

Company no 529321
Charity no 206563
OSCR no SC038693

Arthritis Care

Report and Financial Statements

31 December 2012



Arthritis Care

Reference and administrative details of the charity, its trustees and advisors

For the year ended 31 December 2012

The trustees, who are also the directors of the charity for the purposes of the Companies Act, submit their report and audited financial statements for the year ended 31 December 2012. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005), the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The report and statements also comply with the Charities Act 2011.

Patron

Duke of Westminster

President

Jane Asher

Trustees

Gordon Anderson

Peter Anscombe

Gordon Blyth

Susan Cheetham

Ursula Davies

William Eckhardt

Ann Heaton

Christine Knight

Marie Mitchell

Robert Pickles

David Walter

Karen Willson

Other trustees during 2012

Rosemary Blair

Chrystal Carmichael

Edward Copisarow

Ann Frye

Richard Hull

David Humphreys

Christopher Preston

Acting Chief Executive

Philip Baker

External auditors

Sayer Vincent

8 Angel Gate

City Road

London EC1V 2SJ

Bankers

National Westminster Bank (Royal Bank of

Scotland Group)

Corporate Banking London

9th Floor, 280 Bishops Gate

London

EC2M 4RB

Solicitors

Russell-Cooke Solicitors

2 Putney Hill

London SW15 6AB

Wilsons Solicitors LLP

Alexandra House, St Johns Street,

Salisbury SP1 2SB

Investment advisers

UBS AG

1 Curzon Street

London

W1J 5UB

Arthritis Care

Reference and administrative details of the charity, its trustees and advisors

For the year ended 31 December 2012

Principal places of business

Head Office

4 Linen Court
10 East Road
London N1 6AD

Northern Ireland

Unit 4 McCune Building
1 Shore Road
Belfast
BT15 3PG
Tel 028 9078 2940

Scotland

Unit 25A, Anniesland Business Park
242 Netherton Road
Glasgow
G13 1EU
Tel 0141 954 7776

Wales

Arthritis Care in Wales /
Gofal Arthritis yng Nghymru
One Caspian Point
Pierhead Street
Cardiff Bay
CF10 4DQ
Tel 029 204 44155

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Report of the trustees

For the year ended 31 December 2012

The trustees present their report and the audited financial statements for the year ended 31 December 2012

Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice for Accounting and Reporting by Charities (issued in March 2005)

Our vision

Arthritis Care is working for an inclusive society in which the needs of people living with arthritis are fully recognised, respected and met

Our mission

To provide immediate practical support and campaign for a better deal for people living with arthritis

Our strategic objectives

- To provide excellent services which help people living with arthritis with self-management of their condition
- To influence public policy and service provision to secure a better deal for people living with arthritis
- To engage people living with arthritis in the work of Arthritis Care
- To develop Arthritis Care as an efficient and effective organisation that is fit for purpose

Structure, governance and management

Arthritis Care is a charitable company limited by guarantee and was set up in 1947. The guarantee of each member is limited to £1. It is governed by a memorandum and articles of association, which were last amended in 2012.

Public Benefit

The Trustees continue to give due regard to the public benefit provided by the Charity in relation to its charitable purpose as set out by the objectives above and have given due consideration to the relevant guidance issued by the Charity Commission. The Trustees will continue to ensure that the activities that promote the charitable objects above will be applied to provide public benefit.

Key Activities

At Arthritis Care our aim remains to support the 10 million people in the UK who are dealing with Arthritis as part of their daily lives. Arthritis remains the most common form of chronic pain in the UK and now accounts for one in five of all GP visits.

In 2012 we wanted to give immediate help to everyone who turned to us. Our work included information booklets, over 120,000 of these were downloaded from our website. Our free and confidential helpline dealt with nearly 9,000 requests for help and our vibrant network of 194 branches continued to provide face-to-face support in every corner of the UK.

Our strength lies in the fact that, although we are a national charity, we have a strong local presence. People with arthritis form the core of our charity and are represented through our trustees, staff, members and volunteers ensuring that we respond directly to the changing needs of people living with this condition.

In this year's report (available through our website www.arthritiscare.org.uk) you can read about our activities across the UK, everything from talks in London libraries, to sports tournaments in Northern Ireland, information days across Wales and our time spent with

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primary schools in Scotland. We rely on a huge network of trained volunteers to seek out the people who need us and who are living in their communities. We are indebted to our many hundreds of volunteers who create such an impact.

Arthritis is often viewed as a condition affecting the elderly, so we must not forget the work we do for the 27,000 children and young people in the UK who have arthritis. Our work with this group is vital and includes a specialist helpline, workshops and adventure activities to promote confidence and independence for these children.

As part of our campaigning programme we commissioned and published our OA Nation 2012 survey turning the spotlight on osteoarthritis. This document gives an up-to-date snapshot of the wide-ranging physical, emotional and financial impact osteoarthritis is having in the UK today. OA Nation showed us clearly how much more work there is to be done by Arthritis Care in helping to change the lives of those battling their arthritis. By working with key stakeholders at a national level we are ensuring that arthritis is recognised and prioritised by Government and Health Care professionals.

Our work is constantly expanding and with a difficult economic situation we took vital steps in 2012 to safeguard our future. We have cut staff numbers and sold our head office building allowing us to invest in both our charitable services and fundraising which will allow us to reach out to even more people in 2013.

Board of Trustees

The governing body of the charity is the Board of Trustees, which has a current total of twelve members (sixteen members in 2011). The trustees of the Charity also act as the directors of the charitable company. The Board meets at least four times a year together with the Chief Executive and other senior management where appropriate.

Board effectiveness

The board has set up a number of sub-committees to review and monitor the work of the charity. This includes the nominations panel, remuneration committee, and audit and finance committee. Smaller working groups of trustees can be set up at the agreement of the board to tackle specific and time-limited governance or strategic matters. Every two years the board reviews its performance, undertaking a self-assessment process to determine how effectively it believes it is performing and agreeing development and training needs.

