

ORTHOPAEDIC RESEARCH UK

England & Wales · Charity number 1111657

Details

Other names	THE FURLONG RESEARCH CHARITABLE FOUNDATION, ORUK
Status	Registered
Legal form	Charitable company
Company number	05585452
Registered	2005-10-12
Register	View on the Charity Commission register

Contact

Address	Dr Arash Angadji Furlong House 10a Chandos Street London W1G 9DQ
Phone	02076375789
Email	info@oruk.org
Website	www.oruk.org

Activities

Objects: The Charity's objects ('the Objects') are to advance such charitable purposes (according to the law of England and Wales) as the trustees see fit from time to time in particular but not limited to promoting the advancement of orthopaedic research and education, and in particular but not exclusively by, the encouragement of innovation and partnership to advance knowledge and awareness of bone, joint & muscle health in the UK, provided that the useful results of such research shall be published.

Activities: The prime objective is to promote the advancement of orthopaedic research and education, and in particular, the encouragement of innovation and partnership to advance bone, joint & muscle health in the UK

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Sponsors Or Undertakes Research
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NATIONALLY
- Northern Ireland
- Scotland

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,428,014	£2,326,043	£28,910,672	10
2024-03-31	£2,309,786	£2,079,712	£29,692,817	9
2023-03-31	£2,059,531	£1,717,322	£27,682,782	8
2022-03-31	£1,339,020	£1,644,434	£29,883,574	6
2021-03-31	£1,171,772	£1,159,864	£29,490,016	5

Trustees

Name	Role	Appointed
Dr Benjamin Ellis		2025-04-02
Dr Helen Compton		2025-10-03
Jenny Chong		2023-05-26
Professor Michael Reed		2023-12-12
Professor Neil Rushton		2020-09-30
Sarah Harkness		2019-03-11

Accounts



Annual Report and Accounts 2024-25

Contents	Page
Charity Reference and Administrative Details	3
Messages from our Chair and Chief Executive	4 - 6
Report of the Trustees	7 - 19
Independent Auditor's Report	20 – 23
Statement of Financial Activities	
(including an Income and Expenditure Account) <i>current period</i>	24
Statement of Financial Activities	
(including an Income and Expenditure Account) <i>comparative</i>	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 43

ORTHOPAEDIC RESEARCH UK

Reference and Administrative Details for the Year Ended 31 March 2025

Charity registration number	1111657
Company registration number	5585452
Trustees	Dr C J Ball Ms J Chong Mr A H Downing Mr M Gouldstone (resigned 21.3.24) Mrs S Harkness (Chair) Professor M Reed Professor N Rushton Dr Benjamin Ellis MBE (appointed 2.4.25)
CEO	Dr A Angadji
Finance Director	Ms Lesley Baliga
Executive Officer	Mrs D Palmer
Strategic Advisor	Mr M Thomas
Head of Education & Events	Ruth Threadgold
Head of Digital Transformation	Toby Kay
Data Protection Officer	Rozerin Hülakü
Registered office	Furlong House 10a Chandos Street London W1G 9DQ
Principal place of operations	Furlong House 10a Chandos Street London W1G 9DQ
Auditor	Sayer Vincent Chartered Accountants & Statutory Auditors 110 Golden Lane London EC1Y 0TG
Solicitor	Weightmans 105 Fenchurch Street London EC3M 5JG
Bankers	National Westminster Bank plc 10 Marylebone High Street London W1U 4BT
Investment managers	Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Rathbone Brothers Plc 30 Gresham Street, London EC2V 7QN

Message from our Chair

‘The knee bone is connected to the thigh bone, Thigh bone connected to the hip bone, Hip bone connected to the backbone’. This traditional African-American spiritual isn’t part of medical school training, but the chances are that it may have inspired a few people to consider a career in musculoskeletal health. Not only is it a catchy song, but it is also celebration of the value of social and emotional interconnectedness. It serves as an important reminder for all of us involved in musculoskeletal health that progress can only come through forming mutually beneficial connections. This is particularly important within MSK health where the absence of a major public facing charity – with the notable exception of our friends at Versus Arthritis, who do a wonderful job campaigning for that specific condition – makes it challenging to elevate the importance of the category to public and policymakers.

I am delighted that interconnectedness is a core principle adopted by our executive team. As a small charity, they understand how we can best make an impact on the lives of those experiencing poor MSK health by bringing other parties to the table. Our Joint Venture MSK Innovation Network provides a perfect example of how this works in practice. This community includes clinicians, innovators, entrepreneurs, researchers, investors and others interested in driving rapid improvements within MSK health. Within the first few months of its inception it is already providing a forum for debate, an incubator of new ideas and tangible solutions and a dynamic and supportive network, especially for those running start-up businesses. The ORUK team acts as convenor and facilitator but emphasises that the direction taken by Joint Venture is driven entirely by its interconnected network.

A similar philosophy of harnessing connections across the MSK sector is driving our research and education strategies. We partner with other leading academic institutions, healthcare organisations, societies, charities and private companies to directly fund the most innovative MSK research projects. This has meant that over the last three years we have secured around £3m in additional funding on top of the money that we invest directly in breakthrough research.

The impact of our investment in education is enhanced through connections and partnerships with professional bodies, academic institutions, NHS trusts, and industry stakeholders. This allows us to co-create and deliver high-quality programmes that address shared priorities. Working together facilitates the development of a more cohesive and efficient educational ecosystem that delivers greater value to MSK clinicians and ultimately improves patient outcomes. It enables a small charity to deliver a big impact.

It has been my pleasure to take on the role of Chair of the charity following Adrian Downing’s decision to step down. I would like to thank him on behalf of the charity for guiding us through the past few years and in particular, encouraging us to support MSK innovation and entrepreneurship. Our growing reputation as a supporter of MSK innovation is a testament to Adrian’s vision and energy. I would also like to acknowledge the contribution of Martin Gouldstone, who completed his term as trustee this year.

Finally, I would like to thank our executive team for another excellent year. Running a small charity is rarely easy, especially given ORUK's ambition to make a significant and tangible impact on the millions of people experiencing poor MSK health in the UK. Delivering highly successful research, education and innovation programmes and nurturing effective connections with partners across the sector with such a small team are achievements of which they should be truly proud.

Sarah Harkness
Chair of trustees

Message from our Chief Executive

Message from our CEO

Our charity's founder, Ronald Furlong was both a successful orthopaedic surgeon and entrepreneur. The charity continues to benefit from his 'Furlong Hip'; a revolution in artificial joint and implant design which dramatically transformed the lives of patients around the world. Investment income from the sale of the intellectual property rights from his invention continues to provide the majority of funding for our important work in musculoskeletal (MSK) research, education and innovation.

We like to think that we are following in Furlong's footsteps by promoting innovation and supporting a new generation of MSK entrepreneurs. We were the first MSK charity to actively support start-ups and during the past year have increased our portfolio from three to seven start-up businesses. We are also working with partners to address the many challenges facing health innovators in the UK, especially the difficulties of navigating our health system and its regulatory challenges.

New technology is transforming the prevention, diagnosis, treatment and management of people with poor MSK health. The use of artificial intelligence (AI) is improving the accuracy of radiographical image analysis. Clinicians armed with AI-enabled data, including images sourced from motion capture, are making better decisions about the scheduling and planning of procedures and identifying patients likely to require higher levels of post-operative care. Virtual reality is being deployed as an alternative to traditional pain relief. Data from wearable technology is being used to monitor rehabilitation and empower patients to improve their MSK fitness.

This all sounds very exciting, but in reality, we are simply at the beginning of a technological revolution within MSK health. To even come close to addressing the demand for MSK health services we need an even wider pipeline of innovation. This was one of the key messages from an *Innovation Observatory Global Horizon* scan into emerging MSK health and care technologies, that we commissioned from the National Institute for Health & Care Research (NIHR). This showed that relatively little technological innovation is happening within MSK health compared with other branches of medicine, especially outside the USA. Another research study suggests that it takes six to ten years for patients in the UK to access orthopaedic innovations.

This is a situation that we cannot allow to continue. We need our smartest clinicians, engineers and computer scientists to put their brilliant minds together to solving MSK health challenges, and we need to help entrepreneurs bring their innovations to the market faster.

We are conscious that as a small charity we need to find an appropriate balance between risk and reward when it comes to supporting innovation. Despite the scrutiny of our well-informed investment committee, we recognise that, statistically, not all of the start-ups in which we invest will succeed. This is why we are not only supporting individual businesses with seed capital but focusing on the wider innovation eco-system with MSK health. We have increased our support for entrepreneurs in the form of mentoring, training and access to expert networks and work with partners to help create a positive environment for innovation in the UK. Our MSK Innovation Accelerator Programme, delivered by the MedTech SuperConnector at Imperial College London, has proven to be particularly effective in supporting entrepreneurially minded researchers and identifying start-up businesses meriting investment. During the past year we also launched the *Joint Venture MSK Innovation Network* to provide a forum for debate and the sharing of ideas across the sector.

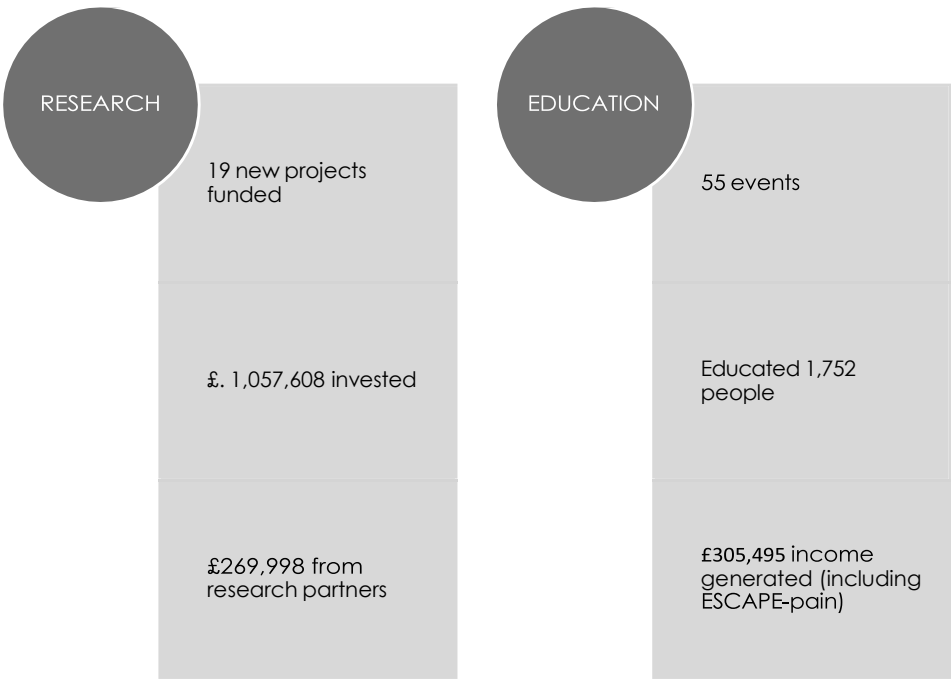
Far too many Early Career Researchers (ECRs) leave research on completion of their projects. A study by the Royal Society found that only 3.5% of research students who complete a PhD secure permanent research position at a university. Our support helps to encourage talented ECRs to continue working within the MSK research by opening-up career pathways as entrepreneurs.

This support for innovation has not been at the expense of what you might consider our core purpose, funding breakthrough research in MSK health. We have continued to co-fund research projects that are capable of rapid translation into products, services and other interventions that directly benefit patients. In fact, thanks to the additional funding provided by our partners, the level of investment in MSK research has increased significantly year-on-year.

None of our activities would be possible without the support of our many partners across the MSK sector- NHS, academic institutions, charities and private companies. I have also benefitted personally from the support and advice of our dedicated trustees and enthusiastic members of our specialist committees. I would like to thank each and every one of them for their time, effort and wisdom.

Dr Arash Angadji
Chief Executive

OUR IMPACT AT A GLANCE (key performance indicators 2024/25)



INTRODUCTION

The trustees present their report and the audited accounts for the year ended 31 March 2025.

The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Information required to be disclosed under Schedule 7 of the Companies Act 2006 are disclosed within the Strategic Report, which starts on page 12.

OBJECTIVES AND ACTIVITIES

Our principal, and over-riding, objectives are to promote the advancement of orthopaedic **research** and **education** and, in particular, the encouragement of innovation and partnership to advance knowledge and awareness of bone, joint and muscle health in the UK. These are the objects as set out in our governing document. Our specific aims and significant activities to achieve those principal aims are outlined below, along with the activities undertaken to achieve them.

- To fund high quality **research and innovation** at centres of excellence in the field of musculoskeletal (MSK) medicine to support bone, joint and muscle wellbeing in the following areas:

1. Diagnosis – understanding the pathogenesis (the origin or development) of MSK conditions.
2. Treatment – exploring strategies to tackle pre-existing MSK conditions (including assessment of their effectiveness) to improve the quality of a patient's life.
3. Prevention & support – exploring ways to prevent the onset of MSK conditions and improve the lives of people suffering from poor MSK health.

We funded 19 new research projects worth £1,057,608 in 2024/25, compared to 18 research projects worth £1,062,804 in 2023/24.

We are pleased to report that the decline in research applications noted in last year's Report and Accounts has been reversed and we saw a healthy level of applications for our research funds during 2024/25.

Research Results

We publish the results of our research at the end of the studies to demonstrate the impact of our funding. Our measures for success are:

- Increased awareness of our research among professionals and patients.
- The nurturing of talent within the field of MSK medicine.
- The recruitment of advocates for our research within the broader MSK community.
- Securing co-funding from partners for our research projects.
- Translation of research results into measurable benefits for patients and the NHS.

We use Researchfish to capture the outputs and impacts of the research we fund. This is an online system developed specifically for collecting research outputs on behalf of funding organisations and is used by hundreds of research funders across the world. It provides us with vital information about the impact of the research we fund, ensuring we have a comprehensive picture of the outputs from our research portfolio.

- To fund **education**, primarily through workshops, training courses, lectures, virtual conferences, and webinars that will improve knowledge of prevention, diagnosis, treatment and the management MSK conditions. Our ambition is to be a leading provider of continuous learning in MSK health in the UK.

Our education portfolio has evolved organically through partnerships and by identifying training gaps. We provide educational programmes that support career development for trauma and orthopaedic (T&O) surgeons, such as our FRCS (Tr & Orth) revision courses and mock interview courses.

We offer a diverse portfolio of face-to-face and online training opportunities to cater to the varied learning preferences, opportunities, and financial situations of our audience. Our current education portfolio includes:

- Large scale face-to-face events
- Large scale virtual events
- Hands-on practical skills courses
- Career development courses
- Theme events (e.g. Bunions Think Tank)
- Bite-sized webinars

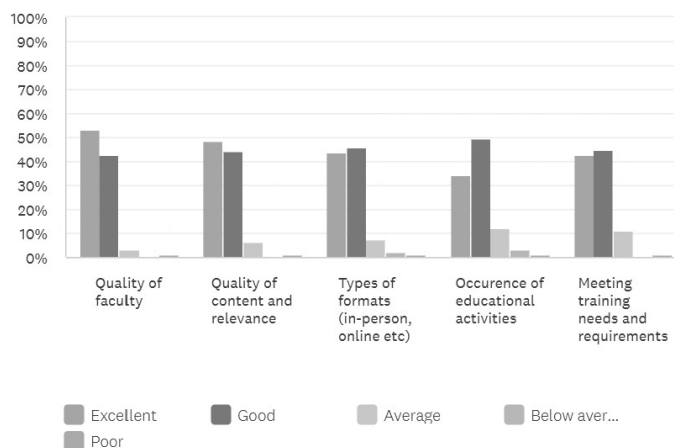
Our primary target audience is healthcare professionals working in the UK. However, our e-learning offerings have naturally expanded our reach to an international audience.

During the past year we staged 55 events and in total we educated (including the ESCAPE-pain programme) 1,752 people with the support of 345 faculty members. On average, 95% of participants rated our events as 'excellent' or 'good' in terms of educational value. Income from events (including ESCAPE-pain) was £305,495 in 2024/24 compared to £425,486 in 2023/24.

A survey of course participants indicated excellent ratings for the quality of our faculty and course content.

Please rate your views on ORUK events in the following areas:

Answered: 99 Skipped: 11



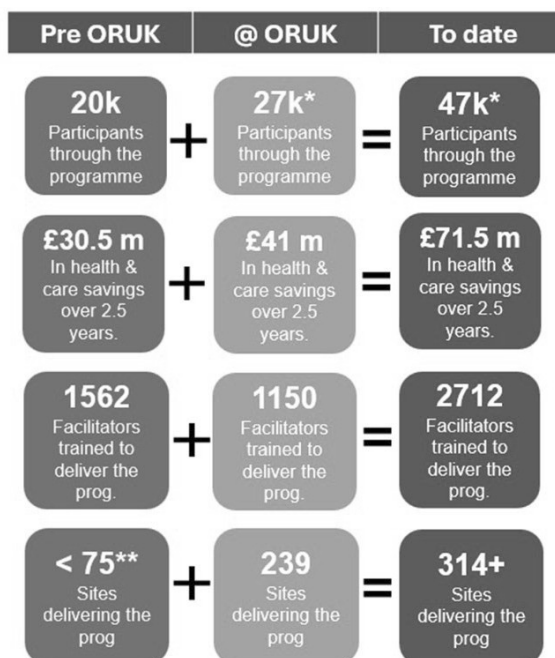
ESCAPE-pain

ORUK acquired the license to deliver ESCAPE-pain from 2021-25. The ORUK board decided in December 2024 not to renew the license for ESCAPE-pain, which means that the programme has reverted to its original owners, the Health Innovation Network (HIN). The decision was made following an in-depth strategic review of the future of the programme and specifically its ability to reach a significant scale in terms of participant numbers.

ORUK is proud of what has been achieved with ESCAPE-pain under its supervision and benefiting from its investment (see figures below). However, Despite numerous societal benefits, awards, and recognition over the years, scaling the programme has proven extremely challenging. Many

options for accelerating the growth and impact of the programme were considered, but neither the ORUK nor ESCAPE-pain team were confident that these had a strong likelihood of success. It was therefore agreed that the programme is no longer aligned with the charity's ambition to deliver immediate and sustainable support to the millions of people in the UK suffering from poor MSK health. The Board of ORUK voted to terminate the programme in accordance with the terms of the Licence Agreement. The programme will be returned to HIN in July 2025. The existing ESCAPE-pain infrastructure (based on 300 active sites and 2,590 trained facilitators) will remain in place, although will no longer benefit from ad-hoc support provided by ORUK. ORUK will retain ownership of the resources in which it has invested and developed.

The following chart summarises the results achieved by the programme both before and during ORUK's supervision:



- To provide information about our charitable activities to the general public through **publishing** and funding awards and prizes for outstanding publications and presentations in the field of MSK. We have two books in publication which provide preparation aids for the FRCS (Orth) examinations and complement our basic science training courses. Sales to orthopaedic trainees of both publications form part of our fundraising strategy. They are available to buy online or at our course events. During the year we sold 32 books, a nearly 48% decrease on the previous year, which is an expected result considering that the books were published some years ago. We are publishing a new book on *Managing upper limb musculoskeletal problems* in 2025.

Building an MSK Community

One of our ambitions is to build and support an engaged community of MSK clinicians and other experts involved in MSK health. Our measures of success for this aspect of our work are:

- Growth in the number of our LinkedIn followers = +41% year-on-year.
- Level of engagement in our LinkedIn activity (factoring in likes, comments, shares) = ranged from 6-9% during 2024-25. (A 'good engagement rate' on LinkedIn is around 2%).
- Size of our email newsletter database = flat, year-on-year.
- Level of engagement in our email newsletter = open rate averaged 48% and click rate averaged 2.4% during 2024/25. (A 'good' open rate is 25-28% and 'good' click rate is 2.5%).

We publish annually our impact report (www.oruk.org/about-us/our-impact/download) to demonstrate our progress against our strategy.

Our strategy

Our operating decisions are shaped by the recognition that our society and health system are facing a MSK health crisis. More than 20 million people in the UK are experiencing poor MSK health. It represents the third largest area of expenditure for the NHS and is linked to rising levels of obesity, anxiety, isolation, unemployment and mental health issues. MSK conditions have been the second leading cause of disability benefit claims in England and Wales. Demand for MSK health services will only grow in an ageing society.

To even come close to addressing the demand for MSK health services we need to accelerate the translation of MSK research into products, services and other interventions that directly benefit people experiencing poor MSK health, as well as those at risk. We do this by:

- Funding research projects capable of (rapid) translation into products, services and other interventions that directly benefit patients.
- Supporting (entrepreneurially minded) clinicians and researchers with mentoring, training, access to expert networks and sources of finance to help deploy innovative solutions into the NHS.
- Helping to create a positive environment for MSK innovation and entrepreneurship through advocacy, policy work and networking.
- Investing directly in early-stage MSK health businesses.

Our activities

The core principles driving our activities are:

- Using our ('seed') funding to unlock investments from leading academic institutions, healthcare organisations, societies, charities and private companies.
- Harnessing the scale and resources of delivery partners.
- Leveraging our strengths as networkers, convenors and facilitators.

Our primary activities are:

- **Research funding** - we fund and co-fund research fellowships with partners to primarily support early-career researchers. These are open to orthopaedic surgeons, scientists, physiotherapists and other AHPs. The assessment of projects we fund/co-fund includes their ability to be translated into new products and services.

(During the past 12 months our research partners have included the British Orthopaedic Association (BOA), British Hip Society (BHS), British Association for Surgery of the Knee (BASK), British Association of Spine Surgeons (BASS) and British Scoliosis Society (BSS), National Joint Registry (NJR) and Royal College of Surgeons of England (RCSEd), Royal College of Surgeons of Edinburgh (RCSEd), Getting It Right First Time (GIRFT) and British Orthopaedic Foot & Ankle Society (BOFAS), Versus Arthritis and the Kennedy Trust, Daphne Jackson Trust and Medical Research Council (MRC), British Indian Orthopaedic Society (BIOS), British Orthopaedic Medical Students Association (BOMSA) and British Orthopaedic Training Association (BOTA),

- **Entrepreneur support**

- We fund an annual MSK Innovation Accelerator Programme with Imperial College London's MedTech SuperConnector. During the past year we were delighted to welcome NVIDIA as a programme partner.
- We are partners in the NHS Clinical Entrepreneur programme.
- We recently launched the Joint Venture, MSK Innovation Network - a community of people and institutions interested in innovation within MSK health including innovators, entrepreneurs, researchers and investors. Our aim is to build and nurture an engaged community that provides a forum for debate, a force for positive change (especially in tackling systemic barriers to innovation) and an incubator of new ideas and tangible solutions.

- **Policy work**

- We work with partners in developing workshops, policy papers and reports that directly support innovation within MSK health. During the past year, this has included:
 - *Innovation Observatory Global Horizon* scan into emerging MSK health and care technologies (commissioned from the NIHR)
 - Hosting the first national Bunions Think Tank
 - Joining the Obesity Health Alliance.
 - Attending APPG Life Sciences event

- **Investments** - The Ronald Furlong Fund is designed to support the development of one innovative and commercially viable idea from a UK-based start-up that solves the unmet needs of society around bone, joint and muscle well-being. We provide seed funding for seven start-ups and will continue to support a handful of new entrepreneurial businesses each year. Feedback from these start-ups confirms that our endorsement, especially that of our eminent Scientific and Research Committees, is even more important than the funding we provide.

