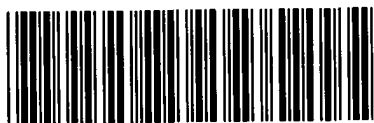


**VERSUS
ARTHRITIS**

**2021
-22**

**ANNUAL
REPORT
AND
ACCOUNTS**

SATURDAY



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TABLE OF CONTENTS

| | |
|--|-----------|
| SECTION 1: OBJECTIVES AND ACTIVITIES | 6 |
| SECTION 2: ACHIEVEMENTS AND PERFORMANCE | 8 |
| SECTION 3: STRATEGIC REVIEW, LEADERSHIP AND CHANGE | 10 |
| SECTION 4: REFERENCE AND ADMINISTRATIVE DETAILS | 18 |
| SECTION 5: GOVERNANCE AND FUNDRAISING | 24 |
| SECTION 6: THANK YOU | 28 |
| SECTION 7: FINANCE REVIEW | 31 |
| SECTION 8: INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF VERSUS ARTHRITIS | 43 |
| SECTION 9: CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES | 48 |
| SECTION 10: GOVERNANCE STRUCTURES | 80 |
| SECTION 11: LEGAL AND ADMINISTRATIVE INFORMATION | 85 |

WE ARE VERSUS ARTHRITIS

We exist so the world no longer tolerates the impact that arthritis has on people's lives.

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

Arthritis steals so much from us – it can take away the ability to work, to care for a family, to move without pain, to live independently or just to feel like yourself. Yet arthritis is often dismissed as 'just aches and pains' or 'just a bit of wear and tear'. Arthritis is wrongly seen as inevitable, insignificant or even untreatable. It's none of these things.

Versus Arthritis is a charity inspired, driven and informed by people with arthritis. The involvement of people

with arthritis runs across our organisation. You benefit from our services, research and campaigns, and you're actively involved in shaping them. You give us ideas, co-design solutions and make vital decisions on how and where we channel our resources.

We can only achieve our ambitions with the support and hard work of Versus Arthritis volunteers in all four nations of the UK. Many of our volunteers live with arthritis, and their experiences, empathy and understanding of the painful reality of this condition are invaluable. Others have seen first-hand the impact that arthritis has on family, friends, colleagues and communities. What all of our volunteers have in common is a desire to make change happen through practical action. They defy arthritis by delivering our services, running local groups, campaigning on big issues, making sure our research is always person-focused and raising the funds we need to keep pushing against arthritis.

By giving us their time, experience and dedication, our volunteers defy arthritis every day, creating positive change. Together, they are the cornerstone of what Versus Arthritis strives to achieve.

OUR VISION: WE EXIST SO THAT THE WORLD NO LONGER TOLERATES ARTHRITIS

OUR MISSION: ALL OF US PUSHING TO DEFY ARTHRITIS

CHAIR'S INTRODUCTION

This year has been one of change and continued challenge for our organisation.

Though the roll-out of the vaccine programme helped us to emerge from the worst of the pandemic, COVID-19 continues to have a huge impact on the lives of people with arthritis. Delays to vital treatment and care, extended isolation for those still shielding and restricted access to the social networks and community facilities that help us to live well, have undoubtedly taken their toll over the last 12 months.

These ongoing challenges require us to be ever more flexible, creative and determined in everything we do with and for people with arthritis. This year our community of volunteers, staff, supporters, partners and researchers responded, once again, with resilience and agility. From giving strength to those people waiting for surgery, diagnoses or appointments to providing guidance on vaccines to campaigning loudly and visibly for those on waiting lists living with pain - we have been there for people with arthritis this year.

It has been fantastic to see the gradual return of our face-to-face services and events this year, only possible thanks to the continued support of our volunteers across the UK. But, taking the best of everything we learnt during the pandemic, we have also strengthened our virtual offer, continuing to give people alternative ways to receive support, to campaign, to fundraise and to connect with the Versus Arthritis community.

We continued to fund research to make arthritis preventable, manageable and treatable, supporting established and emerging talent in the UK research community. We know that research needs to be making a bigger and faster difference to people's lives so they don't have to live with the pain, fatigue and isolation of arthritis. That's why this year we launched a new research strategy as a roadmap to deliver this change, which outlines the priorities we have set out to accelerate the pace and precision of musculoskeletal research.

Thanks to the generous support of individuals and to the strong relationships we have with our partners, including trusts and foundations, lotteries and institutional funders, our income generating activity performed well this year. Our thanks go out to everyone who has given their support over the last 12 months.

While retaining our focus on responding effectively to external challenges, we have also been looking inwards. In the four years since we became Versus Arthritis, the world has changed, and the needs and priorities of people with arthritis have changed along with it.

To ensure we are ready to meet these needs and equipped to tackle the challenges ahead, we conducted a strategic review of our activities.

We looked at every aspect of the organisation, reviewing what we currently do, and how we do it, to ensure we are as efficient and effective as we can be. Recognising the wealth of knowledge and experience within our Versus Arthritis community, we listened and responded to the views of our people throughout the review. This collaborative process has helped us to understand the support that we are uniquely placed to provide to people with arthritis.

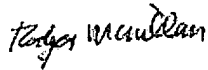
A significant part of this process involved looking at our financial operating model with a view to becoming a financially sustainable organisation; one that makes the best use of our annual income and our reserves to ensure we have the biggest impact now and can continue to stand by people with arthritis for as long as they need us.

As we make the transition from our previous leadership and priorities, Versus Arthritis will emerge with greater clarity about the world we want to create, and a sharper focus on how we will uniquely deliver more impact for people with arthritis. While we remain committed to supporting ground-breaking research, delivering services that support people to live well with arthritis and driving positive policy change on the issues that matter most to people with arthritis, we will take some decisions about the range of work we undertake and how we are resourced. We will develop and share a new strategic plan in 2022/23, supported by a refreshed vision and mission, which will put us in an even stronger position to deliver and demand more for people with arthritis. This will also involve us putting in place a charity-wide impact framework so that we are able to measure and communicate the effects of that renewed strategy.

We are proud of the progress we have made in creating a more diverse and inclusive organisational culture, one that nurtures belonging and empowers every individual. The launch of our first diversity and inclusion strategy, created in collaboration with our people, was an important milestone this year. However, given the importance of getting this right, for our people and our mission, we have committed to take the time necessary to ensure a diverse and inclusive culture is deep-rooted and long-lasting. We will feedback on progress in next year's report.

Finally, we must acknowledge that this period of review and the wider implications of organisational change have been difficult for our staff and volunteers. As we have evolved to be more strategically focused and reduce costs, we have had to reshape teams and directorates

and some staff have left us through redundancy. These changes, particularly the loss of valued colleagues, have been tough for everyone. We would like to say thank you to each person who played their part in what we have achieved together over the last year. Your hard work, commitment and understanding has helped us to keep on defying arthritis in what has been another challenging year.



Rodger McMillan, Chair of the Board of Trustees

WELCOME MESSAGE FROM THE CHIEF EXECUTIVE

I wanted to take this opportunity to introduce myself as the new chief executive of Versus Arthritis.

I have long admired and supported this charity and I am thrilled and honoured to have the chance to lead it. I've had first-hand experience of how hard it can be to live with chronic pain and of watching loved ones struggle with its impact on everyday life.

I've worked in the voluntary sector for 30 years, leading charities including Bowel Cancer UK and Independent Age. Throughout my career I am proud to have worked in organisations which place volunteers at the heart of everything they do, and I am enjoying meeting members of our dedicated and passionate Versus Arthritis community.

As I get to know the charity and see the real impact of our work, it becomes ever clearer that, whether through our research, services, policy work or influencing, together we have an important role to play. We can defy arthritis by helping others to recognise the impact it has on people's lives, by supporting people to manage their own conditions and by ensuring earlier and more effective diagnoses, better treatments, prevention and, one day, cures.

The need is great - 10 million people living with arthritis and another 10 million living with other musculoskeletal conditions. There's so much to do but the potential is huge, and I'm determined to ensure that together we demand and deliver more for people with arthritis.

Deborah Alsina MBE, Chief Executive



01

OBJECTIVES AND ACTIVITIES

SECTION 1: OBJECTIVES AND ACTIVITIES

The objectives of Versus Arthritis are:

1. to advance the study of and research into the causes, treatment and cure of arthritis (and related musculoskeletal disorders), and disseminate the useful results of that research.
2. to relieve the needs of those living with arthritis, including by:
 - promoting the teaching of matters relating to, and the further understanding of, arthritis among healthcare professionals, students and other persons involved in the treatment of such disorders; and
 - improving the treatment and care of people living with arthritis.
3. to advance the education of the public in all matters relating to arthritis including people living with arthritis.

In pursuit of these objectives, the charity carries out the following activities:

1. Investment, visibility and participation in musculoskeletal research which is aligned with the impact of arthritis on individuals.
2. Provision of specific support aimed at all young people diagnosed with arthritis.
3. Ensuring face-to-face support is available local to an area near all people living with arthritis in the UK.
4. Making information is readily available to empower individuals to self-manage.
5. Ensuring that the impact of arthritis is widely recognised leading to empowering those that live with these conditions.

During 2021/22, an extensive strategic review was started, beginning the work of restructuring the organisation to ensure it has an appropriate and sustainable business model. In summer 2022 the charity continued to clarify the future aims and activities of the organisation with a focus on ensuring the highest achievable level of impact for people living with arthritis. During this transitional period, new key performance indicators (KPIs) are being formulated and baseline data collected, against which we will report in future periods.

PUBLIC BENEFIT

Versus Arthritis is a public benefit entity. In preparing this report, the trustees have referred to the charity Commission's general guidance on public benefit and are satisfied that the activities undertaken by the charity meet the Commission's requirements.

Versus Arthritis delivers public benefit by galvanising the wider arthritis community so no one has to tolerate the fatigue, pain and isolation caused by arthritis. The charity does this by delivering direct services across the UK to people with arthritis - improving their daily lives, funding research that will provide new treatments and cures, and campaigning for systemic change to ensure our health and social care systems consider and cater for the needs of people with arthritis. The Trustee Board reviews and signs off strategic plans in each of these domains, and reviews quarterly reports to understand progress made in each area.

VOLUNTEERING

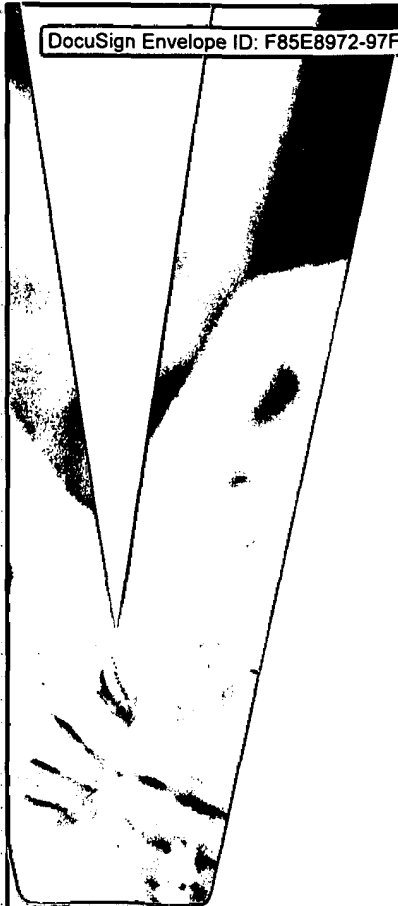
Our volunteers play a vital role in raising funds and raising awareness about the arthritis. We couldn't function without them.

In 2021/22 we had 711 registered volunteers, engaged in activities such as peer support, service support and delivery, fundraising and campaigning. In addition there were approximately 1,300 supporters who gave their time to us in other ways, for example taking part in fundraising events such as the London Marathon or signing up to assist with campaigns.

We do not track the hours spent by volunteers due to the diverse nature and locations of the various activities.

02

**ACHIEVEMENTS AND
PERFORMANCE**



SECTION 2: ACHIEVEMENTS AND PERFORMANCE

OUR YEAR IN NUMBERS

- People with arthritis were supported over 80,400 times through Versus Arthritis local, commissioned and young people and families services.
- 711 volunteers supported our work this year, delivering services, running groups, campaigning, shaping research and raising the funds we need to keep pushing against arthritis.
- We made 33 new research awards this year, taking our total investment in research to more than £118 million across 250 live awards.
- We engaged with over 1,000 young people who were new to Versus Arthritis through our Young People and Families services.
- 89 people with lived experience of arthritis signed up to become research partners this year, making a vital contribution to pioneering arthritis research.
- Membership of our healthcare professional network grew by 17% - by the end of the year a total of 10,554 healthcare professionals had signed up.
- More than 46,000 people supported our work financially, through one-off donations or regular gifts.



03

**STRATEGIC REVIEW,
LEADERSHIP
AND CHANGE**

SECTION 3: STRATEGIC REVIEW, LEADERSHIP AND CHANGE

Between April and September 2021, a strategic review of the charity was undertaken. We began by taking a fresh look at the needs of people with arthritis, then analysed our activities, infrastructure, resources and processes. All areas were in scope, from the face-to-face and virtual support services we deliver to the research we invest in. We looked at our campaigning and influencing activity, our income generation and the infrastructure that enables our safe operation. Throughout this process, we canvassed and listened to the views of staff, volunteers and people right across the Versus Arthritis community to understand more about the role we play and where we have the greatest impact.

Currently, we are spending more than our annual income and meeting the difference by drawing on our reserves. Therefore, the review also focused on what changes need to be made for Versus Arthritis to operate in a financially sustainable way.

Outputs from the strategic review were shared with the Board at a two-day meeting in October 2021 and a series of changes were subsequently approved that will help to deliver greater efficiency and effectiveness. This included the implementation of a new operating model, reshaping our directorate structure and the creation of a well-managed charity framework.

We are very grateful to our acting chief executive, Ellen Miller, who led the organisation during this period of review, supported by a team of both permanent and interim directors and with trustee oversight. It took a great deal of hard work and dedication across every team in the charity, as well as the input of our volunteers, stakeholders and beneficiaries, to fully reconsider our purpose, focus, sustainability and operating model.

Everything we have learnt over the last year will feed into the development of a new five-year strategic plan under the leadership of our new chief executive, Deborah Alsina MBE, who joined us in March 2022. Deborah will work closely with the Board and a team of five directors (leading teams in Research, Services & Influencing, Income & Engagement, People & Organisational Development, and Finance & Corporate Resources) to use these insights to deliver a clear, future-facing and impactful strategy during 2022/23.

Achieving the strong leadership and governance that we know people with arthritis deserve was a priority this year. We continued to implement the recommendations

of the external review of leadership and governance conducted in 2020 following the Serious Incident Report submitted to the charity Commission. We know there is hard work still to be done at a senior level and this action plan, alongside our diversity and inclusion strategy, will guide next steps and allow us to measure our progress.

RESEARCH

Accelerating the pace and precision of musculoskeletal research

In November 2021, we launched a new Research Strategy focused on accelerating the pace and precision of musculoskeletal research. Taking an holistic view, the strategy outlines four key areas for investment and influence, prioritising research that will help understand and reduce the physical, mental and social impact of living with arthritis:

- Spotting the signs early and reducing the impact of arthritis.
- More effective and targeted drug and non-drug treatments.
- More people living well with their condition, feeling supported in their day-to-day life and
- Making life better for people with arthritis becomes a priority for researchers, funders and investors.

Achieving support for this strategy, from people with arthritis, the wider research community, funders and investors, will be vital to its success. So, as well as involving each of these groups in its development, we conducted an extensive engagement programme once it was published to inform and involve key stakeholders.

An example of our strategy in action is the work this year on the development of our partnership with The Nuffield Foundation on the Oliver Bird Fund funding call. This will leverage up to £4 million in grant funding to support research focused on the socioeconomic impacts of arthritis, and associated musculoskeletal conditions, on people's wellbeing. This call was shaped by our research partners ensuring people with lived experience are involved from beginning to end; a first for the Nuffield Foundation.

Research shaped by people with lived experience

During 2021/22, 89 people with lived experience of arthritis signed up to become our 'research partners', making a vital contribution to pioneering arthritis research. Not only have we grown the number of research partners this year, but after listening to their views, we have improved our involvement offer and expanded the ways in which this group inform and influence our work and that of the wider research community.

Research partners contributed to committees and panels making funding recommendations and shaped our research strategy and research governance restructure. As a result of their feedback, we restructured our research committees and bespoke funding panels that help us assess scientific proposals, so each is co-chaired by a scientific expert and a lived experience expert. This approach empowers both perspectives, ensuring scientific excellence and real-life impacts are key to our decision-making. During 2021/22 we created a Research Expert Committee (replacing the disease, treatment and health subcommittees) and a Fellowship Expert Committee, both of which have co-chairs and members with lived experience of arthritis. Our College of Experts will also comprise people with lived experience, academics and clinicians.

This year, for the first time, we funded a patient-led study through the Centre for Epidemiology Versus Arthritis called COVID Voices. This research was championed by Lynn Laidlaw, one of our research partners, working alongside clinical lecturer Dr Charlotte Sharp and Joyce Fox, a patient partner at our epidemiology centre. This co-produced research will provide a platform for people with inflammatory musculoskeletal and autoimmune diseases to explore and share their experiences. The valuable insights gathered are being used to inform future public health responses, communication and policies for the most vulnerable in the event of a similar public health emergency, as well as to support our influencing and campaigning work.

¹ In 2021/22, we made 10 awards in partnerships where Versus Arthritis is the lead organisation. The total value of these awards is £942,380 and of this £801,023 was contributed by our partners. We also contributed more than £13 million across five awards, predominantly as part of the Advanced Pain Discovery Platform (APDP), to research which is being led by partner organisations. Our partners contributed a further £18 million in funding to support these research studies.

Investing in pioneering research and adding value through partnership

We continued to fund pioneering musculoskeletal research across the UK and invest in future leaders and talent in this field. During 2021/22 we made 34 new research awards, representing more than £18 million of funding. This comprised £13 million in new in-year investment, with the remainder reflecting the delayed investment from 2020/21. This delay was as a result of disruption caused by the pandemic, when our research community was diverted and/or re-deployed to tackle COVID-19 research or clinical duties, and our staff were also impacted by the pandemic. Our total current investment in research totals more than £118 million across 250 live awards.

A substantial proportion of our portfolio was delivered in partnership, aligning with an ambition outlined in our research strategy – to partner more and better to maximise impact for people with arthritis and the UK research community. To this end, 15 research awards were made this year in partnership with other funders, including National Institute for Health and Care Research (NIHR), the Medical Research Council, Fight for Sight and the Connect Immune Research consortium of funders alongside the Chernajovsky Foundation. Together, these partnerships have leveraged over £18 million in funding from our partners for research into arthritis and associated musculoskeletal conditions, including pain research.¹

Spotlight on breakthrough research

1. We announced the first four studies funded through our five-year research partnership focused on understanding and preventing chronic pain. The Advanced Pain Discovery Platform (APDP) is supported by a £24.5 million grant investment from Versus Arthritis, UK Research and Innovation, Medical Research Foundation and Eli Lilly.

The four studies are the PAINSTORM study at the University of Oxford which will research neuropathic pain, while the Consortium Against Pain Inequality at the University of Dundee will look at the impact of childhood experiences on chronic pain and responses to treatment. At the University of Cambridge, the ADVANTAGE

project will research how we treat people with visceral pain and a study at the University of Bath will research how psychological and social factors affect chronic pain in musculoskeletal, and other painful, conditions.

As part of our APDP investment, we also funded a Digital Innovation Hub for chronic pain called Alleviate at the University of Dundee. Guided by leading experts in pain research, and in partnership with Health Data Research UK, the NHS, APDP consortia, people with lived experience of chronic pain and industry, Alleviate will bring together, curate and improve existing pain datasets to be findable, accessible, interoperable and reusable (FAIR). It is also providing expert data engineering, to enhance responsible, timely and trustworthy analysis by researchers and innovators, and to help reveal new and improved treatments.

2. The KICK study, led by the Centre for Osteoarthritis Pathogenesis Versus Arthritis, identified that the amount of blood in the knee joint at the time of an acute injury can be a risk factor for future knee osteoarthritis. Researchers discovered this by measuring inflammation markers in the blood and knee joint fluid of people aged 16 to 50 who'd recently had a knee injury. They then followed up two years later, taking X-rays and discussing symptoms with each patient. Around 20% of patients showed signs of knee osteoarthritis and, for the first time, the presence of blood in the knee joint at the time of injury was shown to be a risk factor. This is an exciting step forwards in providing early, preventative treatments and giving patients greater control over their health.
3. Following a successful University of Manchester pilot study, we renewed funding for the REMORA (Remote monitoring of Rheumatoid Arthritis) app, in partnership with NIHR. The app allows people with rheumatoid arthritis to accurately track their daily symptoms, helping them to manage their condition and use the data to inform conversations with healthcare professionals. The pilot found REMORA enabled clinicians to spot health trends and empowered patients to make decisions about their care and treatment. This funding will allow researchers to develop the app so people can track symptoms over a 12-month period and support training for healthcare professionals on using the data effectively.

SERVICES

Despite the continuing challenges presented by COVID-19, the return of face-to-face services this year, combined with our virtual offer, enabled us to support people with arthritis more than 80,400 times through local, commissioned and young people and families services.

