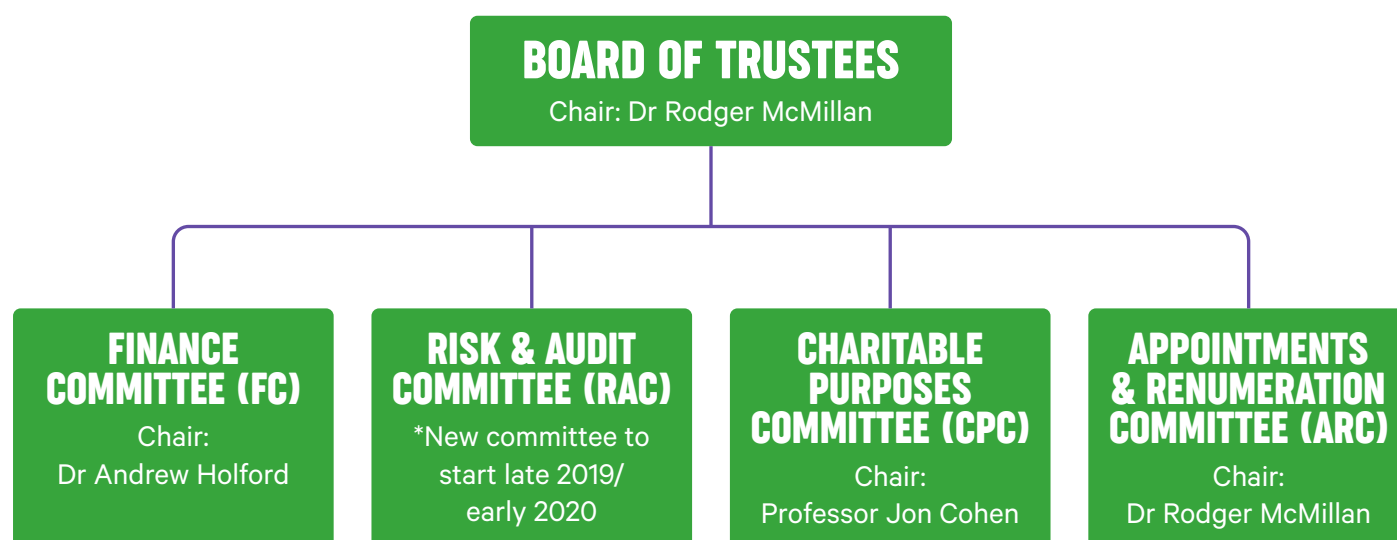
20. RESEARCH GRANT NEW AWARDS CONTINUED

| | Recognised Awards (Note 4) £'000 | Number of Grants | Awarded (over £10,000) £'000 |
|---|--|---------------------|------------------------------------|
| University College London Hospital Trust | 26 | 1 | 114 |
| University Hospitals Bristol NHS Foundation Trust | 156 | - | - |
| University of Aberdeen | 714 | 2 | 1,495 |
| University of Bath | 67 | 1 | 371 |
| University of Birmingham | 675 | - | - |
| University of Bristol | 322 | 3 | 1,538 |
| University of Cambridge | 3,594 | 2 | 3,253 |
| University of Dundee | 58 | - | - |
| University of East Anglia | 233 | - | (2) |
| University of Edinburgh | 134 | 1 | 120 |
| University of Glasgow | 1,675 | 2 | 581 |
| University of Leeds | 400 | 3 | 435 |
| University of Liverpool | 839 | - | (4) |
| University of Manchester | 2,039 | 6 | 255 |
| University of Nottingham | 494 | 1 | 199 |
| University of Oxford | 2,152 | 1 | 401 |
| University of Salford | 53 | - | - |
| University of Sheffield | 108 | 2 | 605 |
| University of Southampton | 702 | 1 | 175 |
| University of St Andrews | 27 | - | - |
| University of Strathclyde | 25 | - | - |
| University of Sussex | 92 | - | - |
| University of the West of England | 101 | 3 | 282 |
| University of Warwick | 238 | - | - |
| University of York | 32 | - | - |
| Wellcome Trust | 69 | - | - |
| William Harvey Research Institute | 42 | - | - |
| | | | |
| Grants – Awarded under £10k | 64 | 3 | (75) |
| Other | 211 | - | - |
| Total Grants | 23,087 | 52 | 14,648 |