Grant making policy

We consider the support of grant applications that are within the scope of our charitable aims; that is to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance bone, joint and muscle wellbeing in the UK. More information on the funding that is made available is given on our website at www.oruk.org/research/ explaining further the different Funds that are available, as well as examples of recent research projects that were funded. Our Research Strategy can be found here: https://oruk.org/wp-content/uploads/2024/06/ORUK_Research-Strategy-24-June-24.pdf

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. We aim to bring together relevant stakeholders to identify patients' priorities for diagnosis and treatment and to support innovative ideas with the clear aim of delivering substantive and safe solutions. We aim to tackle debilitating bone, joint and muscle disorders and ultimately enhance the quality of life, not only of patients but also of their carers and families. We have raised the public profile of the organisation through the staging of high-quality training and educational events and marketing communications activities. We continue to further raise the quality and public benefit of these events by engaging thought-provoking MSK opinion leaders as speakers and meeting hosts.

Clinical and scientific research is key to the advancement of knowledge and expertise within medical schools in universities and hospitals. Through our funding, these institutions are able to provide academic research positions or research fellowships that may not otherwise be possible. This opens-up new research areas and directly benefits researchers at all levels, including early-career researchers (ECRs). Surgeons also benefit from access to cutting-edge research and improved training, helping them to provide better treatment and outcomes to patients.

The results of research are generally readily available in the public domain through the publication of results in the media and the public presentation of research projects. These presentations and publications are peer reviewed by external experts to ensure a consistently high quality of research. By adopting these measures, we are able to satisfy the public benefit funding requirements.

Short-term and longer-term aims and objectives

Given that we are a medical research charity, patients are always our focus. Our aim is to reduce the demand on the NHS, for the treatment and support of patients with poor bone, joint and muscle health, by investing in innovative programmes and innovations that have the capability to deliver the maximum impact on the population as a whole.

We focus on the difference we can make over the short, medium, and longer term. Short-term impact is provided by our conferences and other knowledge-sharing events, and our educational programme. Although we have deliberately created a diverse investment programme with projects at different stages of development, our priority has been to identify opportunities that have the potential to deliver an impact in the medium term. The societal benefit from our research investments can typically only be measured over the longer term. However, this does not mean that they do not have the potential to make a valuable contribution by increasing our knowledge and understanding of MSK conditions.

ACHIEVEMENTS AND PERFORMANCE

The summary of our main achievements is outlined in our CEO's report. We believe that we make a significant difference to beneficiaries and wider society in the areas of furthering academic research, supporting the work of MSK clinicians and entrepreneurs, and in prioritising the needs of patients and the NHS.

STRATEGIC REPORT

FINANCIAL REVIEW - Financial position

In the 12 months to 31st March 2025, we generated total income of £1,428,014 compared to £2,309,786 in the previous year. The reduction in income from the prior year was due to a significant one-off grant received in 2023-2024. During the year we continued to offer our educational events via a hybrid or blended offering of virtual and face-to-face. These different platforms enable us to continue to drive income from education forward for the future.

More information on education & events, and the ESCAPE-pain programme, is given on pages 8 and 9.

The financial year began with signs of stabilisation following the recovery seen at the close of the previous year. While global markets continued to navigate lingering inflationary pressures and geopolitical uncertainties, investor sentiment gradually improved, supported by moderating interest rates and resilient corporate earnings. As a result, the equity markets showed greater consistency over the course of the year. Our long-term investments in property have also been challenged by high interest rates, by way of influencing their attractiveness on the open market. In line with our accounting policy to carry out formal valuations every three years, no formal valuation was carried out this year. We did however carry out an informal review to ensure that the valuations are in line with current market values. We hold our assets for the long term, acting as custodians; it remains the trustees' firm intention to hold on to these assets. Income generated from all of our investments is absolutely essential to us, representing our principal funding source. Sustaining the listed investments in particular will allow us to continue to invest in quality research across all the Funds that we have available. Our reserves policy on page 14 explains how we have committed to protect these key assets for the future. More detail on our income and expenditure is given in the Statement of Financial Activities. On 31st March 2025, our net assets were nearly £29 million, compared to £29.7 million on 31st March 2024.

The principal risks and uncertainties that we face at this time are outlined in our Risk Register. This is kept under regular review by the Executive and is considered by the Finance Committee on a quarterly basis to update, identify and review existing and arising risks. Our most recent Risk Register outlined our Top two Risks as being the maintenance of income from investments and, organisational resilience/talent retention/talent sourcing.

We need our investments to continue to generate the income required to fund our research. The Board considers that the choice of two investment managers spreads this risk, with each manager deploying different investment strategies. The Board meets both fund managers regularly (at least twice a year) to carefully review their performance against our objectives. Uncertain times, both politically and economically, mean that risks can never be completely avoided, but the Board has put in place as many checks and balances as possible to mitigate these risks. A summary of our investment policy and investment objectives is shown on page 14.

In common with many other businesses and charities, ORUK has felt the effects of the cost-of-living crisis. The main focus of this is ensuring that the charity is able to retain its talent, its staff, offering competitive salaries in line with the cost of living. A salary benchmarking exercise was conducted across all roles within the organisation, leading to the development of ORUK's first Pay Policy - a key step in demonstrating our commitment to being a fair and generous employer. Our remuneration policy is founded on the principles of transparency and equality. We aim to ensure that our roles are compensated at levels comparable to similar positions within the sector. At the same time, we recognise and reward the unique skills and expertise that each employee brings to their role.

In addition, the charity offers flexible working arrangements. In 2022/23, we successfully trialled a 9-day fortnight on an informal basis, which has since been rolled out more broadly across the organisation.

In 2024/25, we introduced a Wellbeing App for all staff. Syncing with existing wearables, the app encourages regular movement and provides access to a range of health professionals, including mental health support and mindfulness content.

With a small team, organisational resilience can be a source of concern – the charity looks to mitigate this with its systems, offering ongoing support to its staff, and competitive pay and working arrangements, with flexibility around how and where work is done. Also, many functions are outsourced, which enables us to augment our skill base. The executive team has worked tirelessly and dynamically to embrace change so that it can continue to deliver our charitable aims and objectives.

Whilst not considered a key risk for ORUK, we have previously expressed concern that junior investigators and post-doctoral researchers may be discouraged from pursuing academic research due to increasingly limited funding opportunities. In recent years, we observed a marked decline in applications from the MSK research community - particularly among orthopaedic surgeons - a trend echoed by some of our research partners. As part of our commitment to supporting early-career researchers, we launched a comprehensive survey in 2023/24 to better understand the drivers behind the earlier decline.

We are encouraged by a positive shift this year, with a recovery in application numbers. Thanks to strengthened partnerships with other research organisations, we are pleased to report that 2024/25 saw the highest number of applications to date - a total of 83.

Investment policy and objectives

We fund the vast majority of our activities, including a significant annual spend on medical research, through income from our investment portfolio. The Board receives quarterly reports from Sarasin & Partners and Rathbones, two investment management companies specialising in the charity field, each of whom handles an investment portfolio on our behalf.

Whilst the investment managers work to various benchmarks and indices, our overarching target for the investment portfolios is a total return of RPI plus 4% per annum on a 3-year rolling basis. Our income target for each fund has previously been around the £320,000 per annum mark. Income received from investments in 2024-2025 was £611,480 compared to £620,813 in 2023-2024. Our budget for investment income in 2025-2026 is £610k across both funds, therefore still not quite at the overall income target level that we look for. We also invest in fixed term deposit accounts/bonds to top up our investment income budget – in 2024-2025 our bank interest received was £60,485 a significant improvement compared with £38,066 in 2023-2024. We continually monitor savings accounts available to the charity to achieve the best rate possible, particularly as and when our fixed term bonds mature.

Ethical Investments

Although generating a healthy return on our investments is essential to support our ongoing work, we also believe it important that our investment managers embrace the highest ethical standards when it comes to their choice of investments.

We, either directly or through our advisors, do not invest in companies which are materially involved in the production and distribution of what are widely considered as 'ethically unacceptable

products'; these include, gambling, pornography, alcohol, tobacco, armaments and predatory lending.

We avoid investing in companies which are materially involved in ethically unacceptable practices, such as corruption, environmental degradation, poor labour practices, breaches of human rights or which persistently, knowingly and materially breach international legal standards.

Our investment managers are encouraged to include Environmental, Social, and Governance (ESG) considerations when evaluating a potential investment.

Our investment managers provide regular updates on their approach to ethical investment in their reports to our Finance and Investment Committee (FIAC).

Investments in start-ups

We invest in early-stage businesses developing products or services that will benefit MSK clinicians and patients experiencing poor MSK health. These investments, which are subject to the scrutiny of our Research Committee and FIAC, typically involve the provision of seed core funding in return for equity.

The performance of businesses in which we invest is monitored by the FIAC.

Any profits derived from these investments will be reinvested in the work of the charity.

Reserves policy

Our reserves policy ensures that we have sufficient funds to cover ongoing commitments and we are able to continue to fund our charitable activities. The trustees review our reserves policy annually and keep the position under careful review at Board meetings to ensure that it evolves with our strategy. Our key income-generating assets are our two properties and our mixed-motive and listed investments (these assets are marked with an asterisk* in the table below). Maintaining the 'capital' value of those assets will be imperative in order to generate sufficient income to sustain our future plans.

After the sale of our trading subsidiary in April 2018, the trustees collectively agreed that the proceeds of the sale should be spent carefully, as this will be the key to enabling us to invest in the long-term, not only in our charitable activities but also in strategic initiatives. We consider that these key assets are effectively ring-fenced to enable us to use the income that is generated from them to support our routine and ongoing running costs. The trustees consider that although there is no legal endowment in place to separate these assets, they should be considered to be endowed and in doing so, the trustees are acting in the spirit of the original intention of the founder of our charity.

At the balance sheet date our designated funds amounted to £28,171,252. This represents our 'Capital Fund' (£26,536,752) and our 'Strategy Development Fund' (SDF) (£1,634,500). The SDF has been reset at the balance sheet date to the level of our budget for the next financial year for New Research (both academic and non-academic projects) – the SDF encompasses The ORUK Inspiration Fund, The Ronald Furlong Fund, The ORUK Early Career Research Fellowships, and The Joint Partnership Fund.

Designations are a choice for the Board and are kept under close review.

Our free reserves

Our **free reserves** are identified as circa £730k; being our general funds of £739.4k less tangible fixed assets (excluding Land and Buildings) of £10.8k. The ongoing target which is to hold between £750k and £1m in readily available liquid funds in order to cover the running costs of the charity for 12 months. On 31st March 2025, cash in our current accounts amounted to £1.6m and we are therefore satisfied that we are continuing to achieve our 'liquid funds' target. A further £870k is held within short term deposits.

Going concern

The financial statements of the charitable company have been prepared on a going concern basis as the trustees have assessed the going concern position and have no reason to believe that there are any material uncertainties that would affect the ability of the charitable company to continue as a going concern for the foreseeable future. In order to plan for future cashflow requirements, the trustees have considered the period covering the next 12 months and have reviewed forecasts for that period in making their assessment.

PLANS FOR FUTURE PERIODS

We will continue to invest in activities that aim to ease the burden of poor MSK health on people, wider society and the NHS, in as short a timeframe as possible. In addition to our core research and educational investments, planned activities for the next 12 months include:

- Entrepreneur support
 - Expanding the MSK Innovation Accelerator programme with MedTech SuperConnector (MTSC), Increasing the size of the cohort from 10-20, assuming that we can attract a sufficiently high calibre of applicants.
 - Developing an online learning programme for MSK entrepreneurs as an extension of the MSK Innovation Accelerator. This programme, provisionally called the *Joint Venture Academy*, will be designed for aspiring MSK entrepreneurs (researchers and clinicians) throughout the UK.
- Education
 - Expanding our online learning provision including on-demand courses.
- Policy initiatives
 - Review of innovation landscape in UK academic institution
 - Fibromyalgia sandpit
 - MSK for the working age population, in partnership with the Institute for Employment Rights (IER)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Committees

In addition to the Board of ORUK, there are three sub-committees that oversee the various activities of the charity: 'Research' and 'Finance, Investment and Audit' (FIAC), Education and Training Advisory Committee (ETAC). The Research Committee's responsibility is to ensure the integrity of the charity's programme of scientific research support and its relevance and importance to people affected by MSK conditions. The FIAC's responsibility is to help the Board of ORUK Trustees to

discharge its fiduciary duties and responsibilities. The ETAC helps shape our educational strategy, programme and investments.

Decision making

The Charity has a Board of Trustee Directors who have the requisite skills, knowledge, and experience to discharge their duties as trustees of this incorporated charitable organisation. Day-to-day management of the charity is delegated to ORUK's leadership team, as detailed on page 3. At periodic meetings, the trustees agree broad strategic activities including investments, reserves, risk management and grant making. On-going performance of the research projects is also reported, as is the performance of the listed investments. The Scientific Advisory Committee (SAC) meets at regular intervals to assist with the review process of our research applications across our available Funds, and to recommend to the Trustees the best projects submitted for funding. The SAC is an independent review panel assessing each project separately to the charity www.oruk.org/about-us/team/#tab_scientific-advisory-committee

Induction and training of new trustees

New trustees are recruited either by recommendation or by advertising in relevant publications or media. A potential trustee then meets the trustees to receive a briefing on the Charity's activities and structure and is given a package of information which includes the agendas and minutes of the Board meetings of the last twelve months. He or she will then be invited to attend a trustee meeting at which they can ask any further questions before being appointed as a trustee and member of the board. We have developed a comprehensive document outlining the procedure to appoint our new trustees.

Key management personnel remuneration

Key management personnel (KMP) of the charity are considered to be the CEO and the trustees. To set the CEO's salary, a sub-committee of trustees undertakes research to benchmark average CEO salaries which is then discussed at an appraisal. Details of KMP remuneration is given in note 13 of the accounts.

Risk management

The risks to which the charity may be exposed are under regular review, and systems and procedures have been established to address and manage those risks. Our risks and the steps taken to address them are further explained on pages 13 to 14.

FUNDRAISING STANDARDS INFORMATION

Our fundraising practices meet the values and principles of ORUK as an organisation. We are registered with the Fundraising Regulator. The impact of Covid-19 led us to cease our fundraising activities. We do not currently use external professional fundraisers, nor do we employ the services of any fundraising agencies or third parties. We have ensured that we meet the criteria set by the GDPR data protection regulations and all other relevant codes of conduct. To ensure that we take all reasonable care to protect vulnerable people, we comply with the guidance set out by the Institute of Fundraising. We received no complaints about our fundraising practices during the period.

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of Orthopaedic Research UK for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Trustees' Annual Report, incorporating a strategic report, is approved by order of the Board of trustees, as the company directors, on 9 December 2025 and signed on the Board's behalf by:

Sarah Harkness
Chair of the Board of Trustees

Independent Auditor's Report to the members of Orthopaedic Research UK

Opinion

We have audited the financial statements of Orthopaedic Research UK (the 'charitable company') for the year ended 31 March 2025 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure 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.

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 are independent of the charitable 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks relating to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remain alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- 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 and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date: 16 December 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor Invicta House,
110 Golden Lane, London EC1Y 0TG

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2025

		CURRENT YEAR			
	Note	Unrestricted funds £	Restricted funds £	31 March 2025 Total £	30 March 2024 Total £
Income from:					
Donations and legacies	2	3,795	–	3,795	8,609
Charitable activities	4	306,390	–	306,390	1,196,773
Investments	3	1,117,829	–	1,117,829	1,104,404
Total income		1,428,014	–	1,428,014	2,309,786
Expenditure on:					
Raising funds	5	50	–	50	50
Charitable activities	6	2,325,993	–	2,325,993	2,079,662
Total expenditure		2,326,043	–	2,326,043	2,079,712
Exceptional item – reversal of brought forward indemnity provision	21	–	–	–	250,000
Net income/(expenditure) before gains		(898,029)	–	(898,029)	480,074
Net gains/(losses) on investments	17	115,884	–	115,884	1,538,753
Losses on revaluation of fixed assets	16	–	–	–	(8,792)
Net income/(expenditure)		(782,145)	–	(782,145)	2,010,035
Transfers between funds		–	–	–	–
Net movement in funds		(782,145)	–	(782,145)	2,010,035
Reconciliation of funds:					
Total funds brought forward	24	29,692,817	–	29,692,817	27,682,782
Total funds carried forward	24	28,910,672	–	28,910,672	29,692,817

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2025

		Unrestricted funds	PRIOR YEAR Restricted funds	30 March 2024 Total
	Note	£	£	£
Income from:				
Donations and legacies		8,609	–	8,609
Charitable activities		347,671	849,102	1,196,773
Investments		1,104,404	–	1,104,404
Total income		1,460,684	849,102	2,309,786
Expenditure on:				
Raising funds		50	–	50
Charitable activities		1,493,232	586,430	2,079,662
Total expenditure		1,493,282	586,430	2,079,712
Exceptional item – reversal of brought forward indemnity provision		250,000	–	250,000
Net income/(expenditure) before gains		217,402	262,672	480,074
Net gains/(losses) on investments		1,538,753	–	1,538,753
Losses on revaluation of fixed assets		(8,792)	–	(8,792)
Net income/(expenditure)		1,747,363	262,672	2,010,035
Transfers between funds		262,672	(262,672)	–
Net movement in funds		2,010,035	–	2,010,035
Reconciliation of funds:				
Total funds brought forward		27,682,782	–	27,682,782
Total funds carried forward		29,692,817	–	29,692,817

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Balance Sheet

As at 31 March 2025

	Note	31 March 2025 £	30 March 2024 £
Fixed assets			
Tangible assets	16	350,142	361,669
Mixed motive investments	17	426,509	226,510
Investments	17	27,940,705	27,744,611
Current assets		28,717,356	28,332,790
Stock		420	612
Debtors	19	91,195	143,596
Short term deposits		870,778	255,000
Cash at bank and in hand		1,566,485	3,048,412
		2,528,878	3,447,620
Creditors: amounts falling due within one year	20	(1,601,711)	(1,702,029)
Net current assets		927,167	1,745,591
Total assets less current liabilities		29,644,523	30,078,381
Creditors: amounts falling due after more than one year	22	(733,851)	(385,564)
Provisions for liabilities	21	–	–
Net assets	25	28,910,672	29,692,817
Charity Funds			
Restricted income funds		–	–
Unrestricted funds:			
General funds		739,420	974,488
Designated funds – capital assets fund	28	26,536,752	26,833,829
Designated funds – fabric fund	28	–	250,000
Designated funds – strategy development fund	28	1,634,500	1,634,500
Total charity funds	24	28,910,672	29,692,817

The financial statements were approved and authorised for issue by the Board on 9 December 2025

Signed on behalf of the board of trustees

Mr A Downing, Trustee

The notes on pages 28 to 43 form part of these financial statements

Statement of Cash Flows

For the year ended 31 March 2025

	Note	31 March 2025 £	30 March 2024 £
Cash flow from operating activities	26	(1,696,731)	(190,010)
Net cash flow from operating activities		(1,696,731)	(190,010)
Cash flow from investing activities			
Income from investments	3	611,480	620,813
Rent from investments	3	445,864	445,525
Net interest received	3	60,485	38,066
Purchase of property, plant & equipment	16	(7,038)	(16,128)
Purchase of investments less net cash acquired	17	(1,599,991)	(1,367,926)
Receipts from sale of investments	17	1,319,782	1,727,502
Net cash flow from investing activities		830,582	1,447,852
Net increase in cash and cash equivalents		(866,149)	1,257,842
Cash and cash equivalents at 31 March 2024		3,303,412	2,045,570
Cash and cash equivalents at 31 March 2025	26	2,437,263	3,303,412

The notes on pages 28 to 43 form part of these financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Orthopaedic Research UK is a charitable company, limited by guarantee, incorporated in England and Wales. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are given on pages 9–12 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102 and these financial statements contain information about the charity as an individual body. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The charity has complied with the requirements of FRS 102, and with the provisions of the SORP currently in effect.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting those financial statements are detailed within the relevant accounting policy below.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from educational training and Escape–pain training events is recognised in full in the period in which the event takes place. Income from government grants is recognised as the performance criteria is met.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payment to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All expenditure is recognised inclusive of VAT, where VAT applies. The charity is able to recover some of its VAT under partial exemption, and this VAT recovery is shown as an expenditure line, rather than being offset against the expenditure on which it was incurred.

Grants payable to third parties are within the charitable objectives. Where grants are offered subject to conditions which have not been met at the year-end date, these are noted as a commitment but not accrued as expenditure. Research grants payable are recognised in full, as expenditure with a related liability, from the date on which the grants are awarded and communicated.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Assets are capitalised where their cost exceeds £1,500.

Freehold property, for which fair value can be measured reliably, is measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on revaluation of fixed assets' in the SoFA. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. Freehold property includes the space the charity occupies within its London property. See note 16 for further detail.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	– not depreciated
Freehold buildings	– straight line over 50 years
Fixtures and fittings	– 20%–25% on cost
Computer equipment & website	– 33 1/3% on cost

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investment property

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. Investment properties are not depreciated. The trustees have adopted a policy of regular revaluation of investment properties, and will undertake this professionally once every three years, with informal reviews annually. Investment properties include the tenant occupied space in the London and Sheffield properties. See note 18 for further detail.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Mixed motive investments are those held to generate a financial return as well as further the charitable objects. These investments are valued at historic cost and reviewed for indicators of impairment at each balance sheet date. Investments in subsidiary undertakings are valued at historic cost and reviewed for impairment.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stock.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash deposits with financial institutions (including investment managers) that are readily convertible to known amounts of cash with an insignificant risk of change in value.

Short term deposits

Short term deposits include cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Pensions

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Notes to the Financial Statements

For the year ended 31 March 2025

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Judgements and key sources of estimation uncertainty**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Indemnity provisions – as part of the sales agreement relating to JRI, there were a number of indemnity provisions in relation to past events of the entity. The trustees undertook a judgement exercise whereby the varying degrees of probability of each provision was assessed and, as a result, a total provision in relation to indemnities of £575,000 was recorded. In 2019, the trustees updated the judgement exercise and concluded that £325,000 of the provision could be released as not required. This amount was released to the SoFA and was shown as an exceptional item. See note 21. The remaining indemnity's timeframe expired shortly after 31 March 2024 and the amount has been released to the SoFA during the year.

Key sources of estimation uncertainty

The following key sources of estimation uncertainty at the end of the reporting period have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year:

Spread of rent free period (RFP) – the charity has a long-term commitment on premises. The lease commitment is for 40 years, effective January 2017, with a significant RFP. At the end of the RFP, rent will be charged at market value. The charity is accruing for estimated rent calculated using RPI. In prior years, RPI had not been significant, but at the previous balance sheet date inflation was high resulting in a significant adjustment to the accrued rent during that accounting period. As inflation has dropped in the months leading up to 31 March 2024, an adjustment has been made in the year to reduce the rent accrued in the balance sheet. If inflation should rise again in the next financial year, this estimation may be subject to a material adjustment.

2 DONATIONS AND LEGACIES

	31 March 2025	30 March 2024
	£	£
Donations	<u>3,795</u>	<u>8,609</u>

The donations figure noted above includes both restricted and unrestricted income (where applicable). Unrestricted donations received during the year amounted to £3,795 (2024 – £8,609) and restricted donations received during the year amounted to £0 (2024 – £nil).