As part of our strategic review, we looked at our service model to make sure we are reaching the right people with the right support, through our helpline, digital services and face-to-face offer. This year, we piloted a more integrated model of delivering our services in Belfast, Argyll and Bute and Birmingham and plan to use lessons learnt from this to roll out a standardised operating model for our services across all four UK nations in 2022/23.

Providing people with the support, motivation and techniques to manage their own health and wellbeing – a model of self-management – is at the core of our services. There were over 7,400 interactions with our physical activity offer this year, which includes walking groups and exercise classes run by our network of volunteers. Additionally physical activities funded through our Sport England partnership and online resources like the Let's Move with Leon programme opened up more opportunities for people with arthritis to access safe, supported physical activities.

Our helpline advisors dealt with over 14,400 enquiries, offering empathy and support to people dealing with the everyday challenges of living with arthritis, as well as COVID-related concerns around vaccines and shielding.

The work of our Professional Engagement team has been crucial in a year in which the NHS has been under sustained pressure and the number of people with arthritis waiting for treatment is at a record high. We delivered over 5,400 live training interactions with healthcare professionals and the number of times our self-learning resources were accessed increased from 37,000 in 2020/21 to over 126,000 this year. This tripling in demand demonstrates that our resources are needed more than ever as GPs and healthcare professionals have had to adjust the way they support people with arthritis throughout the pandemic. The growth of our healthcare professionals' network from 9,000 members in 2020/21 to over 10,550 this year reflects the value placed on our quality support, resources and training.

Our volunteers, many with lived experience of arthritis, offer peer support, shape our services and collaborate with the research community to ensure they prioritise what matters most to people with arthritis. This year we launched a new involvement network, consolidating our existing volunteering and involvement models, to make

it easier for people to engage with us in a way that suits them, where they live.

Spotlight on our Adult Services

This year, we secured an £80,000 grant from National Lottery Community Fund Scotland's Improving Lives fund and, in Northern Ireland, were awarded a £354,000 grant from the National Lottery Community Fund. These grants allowed us to build on our solid foundation of volunteer-led services across Scotland and Northern Ireland. We delivered one-to-one support, group activities, exercise classes and bespoke workshops to empower people with arthritis, and other musculoskeletal conditions, to take control of their own health and wellbeing.

As part of this, in Northern Ireland we trained nine volunteers to run virtual and in person Chi Me courses. Chi Me links simple movements together to create a gentle, easy to follow tai chi-style class, suitable for all ages. In total, volunteers have delivered 108 classes, reaching 162 new people over the year via online and community-based courses in Bangor and Ballymoney. People taking part have reported an increase in peer support, confidence and reduction in the impact of their pain.

Spotlight on Young People and Families Service

The safe return of our face-to-face Young People and Families Services in NHS hospitals across the UK was a major achievement this year. While re-establishing our face-to-face offer we kept the best of the digital support developed during the pandemic. This helped us to reach young people from the Shetlands down to Cornwall in a way that hadn't been possible before. In total, during 2021/22 we engaged with over 1,000 young people who were new to Versus Arthritis.

Our events programme also returned this year and included seven UK residentials and a range of online and face-to-face events, all designed and delivered with support from young volunteers. For example, in Scotland, we ran our annual Joint Creativity art exhibition on the theme 'This Is Me'. To date, the

artwork, which included a thought-provoking podcast series called 'Our Conditions, Our Lives' written by and for young people, has reached 700 people through an exhibition at a Glasgow venue and via an online platform.

The Young People's Advisory Panel continued to advise and support the charity, helping to launch the Versus Arthritis podcast series and shape the youth involvement and volunteering model. The launch of Young Experts led to young people co-developing new school resources, due out in 2022/23.

By March 2022, we also achieved just under 20,000 downloads of our Arthritis Tracker app, which helps young people to track their symptoms, manage their wellbeing and connect with others having similar experiences.

POLICY AND INFLUENCING

Our Impossible to Ignore campaign continued to galvanise the Versus Arthritis community and drive change at a national and local level. More than 46,000 people signed petitions which were delivered to all UK governments in June 2021, demanding clear strategies to tackle the joint replacement surgery backlog, bring down waiting times and ensure each person waiting can access the treatment and support they need. Pressure applied by the campaign influenced the publication of elective recovery plans in all four nations by April 2022.

In June 2021, we launched a six-point support package that we want local health services to provide to people with arthritis waiting for joint replacements based on what people affected told us matters most. The package calls for more and better communication, personalised support on self-management and mental health, access to physical activity and signposting to financial support and advice. As a result, several local areas have reviewed and increased their levels of support.

Many people with arthritis also shared their real-life experiences of waiting. A hard-hitting BBC Panorama documentary on the surgery backlog called *NHS: Wait or Pay?*, broadcast in September 2021, featured Brenda's story. The programme laid out the personal and financial cost of spiralling waiting lists and highlighted widening health inequalities caused by COVID-19. We worked closely with producers to help to tell Brenda's story of waiting in pain, which evoked powerful responses including an offer to pay for her surgery.

We worked hard this year to ensure people with rheumatoid arthritis and lupus got the COVID-19

vaccines they needed. When this group were not automatically prioritised for third doses, we successfully influenced the eligibility criteria to include them. We pushed for better communication from the NHS and government to resolve confusion and helped raise awareness of eligibility, as part of a Department of Health and Social Care campaign.

When COVID-19 restrictions ended, we joined a coalition working to raise the voice of immunosuppressed people in government, setting out five tests that government plans needed to pass to ensure people at the highest risk are supported to live with COVID-19.

Our report, **Unseen, Unequal and Unfair: Chronic pain in England**, was released in summer 2021. It highlights how chronic pain affects us and what needs to be done about the unseen and unequal burden it places on individuals and wider society. Its recommendations include calls for health and care decision-makers to reduce the health inequalities that worsen chronic pain for the most deprived, for women and for some minority ethnic groups, and to implement and report progress on plans to address chronic pain.

Spotlight on our Impossible to Ignore campaign in Wales

As part of the Impossible to Ignore campaign, Cymru Versus Arthritis published a manifesto outlining four key policy calls in the run-up to the May 2021 Senedd elections. One of our asks was the appointment of a new Musculoskeletal (MSK) Clinical Lead to champion better prevention, early intervention and self-management support for people with arthritis and to ensure the right services were accessible at the right time.

As a result of successful lobbying, the Welsh Government's Health Minister approved funding for two MSK Clinical Leads and two Pain Services Clinical Leads. The two MSK roles were appointed in December 2021, and our director in Wales sat on the interview panel.

Our Impossible to Ignore influencing activity also led to a Senedd Health Committee inquiry on the impact of lengthy waiting times for diagnosis and treatment. Cymru Versus Arthritis gave evidence to the committee and worked with ITV Wales to give people with arthritis waiting for surgery a platform to share their stories.

INCOME AND ENGAGEMENT

Our income generation activity performed well this year. By focusing resources on activity with a higher return on investment we raised more than expected using fewer resources. We saw continued strong performance in legacy gifts and established robust relationships with trusts and foundations, lotteries and institutional funders.

Our existing partnership with Sport England was strengthened by an award of £250,000 from its Tackling Inequalities Fund, given for us to distribute to other charities, especially small and locally based ones, that are widening access to physical activity as a route into tackling health inequalities. During 2021/22, we awarded grants to 45 projects working in marginalised communities across England that are supporting people with arthritis, and other long-term health conditions, to get active.

Inspired by this idea, Versus Arthritis granted a further £150,000 to extend this funding opportunity to groups and charitable organisations in Wales, Scotland and Northern Ireland. Through our Let's Move Together fund we were able to extend our reach, test new ways of working and forge connections with a diverse network of smaller charities. We began offering grants of up to £5,000 to groups, mainly operating at grassroots level, developing and delivering physical activity opportunities across Northern Ireland, Wales and Scotland. During 2021/22 we supported 35 projects with grants from our fund: 14 awards were made in Scotland, 13 in Northern Ireland and one was split between the two nations. We gave eight grants in Wales and three more projects received funding from our partnership with Sport Wales.

This year another major partner, the Welsh Government, carried out a review of our existing grant from the Sustainable Social Services Third Sector programme and offered us a further two years of funding (£912,000) to continue delivery of the Communities Working Together Can Help (CWTCH) programme, offering much-needed stability until March 2025. During 2021/22, CWTCH achievements included reaching 214 people with arthritis through self-management courses, delivering 756 one-to-one support sessions, reaching 211 healthcare professionals through workshops and training 39 volunteers.

The generosity of our loyal donors continued to have a positive impact this year. Disruption to our established events fundraising activity caused by COVID-19 was mitigated by our programme of virtual events. For example, more than 9,000 supporters got behind our Knit-a-Thon fundraising challenge in March 2022. The focus on creative crafting and community encouraged

people to get involved, support each other and share their skills on social media. The Knit-a-Thon raised more than £138,000, exceeding expectations and making this the most successful Versus Arthritis virtual event to date.

In November 2021, we held our first face-to-face fundraising event since the pandemic began. A small group of major donors and trust representatives came together to hear more about our new research strategy from our research director and some of the researchers whose pioneering work we fund. The event, sponsored by a long-term supporter, raised more than £25,000 and marked a welcome return to in-person opportunities to demonstrate the importance and impact of our work.

We would like to thank all our donors and partners for their continued support this year and look forward to working with them to deliver more for people with arthritis as our strategic plan develops.

CREATING A DIVERSE AND INCLUSIVE ORGANISATIONAL CULTURE

This year, we pushed forward on our commitment to begin creating an organisational culture that is more diverse and inclusive. Listening to our people's experiences and ideas was a critical first step and we made space for everyone to contribute.

We are proud of our first diversity and inclusion strategy. Recognising that involving our people in its implementation will be pivotal to achieving successful culture change, we drove active engagement with the newly launched strategy through events with our leadership, the employee forum, staff networks and staff and volunteers. This was followed by mandatory anti-racism training and diversity and inclusion workshops for all staff, and the launch of a network of inclusion champions.

We also began gathering diversity demographic data from our trustees and staff and set targets to build better representation across every level of the charity.

In April 2021, we established a Diversity and Inclusion Action Group, chaired by our chief executive, to scrutinise the strategy's progress. We also invited Grant Thornton, the charity's appointed internal auditors, to audit our framework of internal policies and procedures in response to this new strategy. The findings led to a refresh of key policies and will inform future ways of working.

While progress has been made, we are conscious that this work must not be rushed if our diverse and inclusive culture is going to be sustainable. We are committed to

the journey ahead of us, as we build a more diverse and inclusive charity for our staff, volunteers, stakeholders and people with arthritis.

INFRASTRUCTURE

During the strategic review, we assessed the elements of our organisation that enable us to deliver efficiently and effectively for people with arthritis, such as our infrastructure, policies and procedures. This led to the development of a well-managed charity framework for Versus Arthritis, defining nine governance principles against which we will measure ourselves.

The framework reflects the charity Commission's Governance Code and includes robust measures covering leadership, integrity, decision-making, risk and control, Board effectiveness, diversity, openness and accountability and organisational purpose. Embedding the framework across the organisation will give us a long-term reference point outlining what we need to do and how we must operate to meet the needs and expectations of people with arthritis, our supporters and partners, staff and volunteers.

As a result, we have committed to making improvements in four key areas in the year ahead:

- Initiating a comprehensive data and systems transformation programme, covering finance, human resources and customer relationship management.
- Our strategic planning approach.
- Our performance culture, from organisation level to teams and individuals.
- Safeguarding, in relation to which we are embarking on a strategic overhaul of the charity's culture, capacity and resources, to better protect those to whom we owe a duty of care, as regulations and best practice continue to evolve quickly.

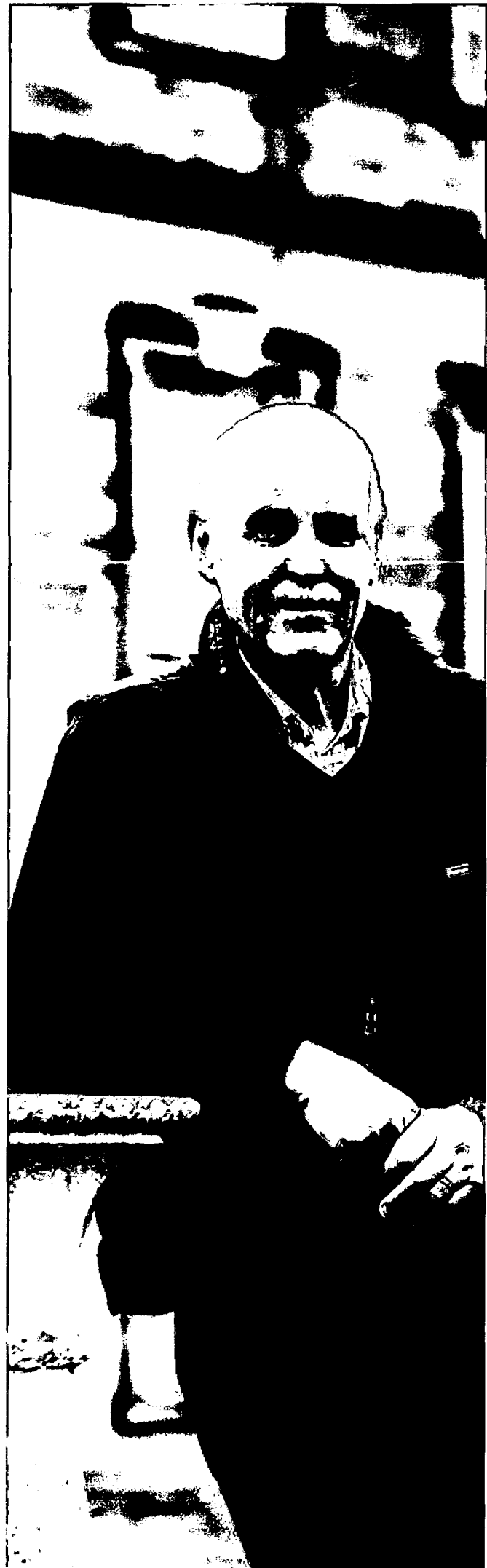
SCOTTISH SERVICES

To carry out our activities in Scotland, we employed a team of 28 staff (22.7 FTE) and spent £1.3 million, including £0.5m on awards.

ARTHR UPDATE

Our social venture We Are Arthr Ltd (Arthr) is a wholly owned subsidiary of Versus Arthritis. Arthr was created to disrupt the aids and adaptations market, championing and developing well-designed high-quality products that help people with arthritis live life to the full. But since launch, trading has been adversely impacted by the COVID-19 crisis.

In the spring of 2022, the trustees decided not to extend further loans to Arthr as part of the ongoing strategic review of the charity. Following a review of potential exit options, it was agreed at a meeting of the trustees in July 2022 to seek a members' voluntary liquidation of the company under s105 of the Charities Act. Approval for this has been sought from the Charity Commission. Given the significant uncertainty, the full amount of the loans made available to Arthr have been provided for in full at the balance sheet date.



04

**REFERENCE AND
ADMINISTRATIVE
DETAILS**

SECTION 4: REFERENCE AND ADMINISTRATIVE DETAILS

Legal details such as the names of all trustees serving in year, and the names of the charity's professional advisors are included in Section 11 Legal and Administrative Information, starting on page 85.

SECTION 172 STATEMENT

Under the Companies Act 2006 (CA 2006), directors have seven general duties to the company. One of these duties, commonly referred to as the 's172 duty', is 'to promote the success of the company'. Part 1 of that duty requires directors to do so 'for the benefit of its members as a whole', and in doing so, to have regard to the following six factors:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the reputation for a high standard of business conduct and;
- the need to act fairly as between members of the company.

We are committed to living up to the requirements of section 172 of the Companies Act 2006 – and so, we are mindful of the interests of all those affected by our decisions and we seek to promote the success of Versus Arthritis for the benefit of our wider community, including our beneficiaries, volunteers, supporters, employees, partners and others.

In a year when we have reviewed our strategic purpose and operating model, we have paid significant attention to stakeholder engagement in the review process and the long-term impact of decision-making.

In the tables below we report on the strategic decisions and arising actions that were made during the year, how the decisions were made, the stakeholders most affected by those decisions, how they were engaged in the decision-making process, and the long-term impacts of those decisions.



KEY ISSUES, EVENTS AND DECISIONS

We complied with our duties to consult and involve colleagues in accordance with Schedule 7 11(1)(a) of The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008

| People affected | Our actions | Impacts |
|-----------------|--|--|
| Our employees | <p>(i) We regularly provided employees with information on matters of concern to them through a variety of channels, including our in-house newsletter (Our Voice), our Yammer feed, our "Hub" on SharePoint, regular meetings of wider staff and smaller manager groups, directorate meetings and presentations from our CEO and other members of senior management; and</p> <p>(ii) We consulted employees on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests – including through the above channels and also through regular consultations and confidential briefings with our Employee Forum and our Race Equity Network.</p> | <p>Such employee consultation had material impacts and resulted in amendments to proposals on certain parts of our redundancy consultation process in early 2022.</p> <p>Our process for approvals of new policies has recently been adjusted to ensure early engagement with colleagues going forward, especially through the Employee Forum and we will monitor the usefulness of this change.</p> |

We continued to assess, review and work to mitigate the risk and impact of COVID-19.

| People affected | Our actions | Impacts |
|-------------------|--|--|
| Our beneficiaries | During lockdown we had to pause most of our face-to-face services and therefore emphasised delivery of many support options online. We expanded our helpline. By autumn 2021, we saw the return of face-to-face services in line with Government guidelines and best practice. | In a period of constant change and challenge, we continued to meet the needs of people with arthritis as effectively as possible, often in new and innovative ways. |
| Our employees | <p>Our technology allowed our people to work effectively from home during UK lockdowns and to shift back towards a phased, hybrid model of working as lockdowns were lifted. We continued to induct new staff. We did all this in line with guidelines and good practice.</p> <p>We maintain regular 'Keeping Connected' online meetings as an opportunity to gather all our employees together for updates, conversation and communication. We regularly shared with our staff information to maintain and improve their physical and mental wellbeing.</p> | Our employees were able to continue to deliver services for people with arthritis, to be supported by the charity and to remain engaged with their colleagues and the charity. |

| | | |
|----------------------------|--|---|
| Our volunteers | We maintained regular contact with our volunteers through regular newsletters distributed across the UK. We continued to involve our volunteers in developing innovative ways of delivering services remotely. | Our volunteers remained engaged with the charity and were supported and motivated to deliver services for people with arthritis. |
| The research community | We continued to help support researchers who returned to the NHS frontline by offering no-cost extensions to grants so that they can continue their vital research work. | Research continued as much as practicable, taking into account the restrictions in place at the start of this period, and began to return to normal once those restrictions began to relax. |
| Our partners and suppliers | As reported 12 months ago, we have continued to work closely with partners and suppliers, making every reasonable effort to uphold our commitments. | By continuing to pay suppliers and partners on time and working closely with companies and individuals, we have sought to mitigate some of the economic impacts of the pandemic on other parties. |

We have addressed earlier allegations from staff of bullying and racism and our long-term response to the related serious incident from 2020.

| People affected | Our actions | Impacts |
|-----------------|--|--|
| Our employees | <p>As previously reported, the independent, external report on leadership and governance issues arising from earlier (mostly 2020) allegations of bullying and racism was received in mid 2021. Following a special Board meeting to consider this, we have implemented their findings. This work has been led by our Organisational Leadership Team (OLT) and Head of Diversity and Inclusion (D&I), and the latter has been engaging with staff across the charity on a group and one-to-one basis. A D&I strategy was approved by the Board in late 2021.</p> <p>We have continued D&I training for staff, including workshops and events and embedded a diversity survey.</p> <p>The Board received training on inclusive recruitment in spring 2022. Our recruitment processes for the Chair and new trustees (scheduled for late 2022) as well as other ongoing staff recruitments have been structured with our updated D&I requirements being taken into account</p> | <p>These allegations had a significant and ongoing impact on many of our employees.</p> <p>Whilst that impact was minimised as much as possible through our initial actions, we have recognised the need to provide continuous and ongoing reassurance through our actions, that that we are genuinely committed to learning from what had happened.</p> <p>This work is ongoing, so we continue to seek ways of making and embedding positive changes across the charity.</p> |
| Our volunteers | We informed our volunteers of the submission of the serious incident report in 2022 and its outcomes. | Our volunteers were kept informed and have been involved in shaping the processes for Chair and trustees recruitment, with a view to us accessing as diverse a talent pool as possible. |

| | | |
|----------------|--|---|
| Our trustees | <p>We have implemented D&I training for trustees and have carried out a diversity survey.</p> <p>We include regular D&I information in the trustees' weekly newsletter.</p> <p>We introduced several new measures into our trustee recruitment process explicitly aimed at diversifying the Board's membership – and these have been included in the ongoing recruitment which commenced in in autumn 2022. The Board recognises that its current make-up does not reflect the diversity of our society. Correcting this had been identified as a key priority in future trustee recruitment activity with targets set to ensure better gender, age and ethnic balance on the Board.</p> | Trustees' awareness and understanding of the importance of D&I issues was increased and their knowledge of good practice developed. |
| Our supporters | As previously reported, we informed our supporters of the submission of the serious incident report and kept them informed throughout the process and the outcomes. | There appears to be no discernible ongoing impact on fundraising due to this issue. |

We continued to operate a deficit budget (funded from reserves) while working towards becoming a financially sustainable charity.

| People affected | Our actions | Impacts |
|------------------------------|---|---|
| Our beneficiaries | <p>We continued to involve people with arthritis at every step to learn what they need from the charity and how those needs can be addressed. We embarked upon a strategic review of our use of resources that began with a broad consultation on ideas in the early months of this reporting period. We continued to use more of our financial resources – our expenditure exceeded our income during the year by £15.7m (excluding movements in values of invested funds) – to meet the identified needs of people with arthritis.</p> | The needs of people with arthritis were addressed on the basis of insight and evidence gathered from those people themselves. This process sought to ensure that the charity can continue to make the biggest possible difference to the lives of people with arthritis within the resources available. |
| Our employees and volunteers | <p>We continued our strategic review to help us make long-term decisions on our resources to have the greatest impact for people with arthritis in a financially sustainable way, building consultation with employees and volunteers into the review process.</p> <p>This led to a programme of voluntary redundancies (Oct-Dec 2021) and a formal consultation leading to redeployments and a number of compulsory redundancies which concluded in May 2022.</p> <p>The charity is settling down after this significant change and has continued to consider the definition of its strategy and mission into the next financial year, as this process is ongoing.</p> | Employees and volunteers were engaged in the strategic review leading to a commitment to its outcomes. |

We continued to invest in Arthr, our social venture.

| People affected | Our actions | Impacts |
|----------------------------------|--|---|
| Our supporters and beneficiaries | <p>We launched Arthr in 2019, as a means of addressing significant unmet needs of people with arthritis, by developing better products to help with everyday life tasks, and as a means of creating a new income stream. After review of the financial performance of the subsidiary Versus Arthritis decided to close the company but remains committed to addressing the unmet needs of people with arthritis in this area (see Arthr update on page 17).</p> <p>As noted above the progress of Arthr against its operational and financial targets has been heavily impacted by the COVID-19 pandemic and the more recent cost of living crisis.</p> <p>Versus Arthritis remains committed to the outlined social purposes and our trustees have been reviewing how those goals are best achieved for those we serve, namely people with arthritis.</p> | <p>Any wider impact of our investment in Arthr will take time to materialise, but it has made available products that will help make everyday living easier for people with arthritis.</p> <p>The charity will seek to harness the benefits of the Changemaker programme set up within Arthr for the enduring benefit of people with arthritis.</p> |

ENERGY USE DISCLOSURE

In accordance with the requirements of Streamlined Energy & Carbon Reporting (SECR), imposed by the 2018 SECR Regulations, we are required to disclose energy and carbon information including:

- our energy use (as a minimum gas, electricity and transport)
- the associated greenhouse gas emissions (GHG)
- at least one emissions intensity ratio
- previous year's figures for energy use and GHG emissions
- methodologies used in calculation of disclosures
- information about energy efficiency action taken in the organisation's financial year.

