

To file ca
40003

52 9321



Arthritis Care Annual Report and Accounts

98



ARTHRITIS CARE

*Empowering
people with arthritis*



KLO *KNAKZHTA* 44
COMPANIES HOUSE 07/07/99

Empowering people

Arthritis is the biggest single cause of physical disability in the UK. It is a common myth that it affects only elderly people. The real story is that eight million people have arthritis. Of those, one million are under 46 and 14,500 are children.

Arthritis causes pain and immobility. Its symptoms range from mild to severe. There is no cure but many people with arthritis manage their condition well and maintain their quality of life.

Arthritis Care's aim is to make sure people with arthritis know what options are open to them and to enable them to maintain a good quality of life. It also campaigns to change public perception of a disease that is responsible for one in five visits to a GP and works to influence policy makers. It strives to change attitudes to arthritis and increase understanding of the needs of people with arthritis.

People with arthritis are central to all Arthritis Care's activities – it is first and foremost user-led. All of these goals are encapsulated in Arthritis Care's mission:

Empowering people to take control of their arthritis, their lives and their organisation.

Within the mission, the trustees have identified three priorities for Arthritis Care's work:

1. **to provide support for people with arthritis particularly through its helplines and information service and the provision of empowerment training**
2. **to raise public awareness and to campaign**
3. **to achieve financial security for the organisation.**

Information is power

The right information is an important way of increasing people's understanding of arthritis and reducing the unknown. It enables people with arthritis to take control of their lives.

Arthritis Care's helplines and information service is an invaluable service for people with arthritis. In 1998 it dealt with over 12,500 enquiries by letter and telephone.

People with arthritis often contact the helplines and information service because they feel as though they have nowhere else to turn. The information counsellors provide the support people need to deal with their arthritis.

1998 The bare essentials

Arthritis Care has 622 branches and groups in the UK

There are almost 59,000 members of whom over 41,000 belong to a local Arthritis Care branch or group

The helplines and information service responded to 12,754 enquiries in 1998. The majority of these were by telephone but only around 16 per cent of people managed to get through on the freephone helpline service due to high demand

1,740 people took Challenging Arthritis self-management courses in 1998 – 804 more than in 1997. In addition, the number of volunteers involved in Challenging Arthritis rose from 135 to 324 in 1998. There were 40 self-management trainers

6,732 people holidayed in Arthritis Care's four hotels in 1998

Arthritis News went alternate-monthly in 1998, arriving on people's doorsteps six times a year. It continues to be available from newsagents

More than 140,000 leaflets and other publications were distributed during 1998.

with arthritis

Training

The Challenging Arthritis self-management course is one of Arthritis Care's key services. It takes place in the community over a six week period. All the trainers have arthritis themselves, so they also act as mentors and role models to the people on the course.

As a result of the course people feel more confident about managing their pain, communicate better with health professionals and feel less isolated according to research carried out at Coventry University.

In 1999 Arthritis Care will use its expertise in running Challenging Arthritis in the UK to train nine charities to deliver the new Chronic Disease Management Course. Similar to Challenging Arthritis, this is a self-management course for people with a variety of long-term medical conditions.

Employment-related training is another key service. In 1998 the charity held a conference to celebrate

the achievements of the 90 participants on the Into Work programme and the beginning of its successor, Working Horizons.

Arthritis Care also ran its first career development workshop in 1998. Twenty trainees attended the weekend and feedback was positive. 'I discovered that it's not a new job I need, but to develop the one I have,' said one. Another added, 'I became aware of how many skills I have and how I actually use them in daily life'.

Spreading the word

All parts of Arthritis Care work closely together to ensure that information gets out to the people who need it – both people with arthritis and policy makers.

The philosophy of the social model of disability guides all the charity's work and in 1998 Arthritis Care published a leaflet aiming to make the thinking more widely accessible. The social model maintains that it is society that disables a person not their illness or disability. It argues that everyone

should be treated as equal and has a right to expect the same level of service, access etc.

Arthritis Care's alternate monthly magazine, *Arthritis News*, adds to the charity's campaigning voice as well as being a source of information for people with arthritis. Several articles were picked up by the national and local media in 1998.

Staff and volunteers across the UK also play a major role in campaigning and providing information. During 1998 the planning took place for a major awareness-raising campaign to take place in 2000 with funding from the National Lottery Millennium Festival Funds in all four UK countries.

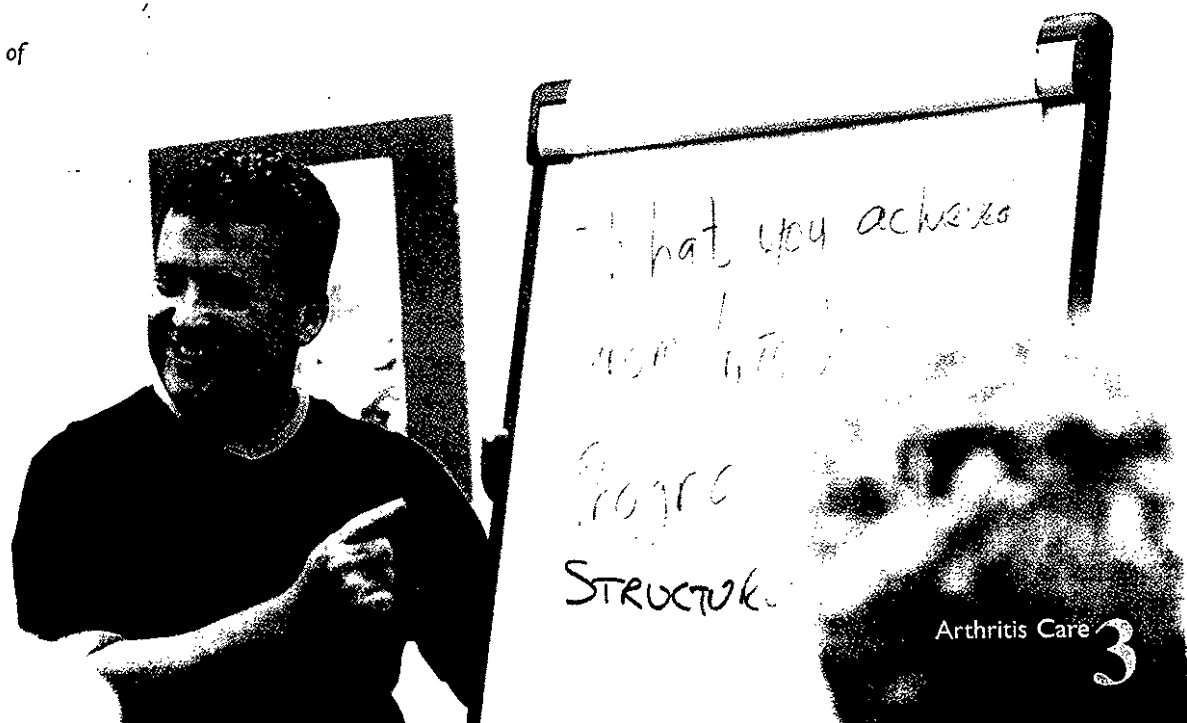
Arthritis Care's millennium roadshow will tour the UK throughout 2000, providing information to people with arthritis and raising awareness of the services the charity offers. Volunteers will also organise special events when the roadshow is in their area.