3 INVESTMENT INCOME (UNRESTRICTED)

	31 March 2025	30 March 2024
	£	£
Rental income	445,864	445,525
Dividends received	611,480	620,813
Bank interest received	60,485	38,066
	<u>1,117,829</u>	<u>1,104,404</u>

Notes to the Financial Statements

For the year ended 31 March 2025

4 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds	Restricted funds	31 March 2025	Unrestricted 30 March 2024
	£	£	£	£
Medical Research Council grant income (see note 10)	–	–	3	769,616
Education (training courses)	267,608	–	267,608	253,601
Escape–pain (training courses and grant income [see note 6])	37,877	–	37,877	171,885
Publishing	905	–	905	1,671
	306,390	–	306,393	1,196,773

5 EXPENDITURE ON RAISING FUNDS

	31 March 2025	30 March 2024
	£	£
Fundraising costs	50	50

6 CHARITABLE ACTIVITIES COSTS

	Direct & support costs	Grant funding of activities 31.3.25 (see note 10)	Totals
	£	£	£
Promoting best orthopaedic practice through education	558,438	–	558,438
Publishing and sponsorship	102,388	–	102,388
Research into best orthopaedic practice	191,106	1,096,381	1,287,487
Governance costs (note 9)	377,680	–	377,680
	1,229,612	1,096,381	2,325,993

Charitable activities costs above include support cost allocations, which are analysed in note 9.

Investment management costs are included in governance costs and total £25,629 (2024 – £25,875).

Restricted fund costs in relation to ESCAPE–pain grant income amounted to £0 (2024 – £82,126) – actual costs in relation to the grant exceed that figure.

	Direct & support costs	Grant funding of activities 31.3.24 (see note 10)	Totals
	£	£	£
Promoting best orthopaedic practice through education	530,646	–	530,646
Publishing and sponsorship	66,900	–	66,900
Research into best orthopaedic practice	–	1,216,586	1,216,586
Governance costs (note 9)	265,530	–	265,530
	863,076	1,216,586	2,079,662

Notes to the Financial Statements

For the year ended 31 March 2025

7 GRANTS PAYABLE

	31 March 2025 £	30 March 2024 £
Research into best orthopaedic practice	<u>1,096,381</u>	<u>1,216,586</u>

See note 10 for an analysis.

8 NET INCOME/(EXPENDITURE)

	31 March 2025 £	30 March 2024 £
Net income/(expenditure) is stated after charging/(receiving):		
Depreciation – owned assets	18,565	42,531
Foreign currency translation – realised currency losses/(gains)	<u>4,198</u>	<u>154</u>

9 ALLOCATION OF SUPPORT COST

Support cost	Research £	Promoting (through education & advancement of knowledge) £	Fundraising £	Governance £	31 March 2025 Total £
Human resources	51,371	21,257	–	104,514	177,142
Premises/insurance	93,859	38,838	–	190,954	323,651
Communications & PR	18,779	7,771	–	38,206	64,756
Travel expenses	196	51	–	2,105	2,352
Other expenses	21,517	7,256	–	5,319	34,092
Depreciation & loss on disposal	5,384	2,228	–	10,953	18,565
Total	<u>191,106</u>	<u>77,401</u>	<u>–</u>	<u>352,051</u>	<u>620,558</u>

Support costs are allocated to the activities they support based on an apportionment of employees' time spent on each activity. The costs analysed above are included in charitable activities costs (see note 6).

Support cost	Research £	Promoting (through education) £	Fundraising £	Governance £	30 March 2024 Total £
Human resources	59,559	24,645	–	121,171	205,375
Premises/insurance	632	262	–	1,286	2,180
Communications & PR	23,682	9,799	–	48,179	81,660
Travel expenses	223	13	–	692	928
Other expenses	24,151	8,346	–	68,393	100,890
Depreciation & loss on disposal	12,686	5,249	–	25,809	43,744
Total	<u>120,933</u>	<u>48,314</u>	<u>–</u>	<u>265,530</u>	<u>434,777</u>

Notes to the Financial Statements

For the year ended 31 March 2025

10 GRANT MAKING

		31 March 2025
Name of institution	Purpose for which grants made (research)	£
University of Bath	Community Impact Project: RATLab	15,000
Imperial College London	MSK Innovation Accelerator Programme 2024–25 translate their early-stage MedTech innovations	125,000
* South Tees Hospitals NHS Foundation Trust	JPF: Improving outcomes in revision knee replacements	110,000
* University of Aberdeen	Establishing the feasibility of real-world surveillance of orthopaedic devices using routinely collected data	102,354
* Cardiff and Vale University Local Health Board	JPF: Use of Machine Learning in predicting progression of Adolescent Idiopathic Scoliosis	30,000
* University of Cambridge	JPF: Mesenchymal stromal cells in cartilage regeneration: defining the immunomodulatory characteristics on macrophage populations	7,500
* University of Cambridge	JPF: Femoroacetabular impingement and Hip Osteoarthritis: Identifying New Treatment Targets	32,500
* University College London Hospital	JPF: A Prospective Randomised Controlled Trial Comparing Cementless versus Cemented Robotic Total Knee Arthroplasty	32,498
* University of Cambridge	JPF: Improving Chondrocytes as a Cell Therapy with Hypoxia	12,500
* University of St Andrews	JPF: Use of a Scattered Light Integrated Collector (SLIC) for point of care testing to detect bacteria in fluid samples from native and prosthetic joint infections of the hip	55,000
* Epsom & St. Helier University Hospital	Defining the quality and quantity of stromal vascular fraction (SVF): a feasibility and pilot study to determine the effect of harvest site, local anaesthetic with adrenaline and the method of cell isolation	67,693
* University of Newcastle upon Tyne	Identification of novel drug synergy for modulation of endochondral ossification (EO) using a combinatorial approach	109,000
* University of Oxford	Molecular Analysis and Phenotyping of Prosthetic Joint Infections (MAP-PJI) to inform AI-enhanced biomarker discovery	109,000
* University College London	Artificial Intelligence and Radiomics to better identify and manage patients with femoroacetabular impingement (FAI)	72,000
* University of Oxford	Total hip arthroplasty versus hemiarthroplasty for treating hip fracture: benefits, risks, and trends in use in England using electronic health records	54,000
* Royal Orthopaedic Hospital NHS Foundation Trust	Development of anti-cancer and bone regenerative minimally invasive implantable biomaterials for skeletal metastases and primary bone tumour therapy	110,000
Wallsworth	Innovation: MSK Walled Garden	12,500
Thematic Project	Bunions Think Tank	1,063
Research Prizes		1,050
Imperial College London	Project underspend	(6,381)
Royal College of Surgeons of England	Project underspend	(30,000)
University of Bath	Project underspend	(37,243)
University of Edinburgh	project underspend (see note below)	–
Grants to institutions		985,034
Patent fees, Scientific Advisory Committee costs, research staff costs and research specific promotion		111,345
Direct costs of grant making		1,096,379
Support costs of grant making – see note 9		191,106
TOTAL COSTS OF GRANT MAKING		1,287,485

JPF= Joint Partnership Fund ;IF= Inspiration Fund; ECRF= Early-career Research Fellowship

The projects marked with an asterisk (*) above are shown within restricted fund expenditure. During the year the charity received grant monies of £nil (2024 – £769,616) from the Medical Research Council to be used to support early-career researchers.

Restricted expenditure on research grants during the year amounted to £904,045 (2024 – £504,304) and unrestricted expenditure on research grants during the year amounted to £80,991 (2024 – £523,129).

Occasionally universities, for various reasons, do not spend all the funds that they initially requested to carry out their research activities. There is a provision in the contract signed between the parties that enables ORUK to ask for any ‘underspend’ monies to be returned to the charity. The adjustments above relate to refunds of unspent funds, or credits of agreed funding, where the universities have confirmed that not all of the grant was required.

Notes to the Financial Statements

For the year ended 31 March 2025

10 GRANT MAKING (continued) – prior year

Name of institution		Purpose for which grants made (research)	30 March 2024
			£
*	Queen Mary University of London (QMUL)	<i>JPF – the effect of mental health on knee replacement outcomes</i>	98,725
	Aston University	<i>JPF – modelling of the spinal cord for greater understanding of aetiology and management of</i>	30,000
*	University of Manchester	<i>JPF – investigating the biomechanical and functional outcomes of autologous chondrocyte implantation</i>	56,419
	Keele University	<i>JPF – big data analyses of the long-term benefits of knee cartilage surgery</i>	55,000
	Medtech	<i>JPF – MSK Accelerator Programme, supporting early career researchers translate their early-stage</i>	125,000
	British Hip Society	<i>JPF – day case hip replacement in the NHS: a registry-based national cohort study</i>	
*			55,000
*	Uni Hospitals of Leicester	<i>JPF – surgical treatment of pathological posterior medial meniscal extrusion</i>	30,000
*	British Orthopaedic Association (BOA)	<i>JPF – mesenchymal stromal cells in cartilage regeneration</i>	32,500
*	BOA	<i>JPF – can a novel machine learning algorithm for analysis of pelvic radiographs improve the prediction of hip displacement in cerebral palsy?</i>	16,660
	Northumbria University	<i>ECRF – development and feasibility of a digital health intervention to encourage exercise maintenance after falls prevention exercise programmes end</i>	105,200
*	Cardiff University	<i>IF – identifying objective measures of sex-specific pain in humans that can be used diagnostically to target treatment</i>	47,000
	University of Birmingham	<i>ECRF – torque visuo-motor feedback training: a new way to manage patella tendinopathy</i>	105,300
*	Royal Infirmary of Edinburgh	<i>IF – development of a diagnostic protocol to aid the investigation and management of posterior malleolus ankle fractures</i>	23,000
*	University of Oxford	<i>IF – improving wrist injury pathways</i>	45,000
	University of Exeter	<i>IF – developing a core outcome set for studies of patients sustaining periprosthetic femoral fractures</i>	38,000
*	QMUL	<i>ECRF – establishing the feasibility of real-world surveillance of orthopaedic devices using routinely collected data</i>	50,000
*	University of Cambridge	<i>JPF – a precision health approach to osteoarthritis</i>	50,000
	University of Reading	<i>JPF – machine learning-enabled decision support system to improve early detection and referral of rheumatic and MSK diseases</i>	100,000
	Seed Funding Prizes		4,500
	University of Nottingham	<i>project underspend (see note below)</i>	(3,412)
	Newcastle University	<i>project underspend (see note below)</i>	(1,533)
	University of Bristol	<i>project underspend (see note below)</i>	(13,923)
	SWLEOCUB	<i>project underspend (see note below)</i>	(16,667)
	University of Edinburgh	<i>project underspend (see note below)</i>	(4,336)
Grants to institutions			1,027,433
Patent fees, Scientific Advisory Committee costs and research specific promotion			68,220
Direct costs of grant making			1,095,653
Support costs of grant making – see note 9			120,933
TOTAL COSTS OF GRANT MAKING			1,216,586

Notes to the Financial Statements

For the year ended 31 March 2025

11 AUDITOR'S REMUNERATION

Amounts payable to the auditor for statutory audit services of the charity, excluding VAT, are £14,200 (2024 – £14,300).

Amounts payable to the auditor and its associates for other services (tax advisory) of the charity, excluding VAT, are £nil (2024 – £nil).

12 TRUSTEES' REMUNERATION AND BENEFITS

No trustees received remuneration or benefits from the charity. One trustee, Mr M Gouldstone, is also a director of Novara Therapeutics Ltd – no remuneration or benefits was received for this.

At the balance sheet date, there were two ongoing research projects where trustees were involved as collaborators/supervisors – the expenditure on these was recognised in previous years. The trustees involved were Mr K Tucker and Mr M Reed.

Collaboration/supervising means being part of the research team, supervising the primary researcher. Neither trustee received any remuneration or benefits in relation to this collaboration work. As outlined in the charity's Articles, the trustees declared their conflict of interest in relation to these research projects and excused themselves from discussions on both the Scientific Advisory Committee and on the Research Committee.

Trustees' expenses

Expenses totalling £318 (2024 – £149) were paid to 1 trustee in the year (2024 – 2) by the charity, representing reimbursement of travelling expenditure. In addition, the charity expended £394 (2024 – £5,617) on hosting trustee meetings and away-day strategy meetings.

13 STAFF COSTS AND EMPLOYEE BENEFITS

	31 March	30 March 2024
	£	£
Wages and salaries	494,052	400,726
Social security costs	49,110	40,865
Employer's contribution to defined contribution pension	40,447	34,790
	583,609	476,381

The amount of £583,609 (2024 – £476,381) above includes £141,738 (2024 – £131,551) of employee benefits received by key management personnel, including the CEO, for services to the charity. Key management personnel are defined on page 20.

Notes to the Financial Statements

For the year ended 31 March 2025

14 STAFF COSTS

The average number of employees, by headcount, in the period was as follows:

	2025 Number	2024 Number
Charitable activities	8	7
Governance	2	2
	<u>10</u>	<u>9</u>

The charity pays contributions into a money purchase group personal scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid into the scheme by the charity in the period were £40,447 (2024 – £34,790). The pension creditor at the period end was £nil (2024 – £2,555).

The number of employees who received total employee benefits (excluding employer pension costs and employer social security costs but including benefits in kind) of more than £60,000 was as shown in the table below.

	2025 Number	2024 Number
£90,000 – £99,999	–	–
£100,000 – £109,999	–	1
£110,000 – £119,999	<u>1</u>	<u>–</u>

15 RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in notes 12 and 13.

16 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Fixtures, fittings & equipment £	Totals £
COST/VALUATION			
At 31 March 2024	482,926	105,483	588,409
Additions	–	7,038	7,038
Disposals	–	–	–
Revaluations	–	–	–
At 31 March 2025	<u>482,926</u>	<u>112,521</u>	<u>595,447</u>
DEPRECIATION			
At 31 March 2024	142,048	84,692	226,740
Charge for the year	1,534	17,031	18,565
Disposals	–	–	–
At 31 March 2025	<u>143,582</u>	<u>101,723</u>	<u>245,305</u>
NET BOOK VALUE			
At 31 March 2025	<u>339,344</u>	<u>10,798</u>	<u>350,142</u>
At 31 March 2024	<u>340,878</u>	<u>20,791</u>	<u>361,669</u>

The freehold building relates to the charity-occupied part of 10a Chandos House in London. This building was acquired in January 2008. The property was recognised at fair value on transition to SORP (FRS 102) using a previous fair value valuation. The building is being depreciated from the FRS 102 transition date of 1/4/14 and has a net book value of £339,344; land is not depreciated. The historic cost equivalent of this asset at net book value is £389,097, and depreciation at historic cost would be £351. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. The freehold property was subject to an formal valuation on 31/3/24. The valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. Further information on property valuations is contained in note 18.

Notes to the Financial Statements

For the year ended 31 March 2025

17 FIXED ASSET INVESTMENTS

	Unlisted investments £	Mixed motive investments £	Investment properties (18) £	Listed investments £	Totals £
COST/VALUE					
At 31 March 2024	85	226,510	7,187,074	20,557,452	27,971,121
Revaluations	(29,311)	–	–	145,195	115,884
Additions	29,226	199,999	–	1,370,766	1,599,991
Disposals	–	–	–	(1,319,782)	(1,319,782)
At 31 March 2025	–	426,509	7,187,074	20,753,631	28,367,214
NET BOOK VALUE/FAIR VALUE					
At 31 March 2025	–	426,509	7,187,074	20,753,631	28,367,214
At 31 March 2024	85	226,510	7,187,074	20,557,452	27,971,121

In addition to the investment management costs, one of our fund managers (Sarasin & Partners) charges a range of ongoing, explicit, and implicit charges which have not been presented as expenditure in the accounts. The cost applied is approximately 1% of the average portfolio value which is deemed immaterial to the accounts. Income from investments is shown in note 3. Shares in group undertakings were included at cost less impairment. Investment properties and listed investments are included at market value. This is commented on in more detail in note 18 below. Unlisted investments are included at cost which at the year end is considered to be the equivalent of market value.

The unlisted investment above relates to an 85% shareholding in a subsidiary undertaking, Novara Therapeutics Limited, a company registered in England and Wales under company number 12841228. The subsidiary was excluded from consolidation, previously, as its inclusion is not material for the purpose of giving a true and fair view. The company has now ceased trading and has filed for dissolution. The acquisition cost and an inter-company debt have been revalued to £nil.

	Unlisted investments £	Mixed motive investments £	Investment properties £	Listed investments £	Totals £
COST/ MARKET VALUE					
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944
Revaluations	–	–	13,792	1,524,961	1,538,753
Additions	–	7,020	–	1,360,906	1,367,926
Disposals	–	–	–	(1,727,502)	(1,727,502)
At 31 March 2024	85	226,510	7,187,074	20,557,452	27,971,121
NET BOOK VALUE					
At 31 March 2024	85	226,510	7,187,074	20,557,452	27,971,121
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944

Notes to the Financial Statements

For the year ended 31 March 2025

18 INVESTMENT PROPERTIES

The charity has two investment properties – the London property is the tenant-occupied part of 10a Chandos House in London and the Sheffield property is in Chapeltown in Sheffield.

The investment properties were last subject to independent, professional valuation as at 31/3/24. The property valuations were undertaken by Colliers International Property Consultants Limited, a firm of independent valuers. Both valuations were carried out in accordance with the requirements of the RICS Valuation – Professional Standards Manual. The historic cost equivalent of these assets is £4,411,349 and £3,498,868 respectively.

The trustees carry out a formal valuation of properties every three years, checking in with valuers in between.

The Sheffield property was valued at £3.825m on a formal valuation basis on 31/3/24.

The London property was valued at £3.845m on a formal valuation basis on 31/3/24.

It remains the trustees' current intention to hold both properties for the long term.

19 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2025	30 March 2024
	£	£
Trade debtors	37,309	10,168
Other debtors	10,882	25,948
Amounts owed by group undertakings	–	27,480
Prepayments and accrued income	43,004	80,000
	91,195	143,596

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2025	30 March 2024
	£	£
Trade creditors	278,963	91,159
Grants payable	967,421	1,092,522
Taxation and social security	31,157	28,538
Other creditors	15,742	57,445
Accruals and deferred income	308,428	432,365
	1,601,711	1,702,029

Deferred income includes monies held for courses to be held in the next financial year amounting to £4,285 (2024 – £54,300), and rents invoiced in advance, amounting to £82,744 (2024 – £127,619).

	31 March 2025	30 March 2024
	£	£
Balance at the beginning of the period	181,919	223,697
Amount released to income in the period	(181,919)	(223,697)
Amount deferred in the period	87,029	181,919
Balance at the end of the period	87,029	181,919

Notes to the Financial Statements

For the year ended 31 March 2025

21 RECONCILIATION OF GRANT CREDITORS AND PROVISIONS

	31 March 2025	30 March 2024
	£	£
Grant creditors at 31 March 2024	1,478,086	1,229,874
Grants adjusted/charged in the period (note 10)	985,034	1,027,433
Grants paid in the period	(761,848)	(779,221)
Grant creditors at 31 March 2025	1,701,272	1,478,086
	31 March 2025	30 March 2024
	£	£
Provisions at 31 March 2024	–	250,000
Indemnity provision released in the period	–	(250,000)
Provisions at 31 March 2025	–	–

As part of the sales agreement relating to JRI, ORUK committed to a number of indemnity provisions relating to past JRI events. The indemnities had specific, but varying, time periods applied. For each of the indemnities, the trustees considered the likelihood of the provision crystallising and concluded that provision in the accounts should be made for those considered most probable. Just after the balance sheet date of 31 March 2024, and prior to the date of signing those accounts, all time periods applied to the indemnities had expired and the trustees considered that the provisions brought forward from the prior year should be released to the SoFA in 2023/2024. No further provision was required in 2024/25.

22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2025	30 March 2024
	£	£
Grants payable	733,851	385,564

23a OPERATING LEASE COMMITMENTS PAYABLE AS A LESSEE

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods. Lease payments recognised as an expense are shown below in italics:

	31 March 2025	30 March 2024
	£	£
Less than one year	1,604	3,458
Two to five years	–	–
Over five years	257,031	487,953
	258,635	491,411
Land and buildings	257,031	487,953
Other (HR contract)	1,604	3,458
	258,635	491,411

see note 1 included in support cost allocation
£3,458 included in support cost allocation

Notes to the Financial Statements

For the year ended 31 March 2025

23b OPERATING LEASE COMMITMENTS RECEIVABLE AS A LESSOR

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods, and all relate to land and buildings:

	31 March 2025	30 March 2024
	£	£
Less than one year	328,440	387,641
Two to five years	234,194	562,635
	562,634	950,276

24 FUND RECONCILIATION

	Balance at 31 March 2024	Income	Expenditure	Transfers	Gains	Balance at 31 March 2025
	£	£	£	£	£	£
Designated capital assets fund	26,833,829	-	-	(297,077)	-	26,536,752
Designated fabric fund	250,000	-	(250,000)	-	-	-
Designated strategic developmen	1,634,500	-	-	-	-	1,634,500
Total designated funds	28,718,329	-	(250,000)	(297,077)	-	28,171,252
General funds	974,488	1,428,014	(2,076,043)	297,077	115,884	739,420
Total Unrestricted funds	29,692,817	1,428,014	(2,326,043)	-	115,884	28,910,672
Total Restricted funds	-	-	-	-	-	-
	29,692,817	1,428,014	(2,326,043)	-	115,884	28,910,672

The purpose of the designated fund is to ring-fence key income-generating assets so that the charity can continue with its charitable activity of investing in research, and to enable the charity to invest in its fundraising plan to realise its vision of 'pain-free movement for all'.

	Balance at 31 March 2023	Income	Expenditure	Transfers	Losses	Balance at 31 March 2024
	£	£	£	£	£	£
Other charitable funds	27,682,782	1,460,684	(1,493,282)	262,672	1,779,961	29,692,817
Restricted	-	849,102	(586,430)	(262,672)	-	-
	27,682,782	2,309,786	(2,079,712)	-	1,779,961	29,692,817

The transfer of £265,312 above in 2023/24 relates to the monies received from the Medical Research Council – the transfer related to expenditure incurred in previous years, recognised as per the accounting policy and, at the time, treated as expenditure within unrestricted funds. The funding aims to protect the pipeline of early career researchers (ECRs) and to help support the charity research sector regain its pre-COVID levels of research and innovation investment in the UK. It was available to support ECRs and research grants active in FY 2023/24 based in a UK organisation eligible for UKRI research funding – the funding provided through this scheme must be used to support the researchers and projects submitted to the scheme.

25a ANALYSIS OF NET ASSETS BETWEEN FUNDS (CURRENT PERIOD)

	General £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	10,798	339,344	-	350,142
Investments	-	28,367,214	-	28,367,214
Net current assets	728,622	198,545	-	927,167
Long term liabilities	-	(733,851)	-	(733,851)
Provisions	-	-	-	-
Net assets at 31 March 2025	739,420	28,171,252	-	28,910,672

25b ANALYSIS OF NET ASSETS BETWEEN FUNDS (PRIOR PERIOD)

	General Unrestricted £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	20,791	340,878	–	361,669
Investments	85	27,971,036	–	27,971,121
Net current assets	953,612	791,979	–	1,745,591
Long term liabilities	–	(385,564)	–	(385,564)
Provisions	–	–	–	–
Net assets at 31 March 2024	974,488	28,718,329	–	29,692,817

26 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2025 £	30 March 2024 £
Net income for period	(782,145)	2,010,035
Dividends received	(611,480)	(620,813)
Interest receivable	(60,485)	(38,066)
Depreciation of tangible fixed assets	18,565	42,531
(Gains)/losses on investments and on revaluation of fixed assets	(115,884)	(1,779,961)
Reverse indemnity provision	–	250,000
Loss on disposal of tangible fixed assets	–	1,212
Rent from freehold investment property	(445,864)	(445,525)
Decrease in stock	192	307
Decrease in debtors	52,401	440,127
Increase / (decrease) in creditors	247,969	(49,857)
Net cash flow from operating activities	(1,696,731)	(190,010)

Cash and cash equivalents at 31 March 2025 were £2,422,489 (2024 – £3,303,412). This amount is analysed as £2,215,108 (2024 – £3,002,971) of bank balances, £207,381 held by investment houses as 'cash' balances available to invest (2024 – £300,441) and £0 (2024 – £nil) of cash.

