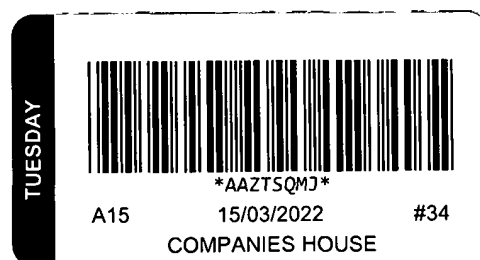


We are Arthr Ltd.

Annual Report and Financial Statements

Year ended 31 March 2021



We are Arthr Limited

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Directors

Kim Horsford	(Appointed 1 June 2020)
Robert Watkins	
Charlotte Guiver	(Resigned 11 th January 2022)
Andrew Bathgate	(Resigned 1 st May 2021)
Dinika Mahtani	(Appointed 1 st May 2021)
Dora Sigurjonsdottir	(Appointed 1 st May 2021)
Stuart Miller	(Appointed 9 th February 2022)

Registered office

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

Company number

12203478

Auditors

BDO LLP,
55 Baker Street,
London W1U 7EU

Directors' Report
For the year ended 31 March 2021

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Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2021. The Company was incorporated in 2019 and this is the first full year of operations.

Principal Activities

The Company is a 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 continued establishment of the business as well as the commencement of trade in October 2020.

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.

Our response to Covid-19

We are Arthr Ltd ("Arthr") trades mainly through online and digital platforms, so the potential effect of Covid-19 on the company is considered by the Directors to be minimal. Any future stock holdings will be kept in line with revised sales forecasts that take the current economic climate into consideration.

Going Concern

In determining whether there is a material uncertainty relating to going concern, the Directors have prepared detailed forecasts for a period of at least 12 months from the approval of the accounts, which have made reasonable assumptions regarding the growth of the business and its cash flow requirements. The development of the Company's business model is dependent on the continued support from its parent, Versus Arthritis, in the form of loans which, under the terms of the agreement, are repayable in six months in the event of notice being served.

The Directors have therefore sought, and received, a commitment in the form of a binding letter of support from Versus Arthritis confirming that they will not seek repayment of any loans and will continue to provide financial support for a minimum of 12 months from the date of approval of these financial statements. For these reasons, the Directors have concluded that there is no material uncertainty relating to going concern and continue to prepare these accounts on that basis.

Directors' Report (*continued*)
For the year ended 31 March 2021

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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.

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 and who served throughout the year are listed below:

Kim Horsford	(Appointed 1 June 2020)
Robert Watkins	
Charlotte Guiver	(Resigned 11 th January 2022)
Andrew Bathgate	(Resigned 1 st May 2021)
Dinika Mahtani	(Appointed 1 st May 2021)
Dora Sigurjonsdottir	(Appointed 1 st May 2021)
Stuart Miller	(Appointed 9 th February 2022)

Directors' Report (*continued*)
For the year ended 31 March 2021

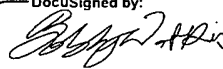
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Auditors

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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Robert Watkins
Managing Director

25 February 2022 | 05:42:54 PST

**Independent Auditor's Report
For the year ended 31 March 2021**

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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 2021 and of its profit 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 2021 which comprise the Statement of Comprehensive Income, Balance Sheet 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 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 Directors with respect to going concern are described in the relevant sections of this report.

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

We are Arthr Limited

Independent Auditor's Report
For the year ended 31 March 2021con't

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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 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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and 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.

We are Arthr Limited

**Independent Auditor's Report
For the year ended 31 March 2021con't**

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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 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 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 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,

We are Arthr Limited

Independent Auditor's Report
For the year ended 31 March 2021con't

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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:

Heather Wheelhouse

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Heather Wheelhouse (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

10 March 2022

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

**Statement of Comprehensive Income
For the year ended 31 March 2021**

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	Notes	2021 £	2020 £
Turnover	1	58,682	-
Cost of sales		(46,649)	-
Gross Profit before operating expenses		12,033	-
Operating expenses		(1,008,216)	(83,645)
Loss before and after tax and total comprehensive loss for the year		(996,183)	(83,645)

There are no recognised gains or losses in the year other than those shown above. The results stated above are derived from continuing activities.

The notes on pages 12 to 17 form part of these financial statements.