Working at a local level

Arthritis Care's constitutional changes have been in force since September 1997. The seven national and regional committees had their first full year of operation in 1998.

The Northern Ireland, Scotland and Wales committees, together with the

*Celebrating the success of
Into Work training*





Arthritis Care's Millennium Volunteers met Tony Blair at the launch of the Millennium Fellowship.

Empowering people with arthritis in Northern Ireland

Catherine Murray is an information worker on Arthritis Care's Millennium Volunteer Awards Scheme

“Volunteering for Arthritis Care has taken the emptiness out of my days since I gave up work. As an information worker I feel I am really making a difference in the north east of Northern Ireland.

Mainly I organise information days in rheumatology clinics. I offer information about Arthritis Care's work, give details of branches or groups in the area and distribute publications.

Volunteering suits me as I can work at my own speed. If I am having a bad day no one pushes me further than I can go. I have been able to transfer many of the skills that I developed during my years of paid employment.

It is not only people with arthritis that are getting the

message. I am also getting through to health professionals who are in a prime position to educate people about Arthritis Care.

- Arthritis Care in Northern Ireland has 38 branches/self-help groups, three Young Arthritis Care groups and Jointz, a parents support group
- Some 400 volunteer committee members run the 42 groups
- There are 48 appointed volunteers carrying out roles such as home visitors, information workers and Arthritis Care and Young Arthritis Care Contacts, including two secretaries who administer the self-catering units
- 31 trained volunteers delivered the Challenging Arthritis course to over 160 people during 1998
- The National Lottery Charities Board in Northern Ireland and the European Union Special Support Programme for Peace and Reconciliation are two of Arthritis Care's major funders in Northern Ireland

South East, South West, Central and North England committees, provide an important mechanism for making sure Arthritis Care's work develops in line with local needs and priorities.

Each committee comprises representatives of Arthritis Care's local branches and groups and of Young Arthritis Care. They are drawing up a three year development plan for each area.

These plans will provide a framework within which both existing and new services can be developed to meet the needs of people with arthritis. The plans are being prepared in conjunction with people who use the services and other local stakeholders.

The seven committees also fundraise and campaign, as well as organising local events and running local projects such as grants schemes.

Arthritis Care's 622 branches and groups continue to provide a valuable service to people with arthritis and enable people to become involved in the charity in their area. They offer a range of activities as well as the opportunity to meet and share experiences.

Empowering people with arthritis in England

The millennium roadshow has brought people together from all parts of Arthritis Care. Jenifer Ainsworth, the charity's Central England manager reports

Arthritis Care's millennium roadshow will be a specially adapted mobile exhibition unit travelling the length and breadth of the UK in 2000 celebrating the work of the charity. All seven nations and regions of Arthritis Care are involved.

The project will raise awareness across the country, taking Arthritis Care's mission, aims and services to people in their communities.

Two helpline and information counsellors and local volunteers will be on hand to talk with visitors who will also have access to information on touch

screens and to Arthritis Care's publications. The project involves both staff and volunteers and its success will depend upon a good partnership between everyone involved.

- Arthritis Care in England has 411 branches/self-help groups and 22 Young Arthritis Care groups
- Some 4,300 volunteer committee members run a total of 433 groups
- 290 appointed volunteers work as home visitors, information workers and Arthritis Care and Young Arthritis Care Contacts
- A further 194 trained volunteers delivered the Challenging Arthritis course to about 930 people throughout England during 1998
- Two of Arthritis Care's four hotels are located in England

Value of volunteering

Volunteers are one of Arthritis Care's most valuable resources – over 7,000 people give their time to support its work. Arthritis Care intends to widen the recruitment of volunteers and develop better support for them.

The Millennium Volunteer Awards Scheme has been a major part of Arthritis Care's work since its launch in July 1997. Nearly 300 volunteers have been recruited to the scheme and they will all have received their initial training and be active in their roles by July 1999.

Funding for the project runs out in February 2000 and Arthritis Care is looking for other sources of funding so that volunteers can continue to receive the same level of support.

Getting away from it all

Arthritis Care's four hotels – in Blackpool, Nairn, Largs and Poole – all offer a high standard of service to people with arthritis and their families and are fully accessible.

In 1998 service was significantly improved. Television and tea-making facilities are now standard in all rooms and dining arrangements are more flexible. Many of these improvements have been made possible through the support of Arthritis Care branches.

Review of transactions

Arthritis Care's overall financial position is improving significantly. Unrestricted income increased by £217,215 over 1997 and expenditure reduced by £394,050. A net surplus was achieved for the year in both the unrestricted and restricted accounts.

Arthritis Care's unrestricted legacy income increased significantly, for the first time in three years, from its 10-year low of £1.2m in 1997 to £1.88m.

As a result of these improvements, it has been possible to change the deficit of £24,829 in liquid reserves in 1997 into a surplus of £747,159.

Management and administration costs have been kept low at 8p for every £1 of income received.

Although this improvement is encouraging, Arthritis Care is still a long way from achieving its target of the equivalent of six months core expenditure in liquid reserves (£2.25m in today's terms).

Legacy income could decline again, so the trustees plan to establish a procedure for spreading legacy income over a number of years for budgeting purposes. This will take effect from 2000.

Arthritis Care's lack of liquid reserves at the centre contrasts with relatively high levels of reserves held by its branches and groups. These are shown as part of restricted funds in the accounts, with the agreement of the Charity Commission.

