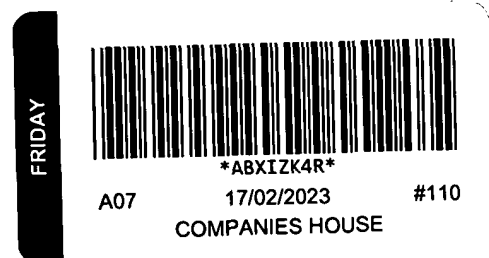


Arthr Ltd
Annual Report and Financial Statements
Year ended 31 March 2022

We are Arthr Ltd.

Annual Report and Financial Statements

Year ended 31 March 2022



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STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF FINANCIAL POSITION

Directors

Kim Horsford	(Resigned 30 th November 2022)
Robert Watkins	(Resigned 31 st October 2022)
Dinika Mahtani	
Dora Sigurjonsdottir	
Stuart Miller	

Registered office

Copeman House
St Mary's Court
St Mary's Gate
Chesterfield S41 7TD

Company number

12203478

Auditors

BDO LLP, 2 City Place, Gatwick, RH6 0PA

Directors' Report
For the year ended 31 March 2022**Page 3****Directors' Report**

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2022.

Principal Activities

The Company is a Private Limited Company with Versus Arthritis (a registered charity, number 207711) the sole shareholder. This venture has been set up to design, develop, and champion innovative and high-quality arthritis products and solutions.

Review of the Year

In this second financial year the Company has been dedicated to the building trade relationships, testing product lines and developing products.

Risk

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

Going Concern

In March 2022, the Board of Versus Arthritis decided to stop funding the activities of We are Arthr Ltd, and the company subsequently ceased trading on 6th January 2023. All remaining assets and liabilities will be transferred to the parent charity. Due to this the financial statements have been prepared on a basis other than going concern. The Directors expect to liquidate the company within 12 months of the Balance Sheet date.

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 law). 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. As explained above, the company ceased trading on 6 January 2023 and all assets and liabilities will be transferred to the parent charity.

We are Arthr Limited

Directors' Report (continued)
For the year ended 31 March 2022**Page 4**

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.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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 are listed below:


Dinika Mahtani
Dora Sigurjonsdottir
Stuart Miller (Appointed 9th February 2022)

Auditors

BDO LLP, were appointed auditors for the year, 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.

The directors report and financial statements have been prepared in accordance with the special provisions for smaller companies under part 15 of the Companies Act 2006.

On behalf of the Board

DocuSigned by:

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Stuart Miller
Chair of the Board

Date

We are Arthr Limited

**Independent Auditor's Report
For the year ended 31 March 2022****Page 5****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WE ARE ARTHR LIMITED****Opinion on the 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 2022 and of its loss 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.

We have audited the financial statements of We are Arthr Ltd ("the Company") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the notes to the financial statements 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements which explains that the company has ceased trading. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 1. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have

We are Arthr Limited

**Independent Auditor's Report
For the year ended 31 March 2020con't****Page 6**

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors 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 Directors 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 Directors are responsible for assessing the 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

We are Arthr Limited

Independent Auditor's Report
For the year ended 31 March 2022con't

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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 Company. These include, but are not limited to, compliance with the Companies Act 2006 and tax legislation.
- In addition, the 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, health and safety laws and data protection. Auditing 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 that fact that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialists audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of 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.

Audit response to risks identified

- 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 to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board, management and internal audit;
- We have assessed the significant judgement made by management relating to provisions against stock held at the balance sheet as set out in note 6 and in the accounting policies. We confirm that we consider the carrying value to be the fair valuation of inventory as at the reporting date.
- We read minutes of meetings of those charged with governance, and reviewed correspondence with HMRC; and
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements

We are Arthr Limited

Independent Auditor's Report
For the year ended 31 March 2022con't

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made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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 is available on the Financial Reporting Council's website at:

<https://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 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.