Recruitment and appointment of new trustees

The composition of the board of trustees reflects the user-involvement ethos and devolved structure that underpins the work of the charity. Each of the seven national/regional committees elects one of their number (two in the case of Scotland) to serve as a trustee for three years. In addition, five trustees can be directly elected by the membership to serve for three years. The majority of the current board are individuals with personal experience of arthritis.

Induction and training of trustees

On appointment each trustee completes a register of interests and receives appropriate induction. Further training needs are met both individually and as an entire trustee board through the regular holding of board development days and trustees attending training days provided by external training providers. The board recognises the importance of both risk management and health and safety by their appointment of a trustee champion for each area.

Management

The trustees exercise executive responsibility for the governance of the Charity and, through the Chair, supervise the management of the Charity by the Chief Executive and the senior management team. The Chair and Chief Executive also task the Board with decision-making on strategic management issues as appropriate.

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Risk and internal control

The trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reassurance that

- its assets are safeguarded against unauthorised use or disposition,
- proper records are maintained and financial information used within the Charity or for publication is reliable, and
- the Charity complies with relevant laws and regulations

As part of the Charity's risk management process the trustees acknowledge their responsibility for the Charity's system of internal control and reviewing its effectiveness. It is also recognised by the trustees that such a system is designed to manage rather than eliminate the risk of failure to achieve the Charity's objectives and can only provide reasonable, not absolute, reassurance against material misstatement or loss. The Board has an audit and finance sub committee with an external chair which reviews the charity's risk register, mitigations and advises the board. The trustees keep under regular review the major risks that could affect their achievement of the Charity's objectives.

Volunteers and staff

The charity is grateful for the unstinting efforts of its appointed and elected volunteers and staff who are involved in service provision and fundraising.

Employee involvement and employment of disabled people

The charity continues to ensure that it reviews existing personnel policies and develops new processes in accordance with legislative changes and current good practice with particular emphasis on recruiting, retaining and supporting disabled people in the workplace. The charity's Joint Negotiating Committee comprising trade union representatives together with members of the senior management team meets routinely throughout the year to formally consider and agree a range of employment related opportunities and initiatives.

Relationships with related parties

Arthritis Care (Trading) Ltd

The charity's wholly owned trading subsidiary is non-operating and was in a dormant state at the year end.

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ACHIEVEMENTS AND PERFORMANCE

FINANCIAL REVIEW

Review of the year

The overall funds of the Charity increased by £1.5m in 2012 to £4.5m compared with the balance of funds at 31st December 2011 reported last year. This increase includes a prior year adjustment of £0.7m due to an error of omission in legacy income as a particular sum to be received had been confirmed to the Charity before last year's accounts were signed.

At the operating level, Net incoming / (outgoing) resources before transfers, a 'surplus' of £749k was generated in 2012 compared with the adjusted 'loss' of £48k for 2011. This included a gain of £1,347k on the disposal of our previous HQ in Stephenson Way and £736k of discontinuance costs associated with operational restructuring in 2012, which was funded from previously designated reserves. Thus the underlying position was a modest 'surplus' of £138k. Taking into account the prior year adjustment, incoming resources were down by 27%, if the gain from the sale of Stephenson Way is excluded, due to a 36% reduction in the value of legacies and a 25% reduction in income from charitable activities. This reduction in income was offset by a 17% reduction in expenditure.

Basis of Accounting

The key accounting policies remain unchanged.

Principal funding sources

Voluntary income and fundraising

After restating the 2011 accounts to include a significant legacy, the 2012 accounts show a 36% reduction in legacy income. This is the most significant element of the reduction in total incoming resources from generated funds from £4.0m to £2.9m.

Income from charitable activities

Incoming resources from information, training and branches fell by 25% to £1.1m.

Other incoming resources

A one-off gain on disposal of Stephenson Way of £1.3m is reflected in the 2012 accounts.

Resources expended

Total resources expended continue to fall year-on-year, this year by £949,000 to £4,604,000 (2011: £5,553,000) demonstrating the charity's continuing endeavours to cut its cost-base.

Balance sheet

The balance sheet strengthened this year with total net assets increasing by £0.8m, which included an increase in unrestricted funds of £1.8m.

Investment policy and returns

Investment decisions for the centrally-administered investments are taken by professional fund managers, UBS, within the investment mandate set by the trustees, as permitted by an Order of the Charity Commission under Section 26 of the Charities Act 1993. Reports are received on a quarterly basis from the investment managers.

The overriding aim is to maintain the real value of the capital through long-term investment.

For the twelve months to 31st December 2012, the portfolio produced a total return of 9.85% versus the composite benchmark of 8.30%.

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Reserves policy

During the year the trustees reviewed their requirements for designated and general reserves with particular reference to the 2012 publication by ACEVO, Charity Finance Group and the Institute of Fundraising, Beyond Reserves, and commended by The Charity Commission

As at 31st December 2012 designated reserves totalling £2.8 million were agreed

- i) £153,000 as fixed asset reserve, representing the value of funds invested in fixed assets
- ii) £1,098,000 as legacy working capital reserve, representing legacies accrued, but not yet received
- iii) £500,000 future investments fund, representing funds set aside to pay for income generating projects going forward
- iv) £1,069,000 of net unrestricted funds generated by branches pending the outcome of discussions with branches on the use of these and branch 'restricted' funds

The trustees have determined a minimum level of £1.25m for 'free' general reserves to manage uncertainties and fluctuations in legacy income (£0.5m), other income (£0.25m) and expenditure (£0.25m), and 'black swan' unforeseen events (£0.25m). The current level of 'free' general reserves is £2.47m. However, in view of the current negative pension reserve (£2.77m) and dependant on the outcome of discussions with the Pension Trust regarding the recent triennial revaluation, the trustees may consider a lump sum contribution as part of its strategy to manage this long term liability.

In addition, Restricted funds totalling £1,947k are held where specific grants or donations of a restricted nature (£297k), and where local committee branch and group funds previously reported as restricted (£1,650k) have not yet been fully spent.

