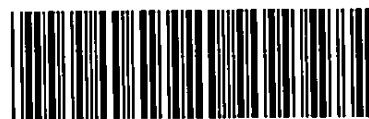


Arthritis Research UK Trading Limited
(Company Number 891517)

Annual Report and Financial Statements

31 July 2010

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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 2010

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 2009-10, Arthritis Research UK Trading Limited recorded turnover of £824,430. This was against a turnover of £782,225 in the previous financial year. However, the annual profits fell from £95,684 to a loss of £10,564. No transfer of profits could therefore be made to Arthritis Research UK.

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.

Mr R Raworth
Ms J Dutton (resigned 18 October 2010)
Dr L O'Toole (appointed 8 March 2011)

The Directors did not receive any emoluments (2009 £Nil) in respect of their services to the Company for the year ended 31 July 2010.

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.

By Order of the Board



Mr R Raworth
Director
8th March 2011

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 2010 which comprise the profit and loss account, the 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 of 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 Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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/UKNP.

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 2010 and of its results for the year 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 Matters 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 and the Directors' Report 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

17 March 2011

**Profit and Loss Account
For the Year Ended 31 July 2010**

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	Notes	2010 £	2009 £
Turnover	1	824,430	782,225
Cost of Sales		(485,351)	(344,716)
Gross Profit		339,079	437,509
Administrative expenses		(350,748)	(345,020)
Operating (Loss) / Profit		(11,669)	92,489
Bank Interest Receivable		1,105	3,195
(Loss) / Profit on ordinary activities	2	(10,564)	95,684
Payment due to Arthritis Research UK under Gift Aid Scheme		-	(95,684)
Result for the period		(10,564)	-

All activities of the Company are continuing

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

The Company has not recognised gains and losses other than the loss 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 2010 *cont'd*

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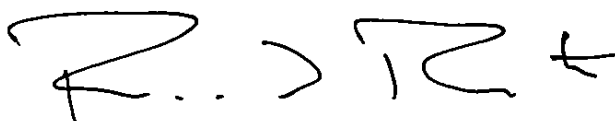
	Notes	2010 £	2009 £
Current Assets			
Stocks	1	42,381	142,034
Debtors	3	91,820	64,948
Cash at bank and in-hand		140,435	173,158
		274,636	380,140
Creditors – amounts falling due within one year	4	(35,200)	(130,140)
Net Assets		239,436	250,000
Capital and Reserves			
Called up share capital	5	250,000	250,000
Profit and loss account		(10,564)	-
<i>Total shareholders' funds</i>	8	239,436	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 8th March 2011 and signed on their behalf by

Mr R Raworth
 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:

	2010 £	2009 £
Wages and salaries including agency costs	8,869	8,635
Social Security costs	989	964
Other person costs	887	864
Auditors' remuneration – audit services	6,000	6,000

The average number of employees during the year was (FTE) 0.20 (2009: 0.2). The average number of Directors during the year was 2 (2009: 2). The Directors received no emoluments in respect of their services to the Company during the year (2009: £Nil).

3 Debtors – Amounts receivable within one year

	2010 £	2009 £
Amounts due from parent company	43,010	35,419
Prepayments and accrued income	48,810	29,529
	91,820	64,948

4 Creditors – Amounts falling due within one year

	2010 £	2009 £
Trade creditors	-	18,171
Amounts owed to parent company	-	95,684
VAT	12,140	10,270
Accruals and deferred income	23,060	6,015
	35,200	130,140

5 Called up Share Capital

	2010 £	2009 £
Authorised, allotted, issued and fully paid 250,000 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 contributions totalling £887 (2009 £964) during the year to a defined contribution pension scheme operated by 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

	2010 £	2009 £
Profit / (Loss) for the financial year	(10,564)	95,684
Payment due under Gift Aid scheme	-	(95,684)
Net addition to total shareholders' funds	(10,564)	-
Opening total shareholders' funds	250,000	250,000
Closing total shareholders' funds (all equity)	239,436	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 (2009: £Nil). The company has no deferred tax at the year ended 31 July 2010 (2009: £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 £210,550 at 31 July 2010 (2009: £203,240).

Detailed Trading Profit and Loss Account
For year ended 31 July 2010

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For the information of the Directors only

	2010 £	2010 £	2009 £	2009 £
Sales				
Ordinary activities	772,806		719,029	
On behalf of the Parent Company	51,624		63,196	
		824,430		782,225
Cost of Sales				
Ordinary activities	(485,351)		(344,716)	
		(485,351)		(344,716)
Trading profit		339,079		437,509
Interest receivable		1,105		3,195
Gross Profit		340,184		440,704
Overhead expenses				
Staff costs	10,745		10,463	
Telephone	-		-	
Postage	62,634		76,993	
Subscriptions & charity shop commissions	36,525		41,790	
Printing & Stationery	32,606		36,770	
Legal & Professional	6,000		6,000	
Agency charge	105,961		79,788	
Credit card charges	2,284		1,949	
Internet & Website promotion cost	5,873		5,506	
Warehouse storage & order fulfilment	86,314		83,711	
Investment Management fees	153		185	
Sundry Expenses	1,653		1,865	
		(350,748)		(345,020)
Profit / (Loss) on ordinary activities		(10,564)		95,684