21. EX GRATIA PAYMENTS

For the year ending 31 March 2018, one ex gratia payment relating to a legacy was approved by the Board and ratified by the Charity Commission and paid (£2k) in the year ending 31 March 2019. For the year ending 31 March 2019, a payment of £6k was made in respect of an ex gratia legacy payment first approved by the Board in 2017 once Charity Commission approval was granted. The remaining payment approved by the Board in 2017 was paid having been reviewed in the year by the Charity Commission and considered to be payable as an expense which did not require Charity Commission approval. There are currently no outstanding approved but unpaid ex gratia payments.

DETAILS OF THE COMMITTEES WHICH SUPPORT THE BOARD OF TRUSTEES



In October 2018, the Board decided to re-launch the Charitable Purposes Committee (which had been put on hold prior to the merger in 2017 pending a governance review). New terms of reference were approved, the committee was constituted and co-opted members were recruited. The new Charitable Purposes Committee had its inaugural meeting in May 2019.

Following the review of the committee structure by the Governance Working Group a Risk and Audit Committee was constituted and will start during 2019/2020. All committees operate under specific terms of reference drawn up by the Board of Trustees, which ratifies the decisions of each committee.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is a committee of the Board of Trustees of Versus Arthritis, created to exercise on behalf of the Board a supervisory oversight and scrutiny of all aspects of the charity's policies and procedures in relation to the appointment of trustees and the Chief Executive Officer (CEO); and remuneration and pensions arrangements for the organisation.

Dr Rodger McMillan (Chair)

Professor Jon Cohen

Mr Philip Gray

Mr Tom Hayhoe

Ms Karin Hogsander

Mr Peter Anscombe (resigned Feb 2019)

Finance Committee

The Finance Committee is a committee of the Board of Trustees created to exercise, on behalf of the Board of Trustees, a supervisory oversight, judgement and scrutiny of all aspects of the Charity's corporate financial policies and operations. Alongside this, the committee will provide the Board of Trustees with an informed and independent assessment of the management and control of resources and of risk throughout the Charity. It will also be responsible for reviewing the Annual Report and Accounts and in particular plans for sustainability, and to make its position known with recommendations to the Board for decision.

Dr Andrew Holford (Chair) (on Finance committee as co-opted member until AGM in March 2019 when appointed Chair)

Mr Tom Hayhoe (who stood down as Chair at the AGM in March 2019)

Mr Philip Gray

Ms Karin Hogsander

Mr Richard Lanyon (co-opted member)

Dr Rodger McMillan (ex-officio)

Mr Ian Walters

The following also provide expert advice and insight to the Charity:

Disease Subcommittee

The disease subcommittee provides expert advice and intelligence to the Charity, evaluates research activity and makes or supports funding recommendations.

The disease subcommittee considers (1) Discovery research which provides knowledge and understanding of normal and diseased systems that underpin the cause of musculoskeletal disease and management of disease risk, prevention, diagnosis, treatment and cure. (2) Pre-clinical experimental research which characterises and progresses early development of therapeutic and prophylactic interventions.