Going concern

The trustees have prepared these accounts on a going concern basis.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of Arthritis Care for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing 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 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 company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland)

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Regulations 2006 (as amended) They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up The trustees are members of the charity but this entitles them only to voting rights The trustees have no beneficial interest in the charity

Re-appointment of auditors

A resolution to re-appoint Sayer Vincent as auditors was proposed and accepted by the members at the annual general meeting on 25 September 2012 A resolution to reappoint them for 2013/14 will be considered at the annual general meeting on 22 June 2013

Approved by the trustees on 15 May 2013 and signed on their behalf by



Ann Heaton, Chair of Trustees

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Independent auditors' report To the members of Arthritis Care

We have audited the financial statements of Arthritis Care for the year ended 31 December 2012 which comprise the statement of financial activities, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, 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.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Pamela Craig (Senior statutory auditor)

17 May 2013

for and on behalf of Sayer Vincent, Statutory Auditors

Sayer Vincent, 8 Angel Gate, City Road, LONDON EC1V 2SJ

Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 31 December 2012

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	2011 Total As restated £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income legacies	2	1,849	179	2,028	3,150
Voluntary income - other	2 (a)	695	34	729	723
Activities for generating funds	3	93	1	94	99
Investment income	4	22	24	46	50
Total incoming resources from generated funds		2,659	238	2,897	4,022
Incoming resources from charitable activities					
Information		222	199	421	416
Training		54	184	238	382
Voluntary run branch activities		361	89	450	680
Total incoming resources from charitable activities	5	637	472	1,109	1,478
Other incoming resources	5 (a)	1,347	-	1,347	5
Total incoming resources		4,643	710	5,353	5,505
Resources expended					
Costs of generating funds					
Fundraising and trading costs	8	1,227	-	1,227	1,271
Resources expended on charitable activities					
Representation and Campaigning		110	-	110	237
Information		382	317	699	1,637
Training		392	185	577	663
Voluntary run branch activities	5 (b)	811	746	1,557	1,435
Governance costs		434	-	434	310
		2,129	1,248	3,377	4,282
Total resources expended	8	3,356	1,248	4,604	5,553
Net incoming (outgoing) resources before transfers		1,287	(538)	749	(48)
Transfer between funds	15	556	(556)	-	-
Net outgoing resources before other recognised gains and losses		1,843	(1,094)	749	(48)
Net realised gains/(losses) on investment assets	10	22	3	25	(18)
Net incoming/(outgoing) resources plus realised gains on investments and property		1,865	(1,091)	774	(66)
Net unrealised gains/(losses) on investment assets	10	51	66	117	(28)
Actuarial gains/(losses) on defined benefit pension	14	(96)	-	(96)	(1,001)
Net movement in funds		1,820	(1,025)	795	(1,095)
Fund balances at start of year as previously stated		(7)	2,972	2,965	4,762
Prior Year Adjustment	19	702	-	702	-
Fund balances at start of year as restated		695	2,972	3,667	4,762
Fund balances at end of year		2,515	1,947	4,462	3,667

There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Notes 15 & 16 to the financial statements.

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Balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 As restated £'000
Fixed assets			
Tangible	9	153	1,393
Investments	10	<u>2,100</u>	<u>2,487</u>
		<u>2,253</u>	<u>3,880</u>
Current assets			
Debtors and prepayments	11	1,244	1,980
Cash at bank and in hand	12	<u>4,052</u>	<u>986</u>
		5,296	2,966
Creditors amounts falling due within one year	13	<u>(313)</u>	<u>(367)</u>
Net current assets		<u>4,983</u>	<u>2,599</u>
Net assets excluding pension liability		7,236	6,479
Pension liability	14	<u>(2,774)</u>	<u>(2,812)</u>
Net assets including pension liability		<u>4,462</u>	<u>3,667</u>
Funds			
Restricted funds	15	<u>1,947</u>	<u>2,972</u>
Unrestricted funds	16		
Designated funds		2,820	1,594
General funds		<u>2,469</u>	<u>1,913</u>
		5,289	3,507
Pension reserve	16	<u>(2,774)</u>	<u>(2,812)</u>
Total unrestricted reserve		<u>2,515</u>	<u>695</u>
Total funds		<u>4,462</u>	<u>3,667</u>

Approved by the trustees on 15 May 2013 and signed on their behalf by



Ann Heaton (Chair)



David Walter (Treasurer)

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Cashflow Statement

For the year ended 31 December 2012

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	Unrestricted Funds £'000	Restricted Funds £'000	2011 Total £'000
Net cash (outflow) from operating activities	A	1,034	(1,118)	(84)	358	(875)	(517)
Returns on investments and servicing of finance	B	22	24	46	14	-	14
Capital expenditure and investing activities	C	3,057	47	3,104	(4)	150	146
Increase/(decrease) in cash	D & E	<u>4,113</u>	<u>(1,047)</u>	<u>3,066</u>	<u>368</u>	<u>(725)</u>	<u>(357)</u>

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

A Reconciliation of net incoming (outgoing) resources to net cash inflow (outflow) from operating activities

	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	Unrestricted Funds as restated £'000	Restricted Funds £'000	2011 Total as restated £'000
Net incoming (outgoing) resources	1,843	(1,094)	749	823	(871)	(48)
add back net pension service cost						
net of finance cost	(134)	-	(134)	(181)	-	(181)
Investment income	(22)	(24)	(46)	(50)	-	(50)
Servicing of finance	-	-	-	36	-	36
Depreciation	12	-	12	29	1	30
Profit on Sale of Fixed Assets	(1,347)	-	(1,347)	-	(5)	(5)
Decrease (increase) in debtors	736	-	736	(415)	-	(415)
(Increase) / decrease in creditors	(54)	-	(54)	116	-	116
Net cash inflow (outflow) from operating activities	<u>1,034</u>	<u>(1,118)</u>	<u>(84)</u>	<u>358</u>	<u>(875)</u>	<u>(517)</u>

