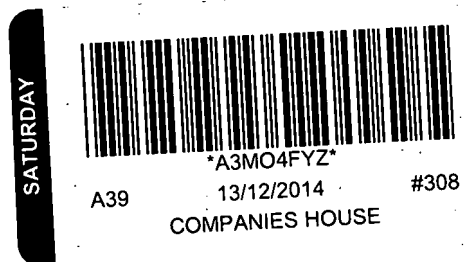


Arthritis Research UK Trading Limited
(Company Number: 891517)

Annual Report and Financial Statements

31 March 2014



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Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the period from 1 April 2013 to 31 March 2014.

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 Period

In 2013/14, Arthritis Research UK Trading Limited recorded turnover of £878,706. This compares to a turnover of £482,669 in the previous financial 8 month period. This year's turnover includes a gift of stock for resale which has been valued at wholesale costs amounting to £310,553.

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 continue to work 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.

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 are sufficient to show and explain the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Directors

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

Liam O'Toole
Richard Raworth (resigned 4 December 2013)
Tom Hayhoe (appointed 13 November 2013)

The Directors did not receive any emoluments (2013: £Nil) in respect of their services to the Company for the period from 1 April 2013 to 31 March 2014.

Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office, and 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.

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).

On behalf of the Board



Dr L O'Toole
Director
16 September 2014

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 March 2014 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 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 page 3, 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 Financial Reporting Council'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 March 2014 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 and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' Report.

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
16 September 2014

Profit and Loss Account
For the year ended 31 March 2014 (8 months to 31 March 2013)

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Profit and Loss Account

	Notes	Year ended 31/03/2014 £	8 month Period ended 31/03/2013 £
Turnover	1	878,706	482,669
Cost of Sales		(232,750)	(227,423)
Gross Profit		645,956	255,246
Administrative expenses		(238,803)	(254,654)
Operating Profit		407,153	592
Bank Interest Receivable		0	311
Profit on ordinary activities before taxation	2	407,153	903
Payment due to Arthritis Research UK under Gift Aid Scheme		407,153	-
Result/Profit for the period		-	903

All activities of the Company are continuing.

There is no material difference between the profit 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 profit for the year shown above, and therefore no separate statement of total recognised gains and losses has been presented.

Balance Sheet
As at 31 March 2014

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Balance Sheet

	Notes	31/03/2014 £	31/03/2013 £
Current Assets			
Stocks	1	352,634	44,881
Debtors	3	86,507	13,589
Cash at bank and in-hand		265,655	249,127
		704,796	307,597
Creditors – amounts falling due within one year	4	(454,796)	(56,694)
Net Assets		250,000	250,903
Capital and Reserves			
Called up share capital	5	250,000	250,000
Profit and loss account		-	903
Total shareholders' funds	8	250,000	250,903

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 7 to 9 form part of these financial statements.

Approved by the Board on 3 July 2014 and signed on 16 September 2014 on their behalf by:



Dr L O'Toole
Director

(Company Number: 891517)

Notes to the Financial Statements

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, except for new goods which have been donated for resale which are valued at wholesale cost.

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 on Ordinary Activities

	Year ended 31/03/2014 £	Period Ended 31/03/2013 (8 months) £
Profit on ordinary activities is stated after charging:		
Wages and salaries including agency costs	9,978	20,475
Social Security costs	1,023	2,059
Other pension costs	98	-
Auditors' remuneration – audit services	6,000	4,000

The average number of employees during the period was 1 (2013: 1). The average number of Directors during the period was 2 (2013: 2). The Directors received no emoluments in respect of their services to the Company during the period (2013: £Nil).

3. Debtors – Amounts receivable within one year

	Year Ended 31/03/2014	Period Ended 31/03/2013
	£	£
Prepayments Accrued income	63,064	13,589
Amounts owed from parent company	23,443	0
	86,507	13,589

4. Creditors – Amounts falling due within one year

	Year Ended 31/03/2014	Period Ended 31/03/2013
	£	£
Trade Creditors	14,745	14,902
Amounts owed to parent company	408,055	15,412
VAT	16,480	14,822
Accruals and Deferred Income	15,516	11,558
	454,796	56,694

5. Called up Share Capital

	31/03/2014	31/03/2013
	£	£
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 £98 contributions (2013: £nil) during the period to a defined contribution pension scheme operated by Scottish Life. The Company has no other liability to this fund.

8. Reconciliation of Movement in Total Shareholders' Funds

	31/03/2014	31/03/2013
	£	£
Profit for the financial year / period before gift aid	407,153	903
Payment due under Gift Aid scheme	408,056	-
Net (reduction) / addition to total shareholders' funds	(903)	903
Opening total shareholders' funds	250,903	250,000
Closing total shareholders' funds (all equity)	250,000	250,903

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 (2013: £Nil). The company has no deferred tax at the period ended 31 March 2014 (2013 £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 £Nil at 31 March 2014 (31 July 2013: £nil).

Detailed Trading Profit and Loss Account
For the year ended 31 March 2014

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Detailed Trading Profit and Loss Account

For the information of the Directors only

	Year Ended 31/03/2014 £	Year Ended 31/03/2014 £	Period Ended 31/03/2013 (8 months) £	Period Ended 31/03/2013 (8 months) £
Sales				
Ordinary activities	819,234		453,243	
On behalf of the Parent Company	59,472		29,426	
		878,706		482,669
Cost of Sales				
Ordinary activities	(232,750)		(227,423)	
		(232,750)		(227,423)
Trading profit		645,956		255,246
Interest receivable		0		311
Gross Profit		645,956		255,557
Overhead expenses				
Staff costs	11,098		22,534	
Postage	13,305		52,009	
Subscriptions & charity shop commissions	0		32,269	
Printing & Stationery	15,983		31,330	
Legal & Professional	6,000		4,000	
Agency charge	111,108		74,072	
Credit card charges	0		21	
Warehouse storage & order fulfilment	76,612		37,013	
Investment Management fees	123		118	
Sundry Expenses	4,575		1,288	
		238,803		254,654
Profit on ordinary activities		407,153		903