The trustees recommend that branches and groups aim to have the equivalent of two years running costs as reserves, given the voluntary – and less predictable – nature of the local management and fundraising activities of branches and groups. Currently 167 branches and groups exceed this target, although in many cases the sums involved are relatively small.

Arthritis Care has a relatively high level of capital assets, comprising four hotels, a central office in London, and Patterson Lodge, a sheltered home in Exmouth which is managed by a local Arthritis Care/Abbeyfield society. The society pays rent to Arthritis Care. It is shown in a designated account for the first time this year.

As reported last year, the trustees decided to sell Waring Bowen House hotel in Exeter because of the high deficits it was incurring and the capital expenditure required to make it viable. The net sale proceeds of £308,012 have been put in a designated account, to which other funds raised will be added, for the expansion of the Orton Rigg hotel in Poole in early 2000.

Expansion is also taking place in 1999 at Lovat Lodge hotel in Nairn with funding from Arthritis Care's Aberdeen and Nairn branches. Both expansions are intended to increase the viability of the hotels and ensure that the hotels are a net contributor to Arthritis Care's funds, instead of incurring an increasing revenue deficit as has been the case over the past two years (£302,141 in 1997 and £391,006 in 1998).

A new audit committee is currently being established. It will play an important role in internal financial audit. It will also audit the controls the charity has in place, review the mechanisms for effective corporate governance and monitor how well the charity is achieving its mission and complying with its values.

Lottery income, from both the Millennium Commission and the National Lottery Charities Board, continues to be a major source of income for Arthritis Care. Income from statutory bodies, such as local and health authorities, is beginning to grow significantly for services like Challenging Arthritis. Membership income is also predicted to grow.

The trustees are revising the charity's business plan to include a risk-management strategy, as well as budgeting for staff contingencies and a revised pay structure. They are looking at ways to ensure that in future Arthritis Care's priority services, such as empowerment training, are supported through core funding rather than being solely dependent on project funding, while addressing the short term nature of existing project funds.

Empowering people with arthritis in Wales

Working Horizons is running in the West Midlands, north east England and Wales. Dawn Rogers is Arthritis Care's employment adviser in Wales.

Working Horizons is personally tailored to each participant's needs. With my support, they develop their own action plans which vary from long-term to specific goals.

Keeping people in work is an important aspect of Working Horizons. There is a lot more support available than people realise to help people to stay in their job.

Partnership is very important to the programme's success. I have good relationships with Disability Employment Advisers (DEA) and Disability Service Teams (formerly known as PACT) throughout Wales. I work with DEAs to arrange work

experience for participants. This allows people to assess their ability to cope with the physical aspects of working – the hours, travel and accessibility.

Working Horizons has really taken off in Wales. I have 36 participants and I only started in September.

- Arthritis Care in Wales has 45 branches/self-help groups and two Young Arthritis Care groups
- Some 500 volunteer committee members run a total of 47 groups
- 28 appointed volunteers work as home visitors, information workers and Arthritis Care and Young Arthritis Care Contacts
- A further 24 trained volunteers delivered the Challenging Arthritis course to over 250 people throughout Wales during 1998

Empowering people with arthritis in Scotland

Lorna Thomas began as a Challenging Arthritis course leader in 1994 and is now a self-management trainer (SMT)

I remember what it is like to be out there, alone and cut off. This makes me even more keen to get people with arthritis involved in Challenging Arthritis. It cuts down on isolation both by what it teaches people and by the interaction with other people with arthritis.

I train the people who deliver and organise the Challenging Arthritis course. I have five course leaders and one course organiser working in my area of Edinburgh and Lothian. Since we have built up the team we have been able to put on more courses in more places.

We are worried about what will happen when our National Lottery Charities Board grants run out. My team really enjoy being volunteers and they want to continue. I am lucky, they are very motivated, I can't praise them highly enough.

- Arthritis Care in Scotland has 94 branches/self-help groups and six Young Arthritis Care groups
- Some 1,000 volunteer committee members run a total of 100 groups
- 75 appointed volunteers work as home visitors, information workers and Arthritis Care and Young Arthritis Care Contacts
- A further 75 trained volunteers delivered the Challenging Arthritis course with the support of funding from the National Lottery Charities Board in Scotland to over 400 people throughout Scotland during 1998
- Two of Arthritis Care's four hotels are located in Scotland

Daniel Hebden was diagnosed with arthritis in Radio 4's The Archers. He is pictured here with radio mother Shula.

Responsibilities of the board

The members of the board, who are the directors and trustees, are responsible for preparing financial statements which give a true and fair view of the state of the affairs of the charity and the group (the charity and its trading subsidiary) as at the end of each financial year and of the income and expenditure of the charity and the group for that period.

In preparing those financial statements, the board is required to:

- select suitable and applicable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue in business



The board is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and enable it to ensure that the financial statements comply with company and charity legislation and the relevant governing instruments.

It is responsible for safeguarding the group's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

There are risks and uncertainties associated with the year 2000 and its effect on computer systems. Failure to address these could lead to difficulties in processing an organisation's financial and operational transactions, or even to total system failure.

The board has initiated a review of the effect on the charity's and group's operations of this problem, with a view to ensuring that appropriate steps are taken to ensure that the charity's and group's critical systems operate effectively into 2000.

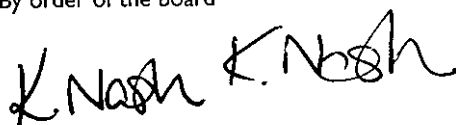
In addition the trustees have instigated a designated fund of £20,000 for unforeseen emergencies. The anticipated costs of the charity's and group's plans to upgrade its computer systems are not considered by the board to be material to the financial position of the charity and group.

The board will treat these costs in the financial statements in accordance with generally accepted accounting practice in the UK.

Appointment of auditors

A resolution to re-appoint Shipleys as auditors will be proposed to members at the annual general meeting.