B Returns on investments and servicing of finance

Interest and dividends received	22	24	46	50	-	50
	-	-	-	(36)	-	(36)
Net cash inflow from returns on investment and servicing of finance	<u>22</u>	<u>24</u>	<u>46</u>	<u>14</u>	<u>-</u>	<u>14</u>

Arthritis Care

Cashflow Statement

For the year ended 31 December 2012

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT (continued)

C Capital expenditure and investing activities

	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	Unrestricted Funds £'000	Restricted Funds £'000	2011 Total £'000
Purchase of tangible fixed assets	(162)	-	(162)	-	-	-
Net proceeds of sale of tangible fixed assets	2,737	-	2,737	-	5	5
Purchase of investments	(351)	(87)	(438)	(425)	(52)	(477)
Net (increase)/decrease of bank deposits, building society accounts and bonds	81	-	81	(23)	-	(23)
Proceeds from sale of investments	752	134	886	444	197	641
Net cash inflow from capital expenditure and investing activities	<u>3,057</u>	<u>47</u>	<u>3,104</u>	<u>(4)</u>	<u>150</u>	<u>146</u>

D Reconciliation of net cash flow to movement in net cash funds

Increase/(decrease) in cash in the period	4,137	(1,071)	3,066	368	(725)	(357)
Net cash funds as at 1 January 2012	<u>(768)</u>	<u>1,754</u>	<u>986</u>	<u>(1,136)</u>	<u>2,479</u>	<u>1,343</u>
Net cash funds as at 31 December 2012	<u>3,369</u>	<u>683</u>	<u>4,052</u>	<u>(768)</u>	<u>1,754</u>	<u>986</u>

E Analysis of changes in net cash funds

	At 1 January 2012 £'000	Cash Flow £'000	At 31 December 2012 £'000	At 1 January 2011 £'000	Cash Flow £'000	At 31 December 2011 £'000
Restricted funds						
Held by branches	996	(610)	386	1,736	(740)	996
Held centrally	758	(461)	297	743	15	758
	<u>1,754</u>	<u>(1,071)</u>	<u>683</u>	<u>2,479</u>	<u>(725)</u>	<u>1,754</u>
Unrestricted funds						
Held by branches	719	338	1,057	-	719	719
Held centrally	(1,487)	3,799	2,312	(1,136)	(351)	(1,487)
	<u>(768)</u>	<u>4,137</u>	<u>3,369</u>	<u>(1,136)</u>	<u>368</u>	<u>(768)</u>
Net cash funds	<u>986</u>	<u>3,066</u>	<u>4,052</u>	<u>1,343</u>	<u>(357)</u>	<u>986</u>

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Notes to the financial statements

For the year ended 31 December 2012

1 Accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market valuation and freehold properties which are included at valuation. The financial statements have been prepared in accordance with Companies Act 2006, the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards.

(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 UK office and regional services. The local committee, branch and group figures have been compiled from returns by local treasurers made up to 31 October 2012.

(c) Company Status

The charity is a company limited by guarantee and does not have share capital. In the event of the charity being wound up, each member of the board and member of the charity guarantee to pay the sum of £1.

(d) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in note 16.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

(e) Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

- (i) Legacy income is recognised on the basis of our forecast of legacies notified to the charity by the year-end and which can be valued with reasonable certainty.
- (ii) Grants awarded, including grants for equipment are included in the financial statements at the time the grants are received or the conditions of the grants have been met.
- (iii) Training income is recognised on the basis of the contract and in the case of work in progress at year end on the basis of proportion delivered.
- (iv) All income is included in full in the SoFA when receivable and measurable with accuracy. Income is deferred if it has been received but relates to a specific future period or is dependent upon conditions to be fulfilled by the charity.

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

1 Accounting policies (continued)

(f) Depreciation of tangible fixed assets

Tangible fixed assets, with the exception of freehold land and buildings, are stated at cost and depreciated on a straight line basis at rates calculated to write off the cost over their expected useful economic lives as follows

Freehold land	Nil
Freehold buildings	over 50 years
Leasehold improvements	over the term of the lease
Office equipment	over 3 years
Motor vehicles	over 4 years
Self Catering Units	over 10 years

Freehold land and buildings are stated at valuation (see note 9 for further details)

Fixed assets with an individual cost of less than £3,000 are written off in the year of purchase

(g) Investments

Investments are stated at market value at the balance sheet date. The SoFA includes the realised and unrealised gains and losses arising on disposals and revaluations throughout the year.

(h) Pension Costs

Through 2010, the charity operated a defined benefit pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the charity in an independently administered scheme. The Charity has adopted the full requirements of Financial Reporting Standard 17 - Accounting for Retirement Benefits (FRS17). Current or past service costs and gains, as determined by the scheme's actuary, are charged to the statement of financial activities. Pension finance costs or income are included within total resources expended or incoming resources as applicable. Actuarial gains and losses arising are recognised within 'gains and losses' on the SoFA.

In addition, the deficit on the scheme, representing the shortfall of the value of the scheme assets below the present value of the scheme liabilities is recognised as a liability on the balance sheet to the extent that the employer charity is able to recover a surplus, or has a legal or constructive obligation for the liability. A corresponding pension reserve is included within total unrestricted funds.

At the end of 2010, the charity closed the defined benefits pension scheme, replacing it with a defined contributions arrangement.

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charged to the SoFA represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

1 Accounting policies (continued)

(i) Resources Expended

All expenditure is accounted for on an accruals basis and has been summarised under activities. Where costs cannot be directly attributed to particular activities they have been allocated in proportion to the estimated usage that each activity makes of the resources using staff time as basis of apportionment.

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

(ii) Governance costs are the costs associated with the governance of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities and statutory compliance costs.

(iii) Support costs, which comprise general management, payroll administration, budgeting and accounting, information technology, human resources, facilities management and financing, are allocated across the categories of charitable expenditure, governance costs and the cost of generating funds. The basis of the allocation is as follows:

Cost allocation includes an element of judgment. The charity considered the cost benefit of detailed calculations and the record keeping in deciding a basis for allocating support costs. The staff hours and therefore staff costs were deemed to be the most directly representative of how indirect costs are incurred.