ANALYSIS OF CHANGES IN NET DEBT

	Balance at 31 March 2024 £	Cashflows £	Balance at 31 March 2025 £
Cash	3,002,971	(787,863)	2,215,108
Cash-equivalents	300,441	(78,286)	222,155
Grants falling due within 1 year	(1,144,289)	176,868	(967,421)
Grants falling due in more than 1 year	(333,797)	(400,054)	(733,851)
	1,825,326	(1,089,335)	735,991

27 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is not to exceed £10.

28 ANALYSIS OF DESIGNATED FUNDS

		31 March 2025	30 March 2024
		£	£
An analysis of the funds is given below:			
Strategy Development Fund	<i>new research (academic and non-academic)</i>	1,634,500	1,634,500
Fabric Fund	<i>ongoing maintenance to Furlong House (grade II listed)</i>	–	250,000
Capital Fund	<i>to ring fence key income generating assets</i>	26,536,752	26,833,829
		28,171,252	28,718,329

Included within the Strategy Development Fund is additional funding to be made available to support early career researchers.

Accounts

Orthopaedic
Research UK



Let's

advance

Annual Report
and Accounts
2023-24

Contents

Charity Reference and Administrative Details	3
Messages from our Chair and Chief Executive	4-5
Report of the Trustees	7-15
Independent Auditor's Report	16-18
Statement of Financial Activities (including an Income and Expenditure Account) current period	19
Statement of Financial Activities (including an Income and Expenditure Account) comparative	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Financial Statements	23

Orthopaedic Research UK

Reference and Administrative Details for the Year Ended 31 March 2024

Charity registration number	1111657
Company registration number	5585452
Trustees	Dr C J Ball Ms J Chong (appointed 26.5.23) Mr A H Downing (Chair) Mr M Gouldstone (resigned 21.3.24) Mrs S Harkness Mr P E Harrison (resigned 27.6.23) Professor M Reed (appointed 12.12.23) Professor N Rushton Mr J K Tucker (resigned 4.12.23)
CEO/CFO Executive Officer Senior management team	Dr A Angadji / Mrs C Barnard Mrs D Palmer Professor M Hurley Mr M Thomas Miss R Threadgold
Registered office	Furlong House 10a Chandos Street London W1G 9DQ
Principal place of operations	Furlong House 10a Chandos Street London W1G 9DQ
Auditor	Sayer Vincent Chartered Accountants & Statutory Auditors 110 Golden Lane London EC1Y 0TG
Solicitor	Weightmans 105 Fenchurch Street London EC3M 5JG
Bankers	National Westminster Bank Plc 10 Marylebone High Street London W1U 4BT
Investment managers	Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Rathbone Brothers Plc 30 Gresham Street London EC2V 7QN

Message from our Chair

Impatience can be a virtue. We are a small charity set up to respond to an enormous societal challenge – the poor musculoskeletal (MSK) health affecting the lives of tens of millions of people across the UK. It represents the third largest area of expenditure for the NHS and is linked to rising levels of obesity, anxiety, isolation and depression.

Demand for MSK health services will only grow in an ageing society. This is why we are determined to accelerate the impact of our investments. There will always be a place for the funding of long-term research projects, which is why we will continue to be one of the largest funders of MSK research in the UK, but moving fast means increasing our investments in activities capable of delivering a more immediate impact.

Education is one area in which we can make a difference in days, as opposed to years. Healthcare professionals experiencing one of our training programmes can begin improving the lives of their patients from 'day one'. This is why we have further expanded our educational offer across an even wider range of healthcare specialities, including primary care, and enhanced our online offer.

The other area in which we have made significant progress in recent years has been in funding and supporting innovation. To even come close to addressing the demand for MSK health services we need a culture of innovation and a pipeline of technology solutions focused on solving MSK health challenges, especially those associated with ageing. We are following in the footsteps of our founder Ronald Furlong who combined a highly successful career as an orthopaedic surgeon with an equally successful career as a business entrepreneur. We need to embrace Furlong's spirit of

entrepreneurialism because the scale of the challenges facing all of us involved in MSK health continue to require new ideas and techniques.

We will continue to invest in entrepreneurial people and organisations delivering breakthrough innovations, using The Ronald Furlong Fund to support the development of innovative and commercially viable ideas from UK-based start-ups. Our support for innovation has included partnerships with 'innovation enablers' such as MedTech SuperConnector (MTSC) and the *NHS Clinical Entrepreneur Programme*. The MSK Innovation Accelerator programme, hosted by MedTech SuperConnector, is a perfect example of how we deploy our investments to help create and scale early-stage MSK ventures across the UK.

Our decision to focus on the potential role of AI in supporting MSK health services has also been highly successful, leading to a series of discussion forums, educational programmes and investment from the NIHR and commercial sector. We may be a small charity, but we have proven our value as a facilitator, connector and enabler.

I would like to thank our Trustees for dedicating their time, energy, and expertise to support our executive team, and our executive team and the charity's many partners for an outstanding year.

Adrian Downing,
Chair of the Board of Trustees



Message from our Chief Executive

The dictionary definition of 'convening power' is the ability to initiate gatherings of individuals or groups to focus on a common purpose and to mobilise their collective resources to focus on a specific challenge. This is a good summary of the way in which our charity is able to make a difference. Our *MSK for the Workplace initiative* provided a perfect illustration of convening in action – we identified the impact of poor MSK health on employment (and by implication the nation's economic health) and brought together a wide range of organisations to identify problems and debate solutions.

During the kick-off meeting for the initiative we joked that we were probably the smallest organisation in the room, but that our neutrality (unlike most MSK charities we are not focused on a specific condition) and relatively limited executional capacity made us the perfect organisation to convene such an event.

We recently undertook an informal survey of our partners across the healthcare eco-system from the leading medical schools to other charities and the NHS and were pleased to hear that our role as convenors, collaborative partners and supporters was widely appreciated. This does not happen by accident: it reflects a deliberate strategy over the past few years to reach out to partners, support their initiatives and foster a culture of collaboration. Far too many charities operate in silos – determined to protect their own interests and wary of sharing activities and plaudits. This has not been our approach and is the reason why our many partnerships with academic institutions, charities, entrepreneurs, and major corporations have proven

so productive. During the last year we received £2.2m in partner funding, including an award of over £750,000 from the Government to increase our support for early-career clinical researchers and academic scientists interested in building and expanding their MSK research portfolio.

We are proud of our heritage as a charity created by an orthopaedic surgeon and will continue to invest in breakthrough surgical innovation – 56% of our research grants since 2020 have been awarded to orthopaedic surgeons. However, with around 32% of the UK adult population (17.1 million people) experiencing poor MSK health and given the sheer scale of the MSK health challenges posed by an ageing population, we cannot focus simply on improvements to diagnosis and surgical intervention. We have therefore extended our research investments to include MSK wellbeing and prevention. This aligns us with the shifting focus of government and NHS England's from 'recovery' to 'prevention', with particular emphasis on 'alleviating pressure on the healthcare system' and 'reducing labour market inactivity.'

We continued to invest in research into the impact of the ESCAPE-pain programme, which remains an exemplar of community-based, non-surgical intervention. To encourage greater MSK literacy we co-funded RatLab, an educational, interactive show aimed at 7–11-year-olds, that introduces young people to biomechanics and the importance of bone, joint and muscle health.

Other important initiatives during the past 12 months have included the *MSK Innovation Accelerator programme* with Imperial College London's MedTech SuperConnector, the co-funding of an initiative to apply AI to MSK health as part of the NIHR's *Invention for Innovation (i4i) programme*, and a joint fellowship with The Daphne Jackson Trust to support individuals (in many

cases, women) returning to research after a career break due to illness, caring or family responsibilities. We continued to work in close partnership with British Orthopaedic Medical Students Association (BOMSA) and British Orthopaedic Trainee Association (BOTA) to highlight the importance of MSK research and the opportunities that are available.

Our success in the past year owes much to the support of our partners within leading institutions including Association of Medical Research Charities (AMRC), Arthritis and Musculoskeletal Alliance (ARMA), the National Institute for Health and Care Research (NIHR), Royal College of Surgeons of England (RCSEng), the British Hip Society (BHS), Royal College of Surgeons of Edinburgh (RCSEd), British Orthopaedic Association (BOA), British Association for Surgery of the Knee (BASK), National Joint Registry (NJR), British Scoliosis Society (BSS), British Association of Spine Surgeons (BASS), Versus Arthritis, Information Governance Services (IGS), MedTec SuperConnector (MTSC), Impeller Ventures, Shionogi, NHS Clinical Entrepreneur Programme (NHS CEP) and the Daphne Jackson Trust. Together we will continue to make a difference.

Dr Arash Angadji,
Chief Executive



Our impact at a glance

(key performance indicators 2023/24)



Research

18

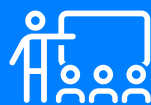
projects

£1m+

invested by ORUK
(£1,062, 804)

£900k+

partner funding
(£976,420)



Education

53

events

3,757

attendees

Rated by

94%

of participants as
excellent or good

£253k

income
(£253,601)



ESCAPE-pain

21

events

394

people trained
(2,500+ in total)

280+

active sites

£4.5m

savings for health
& care budgets
since 2021



Innovation

Investments in

3

start-ups

7

Innovation
partners

10

Trained on the
MSK accelerator
programme

Introduction

The trustees present their report and the audited accounts for the year ended 31 March 2024.

The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Information required to be disclosed under Schedule 7 of the Companies Act 2006 is disclosed within the Strategic Report, which starts on page 11.

Objectives and activities

Our principal, and over-riding, objectives are to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnership to advance knowledge and awareness of bone, joint and muscle health in the UK. These are the objects as set out in our governing document. Our specific aims and significant activities to achieve those principal aims are outlined below, along with the activities undertaken to achieve them.

To fund high quality research and innovation at centres of excellence in the field of musculoskeletal (MSK) medicine to support bone, joint and muscle wellbeing in the following areas:



1. **Underpinning:** understanding biological, psychological and socioeconomic processes.
2. **Aetiology:** risks, causes and development of health conditions.
3. **Prevention:** interventions to prevent disease, promote wellbeing and reduce risks of ill health.
4. **Detection and Diagnosis:** population screening, using new diagnostic technologies and biomarker discovery and development.
5. **Treatment Development:** translating basic research into experimental medicine in preclinical settings and/or model systems.
6. **Treatment Evaluation:** testing and evaluating interventions in human clinical/applied settings.
7. **Disease Management:** understanding patient needs and practitioner experiences.
8. **Health Services:** examining healthcare at an organisational level, such as service provision and economic and policy issues.

We funded 18 new research projects worth £1,062,804 in 2023/24, compared to 11 research projects worth £651,797 in 2022/23.

Along with other organisations involved in funding medical research, we have noted a reduction in the number of applications. We are part of a working group investigating the reasons for this decline. We also published a report into the factors behind this decline – [Where have all the research applicants gone?](#) What we discovered was a system under pressure from backlogs and workforce disputes, which is leading to competing priorities and a squeeze on research. In addition, clinical research appears to be less attractive as a career option because of financial pressures, a lack of career security, bureaucracy, a lack of support and what is described as 'a poor research culture'. Although we alone cannot address the structural and financial issues, highlighted in our report, we can make a difference by:

- Showcasing the important work of MSK researchers, especially the (real) people behind the projects.
- Providing mentoring support for researchers and potential researchers seeking advice beyond their clinical supervisors.

We publish the results of our research at the end of the studies to demonstrate the impact of our funding. Our measures for success are:

- Increased awareness of our research among professionals and patients.
- The nurturing of talent within the field of MSK medicine.
- The recruitment of advocates for our research within the broader MSK community.
- Securing co-funding from partners for our research projects.
- Translation of research results into measurable benefits for patients and the NHS through.
 - a. an improvement to clinical practices and processes, for example, using the results from data analysis to improve planning and clinical decision-making or
 - b. the creation of new products and services.

Our most significant co-funded project was an award of £769,616 from the Medical Research Council. In addition, we attracted approximately £2.2m from our other partners to co-fund research during 2023-24.

We use Researchfish to capture the outputs and impacts of the research we fund. This is an online system



developed specifically for collecting research outputs on behalf of funding organisations and is used by hundreds of research funders across the world. It provides us with vital information about the impact of the research we fund, ensuring we have a comprehensive picture of the outputs from our research portfolio.

To fund education, primarily through workshops, training courses, lectures, virtual conferences, and webinars that will improve knowledge of prevention, diagnosis, treatment and the management of MSK conditions. Our ambition is to be the leading provider of continuous learning in MSK health in the UK and the first stop for MSK health education in the UK, starting with medical students.

During the past year we staged 53 events (not including ESCAPE-pain) compared to 56 events in 2022/23, and in total educated 3,757 healthcare professionals with the support of 490 faculty members. On average, 94% of participants rated our events as 'excellent' or 'good' in terms of educational value. Income from events was £253,601 in 2023/24 compared to £284,366 in 2022/23, and from ESCAPE-pain training £92,399 in 2023/24 compared to £95,263 in 2022/23.

Our blended learning model – a mix of online and face-to-face tuition – has enabled us to expand the range of our offer and reach a more diverse audience, including healthcare professionals in developing markets where affordability can be an issue.

We are increasing the number of interdisciplinary events to encourage more collaborative working and are involved in initiatives to address recruitment shortfalls in orthopaedics and orthopaedic research through training partnerships with the British Orthopaedic Medical Students Association (BOMSA) and British Orthopaedic Trainees Association (BOTA). We also worked with BOTA in an initiative to promote sustainability in orthopaedics and with the Royal College of Podiatry on a webinar series.

The ESCAPE-pain programme delivered the following during 2023/24:

- 21 training events, compared to 36 in 2022/23.
- 394 fitness professionals trained, compared to 454 in 2022/23.
- Around 280 sites are running the programme, which represents an increase of nearly 14% on the previous year.
- Since joining ORUK in 2021, the programme is estimated to have achieved savings of £4.5m for health and social care budgets.

ESCAPE-pain was a partner in the government funded MSK Hubs initiative, a national pilot programme to transform leisure centres, swimming pools, and gyms into MSK health hubs, designed and provided in collaboration between Good Boost, ukactive, Orthopaedic Research UK, ESCAPE-pain, and Arthritis Action. The results of the pilot study will be published in the second half of 2024.

To provide information about our charitable activities to the general public through publishing and funding awards and prizes for outstanding publications and presentations in the field of MSK. We have two books in publication which provide preparation aids for the FRCS (Orth) examinations and complement our basic science training courses. Sales to orthopaedic trainees of both publications form part of our fundraising strategy. They are available to buy online or at our course events. During the year we sold 62 books, a 20% decrease on the previous year, which is an expected result considering that the books were published some years ago. We are publishing another educational product aimed at primary care professionals in 2024 – *Managing Upper Limb Musculoskeletal Problems, A Companion Guide for Primary Care*.

Our three-year strategy

In addition to the over-arching objectives as outlined in the previous paragraph, our operating decisions were shaped by our 2020-2023 Strategy, which was built on 10 strategic initiatives:

1. Focus our investments on unmet patient needs and specifically on diagnosis and treatment – we do this by making funding available via The ORUK Inspiration Fund and The ORUK Early-career Research Fellowships which are designed to support innovative projects that meet unmet needs and help patients achieve a better quality of life. These are open to orthopaedic surgeons, scientists, and physiotherapists.

During the past 12 months we have continued to fund high quality applicants across a wide range of research areas from rare MSK conditions and orthopaedic components to advanced imaging and data analytics.

2. Extend the impact of our investments and attract additional funding for orthopaedic health by partnering with other sources of grant giving.

We partner with other organisations including the Royal College of Surgeons of England, the Royal College of Surgeons of Edinburgh, and the British Hip Society. By 'match-funding' we are able to support more of the MSK community than we would be able to do alone, and this funding is available via the Joint Partnership Fund.

3. Broaden our remit beyond pure orthopaedics to include the important surrounding ecosystem of orthopaedic wellbeing, including physiotherapy.

We do this primarily through the delivery of the ESCAPE-pain programme, which:

- Extends our focus beyond surgery to include education and research into the (non-surgical) management of MSK conditions – an essential requirement with surgical capacity unlikely to ever be sufficient to meet demand.
- Enables us to respond to capacity constraints within the system by opening-up new modes of delivery within a non-healthcare setting (community and leisure centres).
- Provides opportunities to collaborate with partners outside the health sector, such as Sport England, CIMSPA and private leisure operators, further growing the scale, reach and impact of our MSK community.
- Aligns us with government priorities.

Our educational programme has been broadened to embrace primary care professionals, physiotherapists, and allied disciplines.

4. Build an influencer network across the orthopaedic ecosystem including clinicians, academics, GPs, physiotherapists, specialist medical member associations, entrepreneurs, and investors.

We measure the growth and vitality of our network by tracking:

- The growth of our LinkedIn followers and their level of engagement in our posts – our followers increased by 49% during the past year, with an average engagement rate (factoring in likes, comments, shares) of 5-6% (a 'good engagement rate' on LinkedIn is around 2%).
- The performance of our monthly email newsletter – beginning in December 2023 the email has achieved open rates of 44-49% (25-18% is considered 'good') and a click rate of 1.5 to 2.9% (2.5% is considered good). After the cleaning-up of our data to ensure it is fully compliant with GDPR, our database contains over 4k records.

5. Mobilise this influencer network to become a 'movement' that champions the importance of MSK health and the need for increased investment across the system.

Our *MSK Health for the Workplace* initiative was a good example of how we mobilise our community to focus on the MSK health needs of the working age population, at a time when 2.5 million people are currently unemployed in the UK due to health-related issues, including back and neck pain.

6. Operate as a facilitator – connecting innovators with funders, academics with clinicians, and encouraging collaboration across the whole MSK community.

The success of our *AI in Orthopaedics* initiative demonstrates the increasing power and influence of our MSK network.

7. Invest in entrepreneurial people and organisations delivering breakthrough innovations – The Ronald Furlong Fund is designed to support the development of any innovative and commercially viable idea from a UK-based start-up that solves the unmet needs of society around bone, joint and muscle well-being.

To date we have invested in three start-up companies from this fund – Renovos Biologics, which is pioneering the use of a nanoclay in an injectable gel form that can carry biologic drugs capable of augmenting bone tissue regeneration; Novara Therapeutics, a joint venture company in which we have partnered with investment company Embryo Ventures to commercialise the world's first patented bio-specific solution for the targeted diagnosis and treatment of bone microfractures; and Radii Devices, a company that uses state-of-the-art AI and biomechanical modelling to help clinicians design better fitting prosthetic sockets for people with limb loss or limb difference.

8. Expand the breadth and depth of our educational programme to include more on and off-line courses and more subjects designed to appeal to a broader audience, including GPs and physiotherapists – our educational programme is based on a blended model of virtual and in-person events (as well as recorded events available to purchase and download) that will improve knowledge of prevention, diagnosis, treatment, and the management of MSK conditions.
9. Review and challenge our investment strategy and cost base to ensure the maximum impact.
10. Report our programmes and impact openly and share our learnings with partners and collaborators. We annually publish our impact report (www.oruk.org/about-us/our-impact/download) to demonstrate our progress against our strategy.

Grant making policy

We consider the support of grant applications that are within the scope of our charitable aims; that is to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance bone, joint and muscle wellbeing in the UK. More information on the funding that is made available is given on our website at www.oruk.org/research/ explaining further the different Funds that are available, as well as examples of recent research projects that were funded. A new research strategy for 2024-27 has been approved by the Trustees and published on our website <https://oruk.org/research-strategy/>

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. We aim to bring together relevant stakeholders to identify patients' priorities for diagnosis and

treatment and to support innovative ideas with the clear aim of delivering substantive and safe solutions. We aim to tackle debilitating bone, joint and muscle disorders and ultimately enhance the quality of life, not only of patients but also of their carers and families. We have raised the public profile of the organisation through the staging of high-quality training and educational events. We continue to further raise the quality and public benefit of these events by engaging thought-provoking MSK opinion leaders as speakers and meeting hosts.

Clinical and scientific research is key to the advancement of knowledge and expertise within medical schools in universities and hospitals. Through our funding, these institutions are able to provide academic research positions or research fellowships that may not otherwise be possible. This opens-up new research areas and directly benefits researchers at all levels, including post-doctorates. Surgeons also benefit from access to cutting-edge research and improved training, helping them to provide better treatment and outcomes to patients.

The results of research are generally readily available in the public domain through the publication of results in the media and the public presentation of research projects. These presentations and publications are always peer reviewed to ensure a consistently high quality of research. By adopting these measures, we are able to satisfy the public benefit funding requirements.

Short-term and longer-term aims and objectives

Given that we are a medical research charity, patients are always our focus. Our aim is to reduce the demand on the NHS, for the treatment and support of patients with poor bone, joint and muscle health, by investing in innovative programmes that have the capability to deliver the maximum impact on the population as a whole.

We focus on the difference we can make over the short, medium, and longer term.

Short-term impact is provided by our conferences and other knowledge-sharing events, and our educational programme.

Although we have deliberately created a diverse investment programme with projects at different stages of development, our priority has been to identify opportunities that have the potential to deliver an impact in the medium term.

The societal benefit from our research investments can typically only be measured over the longer term. However, this does not mean that they do not have the potential to make a valuable contribution by increasing our knowledge and understanding of MSK conditions.

Achievements and performance

The summary of our main achievements is outlined in our CEO's opening message and in the section for objectives and activities on pages 7 to 8. We believe that we make a significant difference to beneficiaries and wider society in the areas of furthering academic research, supporting the work of MSK clinicians, furthering awareness of MSK conditions amongst the general public and in prioritising the needs of patients and the NHS.



Strategic report



Financial review

Financial position

In the 12 months to 31st March 2024, we generated total income of £2,309,786 compared to £2,059,531 in the previous year.

During the year we continued to offer our educational events via a hybrid or blended offering of virtual and face-to-face. These different platforms enable us to continue to drive income from education and the ESCAPE-pain programme. More information on education & events, and the ESCAPE-pain programme, is given on page 8.

The financial year opened to a position of continuing uncertainties in the banking sector, along with concerns around interest rates and high rates of inflation, resulting in the first two quarters of the year continuing to show volatility on the stock market. However, by 31 March 2024 the equity markets and our portfolios were showing recovery from the position at which we opened the financial year and at the balance sheet date, we reflect gains on our listed investments of £1,524,961 compared to losses at the same time last year of £1,672,999. Our long-term investments in property have also been

challenged by high interest rates, by way of influencing their attractiveness on the open market. In line with our accounting policy, this year we have obtained formal 'Red Book' valuations on both properties; whilst our Sheffield property showed a small increase in value, the valuation on our London property reflected a further drop in value (further detail on this is given in notes 16 and 18). We hold our assets for the long term, acting as custodians; it remains the trustees' firm intention to hold on to these assets. Income generated from all of our investments is absolutely essential to us, representing our principal funding source. Sustaining the listed investments in particular will allow us to continue to invest in quality research across all the Funds that we have available. Our reserves policy on page 12 explains how we have committed to protect these key assets for the future. More detail on our income and expenditure is given in the Statement of Financial Activities (SoFA). On 31st March 2024, our net assets were £29.7 million, compared to £27.7 million on 31st March 2023, and 97% of our funds are Designated.