DocuSigned by:

Fiona Condron

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Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

14 February 2023

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

We are Arthr Limited

**Statement of Comprehensive Income
For the year ended 31 March 2022**

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	Notes	2022 £	2021 £
Turnover	1	179,925	58,682
Cost of sales		(253,970)	(46,649)
Gross (Loss) / Profit before operating expenses		(74,045)	12,033
Operating expenses		(1,147,651)	(1,008,216)
Loss before and after tax and total comprehensive loss for the year		(1,221,696)	(996,183)

There are no recognised gains or losses in the year other than those shown above. The results set out above, for the current and prior years, relate to discontinuing activities

The notes on pages 11 to 16 form part of these financial statements.

Balance Sheet
As at 31 March 2022

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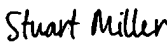
Company number 12203478
Balance Sheet

	Notes	2022 £	2021 £
Fixed Assets			
Intangible assets	4	-	159,647
Tangible Assets	5	-	124,740
		-	284,387
Current Assets			
Inventory	6	107,961	55,511
Debtors	7	112,123	72,896
Cash at bank and in-hand		591,774	783,874
		811,858	912,281
Creditors – amounts falling due within one year	8	(126,533)	(38,188)
Total assets less current liabilities		685,325	1,158,480
Creditors – amounts falling due after one year	9	(2,986,848)	(2,238,306)
Net liabilities		(2,301,522)	(1,079,826)
Capital and Reserves			
Share Capital	10	2	2
Profit and loss account		(2,301,524)	(1,079,828)
Total Reserves	12	(2,301,522)	(1,079,826)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 11 to 16 form part of these financial statements.

Approved by the Board on 11th February 2023 and signed on their behalf by:

DocuSigned by:

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Stuart Miller

Director

(Company Number: 12203478)

We are Arthr Limited

**Notes to the Financial Statements
For the year ended 31 March 2022****Page 11****1. Accounting Policies**

We are Arthr Ltd is a limited company (by shares) incorporated in England. The registered office and number are on the contents page.

The financial statements have been prepared in accordance with FRS102 section 1A small entities. The company has taken advantage of the disclosure exemption as permitted by FRS 102 in respect of the preparation and disclosure of a cash flow statement. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

In March 2022, the Board of Versus Arthritis decided to stop funding the activities of We are Arthr Ltd, and the company subsequently ceased trading on 6th January 2023. All remaining assets and liabilities will be transferred to the parent charity. Due to this the financial statements have been prepared on a basis other than going concern. The Directors expect to liquidate the company within 12 months of the Balance Sheet date.

The principal effects of the preparing the financial statements on a basis other than that of a going concern are as follows:

- Impairment of tangible and intangible assets to reduce the value to £nil, reflecting that the parent charity has no current plans to exploit these assets for economic benefit
- Impairment of inventory values as explained below

Turnover

Turnover represents net revenue generated in the UK from trading activities. Turnover is recognised once goods have been despatched and risk and rewards of ownership have passed to the customer.

Inventory

The company values its inventory using the first-in-first-out method, valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable costs to complete and variable selling expenses.

Stock takes are completed on an annual basis, including stock adjustments to ensure reported stock is in line with physical stock.

Significant judgment - Stock valuation

Stock values at the balance sheet date have been assessed considering the amount sold before the cessation of trade on 6th January 2023, and net realisable value of remaining stocks thereafter (which has been assessed as being lower than cost price).

A provision of 50% has been applied to stock still held at the date of cessation of trade reflecting the uncertainty surrounding the likely recoverable amount. This is based on ongoing sales and discussions with third parties.

Fixed Assets

Fixed Assets are stated at cost less depreciation using the straight line method according to the defined amortisation periods per each asset class as follows:

Computer Equipment	5 years
Domain Name	10 years
Office Equipment	5 years
Tooling	3 years

Due to the company no longer being considered a going concern, all tangible assets were written down to zero at the balance sheet date.