By order of the board



Kate Nash, company secretary
21 April 1999

Trustees, officers and professional advisers

President: The Duke of Westminster OBE TD DL
Patron: The Hon Sir Angus Ogilvy KCVO

Chairman: Janet Innes
Vice Chairman: Dr Douglas Woolf OBE FRCP
(until April 1999)
Terry Oliver (from April 1999)

Hon treasurers: Robert D Pearce and Liz Kwantes
(until July 1998)
Treasurer: Chris Heginbotham
Vice treasurer: Henry A V Wilson (from July 1998)
Sandra Beeston
Rosemary Blair
Marj Burden
Diane Byrne
Dr David Doyle MD FRCP FRCP
Clare Evans (from July 1998 until April 1999)
Dr Richard Hull MB ChB FRCP FRCPCH
The late David Jones (until April 1999)
Ian Loynes
Gordon MacGillivray
Margaret Murray
Lesley Ann Scott
Norman Shakesby

Chief executive: Richard Gutch
Company secretary: Kate Nash
Director of finance: Ian W Robinson FCA
(until February 1999)
David Goulds MBA FCISACMA (from 15 March 1999)

Auditors:
Shipleys, Chartered Accountants
10 Orange Street, Haymarket
London WC2H 7DQ

Bankers:
National Westminster Bank
Oxford Circus Corporate Business Centre
3rd floor, Argyll House
246 Regent Street
London W1R 6PB

Solicitors:
Pothecary and Barratt
White Horse Court
North Street
Bishop Stortford CM23 2LD

Investment advisers:
National Westminster Bank
NatWest Investments
London Branch - Corporate Unit
62 Green Street
London W1Y 4BA

Auditors' report to the members of Arthritis Care

We have audited the financial statements on pages nine to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of trustees and auditors

As described in their report the trustees are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

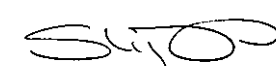
Basis of opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's circumstances, consistently applied, and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity and of the group at 31 December 1998 and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditors
21 April 1999



Consolidated Statement of Financial Activities

for the year ended 31 December 1998

	Notes	Unrestricted Funds £	Restricted Funds £	Total 1998 £	Total 1997 £
Income and Expenditure					
Incoming Resources					
from continuing operations:					
Membership subscriptions	1	194,621	111,489	306,110	263,013
Donations	3	1,219,969	2,493,703	3,713,672	3,413,579
Legacies		1,877,890	389,707	2,267,597	1,810,715
Fees for services	4	1,263,898	126,633	1,390,531	1,806,676
Investment income		23,376	273,727	297,103	232,870
Net income of trading subsidiary	5	144,540	0	144,540	60,745
Total Incoming Resources		4,724,294	3,395,259	8,119,553	7,587,598
Resources Expended—					
from continuing resources:					
Direct charitable expenditure:					
Training and development		0	713,312	713,312	824,628
Branches and regional support		700,267	2,043,527	2,743,794	2,459,215
Hotels		1,554,790	85,000	1,639,790	1,876,560
Residential homes		0	0	0	471,359
Public policy and information		187,007	4,402	191,409	225,307
Publications		445,282	3,312	448,594	383,522
Young Arthritis Care		177,785	12,481	190,266	218,864
	4	3,065,131	2,862,034	5,927,165	6,459,455
Other expenditure:					
Fundraising and publicity		796,122	0	796,122	696,941
Management and administration		649,944	0	649,944	613,365
		1,446,066	0	1,446,066	1,310,306
Total Resources expended	6	4,511,197	2,862,034	7,373,231	7,769,761
Net incoming/(outgoing) resources before transfers		213,097	533,225	746,322	(182,163)
Transfers between funds		0	0	0	0
Net incoming/(outgoing) resources		213,097	533,225	746,322	(182,163)
Gains or losses on investment assets:					
Realised		(595)	425	(170)	10,387
Unrealised		88,965	34,140	123,105	125,551
Net Movement in Funds		301,467	567,790	869,257	(46,225)
Fund balances brought forward at 1 January 1998		5,907,239	5,516,863	11,424,102	11,470,327
Fund balances carried forward at 31 December 1998		6,208,706	6,084,653	12,293,359	11,424,102

Balance Sheets

at 31 December 1998

	Notes	Group (Charity & trading subsidiary)		Charity	
		1998 £	1997 £	1998 £	1997 £
Fixed Assets					
Tangible	7	6,082,968	6,537,826	6,082,968	6,537,826
Investments	8	1,984,192	1,235,175	1,984,444	1,235,427
		8,067,160	7,773,001	8,067,412	7,773,253
Current Assets					
Stocks		21,974	15,797	16,417	15,797
Debtors and prepayments	9	380,060	100,980	358,774	106,882
Cash at bank or in hand:					
held by local committees, branches and groups	10	4,359,047	4,645,093	4,359,047	4,645,093
held centrally	10	533,850	(66,779)	523,411	(77,666)
		5,294,931	4,695,091	5,257,649	4,690,106
Creditors: amounts falling due within one year	11	586,150	533,484	549,120	528,751
Net Current Assets		4,708,781	4,161,607	4,708,529	4,161,355
Total Assets less Current Liabilities		12,775,941	11,934,608	12,775,941	11,934,608
Creditors: amounts falling due after more than one year	12	482,582	510,506	482,582	510,506
Net Assets	15	12,293,359	11,424,102	12,293,359	11,424,102
Funds					
Restricted funds	13	6,084,653	5,516,863	6,084,653	5,516,863
Unrestricted funds:					
Designated funds	14	5,998,591	6,085,250	5,998,591	6,085,250
Other charitable funds	14	210,115	(178,011)	210,115	(178,011)
Non-charitable trading funds	5	0	0	0	0
		12,293,359	11,424,102	12,293,359	11,424,102

Approved by the Board on 21 April 1999

Janet Innes *J. J. Heggie*
Janet Innes *J. J. Heggie*

The notes on pages 10 to 14 form part of these financial statements.