Indemnity provisions – as part of the agreement relating to the 2018 sale of JRI there were indemnity provisions that related to past events of that entity. A number of those indemnity provisions

came to an end during the 19/20 accounting year. Each year subsequent, the Trustees have undertaken a judgement exercise to reassess the likelihood of the remaining provisions having a material impact. The final indemnity had a time limit which expired on 8 April 2024 – as a result, all provisions have now been released with the final amount of £250,000 being shown in the SoFA for 23/24.

The principal risks and uncertainties that we face at this time are outlined in our Risk Register. This is kept under regular review by the Executive and is considered by the Finance Committee on a quarterly basis to update, identify and review existing and arising risks. Our most recent Risk Register outlined our Top 3 Risks as being the maintenance of income from investments, organisational resilience/ talent retention/ talent sourcing, and Trustee succession planning.

We need our investments to continue to generate the income required to fund our research. The Board considers that the choice of two investment managers spreads this risk, with each manager deploying different investment strategies. The Board meets both managers regularly (at least twice a year) to carefully review their performance against our objectives. Uncertain times, both politically and

economically, mean that risks can never be completely avoided, but the Board has put in place as many checks and balances as possible to mitigate these risks. A summary of our investment policy and investment objectives is shown below.

In common with many other businesses and charities, ORUK has felt the effects of the cost-of-living crisis. The main focus of this is ensuring that the charity is able to retain its talent, being its staff, offering competitive salaries in line with the cost of living. In addition, the charity offers flexible working arrangements – in 22/23 we successfully trialled a 4-day working week on an informal basis, and we rolled this out more broadly in 23/24. In 24/25, we have made available to all our staff a Wellbeing App – syncing to existing wearables, this App encourages ‘movement’ and enables access to health professionals, including mental health support and mindfulness content.

With a small team, organisational resilience can be a source of concern – the charity looks to mitigate this with its systems, offering ongoing support to its staff, and competitive pay and working arrangements, with flexibility around how and where work is done. Also, many functions are outsourced, which enables us to effectively augment our skill base. The executive team has worked tirelessly and dynamically to embrace change so that it can continue to deliver our charitable aims and objectives.

Whilst not a key risk for ORUK, we do fear that junior investigators and post-docs may decide to move out of academic research simply because funding becomes ever harder to come by. We have seen a sharp decline in the number of applications from the MSK research community, particularly from orthopaedic surgeons, which is in line with what our other research partners are observing in recent years. We are part of a working group investigating the reasons for this decline, which may reflect current workload pressures within the health system. We also published a report into factors behind

the decline – [Where have all the research applicants gone?](#)

Investment policy and objectives

The Board receives quarterly reports from Sarasin & Partners and Rathbones, two investment management companies specialising in the charity field, each of whom handles an investment portfolio on our behalf.

Whilst the investment managers work to various benchmarks and indices, our overarching target for the investment portfolios is a total return of RPI plus 4% per annum on a 3-year rolling basis. Our income target for each fund has previously been around the £320,000 per annum mark. Income received from investments in 23/24 was £620,813 compared to £625,457 in 22/23. Our budget for investment income for 24/25 is for just over £630k across both funds, therefore still not quite at the overall income target level that we would ideally look for. In 23/24 we also looked at fixed term deposit accounts/bonds on the market, achieving a better rate of interest, and in that way topped up our investment income budget – in 23/24 our bank interest received was £38,066 compared to £9,232 in 22/23. We are continuing to monitor savings accounts available to the charity to achieve the best rate possible, particularly as and when our fixed term bonds mature.

The charity has set ethical investment policies for its investment managers, for example, we will not invest in companies trading in tobacco.

Reserves policy

Our reserves policy ensures that we have sufficient funds to cover ongoing commitments and we are able to continue to fund our charitable activities. The trustees review our reserves policy annually and keep the position under careful review at Board meetings to ensure that it evolves with our strategy. Our key income-generating assets are our two properties and our mixed-motive and listed investments (these assets are

marked with an asterisk* in the table on the next page). Maintaining the ‘capital’ value of those assets will be imperative in order to generate sufficient income to sustain our future plans.

After the sale of our trading subsidiary in April 2018, the trustees collectively agreed that the proceeds of the sale should be spent carefully, as this will be the key to enabling us to invest in the long-term, not only in our charitable activities but also in strategic initiatives. We consider that these key assets are effectively ring-fenced to enable us to use the income that is generated from them to support our routine and ongoing running costs. The trustees consider that although there is no legal endowment in place to separate these assets, they should be considered to be endowed and in doing so, the trustees are acting in the spirit of the original intention of the founder of our charity.

At the balance sheet date our designated funds amounted to £28,718,329. Part of this represents our ‘Capital Fund’ [£26,833,829] and our ‘Fabric Fund’ [£250,000]. The remainder represents our ‘Strategy Development Fund’ (SDF) [£1,634,500]. The SDF has been reset at the balance sheet date to the level of our budget for the next financial year for New Research (both academic and non-academic projects) – the SDF encompasses The ORUK Inspiration Fund, The Ronald Furlong Fund, The ORUK Early Career Research Fellowships, and The Joint Partnership Fund. Thanks to monies received from the Medical Research Council for the second year in a row (see our CEO’s message on page 5), we were able to (again) increase our budget for 24/25 for Early Career Researchers, providing key support to this vital sector.

Designations are a choice for the Board and are kept under close review.

Net assets	Unrestricted £	Designated (unrestricted) £	Totals £
Tangible fixed assets	£20,791	£340,878*	£361,669
Investments	£85	£27,971,036*	£27,971,121
Net current assets	£953,612	£791,979	£1,745,591
Long-term liabilities	–	(£385,564)	(£385,564)
Total	£974,488	£28,718,329	£29,692,817

*these are our key income-generating assets, as referred to on the previous page.

Our free reserves

Our free reserves are identified as £953,697; being £974,488 as calculated above, less £20,791 of tangible fixed assets which are illiquid. Our ongoing target is to hold between £750k and £1m in readily available liquid funds in order to cover the running costs of the charity for 12 months, including cashflow requirements in relation to research grant commitments which are significant. On 31st March 2024, cash in our current accounts amounted to £2.1m and we are therefore satisfied that we are continuing to hit our 'liquid funds' target.

Going concern

The financial statements of the charitable company have been prepared on a going concern basis as the trustees have assessed the going concern position and have no reason to believe that there are any material uncertainties that would affect the ability of the charitable company to continue as a going concern for the foreseeable future. In order to plan for future cashflow requirements, the trustees have considered the period covering the next 12 months and have reviewed forecasts for that period in making their assessment.

Plans for future periods

Our work is an investment in the future that will benefit all of us. It will ease the burden on the NHS, reduce workplace sickness and improve the quality of life for millions of people. Pain, immobility, and the resulting isolation are serious issues, but we do not believe they are inevitable. We have outlined earlier in the Trustees Report (on pages 9-10) how our 3-year Strategy guides us and how we have achieved our aims so far. Our Research Strategy for 2024-27 reaffirms our direction of travel over the past few years, which has been based on:

1. Embracing all aspects of MSK health.
2. Broadening our remit beyond orthopaedic surgery to include the important surrounding ecosystem of MSK wellbeing, including physiotherapy.
3. Extending the impact of our investments by partnering with other sources of grant giving.
4. Supporting the work of MSK researchers (especially Early Careers Researchers) including the direct funding of research projects and salaries.

5. Opening-up longer-term opportunities and pathways for researchers by helping translate their research ideas into practice/ process improvements or new products and services.
6. Encouraging junior clinicians to consider a career in MSK research.
7. Supporting the development of a more equal, diverse and inclusive research culture.
8. Helping to make the case for increased research investment in MSK conditions.

We continue to expand the portfolio of our education and training events, offering a variety of topics tailored for the MSK community, including academic scientists, orthopaedic surgeons, and physiotherapists. We will be exploring greater use of online, on-demand content, which we believe will both better serve the needs of healthcare professionals (many of whom lack the time to attend face-to-face training events) and generate additional revenue. We will be testing an online learning platform, focusing on an AI for MSK Health training programme.



or she will then be invited to attend a trustee meeting at which they can ask any further questions before being appointed as a trustee and member of the board.

Key management personnel remuneration

Key management personnel (KMP) of the charity are considered to be the CEO and the trustees. To set the CEO's salary, a sub-committee of trustees undertakes research to benchmark average CEO salaries which is then discussed at an appraisal. Details of KMP remuneration is given in note 15 of the accounts.

Risk management

The risks to which the charity may be exposed are under regular review, and systems and procedures have been established to address and manage those risks. Our risks and the steps taken to address them are further explained on pages 11 to 12.

Fundraising standards information

Our fundraising practices meet the values and principles of ORUK as an organisation. We are registered with the Fundraising Regulator. The impact of Covid-19 led us to cease our fundraising activities. We do not use external professional fundraisers, nor do we employ the services of any fundraising agencies or third parties. Most of our fundraising during the year related to Trust and Foundations and there is currently only a small amount of public fundraising. We will be reviewing the potential value of a more proactive fundraising effort during the next few months. We have ensured that we meet the criteria set by the GDPR data protection regulations and all other relevant codes of conduct. To ensure that we take all reasonable care to protect vulnerable people, we comply with the guidance set out by the Institute of Fundraising. We received no complaints about our fundraising practices during the period.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Committees

In addition to the Board of ORUK, there are three sub-committees that oversee the various activities of the charity: 'Research', 'Finance, Investment and Audit' (FIAC) and a new committee focused on Education. The Research Committee's responsibility is to ensure the integrity of the charity's programme of scientific research support and its relevance and importance to people affected by MSK conditions. The FIAC's responsibility is to help the Board of ORUK Trustees to discharge its fiduciary duties and responsibilities. The Education committee will be shaping our future approach to learning, including the use of new technologies.

Decision making

The Charity has a Board of Trustee Directors who have the requisite skills, knowledge, and experience

to discharge their duties as trustees of this incorporated charitable organisation. Day-to-day management of the charity is delegated to ORUK's leadership team, as detailed on page 3. At periodic meetings, the trustees agree broad strategic activities including investments, reserves, risk management and grant making. On-going performance of the research projects is also reported, as is the performance of the listed investments. The Scientific Advisory Committee (SAC) meets at regular intervals to assist with the review process of our research applications across our available Funds, and to recommend to the Trustees the best projects submitted for funding. The SAC is an independent review panel assessing each project separately to the charity www.oruk.org/about-us/team/#tab_scientific-advisory-committee

Induction and training of new trustees

New trustees are recruited either by recommendation or by advertising in relevant publications or media. A potential trustee then meets the trustees to receive a briefing on the Charity's activities and structure and is given a package of information which includes the agendas and minutes of the Board meetings of the last twelve months. He

Trustees' responsibilities statement

The trustees (who are also directors of Orthopaedic Research UK for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 (FRS 102);
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Trustees' Annual Report, incorporating a strategic report, is approved by order of the Board of trustees, as the company directors, on 11 November 2024

and signed on the board's behalf by:

Adrian Downing
Chair of the Board of Trustees

Independent Auditor's Report to the members of Orthopaedic Research UK

Opinion

We have audited the financial statements of Orthopaedic Research UK (the 'charitable company') for the year ended 31 March 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure 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.

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 are independent of the charitable 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks relating to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remain alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- 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 and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller
(Senior statutory auditor)

Date: 14 November 2024

for and on behalf of Sayer Vincent LLP,
Statutory Auditor

Invicta House, 110 Golden Lane,
London EC1Y 0TG

Statement of Financial Activities

(incorporating an income and expenditure account)

For the year ended 31 March 2024

CURRENT YEAR

	Note	Unrestricted funds £	Restricted funds £	31 March 2024 Total £	31 March 2023 Total £
Income from:					
Donations and legacies	2	8,609	-	8,609	2,528
Charitable activities	4/30	347,671	849,102	1,196,773	949,259
Investments	3	1,104,404	-	1,104,404	1,107,744
Total income		1,460,684	849,102	2,309,786	2,059,531
Expenditure on:					
Raising funds	5	50	-	50	746
Charitable activities	6	1,493,232	586,430	2,079,662	1,716,576
Total expenditure		1,493,282	586,430	2,079,712	1,717,322
Exceptional item					
- reversal of brought forward indemnity provision	21	250,000	-	250,000	-
Net income/(expenditure) before gains		217,402	262,672	480,074	1,717,322
Net gains/(losses) on investments	17	1,538,753	-	1,538,753	(2,446,290)
Losses on revaluation of fixed assets	16	(8,792)	-	(8,792)	(96,711)
Net income/(expenditure)		1,747,363	262,672	2,010,035	(2,200,792)
Transfers between funds	24	262,672	(262,672)	-	-
Net movement in funds		2,010,035	-	2,010,035	(2,200,792)
Reconciliation of funds:					
Total funds brought forward	24	27,682,782	-	27,682,782	29,883,574
Total funds carried forward	24	29,692,817	-	29,692,817	27,682,782

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

PRIOR YEAR

	Note	Unrestricted funds £	Restricted funds £	31 March 2023 Total
Income from:				
Donations and legacies	2	2,528	-	2,528
Charitable activities	4	381,594	567,665	949,259
Investments	3	1,107,744	-	1,107,744
Total income		1,491,866	567,665	2,059,531
Expenditure on:				
Raising funds	5	746	-	746
Charitable activities	6	1,445,315	271,261	1,716,576
Total expenditure		1,446,061	271,261	1,717,322
Losses on revaluation of fixed assets	24	(96,711)	-	(96,711)
Net losses on investments	24	(2,446,290)	-	(2,446,290)
Net expenditure		(2,497,196)	296,404	(2,200,792)
Transfers between funds	24	296,404	(296,404)	-
Net movement in funds		(2,200,792)	-	(2,200,792)
Reconciliation of funds:				
Total funds brought forward	24	29,883,574	-	29,883,574
Total funds carried forward	24	27,682,782	-	27,682,782

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Balance Sheet

For the year ended 31 March 2024

	Note	31 March 2024 Total	31 March 2023 Total
Fixed assets			
Tangible assets	16	361,669	398,076
Mixed motive investments	17	226,510	219,490
Investments	17	27,744,611	26,572,454
		28,332,790	27,190,020
Current assets			
Stock		612	919
Debtors	19	143,596	583,723
Short term deposits		255,000	-
Cash at bank and in hand		3,048,412	2,045,570
		3,447,620	2,630,212
Creditors: amounts falling due within one year	20	(1,702,029)	(1,521,732)
Net current assets		1,745,591	1,108,480
Total assets less current liabilities		30,078,381	28,298,500
Creditors: amounts falling due after more than one year	22	(385,564)	(365,718)
Provisions for liabilities	21	-	(250,000)
Net assets	25	29,692,817	27,682,782
Charity Funds			
Restricted income funds		-	-
Unrestricted funds:			
General funds		974,488	559,490
Designated funds – capital assets fund	29	26,833,829	25,663,292
Designated funds – fabric fund	29	250,000	250,000
Designated funds – strategy development fund	29	1,634,500	1,210,000
Total charity funds	24	29,692,817	27,682,782

The financial statements were approved and authorised for issue by the Board on 11 November 2024

Signed on behalf of the board of trustees

Mr A Downing, Trustee

The notes on pages 23 to 45 form part of these financial statements

Statement of Cash Flows

For the year ended 31 March 2024

	Note	31 March 2024 Total	31 March 2023 Total
Cash flow from operating activities	26	(190,010)	(850,037)
Net cash flow from operating activities		(190,010)	(850,037)
Cash flow from investing activities			
Income from investments	3	620,813	625,457
Rent from investments	3	445,525	473,055
Net interest received	3	38,066	9,232
Purchase of property, plant & equipment	16	(16,128)	(3,752)
Purchase of investments less net cash acquired	17	(1,367,926)	(1,585,005)
Receipts from sale of investments	17	1,727,502	1,391,286
Net cash flow from investing activities		1,447,852	910,273
Net increase in cash and cash equivalents		1,257,842	60,236
Cash and cash equivalents at 31 March 2023		2,045,570	1,985,334
Cash and cash equivalents at 31 March 2024		3,303,412	2,045,570

The notes on pages 23 to 45 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2024

1. Summary of significant accounting policies

Basis of preparation

Orthopaedic Research UK is a charitable company, limited by guarantee, incorporated in England and Wales. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are given on pages 7-8 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102 and these financial statements contain information about the charity as an individual body. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The charity has complied with the requirements of FRS 102, and with the provisions of the SORP currently in effect.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting those financial statements are detailed within the relevant accounting policy below.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from educational training and Escape-pain training events is recognised in full in the period in which the event takes place. Income from government grants is recognised as the performance criteria is met.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payment to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All expenditure is recognised inclusive of VAT, where VAT applies. The charity is able to recover some of its VAT under partial exemption, and this VAT recovery is shown as an expenditure line, rather than being offset against the expenditure on which it was incurred.

Grants payable to third parties are within the charitable objectives. Where grants are offered subject to conditions

which have not been met at the year-end date, these are noted as a commitment but not accrued as expenditure. Research grants payable are recognised in full, as expenditure with a related liability, from the date on which the grants are awarded and communicated.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Assets are capitalised where their cost exceeds £1,500.

Freehold property, for which fair value can be measured reliably, is measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on revaluation of fixed assets' in the SoFA. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. Freehold property includes the space the charity occupies within its London property. See note 16 for further detail.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	not depreciated
Freehold buildings	straight line over 50 years
Fixtures and fittings	20%-25% on cost
Computer equipment & website	33 1/3% on cost

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investment property

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. Investment properties are not depreciated. The trustees have adopted a policy of regular revaluation of investment properties, and will undertake this professionally once every three years, with informal reviews annually. Investment properties include the tenant occupied space in the London and Sheffield properties. See note 18 for further detail.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Mixed motive investments are those held to generate a financial return as well as further the charitable objects. These investments are valued at historic cost and reviewed for indicators of impairment at each balance sheet date. Investments in subsidiary undertakings are valued at historic cost and reviewed for impairment.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stock.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash deposits with financial institutions (including investment managers) that are readily convertible to known amounts of cash with an insignificant risk of change in value.

Short term deposits

Short term deposits include cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Pensions

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Indemnity provisions – as part of the sales agreement relating to JRI, there were a number of indemnity provisions in relation to past events of the entity. The trustees undertook a judgement exercise whereby the varying degrees of probability of each provision was assessed and, as a result, a total provision in relation to indemnities of £575,000 was recorded. In 2019, the trustees updated the judgement exercise and concluded that £325,000 of the provision could be released as not required. This amount was released to the SoFA and was shown as an exceptional item. See note 21. The remaining indemnity's timeframe expired shortly after 31 March 2024 and the amount has been released to the SoFA during the year.

Key sources of estimation uncertainty

The following key sources of estimation uncertainty at the end of the reporting period have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year:

Spread of rent free period (RFP) – the charity has a long-term commitment on premises. The lease commitment is for 40 years, effective January 2017, with a significant RFP. At the end of the RFP, rent will be charged at market value. The charity is accruing for estimated rent calculated using RPI. In prior years, RPI had not been significant, but at the previous balance sheet date inflation was high resulting in a significant adjustment to the accrued rent during that accounting period. As inflation has dropped in the months leading up to 31 March 2024, an adjustment has been made in the year to reduce the rent accrued in the balance sheet. If inflation should rise again in the next financial year, this estimation may be subject to a material adjustment.

2. Donations and legacies

	31 March 2024 £	31 March 2023 £
Donations	8,609	2,528

The donations figure noted above includes both restricted and unrestricted income (where applicable). Unrestricted donations received during the year amounted to £8,609 (2023 – £2,528) and restricted donations received during the year amounted to £nil (2023 – £nil).

3. Investment income (unrestricted)

	31 March 2024 £	31 March 2023 £
Rental income	445,525	473,055
Dividends received	620,813	625,457
Bank interest received	38,066	9,232
	1,104,404	1,107,744

4. Income from charitable activities

	Unrestricted funds £	Restricted funds £	31 March 2024 £	31 March 2023 £
Medical Research Council grant income (see note 10)	-	769,616	769,616	507,701
Education (training courses)	253,601	-	253,601	284,366
Escape-pain (training courses and grant income [see note 6])	92,399	79,486	171,885	155,227
Publishing	1,671	-	1,671	1,965
	347,671	849,102	1,196,773	949,259

The income from charitable activities figure noted above includes both restricted and unrestricted income. Unrestricted income received during the year amounted to £347,671 (2023 – £381,594) and restricted income received during the year amounted to £849,102 (2023 – £567,665).

5. Expenditure on raising funds

	31 March 2024	31 March 2023
	£	£
Fundraising costs	50	746

6. Charitable activities costs

	Direct & support costs	Grant funding of activities 31.3.24 (see note 10)	Totals
	£	£	£
Promoting best orthopaedic practice through education	530,646	-	530,646
Publishing and sponsorship	66,900	-	66,900
Research into best orthopaedic practice	-	1,216,586	1,216,586
Governance costs (note 9)	265,530	-	265,530
	863,076	1,216,586	2,079,662

Charitable activities costs above include support cost allocations, which are analysed in note 9.

Investment management costs are included in governance costs and total £25,875 (2023 - £26,395).

Restricted fund costs in relation to ESCAPE-pain grant income amounted to £82,126 (2023 - £59,964) - actual costs in relation to the grant exceed that figure.

	Direct & support costs	Grant funding of activities 31.3.23 (see note 10)	Totals
	£	£	£
Promoting best orthopaedic practice through education	565,559	-	565,559
Publishing and sponsorship	45,106	-	45,106
Research into best orthopaedic practice	-	811,801	811,801
Governance costs (note 9)	294,110	-	294,110
	904,775	811,801	1,716,576

7. Grants payable

	31 March 2024	31 March 2023
	£	£
Research into best orthopaedic practice	1,216,586	811,801

See note 10 for an analysis.

8. Net income/(expenditure)

	31 March 2024	31 March 2023
	£	£
Net income/(expenditure) on page 19 is stated after charging/(receiving):		
Depreciation - owned assets	42,531	31,660
Foreign currency translation - realised currency losses/(gains)	154	(13,042)

9. Allocation of support cost

Support cost	Research	Promoting (through education & advancement of knowledge)	Fundraising	Governance	31 March 2024 Total
	£	£	£	£	£
Human resources	59,559	24,645	-	121,171	205,375
Premises/insurance	632	262	-	1,286	2,180
Communications & PR	23,682	9,799	-	48,179	81,660
Travel expenses	223	13	-	692	928
Other expenses	24,151	8,346	-	68,393	100,890
Depreciation & loss on disposal	12,686	5,249	-	25,809	43,744
Total	120,933	48,314	-	265,530	434,777

Support costs are allocated to the activities they support based on an apportionment of employees' time spent on each activity. The costs analysed above are included in charitable activities costs (see note 6).