Within this disclosure, captured and prepared by the charity, is a summary of our energy and transport consumption, emissions along with requirements of intensity ratio, methodologies and a narrative on energy efficiency action.

| | Unit | Units used | Conversion factor | 2021/22 GHG Kg CO2e | 2020/21 GHG Kg CO2e |
|--------------------------|------------------|------------|-------------------|------------------------|------------------------|
| Gas | kWh | 172,001 | 0.21233 | 36,521 | 64,995 |
| Electricity | kWh | 326,916 | 0.18316 | 59,878 | 141,458 |
| Fuel | Business mileage | 65,430 | 0.27596 | 18,056 | 1,570 |
| Total GHG Kg CO2e | | | | 114,455 | 208,023 |

The decrease in gas and electricity usage in year was due to the charity no longer being responsible for the energy costs of our investment property at Aspenlea Road after a Guardian arrangement was put in place. The business mileage has increased significantly in year due to staff being more able to travel again post-pandemic.

METHODOLOGY

Purchased gas and electricity: we have based our estimates on actual utility invoices, which quote energy usage in kilowatt-hours (kWh).

Business mileage: we have calculated this through monies claimed for mileage through our expenses system. We do not own a vehicle fleet.

Conversion factor: we have converted our usage into greenhouse gas emissions using rates, shown above, from the Department for Environment, Food and Rural Affairs.

Intensity ratio

To measure our success in reducing our carbon footprint over time, we have set an intensity ratio as follows: Income for 1 Kg CO₂e. In the year to 31 March 2022 this is £267 to 1 KgCO₂e (£119, 2020/21).

Energy efficiency

We remain committed to operating in an environmentally sustainable way and to monitoring and reducing our environmental impact. Our workplace set up forms a strong foundation to meet this ambition. Both our flex ways of working and investment in IT have helped reduce our carbon footprint, minimising the need to travel by facilitating online meetings.

Our London office was designed with sustainability in mind, and we are committed to applying these principles to any future improvements we make to our offices.

We began tracking our energy use in 2019/20 and, while the impact of lockdown restrictions has been the backdrop for the significant reductions in energy use this year, we remain committed to benchmarking and making meaningful progress. As people return to office-based work we are determined to reduce our carbon footprint and to plan for further improvements in decision-making post-pandemic that will maintain the long-term gains in habits. We are also defining a longer-term estates plan which will outline our policy in this area and better guide our facilities planning.



05

OUR APPROACH TO FUNDRAISING

SECTION 5: OUR APPROACH TO FUNDRAISING

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

Below, we report on our fundraising efforts and the ways that we make sure that our fundraising complies with regulation and with best practice in our sector.

HOW WE FUNDRAISE

While gifts in wills make up most of the income that we receive, we raise funds from a variety of voluntary and earned income sources.

We base our fundraising efforts around these income streams, and we focus on finding and engaging with supporters, donors, funders and partners who share our vision and can help us raise funds.

We use relationship fundraising methods, including direct marketing, to help us find and engage with donors, partnering with marketing companies to produce fundraising materials for this purpose.

We also offer different ways for our supporters to get involved and help us raise funds to continue the push against arthritis. These opportunities include legacies, holding collections, taking part in sponsored events or donations in response to our appeals.

With no investment in face-to-face or door-to-door fundraising, we chose to expand our digital fundraising activity to encourage our wider arthritis community to join us in defying arthritis.

We also worked in partnership with individuals, trusts, foundations, and companies who gave generously to our ongoing 10 million appeal and other areas of our work.

FUNDRAISING DURING AND AFTER THE PANDEMIC

The lockdown and social distancing measures required in response to the COVID-19 pandemic saw severe restrictions to in-person fundraising well into 2021/22.

With many challenge events continuing to be cancelled or postponed, and only a slow return to full participation, we had to be agile and creative in finding ways that our

supporters could continue to fundraise. We implemented several effective virtual fundraising challenges, using campaigns including our highly successful 'Knit-a-thon' and the 'June steps challenge' while also seeing strong growth in our online weekly lottery.

We also continued to engage remotely with our corporate partners and other funders building quickly on the learning from early lockdowns.

OUR INVOLVEMENT WITH INDEPENDENT FUNDRAISING REGULATION

We are committed to raising funds in an ethical and appropriate way. We are registered with the Fundraising Regulator and the Fundraising Preference Service and are members of the Chartered Institute of Fundraising, the Gambling Commission and the Lotteries Council.

Our fundraising promise outlines our commitment to fundraise in a way that is honest, respectful and fair, meeting the highest standards of the charity sector.

To meet our commitment to our fundraising promise, we monitor our fundraising activities from both a performance and a compliance perspective.

We base our compliance on the Code of Fundraising Practice, and we monitor our fundraising teams' activities in adherence to that code.

Finally, all fundraising and volunteering staff members receive a monthly digest of updates from the fundraising regulator and other key bodies.

FUNDRAISING COMPLAINTS RESOLUTION

In 2021/22, we received 23 complaints about our fundraising activity compared with 92 complaints in the previous year. We are committed to addressing these complaints in a timely way, and we resolved each of them within 10 working days through investigation of each complaint.

Complaints received are logged in our customer relationship management database. The database is monitored regularly by our complaints coordinator, allowing us to review and share the lessons to be learnt from complaints and use that learning to help inform future fundraising activity.

In dealing with complaints, we ensure compliance with the Code of Fundraising Practice. We report complaints to the fundraising regulator.

PROTECTING PEOPLE AND THEIR DATA

We take our responsibility to manage our supporters' data seriously. We take active steps to respect people's privacy and their communication choices, and we are investing in our technology infrastructure and have clear data governance procedures in place to help us.

In line with the General Data Protection Regulation (GDPR) legislation, we publish our privacy notice. This notice outlines how we manage people's data.

We do not swap, sell or share our supporters' details with other charities or organisations for marketing purposes.

In line with the code of fundraising practice, we are particularly aware of the risks to vulnerable people and other members of the public from fundraising behaviour that unreasonably intrudes on people's privacy, is unreasonably persistent or places undue pressure on a person to give money or other property.

To address these risks, we have put in place a safeguarding policy which is supported by an overarching procedure and more detailed processes. We have also designated a fundraising safeguarding lead for the charity. The fundraising safeguarding lead is a member of the charity's wider safeguarding group. The group meets regularly to develop, share, and embed good practices across our organisation. All Versus Arthritis employees are required to complete comprehensive safeguarding training.



06

THANK YOU



SECTION 6: THANK YOU

This year, more than any other, we would like to say thank you. 2021/22 has seen substantial change across the charity, driven by internal factors like our strategic review and external factors including the continued impact of COVID-19.

Throughout this, we have been able to rely on the steadfast support of our employees, volunteers, donors, campaigners, researchers, reviewers, advocates, spokespeople, partners, trusts, foundations, corporate supporters, contributors, celebrity supporters and healthcare professionals. Each of you has enabled us to demand and deliver better for people with arthritis, and to fund breakthrough research to discover new treatments for arthritis. Quite simply, our work would not be possible without you. Through your generous contributions, you have helped make a real difference to the lives of people with arthritis, both now and in the future.

A special thank you also goes to the many people living with arthritis who have shared their stories. These personal experiences have added strength and depth to our campaigning and fundraising activities. With your help we have raised awareness of the impact that arthritis has on people's lives and generated much needed funds.

PATRON CHARITY AMBASSADORS AND SUPPORTERS

Patron

- ♣ *The former Duchess of Cornwall was our Patron*

Charity Ambassadors

- ♣ *Julian Worricker*
- ♣ *Laura Wright*

10 Million Appeal Steering Group

- ♣ *Cathya Djanogly*
- ♣ *Gary Laitner*
- ♣ *Juliette Scott*
- ♣ *Linda Fairbrother*

- ♣ *Martin Looney*
- ♣ *Vincent Noinville*
- ♣ *Professor David Isenberg*
- ♣ *Mark Jarvis*

Supporters

- ♣ *Active Essex Foundation*
- ♣ *The Albert Gubay Charitable Foundation*
- ♣ *Andrew Lumley*
- ♣ *Anne Channevy Walsh*
- ♣ *The Barbour Foundation*
- ♣ *BBC Children in Need - Northern Ireland*
- ♣ *The Binks Trust*
- ♣ *The Bothwell Charitable Trust*
- ♣ *Briggs Equipment UK Limited*
- ♣ *British Society of Rheumatology*
- ♣ *C M Lowe Charitable Trust*
- ♣ *E B M Charitable Trust*
- ♣ *Edith Florence Spencer Memorial Trust*
- ♣ *Edith Murphy Foundation*
- ♣ *The Elizabeth & Prince Zaiger Trust*
- ♣ *Greater London Authority*
- ♣ *Health & Social Care Alliance Scotland (the ALLIANCE)*
- ♣ *The Jane Hodge Foundation*
- ♣ *Hugh Fraser Foundation*
- ♣ *The Inman Charity*
- ♣ *Janssen-Cilag Ltd*
- ♣ *The Knitting Network*
- ♣ *Lis and Joe Eagle*
- ♣ *The Lyons Charitable Trust*
- ♣ *The Masonic Charitable Foundation*
- ♣ *The National Lottery Community Fund – Northern Ireland*
- ♣ *The National Lottery Community Fund – Scotland*
- ♣ *The Northwood Charitable Trust*
- ♣ *Novartis Limited*
- ♣ *P F Charitable Trust*

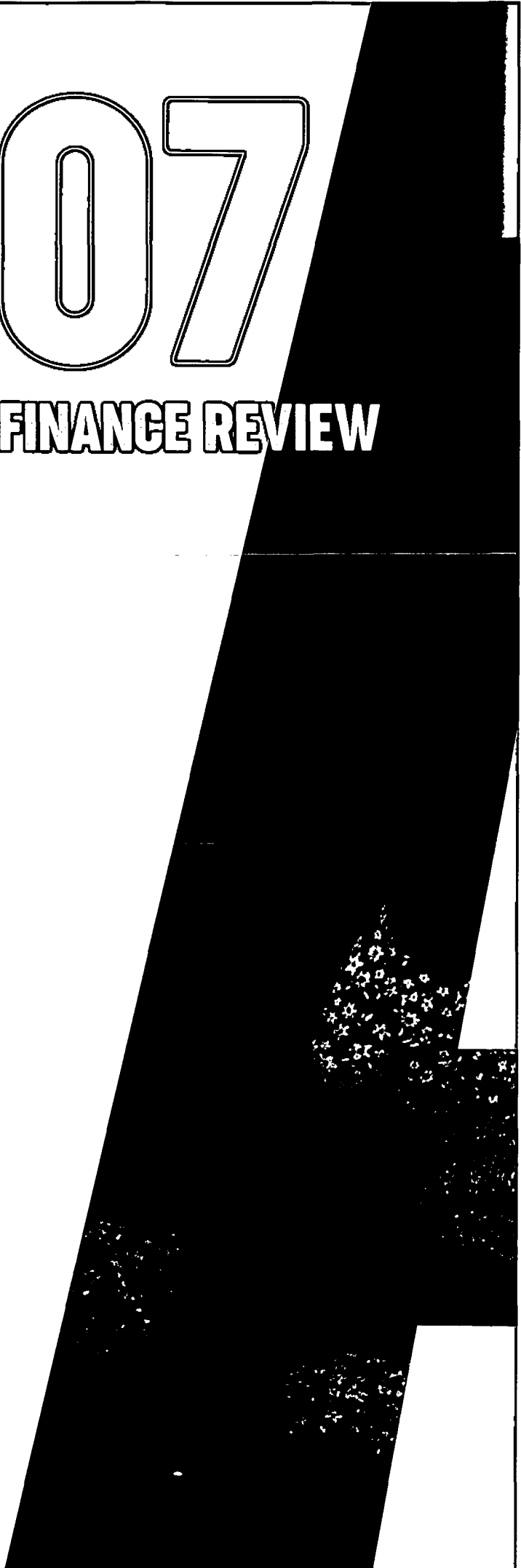
- ♣ *The Peacock Charitable Trust*
- ♣ *Pfizer Ltd*
- ♣ *Reinsurance Group of America (RGA)*
- ♣ *Roche Products Ltd*
- ♣ *RTE Toy Show Appeal Fund (Community Foundation Northern Ireland)*
- ♣ *Scottish Children's Lottery*
- ♣ *The Sir Samuel Scott of Yews Trust*
- ♣ *Sport England*
- ♣ *The Late St Patrick White Charitable Foundation*
- ♣ *Steve Edge and Jane Fogg*
- ♣ *Susanna Peake Charitable Trust*
- ♣ *Thermofisher Scientific (UK)*
- ♣ *Thomson Reuters Foundation*
- ♣ *Welsh Government Social Services and Integration Directorate*





07

FINANCE REVIEW



SECTION 7: FINANCE REVIEW

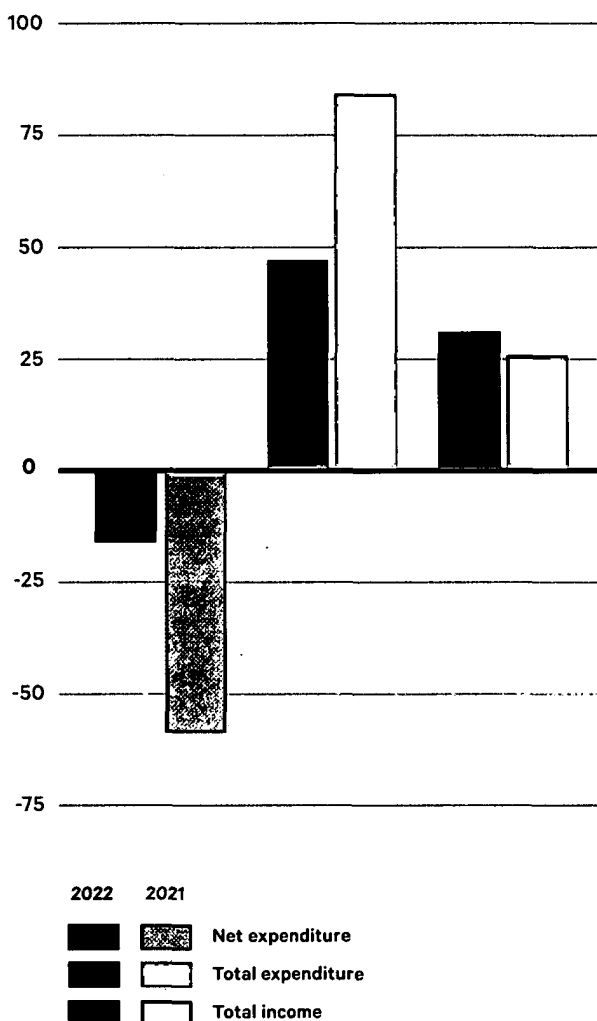
OVERVIEW

We generated a total income of £30.6m in 2021/22, a 20% increase from last year (£25.4m, 2020/21), primarily driven by an increase in legacy income. During this year, we spent £46.3m (£83.9m, 2020/21), of which £38.1m was on our charitable activities, 49.9% lower than last year (£75.9m, 2020/21). This decrease is due to a reassessment in 2020/21 of our accounting estimates around research grants, which led to a large amount being recognised in year (£57.6m in total) – in 2021/22 we have spent £22.7m on research. A further £15.4m was spent on information, services and awareness (£18.3m, 2020/21) in year. Our reduced expenditure on information, services and awareness is primarily due to the continuing impact of COVID-19 reducing our ability to conduct face-to-face service delivery. We have continued to find virtual ways of connecting with our beneficiaries to continue to support people with arthritis.

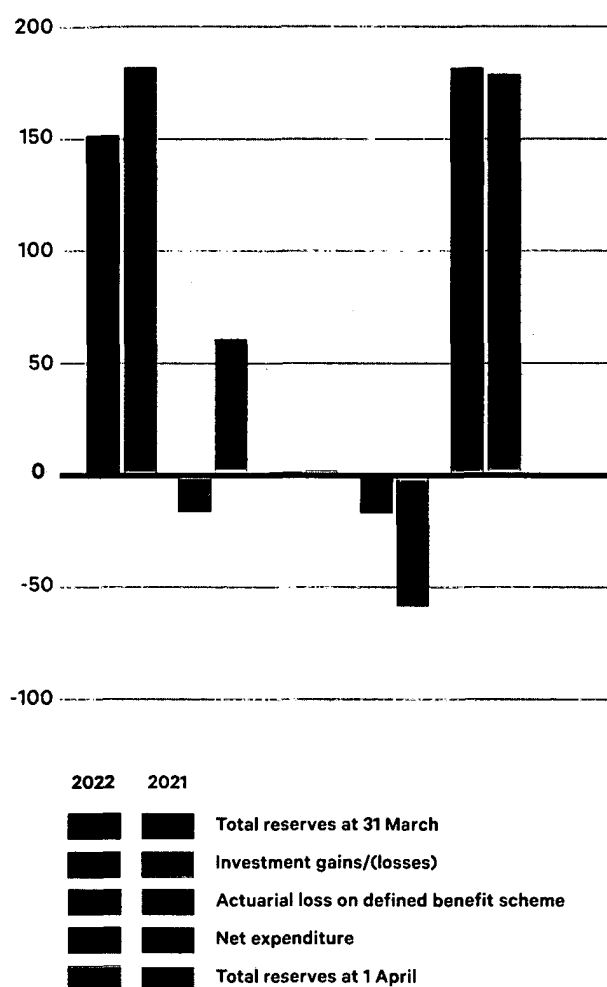
We continue to show a net deficit of expenditure over income, which for this year was £15.7m (£58.5m 2020/21). This figure represents the difference between our income and expenditure before investment gains/losses and actuarial gain on defined benefit scheme.

Overall, the charity made a net deficit of £30.8m in year (2021: a surplus of £2.8m) once unrealised investment losses are taken into account. The net deficit was in line with our strategic plans to use our reserves to invest in improving quality of life for people with arthritis. Over its history, the charity has built up significant reserves owing primarily to the charity's highly successful investment portfolio, which enabled us to realise over £100m in investment gains over the last decade. Since the merger in 2018 of Arthritis Research UK and Arthritis Care, Versus Arthritis has deliberately reduced reserves by way of investment in transformation of the charity in order to improve the lives of people with arthritis. However, we recognise that further operating deficits at the levels seen in recent years are not sustainable in the longer term, so we continue to examine our operating model as part of the ongoing strategy development.