Consolidated Cashflow Statement

for the year ended 31 December 1998

	1998		1997	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		497,263		(40,533)
Returns on investments and servicing of finance				
Interest and dividends received	254,726		232,870	
Interest paid	(46,074)		(43,053)	
Net cash inflow from returns on investment and servicing of finance		208,652		189,817
Investing activities:				
Purchase of tangible fixed assets	(123,692)		(239,138)	
Proceeds from sale of tangible fixed assets	313,511		108,232	
Purchase of investments	(700,701)		(171,483)	
Net purchase of bank deposits, building society accounts and bonds	(5,053)		(3,766)	
Proceeds from sale of investments	139,897		352,313	
Net cash (outflow)/inflow from investing activities		(376,038)		46,158
Financing				
Repayment of Loan	(15,294)		(22,589)	
		(15,294)		(22,589)
Increase in cash and cash equivalents		314,583		172,853
Cash and cash equivalents at 1 January 1998		4,578,314		4,405,461
Cash and cash equivalents at 31 December 1998		<u>4,892,897</u>		<u>4,578,314</u>

NOTES TO CASHFLOW STATEMENT

1. Reconciliation of changes in resources to net cash inflow from operating activities:

Net incoming/(outgoing) resources	746,322	(182,163)
Net investment income	(251,117)	(189,817)
Changes in resources		
before revaluations	495,205	(371,980)
Gifts in kind (investments)	(60,225)	(112,532)
Depreciation	252,283	243,275
(Increase)/decrease in stocks	(6,177)	3,279
(Increase)/decrease in debtors	(236,615)	81,161
Increase/(decrease) in creditors	40,036	(18,644)
Loss on sale of fixed assets	12,756	134,908
	<u>497,263</u>	<u>(40,533)</u>

2. Analysis of changes in cash and cash equivalents during the year

	1998	1997
	£	£
Cash at bank and in hand and short term deposits held by local committees, branches and groups held centrally	4,359,047	4,645,093
	533,850	(66,779)
	<u>4,892,897</u>	<u>4,578,314</u>
Change in the year (£)	314,583	172,853

Notes to the Financial Statements

for the year ended 31 December 1998

1. Statement of total recognised gains and losses

The surplus for the year was the only recognised gain or loss in the year and refers solely to continuing operations. There being no Endowment Funds, it is deemed unnecessary to prepare a consolidated Summary Income and Expenditure Account.

2. Accounting policies

(a) Accounting convention

The financial statements of the Group have been prepared under the historical cost convention and comply with the Statement of Recommended Practice, *Accounting by Charities* issued in October 1995.

(b) Consolidation

The financial statements of the charity include the assets, liabilities, funds and income and expenditure of all the charity's local committees, branches and groups, as well as its central office, regional services and hotels. The local committee, branch and group figures have been compiled from returns by local treasurers made up to 31 October 1998. The figures for the Arthritis Care group comprise the charity and its subsidiary trading company, Arthritis Care (Trading) Limited.

Exemption under Section 230 of the Companies Act 1985 has been applied and an individual profit and loss account of the parent company has not been prepared. The surplus of the parent company for the year was £724,717 (1997 £106,970 deficit).

(c) Income

Income is recorded when receivable whenever the amount is known, otherwise it is accounted on a cash received basis.

Legacies are recorded on a cash received basis due to the uncertainty of the value of estates until received.

(d) Depreciation of tangible fixed assets

Fixed assets, which are stated at cost, are depreciated on a straight line basis at rates sufficient to reduce the net book amount of those assets to their estimated residual value at the end of their expected useful lives. The following rates are currently used:

Freehold buildings	- 2 per cent.
Office equipment	- 33 per cent.
Motor vehicles	- 25 per cent.

No depreciation has been charged on leasehold property as it is considered that the property is maintained to such a standard that no diminution in the value has taken place and any provision for depreciation would be immaterial.

With the exception of computer equipment, fixed assets with an individual cost of less than £3000 are written off in the year of purchase.

(e) Stocks

Stocks of goods for resale are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving items.

(f) Listed Investments

In accordance with the recommended practices, listed investments are stated at market value. Realised and unrealised gains or losses are shown separately on the Statement of Financial Activities.

The notes on pages 10 to 14 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 1998

2. Accounting policies (continued).

(g) Pension Costs

Pension contributions are charged against income so that the expected cost of providing pensions is recognised in the period in which benefit is derived from the employees' services.

(h) Expenditure

Directly attributable expenditure on staff and other costs is charged to direct charitable expenditure, fundraising or general administration. Indirect expenditure is allocated to these headings in proportion to the estimated usage that each activity makes of the resources.

3. Donations

Included in donations are the responses to special appeals

	1998	1997
	£	£
Special appeals	47,690	50,608
Statutory grants	801,109	756,067
Direct mail	579,543	503,111
Donations to branches	1,188,410	1,194,155
Other donations	1,096,920	909,638
	<u>3,713,672</u>	<u>3,413,579</u>

Statutory grants are further analysed in note 4.

4. Services to People with Arthritis

	Expenditure	Fees for Services	Other Income	Net Expenditure
	£	£	£	£
Year to 31 December 1998				
Training and development	713,312	126,633	586,679	0
Branches and regional support	2,743,794	0	642,392	2,101,402
Hotels	1,639,790	1,092,548	143,480	403,762
Residential homes	0	0	0	0
Public policy and information	191,409	0	16,068	175,341
Publications	448,594	171,350	4,117	273,127
Young Arthritis Care	190,266	0	29,098	161,168
	<u>5,927,165</u>	<u>1,390,531</u>	<u>1,421,834</u>	<u>3,114,800</u>

Year to 31 December 1997

Training and development	824,628	0	754,666	69,962
Branches and regional support	2,459,215	0	252,875	2,206,340
Hotels	1,876,560	1,431,115	143,304	302,141
Residential homes	471,359	259,311	0	212,048
Public policy and information	225,307	15	23,084	202,208
Publications	383,522	116,235	30,015	237,272
Young Arthritis Care	218,864	0	54,110	164,754
	<u>6,459,455</u>	<u>1,806,676</u>	<u>1,258,054</u>	<u>3,394,725</u>

"Other Income" comprises donations and other voluntary income given for these purposes.

4. Services to People with Arthritis (continued)

During the year the following discretionary statutory grants were received nationally and are included under the heading of donations.

	1998	1997
	£	£
Department of Health:		
Information services to young people with arthritis	0	9,243
Arthritis Self Management Programme	30,500	34,270
City of Plymouth	0	2,000
Northern Ireland Department of Health and Social Security	0	9,500
Scottish Office	0	15,000
Rural Development Commission	34,883	19,609
Department for Education and Employment:-		
European Social Fund - Horizon programme	62,614	161,999
National Disability Development Initiative	13,761	0
Millennium Commission	232,295	32,854
National Lottery Charities Board		
UK Committee	112,005	238,098
England Committee	128,005	128,005
N.Ireland Committee	59,026	33,046
Scotland Committee	128,020	72,443
	<u>801,109</u>	<u>756,067</u>

NLCB grants to local committees, branches and groups have not been included in these figures.