Support cost	Research	Promoting (through education)	Fundraising	Governance	31 March 2023 Total
	£	£	£	£	£
Human resources	60,622	13,990	-	111,918	186,530
Premises/insurance	43,234	9,977	-	79,816	133,027
Communications & PR	13,389	3,076	-	25,128	41,593
Travel expenses	65	8	-	703	776
Other expenses	18,119	4,181	-	57,548	79,848
Depreciation	10,289	2,374	-	18,997	31,660
Total	145,718	33,606	-	294,110	473,434

10. Grant making

CURRENT YEAR

Name of institution	Purpose for which grants made (research)	31 March 2024 £
Queen Mary University of London (QMUL)	JPF - the effect of mental health on knee replacement outcomes	98,725
Aston University	JPF - modelling of the spinal cord for greater understanding of aetiology and management of compressive spinal cord pathology	30,000
University of Manchester	JPF - investigating the biomechanical and functional outcomes of autologous chondrocyte implantation	56,419
Keele University	JPF - big data analyses of the long-term benefits of knee cartilage surgery	55,000
Medtech	JPF - MSK Accelerator Programme, supporting early career researchers translate their early-stage MedTech innovations	125,000
British Hip Society	JPF - day case hip replacement in the NHS: a registry-based national cohort study	55,000
Uni Hospitals of Leicester	JPF - surgical treatment of pathological posterior medial meniscal extrusion	30,000
British Orthopaedic Association (BOA)	JPF - mesenchymal stromal cells in cartilage regeneration	32,500
BOA	JPF - can a novel machine learning algorithm for analysis of pelvic radiographs improve the prediction of hip displacement in cerebral palsy?	16,660
Northumbria University	ECRF - development and feasibility of a digital health intervention to encourage exercise maintenance after falls prevention exercise programmes end	105,200
Cardiff University	IF - identifying objective measures of sex-specific pain in humans that can be used diagnostically to target treatment	47,000
University of Birmingham	ECRF - torque visuo-motor feedback training: a new way to manage patella tendinopathy	105,300
Royal Infirmary of Edinburgh	IF - development of a diagnostic protocol to aid the investigation and management of posterior malleolus ankle fractures	23,000
University of Oxford	IF - improving wrist injury pathways	45,000
University of Exeter	IF - developing a core outcome set for studies of patients sustaining periprosthetic femoral fractures	38,000
QMUL	ECRF - establishing the feasibility of real-world surveillance of orthopaedic devices using routinely collected data	50,000
University of Cambridge	JPF - a precision health approach to osteoarthritis	50,000
University of Reading	JPF - machine learning-enabled decision support system to improve early detection and referral of rheumatic and MSK diseases	100,000
Seed Funding Prizes		4,500
University of Nottingham	project underspend (see note below)	(3,412)
Newcastle University	project underspend (see note below)	(1,533)
University of Bristol	project underspend (see note below)	(13,923)
SWLEOCUB	project underspend (see note below)	(16,667)
University of Edinburgh	project underspend (see note below)	(4,336)
Grants to institutions		1,027,433

10. Grant making (cont...)

CURRENT YEAR (CONT..)

	31 March 2024
	£
Patent fees, Scientific Advisory Committee costs, research staff costs and research specific promotion	68,220
Direct costs of grant making	1,095,653
Support costs of grant making – see note 9	120,933
TOTAL COSTS OF GRANT MAKING	1,216,586

JPF= Joint Partnership Fund ;IF= Inspiration Fund; ECRF= Early-career Research Fellowship

The projects marked with an asterisk (*) above are shown within restricted fund expenditure. During the year the charity received grant monies of £769,616 (2023 - £507,701) from the Medical Research Council to be used to support early-career researchers. Restricted expenditure on research grants during the year amounted to £504,304 (2023 - £211,297) and unrestricted expenditure on research grants during the year amounted to £523,129 (2023 - £439,639).

Occasionally universities, for various reasons, do not spend all the funds that they initially requested to carry out their research activities. There is a provision in the contract signed between the parties that enables ORUK to ask for any 'underspend' monies to be returned to the charity. The adjustments above relate to refunds of unspent funds, or credits of agreed funding, where the universities have confirmed that not all of the grant was required.

10. Grant making (cont...)

PRIOR YEAR

Name of institution	Purpose for which grants made (research)	31 March 2023 £
Northumbria Healthcare NHS Foundation Trust	JPF - using an AI system to predict outcomes for surgical patients	55,000
Northumbria Healthcare NHS Foundation Trust	JPF - study of patients undergoing primary hip and knee replacement in the United Kingdom*	28,343
Newcastle Upon Tyne NHS Foundation Trust	JPF - development of patient cell lines to investigate the pathophysiology of osteogenesis imperfecta and the mechanotransduction of these cells during mechanical strain	32,500
University of Cambridge	JPF - femoroacetabular impingement and hip osteoarthritis: identifying new treatment targets	30,000
Manchester Metropolitan University	ECRF - development of a 3D ultrasound imaging technique with auto-segmentation	108,000
Queen Mary University of London	IF - defining the pro-nociceptive role of neutrophils in chronic widespread pain	30,000
University College London	ECRF - MRI assessment of reinnervated muscle for an ibuprofen trial	110,000
Royal National Orthopaedic Hospital NHS Trust	IF - virtual reality plus sensory feedback for the management of chronic musculoskeletal pain in adults	49,954
King's College Hospital London	IF - does small fibre neuropathy predict the development and progression of Charcot neuroarthropathy bone and joint destruction (a pilot study)	50,000
Staffordshire University	IF - evidence based guidelines for the optimal design of rigid ankle-foot orthosis	48,000
University of Oxford	ECRF - reduction of 'non-specific' anterior knee pain after total knee replacements by the diagnosis of patella mal-tracking using a novel ultrasound method in the clinic	110,000
University College London	project underspend (see note below)	(354)
Newcastle University	project underspend (see note below)	(507)
Grants to institutions		650,936
Patent fees, Scientific Advisory Committee costs and research specific promotion		15,147
Direct costs of grant making		666,083
Support costs of grant making – see note 9		145,718
TOTAL COSTS OF GRANT MAKING		811,801

11. Auditor's remuneration

Amounts payable to the auditor for statutory audit services of the charity, excluding VAT, are £14k (2023 - £13k).

Amounts payable to the auditor and its associates for other services (tax advisory) of the charity, excluding VAT, are £nil (2023 - £1k).

12. Trustees' remuneration and benefits

No trustees received remuneration or benefits from the charity. One trustee, Mr M Gouldstone, is also a director of Novara Therapeutics Ltd - no remuneration or benefits was received for this but travelling expenses of £43 was reimbursed in the year.

At the balance sheet date, there were two ongoing research projects where trustees were involved as collaborators/supervisors - the expenditure on these was recognised in previous years. The trustees involved were Mr K Tucker and Mr M Reed.

Collaboration/supervising means being part of the research team, supervising the primary researcher. Neither trustee received any remuneration or benefits in relation to this collaboration work. As outlined in the charity's Articles, the trustees declared their conflict of interest in relation to these research projects and excused themselves from discussions on both the Scientific Advisory Committee and on the Research Committee.

Trustees' expenses

Expenses totalling £149 (2023 - £410) were paid to 2 trustees in the year (2023 - 3) by the charity, representing reimbursement of travelling expenditure. In addition, the charity expended £5,617 (2023 - £8,332) on hosting trustee meetings and away-day strategy meetings.

13. Staff costs and employee benefits

	31 March 2024	31 March 2023
	£	£
Wages and salaries	400,726	382,224
Social security costs	40,865	38,761
Employer's contribution to defined contribution pension schemes	34,790	24,779
	476,381	445,764

The amount of £476,381 (2023 - £445,764) above includes £131,551 (2023 - £120,157) of employee benefits received by key management personnel, including the CEO, for services to the charity. Key management personnel are defined on page 14.

14. Staff costs

The average number of employees, by headcount, in the period was as follows:

	2024 (Charity) Number	2023 (Charity) Number
Charitable activities	7	6
Governance	2	2
	9	8

The charity pays contributions into a money purchase group personal scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid into the scheme by the charity in the period were £34,790 (2023 - £24,779). The pension creditor at the period end was £2,555 (2023 - £nil).

The number of employees who received total employee benefits (excluding employer pension costs and employer social security costs but including benefits in kind) of more than £60,000 was as shown in the table below.

	2024 Number	2023 Number
£90,000 - £99,999	-	1
£100,000 - £109,999	1	-

15. Related party transactions

There are no related party transactions other than those disclosed in notes 12 and 13.

16. Tangible fixed assets

	Freehold land & buildings	Fixtures, fittings & equipment	Totals
	£	£	£
COST/VALUATION			
At 31 March 2023	491,718	92,711	584,429
Additions	-	16,128	16,128
Disposals	-	(3,356)	(3,356)
Revaluations	(8,792)	-	(8,792)
At 31 March 2024	482,926	105,483	588,409
DEPRECIATION			
At 31 March 2023	140,412	45,941	186,353
Charge for the year	1,636	40,895	42,531
Disposals	-	(2,144)	(2,144)
At 31 March 2024	142,048	84,692	226,740
NET BOOK VALUE			
At 31 March 2024	340,878	20,791	361,669
At 31 March 2023	351,306	46,770	398,076

The freehold building relates to the charity-occupied part of 10a Chandos House in London. This building was acquired in January 2008. The property was recognised at fair value on transition to SORP (FRS 102) using a previous fair value valuation. The building is being depreciated from the FRS 102 transition date of 1/4/14 and has a net book value of £340,878; land is not depreciated. The historic cost equivalent of this asset at net book value is £389,097, and depreciation at historic cost would be £351. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. The freehold property was subject to an formal valuation on 31/3/24. The valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. Further information on property valuations is contained in note 18.

17. Fixed asset investments

	Unlisted investments	Mixed motive investments	Investment properties (18)	Listed investments	Totals
	£	£	£	£	£
COST/ MARKET VALUE					
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944
Revaluations	-	-	13,792	1,524,961	1,538,753
Additions	-	7,020	-	1,360,906	1,367,926
Disposals	-	-	-	(1,727,502)	(1,727,502)
At 31 March 2024	85	226,510	7,187,074	20,557,452	27,971,121
NET BOOK VALUE/FAIR VALUE					
At 31 March 2024	85	226,510	7,187,074	20,557,452	27,971,121
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944

In addition to the investment management costs which have been disclosed in note 6, one of our fund managers (Sarasin & Partners) charges a range of ongoing, explicit, and implicit charges which have not been presented as expenditure in the accounts. The cost applied is approximately 1% of the average portfolio value which is deemed immaterial to the accounts. Income from investments is shown in note 3. Shares in group undertakings were included at cost less impairment. Investment properties and listed investments are included at market value. This is commented on in more detail in note 18 below. Unlisted investments are included at cost which at the year end is considered to be the equivalent of market value.

The unlisted investment above relates to an 85% shareholding in a subsidiary undertaking, Novara Therapeutics Limited, a company registered in England and Wales under company number 12841228. The subsidiary has been excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view. The company's aggregate liabilities at 31/3/24 were £28,818 (2023 £26,934), it had no turnover in the accounting period and its loss for the year was £1,884 (2023 £1,780).

17. Fixed asset investments (cont...)

	Unlisted investments £	Mixed motive investments £	Investment properties £	Listed investments £	Totals £
COST/ MARKET VALUE					
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514
Revaluations	-	-	(773,290)	(1,672,999)	(2,446,289)
Additions	-	9,495	-	1,575,510	1,585,005
Disposals	-	-	-	(1,391,286)	(1,391,286)
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944
NET BOOK VALUE					
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514

18. Investment properties

The charity has two investment properties – the London property is the tenant-occupied part of 10a Chandos House in London and the Sheffield property is in Chapeltown in Sheffield.

The investment properties were last subject to independent, professional valuation as at 31/3/24. The property valuations were undertaken by Colliers International Property Consultants Limited, a firm of independent valuers. Both valuations were carried out in accordance with the requirements of the RICS Valuation – Professional Standards Manual. The historic cost equivalent of these assets is £4,411,349 and £3,498,868 respectively.

The trustees carry out a formal valuation of properties every three years, checking in with valuers in between.

The Sheffield property was valued at £3.825m on a formal valuation basis on 31/3/24.

The London property was valued at £3.845m on a formal valuation basis on 31/3/24. Adjustments for both properties have been reflected in the year.

It remains the trustees' current intention to hold both properties for the long term.

19. Debtors: amounts falling due within one year

	31 March 2024 £	31 March 2023 £
Trade debtors	10,168	476,562
Other debtors	25,948	5,558
Amounts owed by group undertakings	27,480	25,596
Prepayments and accrued income	80,000	76,007
	143,596	583,723

20. Creditors: amounts falling due within one year

	31 March 2024 £	31 March 2023 £
Trade creditors	91,159	72,153
Grants payable	1,092,522	864,156
Taxation and social security	28,538	42,487
Other creditors	57,445	44,993
Accruals and deferred income	432,365	497,943
	1,702,029	1,521,732

Deferred income includes monies held for courses to be held in the next financial year amounting to £54,300 (2023 - £89,983), and rents invoiced in advance, amounting to £127,619 (2023 - £133,714).

	31 March 2024 £	31 March 2023 £
Balance at the beginning of the period	223,697	179,912
Amount released to income in the period	(223,697)	(179,912)
Amount deferred in the period	181,919	223,697
Balance at the end of the period	181,919	223,697

21. Reconciliation of grant commitments and provisions

	31 March 2024 £	31 March 2023 £
Grant commitments at 31 March 2023	1,229,874	1,039,847
Grants adjusted/charged in the period (note 10)	1,027,433	650,936
Grants paid in the period	(779,221)	(460,909)
Grant commitments at 31 March 2024	1,478,086	1,229,874

	31 March 2024 £	31 March 2023 £
Provisions at 31 March 2023	250,000	250,000
Indemnity provision released in the period	(250,000)	-
Provisions at 31 March 2024	-	250,000

As part of the sales agreement relating to JRI, ORUK committed to a number of indemnity provisions relating to past JRI events. The indemnities had specific, but varying, time periods applied. For each of the indemnities, the trustees considered the likelihood of the provision crystallising and concluded that provision in the accounts should be made for those considered most probable. Just after the balance sheet date, and prior to the date of signing these accounts, all time periods applied to the indemnities have expired and the trustees consider that the provisions brought forward from the prior year should be released to the SoFA. More information is supplied in note 27.

22. Creditors: amounts falling due after more than one year

	31 March 2024 £	31 March 2023 £
Grants payable	385,564	365,718

23a. Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods. Lease payments recognised as an expense are shown below in italics:

		31 March 2024	31 March 2023
		£	£
Less than one year		3,458	3,458
Two to five years		-	-
Over five years		487,953	908,028
		491,411	911,486
Land and buildings	<i>see note 1 included in support cost allocation</i>	487,953	908,028
Other (HR contract)	<i>£3,458 included in support cost allocation</i>	3,458	3,458
		491,411	911,486

23b. Operating lease commitments receivable as a lessor

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods, and all relate to land and buildings:

		31 March 2024	31 March 2023
		£	£
Less than one year		387,641	410,046
Two to five years		562,635	893,216
Over five years		-	-
		950,276	1,303,262

24. Fund reconciliation

	Balance at 31 March 2023	Income	Expenditure	Transfers	Gains	Balance at 31 March 2024
	£	£	£	£	£	£
Other charitable funds	27,682,782	1,460,684	(1,493,282)	262,672	1,779,961	29,692,817
Restricted	-	849,102	(586,430)	(262,672)	-	-
	27,682,782	2,309,786	(2,079,712)	-	1,779,961	29,692,817

Of the £29,692,817 of other charitable funds above, £28,718,329 has been identified as being 'designated' at the period-end; this is further explained in note 25a and note 29. The purpose of the designated fund is to ring-fence key income-generating assets so that the charity can continue with its charitable activity of investing in research, and to enable the charity to invest in its fundraising plan to realise its vision of 'pain-free movement for all'.

See note 30 for an analysis of the transfer from restricted to unrestricted funds.

	Balance at 31 March 2022	Income	Expenditure	Transfers	Losses	Balance at 31 March 2023
	£	£	£	£	£	£
Other charitable funds	29,883,574	1,491,866	(1,446,061)	296,404	(2,543,001)	27,682,782
Restricted	-	567,665	(271,261)	(296,404)	-	-
	29,883,574	2,059,531	(1,717,322)	-	(2,543,001)	27,682,782

25a. Analysis of net assets between funds (current period)

	General £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	20,791	340,878	-	361,669
Investments	85	27,971,036	-	27,971,121
Net current assets	953,612	740,212	-	1,693,824
Long term liabilities	-	(385,564)	-	(385,564)
Provisions	-	-	-	-
Net assets at 31 March 2024	974,488	28,666,562	-	29,641,050

25b. Analysis of net assets between funds (prior period)

	General Unrestricted £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	46,770	351,306	-	398,076
Investments	85	26,791,859	-	26,791,944
Net current assets	512,635	595,845	-	1,108,480
Long term liabilities	-	(365,718)	-	(365,718)
Provisions	-	(250,000)	-	(250,000)
Net assets at 31 March 2023	559,490	27,123,292	-	27,682,782

26. Reconciliation of net income to net cash flow from operating activities

	31 March 2024	31 March 2023
	£	£
Net income for period	2,010,035	(2,200,792)
Dividends received	(620,813)	(625,457)
Interest receivable	(38,066)	(9,232)
Depreciation of tangible fixed assets	42,531	31,660
(Gains)/losses on investments and on revaluation of fixed assets	(1,779,961)	2,543,001
Reverse indemnity provision	250,000	-
Loss on disposal of tangible fixed assets	1,212	-
Rent from freehold investment property	(445,525)	(473,055)
Decrease in stock	307	408
Decrease/(increase) in debtors	440,127	(480,504)
(Decrease)/increase in creditors	(49,857)	363,934
Net cash flow from operating activities	(190,010)	(850,037)

Cash and cash equivalents at 31 March 2024 were £3,303,412 (2023 - £2,045,570). This amount is analysed as £3,002,971 (2023 - £2,044,848) of bank balances, £300,441 held by investment houses as 'cash' balances available to invest (2023 - £220) and £nil (2023 - £502) of cash.

ANALYSIS OF CHANGES IN NET DEBT

	Balance at 31 March 2023	Cashflows	Balance at 31 March 2024
	£	£	£
Cash	2,045,350	957,621	3,002,971
Cash-equivalents	220	300,221	300,441
Grants falling due within 1 year	(864,156)	(280,133)	(1,144,289)
Grants falling due in more than 1 year	(365,718)	31,921	(333,797)
	815,696	1,009,630	1,825,326

27. Contingent liabilities

As outlined in note 21, in prior periods ORUK committed to a number of indemnity provisions – initially these were provided for within the accounts but as the likelihood of these crystallising reduced, the provisions were reversed. As of the prior balance sheet date, of the four indemnities committed to, three had already fallen outside the time limit restriction, and one remained provided for in the accounts. The remaining indemnity period expired shortly after 31/3/24 and, at the date of signing the accounts, there are no contingent liabilities remaining.

28. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is not to exceed £10.

29. Analysis of designated funds

		31 March 2024	31 March 2023
An analysis of the funds is given below:		£	£
Strategy Development Fund	<i>new research (academic and non-academic)</i>	1,634,500	1,210,000
Fabric Fund	<i>ongoing maintenance to Furlong House (grade II listed)</i>	250,000	250,000
Capital Fund	<i>to ring fence key income generating assets</i>	26,833,829	25,663,292
		28,718,329	27,123,292

Included within the Strategy Development Fund is additional funding to be made available to support early career researchers.

30. Analysis of restricted fund

		Medical Research Council £	Innovate Grant £	Total restricted funds 31.3.24 £
Grant monies received	<i>note 4</i>	769,616	79,486	849,102
Grant projects funded in year	<i>note 10</i>	(504,304)	-	(504,304)
Grant expenditure	<i>note 6</i>	-	(82,126)	(82,126)
Transfer from restricted to unrestricted funds	<i>note 24</i>	(265,312)	2,640	(262,672)
		-	-	-

The transfer of £265,312 above relates to the monies received from the Medical Research Council – the transfer relates to expenditure incurred in previous years, recognised as per the accounting policy and, at the time, treated as expenditure within unrestricted funds. The funding aims to protect the pipeline of early career researchers (ECRs) and to help support the charity research sector regain its pre-COVID levels of research and innovation investment in the UK. It was available to support ECRs and research grants active in FY 2023/24 based in a UK organisation eligible for UKRI research funding – the funding provided through this scheme must be used to support the researchers and projects submitted to the scheme.

The transfer of £2,640 above relates to the grant received from Innovate in relation to the ESCAPE-pain programme – this is expenditure incurred on an Independent Accountants Report that cannot be claimed as part of the grant expenditure and has therefore been treated as expenditure within unrestricted funds. The funding was awarded to a project consortium (of which ESCAPE-pain was a part) looking at a market-demand-led and co-designed solution to transform community gyms and leisure centres into 'MSK hubs'. This project has the potential to save the NHS >£200m by 2030.



Orthopaedic Research UK
Furlong House
10a Chandos Street
London W1G 9DQ

+44 (0)20 7637 5789

info@oruk.org

www.oruk.org

UK Registered Charity No. 1111657



Accounts

Orthopaedic
Research UK



Let's

advance

Annual Report
and Accounts
2022-23

Contents Page

Charity Reference and Administrative Details	3
Messages from our Chair and Chief Executive	4- 5
Report of the Trustees	7 - 14
Independent Auditor's Report	15 – 17
Statement of Financial Activities (including an Income and Expenditure Account) current period	18
Statement of Financial Activities (including an Income and Expenditure Account) comparative	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 - 42



Orthopaedic Research UK

Reference and Administrative Details for the Year Ended 31 March 2023



Charity registration number	1111657
Company registration number	5585452
Trustees	Dr C J Ball Ms J Chong (appointed 26.5.23) Mr A H Downing (Chair) Mr M Gouldstone Mrs S Harkness Mr P E Harrison (resigned 27.6.23) Professor N Rushton Professor M Santin (resigned 22.2.23) Mr J K Tucker
CEO/CFO ORUK leadership team	Dr A Angadji / Mrs C Barnard Mrs D Palmer (Executive Officer) Miss R Threadgold (Head of Education and Events)
Registered office	Furlong House 10a Chandos Street London W1G 9DQ
Principal place of operations	Furlong House 10a Chandos Street London W1G 9DQ
Auditor	Sayer Vincent Chartered Accountants & Statutory Auditors 108-114 Golden Lane London EC1Y 0TL
Solicitor	Weightmans 105 Fenchurch Street London EC3M 5JG
Bankers	National Westminster Bank plc 10 Marylebone High Street London W1U 4BT
Investment managers	Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Rathbone Brothers Plc 8 Finsbury Circus, London EC2M 7AZ

Message from our Chair

The focus of any charity should be on its benefit to society. Our aim is to make a difference over the short, medium, and longer term. The societal benefit from our research investments can be typically measured over the longer term, and we will continue to be one of the most significant funders of orthopaedic and MSK research in the UK.

However, at a time of unprecedented demand we must also invest in areas capable of delivering a more immediate impact. This means strengthening our network of like-minded individuals, organisations, and partners, and increasing our investments in education and start-ups.

We have come to realise that our network and our skills as networkers can make a real difference to the ways in which MSK care is researched and funded. When we connect people with great ideas, with funders and delivery partners, we accelerate the adoption of those ideas. When we organise conferences to debate important topics within MSK health, we quickly share knowledge, highlight needs, and connect stakeholders.