Net expenditure £'m



Total movement in reserves £'m



INCOME

Our total income was £30.6m, (£25.4m, 2020/21). Income is generated mainly through donations from our generous supporters, trading activities, charitable grants, intellectual property, and investments. Voluntary income from donations and legacies this year totalled £26.4m, up 21.7% on last year (£21.7m). Donations are received through legacies, regular givers, philanthropic donations and corporate partners. Legacy income at £23.4m is 77% of total income, a significant proportion, and increased on last year by £4.8m (£18.6m). We saw an increase in notifications in the year as a result of higher death rates due to COVID-19 and the easing of backlogs for grant of probate at HM Courts & Tribunal Service and Smee and Ford legacy notification service.

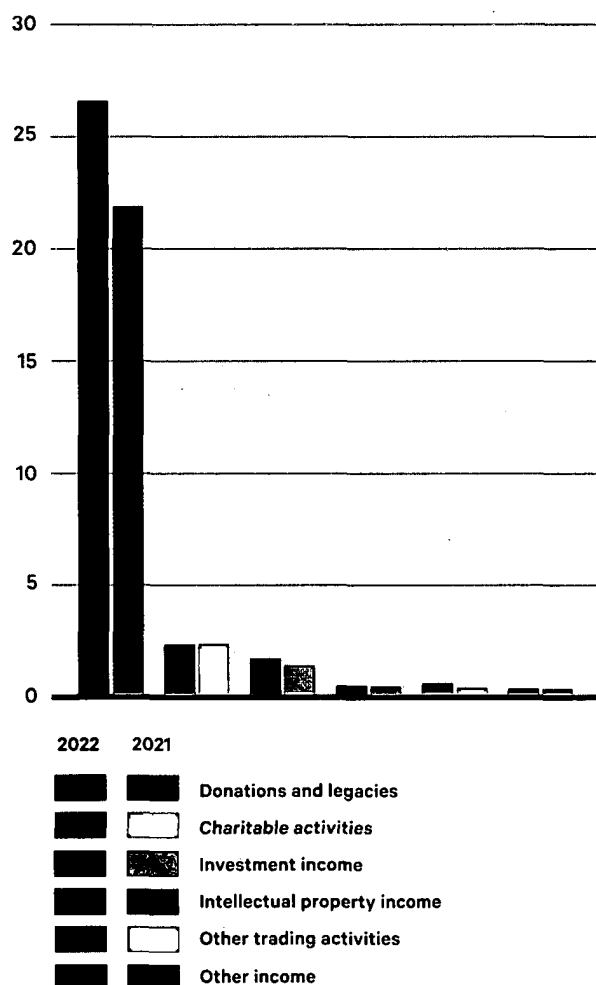
Donations totalled £2.4m for the year and represent 8% of total income, which is comparable to last year (£2.5m).

COVID-19 restrictions on face-to-face events continued to impact peer-to-peer fundraising in the community, affecting national and regional sporting events, as well as our major donor engagement events. This all continued to impact donations income. However, we mitigated some of this downturn through further development of our virtual events such as walking and cycling challenges and a Knit-a-thon which have collectively raised over £278,000. The charity has made continued progress over the last year working on the 10 Million (10M) appeal, launched in November 2020 to raise £10 million for the 10 million people in the UK living with arthritis, with three objectives: 10 million conversations to challenge the climate of tolerance around arthritis, 10 million dreams of a better future for people living with arthritis, 10 million hands to make this happen. While sponsorship income had similar challenges to donations during the year, we were able to maintain income levels at £0.5m (£0.5m, 2020/21).

Trading income for the year was £0.3m, (£0.1m, 2020/21), of which £0.2m relates to our subsidiary We are Arthr Ltd, while the rest relates to our trading subsidiary (Versus Arthritis Trading Ltd) which predominantly sells Christmas cards in retail outlets. Intellectual property income has remained comparative to last year at £0.3m (£0.2m, 2020/21). The Anti-TNF patents have now expired and The Kennedy Trust for Rheumatology Research has now released all income apart from ca. £1.4m, 22% of which is due to Versus Arthritis. This is retained in a legal expense fund until the potential for legal dispute expires in 2023 (see Note 10 of the financial statements). Income from charitable activities relates to commissioned funding. This generated £2.1m (£2.1m, 2020/21) to support the delivery of our services to people with arthritis.

Investments generated income for the year of £1.5m (£1.2m, 2020/21) of which interest and dividend income from our investment portfolio make up the majority. Our five investment funds have the objective of optimising our total capital and revenue return within the parameters of our investment policy. Unrealised capital losses across the investment portfolio were £15.1m (£61.3m gain, 2020/21). Further information on investment policy and performance can be found in the section below and Note 10 to the Financial Statements.

Income, £'m



EXPENDITURE

Our total spend was £46.3m (£83.9m, 2020/21). We spent £38m on our charitable activities in research, information, services, and awareness (£75.9m, 2020/21), £1m on our product venture We Are Arthr Ltd (£1.0m, 2020/21) and £7.2m on raising funds and investment management costs (£6.9m, 2020/21).

Of our total charitable activities expenditure, we spent £22.7m on research, £34.9m (61%) less than last year (£57.6m, 2020/21). This was due to a reassessment in 2020/21 of accounting treatment of research grants, which led to a large amount being recognised in year (one-off £41.0m), together with significantly reduced new awards due to the impact of COVID-19 seen in closed laboratories, furloughed staff and paused clinical trials. A further £15.4m was spent this year on information, services and awareness, £2.9m (15.9%) less than last

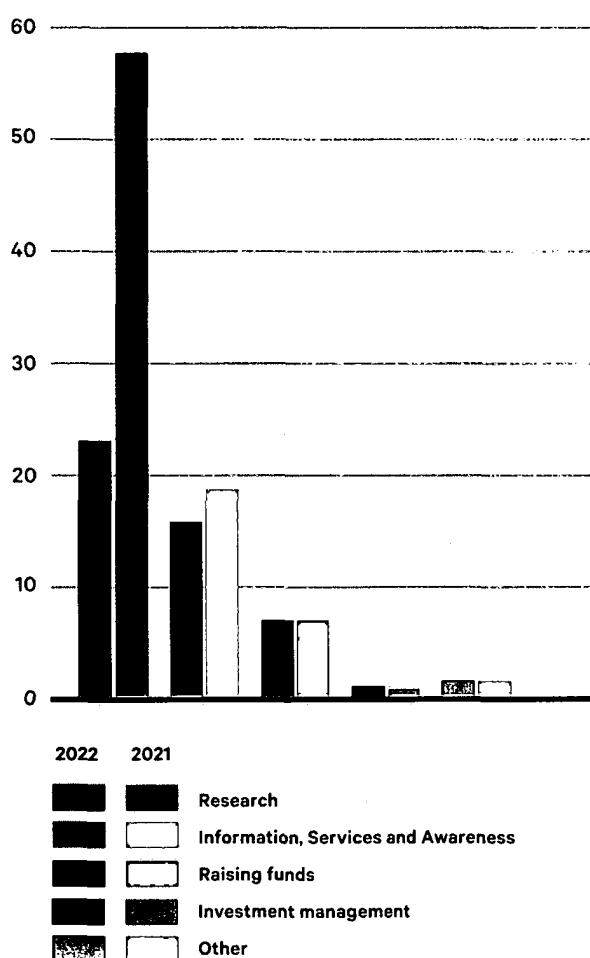
year (£18.3m, 2020/21), owing primarily to the impact of COVID-19 reducing our ability to conduct face-to-face service delivery. We continued to find virtual ways of connecting with our beneficiaries to continue to support people with arthritis.

Social venture expenditure relates to the expenditure of Arthr, Versus Arthritis's wholly-owned subsidiary and social investment, in sales and growing the business, and was £1.1m this year (£1.1m, 2020/21). The charity invested £0.7m in 2021/22 (£2.1m, 2020/21) by way of loans. Since the year end, a decision has been made to implement a members' voluntary liquidation of Arthr – as a result the full value of loans advanced to the subsidiary has been provided for at the balance sheet date.

The costs of raising funds (excluding management fees) was £6.6m, £0.1m (1.5%) higher than last year (£6.5m, 2020/21).

Investment management costs relates to the fees for managing our investment portfolio and were £0.6m (£0.4m, 2020/21).

Expenditure, £'m



FUTURE PERIODS

Since the merger of Arthritis Research UK and Arthritis Care in 2018 and through a series of planned operating deficits, we have invested in new, more efficient ways of working to meet our needs as a new organisation and to enable our investment in transformational projects that will improve quality of life for people with arthritis. We have introduced new services, tested new fundraising propositions and developed our digital offer. We continue to review our activities to make changes to reduce our expenditure to a sustainable level. This is very challenging, particularly in light of increased demand for our services. We retain significant reserves and will invest as appropriate in new initiatives and infrastructure to support and maximise the benefits to people with arthritis who continue to remain our priority.

The Versus Arthritis group holds cash and short-term deposits of £41.4m, compared to £58.0m at the start of the year, reflecting the cash operating deficit of £16.6m. These funds, together with our investments, will enable us to meet our commitments to research projects, improving the lives of people with arthritis and to ensure the sustainability of the charity.

RESERVES POLICY

The Charity Commission is not prescriptive on the amount that a charity should hold in its reserves. It is therefore for the trustees to determine an appropriate level taking into account the main risks faced by the charity, such as an unexpected collapse in legacy and donated income or a significant fall in the value of our investment holdings.

Charitable funds generally break down into three types:

- restricted funds – to be spent on specific activities, as agreed when the money was accepted (a restriction is put in place through ‘donor intention’ for the funds)
- designated funds – specific obligations or commitments trustees have chosen to make on future activities and
- general funds / ‘free’ reserves – no restrictions as to the use of these, within the organisation’s charitable objectives.

Both the designated and the general funds (of which the revaluation fund is part) are unrestricted, in that the trustees have full discretion on the use of these, within the charitable objectives.

To determine the ‘general’ reserves level, the charity Commission states we must exclude:

- tangible fixed assets used to carry out the charity’s activities, e.g. land, buildings
- programme-related investments held solely to further the charity’s purposes
- designated funds set aside to meet essential future spending, such as funding a project that could not be met from future income and
- commitments that have not been provided for as a liability in the accounts.

In addition, trustees should set a minimum level of ‘free’ reserves, based on an assessment of risk, to ensure that the charity is sustainable through short- and/ medium-term fluctuations in income.

The reasons why Versus Arthritis needs to hold reserves are specific to the charity.

We have taken a risk-based approach to reviewing and assessing the reserves which covers:

- our internal strategy, activity and business model
- the risks inherent in our organisation and
- income sources and volatility alongside the degree to which spend is variable.

This enables us to be clear on why we need to hold reserves, determine the level we should retain and be able to justify why we are holding them.

The trustees consider that unrestricted free reserves need to be at least six months of budgeted expenditure, which equates to £18.5m as at 31 March 2022. This is to protect against short-term falls in income, and enable the charity to react strategically to other external factors. Six months expenditure was felt to be an appropriate level to enable the charity to make decisions in a considered fashion if faced with an unforeseen existential threat to the organisation.

The revaluation reserve (£38.5m) is also considered unrestricted, but we are maintaining this as a separate fund to protect against any volatility in the value of our long-term investments. Total free reserves were therefore £108.7m at the end of the financial year, which is far higher than required by our reserves policy.

Within this general fund, however, are funds which the trustees have agreed to set aside in 2022/23 to meet essential future spending, such as funding a project that could not be met from future income. This could include:

- A set amount of £75m in investments, from which income of 4% a year (£3m) is committed to funding infrastructure costs. This amount is taken from the historical investment gains rather than donations

- The funding of our data and systems transformation programme, which is expected to cost £5m over the next three years and
- A further fund of £10m to allow for investment in outstanding projects outside of the agreed budget (and with appropriate trustee oversight). This is intended to allow agility and the appropriate use of funds to further our charitable aims, and may include a research grant, policy discussion, recognition or services opportunity.

The trustees have agreed to make a designation of funds to this effect within the 2022/23 financial year. These intended designations will bring our free reserves in line with policy.

Designated funds at 31 March 2022 have been created to ensure that the charity complies with the Charities' Statement of Recommended Practice (SORP) and best practice and will continue as a going concern in perpetuity, as long as those living with arthritis need our support.

These designated funds are:

- tangible fixed assets used to carry out the charity's activities, e.g. land, buildings
- commitments that have not been provided for as a liability in the accounts and
- The charity has a legacy defined benefit pension scheme (closed to new entrants since 2010). The trustees of this scheme (TPT) request that we hold £1.9m as a designated fund to mitigate the risk of any future funding shortfalls in the scheme.

INVESTMENT POLICY AND PERFORMANCE

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

Our Finance Committee reviews performance of each investment provider on a regular basis and reviews how the total portfolio is allocated across the different funds. We monitor our actual performance against this benchmark with the aim of optimising our long-term return within appropriate risk parameters.

Versus Arthritis's principal investment manager Baillie Gifford and Co Limited, which manages the majority of our core investments, has the discretion to manage the portfolio within this framework. Versus Arthritis's ethical policy specifically excludes direct investments in companies with more than 10% of disclosed sales in the tobacco industry.

Our overall portfolio returned a net unrealised loss of £15.1m, a movement of £76.4m compared to last year, where we reported a net unrealised gain of £61.3m having recovered significantly during the year following the fall in securities markets at the outbreak of the COVID-19 pandemic. See Note 10 to the financial statements.

The Finance Committee keeps the investment policy under review with periodic consideration by the Board of Trustees. The committee has recently asked for a review of the governance, policies and procedures applicable to our investment management activities and this work will be presented to the committee during 2022/23.

GOING CONCERN

The trustees must satisfy themselves as to the ability of Versus Arthritis to continue as a going concern for a minimum of 12 months from the approval of the financial statements. At the year end, the continued impact of COVID-19 and Brexit on the macroeconomy and on our operations are essential factors in determining this. We expect that these factors will reduce our supporters' ability to give so generously to our cause and hinder our strategic plans to grow income at the pace we had anticipated pre-COVID-19.

As previously mentioned, we are moving at pace to review our operational expenditure to bring down the operating deficit to a sustainable position while utilising our reserves to invest in strategic initiatives to improve processes and the efficiency of the organisation as well as the lives of people with arthritis, who we are here to serve.

We are in a fortuitous position to be able to weather uncertainties through our substantial unrestricted and designated reserves of £150.6m. The 'investment drawdown' process referred to above will seek to identify significant uses of these funds for purposes that will help us better fulfil our charitable objectives, and as such the charity is likely to run a deficit for the next few years. This deficit will be gradually reduced in a controlled manner as we work towards a balance between our income and expenditure.

The trustees have reviewed this alongside our financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this review, the trustees believe that we are well placed to manage operational and financial risks successfully. Accordingly, the trustees have a reasonable expectation that the charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, the trustees have not

identified any material uncertainty relating to the charity's ability to continue as a going concern.

INTERNAL CONTROLS AND RISK MANAGEMENT

Our Board of Trustees is ultimately accountable for risk management. They are responsible for ensuring that we have adequate systems of internal control and risk management in place. The Board discharges its duties by reviewing these systems. The Board of Trustees are supported in this by a dedicated Risk and Audit Committee (RAC), established in the 2019/20 financial year.

The RAC provides oversight of our risk and assurance frameworks (including internal and external audits) and has now entered its fourth year of operation. Alongside this, it has performed "deep dive" exercises into key areas of risk, including the transition through and beyond the COVID-19 outbreak (see below) and our fraud controls.

RISK FRAMEWORK

Our risk framework was refreshed during the 2020/21 financial year. The key element is a focus on improved risks and controls, clearly distinguishing between risk events, impacts and causes. This is supported by a new training offer and strengthened coordination across the charity's operating directorates, aimed at connecting risk at all levels to objectives and the potential for harm.

The refresh has led to the wholesale review of both directorate and corporate risk registers. The corporate risk register captures the strategic level risks that have the potential to impact our organisational objectives. As team and directorate objectives serve the organisation's objectives, team and directorate risks also feed upwards to inform the Corporate Risk Register. These are reviewed by the Organisational Leadership Team (OLT), the Risk and Audit Committee and the Board of Trustees.

ASSURANCE FRAMEWORK

Underpinning the management of our risk and ensuring a strong governance framework for Versus Arthritis, we operate a "three lines" model of assurance.

First Line of Defence

The critical elements of the first line of defence have been enhanced through clarifying the roles of risk owners and policy leads and supporting them to implement a framework setting out and reporting on the controls and measures that are managing risks at all levels.

The first line of defence is primarily delivered through the following roles:

- OLT: as well as acting as risk owners for corporate risks, this team takes the strategic decisions about our organisation's risk appetite and tolerance. They also prioritise risk mitigating actions that are identified respectively at the corporate, directorate and team levels.
- Risk owners: have responsibility for the object or area on which the risk has the most impact. They have the appropriate level of seniority to assess individual risks, monitor status and direct controls and mitigating actions.
- Subject matter leads: where risk controls and actions are better managed or coordinated centrally, such as for health and safety, safeguarding or data, leads proactively manage risk for their areas of expertise across the organisation. They usually maintain and manage organisational policies, including training requirements.
- Risk coordinators: support reporting and highlighting of risks and issues. There is a central point of contact in the Governance and Assurance team to provide operational support to risk owners, maintain the policy directory and oversee new policy requirements.

Employees and volunteers are required to carry out risk assessments for activities, events and processes that they manage.

Second Line

The second line of assurance is led by the Head of Governance and Assurance and supports the OLT through legal and compliance monitoring. This is supported by a Risk Review Group which assesses the management of common and cross-cutting risks on a thematic basis to support risk owners using a comprehensive assurance map.

Third Line

Grant Thornton UK LLP provide an outsourced internal audit service, drawing on multidisciplinary expertise. They undertake topical audits against a programme agreed annually with the OLT and the Risk and Audit Committee.

KEY CORPORATE RISKS

We have undertaken a full review of corporate risks, grouping into five themes: Governance, Delivery, Environment, Funding and Reputation.

Governance: two risks have been identified – failure to comply with the charity governance code and a duty of care failure in areas of safeguarding, health and safety. We continue to monitor this via the improved risk management and assurance frameworks outlined above and provide appropriate policies, procedures and training.

Delivery: uncertainty around the strategic review has been a critical area of risk although a review of this nature implicitly acknowledges that uncertainty. We have clear change management processes to ensure we can continue to deliver key activities. In order to ensure that our infrastructure does not become unfit for purpose, the strategic review considered system requirements while potential workplace changes may increase costs or affect employee delivery. This is being managed on an ongoing basis through strong communications and a longer-term project to review the balance between office and flexible working and related issues.

Environment: there is inevitable uncertainty around the economy post COVID-19, which could impact on Versus Arthritis's income and increased demand for services. We continually explore a wider range of income opportunities. An independence vote in Scotland and/or further developments in intra-UK devolution elsewhere could fragment our offer, so we are assessing how this would affect us to put in place a full management plan. Potential NHS and social care changes seem likely to impact on our services and we continue to lobby and influence within Government and the NHS, to highlight the importance of investing in services for people with arthritis.

Funding: we have a risk around our drive for financial sustainability where changes could reduce required services. Brexit has impacted the wider research sector – there has been a reduction in the UK research community's access to available funding sources (e.g. Horizon Europe) as well as challenges with supply chain issues which have affected the availability and price of laboratory consumables and equipment, thereby making each research grant more expensive. Collectively, this increases pressures on Versus Arthritis funding. The charity's reserves are healthy in the short term and, as described above, the recently completed strategic review also addressed this issue. The value of our investment portfolio can rise and fall with the markets, and the related risks are managed via monitoring and reporting. Income generation may also reduce.

Reputational: there is a reputational risk defined on the corporate risk register linked to us reducing or delaying campaigns and marketing projects. Future campaigns will more strongly focus on the charity's purpose.

Opportunities for research funding are, under normal circumstances, subject to open competition, and we receive applications via the online Grant Tracker system. Applications are validated and where appropriate, these applications also undergo independent, external (peer) review.

The applications and the independent expert peer reviewers' comments are considered by research subcommittees, expert groups or bespoke panels who make recommendations to Versus Arthritis about whether an award should be made or whether the application should be rejected.

The panels are comprised of experts in the field and experts by experience. All reviewers undergo a strict assessment to identify any conflicts of interest prior to being asked to review an application.

When applications are recommended for an award, they are approved in accordance with Versus Arthritis's schedule of authority, and letters of award are issued, including conditions of the award and any contractual requirement for those awards.

All awards are managed post-award for compliance, performance and impact and appropriate dissemination and attribution of the outputs is monitored.

Versus Arthritis supports the Association of Medical Research Charities (AMRC) Principles of Peer Review throughout all award making and abides by the five basic principles:

- **Accountability:** charities must be open and transparent about their peer review procedures and publish details, including the names of members of scientific advisory panels or other decision-making bodies.
- **Balance:** scientific advisory panels must reflect a fair balance of experience and scientific disciplines.
- **Independent decision-making:** the scientific advisory panel must be independent of the charity's administrative staff and trustees.
- **Rotation of scientific advisers:** scientific advisory panel members must have a fixed term of office and not have tenure.
- **Impartiality:** scientific advisory panels must include a significant number of non-beneficiaries. There must be a conflict of interest policy and potential beneficiaries should not be present when decisions are made.