We are Arthr Limited

**Notes to the Financial Statements cont'd
For the year ended 31 March 2022****Page 12*****Intangible Assets***

Costs that are directly attributable to a product's development & 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 Company intends to and has sufficient resources to complete the development
- the Company 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

Intangible assets are stated at cost less depreciation using the straight line method according to the defined amortisation periods per each asset class as follows:

Website	10 years
Product Development & Design	5 years

Due to the company no longer being considered a going concern, all intangible assets are to be transferred to the parent charity. As there are currently no plans to exploit these assets within the charity for financial gain, the intangible assets have been written down to £nil at the balance sheet date.

Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates 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.

Fixed assets

The annual depreciation and amortisation charge for assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Notes to the Financial Statements (cont'd)**For the year ended 31 March 2021****Page 13****2. Employees**

The company had 6 employees in and during the year. The average number of Directors during the period was 4.

3. Auditor's Remuneration

Auditors remuneration for audit of £4,500 is recharged to the Arthr Ltd from the parent. Details of the group audit & non-audit fees can be found in the parent accounts.

4. Intangible assets

	Product development and design £	Website £	Total £
<u>Cost</u>			
At 1 April 2021	128,092	27,632	155,724
Additions in year	59,273	2,076	61,349
Impairment in year	(187,365)	(29,708)	(217,073)
At 31 March 2022	-	-	-
<u>Amortisation</u>			
At 1 April 2021	2,126	1,478	3,604
Impairment in year	(2,126)	(1,478)	(3,604)
At 31 March 2022	-	-	-
<u>Net Book Value</u>			
At 1 April 2021	125,966	26,154	152,120
At 31 March 2022	-	-	-

Notes to the Financial Statements cont'd
For the year ended 31 March 2022

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5. Tangible assets

	Computer equipment £	Office equipment £	Tooling £	Total £
<u>Cost</u>				
At 1 April 2021	11,324	802	134,915	147,041
Additions in year	-	-	406	406
Impairment in year	(11,324)	(802)	(135,321)	(147,447)
At 31 March 2022	-	-	-	-
<u>Depreciation</u>				
At 1 April 2021	1,648	71	13,055	14,774
Transfers to intangible assets	(1,648)	(71)	(13,055)	(14,774)
At 31 March 2022	-	-	-	-
<u>Net Book Value</u>				
At 1 April 2021	9,676	731	121,860	132,267
At 31 March 2022	-	-	-	-

6. Inventory

	2022 £	2021 £
Finished goods and goods for resale	107,961	55,511
	107,961	55,511

A provision of 50% has been applied to stock still held at the date of cessation of trade reflecting the uncertainty surrounding the likely recoverable amount. This is based on ongoing sales and discussions with third parties.

7. Debtors – Amounts receivable within one year

	2022 £	2021 £
Trade debtors	49,041	29,322
VAT	32,526	36,935
Prepayments	8,951	6,639
Other Debtors	21,605	-
	112,123	72,896

We are Arthr Limited

Notes to the Financial Statements cont'd
For the year ended 31 March 2022

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8. Creditors – Amounts falling due within one year

	2022	2021
	£	£
Trade Creditors	93,801	-
Other Creditors	166	26,560
Accruals and Deferred Income	32,556	11,628
	126,533	38,188

9. Creditors – Amounts falling due after more than one year

	2022	2021
	£	£
Amounts owed to group undertakings		
Balance at 1 st April 2021	2,238,306	100,048
Additions in year	748,542	2,138,258
Balance at 31 st March 2022	2,986,848	2,238,306

The loan is from Versus Arthritis and reflects the funding agreement between the two parties. Versus Arthritis decided to not advance any further funding from March 2022.

10. Called up Share Capital

	2022	2021
	£	£
Authorised, allotted, issued and fully paid ordinary shares of £1 each	2	2

11. Ultimate Controlling Party

The immediate and ultimate controlling party is Versus Arthritis, 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.

Notes to the Financial Statements cont'd
For the year ended 31 March 2022

Page 16

12. Reconciliation of Movement in Total Shareholders' Funds

	2022	2021
	£	£
Opening shareholders' funds	(1,079,826)	(83,643)
Total comprehensive loss for the year	(1,221,696)	(996,183)
Closing shareholders' funds	(2,301,522)	(1,079,826)