5. Net income of trading subsidiary

The charity has a wholly owned subsidiary, Arthritis Care (Trading) Limited, a company incorporated and registered in England. The principal activity of this company is the raising of funds through the sale of goods, sponsorship and fund raising events.

A summary of the trading results is shown below:

	1998	1997
	£	£
Turnover	187,005	99,205
Cost of sales	36,740	33,046
Gross profit	150,265	66,159
Expenses	5,725	5,414
Net profit	144,540	60,745
Amount covenanted to the charity	144,540	60,745
	<u>0</u>	<u>0</u>
Balance from previous year	0	0
Non-charitable trading funds	0	0

The company has taken advantage of the exemption provided by Section 228(7) of the Companies Act 1985 not to publish its own profit and loss account.

The Consolidated Statement of Financial Activities includes a profit on ordinary activities of £144,540 (1997: £60,745) which is dealt with in the Statement of Financial Activities of the charity.

Notes to the Financial Statements

for the year ended 31 December 1998

6. Analysis of Total Resources Expended

	Staff costs £	Depreciation £	Other £	1998 Total £	1997 Total £
Direct charitable expenditure:					
Training and development	272,792	0	440,520	713,312	824,628
Branches and regional support	654,584	57,685	2,031,525	2,743,794	2,459,215
Hotels	839,203	108,012	692,575	1,639,790	1,876,560
Residential homes	0	0	0	0	471,359
Public policy and information	162,821	0	28,588	191,409	225,307
Publications	129,332	0	319,262	448,594	383,522
Young Arthritis Care	121,110	0	69,156	190,266	218,864
	<u>2,179,842</u>	<u>165,697</u>	<u>3,581,626</u>	<u>5,927,165</u>	<u>6,459,455</u>
Other expenditure:					
Fundraising and publicity	218,686	0	577,436	796,122	696,941
Management and administration	466,896	99,340	83,708	649,944	613,365
Total	<u>2,865,424</u>	<u>265,037</u>	<u>4,242,770</u>	<u>7,373,231</u>	<u>7,769,761</u>

Included in the depreciation charge for hotels is the net loss realised upon disposal of Waring Bowen House.

Included in Other Costs are:

- Auditor's remuneration for audit of £27,000 (1997: £25,542) and for other professional services of £800 (1997: nil).
- Travel expenses reimbursed to Trustees of £12,326 (1997: £12,667) for the year. No emoluments were paid to trustees.
- Premiums of £2,340 (1997: £2,306) on a professional indemnity policy to protect the Charity, trustees and employees from loss arising from the neglect or defaults of the trustees or employees.
- Professional fees of £14,581 were paid in respect of sale of Waring Bowen House
- Equipment hire of £4,575 (1997: £13,727)

Staff Costs

Emoluments of employees	1998	1997
Gross pay	2,452,072	2,673,860
Social security costs	211,710	236,679
Other pension costs	164,077	122,005
Payments to agencies or similar for temporary help	37,565	34,322
	<u>2,865,424</u>	<u>3,066,866</u>

One employee was paid emoluments in the band £50,000 to £59,999. No other employee received more than £40,000.

The average number of persons employed during the year was:

	Total	Central	Regions	Hotels
Number of employees (1997: 269)	243	80	86	77
Full time equivalent	1998 172	70	39	63
	1997 193	61	34	98

7. Tangible Fixed Assets Group and Charity

	Properties Freehold £	Leasehold £	Self Catering Units £	Fixtures Equip- ment £	Motor Vehicles £	Total £
Cost						
At 1 January 1998	6,760,106	5,000	67,410	424,476	600,558	7,857,550
Additions	22,790	0	0	43,691	57,211	123,692
Disposals	340,128	0	0	100	39,038	379,266
At 31 December 1998	<u>6,442,768</u>	<u>5,000</u>	<u>67,410</u>	<u>468,067</u>	<u>618,731</u>	<u>7,601,976</u>
Depreciation						
At 1 January 1998	490,863	0	51,418	345,462	431,981	1,319,724
Disposals	16,361	0	0	0	36,638	52,999
Charge for year	110,024	0	6,741	69,308	66,210	252,283
At 31 December 1998	<u>584,526</u>	<u>0</u>	<u>58,159</u>	<u>414,770</u>	<u>461,553</u>	<u>1,519,008</u>
Net Book Value						
At 31 December 1998	<u>5,858,242</u>	<u>5,000</u>	<u>9,251</u>	<u>53,297</u>	<u>157,178</u>	<u>6,082,968</u>
At 31 December 1997	<u>6,269,243</u>	<u>5,000</u>	<u>15,992</u>	<u>79,014</u>	<u>168,577</u>	<u>6,537,826</u>

Capital commitments

There will be expenditure commitments of approximately £330,000 for extension work to the Lovat Lodge hotel during the next year, which will be funded by Arthritis Care's Aberdeen and Nairn branches.

Fee expenditure on extending the Orton Rigg hotel will also be incurred, but capital works will not take place until 2000, to be funded from the Orton Rigg extension fund (1997: £nil) comprising the funds from the net proceeds of the Waring Bowen House hotel (£308,012) and other donations.

8. Fixed Asset Investments

	1998 Market Value £	Cost £	1997 Market Value £	Cost £
Quoted Investments at market value				
UK government securities	173,147	167,333	197,254	195,645
Other listed stocks and shares	1,803,465	1,317,840	1,035,394	644,589
	<u>1,976,612</u>	<u>1,485,173</u>	<u>1,232,648</u>	<u>840,234</u>
Bank deposits, building society accounts and bonds	7,580		2,527	
Total for Group	<u>1,984,192</u>		<u>1,235,175</u>	
Investment in subsidiary undertaking (see note 5 for details)	252		252	
Total for Charity	<u>1,984,444</u>		<u>1,235,427</u>	

Movement in quoted investments

Market value as at 31st December 1997	1,232,648
Less: Disposals at opening book value	
Proceeds	139,897
Loss on sale	170
	<u>(140,067)</u>

Add:

Acquisitions at cost	700,701
Gifts of shares	60,225
Net gains on revaluation	123,105
	<u>884,031</u>
Market valuation as at 31st December 1998	<u>1,976,612</u>

Notes to the Financial Statements

for the year ended 31 December 1998

8. Fixed Asset Investments (continued)

The charity is a member holding one £1 share of the Arthritis Care Abbeyfield (Devon) Society Ltd, an Industrial and Provident Society registered on 20th January 1995 under the Industrial and Provident Societies Act 1965 to manage Patterson Lodge as sheltered accommodation for people who have arthritis. The charity is not a member of the committee of management of the society and as such does not exercise any measure of control. On this basis the trustees do not consider the society to represent an associated undertaking and therefore have not included the financial statements of the society (available for inspection at the Registry of Friendly Societies) in the consolidated financial statements of the group.