During 2021/22 the AMRC performed its five-yearly independent review of the processes and procedures used by Versus Arthritis to administer and manage its portfolio of research awards. The review reported very positively on the quality and standards of grant management approaches being used by the organisation.

OUR RESPONSE TO COVID-19

Earlier sections of this report have detailed the impact that COVID-19 and measures to stem its spread have had on our operations and services. Along with steps that we took to maintain vital support for people with arthritis during the pandemic our Risk and Audit Committee conducted scenario modelling exercises to identify potential threats and opportunities to support medium- and long-term planning. During 2021/22 we have undertaken a managed re-opening of our face-to-face services and working spaces, following Government guidelines and using risk assessment to inform this. The re-opening and resumption of normal services and service delivery are all subject to further developments in the pandemic e.g. a resurgence of infections and/or the emergence of new variants.

OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal status

Versus Arthritis is a charitable company. The governing document of the charity is its Articles of Association dated 13 January 1951 and last amended substantively on 15 June 2022. Versus Arthritis is a company limited by guarantee, the liability of the members of the Board of Trustees being limited to £1 each. The change of our name from Arthritis Research UK to Versus Arthritis was certified at Companies House on 24 September 2018.

Versus Arthritis is registered with the charity Commission of England and Wales and the Office of the Scottish charity Regulator. Versus Arthritis (as Arthritis Care and Arthritis Research UK) has informed the charity Commission for Northern Ireland of its intention to register (as a 'Section 167 institution') and is now waiting to be called forward to do so.

Versus Arthritis is governed by the Board of Trustees who, for the purposes of the Companies Act 2006, are the directors of the charity.

OUR MANAGEMENT

The Board delegates operational planning and day-to-day management, including financial authority, to the Chief Executive Officer (CEO), and through the CEO to the OLT, within approved limits.

The board oversees the performance of the CEO and OLT through reports and briefings presented by them at board and committee meetings as well as other interactions as required.

Versus Arthritis makes all appointments in line with our equality, diversity and inclusivity framework.

OUR SUPPORTERS

Versus Arthritis's achievements rely heavily on the loyal support of our donors, volunteers, funders, campaigners and corporate partners. They contribute in many ways, from supporting us financially and making valuable introductions to giving their volunteering time, providing insight and advice, and sharing knowledge. Versus Arthritis is extremely grateful to all our supporters for not only helping us to achieve our charitable objectives, but also for making a difference to the lives of people with arthritis across the UK.

OUR SUBSIDIARY COMPANIES

Versus Arthritis has two trading subsidiaries:

- Versus Arthritis Trading Ltd (company number: 00891517), whose profits are donated to Versus Arthritis; and
- We Are Arthr Ltd (trading as Arthr, company number: 12203478). Arthr is a social venture designing, developing and championing innovative, high-quality arthritis products and solutions. Versus Arthritis is the sole shareholder in We Are Arthr Ltd, which has its own board of directors. Versus Arthritis is represented on this board to support strategic and operational oversight, and the Finance Committee has oversight of We Are Arthr Ltd on the Board's behalf. In March 2022 the Board took the difficult decision to not continue funding We Are Arthr Ltd due to disappointing revenue results, although the charity remains committed to the social aims of the venture to widen access to products and services for people living with arthritis. The charity has commenced the process of winding up We Are Arthr Ltd through a members' voluntary liquidation, as provided

for under s105 of the Charities Act. The financial statements of We Are Arthr Ltd are therefore not expected to be prepared on the basis of the entity continuing as a going concern.

The results of both trading subsidiaries are consolidated with those of the charity on a line-by-line basis.

Our other subsidiary companies:

- Arthritis Care (Company number: 529321)
- Arthritis Matters Ltd (Company number: 10029084)
- Arthritis UK Ltd (Company number: 03450500).

In addition there are 170 Versus Arthritis branches located throughout the UK. These are volunteer-led groups engaged in either fundraising or the provision of local services for people living with arthritis. None of these affiliated branches are separate legal entities.

REMUNERATION POLICY

We implemented a market-based pay system in January 2019 as part of our Versus Arthritis employment offer.

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

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

We are committed to a full market benchmarking review for all job roles every three years, with an annual cost of living pay review in the intervening years. The decision to award any increase is made by the Board of Trustees, taking into account a wide range of different factors. These factors include the following:

- affordability
- overall financial viability and any financial constraints influencing Versus Arthritis;

- our performance as an organisation
- the external market
- wider economic conditions and
- pay awards.

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

In addition to our commitment to fair pay, we also offer our employees an attractive benefits package and we support flexible working. The remuneration of senior management, including the CEO, is set by the Appointments and Remuneration Committee. In addition, remuneration of all employees of Versus Arthritis paid in excess of £125k must be approved by the Board. This figure will be reviewed from time to time and be amended in the Scheme of Authority.

Remuneration arrangements in Arthr Ltd are a matter for the Board of that entity. In exercising that responsibility, they are required to reflect the principles of fairness and transparency noted above.

OUR BOARD OF TRUSTEES

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

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

The trustees are listed on page 86, including those who served for part of the year. Also listed are the vice presidents of Versus Arthritis who do not have trustee status. The Chair of the Board is elected for a maximum term of five years and may serve a maximum of two consecutive terms. Other trustees are elected for a

term of four years and may serve a maximum of two consecutive terms of office.

Trustees are recruited in accordance with Versus Arthritis's articles of association and through a transparent, open recruitment procedure. As set out in the articles of association, new trustees are appointed for their first term of office by the Appointments and Remuneration Committee and continue in office until the next annual Board meeting, when the appointment is approved by the trustees.

The trustee recruitment that commenced in early 2021 had the twin aim of filling some key skills and experience gaps that had been identified within the Board and improving Board diversity. As noted above the Board remains conscious of the fact that the desired level of diversity has yet to be achieved and has set out a targeted plan to achieve this across forthcoming recruitment rounds.

New trustees are given a comprehensive induction. The continuing development of all trustees is addressed through regular updates and refresher presentations, including through invited expert speakers at Board meetings and at an annual residential conference. Through the pandemic this induction has taken place remotely by necessity.

The Board continues (through the Appointments and Remuneration Committee) to implement the governance action plan agreed after the 2019/20 externally-led governance review. The Board is of the view that significant and important progress was made in 2021/22 towards achieving effective, efficient and transparent governance in Versus Arthritis.

Board committees

The Board has established a number of sub committees with terms of reference and whose members are set out from page 81.

During the year that ended 31 March 2022, the trustees received support from the committees listed below:

- Appointments and Remuneration Committee
- Finance Committee
- Charitable Purposes Committee
- Risk and Audit Committee.

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

Statement of trustees' responsibilities

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

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

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

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

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

The trustees confirm that insofar as each of the trustees is aware:

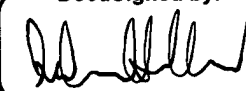
- there is no relevant audit information of which the charitable company's auditor is not aware and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Trustees' report, incorporating the Strategic report was approved by the Board of Trustees on 14th December 2022 and is signed on it's behalf by:

Andrew Holford

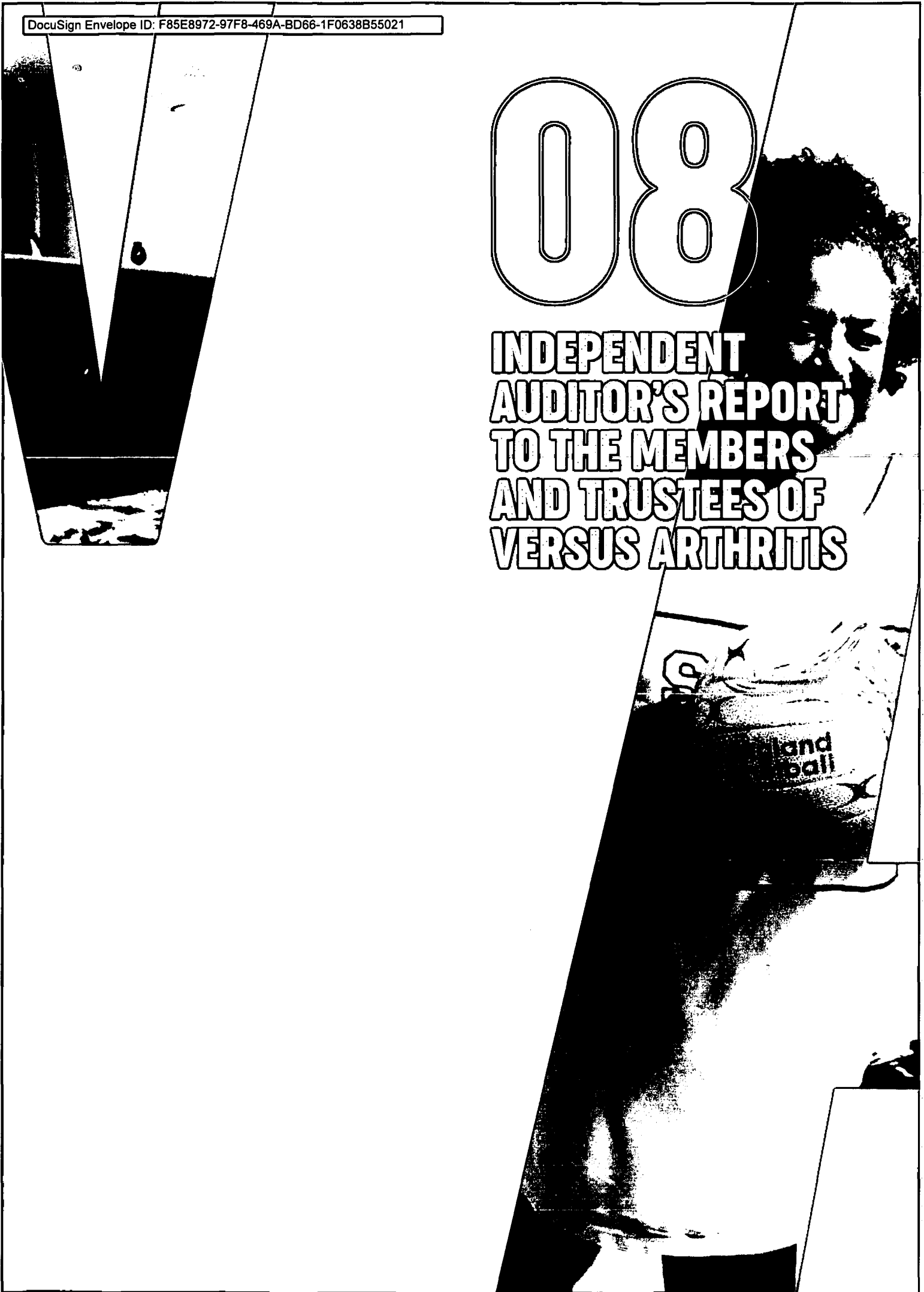
Trustee and Chair of the Finance Committee

DocuSigned by:

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**INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS
AND TRUSTEES OF
VERSUS ARTHRITIS**



SECTION 8: INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF VERSUS ARTHRITIS

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended.

We have audited the financial statements of Versus Arthritis ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 **The Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATED TO GOING CONCERN

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

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

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

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We made enquiries of management, and the Board, including:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Charitable Company. These include, but are not limited to, compliance with the Companies Act 2006, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- in addition, the Charitable Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Audit standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of those charged with governance and other management and inspection of regulatory and legal correspondence if any.
- we also communicated relevant identified laws and regulations, potential fraud risks and the fact that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialist audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- we considered management incentive and opportunities for fraudulent manipulation of the financial statements (including income recognition and the risk of management override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our response to the identified risks included:

- the Senior Statutory Auditor has assessed and concluded that the engagement team collectively

had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulation.

- we reviewed the financial statement disclosures and tested supporting documentation to assess compliance with relevant laws and regulations discussed above.
- we made enquiries of the Board and management.
- we read minutes of meetings of those charged with governance, and reviewed correspondence with HRMC.
- we reviewed any Serious Incident Reports submitted to the Charity Commission.
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in making accounting estimates are indicative of potential bias; considered completeness of related party transactions that are unusual or outside the normal course of business; and
- we challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the allocation of costs including appointment of support costs, deferral of income, recognition of multi-year grants, accrued legacy income, dilapidation provision, depreciation rates for assets, valuation of fixed assets and impairment considerations.
- we compared the result of estimates made in prior years to ensure that the basis of estimation was reasonable and did not lead to material differences to actuals.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Fiona Condron

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Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

Date 06 January 2023

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



09

**CONSOLIDATED
STATEMENT
OF FINANCIAL
ACTIVITIES**

SECTION 9: CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Incorporating an income and expenditure account for the year ended 31 March 2022

All figures in £'000

| | Note | Unrestricted Funds | Restricted Funds | 2022 Total Funds | 2021 Total Funds |
|---|-----------|--------------------|------------------|------------------|------------------|
| Income from | | | | | |
| Donations and legacies | 2 | 25,486 | 925 | 26,411 | 21,708 |
| Other trading activities | 2 | 325 | - | 325 | 121 |
| Investment income | 2 | 1,477 | - | 1,477 | 1,182 |
| Intellectual property income | 2,3 | 253 | - | 253 | 241 |
| Charitable activities | 2 | 223 | 1,850 | 2,073 | 2,109 |
| Other | 2 | 75 | - | 75 | 77 |
| Total Income | | 27,839 | 2,775 | 30,614 | 25,438 |
| Expenditure | | | | | |
| Raising Funds | 5 | 6,593 | - | 6,593 | 6,505 |
| Investment management costs | 5 | 646 | - | 646 | 432 |
| Charitable activities: | | | | | |
| Research | 5 | 20,428 | 2,265 | 22,693 | 57,591 |
| Information, Services & Awareness | 5 | 14,800 | 567 | 15,367 | 18,306 |
| Other activities: | 5 | 1,049 | - | 1,049 | 1,063 |
| Social Venture | | | | | |
| Total Expenditure | 5 | 43,516 | 2,832 | 46,348 | 83,897 |
| Net (expenditure) before net (losses)/gains on investments | | (15,677) | (57) | (15,734) | (58,459) |
| Net (losses)/gains on investments | 10 | (15,100) | - | (15,100) | 61,251 |
| Actuarial gains on defined benefit scheme | 20 | 4 | - | 4 | 6 |
| Transfers between funds | 17 | 1,832 | (1,832) | - | - |
| Net movement in funds | | (28,941) | (1,889) | (30,830) | 2,798 |
| Reconciliation of funds | | | | | |
| Funds brought forward | | 179,554 | 4,899 | 184,453 | 181,655 |
| Total funds carried forward | | 150,613 | 3,010 | 153,623 | 184,453 |

The notes on pages 52 to 79 form part of these financial statements. All amounts relate to continuing activities.

CONSOLIDATED AND CHARITY BALANCE SHEETS

Company Number: 00490500

As at 31 March 2022, all figures in £'000

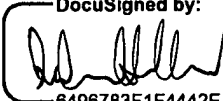
| | Note | Group 2022 | Group 2021 | Charity 2022 | Charity 2021 |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | 1,329 | 1,871 | 1,248 | 1,727 |
| Intangible assets | 9 | 190 | 155 | 2 | 3 |
| Investments | 10 | 139,873 | 155,274 | 140,123 | 155,524 |
| Investment property | 10 | 8,250 | 6,570 | 8,250 | 6,570 |
| Total Fixed Assets | | 149,642 | 163,870 | 149,623 | 163,824 |
| Current assets | | | | | |
| Stock | | 185 | 83 | - | - |
| Debtors | 13 | 19,519 | 14,518 | 19,460 | 14,477 |
| Loan in Social Venture | 11 | - | - | - | 2,238 |
| Cash on deposit & in hand | | 41,367 | 57,970 | 40,493 | 56,918 |
| Total Current Assets | | 61,071 | 72,571 | 59,953 | 73,633 |
| Creditors – amounts falling due within one year | | | | | |
| Creditors | 14 | (1,834) | (2,213) | (1,740) | (2,168) |
| Grant creditors due within one year | 15 | (18,989) | (28,937) | (18,989) | (28,937) |
| Total Creditors due within one year | | (20,823) | (31,150) | (20,729) | (31,105) |
| Net current assets | | 40,248 | 41,421 | 39,224 | 42,528 |
| Total assets less current liabilities | | 189,890 | 205,291 | 188,847 | 206,352 |
| Creditors – amounts falling due after more than one year | | | | | |
| Grant creditors due after more than one year | 15 | (35,751) | (20,809) | (35,751) | (20,809) |
| Provisions for liabilities | 16 | (516) | (29) | (516) | (29) |
| Net assets | | 153,623 | 184,453 | 152,580 | 185,514 |
| The funds of the group: | | | | | |
| Unrestricted income funds: | | | | | |
| Designated funds | 17, 18 & 19 | 3,423 | 3,907 | 3,154 | 3,611 |
| Revaluation Reserve | 17 & 19 | 38,466 | 53,576 | 38,466 | 53,576 |
| General funds | 19 | 108,724 | 122,071 | 107,950 | 123,428 |
| Total unrestricted funds | | 150,613 | 179,554 | 149,570 | 180,615 |
| Restricted income funds | 19 | 3,010 | 4,899 | 3,010 | 4,899 |
| Total funds | 17 & 19 | 153,623 | 184,453 | 152,580 | 185,514 |

The charity has not presented its own statement of financial activities as permitted by Section 408 (4) of the Companies Act 2006. The deficit for the financial year dealt with in the financial statements of the parent company was £32.9m.

Approved by the Trustees on 14th December 2022 and signed on its behalf

Andrew Holford

Trustee and Chair of the Finance Committee

DocuSigned by:

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The notes on pages 52 to 79 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022, all figures in £'000

| | 2022 | 2021 |
|--|-----------------|-----------------|
| Cash flows from operating activities | | |
| Net (Expenditure) / Income for the reporting period (as per statement of financial activities) | (30,830) | 2,798 |
| Depreciation | 573 | 629 |
| Dividends, interest, and rent | (1,477) | (1,182) |
| Net losses / (gains) on investments | 15,100 | (61,251) |
| (Increase) in stocks | (101) | (83) |
| (Increase) / Decrease in debtors | (5,001) | 117 |
| (Decrease) in creditors | (76) | (490) |
| Increase in provisions | 183 | - |
| Increase in grant creditors | 4,994 | 38,167 |
| Net cash used in operating activities | (16,635) | (21,295) |
| Cash flows from investing activities | | |
| Dividends, interest, and rent | 1,477 | 1,182 |
| Purchase of property, plant, and property | (66) | (333) |
| Proceeds from the sale of investments | 5 | - |
| Purchase of investments | (1,384) | (950) |
| Net cash provided by/(used in) investing activities | 32 | (101) |
| Change in cash and cash equivalents in the reporting period | (16,603) | (21,396) |
| Cash and cash equivalents at the beginning of the reporting period | 57,970 | 79,366 |
| Cash and cash equivalents at the end of the reporting period | 41,367 | 57,970 |

No reconciliation of net debt has been prepared as the group holds only cash and cash equivalents and has no external debt or borrowings.

The notes on pages 52 to 79 form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2022

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Statement of Recommended Practice 'Accounting and Reporting by Charities' FRS 102 as revised in 2019 ('the SORP'), together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. Versus Arthritis is a public benefit entity.

The consolidated financial statements comprise the charity, its trading subsidiaries Versus Arthritis Trading Limited and We Are Arthr Ltd, which cover the year ending 31 March 2022. They have been prepared under the historical cost convention as modified by the revaluation of listed investments at market value. The charity's investment in its subsidiaries has been included in the accounts at cost as there is no readily available market value.

The total income and net expenditure dealt with in the financial statements of the charity was £30.6m and £30.8m respectively (2020/21 income £25.4 m and net expenditure of £2.8m). This includes the results of the Versus Arthritis branches, which are volunteer-led groups engaged in either fundraising or provision of local services for people living with arthritis. None of the affiliated branches are separate legal entities or hold a material level of funds.

Going Concern

The trustees have reviewed our future plans alongside our financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this review, the trustees believe that we are well placed to manage operational and financial risks successfully. Accordingly, the trustees have a reasonable expectation that the charity and the group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, the trustees have not identified any material uncertainty relating to going concern and therefore continue to support the going concern basis in preparing the annual accounts.

Income

Income is recognised in the period in which entitlement is established, when economic benefit is probable, and the value can be measured reliably.

Legacies are accounted for when probate has been granted, and the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy and any conditions attached to the legacy are either within the control of the charity or have been met.

Grants are recognised when the group is entitled to receipt. Grants receivable on terms that require the charity to carry out research or other work are recognised in income as the performance obligations are satisfied.

Donations and charitable income from non-statutory trusts are accounted for when received.

Trading income is recognised on point of sale, when the risks and rewards of ownership have passed to the buyer.

Income from investments is recognised in the period in which it is earned.

Income from intellectual property rights is recognised at the point at which the charity is notified that an amount is due.

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

Expenditure

Except in respect of Grants Payable (see below) expenditure is accounted for on an accrual basis.

Where costs cannot be directly attributed to particular activities, they have been allocated to activities on a basis consistent with the use of the resources.

Publicity costs relating to raising public awareness of the range of services the charity provides are included within the costs of information, services and awareness.

Governance costs incurred consist of internal and external audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

Accounting Policies (continued)

Support costs consist of central resources that support all activities undertaken by the charity. Further information can be found in Note 5.