Mrs Susan Burn, Patient Insight Partner

Mr David Chandler, Patient Insight Partner

Dr Iain Chessell, University of Cambridge

Dr Mohini Gray, University of Edinburgh

Dr Maureen Grossman, Patient Insight Partner

Professor John Isaacs, Newcastle University

Professor Simon Jones, Cardiff University

Professor Karl Kadler, University of Manchester

Professor David Leon, London School of Hygiene & Tropical Medicine

Professor Bridget Lumb, University of Bristol

Professor Kim Midwood, Kennedy Institute of Rheumatology

Professor Ali Mobasher, Lithuanian University of Health Sciences

Professor Luke O'Neill, Trinity College Dublin

Professor Kevin Shakesheff, University of Nottingham

Mr Colin Wilkinson, Patient Insight Partner

Treatment Subcommittee

The treatment subcommittee provides expert advice and intelligence to the Charity, evaluates research activity and makes or supports funding recommendations. The treatment subcommittee considers clinical and experimental research to assess whether therapeutic and prophylactic interventions work and are safe under ideal or selected conditions by development and testing of interventions to manage musculoskeletal disease risk, prevention, diagnosis, treatment and cure.

Dr Caroline Alexander, Imperial College Healthcare NHS Trust

Dr Victoria Allgar, University of York

Mr Robin Brittain, Patient Insight Partner

Dr Maya Buch, University of Leeds

Professor Cyrus Cooper, University of Southampton

Professor Janet Darbyshire, Medical Research Council

Professor Hill Gaston, University of Cambridge

Dr John Ioannou, University College London

Dr David Jayne, Cambridge University Hospitals NHS Foundation Trust

Professor Alexander MacGregor, University of East Anglia

Dr Tim Morris, MRC Clinical Trials Unit at UCL

Mr Alan Reynolds, Illix UK

Professor Linda Sharples, London School of Hygiene & Tropical Medicine

Professor Lee Shepstone, University of East Anglia

Ms Isolde Victory, Patient Insight Partner

Health Subcommittee

The health subcommittee provides expert advice and intelligence to the Charity, evaluates research activity and makes or supports funding recommendations. The health subcommittee considers (1) applied research to assess whether methods of practical implementation of therapeutic and prophylactic interventions, to manage musculoskeletal disease risk, prevention, diagnosis and treatment work, in terms that matter to the patient. (2) Health Service research which assesses the provision and delivery of health and social care services and evaluating factors affecting the quality of care.

Professor Joy Adamson, Newcastle University

Professor Chris Armitage, University of Manchester

Mrs Debra Dulake, Patient Insight Partner

Professor Christopher Eccleston, Royal National Hospital for Rheumatic Diseases

Dr Benjamin Ellis, Versus Arthritis

Professor Ray Fitzpatrick, University of Oxford

Professor Andrew Judge, University of Oxford

Dr Peter Lanyon, University of Nottingham

Professor Gary Macfarlane, University of Aberdeen

Professor Ruth McDonald, University of Manchester

Mr Alastair Mew, Patient Insight Partner

Professor Joanne Protheroe, Keele University

Professor James Raftery, University of Southampton

Professor Catherine Sackley, King's College London

Dr Tom Sanders, Northumbria University

Dr Janet Suckley, Central Manchester University Hospitals NHS Foundation Trust

Professor Chris Todd, University of Manchester

College of Experts

The college of experts was created to widen the range of available expertise to our sub-committees using a committed and defined pool of expertise. Members of the college are secured for up to four years and asked predominantly to supplement time-bound funding panels and the sub-committees on specific funding calls. Members may also be invited to provide expert input to strategic planning.