9. Debtors

	1998		1997	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	17,945	17,945	67,631	67,631
Tax recoverable	40,416	40,416	0	0
Other debtors	34,878	13,592	33,349	27,885
Amount due from subsidiary undertaking	0	0	0	11,366
Accrued income	286,821	286,821	0	0
Total	380,060	358,774	100,980	106,882

The figure for accrued income represents grants to be received for work already carried out. The figure for tax recoverable is the tax due for immediate repayment.

10. Cash at bank and in hand

	1998		1997	
	Group	Charity	Group	Charity
	£	£	£	£
Held by: Central office	523,411	523,411	(77,666)	(77,666)
Local committees, branches and groups	4,359,047	4,359,047	4,645,093	4,645,093
Subsidiary undertaking	10,439	0	10,887	0
Total	4,892,897	4,882,458	4,578,314	4,567,427

11. Liabilities: amounts falling due within one year

	1998		1997	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	192,078	192,078	226,835	226,835
Other creditors	324,179	284,506	222,615	222,615
Accruals	41,969	41,969	68,740	64,007
Bank loan repayable within one year	27,924	27,924	15,294	15,294
Amount due to subsidiary undertaking	0	2,643	0	0
Total	586,150	549,120	533,484	528,751

12. Creditors: amounts falling due after more than one year

	1998	1997
	£	£
Group and Charity		
Bank loan:	482,582	510,506

The bank loan is repayable over 13 years and secured by a legal mortgage over the property at 18 Stephenson Way. Interest is payable at 1.5% over base rate. The figures for bank loan repayable both within one year and after have been restated for 1997 to reflect the reduction in the bank loan after interest charges and not simply the capital repayment.

13. Restricted Funds

Restricted funds hold donations and other income given for specific purposes. The balances represent amounts which had not been allocated at the year end.

Local committee, branch and group funds are raised and controlled locally for services to people with arthritis in the local area.

The analysis of the Arthritis Care Group net assets between funds is set out in note 15.

	Balance 1/1/98	Movement in Funds Incoming Resources	Expenditure Gains, Losses & Transfers	Balance 31/12/98
	£	£	£	£
Central funds:				
Hotel funds	81,883	80,909	85,000	77,792
Training and development projects	6,805	1,097,531	1,052,266	52,070
Young Arthritis Care projects	22,220	48,721	11,949	58,992
Public policy and information projects	12,189	11,138	4,402	18,925
	123,097	1,238,299	1,153,617	207,779
Regional funds:				
Local committee, branch and group funds	5,302,103	1,955,440	1,501,648	5,755,895
Other regional projects	91,663	201,520	172,204	120,979
	5,516,863	3,395,259	2,827,469	6,084,653

14. Unrestricted Funds

	Balance 1/1/98	Movement in Funds New Designations	Utilised/ Realised	Balance 31/12/98
	£	£	£	£
Designated				
Patterson Lodge fund	0	7,612	0	7,612
Orton Rigg Extension fund	0	308,012	0	308,012
Millennium "Bug" Reserve	0	20,000	0	20,000
Capital asset reserve	6,070,000	123,000	592,614	5,600,386
Staff provident fund	15,250	500	6,250	9,500
Balance of first tranche of company sponsorship	0	38,081	0	38,081
Contacts Conference fund	0	15,000	0	15,000
Total Designated funds	6,085,250	512,205	598,864	5,998,591
Unallocated funds	(178,011)	4,300,459	3,912,333	210,115
Charity Unrestricted funds	5,907,239	4,812,664	4,511,197	6,208,706
Subsidiary undertaking	0	0	0	0
Total Unrestricted funds	5,907,239	4,812,664	4,511,197	6,208,706

The capital asset reserve, being the net book value of tangible fixed assets less the long term creditor per note 12, represents the income received in past years which has been used to acquire the fixed assets required for the running of the charity's services and activities. The staff provident fund is available to provide ex gratia payments for retiring members of staff who for some period of their employment were ineligible to join the company's pension scheme.

Notes to the Financial Statements

for the year ended 31 December 1998

15. Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 December are represented by:			
Tangible fixed assets	5,944,129	138,839	6,082,968
Investments	768,610	1,215,582	1,984,192
Current assets: Stock and debtors	136,266	265,768	402,034
Cash & bank	428,433	4,464,464	4,892,897
Current liabilities	(586,150)	0	(586,150)
Long term liabilities	(482,582)	0	(482,582)
Total net assets	6,208,706	6,084,653	12,293,359
Unrealised gains included above:			
On tangible fixed assets	0	0	0
On investment assets (see below)	327,075	164,364	491,439
	327,075	164,364	491,439
Reconciliation of movements in unrealised gains on investment assets:			
Unrealised gains at 1 January 1998	272,640	119,774	392,414
Deduct in respect of disposals in year	(34,530)	10,450	(24,080)
	238,110	130,224	368,334
Add: Net gains arising on revaluations in year	88,965	34,140	123,105
Unrealised gains at 31 December 1998	327,075	164,364	491,439

There is a surplus of £747,159 of resources available for the central core work of the charity made up of the excess of unrestricted investments and current assets over current liabilities. This includes funds of £308,012 designated for the expansion of the Orton Rigg hotel.

16. Pension costs

The charity operates a defined benefit scheme whose assets are held separately from those of the charity and are independently administered.

The scheme provides benefits based on 1/60th of final pensionable pay multiplied by pensionable service in completed months and years and is fully funded.

Contributions to the scheme were determined by a professionally qualified actuary and are charged so as to spread the cost of pensions over employees' working lives with the charity.

The pension charge for the year was:

1998	£160,307	being 9.45% of pension scheme members' salary
1997	£108,441	being 10.7% of pension scheme members' salary to July 1997 and 10.9% from August 1997

Employees contribute a further 5% of salaries.

The latest scheme valuation was carried out at 30 September 1997 using the Projected Unit method. In the provisional report the main actuarial assumptions were:

- Interest rates of 8.25% per annum
- Pensionable salaries increased by 6% per annum
- A dividend growth rate of 4% per annum
- An increase in pension of 3.5% per annum
- Members eligible to retire at 60 will all do so.