Support costs are allocated in two stages: firstly, the costs are allocated on estimate of actual time spent on voluntary branch activities and governance. The balance is then allocated across all activities on the ratio of staff costs.

(j) Operating leases

Rentals payable under operating leases, where substantially all risks and rewards of ownership remain with the lessor, are charged to the SoFA on a straight line basis over the duration of the lease.

(k) Corporation Tax

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

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Notes to the financial statements

For the year ended 31 December 2012

2 Voluntary income - legacies

	Unrestricted	Restricted	2012 Total	Unrestricted	Restricted	2011 Total As restated
	£'000	£'000	£'000	£'000	£'000	£'000
Accrued legacies 1 January	(1,828)	-	(1,828)	(1,486)	-	(1,486)
Legacies received during year	2,606	152	2,758	2,808	-	2,808
Legacies accrued 31 December	1,071	27	1,098	1,828	-	1,828
	<u>1,849</u>	<u>179</u>	<u>2,028</u>	<u>3,150</u>	<u>-</u>	<u>3,150</u>

Legacies valued at £1,219,961 were receivable as at 31 December 2012 and due in 2013. We estimate we can forecast 90% of the value of these legacies with sufficient accuracy to include them in the accounts.

2(a) Voluntary income - other

	Unrestricted	Restricted	2012 Total	Unrestricted	Restricted	2011 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Individual donations	577	29	606	600	-	600
Trusts and Corporate	118	5	123	91	-	91
Other donations	-	-	-	10	22	32
	<u>695</u>	<u>34</u>	<u>729</u>	<u>701</u>	<u>22</u>	<u>723</u>

3 Activities for generating funds

	Unrestricted	Restricted	2012 Total	Unrestricted	Restricted	2011 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Events	93	1	94	99	-	99
	<u>93</u>	<u>1</u>	<u>94</u>	<u>99</u>	<u>-</u>	<u>99</u>

4 Investment Income

	Unrestricted	Restricted	2012 Total	Unrestricted	Restricted	2011 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Dividend Income	22	-	22	25	-	25
Income from investment held by voluntary run branches	-	24	24	25	-	25
	<u>22</u>	<u>24</u>	<u>46</u>	<u>50</u>	<u>-</u>	<u>50</u>

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Notes to the financial statements

For the year ended 31 December 2012

5 Incoming Resources from Charitable Activities

	Information	Training	Voluntary run branch activities (note (5a))	2012 Total	2011 Total
	£'000	£'000	£'000	£'000	£'000
Advertising	11	-	-	11	41
Publication Sales	4	-	-	4	5
Membership and subscription	94	-	-	94	133
Grants and Contracts	312	238	-	550	619
Donations	-	-	450	450	680
	<u>421</u>	<u>238</u>	<u>450</u>	<u>1,109</u>	<u>1,478</u>

5(a) Other Incoming Resources

	2012 £'000	2011 £'000
Gain on disposal of tangible fixed asset Stephenson Way	1,347	-
Other	-	5
	<u>1,347</u>	<u>5</u>

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

5(b) Branches

	2012	2011
	£'000	£'000
Income		
Membership	33	39
Branch Donations	450	680
Legacies	18	13
Investment Income	24	25
	<u>525</u>	<u>757</u>
Total incoming resources	525	757
Expenditure		
Welfare	785	800
Depreciation	-	1
	<u>785</u>	<u>801</u>
Total resources expended	785	801
Net resources expended	(260)	(44)
Transfers to Central	(159)	(129)
Profit on Sale of Fixed Assets	-	5
Net realised gains on investment assets	3	1
	<u>(416)</u>	<u>(167)</u>
Net income and expenditure for the year	(416)	(167)
Net unrealised gains/(loss) on investment assets	66	6
	<u>(350)</u>	<u>(161)</u>
Net movement in funds	(350)	(161)
Cost of supporting the voluntary run branch network	772	634
	<u>772</u>	<u>634</u>
Total voluntary run branch activities	1,557	1,435

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Notes to the financial statements

For the year ended 31 December 2012

6 Staff Costs

	2012 £'000	2011 £'000
Gross pay	1,552	2,266
Social security costs	142	218
Pension costs defined contributions scheme	78	117
Pension costs defined benefits scheme	119	72
Payments to agencies or similar for temporary help	42	35
Compensation and redundancy	301	-
	<u>2,234</u>	<u>2,708</u>

One employee was paid emoluments between £60,000 and £70,000 (2011 - 3). This employee participated in the defined contribution pension scheme and the employers contributions were £1,310.

The average number of persons employed during the year was

		Total	Central	Regions
Number of employees	2012	68	22	46
Number of employees	2011	103	41	62
Full time Equivalent	2012	45	17	28
Full time Equivalent	2011	<u>78</u>	<u>37</u>	<u>41</u>

7 Trading subsidiary

The Charity has a wholly owned subsidiary, Arthritis Care (Trading) Limited, a company incorporated and registered in England. The company is currently dormant.

Called up share capital is £252 (2011: £252).