Support costs are allocated to activities on the basis of staffing resource within departments, using the same methodology as in previous years.

Irrecoverable VAT costs are included with the expenditure on which the VAT was charged in the Statement of Financial Activities.

Grants Payable

Grant awards are charged to the financial statements as the obligation arises.

We recognise that upon entering into these agreements a constructive liability for the full value of the contractual commitments thereby entered into and so, in line with Charities SORP, the full amount must be recognised in the year of the award.

If, subsequent to the full amount being recognised, the award is cancelled or the grantee is unable to meet the requirements of the grant, a negotiated withdrawal from the agreement takes place and any excess, unused amounts are shown as negative expenditure in the period.

Tangible Fixed Assets

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

- Freehold property - 2%
- Fixtures and fittings - 10-25%
- Computer equipment - 33%
- Plant & machinery - 33%

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

Intangible Fixed Assets

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided on a straight-line basis at the rates set out below which are sufficient to write them down to £nil over their estimated useful lives.

- Computer software & website - 10%-33%
- Product development & design - 20%

Costs that are directly attributable to a product's development and design phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the product is technically and commercially feasible so that it will be available for use or sale
- the group intends to and has sufficient resources to complete the development
- the group has the ability to use or sell the product, that a market exists for the product and
- the product will generate probable future economic benefits.

Development and design costs not meeting these criteria for capitalisation are expensed as incurred.

Funds

Versus Arthritis holds the following types of funds:

- Restricted Income – funds which are subject to restrictions imposed by the donors.
- Designated – money set aside by the trustees from unrestricted funds for a specific purpose. The aim and use of each designated fund is set out in the notes to the financial statements.
- General Reserve – unrestricted funds which can be used by the trustees for the general purposes of Versus Arthritis.
- Revaluation Reserve – the difference between the historic cost of investments and their market value. This is included within general reserves.

Further information on funds and the Reserves Policy can be found in the Finance Review on page 35.

All material transfers between funds must be approved by Finance Committee.

Investments

Listed investments are shown in the balance sheet at their mid-market valuation.

Property leased to tenants is treated as an investment property and is valued at open market (RICS Red Book valuation method) at the balance sheet date as determined by an independent external valuation.

1. Accounting Policies (continued)

Social investments

The trustees exercise their power to make social investments when it is in the best interests of Versus Arthritis. The investment in We Are Arthr Ltd was classed as a social investment, as it furthers the core charitable purpose of Versus Arthritis and was expected to achieve a financial return. Since the decision was taken by the trustees to cease funding We Are Arthr Ltd, the value of this investment has been fully provided at the balance sheet date.

The trustees seek appropriate advice when making decisions about social investments and ensure that any private benefit that might accrue is incidental.

Stock

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

Foreign Currency

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

Pensions

Pension contributions relating to both defined benefit and defined contribution arrangements, which are explained in Note 20, are charged to the Statement of Financial Activities in the period in which they become payable.

As set out in Note 20, a defined benefit pension fund which transferred from Arthritis Care at the point of merger and its funds are held separately from those of the charity in an independently administered scheme. The charity has adopted the full requirements of FRS 102 section 28. The surplus/(deficit) on the scheme, representing the excess/shortfall of the value of the scheme assets above/ below the present value of the scheme liabilities is recognised as an asset/ liability on the balance sheet to the extent that the charity is able to recover the surplus, or has a legal or constructive obligation for the liability. A pension reserve is included within designated funds at the request of the pension trustees to mitigate against any future liabilities in the scheme.

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

Leases

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

Debtors

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

Creditors

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

Accounting Estimates and Judgements

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- **Legacies** - for estates with estimated values taken from the grant of probate, 10% of the gross estate is deducted to account for administrative costs. To be able to prepare financial statements in accordance with FRS102, Versus Arthritis must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates and judgements are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made.

1. Accounting Policies (continued)

- **Social Investment Loan** – following the Board's decision to cease supporting the charity's subsidiary We Are Arthr Ltd, the value of the outstanding loan amount (£2.9m) has been fully provided for in these financial statements. The charity hopes that the loan will be partially repaid before winding up but has no reliable method of assessing how much of the loan is recoverable and so has provided for the loan in full.
- **Defined Benefit Pension Scheme** – no provision has been made in these accounts for any deficit payments to the Arthritis Care legacy pension scheme.

Cash

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

2. Income

All figures in £'000

| | Unrestricted Income | Restricted Income | 2022 Total Income | Unrestricted Income | Restricted Income | 2021 Total Income |
|--|------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|
| Donations & Legacies | | | | | | |
| Legacies | 22,770 | 667 | 23,437 | 17,358 | 1,284 | 18,642 |
| Donations | 2,199 | 258 | 2,457 | 2,338 | 211 | 2,549 |
| Sponsorship | 517 | - | 517 | 517 | - | 517 |
| Total | 25,486 | 925 | 26,411 | 20,213 | 1,495 | 21,708 |
| Trading Activities | 325 | - | 325 | 121 | - | 121 |
| Investment Income | | | | | | |
| Listed Investments | 1,398 | - | 1,398 | 1,077 | - | 1,077 |
| Unlisted Investments | 8 | - | 8 | 17 | - | 17 |
| Income from Investment Property | 11 | - | 11 | 41 | - | 41 |
| Bank Interest | 60 | - | 60 | 47 | - | 47 |
| Total | 1,477 | - | 1,477 | 1,182 | - | 1,182 |
| Intellectual Property Income (note 3) | 253 | - | 253 | 241 | - | 241 |
| Income from charitable activities | 223 | 1,850 | 2,073 | 274 | 1,835 | 2,109 |
| Other income | 75 | - | 75 | 77 | - | 77 |
| Total Income | 27,839 | 2,775 | 30,614 | 22,108 | 3,330 | 25,438 |

3. Intellectual Property Income

All figures in £'000

| | 2022 | 2021 |
|-------------------------------------|------------|------------|
| Intellectual Property Income | 253 | 241 |

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

Most patents have come to an end and The Kennedy Trust has now released all income apart from some £1.4m, 22% of which is due to Versus Arthritis, which they continue to retain in a Legal Expense Fund until the potential for legal dispute expires in 2023. This is not accounted for as an asset in these financial statements as it is not yet more likely than not that the economic benefit of the patent will flow to Versus Arthritis.

4. Net expenditure for the year

All figures in £'000

| | 2022 | 2021 |
|--|------|-------|
| Net expenditure for the year is stated after charging /(crediting): | | |
| Rentals payable under operating leases | 799 | 1,069 |
| Depreciation charge on tangible assets for the year (note 8) | 325 | 387 |
| Amortisation charge on intangible assets for the year (note 9) | 248 | 243 |
| Rents receivable | (11) | (41) |
| Fees payable to the charity's auditor for the audit of the charity's annual accounts | 70 | 44 |
| Prior year additional fees payable to the charity's auditor for the audit of the charity's annual accounts | 27 | 24 |
| Fees payable to the charity's auditor for other services – taxation | 12 | 9 |

5. Expenditure Analysis

All figures in £'000

| | Awards | (note 7) Staff Costs- Incl. Direct & support | Direct Costs | Support Costs | 2022 Total |
|------------------------------------|----------|---|--------------|---------------|--------------|
| Raising Funds | | | | | |
| Legacies | - | 278 | 86 | 151 | 515 |
| Donations | - | 3,086 | 1,081 | 1,157 | 5,324 |
| Trading Activities | - | 346 | 125 | 283 | 754 |
| Total Cost of Raising Funds | - | 3,710 | 1,292 | 1,591 | 6,593 |

| | | | | | |
|------------------------------------|----------|----------|------------|----------|------------|
| Investment Management Costs | - | - | 642 | 4 | 646 |
|------------------------------------|----------|----------|------------|----------|------------|

Charitable Activities

| | | | | | |
|------------------------------------|---------------|---------------|--------------|--------------|---------------|
| Research | 19,535 | 2,042 | 364 | 752 | 22,693 |
| Information, Services & Awareness | 439 | 9,078 | 1,933 | 3,917 | 15,367 |
| Total Charitable Activities | 19,974 | 11,120 | 2,297 | 4,669 | 38,060 |
| Social Venture | - | 276 | 773 | - | 1,049 |
| Total Expenditure | 19,974 | 15,106 | 5,004 | 6,264 | 46,348 |

Research and Information, Services and Awareness expenditure includes £2,832k (2021: £1,852k) of restricted expenditure.

Prior year comparative:

All figures in £'000

| | Awards | (note 7) Staff Costs- Incl. Direct & support | Direct Costs | Support Costs | 2021 Total |
|------------------------------------|---------------|---|--------------|---------------|---------------|
| Raising Funds | | | | | |
| Legacies | - | 265 | 78 | 141 | 484 |
| Donations | - | 3,097 | 1,110 | 1,153 | 5,360 |
| Trading Activities | - | 359 | 78 | 224 | 661 |
| Total Cost of Raising Funds | - | 3,721 | 1,266 | 1,518 | 6,505 |
| Investment Management Costs | - | - | 432 | - | 432 |
| Charitable Activities | | | | | |
| Research | 53,982 | 2,268 | 702 | 640 | 57,591 |
| Information, Services & Awareness | - | 8,761 | 5,625 | 3,920 | 18,306 |
| Total Charitable Activities | 53,982 | 11,028 | 6,327 | 4,560 | 75,897 |
| Social Venture | - | 341 | 722 | - | 1,063 |
| Total Expenditure | 53,982 | 15,090 | 8,747 | 6,078 | 83,897 |

5. Expenditure Analysis (continued)

Support Costs for the year ending March 2022

All figures in £'000

| | Planning & Operations | People & Organisation | Information, Data & Technology | Recognition, Brand & Activation | Governance | Total |
|-----------------------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|------------|--------------|
| Legacies | 7 | 90 | 50 | - | 4 | 151 |
| Donations | 47 | 601 | 334 | 139 | 36 | 1,157 |
| Activities | 7 | 85 | 47 | 139 | 5 | 283 |
| Investments | - | - | - | - | 4 | 4 |
| Research | 17 | 219 | 121 | 241 | 154 | 752 |
| Information, Services & Awareness | 173 | 2,186 | 1,214 | 241 | 103 | 3,917 |
| Grand Total | 251 | 3,181 | 1,766 | 760 | 306 | 6,264 |

Prior year comparative:

All figures in £'000

| | Planning & Operations | People & Organisation | Information, Data & Technology | Recognition, Brand & Activation | Governance | Total |
|-----------------------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|------------|--------------|
| Legacies | 13 | 64 | 64 | - | - | 141 |
| Donations | 98 | 504 | 495 | 50 | 6 | 1,153 |
| Activities | 15 | 80 | 78 | 50 | 1 | 224 |
| Research | 44 | 223 | 220 | 94 | 59 | 640 |
| Information, Services & Awareness | 338 | 1,749 | 1,719 | 94 | 20 | 3,920 |
| Grand Total | 508 | 2,620 | 2,576 | 288 | 86 | 6,078 |

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

Governance Costs Analysed

2022

2021

All figures in £'000

| | | |
|-------------------------------|------------|-----------|
| External Audit Fees | 97 | 68 |
| Internal Audit Fees | 156 | - |
| Board of Trustees Costs | 16 | 18 |
| Legal Costs | 34 | - |
| Other Costs | 3 | - |
| Total Governance Costs | 306 | 86 |

6. Research Grants New Awards

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

All grant awards are made to institutions. Details of grants awarded over £10,000 are shown below.

| | Number of new Grants (over £10,000) | Awarded £'000 |
|---|--|------------------|
| Academy of Medical Sciences | 2 | 97 |
| Active Essex | 1 | 20 |
| Active Londoners | 1 | 31 |
| Cardiff University | 2 | 315 |
| Fight for Sight | 1 | 50 |
| Good Boost Wellbeing Limited | 1 | 18 |
| Imperial College London | 1 | 14 |
| Keele University | 2 | 428 |
| King's College London | - | 25 |
| Medical Research Council | 1 | 12,500 |
| Newcastle University | 1 | 518 |
| Nottingham University Hospitals NHS Trust | - | 28 |
| Queen Mary University of London | 5 | 1,343 |
| Salford Royal NHS Foundation Trust | 1 | 125 |
| UCL Great Ormond Street Inst. Of Child Health | 1 | 15 |
| University College London | 5 | 896 |
| University Hospital North Staffordshire | 1 | 125 |
| University of Birmingham | 3 | 175 |
| University of Bristol | - | 52 |
| University of Cambridge | 1 | 215 |
| University of Glasgow | 1 | 508 |
| University of Leeds | 1 | 192 |
| University of Liverpool | 1 | 22 |
| University of Manchester | 2 | 996 |
| University of Nottingham | 1 | 355 |
| University of Oxford | 4 | 1,122 |
| University of Sheffield | 1 | 149 |
| University of Southampton | - | 38 |
| University of the West of England | 1 | 159 |
| Awards no longer required and other adjustments | | (927) |
| Grants – Awarded under £10k | 84 | 370 |
| Total Awards | 126 | 19,974 |

7. Staff Costs

All figures in £'000

| | 2022 | 2021 |
|-----------------------------------|---------------|---------------|
| Gross salaries | 12,220 | 12,752 |
| Employer national insurance costs | 1,272 | 1,298 |
| Pension costs | 877 | 918 |
| Redundancy costs | 737 | 122 |
| Total staff costs | 15,106 | 15,090 |
| Other staff costs | 36 | 36 |
| | 15,142 | 15,126 |

Redundancy costs include a total of £21k of ex-gratia payments made to 7 staff members. In 2021 redundancy costs were £206k, including £84k of ex-gratia payments. These ex-gratia payments were included in Direct Costs in note 5, and therefore are not included in the prior year staff costs numbers here.

Redundancy and termination amounts paid to key management personnel are as follows:

| Job Title | Name | £'000 |
|------------------------|------------------|-----------|
| Director of Income | Charlotte Guiver | 30 |
| Acting Chief Executive | Ellen Miller | 9 |
| | | 39 |

These amounts include £7k made as part of a settlement to the outgoing Director of Income. For the years ended 31 March 2022 and 31 March 2021 the Organisational Leadership Team are regarded as the key management personnel for the purposes of this note. (Further details on the leadership team can be found on page 86)

Remuneration and benefits of key management personnel are set out in the table below:

All figures in £'000

Incl. pension and NI contributions

Excl. pension and NI contributions

| | 2022 | 2021 | 2022 | 2021 |
|---------------------------------|--------------|------------|------------|------------|
| Key management personnel | 1,120 | 952 | 953 | 792 |

The remuneration paid to the Chief Executive and Acting Chief Executive for the year ended 31 March 2022 is set out below.

All figures in £'000

| | Gross Salary | | Employer pension contributions | | Employer NI contributions | |
|--------------------------------|--------------|------------|--------------------------------|-----------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Chief Executive Officer | 7 | 133 | - | 13 | 18 | 17 |
| Acting Chief Executive Officer | 147 | 65 | 10 | 3 | 1 | 8 |
| | 154 | 198 | 10 | 16 | 19 | 25 |

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

| | Average Headcount | | Average FTE | |
|-----------------------|-------------------|------------|-------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Charitable Activities | 286 | 303 | 250 | 269 |
| Raising Funds | 71 | 86 | 76 | 82 |
| | 357 | 389 | 326 | 351 |

7. Staff Costs (continued)

An apportionment of support staff headcount is based on staff resource related to each activity.

There is a difference of 6 employees between the group and the charity.

The number of employees in the group whose benefits (excluding pension contributions) fell within the following bands during the year ending 31 March 2022 is set out below.

| | 2022 Key Management Headcount | 2022 Total Headcount | 2022 Actual Payments | 2021 Key Management Headcount | 2021 Total Headcount | 2021 Actual Payments |
|------------------|--|----------------------------|----------------------------|--|----------------------------|----------------------------|
| £60,000–69,999 | - | 6 | £379,645 | 2 | 11 | £689,456 |
| £70,000–79,999 | - | 3 | £224,491 | - | - | - |
| £80,000–89,999 | 2 | 3 | £249,471 | - | - | - |
| £90,000–99,999 | 1 | 1 | £97,824 | 2 | 2 | £194,023 |
| £100,000–109,999 | 1 | 1 | £102,727 | 2 | 2 | £206,996 |
| £110,000–119,999 | - | - | - | - | 2 | £228,771 |
| £130,000–139,999 | - | - | - | 1 | 1 | £133,375 |
| £140,000–149,999 | 2 | 2 | £288,963 | - | - | - |

Trustees receive no remuneration for their services in that capacity but, in line with the charity's expenses policy, 3 trustees (2021, 1) have been reimbursed for expenses directly incurred in carrying out their activities as trustee at a cost of £275 for the year ended 31 March 2022 (2021, £23). The expenses policy applies to trustees and all staff, including the Organisational Leadership Team.

In addition, the charity took out indemnity insurance for the trustees for the year, at a cost of £4k (2021: £4k).

8. Tangible Assets

All figures
in £'000

| | GROUP | | | | | | CHARITY | | | | |
|--|----------------------------------|---------------------------------|---------------------------|-----------------------|----------------------|-------|----------------------------------|---------------------------------|---------------------------|----------------------------|-------|
| | Computer Software & Domain | Freehold Land & Buildings | Fixtures & Fittings | Computer Equipment | Plant & Machinery | Total | Computer Software & Domain | Freehold Land & Buildings | Fixtures & Fittings | Computer & Equipment | Total |
| Cost | | | | | | | | | | | |
| At 1 April 2021 | 941 | 681 | 1,989 | 1,458 | 135 | 5,204 | 932 | 681 | 1,989 | 1,455 | 5,057 |
| transferred to Intangible assets | (941) | | | | | (941) | (932) | | | | (932) |
| Additions | | | | | | 0 | | | | | 0 |
| At 31 March 2022 | 0 | 681 | 1,989 | 1,458 | 135 | 4,263 | 0 | 681 | 1,989 | 1,455 | 4,125 |
| Depreciation | | | | | | | | | | | |
| At 1 April 2021 | 724 | 416 | 878 | 1,313 | 2 | 3,333 | 723 | 416 | 878 | 1,313 | 3,330 |
| transferred to Intangible assets | (724) | | | | | (724) | (723) | | | | (723) |
| Charge for the year | | 14 | 160 | 95 | 56 | 325 | | 14 | 160 | 96 | 270 |
| At 31 March 2022 | 0 | 430 | 1,038 | 1,408 | 58 | 2,934 | 0 | 430 | 1,038 | 1,409 | 2,877 |
| Net Book Value | | | | | | | | | | | |
| At 31 March 2022 | 0 | 251 | 951 | 50 | 77 | 1,329 | 0 | 251 | 951 | 46 | 1,248 |
| At 31 March 2021 | 217 | 265 | 1,111 | 145 | 133 | 1,871 | 209 | 265 | 1,111 | 142 | 1,727 |

9. Intangible Assets

All figures in £'000

| | GROUP | | | CHARITY | |
|----------------------------------|-----------------------------|------------------------------|--------------|-------------------------------------|------------|
| | Computer Software & Website | Product Development & Design | Total | Computer Software, Domain & Website | Total |
| Cost | | | | | |
| At 1 April 2021 | 31 | 128 | 159 | 4 | 4 |
| transferred from Tangible assets | 941 | | 941 | 932 | 932 |
| Additions | 2 | 64 | 66 | - | 0 |
| At 31 March 2022 | 974 | 192 | 1,166 | 936 | 936 |
| Amortisation | | | | | |
| At 1 April 2021 | 2 | 2 | 4 | 1 | 1 |
| transferred from Tangible assets | 724 | | 724 | 723 | 723 |
| Charge for the year | 215 | 33 | 248 | 210 | 210 |
| At 31 March 2022 | 941 | 35 | 976 | 934 | 934 |
| Net Book Value | | | | | |
| At 31 March 2022 | 33 | 157 | 190 | 2 | 2 |
| At 31 March 2021 | 29 | 126 | 155 | 3 | 3 |

10. Listed and Property Investments

All figures in £'000

| Group | Market Value 2022 £'000 | Market Value 2021 £'000 | Cost 2022 £'000 | Cost 2021 £'000 |
|-------------------------------|----------------------------|----------------------------|--------------------|--------------------|
| Listed investments: | | | | |
| Global Stewardship fund | 100,425 | 116,325 | 66,332 | 65,780 |
| Multi-asset investment fund | 38,995 | 38,499 | 37,829 | 36,999 |
| Other | 453 | 450 | 453 | 446 |
| Sub Total | 139,873 | 155,274 | 104,614 | 103,225 |
| Investment Property | 8,250 | 6,570 | 6,994 | 6,994 |
| Total Investments | 148,123 | 161,844 | 111,608 | 110,219 |
| Charity | | | | |
| As stated above for the group | 148,123 | 161,844 | 111,608 | 110,219 |
| Investment in subsidiary | 250 | 250 | 250 | 250 |
| Total | 148,373 | 162,094 | 111,858 | 110,469 |

10. Listed and Property Investments (continued)

All figures in £'000

| | 2022 | 2021 |
|---|----------------|----------------|
| Group & Charity Investments | | |
| Carrying value (market value) at beginning of year | 161,844 | 99,643 |
| Additions at cost | 1,384 | 950 |
| Proceeds of sale | (5) | - |
| Realised and unrealised gains/ (losses) on revaluation of investments | (15,100) | 61,251 |
| Carrying value (market value) at end of year | 148,123 | 161,844 |

Reconciliation of revaluation of investments to net gains / (losses) per SoFA

All figures in £'000

| | 2022 | 2021 |
|--|-----------------|---------------|
| Realised gains | - | - |
| Unrealised (losses) / gains | (16,780) | 59,751 |
| (Losses) / Gains on investments | (16,780) | 59,751 |
| Gains on revaluation of Property | 1,680 | 1,500 |
| Realised and unrealised gains/ (losses) on revaluation of investments | (15,100) | 61,251 |
| Net (losses) / gains on investments (SOFA) | (15,100) | 61,251 |

The portfolio of investments is mainly managed on Versus Arthritis's behalf by Baillie Gifford & Co, Blevins Franks, Abrdn and Royal London Asset Management.

