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Arthritis Research UK Trading Limited
(Company Number 891517)

Annual Report and Financial Statements

31 July 2012

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COMPANIES HOUSE

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 July 2012

Principal Activities

The Company is the trading subsidiary of its parent company, Arthritis Research UK (a registered charity, number 207711) and is principally engaged in the sale of Christmas cards and gifts, and the trading activities on behalf of the parent company

Review of the Year

In 2011-12, Arthritis Research UK Trading Limited recorded turnover of £720,800. This was against a turnover of £858,490 in the previous financial year.

Much of the company's turnover continues to be attributable to sales of catalogue goods through the parent charity's network of volunteer branches, which act for the trading company on an agency basis, and the company is extremely grateful for their efforts.

The Directors will aim to improve the trading returns for future financial years.

Financial Risks

The company uses financial instruments including cash, inter-company balances and debtors. The main purpose of these financial instruments is to finance the working capital cycle of the company. The policies for managing the risks open to the company are summarised below.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and appropriately.

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Financial Statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the Directors are required to

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

The Directors are responsible for keeping adequate accounting records that 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Statement of the Provision of Information to the Auditors

The Directors confirm

That so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and,

That each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors

The Directors in office at the year-end and who served throughout the year are listed below.

Liam O'Toole
Richard Raworth

The Directors did not receive any emoluments (2011 £Nil) in respect of their services to the Company for the year ended 31 July 2012.

Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



Dr L O'Toole
Director

6 MARCH 2013

Independent auditor's report to the members of Arthritis Research UK Trading Limited

We have audited the financial statements of Arthritis Research UK Trading Limited for the year ended 31 July 2012 which comprise the profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

6 March 2013

**Profit and Loss Account
For the Year Ended 31 July 2012**

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	Notes	2012 £	2011 £
Turnover	1	720,800	858,490
Cost of Sales		(360,804)	(435,120)
Gross Profit		359,996	423,370
Administrative expenses		(319,735)	(383,319)
Operating Profit		40,261	40,051
Bank Interest Receivable		169	384
Profit on ordinary activities	2	40,430	40,435
Payment due to Arthntis Research UK under Gift Aid Scheme		(40,430)	(29,871)
Result/Profit for the period		-	10,564

All activities of the Company are continuing

There is no material difference between the profit on the ordinary activities before taxation and retained result/profit for the year and their historical cost equivalents

The Company has not recognised gains and losses other than the profit for the year shown above, and therefore no separate statement of total recognised gains and losses has been presented

Balance Sheet
For the Year Ended 31 July 2012 *cont'd*

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	Notes	2012	2011
		£	£
Current Assets			
Stocks	1	68,515	187,485
Debtors	3	133,218	125,730
Cash at bank and in-hand		161,529	154,893
		363,262	468,108
Creditors – amounts falling due within one year	4	(113,262)	(218,108)
Net Assets		250,000	250,000
Capital and Reserves			
Called up share capital	5	250,000	250,000
Profit and loss account		-	-
Total shareholders' funds	8	250,000	250,000

These financial statements have been prepared in accordance with the special provisions for smaller companies under part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entries (effective April 2008)

The notes on pages 8 to 10 form part of these financial statements

Approved by the Board on 6th March 2013 and signed on their behalf by



Dr L O'Toole
 Director

(Company Number 891517)

1 Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008). A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention and with applicable accounting and financial reporting standards in the United Kingdom.

Turnover

Turnover represents net proceeds from

- a) The sale of Christmas cards and gifts
- b) Trading activities on behalf of the parent company

Stocks

Stocks consist of goods for resale and are stated at the lower of cost and net realisable value.

Pensions

Certain employees are members of a defined contribution pension scheme and costs are charged to the profit and loss account as incurred.

2 Profit and Ordinary Activities

Profit on ordinary activities is stated after charging	2012	2011
	£	£
Wages and salaries including agency costs	36,625	36,155
Social Security costs	2,863	3,850
Other pension costs	395	1,200
Auditors' remuneration – audit services	6,000	6,000

The average number of employees during the year was 2 FTE (2011: 2). The average number of Directors during the year was 2 (2011: 2). The Directors received no emoluments in respect of their services to the Company during the year (2011: £Nil).

3 Debtors – Amounts receivable within one year

	2012	2011
	£	£
Prepayments and accrued income	133,218	125,730
	133,218	125,730

4 Creditors – Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,273	57,664
Amounts owed to parent company	78,305	23,292
VAT	9,702	16,983
Accruals and deferred income	23,982	120,169
	113,262	218,108

5 Called up Share Capital

	2012	2011
	£	£
Authorised, allotted, issued and fully paid ordinary shares of £1 each	250,000	250,000

6 Ultimate Parent Company

The immediate and ultimate parent company is Arthritis Research UK, a charitable company limited by guarantee and incorporated in England. Consolidated accounts can be obtained from Copeman House, St Mary's Court, St Mary's Gate, Chesterfield, Derbyshire, S41 7TD.

7 Pension Arrangements

The Company made £395 contributions (2011 £1200) during the year to a defined contribution pension scheme operated by Scottish Life (2011 Prudential Assurance Company Limited). The Company has no other liability to this fund.

8 Reconciliation of Movement in Total Shareholders' Funds

The income and expenditure account is arrived at after charging the following

	2012	2011
	£	£
Profit for the financial year before gift aid	40,430	40,435
Payment due under Gift Aid scheme	40,430	29,871
Net addition to total shareholders' funds	0	10,564
Opening total shareholders' funds	250,000	239,436
Closing total shareholders' funds (all equity)	250,000	250,000

9 Taxation

Under the Financial Reporting Standard for Smaller Entities, the Company is exempt from the requirement to prepare a tax disclosure required by Financial Reporting Standard 19. No tax charge has occurred during the year (2011: £Nil). The company has no deferred tax at the year ended 31 July 2012 (2011: £Nil).

10 Cash Flow Statement

The Ultimate parent company has included within its financial statements a consolidated cash flow statement and, therefore, under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement.

11 Related Party Transactions

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions with other group companies, on the grounds that it is a 99.9% owned subsidiary of Arthritis Research UK, a company registered in England whose consolidated accounts are publicly available. There are no other related party transactions to disclose.

12 Operating Commitments

As part of normal trading operations the Company had committed to purchase certain goods from suppliers in respect of the following financial year. The Company's commitment in respect of this arrangement is estimated to be £2,206 at 31 July 2012 (2011: £4,989).

Detailed Trading Profit and Loss Account
For year ended 31 July 2012

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For the information of the Directors only

	2012 £	2012 £	2011 £	2011 £
Sales				
Ordinary activities	667,195		801,732	
On behalf of the Parent Company	53,436		56,758	
		720,631		858,490
Cost of Sales				
Ordinary activities	(360,804)		(435,120)	
		(360,804)		(435,120)
Trading profit		359,827		423,370
Interest receivable		169		384
Gross Profit		359,996		423,754
Overhead expenses				
Staff costs	41,014		41,205	
Postage	67,484		83,844	
Subscriptions & charity shop commissions	-		30,360	
Printing & Stationery	42,320		48,987	
Legal & Professional	6,000		6,000	
Agency charge	111,108		111,108	
Credit card charges	11		1,558	
Warehouse storage & order fulfilment	50,876		60,080	
Investment Management fees	34		73	
Sundry Expenses	719		104	
		319,566		383,319
Profit / (Loss) on ordinary activities		40,430		40,435