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Notes to the financial statements

For the year ended 31 December 2012

8. Resources expended on charitable activities

	Costs of Generating Funds £'000	Representation and Campaigning £'000	Information £'000	Training £'000	Voluntary Branch Activities £'000	Governance £'000	Support costs £'000	2012 Total £'000	2011 Total £'000
Staff Costs (note 6)	194	35	299	144	2	40	1,520	2,234	2,708
Staff recruitment & training	7	-	3	3	-	4	19	36	33
Trustees and staff expenses	1	6	4	28	5	35	63	142	237
Volunteers expenses	1	-	5	23	6	-	12	47	84
Premises & equipment	(2)	-	-	1	2	-	188	189	176
Insurance	-	-	-	-	-	-	28	28	30
Postage & telephone	(3)	3	7	11	1	18	68	105	105
Office printing & stationery	6	-	-	6	4	16	37	69	92
Advertising	4	-	-	8	2	-	4	18	15
Courses costs	-	-	3	52	3	4	8	70	63
Publications production	57	-	9	-	-	-	-	66	182
Direct mail, legacy, events	91	-	-	-	-	9	3	103	84
Professional fees (incl audit)	113	-	10	20	-	94	151	388	549
Database & IT outsourcing	146	-	22	-	-	-	66	234	252
Depreciation	-	-	-	-	-	-	12	12	30
Branch expenses (note 5b)	-	-	-	-	785	-	-	785	800
Other Costs	22	13	2	3	-	6	32	78	113
	637	57	364	299	810	226	2,211	4,604	5,553
Support Costs	590	53	335	278	747	208	(2,211)	-	-
Total resources expended	1,227	110	699	577	1,557	434	-	4,604	5,553

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Notes to the financial statements

For the year ended 31 December 2012

8 Resources expended on charitable activities (continued)

This is stated after charging

	Unrestricted	Restricted	2012 Total	Unrestricted	Restricted	2011 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation charge on tangible fixed assets (owned)	12	-	12	29	1	30
Operating lease costs land & buildings	123	-	123	36	-	36
Auditors remuneration for audit services	23	-	23	25	-	25
Auditors remuneration for non audit services	3	-	3	3	-	3

Trustees receive no remuneration for their services in that capacity 17 trustees (2011 13) have been reimbursed for travel expenses incurred carrying out their activities as trustees at a cost of £17,989 (2011 £19,517)

Premiums of £5,702 were paid in the year (2011 £8,010) on a professional indemnity policy to protect the charity, trustees and employees from loss arising from neglect or defaults of the trustees or employees

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Notes to the financial statements

For the year ended 31 December 2012

9 Tangible fixed assets

	Properties Freehold	Leasehold Improve- ments	Unrestricted Fixtures & Equipment	Total Unrestricted	Restricted Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At the start of the year	1,740	-	244	1,984	50	2,034
Additions in year	-	140	22	162	-	162
Disposals in year	(1,740)	-	-	(1,740)	-	(1,740)
At the end of the year	-	140	266	406	50	456
Depreciation						
At the start of the year	350	-	241	591	50	641
Charge for the year	-	9	3	12	-	12
Disposals in year	(350)	-	-	(350)	-	(350)
At the end of the year	-	9	244	253	50	303
Net book value						
At the end of the year	-	131	22	153	-	153
At the start of the year	1,390	-	3	1,393	-	1,393

Freehold properties

18 Stephenson Way, London, was sold during the year, as part of the 2012 business plan and change programme. The property was sold on 28 September 2012 for £2,800,000.

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Notes to the financial statements

For the year ended 31 December 2012

10 Fixed Asset Investments

	Unrestricted £'000	Restricted £'000	2012 Total £'000	Unrestricted £'000	Restricted £'000	2011 Total £'000
Market value						
Listed stocks and shares	827	1,240	2,067	1,155	1,218	2,373
Bank deposits and building society accounts	33	-	33	114	-	114
Total	860	1,240	2,100	1,269	1,218	2,487

The charity owns 100% of the issued share capital with a nominal value of £252 in its subsidiary undertaking

Movement in quoted investments

	Unrestricted £'000	Restricted £'000	2012 Total £'000	Unrestricted £'000	Restricted £'000	2011 Total £'000
Market value as at 1 January 2012	1,155	1,218	2,373	1,227	1,356	2,583
Less Disposals proceeds	752	134	886	444	197	641
(Gain) / Loss on sale	(22)	(3)	(25)	19	(1)	18
	730	131	861	463	196	659
Add						
Acquisitions at cost	351	87	438	425	52	477
Net gains/(losses) on revaluation rounding	51	66	117	(34)	6	(28)
	402	153	555	391	58	449
Market valuation as at 31 December 2012	827	1,240	2,067	1,155	1,218	2,373

Investment Summary Unrestricted Funds Invested in Listed Stocks and Shares

	Market Value	%
ARTEMIS INCOME FUND UNITS CL R	83,858	10.1%
JO HAMBRO CAO MGMT UK UMB FUND UK	73,900	8.9%
M&G INV FUND 3 RECOV FUND	72,243	8.7%
THREADNEEDLE INV FD UK FND INST CLASS INC NET	64,813	7.8%
MULTI STRATEGY ALTERNATIVE FUND	80,000	9.7%
ISHARES S&P 500 SHS(GBP)	66,640	8.1%
ALL OTHER FUNDS INDIVIDUALLY LESS THAN £50,000	385,382	46.7%

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Notes to the financial statements

For the year ended 31 December 2012

11 Debtors

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Unrestricted As restated
	£'000	£'000	£'000	£'000
Trade debtors	26	-	26	43
Legacies receivable	1,071	27	1,098	1,828
Other debtors	108	-	108	44
Accrued income	12	-	12	65
Total	1,217	27	1,244	1,980

12 Cash at bank and in hand

	Unrestricted £'000	Restricted £'000	2012 Total £'000
Held by			
Local committees, branches and groups	1,057	386	1,443
Central office	2,312	297	2,609
Total	3,369	683	4,052

	Unrestricted £'000	Restricted £'000	2011 Total £'000
Held by			
Local committees, branches and groups	719	996	1,715
Central office	(1,487)	758	(729)
Total	(768)	1,754	986

Cash and Bank

Arthritis Care has a cash pooling arrangement for all unrestricted and restricted balances held at the Natwest Bank (RBS). All balances are utilised to minimise finance cost. Cash pooling does not affect the delivery of restricted projects.

13 Creditors amounts falling due within one year

	2012 Unrestricted £'000	2011 Unrestricted £'000
Trade creditors	103	156
Statutory creditors	33	91
Other creditors	42	81
Accruals	135	39
Total	313	367

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

14 Retirement benefits

Throughout 2010, the Charity operated a defined benefit scheme, whose assets are held separately from those of the charity and are independently administered by The Pensions Trust. The Open Section of the scheme is contracted-out of the state scheme, whereas the Closed Section is contracted-in. The scheme provided benefits based on 1/60th of average pensionable pay multiplied by pensionable service in completed months and years and is fully funded. The most recent formal valuation of the scheme was performed as at 30 September 2009.