We are Arthr Limited

Balance Sheet
As at 31 March 2021

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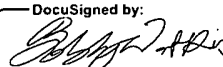
Company number 12203478
Balance Sheet

	Notes	2021 £	2020 £
Fixed Assets			
Intangible assets	4	152,120	-
Tangible Assets	5	132,267	8,853
		284,387	8,853
Current Assets			
Inventory	6	55,511	-
Debtors	7	72,896	10,052
Cash at bank and in-hand		783,874	87,801
		912,281	97,853
Creditors – amounts falling due within one year	8	(38,188)	(90,301)
Net current assets / (liabilities)		874,093	7,552
Total assets less current liabilities		1,158,480	16,405
Creditors – amounts falling due after one year	9	(2,238,306)	(100,048)
Net liabilities		(1,079,826)	(83,643)
Capital and Reserves			
Share Capital	10	2	2
Profit and loss account		(1,079,828)	(83,645)
Total Reserves	12	(1,079,826)	(83,643)

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

The notes on pages 12 to 17 form part of these financial statements.

Approved by the Board on 25 February 2022 | 05:42:54 BST and signed on their behalf by:

DocuSigned by:

CF82C2B8D73743D...

Robert Watkins

Managing Director

(Company Number: 12203478)

We are Arthr Limited

Notes to the Financial Statements For the year ended 31 March 2021

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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

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 UK.

Going Concern

In determining whether there is a material uncertainty relating to going concern, the Directors have prepared detailed forecasts for a period of at least 12 months from the approval of the accounts which have made reasonable assumptions regarding the growth of the business and its cash flow requirements. The development of the company's business model is dependent on the continued support from its parent, Versus Arthritis, in the form of loans which, under the terms of the agreement, are repayable in six months in the event of notice being served.

The Directors have therefore sought, and received, a commitment in the form of a binding letter of support from Versus Arthritis confirming that they will not seek repayment of any loans and will continue to provide financial support for a minimum of 12 months from the date of approval of these financial statements. For these reasons, the Directors have concluded that there is no material uncertainty relating to going concern and continue to prepare these accounts on that basis.

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.

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

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:

We are Arthr Limited

Notes to the Financial Statements cont'd For the year ended 31 March 2021

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- 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

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.

2. Employees

The company had 6 (2020:2) employees during the year. The average number of Directors during the period was 4 (2020:2).

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.

Notes to the Financial Statements cont'd

For the year ended 31 March 2021

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4. Intangible assets

	Product development and design £	Website £	Total £
<u>Cost</u>			
At 1 April 2020	-	-	-
Additions	128,094	27,632	155,724
At 31 March 2021	128,094	27,632	155,724
<u>Amortisation</u>			
At 1 April 2020	-	-	-
Amortisation charged in the year	2,126	1,478	3,604
At 31 March 2021	2,126	1,478	3,604
<u>Net Book Value</u>			
At 1 April 2020	-	-	-
At 31 March 2021	125,968	26,154	152,120

Notes to the Financial Statements cont'd
For the year ended 31 March 2021

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5. Tangible assets

	Computer equipment £	Office equipment £	Tooling £	Total £
<u>Cost</u>				
At 1 April 2020	9,226	-	-	9,226
Additions	2,098	802	134,915	137,815
At 31 March 2021	11,324	802	134,915	147,041
<u>Depreciation</u>				
At 1 April 2020	373	-	-	373
Depreciation charged in the year	1,275	71	13,055	14,401
At 31 March 2021	1,648	71	13,055	14,774
<u>Net Book Value</u>				
At 1 April 2020	8,853	-	-	8,853
At 31 March 2021	9,676	731	121,860	132,267

6. Inventory

	2021 £	2020 £
Finished goods and goods for resale	55,511	-
	55,511	-

7. Debtors – Amounts receivable within one year

	2021 £	2020 £
Trade debtors	29,322	-
VAT	36,935	10,052
Prepayments	6,639	-
	72,896	10,052

Notes to the Financial Statements cont'd
For the year ended 31 March 2021

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8. Creditors – Amounts falling due within one year

	2021	2020
	£	£
Other Creditors	26,560	13,193
Amounts owed to group undertakings	-	74,608
Accruals and Deferred Income	11,628	2,500
	<u>38,188</u>	<u>90,301</u>

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

	2021	2020
	£	£
Amounts owed to group undertakings	2,238,306	100,048
	<u>2,238,306</u>	<u>100,048</u>

The loan is from Versus Arthritis and reflects the funding agreement between the two parties. Versus Arthritis has agreed to supply funding for establishment and working capital up to a value of £3,983,363. The loan is secured and interest is payable at 2% above base rate.

10. Called up Share Capital

	2021	2020
	£	£
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 2021

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12. Reconciliation of Movement in Total Shareholders' Funds

	2021	2020
	£	£
Opening shareholders' funds	(83,643)	2
Total comprehensive expenditure for the year	(996,183)	(83,645)
Closing shareholders' funds	(1,079,826)	(83,643)