This approach allows us to generate a significant amount of impact despite our relatively small size. The success of our AI in Orthopaedics initiative, which has attracted new investment from government, research charities and the world's largest technology businesses, demonstrates the reach and power of our network. I expect the impact from our MSK for the Workplace initiative – given the potential benefits for people, government, employers, and society in terms of improved mental health and national productivity and prosperity – to be even more significant. Our role is to facilitate, connect and enable.

Our educational offer has also broadened over the past few years to embrace a wider range of healthcare professionals, including primary care and allied healthcare professionals. We have more than doubled the number of courses we offer. Every time an individual applies their learning from one of our courses to patients, it means we have delivered an immediate impact to many people in need and a benefit to society.

The widening of our focus as a charity has required us to expand our specialist skillsets. I would like to thank our Trustees for dedicating their time, energy, and expertise to support our executive team. I would also like to express my gratitude to Professor Matteo Santin and Peter Harrison for their dedicated service as Trustees during their terms, and extend a warm welcome to Jenny Chong, who we are thrilled to have join our Board of Trustees.

This is an exciting time for ORUK. The challenges we collectively face in the MSK sector are enormous, but we continue to demonstrate that a small charity with a clear strategy can make a big difference.

Adrian Downing,
Chair of the Board of Trustees



Message from our Chief Executive

The last 12 months has seen a significant acceleration in the delivery of our long-term strategy.

We have in place a broad range of partnerships with academic institutions, charities, entrepreneurs, and major corporations. In addition we have received over half a million pounds from the Medical Research Council to support early career researchers, successfully embedded ESCAPE-pain and launched three significant initiatives on the application of AI to orthopaedics, sustainability and MSK Health for the Workplace.

Our AI in Orthopaedics conference, in association with the Royal College of Surgeons of England and British Orthopaedic Association, was the first national conference dedicated to the role of AI and big data within orthopaedics. It provided an important opportunity to highlight barriers impeding the application of AI, including access to high quality data. We have subsequently secured commitments from Microsoft to fund an AI training programme for surgeons and allied health professionals, and from the National Institute for Health and Care Research (NIHR) to highlight the importance of AI research for MSK health in its Invention for Innovation (i4i) programme. Our partnership with Versus Arthritis, focusing on the application of AI to MSK, will start accepting applications imminently.

We have initiated an MSK Health for the Workplace programme, in association with the Arthritis and Musculoskeletal Alliance. This will focus on improving the MSK health of the working age population at a time when more than 2.5 million people are currently unemployed in the UK due to health-related issues, including back and neck pain. The programme will include research, funding for innovation, policy papers, educational programmes, and events.

Other important initiatives during the past 12 months have included partnerships with the British Orthopaedic Medical Students Association (BOMSA) and British Orthopaedic Trainees Association (BOTA) focused on the next generation of orthopaedic specialists and medical researchers, plus an additional partnership with BOTA on sustainability in orthopaedics. AI, sustainability, and workplace health are likely to become our three most important activity strands during the next 12 months.

We have also formed a new partnership with Imperial College London to help Early Career Researchers translate their innovative ideas into real benefits for patients through an intensive part-time venture building training programme specifically for MSK projects.

Poor MSK health is a multi-dimensional, multi-generational problem that has a profound impact on individuals, workplaces, and our health system. We see the purpose of our charity as mobilising the whole MSK community to keep pushing at research boundaries, encouraging innovation, and helping to educate the next generation of healthcare professionals.

We are particularly grateful to our partners within leading institutions including the National Institute for Health and Care Research (NIHR), Royal College of Surgeons of England, the British Hip Society, Royal College of Surgeons of Edinburgh, British Orthopaedic Association, British Association for Surgery of the Knee (BASK), National Joint Registry (NJR), British Scoliosis Society (BSS), British Association of Spine Surgeons (BASS) and the Daphne Jackson Trust. Together we are making a difference.

Dr Arash Angadji,
Chief Executive



Our impact at a glance

(key performance indicators 2022/23)

Research

11

new projects
funded

£651k

invested

£507k

co-funding secured
from Medical
Research Council

£145k

co-funding
secured from other
partners

Education

99

events

4,211

people educated

£439k

income generated
(including
ESCAPE-pain)

Introduction



to 11 research projects worth £776,038 in 2021/22.

Along with other organisations involved in funding medical research, we have noted a reduction in the number of applications. We are part of a working group investigating the reasons for this decline, which may reflect current workload pressures within the health system.

We publish the results of our research at the end of the studies to demonstrate the impact of our funding. Our measures for success are:

- Increased awareness of our research among professionals and patients.
- The nurturing of talent within the field of MSK medicine.
- The recruitment of advocates for our research within the broader MSK community.
- Securing co-funding from partners for our research projects.
- Translation of research results into measurable benefits for patients and the NHS.

Our most significant co-funded project was an award of £507,701 from the Medical Research Council. In addition, we attracted £145,843 from our other partners to co-fund research during 2022-23.

We have started using Researchfish to capture the outputs and impacts of the research we fund. This is an online system developed specifically for collecting research outputs on behalf of funding organisations and is used by hundreds of research funders across the world. It provides us with vital information about the impact of the research we fund, ensuring we have a comprehensive picture of the outputs from our research portfolio.

To fund education, primarily through workshops, training courses, lectures, virtual conferences, and webinars that will improve knowledge of prevention, diagnosis, treatment and the management musculoskeletal conditions. Our ambition is to be

The trustees present their report and the audited accounts for the year ended 31 March 2023.

The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Information required to be disclosed under Schedule 7 of the Companies Act 2006 are disclosed within the Strategic Report, which starts on page 11.

Objectives and Activities

Our principal, and over-riding, objectives are to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnership to advance knowledge and awareness of bone, joint and muscle health in the UK. These are the objects as set out in our governing document. Our specific aims and significant activities to achieve those principal aims are outlined below, along with the activities undertaken to achieve them.

To fund high quality research and innovation at centres of excellence in the field of musculoskeletal (MSK) medicine to support bone, joint and muscle wellbeing in the following areas:

1. Diagnosis – understanding the pathogenesis (the origin or development) of MSK conditions.
2. Treatment – exploring strategies to tackle pre-existing MSK conditions (including assessment of their effectiveness) to improve the quality of a patient's life.

We funded 11 new research projects worth £651,797 in 2022/23, compared

the leading provider of continuous learning in MSK health in the UK and the first stop for MSK health education in the UK, starting with medical students.

During the past year we staged 99 events and in total we educated (including the ESCAPE-pain programme) 4,211 people with the support of 516 faculty members. On average, 94% of participants rated our events as 'excellent' or 'good' in terms of educational value. Income from events was £284,366 in 2022/23 compared to £219,231 in 2021/22, and from ESCAPE-pain training £95,263 in 2022/23 compared to £85,081 in 2021/22.

Our blended learning model – a mix of online and face-to-face tuition – has enabled us to expand the range of our offer and reach a more diverse audience, including healthcare professionals in developing markets where affordability can be an issue.

We are increasing the number of interdisciplinary events to encourage more collaborative working and are involved in initiatives to address recruitment shortfalls in orthopaedics and orthopaedic research through training partnerships with the British Orthopaedic Medical Students Association (BOMSA) and British Orthopaedic Trainees Association (BOTA). We are also working with BOTA in an initiative to promote sustainability in orthopaedics and with the Royal College of Podiatry on a webinar series.

Since joining ORUK in 2021, the ESCAPE-pain programme has achieved the following milestones:

- More than 250 sites are running the programme.
- More than 3,600 participants have gone through the programme and more than 850 trained to deliver the programme.
- The programme is estimated to have achieved savings of £4.5m for health and social care budgets.

In January 2023 it was announced

that a national pilot programme to transform leisure centres, swimming pools, and gyms into musculoskeletal (MSK) health hubs – designed and provided in collaboration between Good Boost, ukactive, Orthopaedic Research UK, ESCAPE-pain, and Arthritis Action – has been expanded to 100 sites across the UK. The pilot aims to show how the programme could reduce pressure on acute healthcare services in primary and secondary settings by managing conditions in community settings which are more easily accessible.

To provide information about our charitable activities to the general public through publishing and funding awards and prizes for outstanding publications and presentations in the field of MSK.

We have two books in publication which provide preparation aids for the FRCS (Orth) examinations and complement our basic science training courses. Sales to orthopaedic trainees of both publications form part of our fundraising strategy. They are available to buy online or at our course events. During the year we sold 62 books, a 20% decrease on the previous year, which is an expected result considering that the books were published some years ago. We are aiming to produce another educational product aimed at primary care professionals in 2023.

Orthopaedic Basic and Clinical Science for the Postgraduate Examination

by S.J. Dawson Bowling (Author), I.R. McNamara (Author), B.J. Ollivere (Author), T.W.R. Briggs and Brigitte Scammell (Forewords), A. Angadji (Editor).



Our three-year strategy

In addition to the over-arching objectives as outlined in the previous section, our operating decisions continue to be shaped by our 2020–2023 Strategy, which is built on 10 strategic initiatives:

1. Focus our investments on unmet patient needs and specifically on diagnosis and treatment – we do this by making funding available via The ORUK Inspiration Fund and The ORUK Early-career Research Fellowships which are designed to support innovative projects that meet unmet needs and help patients achieve a better quality of life. These are open to orthopaedic surgeons, scientists, and physiotherapists.

During the past 12 months we have continued to fund high quality applicants across a wide range of research areas from rare MSK conditions and orthopaedic components to advanced imaging and data analytics.

2. Extend the impact of our investments and attract additional funding for orthopaedic health by partnering with other sources of grant giving.

We partner with other organisations including the Royal College of Surgeons of England, the Royal College of Surgeons of Edinburgh, and the British Hip Society. By 'match-funding' we are able to support more of the MSK community than we would be able to do alone, and this funding is available via the **Joint Partnership Fund**. We have received over half a million pounds from the Medical Research Council to support early career researchers.

3. Broaden our remit beyond pure orthopaedics to include the important surrounding ecosystem of orthopaedic wellbeing, including physiotherapy.

We do this primarily through the delivery of the ESCAPE-pain programme, which:

- Broadens our focus beyond surgery to include education and research into the (non-surgical) management of MSK conditions – an essential requirement with surgical capacity unlikely to ever be sufficient to meet demand.
- Enables us to respond to capacity constraints within the system by opening-up new modes of delivery within a non-healthcare setting (community and leisure centres).
- Provides opportunities to collaborate with partners outside the health sector, such as Sport England, CIMSPA and private leisure operators, further growing the scale, reach and impact of our MSK community.
- Aligns us with government priorities. In his Spring Budget 2023, Jeremy Hunt, Chancellor of the Exchequer announced a commitment to ‘turn community hubs and leisure centres into MSK hubs which deliver evidence-based support for MSK conditions in England so more people can access treatment.’

Our educational programme has also been broadened to embrace primary care professionals, physiotherapists, and allied disciplines.

4. Build an influencer network across the orthopaedic ecosystem including clinicians, academics, GPs, physiotherapists, specialist medical member associations, entrepreneurs, and investors. One sign of the growth of our network is the doubling of our following on LinkedIn during the past 12 months.

5. Mobilise this influencer network to become a ‘movement’ that champions the importance of musculoskeletal health and the need for increased investment across the system.

Our planned MSK Health for the Workplace initiative is a good example of how we intend to mobilise our community to focus on the MSK health needs of the working age population, at a time when 2.5 million people are currently unemployed in the UK due to health-related issues, including back and neck pain.

6. Operate as a facilitator – connecting innovators with funders, academics with clinicians, and encouraging collaboration across the whole MSK community.

The success of our AI in Orthopaedics initiative demonstrates the increasing power and influence of our MSK network.

7. Invest in entrepreneurial people and organisations delivering

breakthrough innovations
– **The Ronald Furlong Fund**

is designed to support the development of innovative and commercially viable ideas from a UK-based start-up that solve the unmet needs of society around bone, joint and muscle well-being.

To date we have invested in three start-up companies from this fund – Renovos Biologics, which is pioneering the use of a nanoclay in an injectable gel form that can carry biologic drugs capable of augmenting bone tissue regeneration; Novara Therapeutics, a joint venture company in which we have partnered with investment company Embryo Ventures to commercialise the world’s first patented bio-specific solution for the targeted diagnosis and treatment of bone microfractures; and Raddi Devices, a company that uses state-of-the-art AI and biomechanical modelling to help clinicians design better fitting prosthetic sockets for people with limb loss or limb difference.

8. Expand the breadth and depth of our educational programme to include more on and off-line courses and more subjects designed to appeal to a broader audience, including GPs and physiotherapists – our educational programme is based on a blended model of virtual and in-person events (as well as recorded events available to purchase and download) that will improve knowledge of prevention, diagnosis, treatment, and the management of MSK conditions.
9. Review and challenge our investment strategy and cost base to ensure the maximum impact
10. Report our programmes and impact openly and share our learnings with partners and collaborators. We annually publish our impact report (www.oruk.org/about-us/our-impact/download) to demonstrate our progress against our strategy.



Grant making policy

We consider the support of grant applications that are within the scope of our charitable aims; that is to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance bone, joint and muscle wellbeing in the UK. More information on the funding that is made available is given on our website at www.oruk.org/research/. This provides information on the available funds, as well as examples of recent research projects that were funded. We also published our Research Strategy Document 2020–23 as a sub-heading to our main 2020–23 Strategy www.oruk.org/research-strategy/download.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. We aim to bring together relevant stakeholders to identify patients' priorities for diagnosis and treatment and to support innovative ideas with the clear aim of delivering substantive and safe solutions. We aim to tackle debilitating bone, joint and muscle disorders and ultimately enhance the quality of life, not only of patients but also of their carers and families. We have raised the public profile of the organisation through the staging of high-quality training and educational events. We continue to further raise the quality and public benefit of these events by engaging thought-provoking MSK opinion leaders as speakers and meeting hosts.

Clinical and scientific research is key to the advancement of knowledge and expertise within medical schools in universities and hospitals. Through our funding, these institutions are able to provide academic research positions or research fellowships that may not otherwise be possible. This opens-up new research areas

and directly benefits researchers at all levels, including post-doctorates. Surgeons also benefit from access to cutting-edge research and improved training, helping them to provide better treatment and outcomes to patients.

The results of research are generally readily available in the public domain through the publication of results in the media and the public presentation of research projects. These presentations and publications are always peer reviewed to ensure a consistently high quality of research. By adopting these measures, we are able to satisfy the public benefit funding requirements.

Short-term and longer-term aims and objectives

Given that we are a medical research charity, patients are always our focus. Our aim is to reduce the demand on the NHS, for the treatment and support of patients with poor bone, joint and muscle health, by investing in innovative programmes that have the capability to deliver the maximum impact on the population as a whole.

We focus on the difference we can make over the short, medium, and longer term.

Short-term impact is provided by our conferences and other knowledge-sharing events, and our educational programme.

Although we have deliberately created a diverse investment programme with projects at different stages of development, our priority has been to identify opportunities that have the potential to deliver an impact in the medium term.

The societal benefit from our research investments can typically only be measured over the longer term. However, this does not mean that they do not have the potential to make a valuable contribution by increasing our knowledge and understanding of MSK conditions.

Achievements and Performance

The summary of our main achievements is outlined in our CEO's report and in the section for objectives and activities on pages 5 to 9. We believe that we make a significant difference to beneficiaries and wider society in the areas of furthering academic research, supporting the work of MSK clinicians, furthering awareness of MSK conditions amongst the general public and in prioritising the needs of patients and the NHS.



Strategic Report

Financial Review

Financial position

In the 12 months to 31st March 2023, we generated total income of £2,059,531 compared to £1,339,020 in the previous year. During the year we continued to offer our educational events via a hybrid or blended offering of virtual and face-to-face. These different platforms enable us to continue to drive income from education and ESCAPE-pain forwards for the future. More information on education & events, and the ESCAPE-pain programme, is given on page 9.

Continuing uncertainties in the banking sector, along with concerns around interest rates and high rates of inflation, have resulted in a year of volatility on the stock market. Equity markets and portfolios had a period of recovery at the beginning of the 2023 calendar year, but at the balance sheet date were challenged once more. On 31 March 2023, we reflect losses on our listed investments of £1,672,999 compared to a gain the same time last year of £698,972. Our long-term investments in property are also challenged by high interest rates, impacting on their attractiveness on the open market – we have obtained informal, desktop valuations on both properties, both reflecting a drop in value (further detail on this is given in notes 17 and 18b). These fluctuations are, we hope, short term and to be reversed in due course – we hold our assets for the long term, acting as custodians; it remains the trustees' firm intention to hold on to these assets. Income generated from all of our investments is absolutely essential to us, representing our principal funding source. Sustaining the listed investments in particular will allow us to continue to invest in quality research across all the Funds that we have available. Our reserves policy on page 12 explains how we have committed to protect these key assets for the future. More detail on our income and expenditure is given in the Statement of Financial Activities. On 31st

March 2023, our net assets were £27.7 million, compared to £29.8 million on 31st March 2022.

Indemnity provisions – as part of the agreement relating to the sale of JRI there were indemnity provisions that related to past events of that entity. A number of those indemnity provisions came to an end during the 19/20 accounting year. The Trustees undertook a judgement exercise on 31st March 2023 to reassess the likelihood of the remaining provisions having a material impact and as a result it was considered that no change should be made to the total provision of £250,000 in relation to indemnities.

The principal risks and uncertainties that we face at this time are outlined in our Risk Register. This is kept under regular review by the Executive and is considered by the Finance Committee on a quarterly basis to update, identify and review existing and arising risks. Our most recent Risk Register outlined our Top Risks as continuing to be the maintenance of income from investments, and organisational resilience/talent retention/talent sourcing.

We need our investments to continue to generate the income required to fund our research. The Board considers that the choice of two investment managers spreads this risk, with each manager deploying different investment strategies. The Board meets both managers regularly (at least twice a year) to carefully review their performance against our objectives. Uncertain times, both politically and economically, mean that risks can never be completely avoided, but the Board has put in place as many checks and balances as possible to mitigate these risks. A summary of our investment policy and investment objectives is shown in the next section.

In common with many other businesses and charities, ORUK has felt the effects of the cost-of-living crisis. The main focus of this is ensuring that the charity is able to retain its talent, its staff, offering competitive salaries in line with

the cost of living. In addition, the charity offers flexible working arrangements and trialled (successfully) a 4-day working week on an informal basis in 22/23. We are looking at ways to roll this out more broadly in 23/24. With a small team, organisational resilience can be a source of concern – the charity looks to mitigate this with its systems, offering ongoing support to its staff, and competitive pay and working arrangements, with flexibility around how and where work is done. Also, some functions are outsourced. The executive team has worked tirelessly and dynamically to embrace change so that it can continue to deliver our charitable aims and objectives.

Whilst not a key risk for ORUK, we do fear that junior investigators and post-docs may decide to move out of academic research simply because funding becomes ever harder to come by. We have seen a sharp decline in the number of applications from the MSK research community, particularly from orthopaedic surgeons, which is in line with what our other research partners are observing in recent years. As a result, we will be conducting a comprehensive survey in 23/24 to understand the reasons behind this issue.

Investment policy and objectives

The Board receives quarterly reports from Sarasin & Partners and Rathbones, two investment management companies specialising in the charity field, each of whom handles an investment portfolio on our behalf.

Whilst the investment managers work to various benchmarks and indices, our overarching target for the investment portfolios is a total return of RPI plus 4% per annum on a 3-year rolling basis. Our income target for each fund has previously been around the £320,000 per annum mark. We continued to receive a good stream of dividend income during 22/23, an increase to the level received in 21/22; income received from investments in 22/23 was £625,457

compared to £587,305 in 21/22. Our budget for 23/24 is for just under £620k across both funds, not quite at the overall income target level that we look for. In 23/24 therefore we are also looking at fixed term deposit accounts, achieving a better rate of interest, thereby topping up our investment income budget.

The charity has set ethical investment policies for its investment managers, for example, we will not invest in companies trading in tobacco.

Reserves policy

Our reserves policy ensures that we have sufficient funds to cover ongoing commitments and we are able to continue to fund our charitable activities. The trustees review our reserves policy annually and keep the position under careful review at Board meetings to ensure that it evolves with our strategy. Our key income-generating assets are our two properties and our mixed-motive and listed investments (these assets are marked with an asterisk* in the table below). Maintaining the 'capital' value of those assets will be imperative in order to generate sufficient income to sustain our future plans.

After the sale of our trading subsidiary in April 2018, the trustees collectively agreed that the proceeds of the sale should be spent carefully, as this will be the key to enabling us to invest in the

long-term, not only in our charitable activities but also in strategic initiatives. We consider that these key assets are effectively ring-fenced to enable us to use the income that is generated from them to support our routine and ongoing running costs. The trustees consider that although there is no legal endowment in place to separate these assets, they should be considered to be endowed and in doing so, the trustees are acting in the spirit of the original intention of the founder of our charity.

At the balance sheet date our designated funds amounted to £27,123,292. Part of this represents our 'Capital Fund' [£25,663,292] and our 'Fabric Fund' [£250,000]. The remainder represents our 'Strategy Development Fund' (SDF) [£1,210,000]. The SDF has been reset at the balance sheet date to be our budget for the next financial year for New Research (both academic and non-academic projects) – the SDF encompasses The ORUK Inspiration Fund, The Ronald Furlong Fund and The ORUK Early Career Research Fellowships and The Joint Partnership Fund. Thanks to monies received from the Medical Research Council (see our CEO's report on page 5), we were able to increase our budget for 23/24 for Early Career Researchers, providing key support to this vital sector.

Designations are a choice for the Board and are kept under close review.

Our free reserves

Our free reserves are identified as £512,720; being £559,490 as calculated below, less £46,770 of tangible fixed assets which are illiquid. Our ongoing target is to hold between £750k and £1m in readily available liquid funds in order to cover the running costs of the charity for 12 months. On 31st March 2023, cash in our current accounts amounted to £1.4m and we are therefore satisfied that we achieved our 'liquid funds' target.

Going concern

The financial statements of the charitable company have been prepared on a going concern basis as the trustees have assessed the going concern position and have no reason to believe that there are any material uncertainties that would affect the ability of the charitable company to continue as a going concern for the foreseeable future. In order to plan for future cashflow requirements, the trustees have considered the period covering the next 12 months and have reviewed forecasts for that period in making their assessment.

Net assets	Unrestricted	Designated (unrestricted)	Totals
	£	£	£
Tangible fixed assets	£46,770	£351,306*	£398,076
Investments	£85	£26,791,859*	£26,791,944
Net current assets	£512,635	£595,845	£1,108,480
Long-term liabilities	–	(£365,718)	(£365,718)
Provisions	–	(£250,000)	(£250,000)
Total	£559,490	£27,123,292	£27,682,782

*these are our key income-generating assets, as referred to on the previous page.



'Research' and 'Finance, Investment and Audit' (FIAC). The Research Committee's responsibility is to ensure the integrity of the charity's programme of scientific research support and its relevance and importance to people affected by MSK conditions. The FIAC's responsibility is to help the Board of ORUK Trustees to discharge its fiduciary duties and responsibilities.

Decision making

The Charity has a Board of Trustee Directors who have the requisite skills, knowledge, and experience to discharge their duties as trustees of this incorporated charitable organisation. Day-to-day management of the charity is delegated to ORUK's leadership team, as detailed on page 3. At periodic meetings, the trustees agree broad strategic activities including investments, reserves, risk management and grant making. On-going performance of the research projects is also reported, as is the performance of the listed investments. The Scientific Advisory Committee (SAC) meets at regular intervals to assist with the review process of our research applications across our available Funds, and to recommend to the Trustees the best projects submitted for funding. The SAC is an independent review panel assessing each project separately to the charity www.oruk.org/about-us/team/#tab_scientific-advisory-committee

Induction and training of new trustees

New trustees are recruited either by recommendation or by advertising in relevant publications or media. A potential trustee then meets the trustees to receive a briefing on the Charity's activities and structure and is given a package of information which includes the agendas and minutes of the Board meetings of the last twelve months. He or she will then be invited to attend a trustee meeting at which they can ask any further questions before being appointed as a trustee and member of the board.