In December 2009 the board took the strategic decision to change the pension scheme from defined benefit to defined contribution. The formal staff consultation relating to this decision was undertaken in 2010 and, following this, the defined benefit scheme was closed at the end of 2010 and replaced by a defined contributions scheme from 1 January 2011.

The employee benefit obligations recognised in the balance sheet are as follows

	2012 £'000	2011 £'000
Present value of funded obligations	(9,629)	(9,152)
Fair value of plan assets	6,855	6,340
Net liability	<u>(2,774)</u>	<u>(2,812)</u>

Amounts recognised in net incoming/(outgoing) resources are as follows

	2012 £'000	2011 £'000
Current service cost	78	72
Interest on obligation	425	443
Expected return on plan assets	(384)	(443)
Total	<u>119</u>	<u>72</u>
Actual return on plan assets	<u>548</u>	<u>13</u>

Changes in the present value of the defined benefit obligation are as follows

	2012 £'000	2011 £'000
Opening defined benefit obligation	9,152	8,286
Service cost	78	72
Interest cost	425	443
Contributions by employees	-	-
Actuarial losses	260	571
Benefits paid, death in service insurance, premiums and expenses	(286)	(220)
Closing defined benefit obligation	<u>9,629</u>	<u>9,152</u>

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Notes to the financial statements

For the year ended 31 December 2012

14 Retirement benefits (continued)

Changes in the fair value of plan assets are as follows

	2012 £'000	2011 £'000
Opening fair value of plan assets	6,340	6,294
Expected return	384	443
Actuarial gains and (losses)	164	(430)
Contributions by employer	253	253
Benefits paid, death in service insurance, premiums and expenses	(286)	(220)
	<u>6,855</u>	<u>6,340</u>

The movement in the surplus/(deficit) during the year is as follows

	2012 £'000	2011 £'000
(Deficit) in scheme at beginning of year	(2,812)	(1,992)
Current service cost	(78)	(72)
Interest cost	(425)	(443)
Expected return on plan assets	384	443
Contributions by employer	253	253
Actuarial (loss) / gain	(96)	(1,001)
	<u>(2,774)</u>	<u>(2,812)</u>

The major categories of plan assets as a percentage of total plan assets are as follows

	2012 %	2011 %
Equities	64%	64%
Bonds	30%	29%
Property	6%	6%
Cash	0%	1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2012 %	2011 %
Discount rate at the end of the year	4%	5%
Future salary increases	4%	4%
Future pension increases	4%	4%
Inflation assumption (RPI)	3%	3%
Inflation assumption (CPI)	2%	2%

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

14 Retirement benefits (continued)

Amounts for the current and previous four periods are as follows

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(9,629)	(9,152)	(8,286)	(8,422)	(5,561)
Plan assets	6,855	6,340	6,294	5,519	4,621
(Deficit)	(2,774)	(2,812)	(1,992)	(2,903)	(940)
Experience adjustments on plan liabilities	137	60	556	(18)	(15)
Experience adjustments on plan assets	164	(430)	248	380	(1,601)

15 Restricted funds

Central and regional funds

Central and regional funds hold donations, grants and other income given for specific purposes. The balances represent amounts which had not been spent at the year end. Fund balances are supported by current assets.

Local committee branches and group funds

Local committee, branch and group funds are raised and controlled locally for services to people with arthritis in the local area. Fund balances are supported by cash and investments.

Transfer between funds

The central and regional transfer from restricted to unrestricted funds reflects the correction in classification of the Patterson Bequest, the restrictions of which had already been fully discharged. The local transfer from restricted to unrestricted funds is the net transfer of funds between branches and UK head office to support the Charity's activities and delivery of specific projects throughout the year.

	1 January 2012 £'000	Incoming Resources £'000	Resources expended £'000	Transfers £'000	31 December 2012 £'000
Central & regional funds					
Information	150	199	(317)	-	32
Training	52	184	(185)	-	51
Patterson Bequest	556	-	-	(556)	-
Legacies and Other Income	-	214	-	-	214
Restricted Funds	758	597	(502)	(556)	297
Local committee, branch & group funds	2,214	182	(746)	-	1,650
Total restricted funds	2,972	779	(1,248)	(556)	1,947

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

15 Restricted funds (continued)

Restricted projects and purpose of funds

Information

Charities Aid Foundation

2012 - first year of five years funding - mixed for Young Persons & Family including adult services and new development

City Bridge Trust - information points in London libraries

Information provision in libraries - signposting to resources

OA Nation Project - osteoarthritis survey

For research, report writing, launch, evaluation

Bank Workers Charity Project

Partnership funding services to people with arthritis in the banking community

Big Lottery Fund - joint activity feasibility study

Big Lottery Fund - funding for a feasibility study for Joint Activity which is a community based project to support people with arthritis to become confident and effective self managers

Wales volunteering

Wales volunteer support

Connect Scotland Scottish Government Health Grant

Connect Scotland is an interactive peer support resource

CHK Trust - training publications

To publish training materials

Training

NIPFW-NI Positive Future Workshop

To deliver workshops for young people with arthritis

Challenging arthritis - Central England

Challenging arthritis - N England training

Big Lottery-Get Fit For Arthritis (Northern Ireland)

To enable people with arthritis to be fitter, healthier and happier

HSCB (North) Challenging Arthritis (Northern Ireland)