The investment property has been valued as at 31 March 2022 by an external independent qualified surveyor, Carter Jonas, on the basis of the asset being sold in its current capacity. The value is based on an analysis of recent market transactions, supported by market knowledge derived from the surveyors' professional experience.

The valuation was in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Practice Statements (VPS) contained in the RICS Valuation – Professional Standards 2019 incorporating the IVSC International Valuation Standards (the 'Red Book').

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

Versus Arthritis is currently seeking to sell the investment property.

11. Social Investments

Social investment in We Are Arthr Ltd (trading as Arthr)

All figures in £'000

| | 2022 | 2021 |
|---|----------|--------------|
| Allotted, issued, and fully paid 2 ordinary shares of £1 each | - | - |
| Loans to Social Venture (Arthr) | | |
| Value brought forward at 1 April 2021 | 2,238 | 100 |
| Additional loan advanced in year | 690 | 2,019 |
| Loan interest applied | 59 | 75 |
| Other intercompany transactions | - | 44 |
| Impairment of loan value | (2,987) | - |
| Value carried forward at 31 March 2022 | - | 2,238 |

The loan is secured, and interest is payable at 2% above base rate. The loan is repayable no more than 6 months following a demand from the charity.

Due to the decision to wind up Arthr, the carrying value of the loan has been fully provided at the balance sheet date.

Charity investment in subsidiary

All figures in £'000

| | 2022 | 2021 |
|---|------|------|
| Investment in subsidiary (Versus Arthritis Trading Limited) | 250 | 250 |
| Allotted, issued, and fully paid 250,000 ordinary shares of £1 each | - | - |

12. Subsidiary Companies

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

Versus Arthritis Trading Ltd

All figures in £'000

| | 2022 | 2021 |
|--|-----------|------------|
| Turnover | 78 | 40 |
| Cost of sales | (64) | (38) |
| Gross profit | 14 | 2 |
| Administrative expenses | (13) | (9) |
| Net profit/ (loss) for the year | 1 | (7) |

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

All figures in £'000

| | 2022 | 2021 |
|-------------------|------------|------------|
| Assets | 321 | 306 |
| Liabilities | (62) | (49) |
| Net Assets | 259 | 257 |

| | | |
|---------------|------------|------------|
| Share Capital | 250 | 250 |
| Reserves | 9 | 7 |
| Funds | 259 | 257 |

We are Arthr Ltd

We Are Arthr Ltd (trading as Arthr, company number: 12203478) is a 100% subsidiary of Versus Arthritis, who own the fully issued share capital (2 shares of £1 each). It is a social investment, funded by way of loans from the charity. It is a startup company that designs, develops and champions innovative, high-quality arthritis products and solutions. A summary of the results of the subsidiary is shown below:

All figures in £'000

| | 2022 | 2021 |
|--------------------------------|--------------|--------------|
| Turnover | 184 | 59 |
| Cost of Sales | (72) | (43) |
| Gross Profit | 112 | 16 |
| Expenditure | (986) | (1,012) |
| Net (loss) for the year | (874) | (996) |

The aggregate of the assets, liabilities and reserves was:

All figures in £'000

| | 2022 | 2021 |
|------------------------|----------------|----------------|
| Assets | 1,138 | 1,197 |
| Liabilities | (3,092) | (2,276) |
| Net Liabilities | (1,954) | (1,079) |
| Funds | (1,954) | (1,079) |

12. Subsidiary Companies (continued)

The trustees of Versus Arthritis decided to cease all further financial support to We Are Arthr Ltd from March 2022 onwards. As no other funding sources have subsequently been identified, the company is now expected to cease trading in November 2022, and then wound up through a members' voluntary liquidation. Versus Arthritis remains committed to the social aims that We Are Arthr Ltd was created to pursue.

Dormant Subsidiaries

The charity has three subsidiary dormant companies: Arthritis Matters Ltd (Company number: 10029084), Arthritis UK Ltd (Company number: 03450500) and Arthritis Care Ltd (Company number: 529321).

Custodian holdings

The charity acts as a custodian, holding investments on behalf of the Maisie Lewis fund. This is a fund bequeathed to support the funding of a position at the Kennedy Institute of Rheumatology, and was valued at £295k at 31 March 2022. The fund does not form part of the charity's Balance Sheet and all income is paid over to the Kennedy Institute of Rheumatology.

13. Debtors

All figures in £'000

| | GROUP | | CHARITY | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Amount due from group undertakings | | - | 53 | 40 |
| Gift Aid recoverable | 663 | 546 | 664 | 548 |
| VAT | 21 | 74 | - | 28 |
| Prepayments | 120 | 358 | 111 | 351 |
| Accrued income | 18,563 | 13,395 | 18,563 | 13,395 |
| Other debtors | 152 | 145 | 69 | 115 |
| | 19,519 | 14,518 | 19,460 | 14,477 |

As at 31 March 2022 there was a contingent asset for legacies notified which did not meet the Charities SORP criteria for recognition for income which totalled £3.60m (2021: £5.99m)

14. Creditors

All figures in £'000

| | GROUP | | CHARITY | |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Trade creditors | 564 | 708 | 466 | 690 |
| Other creditors | 401 | 363 | 424 | 360 |
| Taxes and Social Security | 358 | 397 | 376 | 387 |
| Accruals | 511 | 745 | 474 | 731 |
| | 1,834 | 2,213 | 1,740 | 2,168 |

15. Grant Creditors

Grant awards are reviewed and agreed by a committee, which includes various people from different fields of expertise. A letter of award is issued, and it is once this contract is signed that we recognise the expense in the financial statements.

Charity & Group Grant creditors:

All figures in £'000

| | |
|--|----------|
| Grant creditors | |
| Balance at 1 April 2021 | 49,746 |
| New awards | 19,974 |
| Awards paid | 14,093 |
| Awards written back | 887 |
| | (14,980) |
| Movement in year | 4,994 |
| Balance at 31 March 2022 | 54,740 |
| Grants payable within one year: | 18,989 |
| Grants payable after more than one year: | 35,751 |
| Year 2 | 17,131 |
| Year 3 | 11,978 |
| Year 4 | 4,774 |
| Year 5+ | 1,868 |
| For the year ending 31 March 2021 | 2021 |
| Prior year Grants payable within one year: | |
| Balance at 1 April 2020 | 11,580 |
| Movement in year: | |
| Awards recognised | 53,981 |
| Awards paid | (15,815) |
| Movement in year | 38,166 |
| Balance at 31 March 2021 | 49,746 |

16. Provisions for Liabilities – Group and Charity

For the year ending 31 March 2022

All figures in £'000

| | Dilapidation | Redundancy | Holiday Pay | Total |
|--------------------------|--------------|------------|-------------|-------|
| At 1 April | 29 | - | - | 29 |
| Charge during the year | 199 | 246 | 343 | 788 |
| Released during the year | - | (79) | (222) | (301) |
| At 31 March | 228 | 167 | 121 | 516 |

For the year ending 31 March 2021

All figures in £'000

| | Dilapidations | Total |
|--------------------------|---------------|-------|
| At 1 April | 29 | 29 |
| Charge during the year | - | - |
| Released during the year | - | - |
| At 31 March | 29 | 29 |

17. Movement in Funds

For the year ending 31 March 2022

All figures in £'000

| | General Funds | Revaluation Reserve | Designated Funds | Restricted Funds | Group Total |
|---|-----------------|---------------------|------------------|------------------|-----------------|
| Funds at 1 April 2021 | 122,071 | 53,576 | 3,907 | 4,899 | 184,453 |
| Income | 27,839 | - | - | 2,775 | 30,614 |
| Expenditure | (43,516) | - | - | (2,832) | (46,348) |
| Net unrealised investment (losses) | (15,100) | - | - | - | (15,100) |
| Actuarial gain on defined benefit scheme | 4 | - | - | - | 4 |
| Other transfers between funds | 17,426 | (15,110) | (484) | (1,832) | - |
| Total recognised (losses) for the financial year | (13,347) | (15,110) | (484) | (1,889) | (30,830) |
| Funds at 31 March 2022 | 108,724 | 38,466 | 3,423 | 3,010 | 153,623 |

A full analysis of Designated Funds is provided in Note 18. The Revaluation Reserve represents the difference between the historic cost of investments and their market value amount. Post year end, the trustees decided to designate significant funds to support the future activities of the charity (see Reserves Policy, page 35)

For the year ending 31 March 2021

All figures in £'000

| | General Funds | Revaluation Reserve | Designated Funds | Restricted Funds | Group Total |
|--|----------------|---------------------|------------------|------------------|----------------|
| Funds at 1 April 2020 | - | 28 | 178,694 | 2,933 | 181,655 |
| Transfer between funds due to changes in reserves policy | 172,381 | - | (172,381) | - | - |
| Income | 22,108 | - | - | 3,330 | 25,438 |
| Expenditure | (82,045) | - | - | (1,852) | (83,897) |
| Net unrealised investment Gains | 61,251 | - | - | - | 61,251 |
| Actuarial gain on defined benefit scheme | 6 | - | - | - | 6 |
| Other transfers between funds | (51,630) | 53,548 | (2,406) | 488 | - |
| Total recognised gains/ (losses) for the financial year | 122,071 | 53,548 | (174,787) | 1,966 | 2,798 |
| Funds at 31 March 2021 | 122,071 | 53,576 | 3,907 | 4,899 | 184,453 |

17. Movement in Funds (continued)

Movement in Restricted Income Funds for the year ending 31 March 2022

Group & Charity

All figures in £'000

Donor Funded Projects

| | Balance Sheet as at 1 April 2021 | Transfers | Income | Expenditure | Balance Sheet as at 31 March 2022 |
|--|--|----------------|--------------|----------------|---|
| Research | | | | | |
| Academic Health Science Networks (AHSN) | 294 | - | - | - | 294 |
| Advanced Pain Discovery Platform | 500 | - | 20 | (520) | - |
| AI Programme | - | - | 41 | (41) | - |
| Ankylosing spondylitis | - | - | 10 | (10) | - |
| COLGENE partnership | 18 | - | - | - | 18 |
| Contribution to Core Costs | - | - | 17 | (17) | - |
| Cutaneous systemic sclerosis | 2 | - | - | - | 2 |
| Contribution to Healthcare Costs | 113 | - | - | (36) | 77 |
| F&YW Unrestricted | 3 | - | - | (3) | - |
| Fellowships | 2 | - | 5 | (3) | 4 |
| Juvenile Idiopathic Arthritis (JIA) | 12 | 1 | 26 | (34) | 5 |
| Living Well with Arthritis | 58 | (103) | 122 | (77) | - |
| Local Network of Touchpoints | - | - | 4 | (2) | 2 |
| NLC Fund (NI) | - | - | 64 | (17) | 47 |
| NLCF | 40 | - | - | (27) | 13 |
| Osteoarthritis (OA) | 84 | - | 405 | (261) | 228 |
| Osteomalacia | - | - | 74 | (59) | 16 |
| Osteoporosis (OP) | 7 | - | 1 | 22 | 30 |
| Pain | 16 | - | 59 | (59) | 16 |
| Physical Activity Offer | - | - | 284 | (284) | - |
| Raynaud's | 63 | - | - | (63) | - |
| Rheumatoid Arthritis (RA) | 1,122 | (209) | 468 | (387) | 994 |
| Sjogren's | - | - | 3 | - | 3 |
| Tackling Inequalities [Sport England] | 232 | - | - | (197) | 35 |
| Systemic Sclerosis | 25 | - | 40 | (30) | 35 |
| Together Arthritis Argyll & Bute | - | - | 40 | - | 40 |
| Young People & Families | - | - | 7 | (7) | - |
| Unmet Needs | - | - | 95 | (44) | 51 |
| Other funds | 9 | 67 | 118 | (109) | 85 |
| Un-Allocated | 2,092 | (2,054) | 14 | - | 52 |
| Sub Total Research | 4,692 | (2,298) | 1,917 | (2,265) | 2,047 |

17. Movement in Funds (continued)

All figures in £'000

Donor Funded Projects Balance Sheet as at 1 April 2021 Transfers Income Expenditure Balance Sheet as at 31 March 2022

| | | | | | |
|---|--------------|----------------|--------------|----------------|--------------|
| Central & Regional Funds | | | | | |
| Information | 131 | (54) | - | - | 77 |
| Services | 76 | (143) | 673 | (567) | 39 |
| Regions | - | 384 | 165 | - | 549 |
| Branches/Groups | - | 278 | 20 | - | 298 |
| Sub-total Central & Regional | 207 | 465 | 858 | (567) | 963 |
| Total Restricted Funds | 4,899 | (1,832) | 2,775 | (2,832) | 3,010 |

Movement in Restricted Income Funds for the year ending 31 March 2021

Group & Charity

All figures in £'000

Donor Funded Projects Balance Sheet as at 1 April 2020 Transfers Income Expenditure Balance Sheet as at 31 March 2021

| | | | | | |
|---|-----|-----|-----|-------|-------|
| Research | | | | | |
| Academic Health Science Networks (AHSN) | 196 | - | 125 | (27) | 294 |
| Advanced Pain Discovery Platform | - | 500 | - | - | 500 |
| Ankylosing spondylitis | - | - | 58 | (58) | - |
| COLGENE partnership | 18 | - | - | - | 18 |
| Contribution to Core Costs | - | - | 61 | (61) | - |
| Cutaneous systemic sclerosis | 2 | - | - | - | 2 |
| Contribution to Healthcare Costs | - | - | 149 | (36) | 113 |
| F&YW Unrestricted | 3 | - | 2 | (2) | 3 |
| Fellowships | - | - | 9 | (7) | 2 |
| Helpline | - | - | 80 | (80) | - |
| Juvenile Idiopathic Arthritis (JIA) | - | - | 15 | (3) | 12 |
| Living Well with Arthritis | - | - | 131 | (73) | 58 |
| Local Touchpoints | - | - | 14 | (13) | 1 |
| NLCF | - | - | 40 | - | 40 |
| Osteoarthritis (OA) | 54 | - | 264 | (234) | 84 |
| Osteoporosis (OP) | 7 | - | 2 | (2) | 7 |
| Pain | 16 | - | - | - | 16 |
| Physical Activity Offer | 5 | - | 290 | (295) | - |
| Raynaud's | - | - | 97 | (34) | 63 |
| Rheumatoid Arthritis (RA) | 654 | - | 771 | (303) | 1,122 |
| Sjogren's | 34 | - | - | (34) | - |
| Tackling Inequalities [Sport England] | - | - | 400 | (168) | 232 |
| Systemic Sclerosis | - | - | 39 | (14) | 25 |

| <i>All figures in £'000</i> | Balance Sheet as at 1 April 2020 | Transfers | Income | Expenditure | Balance Sheet as at 31 March 2021 |
|------------------------------|---|------------------|---------------|--------------------|--|
| Donor Funded Projects | | | | | |
| Tendonitis | 20 | - | - | (20) | - |
| Virtual Assistant | - | - | 58 | (58) | - |
| Young People & Families | 20 | - | 12 | (32) | - |
| Other funds | 15 | (12) | 4 | 2 | 9 |
| Un-Allocated | 1,868 | - | 223 | - | 2,091 |
| Sub Total Research | 2,912 | 488 | 2,844 | (1,552) | 4,692 |

Donor Funded Projects**Central & Regional Funds**

| | | | | | |
|---|--------------|------------|--------------|----------------|--------------|
| Information | 21 | - | 110 | - | 131 |
| Services | - | - | 376 | (300) | 76 |
| Sub-total Central & Regional | 21 | - | 486 | (300) | 207 |
| Total Restricted Funds | 2,933 | 488 | 3,330 | (1,852) | 4,899 |

Restricted funds are appropriately allocated in accordance with the restrictions associated with the funds. Until restricted income is allocated to a project, it is held under unallocated funds.

Transfers within the year refer to amounts held initially within one reserve but upon review moved to another (e.g. where funds were left specifically to a branch that has since closed, we have gone back to the legacy wording / branch activities to honour the donor intention for those funds as closely as possible).

18. Designated Funds – Group and Charity

| | Commitment to subsidiaries | Pension (TPT) | Fixed Asset Fund | Total |
|----------------------------------|-----------------------------------|----------------------|-------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2021 | 1,881 | - | 2,026 | 3,907 |
| Transfers from/(to) general fund | (1,881) | 1,904 | (507) | (484) |
| Balance at 31 March 2022 | - | 1,904 | 1,519 | 3,423 |

19. Analysis of Net Assets by Fund

GROUP

All figures in £'000

Fund balances at 31 March 2022 are represented by:

| | General Funds | Revaluation Reserve | Designated Funds | Restricted Funds | Total |
|-------------------------|----------------|---------------------|------------------|------------------|----------------|
| Fixed assets | - | - | 1,519 | - | 1,519 |
| Investments | 107,753 | 38,466 | 1,904 | - | 148,123 |
| Current assets | 58,061 | - | - | 3,010 | 61,071 |
| Current liabilities | (20,823) | - | - | - | (20,823) |
| Long term liabilities | (35,751) | - | - | - | (35,751) |
| Provisions | (516) | - | - | - | (516) |
| Total net assets | 108,724 | 38,466 | 3,423 | 3,010 | 153,623 |

GROUP

All figures in £'000

Fund balances at 31 March 2021 are represented by:

| | General Funds | Revaluation Reserve | Designated Funds | Restricted Funds | Total |
|-------------------------|----------------|---------------------|------------------|------------------|----------------|
| Fixed assets | - | - | 2,026 | - | 2,026 |
| Investments | 106,387 | 53,576 | 1,881 | - | 161,844 |
| Current assets | 67,672 | - | - | 4,899 | 72,571 |
| Current liabilities | (31,150) | - | - | - | (31,150) |
| Long term liabilities | (20,809) | - | - | - | (20,809) |
| Provisions | (29) | - | - | - | (29) |
| Total net assets | 122,071 | 53,576 | 3,907 | 4,899 | 184,453 |

CHARITY

All figures in £'000

Fund balances at 31 March 2022 are represented by:

| | General Funds | Revaluation Reserve | Designated Funds | Restricted Funds | Total |
|-------------------------|----------------|---------------------|------------------|------------------|----------------|
| Fixed assets | - | - | 1,250 | - | 1,250 |
| Investments | 108,003 | 38,466 | 1,904 | - | 148,373 |
| Current assets | 56,943 | - | - | 3,010 | 59,953 |
| Current liabilities | (20,729) | - | - | - | (20,729) |
| Long term liabilities | (35,751) | - | - | - | (35,751) |
| Provisions | (516) | - | - | - | (516) |
| Total net assets | 107,950 | 38,466 | 3,154 | 3,010 | 152,580 |

CHARITY

All figures in £'000

Fund balances at 31 March 2021 are represented by:

| | General Funds | Revaluation Reserve | Designated Funds | Restricted Funds | Total |
|-------------------------|----------------|---------------------|------------------|------------------|----------------|
| Fixed assets | - | - | 1,730 | - | 1,730 |
| Investments | 106,637 | 53,576 | 1,881 | - | 162,094 |
| Current assets | 68,735 | - | - | 4,899 | 73,634 |
| Current liabilities | (31,106) | - | - | - | (31,106) |
| Long term liabilities | (20,809) | - | - | - | (20,809) |
| Provisions | (29) | - | - | - | (29) |
| Total net assets | 123,428 | 53,576 | 3,611 | 4,899 | 185,514 |

20. Pension Arrangements

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

Defined contribution schemes

Group Personal Pension Plan managed by Royal London

This is the charity's current pension plan. All employees are eligible for membership and are automatically enrolled unless they request to opt out. The pension charge for the year ending 31 March 2022 represents contributions payable by Versus Arthritis and amounted to £870k (2021: £900k). The charity has no liability under the scheme other than for the payment of those contributions.

Flexible retirement plan managed by The Pensions Trust (TPT)

This plan which transferred from Arthritis Care has operated since the end of 2010 and closed to new members from the date of merger. The pension charge for the year ending 31 March 2022 represents contributions payable by Versus Arthritis and amounted to £1.86k (2021: £5.8k). The charity has no liability under the scheme other than for the payment of those contributions.