Professor James Brewer, University of Glasgow
Dr Marwan Bukhari, Lancaster Royal Infirmary
Dr Ruaidhri Carmody, University of Glasgow
Professor Ernest Choy, Cardiff University
Professor Ian Clark, University of East Anglia
Professor Peter Clegg, University of Liverpool
Dr Charlotte Cockle, Patient Insight Partner
Dr Elizabeth Cottrell, Keele University
Professor Carol Courtney, University of Illinois
Professor Fiona Cramp, University of the West of England
Dr Deborah Cunningham Graham, Kings College London
Professor Kevin Davies, University of Sussex
Mrs Annabel Dawson, Patient Insight Partner
Professor Anthony Day, University of Manchester
Professor Jean-Michel Dayer, University of Geneva
Professor Francesco Dell’Accio, Queen Mary, University of London
Professor Chris Denton, University College London
Dr Jayesh Dudhia, The Royal Veterinary College
Professor Kate Dunn, Keele University
Dr Emma Dures, University of the West of England
Dr John Edwards, Keele University
Professor Michael Ehrenstein, University College London
Dr Paul Genever, University of York
Dr Andreas Goebel, University of Liverpool
Professor Margaret Hall-Craggs, University College London Hospital NHS Trust
Professor William Harnett, University of Strathclyde
Dr Nicholas Harvey, University of Southampton
Professor Markus Heller, University of Southampton
Dr Frances Henson, University of Cambridge
Mr Henning Hermjakob, Wellcome Trust
Dr Jonathan Hill, Keele University
Dr Paula Holland, Lancaster University
Dr Alan Holmes, University College London
Mrs Rebecca Inkster, Patient Insight Partner
Dr Yoshifumi Itoh, University of Oxford
Professor Anthony Jones, University of Manchester
Dr Gareth Jones, University of Aberdeen
Dr Sue Jowett, University of Birmingham
Dr Claudia Kemper, National Institute of Health
Dr Ilyas Khan, Swansea University
Professor Martin Knight, Queen Mary, University of London
Dr Nicola Kuiper, Keele University

Dr Janine Lamb, University of Manchester
Dr Birgit Leitinger, Imperial College London
Dr Heidi Lempp, King's College London
Dr Karen Macpherson, Patient Insight Partner
Dr Julian Marchesi, Imperial College London
Dr Deborah Mason, Cardiff University
Professor Claudia Mauri, University College London
Dr John McBeth, University of Manchester
Dr Helen McGettrick, University of Birmingham
Professor Alison McGregor, Imperial College London
Professor Paul McNamee, University of Aberdeen
Ms Abigail Mendy, Patient Insight Partner
Dr Qing-Jun Meng, University of Manchester
Ms Jayne Merrin, Patient Insight Partner
Ms Maggy Milner, Patient Insight Partner
Dr Andrew Moore, University of Bristol
Professor Ann Morgan, University of Leeds
Professor Chris Murphy, University of Oxford
Professor Wan-Fai Ng, Newcastle University
Mrs Louise Parker, Royal Free Hampstead NHS Trust
Ms Rebecca Parris, Patient Insight Partner
Dr Zoe Paskins, Keele University
Professor Mauro Perretti, Queen Mary University of London
Professor Andrew Pitsillides, The Royal Veterinary College
Dr Kenneth Poole, University of Cambridge
Dr Simon Powis, University of St. Andrews
Dr Maria del Mar Pujades Rodriguez, University of Leeds
Professor Anisur Rahman, University College London
Mr Kenneth Rankin, Newcastle University
Professor Karim Raza, University of Birmingham
Dr Elizabeth Renzoni, National Heart & Lung Institute
Professor Ian Roberts, University of Manchester
Dr Karyn Ross, University of Strathclyde
Professor Hazel Screen, Queen Mary, University of London
Dr Ben Seymour, University of Cambridge
Mr Nashat Siddiqui, Kingston NHS Trust
Dr Stefan Siebert, University of Glasgow
Professor Hamish Simpson, University of Edinburgh
Dr Valerie Sparkes, Cardiff University
Mrs Lucy Spawton, Patient Insight Partner
Mr Simon Stones, University of Liverpool
Dr Andrew Sutton, University of Leeds
Ms Deborah Tabone, Patient Insight Partner
Professor Jonathan Tobias, University of Bristol
Professor Irina Udalova, University of Oxford
Dr Jet Veldhuijzen van Zanten, University of Birmingham
Dr Suzanne Verstappen, University of Manchester
Professor Stephen Ward, University of Bath
Professor Steve Watson, University of Birmingham