To provide Challenging Arthritis courses in H&SCB north area

Legacy -for use in the North East

Challenging arthritis - Scotland

To deliver challenging arthritis courses

Children in Need - Northern Ireland

To fund a part time Youth Worker and associated project costs

Belfast Health and Social Care Trust

Challenging Pain Programme

Anglia Co-op - Central England

General donation to support people with arthritis in Cambridgeshire

Anglia Co-op - South England

General donation to support people with arthritis in Oxfordshire

Challenging pain - North England

The Scottish Government - Rheum for Teen Support

Peer support for teenagers

Challenging pain Hwel-Dda Health Board-Wales

To deliver Challenging Pain workshops

Long-term Conditions Alliance Scotland - Paths for all

Walking towards better health

The Schuh Trust - Scotland

Joint potential youth project

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

15 Restricted funds (continued)

Third Sector internship - Scotland

Infrastructure project

Scotland Office - Scottish Government Community Care Grant

Core funding for Scotland office

Other

Patterson bequest

Proceeds of sale - transferred to unrestricted since restriction conditions discharged

16 Unrestricted Funds

	1 January 2012	New designations	Movement in funds utilised / realised	Transfers	31 December 2012
	£'000	£'000	£'000	£'000	£'000
Designated					
Contingency Reserve	845	-	(736)	(109)	-
Fixed Asset Reserve	-	153	-	-	153
Legacy Working Capital	-	1,098	-	-	1,098
Future investments	-	500	-	-	500
Training and information	30	-	(30)	-	-
Local committee branch and group funds	719	-	350	-	1,069
Total designated funds	1,594	1,751	(416)	(109)	2,820
General funds	1,913	(1,751)	1,642	665	2,469
Pension reserve	(2,812)	-	38	-	(2,774)
Total unrestricted funds	695	-	1,264	556	2,515

Contingency reserve

The fund was set at a level of reserves required to discharge liabilities in the event of closure. The costs incurred in 2012 of restructuring the business have been paid out of this fund. The total of £736k comprises redundancy costs £300k, other staff costs £301k, professional fees £119k, and other costs of £16k.

Fixed Asset Reserve

This fund has been set up to reflect the funds invested in tangible fixed assets. The fund has been set up to reflect the net book value of these assets recorded in the accounts.

Legacy Working Capital

This fund has been set up to reflect the funds represented by legacies accrued, but not yet received. Since these funds are inaccessible until receipt, they are shown separately to the general fund.

Future investments

This fund has been set up to pay for income generation projects going forward, using part of the proceeds from the sale of Stephenson Way.

Training and information programmes

This reserve supported continuing internally funded projects that straddled the financial year end.

Local committee branch and group funds

This reserve represents the net funds generated by branches pending the outcome of discussion with branches on the use of branch reserves.

Arthritis Care

Notes to the financial statements

For the year ended 31 December 2012

17 Analysis of Net Assets between Funds (excluding pension liability)

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund balances at 31 December are represented by			
Tangible fixed assets	153	-	153
Investments	860	1,240	2,100
Current assets			
Debtors	1,244	-	1,244
Cash & bank	3,666	386	4,052
Current liabilities	(313)	-	(313)
Net Assets	<u>5,610</u>	<u>1,626</u>	<u>7,236</u>

18 Operating leases

The group had annual commitments at the year end under operating leases expiring as follows

	2012 Land and buildings £'000	2011 Land and buildings £'000
2 - 5 Years	<u>155</u>	<u>36</u>
	<u>155</u>	<u>36</u>

19 Prior Year Adjustment

The prior year (2011) balances have been restated to correct for an error of omission in 2011. Legacies receivable have been increased by £702,000 in 2011, leading to an equivalent increase in fund balances at 1 January 2012.

Arthritis Care

For the year ended 31 December 2012

Appendix A Restricted central and regional funds

Project	Opening balance at 1 January 2012	Income	Expenditure & Transfers	Closing balance at 31 December 2012
	£	£	£	£
Information				
Charities Aid Foundation	120,000	-	95,464	24,536
City Bridge Trust - information points in libraries	-	23,738	15,825	7,913
OA Nation	-	94,978	94,978	-
Brighter Futures	-	18,409	18,409	-
Big Lottery Fund - joint activity feasibility study	9,950	-	9,950	-
Wales volunteering	996	-	996	-
Connect Scotland Scottish Government Health	16,458	27,000	43,458	-
CHK Trust- Training Publications	2,634	-	2,634	-
Christmas Appeal - Lifelines	-	26,913	26,913	-
Infrastructure Project Reallocation	-	8,114	8,114	-
Information total	150,038	199,152	316,741	32,449
Training				
NIPFW-NI Positive Future Workshop	3,195	933	4,128	-
Challenging arthritis - Central England	6,810	-	6,810	-
Challenging arthritis - N England training	3,500	-	3,500	-
Big Lottery - Get Fit for Arthritis (Northern Ireland)	9,509	80,983	62,264	28,228
HSCB (North) Challenging Arthritis (Northern Ireland)	3,587	8,000	11,587	-
Legacy - North East	-	10,603	10,603	-
Scotland challenging arthritis	16,914	-	16,914	-
Children in Need (Northern Ireland)	-	19,585	13,015	6,570
Belfast Health & Social Care Trust - Challenging Pain	-	1,164	1,164	-
Anglia Co-op - Central England	3,389	-	3,389	-
Anglia Co-op - South England	2,225	-	2,225	-
North England Challenging Pain	900	-	900	-
Scotland befriending project	-	38,916	23,916	15,000
Challenging pain Hwel-Dda Health Board-Wales	1,916	1,827	3,743	-
	-	788	-	788
Young people project - Scotland	-	5,000	5,000	-
Third Sector internship - Scotland	-	2,002	2,002	-
Infrastructure Project Reallocation	-	13,886	13,886	-
Training total	51,945	183,687	185,046	50,586
Infrastructure projects				
Scotland Office - Scottish Government Community Car	-	22,000	22,000	-
Reallocated to information	-	(8,114)	(8,114)	-
Reallocated to training	-	(13,886)	(13,886)	-
Infrastructure project total	-	-	-	-
Other				
Legacies and other income determined as restricted	-	214,213	-	214,213
Patterson bequest (transferred to Unrestricted Funds)	556,346	-	556,346	-
Other Total	556,346	214,213	556,346	214,213
Restricted project total	758,329	597,052	1,058,133	297,248