At the date of the valuation the actuarial value of the assets was £1,223,000 being 120% of the liabilities of the scheme based on final projected pensionable salaries.

17. Operating Leases

The company has annual obligations under operating leases as follows,

	1998 £	1997 £
Plant and Equipment		
Expiring between 2 and 5 years	6,100	0

Arthritis Care would like to thank everyone who has supported and contributed so generously to their funds during 1998, especially the following:

Company donations in 1998 included:

Allied Domecq
Bass
BAT Industries
Bath-Knight
Brockbank Underwriting
Crone Corkill
Enterprise Oil
Experian
Great Portland Estates
Midland Bank
Ibuleve
ICI
Liverpool Victoria
Marks & Spencers
Memec
MEPC
Novartis
Numark
Pfizer Healthcare
Pfizer Pharmaceuticals
Pioneer Trading
Robert Fleming Holdings
Robin Hood Marathon
Searle
Seven Seas
Shipleys
Smith & Nephew
Stannah Stairlifts
Whitbread

Trust donations in 1998 included:

A M Pilkington's Charitable Trust
Andrew Balint Charitable Trust
Ann Jane Green Trust
Beatrice Laing Trust
Bingham Trust
Bruce Wake Charitable Trust
Chapman Charitable Trust
Children In Need
Childwick Trust
D C Leggatt's Charitable Trust
Douglas Charitable Trust
Elaine Barratt Charitable Trust
Emmandjay Charitable Trust
Eveson Charitable Trust
Fox Memorial Trust
George Drexler Foundation
Gerald Micklem Charitable Trust
Gilbert & Eileen Edgar Foundation
Grand Lodge Of Scotland

Green & Lillian Ainsworth Family Fund
Guardian Royal Exchange Charitable Trust
Guthrie Essame Charitable Trust
Inverforth Charitable Trust
J S F Pollitzer Charitable Trust
James Weir Foundation
John Ellerman Foundation
John Swire 1989 Charitable Trust
Jordan Foundation
Julia Mary Wood Charitable Trust
Kyril Charitable Trust
Lady Hind Trust
Late St Patrick White Charitable Trust
Lloyds TSB Foundation
Merthyr Charitable Trust
Nancy Balfour Charitable Trust
Nuffield Trust
Northern Ireland Voluntary Trust
Oakdale Trust
Ormsby Charitable Trust
Paragon Trust
Peacock Trust
P F Charitable Trust
Pyke Charity Trust
R G Hills Charitable Trust
R O Blott Charitable Settlement
Reverend W M Monteith's 1990 Charitable Trust
Richard Amis Charitable Trust
Robertson Trust
Seacon Charitable Trust
Shears Charitable Trust
Sheldon Trust
Sir Jeremiah Colman Gift Trust
South Square Trust
Sylvia Adams Charitable Trust
Tanner Trust
Thomas Farr Charity
Woodcote Trust

There were also a number of anonymous donations made throughout the year.

Get more involved

As you can see, Arthritis Care depends on your help. Without the support of our volunteers and our donors we couldn't provide the wide range of services that we do to people with arthritis.

Working as a volunteer, and making a positive impact on the lives of other people with arthritis, can also be very enjoyable and rewarding. Volunteer roles vary from branch treasurer or chairman to Young Arthritis Care Contact; and from leading Challenging Arthritis courses in your local community to helping send out information from central office. All are equally valuable.

If you can't give your time, your financial help is equally valuable. Raising funds is difficult. Every penny is welcome and used carefully to empower people with arthritis.

If you would like to get more involved in Arthritis Care's work please complete the form and return it to: Arthritis Care, FREEPOST, 18 Stephenson Way, London NW1 0YV.

(You don't need to use a stamp, but if you do it will save Arthritis Care money).

Registered charity No. 206563



Amy Willmott, transport officer at the Sutton branch of Arthritis Care, won the 1998 Duke of Westminster Award for volunteers who have made a direct impact on the lives of people with arthritis.

Membership

Please only tick one box:

- ☐ I would like to take out a full subscription and enclose £18 by cheque/postal order/credit card.
(£16 by direct debit ☐)

Subscription includes *Arthritis News*, new publications and membership of Arthritis Care.

OR

- ☐ I would like to become an assisted member and enclose £9 by cheque/postal order/credit card.
(£8 by direct debit ☐)

For those on low income/benefits. Includes same privileges as full membership.

OR

- ☐ Please send me details about joining my local branch or group.

Local branch members receive *Arthritis News* throughout the year.

OR

- ☐ I would like to become a Friend of Arthritis Care & enclose a donation of £

We suggest a donation of £5 per month. Friends automatically receive all membership benefits as well as an invitation to the Friends Reception.

Publications

Please tick as many boxes as you like:

- ☐ Please send me a free copy of *Information for People with Arthritis*.
☐ Please send me a free copy of *Talk about Pain*.
☐ Please send me your free booklet *A Guide to making or changing a will*.

Please tick as many boxes as you like:

- ☐ I'd just like to help so here's my donation of £ for Arthritis Care's work.

A gift of £250 or more is eligible for tax relief which we can reclaim at the standard rate and you can reclaim at the higher rate (if applicable) – thus both increasing the value and reducing the cost.

- ☐ I would like more information about the work of Arthritis Care.
☐ I would like more information about Arthritis Care's affinity credit card.

There's no annual fee and low interest rates – and Arthritis Care benefits with every use at no cost to you.

Volunteering

- ☐ Please send me information on volunteering for Arthritis Care.

Payment details

- ☐ I enclose a cheque/PO made payable to Arthritis Care

OR

- ☐ Please debit my Mastercard/Visa/CAF account (delete as appropriate)

OR

- ☐ Please send me a direct debit form
Name (as printed on the card)

Card Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Valid from

 /

Expiry date

 /

Signature:

Date:

Name

Address

Postcode



ARTHRITIS CARE'S MISSION STATEMENT

Empowering people to take control
of their arthritis, their lives and their organisation

Supported by



Arthritis Care

25 Stephenson Way
London NW1 4HD

Tel: 0171 916 1500

Fax: 0171 916 1505

Registered Charity No 206563

LEGAL STATUS

Charitable company limited by guarantee and not having a share capital

Total number of the members of the charity guarantees the company the sum of £1