Defined benefit schemes

The Pensions Trust – Arthritis Care Pension Scheme

The scheme, which transferred from Arthritis Care at the point of merger, is a defined benefit funded pension scheme which closed to new members and to service accruals with effect from 31 December 2010. It is a separate trustee administered fund holding the pension scheme assets to meet long-term pension liabilities. An actuarial valuation was completed as at 30 September 2018 and updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The actuarial triennial valuation as at 30 September 2018 showed a surplus of £1,036,000. The charity agreed with the scheme trustees that it will pay £75,180 per annum in respect of the cost of meeting the expenses of the scheme and levies to the Pension Protection Fund. Therefore, the total contributions paid in 2022 amounted to £75,180 (2021: £75,180). The net assets of the pension scheme are not recognised as an asset on the balance sheet in line with accounting standards on such matters as any surplus cannot be refunded directly to Versus Arthritis. The next triennial valuation (for 30 September 2021) is still in the process of being agreed, but no deficit is expected to arise.

The following information in respect of the scheme has been provided in accordance with the requirements of FRS102:

Pension Arrangements

| <i>All figures in £'000</i> | 31 March 2022 | 31 March 2021 |
|--|----------------------|----------------------|
| Bonds | 6,166 | 7,277 |
| LDI | 4,159 | 3,075 |
| Property | 1,678 | 1,296 |
| Cash | 369 | 312 |
| Other | 1,938 | 2,379 |
| Total market value of assets | 14,310 | 14,339 |
| Present value of scheme liabilities | (13,045) | (13,354) |
| Surplus | 1,265 | 985 |
| Effect of asset ceiling | (1,265) | (985) |
| Net pension asset under FRS102 | - | - |

20. Pension Arrangements (continued)

Analysis of amount charged to SoFA

All figures in £'000

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Expenses | 79 | 81 |
| Operating charge | 79 | 81 |
| Interest (income) on assets | (305) | (336) |
| Interest cost on defined benefit obligation | 284 | 253 |
| Interest on surplus that is not recoverable | 21 | 83 |
| Total expense recognised in the SOFA | 79 | 81 |

Statement of other comprehensive income

All figures in £'000

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Return on plan assets (excluding amounts included in net interest cost) | (55) | (162) |
| Experience (losses)/gains on liabilities | (366) | 95 |
| Gain/(Loss) from change in assumptions | 684 | (2,553) |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in the net interest cost) – (loss) / gain | (259) | 2,626 |
| Actuarial gain | 4 | 6 |

Movement in balance sheet asset /(liability) during the year

All figures in £'000

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Surplus /(deficit) in Scheme at the beginning of the year | - | - |
| Expenses | (79) | (81) |
| Re-measurements included in other comprehensive income | 4 | 6 |
| Employer contributions | 75 | 75 |
| Surplus /(deficit) in Scheme at the end of the year | - | - |

Change in liabilities during the year

All figures in £'000

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Opening liabilities | 13,354 | 10,913 |
| Interest cost | 284 | 253 |
| Benefits paid | (275) | (270) |
| Actuarial (gain) / loss on changes in demographic and financial assumptions | (684) | 2,553 |
| Experience loss / (gains) on liabilities | 366 | (95) |
| Closing liabilities | 13,045 | 13,354 |

20. Pension Arrangements (continued)

Change in assets during the year

| <i>All figures in £'000</i> | 31 March 2022 | 31 March 2021 |
|--|----------------------|----------------------|
| Opening assets | 14,339 | 14,441 |
| Interest income on assets | 305 | 336 |
| Expenses | (79) | (81) |
| Return on assets excluding interest income | (55) | (162) |
| Employer Contributions | 75 | 75 |
| Benefits paid | (275) | (270) |
| Closing assets | 14,310 | 14,339 |

Financial assumptions

| <i>All figures in £'000</i> | 31 March 2022 | 31 March 2021 |
|--------------------------------------|----------------------|----------------------|
| Discount rate at the end of the year | 2.78% | 2.15% |
| Future salary increases | 3.59% | 3.25% |
| Deferred revaluation | 3.59% | 3.25% |
| Inflation assumption (RPI) | 3.59% | 3.25% |
| Inflation assumption (CPI) | 3.28% | 2.90% |
| Pension increases in payment | | |
| CPI max 5% | 3.13% | 2.85% |
| CPI max 2.5% | 2.13% | 2.00% |

21. Related Party Transactions

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

For the year ending 31 March 2022

| <i>All figures in £'000</i> | Position | Related Party | Amount Awarded | Amount in Creditors |
|-----------------------------|-----------------|---------------------------|-----------------------|----------------------------|
| Name | | | | |
| Professor David Isenberg | Trustee | University College London | 896 | 4,509 |
| Iain McInnes | Trustee | University of Glasgow | 508 | 3,005 |
| John Isaacs | Trustee | Newcastle University | 518 | 1,271 |
| Caroline Russell | Director | Active Essex | 20 | 20 |

For the year ending 31 March 2021

| <i>All figures in £'000</i> | Position | Institution | Amount Recognised | Amount in Creditors |
|------------------------------|-----------------|-------------------------------|--------------------------|----------------------------|
| Name | | | | |
| Professor David Isenberg | Trustee | University College London | 232 | 5,168 |
| Professor Jon Cohen | Trustee | University of Sussex | - | 517 |
| Professor Martijn Steultjens | Trustee | Glasgow Caledonian University | - | 20 |

21. Related Party Transactions (continued)

There is a standard item of each committee and Board meeting for members to declare any conflicts of interest in relation to the agenda. In advance of the meeting the governance team will check the register of interests and as appropriate make a note within the Chair's brief to ensure conflicted trustees / committee members are invited to vacate the room during discussions of the relevant agenda item.

Group Transactions

For the year ending 31 March 2022:

- Versus Arthritis Trading Ltd made no donations in 2021/22 to the charity (2021: £0k)
- There was no management fee from the charity to Versus Arthritis Trading Ltd (2021: £0k).
- £0.7m of funds (2021: £2.02m) were drawn down in May 2021 in line with the loan agreement made between the charity and We Are Arthr Ltd in March 2020. This took the total loan from the charity to Arthr to £2.8m.

22. Ex Gratia Payments

In addition to contractual redundancy payments set out in Note 7, there have been no ex-gratia payments during the year. (2021: £85k, paid in settlement to 5 former employees).

Further information on redundancy and settlement payments to related parties are disclosed in Note 7.

23. Operating Lease Commitments

Operating lease agreements where the Group is lessee

Minimum lease obligations falling due at the balance sheet date are set out below:

| <i>All figures in £'000</i> | 2022 | 2021 |
|-----------------------------|--------------|--------------|
| Other Leases | | |
| Less than 1 year | 964 | 1,061 |
| 2 to 5 years | 3,649 | 3,710 |
| Over 5 years | 300 | 1,218 |
| Total | 4,913 | 5,989 |

During the year £799k (2021: £1,069k) was charged to the SoFA in respect of operating leases

- Operating lease agreements where the Group is lessor

The total of future minimum rentals receivable under non-cancellable rental agreements are as follows:

| <i>All figures in £'000</i> | 2022 | 2021 |
|-----------------------------|-------------|-------------|
| Less than 1 year | - | 11 |
| Total | - | 11 |

24. Prior-year consolidated statement of financial activities

Incorporating an income and expenditure account for the year ended 31 March 2021

All figures in £'000

| | Note | Unrestricted Funds | Restricted Funds | Total Funds |
|---|----------|--------------------|------------------|-----------------|
| Income from | | | | |
| Donations and legacies | 2 | 20,213 | 1,495 | 21,708 |
| Other trading activities | 2 | 121 | - | 121 |
| Investment income | 2 | 1,182 | - | 1,182 |
| Intellectual property income | 2,3 | 241 | - | 241 |
| Charitable activities | 2 | 274 | 1,835 | 2,109 |
| Other | 2 | 77 | - | 77 |
| Total income | | 22,108 | 3,330 | 25,438 |
| Expenditure | | | | |
| Raising Funds | 5 | 6,505 | - | 6,505 |
| Investment management costs | 5 | 432 | - | 432 |
| Charitable activities: | | | | |
| Research | 5 | 56,039 | 1,552 | 57,591 |
| Information, Services & Awareness | 5 | 18,006 | 300 | 18,306 |
| Other activities: | | | | |
| Social Venture | 5 | 1,063 | - | 1,063 |
| Total Expenditure | 5 | 82,045 | 1,852 | 83,897 |
| Net (expenditure) / income before net gains on investments | | (59,937) | 1,478 | (58,459) |
| Net gains on investments | 10 | 61,251 | - | 61,251 |
| Actuarial gain on defined benefit scheme | 17 | 6 | - | 6 |
| Transfers between funds | 17 | (488) | 488 | - |
| Net movement in funds | | 832 | 1,966 | 2,798 |
| Reconciliation of funds | | | | |
| Funds brought forward | | 178,722 | 2,933 | 181,655 |
| Total funds carried forward | | 179,554 | 4,899 | 184,453 |

10

GOVERNANCE STRUCTURES

SECTION 10: GOVERNANCE STRUCTURES

Details of Committees that support the Board

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is a committee of the Board of Trustees of Versus Arthritis, created to exercise supervisory oversight and scrutiny on behalf of the Board of all aspects of Versus Arthritis's policies and procedures related to the appointment of trustees and the chief executive officer, as well as those related to remuneration and pensions arrangements for the organisation.

Members:

- ♣ *Ms Karin Hogsander (Chair, as Deputy Chair of Board)*
- ♣ *Prof Jonathan Cohen (as Chair of Charitable Purposes Committee)*
- ♣ *Mr Philip Gray (as trustee appointed to the committee)*
- ♣ *Dr Andrew Holford (as Chair of Finance Committee)*
- ♣ *Dr Rodger McMillan (as Chair of Board)*
- ♣ *Mr Vincent Noinville (as Chair of Risk and Audit Committee).*

FINANCE COMMITTEE

The Finance Committee is a committee of the Board of Trustees created to exercise, on behalf of the Board of Trustees, supervisory oversight, judgment and scrutiny of all aspects of Versus Arthritis's corporate financial policies and operations.

Alongside this, the committee provides the Board of Trustees with an informed and independent assessment of the management and control of resources and of risk throughout the charity. It is also responsible for reviewing this Annual Report and Accounts – in particular, plans for sustainability – and to make its position known with recommendations to the Board for decision.

Members:

- ♣ *Dr Andrew Holford (Chair)*
- ♣ *Mr Philip Gray*
- ♣ *Ms Karin Hogsander*
- ♣ *Mr Richard Lanyon (co-opted member, resigned May 2021)*
- ♣ *Dr Rodger McMillan (ex-officio)*
- ♣ *Jessica Patel (co-opted member, appointed June 2021)*
- ♣ *Mark Jarvis (co-opted member, appointed June 2021)*

CHARITABLE PURPOSES COMMITTEE

Members:

- ♣ *Prof Jonathan Cohen (Chair)*
- ♣ *Mr Stewart Falconer (co-opted member)*
- ♣ *Prof David Isenberg (retired June 2021)*
- ♣ *Ms Kate Law (co-opted member)*
- ♣ *Ms Juliette Scott*
- ♣ *Mr Alasdair Smith (co-opted member, resigned July 2021)*
- ♣ *Prof Martijn Steultjens*
- ♣ *Ms Jane Taylor (co-opted member)*
- ♣ *Dr Rodger McMillan (ex-officio).*

RISK AND AUDIT COMMITTEE

Members:

- ♣ *Mr Vincent Noinville (Chair)*
- ♣ *Mr Sandeep Das (co-opted member since August 2020)*
- ♣ *Prof Sarah (Sallie) Lamb*
- ♣ *Mr Paul Vandenberghe (co-opted member since August 2020)*
- ♣ *Dr Rodger McMillan (ex-officio).*

EXPERT COMMITTEES

A number of committees provide advice on our research activity:

- Research Advisory Groups (RAGs)
- Fellowship Expert Committee
- Funding review panels
- Progress Review Committee (PRC).

RESEARCH ADVISORY GROUPS

There are four Research Advisory Groups that provide strategic advice to Versus Arthritis related to important areas of research focus. The RAGs are formulated around the following four broad areas:

- adult inflammatory arthritis
- autoimmune rheumatic disease
- musculoskeletal disease
- paediatric rheumatology.

The groups comprise people with expertise in the following areas:

- lived experience
- clinical
- scientific
- methodological
- healthcare.

Membership of the RAGs

- ♣ Professor Stefan Siebert (Chair)
- ♣ Professor Allan Wailoo
- ♣ Professor Andrew Cope
- ♣ Dr Arthur Pratt
- ♣ Professor Carl Goodyear
- ♣ Dr Carla Cohen
- ♣ Mr Christopher Martey
- ♣ Mr David Chandler
- ♣ Dr Ken Baker
- ♣ Mrs Kirsty Bell
- ♣ Dr Lesley-Anne Bissell
- ♣ Professor Nicole Horwood
- ♣ Dr Pauline Ho
- ♣ Dr Sarah Twigg

- ♣ Mrs Sarah Burn
- ♣ Dr Suzan Verstappen
- ♣ Dr William Tillett
- ♣ Professor Chris Denton (Chair)
- ♣ Dr Andrea Murray
- ♣ Professor Ann Morgan
- ♣ Dr Deepa Jakakody Arachchillage
- ♣ Dr Ed Vital
- ♣ Dr Emma Derrett-Smith
- ♣ Professor Hector Chinoy
- ♣ Dr Jane Taylor
- ♣ Dr John Pauling
- ♣ Ms Lucy Brett
- ♣ Ms Lynn Laidlaw
- ♣ Dr Megan Rutter
- ♣ Dr Neil Basu
- ♣ Dr Peter Lanyon
- ♣ Dr Shirish Dubey
- ♣ Dr Fiona Watt (Chair)
- ♣ Mrs Amanda Clark
- ♣ Professor Christine Le Maitre
- ♣ Dr Christopher Brown
- ♣ Dr David Andersson
- ♣ Dr Deborah Mason
- ♣ Mrs Debra Dulake
- ♣ Dr Elspeth Wise
- ♣ Dr Emma Clark
- ♣ Dr Emma Salt
- ♣ Dr Felicity Bishop
- ♣ Professor George Peat
- ♣ Professor Hemant Pandit
- ♣ Ms Jane Taylor-Wormald
- ♣ Professor John Loughlin
- ♣ Dr Linda Troeberg
- ♣ Dr Malvika Gulati
- ♣ Dr Maura McCarron
- ♣ Dr Neal Millar
- ♣ Professor Richard Jones
- ♣ Professor Ruth Wilcox
- ♣ Dr Stephen Richardson
- ♣ Dr Tim Barlow

- *Dr Zoe Paskins (Lead)*
- *Professor Athimalaipet Ramanan (Co-Chair)*
- *Dr Clare Pain (Co-Chair)*
- *Mrs Louise Parker*

FUNDING REVIEW PANELS

Last year we moved away from our model of four committees (focused on Disease, Treatment, Health and Fellowship) and began work on a more agile, lighter model. We therefore no longer have an expansive list of committee members but applied a much more bespoke approach to reviewing research applications.

Our Fellowship Committee remained in place and, with the addition of supplementary members to form bespoke panels, reviewed our fellowship applications. We also formed other bespoke review panels for non-fellowship research activity.

Membership of the Fellowship Expert Committee

- *Professor Gretl McHugh (Chair)*
- *Professor John Isaacs*
- *Professor Gary Macfarlane*
- *Professor Alexander MacGregor*
- *Professor Maya Buch*
- *Dr Jesmond Dalli*
- *Professor Alison McGregor*
- *Professor Lucy Donaldson*

Membership of bespoke panels

- *Dr Alan Reynolds*
- *Dr Ben Seymour*
- *Dr Catherine Hilkins*
- *Dr Chrissy Hammond*
- *Dr Darren Plant*
- *Dr David Andersson*
- *Dr David Ellard*
- *Dr Frances Humby*
- *Dr Frederique Ponchel*
- *Dr Ian Scott*
- *Dr James Wason*
- *Dr Linda Troeberg*
- *Dr Megan MacLeod*

- *Dr Taranjit Singh Rai*
- *Mr Colin Wilkinson*
- *Mr Matt Kaiser*
- *Mr Terry Lock*
- *Mrs Annabel Dawson*
- *Mrs Maureen Grossman*
- *Ms Anna Dawson*
- *Ms Anne Chanvey*
- *Ms Jane Taylor-Wormald*
- *Ms Tracey Snell*
- *Professor Alex MacGregor*
- *Professor Andrew McCaskie*
- *Professor Caroline Alexander*
- *Professor Claudia Mauri*
- *Professor Cosimo De Bari*
- *Professor David Abraham*
- *Professor David Jayne*
- *Professor David Leon*
- *Professor Ernest Choy*
- *Professor Gary Macfarlane*
- *Professor Gretl McHugh*
- *Professor Ian Bruce*
- *Professor Ilaria Bellantuono*
- *Professor Janet Lord*
- *Professor John McBeth*
- *Professor Jonathan Tobias*
- *Professor Kevin Davies*
- *Professor Lesley Colvin*
- *Professor Lucy Donaldson*
- *Professor Martin Underwood*
- *Professor Maya Buch*
- *Professor Michele Bombardieri*
- *Professor Paul Eggleton*
- *Professor Paul Genever*
- *Professor Paul Greenhaff*
- *Professor Raashid Luqmani*
- *Professor Robert van Deursen*
- *Professor Simon Jones*
- *Professor Steven Edwards*
- *Professor Ursula Fearon*



PROGRESS REVIEW COMMITTEE (PRC)

The PRC is comprised of a group of experts that review ongoing studies that involve recruitment of research participants. The purpose of this committee is to provide us with assurance that the studies are progressing satisfactorily and support us with any ongoing actions if this is not the case.

Membership of PRC

- ♣ *Professor Ed Roddy*
- ♣ *Dr Jonathan Hill*
- ♣ *Dr Coziana Ciurtin*
- ♣ *Dr Sarah Kingsbury*
- ♣ *Dr Mark Lunt*
- ♣ *Professor Terence O'Neill*
- ♣ *Dr Natasha Jordon*
- ♣ *Dr Nicholas Harvey*
- ♣ *Dr Isabel Reading*

11

**LEGAL AND
ADMINISTRATIVE
INFORMATION**

SECTION 11: LEGAL AND ADMINISTRATIVE INFORMATION

VERSUS ARTHRITIS

Copeman House

St Mary's Court

St Mary's Gate

Chesterfield

S41 7TD

Telephone: 0300 790 0400

Email: enquiries@versusarthritis.org

Website: www.versusarthritis.org

A company limited by guarantee and registered in England and Wales (00490500)

A charity registered in England and Wales (207711) and in Scotland (SC041156).

LEADERSHIP AT VERSUS ARTHRITIS

Organisational Leadership Team

Chief Executive

♣ Ellen Miller (Acting, to March 2022)

♣ Deborah Alsina MBE (from March 2022)

Director of Planning and Operations

♣ Caroline Russell (Interim, to June 2021)

Director of Finance and Corporate Services

♣ John Fanning (Interim, from August 2021)

Director of People and Organisational Development

♣ Helen Timbrell

Director of Income

♣ Charlotte Guiver (to 31 December 2021)

Director of Recognition, Brand and Activation

♣ Olivia Belle (to April 2021)

Director of Marketing, Communication and Engagement

♣ Chris Phillips (Interim, from May 2021)

Director of Involvement, Influencing and Support

♣ Stewart Long (retired July 2021)

♣ Zoe Chivers (Acting, from July 2021)

Director of Insight, Data and Technology

♣ Paul Barton (Interim, from April 2021)

Board of Trustees

♣ Dr Rodger McMillan, Chair
(retired 14 December 2022)

♣ Prof Jonathan Cohen (retired 8 July 2022)

♣ Mr Philip Gray

♣ Ms Karin Hogsander, Deputy Chair
(retired 14 December 2021)

♣ Dr Andrew Holford

♣ Prof John Isaacs (appointed 9 June 2021)

♣ Prof David Isenberg (retired 9 June 2021)

♣ Prof Sarah Lamb (retired 14 September 2022)

♣ Prof Iain McInnes (appointed 9 June 2021)

♣ Vincent Noinville

♣ Ms Clare Reid (retired 9 June 2021)

♣ Mr Jonathan Rodgers (appointed 9 June 2021)

♣ Ms Juliette Scott

♣ Prof Martijn Steultjens

Details of the subcommittees that support the Board of Trustees are set out on pages 81 of this report.

Honorary Vice Presidents

♣ Mrs Sue Arnott

♣ Dr Colin Barnes

♣ Dr Peter Copeman

♣ Prof Graham Hughes

Patron

HM The Queen Consort

PROFESSIONAL ADVISORS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

NatWest plc
5 Market Place
Chesterfield
S40 1TW

Investment managers

Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN

Royal London Asset Management
55 Gracechurch Street
London
EC3V 0RL

Abrdn plc (Aberdeen Standard)
1 George Street
Edinburgh
EH2 2LL

Blevins Franks
28 St James's Square
London
SW1Y 4JH

Solicitors

Bates Wells
10 Queen Street Place
London
EC4R 1BE

IBB Solicitors
Capital Court
30 Windsor Street,
Uxbridge, Middlesex
UB8 1AB

**VERSUS
ARTHRITIS**

Versus Arthritis

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Telephone:
0300 790 0400

Email:
enquiries@versusarthritis.org

Website:
www.versusarthritis.org

A company limited by guarantee and
registered in England and Wales
(00490500)

A charity registered in
England and Wales (207711) and
in Scotland (SC041156).