Professor Fiona Watt, Kennedy Institute of Rheumatology

Dr James Whiteford, Queen Mary University of London

Ms Elizabeth Wilkins, Patient Insight Partner

Mr Dan Williams, Royal Cornwall Hospitals Trust

Dr Frances Williams, King's College London

Dr Anwen Williams, Cardiff University

Professor Gerry Wilson, University College Dublin

Dr Vikki Wylde, University of Bristol

Dr Amy Zavatsky, University of Oxford

Patient Insight Partner Group

Our patient insight partners are a group of people from across the UK who have a wide range of experiences of living with a musculoskeletal condition. They are instrumental in bringing a patient perspective to the decision-making process. We collaborate with our patient insight partners on a number of activities including:

- setting research priorities
- supporting researchers to undertake effective public and patient involvement
- reviewing research proposals
- monitoring and providing ongoing input into funded research
- evaluating and disseminating outcomes of research

Fellowship Expert Group

The fellowship expert group assists the Charity in planning, developing and undertaking activities that support the next generation of musculoskeletal researchers and oversees the recommendation of career support awards. The fellowship expert group is a sub-group of the three funding subcommittees, disease, treatment and health.

Dr Kate Hackett, Northumbria University

Dr Blandine Poulet, University of Liverpool

Professor Lucy Wedderburn, University College London

Professor Joy Adamson, Newcastle University

Dr Maya Buch, University of Leeds

Professor Alexander MacGregor, University of East Anglia

Professor Joanne Protheroe, Keele University

LEGAL AND ADMINISTRATIVE INFORMATION

Charity details

Chief Executive:

Dr Liam O'Toole

Director of Finance

& Corporate Services:

Mr Justin Parfitt

Director of Policy Health

& Social Care Improvement:

Ms Adrienne Skelton

Director of Research:

Dr Stephen Simpson

Director of Transformation:

Ms Olivia Belle

Director of Income Generation:

Ms Charlotte Guiver

Director of Voluntary

& Statutory Income:

Ms Di Gornall (to 13 April 2018)

Director of Organisational

Development:

Ms Nicola Peachey

Director of Involvement & Services:

Mr Stewart Long

Director of Communications

& Marketing:

Ms Phillipa Williams

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A company limited by guarantee
and registered in England and Wales
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A Charity registered in England
and Wales (207711) and in Scotland
(SC041156)

Board of Trustees

Dr Rodger McMillan (Chair)

Mr. Peter Anscombe

Professor Jonathan Cohen

Mr Philip Gray

Mr Tom Hayhoe

Mr Alex Hesx

Ms Karin Hogsander (Deputy Chair)

Dr. Andrew Holford (appointed
March 2019)

Professor David Isenberg

Dr Sylvie Jackson (retired March 2019)

Professor Sarah Lamb

Ms. Clare Reid (appointed March 2019)

Ms Juliette Scott

Professor Martijn Steultjens

Mr Ian Walters

The details of the committees which
support the Board of Trustees are set
out on pages 72 to 77 of this report.

Honorary Vice-Presidents

Mrs Sue Arnott

Dr Colin Barnes

Dr Peter Copeman

Professor Graham Hughes

Patron

Her Royal Highness

The Duchess of Cornwall

Professional advisers

Auditors

BDO LLP

2 City Place

Beehive Ring Road

Gatwick

West Sussex

RH6 0PA

Bankers

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Chesterfield

S40 1TJ

Investment managers

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Calton Square

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Edinburgh

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Ruffer LLP

80 Victoria Street

London, SW1E 5JL

Royal London Asset Management

55 Gracechurch Street

London, EC3V 0RL

Aberdeen Standard

1 George Street

Edinburgh

EH2 2LL

Solicitors

IBB Solicitors

Capital Court,

30 Windsor Street,

Uxbridge, Middlesex

UB8 1AB

Eversheds Sutherland

1 Wood Street

London, EC2V 7WS

BWB

10 Queen Street Place


London, EC4R 1BE

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