Plans for Future Periods

Our work is an investment in the future that will benefit all of us. It will ease the burden on the NHS, reduce workplace sickness and improve the quality of life for millions of people. Pain, immobility, and the resulting isolation are serious issues, but we do not believe they are inevitable. We outlined earlier in the Trustees Report (on pages 8-9) how our 3-year Strategy guides us and how we have achieved our aims so far. Our Research Strategy is part of our overall Strategy, and it explains that our vision is focussed on three core areas:

1. Supporting early-career research talents within academia.
2. Supporting MSK professionals with ideas that address patients' unmet needs.
3. Supporting entrepreneurs and start-ups with game-changing ideas that can revolutionise MSK health care.

We continue to expand the portfolio of our education and training events, offering a variety of topics tailored for the MSK community, including academic scientists, orthopaedic surgeons, and physiotherapists.

In November 2023 we will be hosting our second AI in Orthopaedics conference. Last year's event, hosted by the Royal College of Surgeons of England, was the first national conference dedicated to the role of AI and big data within orthopaedics. We are also about to launch an MSK Health for the Workplace programme, in association with the Arthritis and Musculoskeletal Alliance. This will focus on improving the MSK health of the working age population. The programme will include research, funding for innovation, policy papers, educational programmes, and events.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Committees

In addition to the Board of ORUK, there are two sub-committees that oversee the various activities of the charity:

Key management personnel remuneration

Key management personnel (KMP) of the charity are considered to be the CEO and the trustees. To set the CEO's salary, a sub-committee of trustees undertakes research to benchmark average CEO salaries which is then discussed at an appraisal. Details of KMP remuneration is given in note 14 of the accounts.

Risk management

The risks to which the charity may be exposed are under regular review, and systems and procedures have been established to address and manage those risks. Our risks and the steps taken to address them are further explained on page 11.

Fundraising Standards Information

Our fundraising practices meet the values and principles of ORUK as an organisation. We are registered with the Fundraising Regulator. The impact of Covid-19 led us to cease our fundraising activities. We do not use external professional fundraisers, nor do we employ the services of any fundraising agencies or third parties. Most of our fundraising during the year related to Trust and Foundations and there is currently only a small amount of public fundraising. We have ensured that we meet the criteria set by the GDPR data protection regulations and all other relevant codes of conduct. To ensure that we take all reasonable care to protect vulnerable people, we comply with the guidance set out by the Institute of Fundraising. We received no complaints about our fundraising practices during the period.

Trustees' Responsibilities Statement

The trustees (who are also directors of Orthopaedic Research UK for the purposes of company law) are responsible for preparing the Report

of the Trustees and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial period. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the statement of financial activities, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the

prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees, incorporating a strategic report, is approved by order of the board of trustees, as the company directors, on 12th December 2023

and signed on the board's behalf by:

Adrian Downing
Chair of the Board of Trustees

Independent Auditor's Report to the members of Orthopaedic Research UK

Opinion

We have audited the financial statements of Orthopaedic Research UK (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure 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.

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 are independent of the charitable 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. We believe that the audit evidence

we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks relating to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations

of the charity from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remain alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- 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 and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date: 14 December 2023

for and on behalf of Sayer Vincent LLP,

Statutory Auditor

Invicta House, 108-114 Golden Lane,
London EC1Y 0TL

Statement of Financial Activities

(incorporating an income and expenditure account)

For the year ended 31 March 2023

CURRENT YEAR

	Note	Unrestricted funds £	Restricted funds £	31 March 2023 Total £	31 March 2022 Total £
Income from:					
Donations and legacies	2	2,528	-	2,528	7,643
Charitable activities	5	381,594	567,665	949,259	307,073
Other trading activities	3	-	-	-	-
Investments	4	1,107,744	-	1,107,744	1,024,304
Total income		1,491,866	567,665	2,059,531	1,339,020
Expenditure on:					
Raising funds	6	746	-	746	50
Charitable activities	7/11	1,445,315	271,261	1,716,576	1,644,384
Total expenditure		1,446,061	271,261	1,717,322	1,644,434
Net income/(expenditure) before investments		45,805	296,404	342,209	(305,414)
Net gains/(losses) on investments	24	(2,446,290)	-	(2,446,290)	698,972
Gains/(losses) on revaluation of fixed assets	24	(96,711)	-	(96,711)	-
Net income/(expenditure) after investments		(2,497,196)	296,404	(2,200,792)	393,558
Transfers between funds	24	296,404	(296,404)	-	-
Net movement in funds		(2,200,792)	-	(2,200,792)	393,558
Reconciliation of funds:					
Total funds brought forward	24	29,883,574	-	29,883,574	29,490,016
Total funds carried forward	24	27,682,782	-	27,682,782	29,883,574

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

PRIOR YEAR

		Unrestricted funds	Restricted funds	31 March 2022
	Note	£	£	Total
Income from:				
Donations and legacies	2	4,647	2,996	7,643
Charitable activities	5	307,073	-	307,073
Other trading activities	3	-	-	-
Investments	4	1,024,304	-	1,024,304
Total income		1,336,024	2,996	1,339,020
Expenditure on:				
Raising funds	6	50	-	50
Charitable activities	7	1,641,388	2,996	1,644,384
Total expenditure		1,641,438	2,996	1,644,434
Gains on revaluation of fixed assets	24	-	-	-
Other net gains on investments	24	698,972	-	698,972
Net expenditure		393,558	-	393,558
Transfers between funds	24	-	-	-
Net movement in funds		393,558	-	393,558
Reconciliation of funds:				
Total funds brought forward	24	29,490,016	-	29,490,016
Total funds carried forward	24	29,883,574	-	29,883,574

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

(co no 5585452)

Balance Sheet

For the year ended 31 March 2023

	Note	31 March 2023 Total	31 March 2022 Total
Fixed assets			
Tangible assets	17	398,076	522,695
Mixed motive investments	18	219,490	209,995
Investments	18	26,572,454	28,834,519
Current assets		27,190,020	29,567,209
Stock		919	1,327
Debtors	19	583,723	103,219
Cash at bank and in hand		2,045,570	1,985,334
		2,630,212	2,089,880
Creditors: amounts falling due within one year	20	(1,521,732)	(1,138,321)
Net current assets		1,108,480	951,559
Total assets less current liabilities		28,298,500	30,518,768
Creditors: amounts falling due after more than one year	22	(365,718)	(385,194)
Provisions for liabilities	21	(250,000)	(250,000)
Net assets	25	27,682,782	29,883,574
Charity Funds			
Restricted income funds		-	-
Unrestricted funds:			
General funds		559,490	543,163
Designated funds – capital assets fund	29	25,663,292	28,205,411
Designated funds – fabric fund	29	250,000	250,000
Designated funds – strategy development fund	29	1,210,000	885,000
Total charity funds	24	27,682,782	29,883,574

The financial statements were approved and authorised for issue by the Board on 12th December 2023.

Signed on behalf of the board of trustees

Mr A Downing, Trustee

The notes on pages 22 to 42 form part of these financial statements

Statement of Cash Flows

For the year ended 31 March 2023

	Note	31 March 2023 Total	31 March 2022 Total
Cash flow from operating activities	26	(850,037)	(759,734)
Net cash flow from operating activities		(850,037)	(759,734)
Cash flow from investing activities			
Income from investments	4	625,457	587,305
Rent from investments	4	473,055	436,329
Net interest received	4	9,232	670
Purchase of property, plant & equipment	17	(3,752)	(74,238)
Purchase of investments less net cash acquired	18	(1,585,005)	(1,816,422)
Receipts from sale of investments	18	1,391,286	2,095,775
Net cash flow from investing activities		910,273	1,229,419
Net increase in cash and cash equivalents		60,236	469,685
Cash and cash equivalents at 31 March 2022		1,985,334	1,515,649
Cash and cash equivalents at 31 March 2023		2,045,570	1,985,334

The notes on pages 22 to 42 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2023

1. Summary of significant accounting policies

Basis of preparation

Orthopaedic Research UK is a charitable company, limited by guarantee, incorporated in England and Wales. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are given on pages 7-9 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102 and these financial statements contain information about the charity as an individual body. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The charity has complied with the requirements of FRS 102, and with the provisions of the SORP currently in effect.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting those financial statements are detailed within the relevant accounting policy below.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from educational training and Escape-pain training events is recognised in full in the period in which the event takes place.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payment to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All expenditure is recognised inclusive of VAT, where VAT applies. The charity is able to recover some of its VAT under partial exemption, and this VAT recovery is shown as an expenditure line, rather than being offset against the expenditure on which it was incurred.

Grants payable to third parties are within the charitable objectives. Where grants are offered subject to conditions

which have not been met at the year-end date, these are noted as a commitment but not accrued as expenditure. Research grants payable are recognised in full, as expenditure with a related liability, from the date on which the grants are awarded and communicated.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Assets are capitalised where their cost exceeds £1,500.

Freehold property, for which fair value can be measured reliably, is measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on revaluation of fixed assets' in the SoFA. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. Freehold property includes the space the charity occupies within its London property. See note 17 for further detail.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	- not depreciated
Freehold buildings	- straight line over 50 years
Fixtures and fittings	- 20%-25% on cost
Computer equipment & website	- 33 1/3% on cost

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investment property

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. Investment properties are not depreciated. The trustees have adopted a policy of regular revaluation of investment properties, and will undertake this professionally once every three years, with informal reviews annually. Investment properties include the tenant occupied space in the London and Sheffield properties. See note 18b for further detail.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Mixed motive investments are those held to generate a financial return as well as further the charitable objects. These investments are valued at historic cost and reviewed for indicators of impairment at each balance sheet date. Investments in subsidiary undertakings are valued at historic cost and reviewed for impairment.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stock.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Employee benefits and termination benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. Termination benefits are employee benefits payable as a result of either the charity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination payments do not provide the charity with future economic benefits therefore the charity recognises them as an expense in the SoFA immediately.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash deposits with financial institutions (including investment managers) that are readily convertible to known amounts of cash with an insignificant risk of change in value.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Pensions

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Indemnity provisions – as part of the sales agreement relating to JRI, there were a number of indemnity provisions in relation to past events of the entity. The trustees undertook a judgement exercise whereby the varying degrees of probability of each provision was assessed and, as a result, a total provision in relation to indemnities of £575,000 was recorded. In 2019, the trustees updated the judgement exercise and concluded that £325,000 of the provision could be released as not required. This amount was released to the SoFA and was shown as an exceptional item. See note 21. No change to the carrying value of provisions has been made in the current or preceding accounting year.

Valuation of properties – freehold land and buildings and investment properties are included at fair value. The last professional valuation was undertaken at 31 March 2021 but an informal desktop valuation is obtained every year. At 31 March 2023 a material movement in valuation was identified and an adjustment for both properties has been included. See notes 17 and 18.

Key sources of estimation uncertainty

The following key sources of estimation uncertainty at the end of the reporting period have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year:

Spread of rent free period (RFP) – the charity has a long-term commitment on premises. The lease commitment is for 40 years, effective January 2017, with a significant RFP. At the end of the RFP, rent will be charged at market value. The charity is accruing for estimated rent calculated using RPI. In prior years, RPI has not been significant, but at the balance sheet date inflation is high resulting in a significant adjustment to the accrued rent during the accounting period. If inflation continues to rise, a material adjustment will be required in the next financial year.

2. Donations and legacies

	31 March 2023	31 March 2022
	£	£
Donations	2,528	7,643

The donations figure noted above includes both restricted and unrestricted income (where applicable). Unrestricted donations received during the year amounted to £2,528 (2022 - £4,647) and restricted donations received during the year amounted to £nil (2022- £2,996).

3. Other trading activities (unrestricted)

	31 March 2023	31 March 2022
	£	£
Fundraising/challenge events	-	-

4. Investment income (unrestricted)

	31 March 2023	31 March 2022
	£	£
Rental income	473,055	436,329
Dividends received	625,457	587,305
Bank interest received	9,232	670
	1,107,744	1,024,304

5. Income from charitable activities

	Unrestricted funds	Restricted funds	31 March 2023	31 March 2022
	£	£	£	£
Medical Research Council grant income (see note 11)	-	507,701	507,701	-
Education (training courses)	284,366	-	284,366	219,231
Escape-pain (training courses and grant income [see note 7])	95,263	59,964	155,227	85,081
Publishing	1,965	-	1,965	2,761
	381,594	567,665	949,259	307,073

The income from charitable activities figure noted above includes both restricted and unrestricted income. Unrestricted income received during the year amounted to £381,594 (2022 - £307,073) and restricted income received during the year amounted to £567,665 (2022 - £nil).

6. Expenditure on raising funds

	31 March 2023	31 March 2022
	£	£
Fundraising costs	746	50

7. Charitable activities costs

	Direct & support costs	Grant funding of activities 31.3.23 (see note 11)	Totals
	£	£	£
Promoting best orthopaedic practice through education	565,559	-	565,559
Publishing and sponsorship	45,106	-	45,106
Research into best orthopaedic practice	-	811,801	811,801
Governance costs (note 10)	294,110	-	294,110
	904,775	811,801	1,716,576

Charitable activities costs above include support cost allocations, which are analysed in note 10.

Investment management costs are included in governance costs and total £26,395 (2022 - £29,110).

Restricted fund costs in relation to ESCAPE-pain grant income amounted to £59,964 - actual costs in relation to the grant exceed that figure.

	Direct & support costs	Grant funding of activities 31.3.22 (see note 11)	Totals
	£	£	£
Promoting best orthopaedic practice through education	381,317	-	381,317
Publishing and sponsorship	12,695	-	12,695
Research into best orthopaedic practice	-	901,403	901,403
Governance costs (note 10)	348,969	-	348,969
	742,981	901,403	1,644,384

8. Grants payable

	31 March 2023	31 March 2022
	£	£
Research into best orthopaedic practice	811,801	901,403

See note 11 for an analysis.

9. Net income/(expenditure)

	31 March 2023	31 March 2022
	£	£
Net income/(expenditure) is stated after charging/(receiving):		
Depreciation - owned assets	31,660	16,369
Foreign currency translation - realised currency gains	(13,042)	2,377

10. Allocation of support cost

Support cost	Research	Promoting (through education & advancement of knowledge)	Fundraising	Governance	31 March 2023 Total
	£	£	£	£	£
Human resources	60,622	13,990	-	111,918	186,530
Premises/insurance	43,234	9,977	-	79,816	133,027
Communications & PR	13,389	3,076	-	25,128	41,593
Travel expenses	65	8	-	703	776
Other expenses	18,119	4,181	-	57,548	79,848
Depreciation	10,289	2,374	-	18,997	31,660
Total	145,718	33,606	-	294,110	473,434

Support costs are allocated to the activities they support based on an apportionment of employees' time spent on each activity. The costs analysed above are included in charitable activities costs (see note 7).

Support cost	Research	Promoting (through education)	Fundraising	Governance	31 March 2022 Total
	£	£	£	£	£
Human resources	43,940	8,788	-	123,030	175,758
Premises/insurance	35,253	7,051	-	98,709	141,013
Communications & PR	11,402	2,280	-	31,925	45,607
Travel expenses	166	45	-	1,095	1,306
Other expenses	17,579	3,516	-	81,958	103,053
Depreciation	4,376	875	-	12,252	17,503
Total	112,716	22,555	-	348,969	484,240

11. Grant making

CURRENT YEAR

Name of institution	Purpose for which grants made (research)	31 March 2023 £
Northumbria Healthcare NHS Foundation Trust	JPF - using an AI system to predict outcomes for surgical patients	55,000
Northumbria Healthcare NHS Foundation Trust	JPF - study of patients undergoing primary hip and knee replacement in the United Kingdom	28,343
Newcastle Upon Tyne NHS Foundation Trust	JPF - development of patient cell lines to investigate the pathophysiology of osteogenesis imperfecta and the mechanotransduction of these cells during mechanical strain	32,500
University of Cambridge	JPF - femoroacetabular impingement and hip osteoarthritis: identifying new treatment targets	30,000
Manchester Metropolitan University	ECRF - development of a 3D ultrasound imaging technique with auto-segmentation	108,000
Queen Mary University of London	IF - defining the pro-nociceptive role of neutrophils in chronic widespread pain	30,000
University College London	ECRF - MRI assessment of reinnervated muscle for an ibuprofen trial	110,000
Royal National Orthopaedic Hospital NHS Trust	IF - virtual reality plus sensory feedback for the management of chronic musculoskeletal pain in adults	49,954
King's College Hospital London	IF - does small fibre neuropathy predict the development and progression of Charcot neuroarthropathy bone and joint destruction (a pilot study)	50,000
Staffordshire University	IF - evidence based guidelines for the optimal design of rigid ankle-foot orthosis	48,000
University of Oxford	ECRF - reduction of 'non-specific' anterior knee pain after total knee replacements by the diagnosis of patella mal-tracking using a novel ultrasound method in the clinic	110,000
University College London	project underspend (see note below)	(354)
Newcastle University	project underspend (see note below)	(507)
Grants to institutions		650,936
Patent fees, Scientific Advisory Committee costs and research specific promotion		15,147
Direct costs of grant making		666,083
Support costs of grant making – see note 10		145,718
TOTAL COSTS OF GRANT MAKING		811,801

JPF= Joint Partnership Fund ;IF= Inspiration Fund; ECRF= Early-career Research Fellowship

The five projects marked with an asterix (*) above are shown within restricted fund expenditure. During the year the charity received grant monies of £507,701 from the Medical Research Council to be used to support early-career researchers. Restricted expenditure on research grants during the year amounted to £211,297 (2022 - £nil) and unrestricted expenditure on research grants during the year amounted to £439,639 (2022 - £763,558).

11. Grant making (continued)

Occasionally universities, for various reasons, do not spend all the funds that they initially requested to carry out their research activities. There is a provision in the contract signed between the parties that enables ORUK to ask for any 'underspend' monies to be returned to the charity. The adjustments above relate to refunds of unspent funds, or credits of agreed funding, where the universities have confirmed that not all of the grant was required.

PRIOR YEAR

Name of institution	Purpose for which grants made (research)	31 March 2022 £
Queen Mary, University of London	JPF - predicting mortality in major trauma using an AI risk prediction model	30,000
Newcastle University	JPF - can statins reduce inflammatory response to orthopaedic biomaterials	35,023
Newcastle University	JPF - research fellowship - epidemiology of infection following hip fracture surgery	50,000
South West London Elective Orthopaedic Centre/Epsom	IF - machine learning to detect and predict loosening of the femoral component of an uncemented total hip replacement	49,500
University of Oxford	ECRF - anterior shoulder dislocations/glenohumeral joint osteoarthritis	97,878
Nottingham University	ECRF - effect of exercise on patients with low back pain	109,408
University of East Anglia	IF - Dupuytren's disease and MMP-14	34,850
Southampton University	IF - using microbubbles to deliver local treatments in fracture non-union	49,764
University of Bath	ECRF - open-source finite element ankle model for in-silico assessment of treatment	101,961
Imperial College London	ECRF - optimising outcomes after patellofemoral joint replacements	110,000
Newcastle University	ECRF - a theranostic for bone cancers	107,654
University of East Anglia	project underspend (see note below)	(212)
Newcastle University	project underspend (see note below)	(12,268)
Grants to institutions		763,558
Patent fees, Scientific Advisory Committee costs and research specific promotion		25,129
Direct costs of grant making		788,687
Support costs of grant making – see note 10		112,716
TOTAL COSTS OF GRANT MAKING		901,403

12. Auditor's remuneration

Amounts payable to the auditor for statutory audit services of the charity, excluding VAT, are £13k (2022 – £11.35k).

Amounts payable to the auditor and its associates for other services (tax advisory) of the charity, excluding VAT, are £1k (2022 – £nil).

13. Trustees' remuneration and benefits

No trustees received remuneration or benefits from the charity. One trustee, Mr M Gouldstone, provided consultancy services to the charity's subsidiary undertaking, Novara Therapeutics Ltd, and received £nil via his own limited company (2022 – £10,800) during the year for these services. This remuneration is permitted within the charity's Articles of Association and was approved by the Board of Trustees following a process as set out in those Articles. Mr Gouldstone is also a director of Novara Therapeutics Ltd.

At the balance sheet date, there were two ongoing research projects where trustees were involved as collaborators – the expenditure on these was recognised in previous years. The trustees involved were Mr K Tucker and Mr M Santin. Collaboration means being part of the research team, supervising the primary researcher. Neither trustee received any remuneration or benefits in relation to this collaboration work. As outlined in the charity's Articles, the trustees declared their conflict of interest in relation to these research projects and excused themselves from discussions on both the Scientific Advisory Committee and on the Research Committee.

Trustees' expenses

Expenses totalling £410 (2022 – £341) were paid to 3 trustees in the year (2022 – 2) by the charity, representing reimbursement of travelling expenditure. In addition, the charity expended £8,332 (2022 – £5,333) on hosting trustee meetings and away-day strategy meetings.

14. Staff costs and employee benefits

	31 March 2023	31 March 2022
	£	£
Wages and salaries	382,224	301,102
Social security costs	38,761	29,142
Employer's contribution to defined contribution pension schemes	24,779	20,568
	445,764	350,812

The amount of £445,764 (2022 - £350,812) above includes £120,157 (2022 - £121,778) of employee benefits received by key management personnel, including the CEO, for services to the charity. Key management personnel are defined on page 16.

15. Staff costs

The average number of employees, by headcount, in the period was as follows:

	2023 (Charity)	2022 (Charity)
	Number	Number
Charitable activities	6	4
Governance	2	2
	8	6

The charity pays contributions into a money purchase group personal scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid into the scheme by the charity in the period were £24,779 (2022 - £20,568). The pension creditor at the period end was £nil (2022 - £nil).

The number of employees who received total employee benefits (excluding employer pension costs and employer social security costs but including benefits in kind) of more than £60,000 was as shown in the table below.

	2023	2022
	Number	Number
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£90,000 - £100,000	1	-
£100,000 - £110,000	-	1

16. Related party transactions

The key management personnel (KMP) of the charity comprises the CEO and the trustees. Transactions with trustees are set out in note 13. Total employee benefits of the key management personnel of the charity were £120,157 (2022 - £121,778).

Aggregate donations received from related parties amounted to £nil (2022 - £nil).

17. Tangible fixed assets

	Freehold land & buildings	Fixtures, fittings & equipment	Totals
	£	£	£
COST/VALUATION			
At 31 March 2022	588,429	88,959	677,388
Additions	-	3,752	3,752
Revaluations	(96,711)	-	(96,711)
At 31 March 2023	491,718	92,711	584,429
DEPRECIATION			
At 31 March 2022	137,600	17,093	154,693
Charge for the year	2,812	28,848	31,660
At 31 March 2023	140,412	45,941	186,353
NET BOOK VALUE			
At 31 March 2023	351,306	46,770	398,076
At 31 March 2022	450,829	71,866	522,695

The freehold building relates to the charity-occupied part of 10a Chandos House in London. This building was acquired in January 2008. The property was recognised at fair value on transition to SORP (FRS 102) using a previous fair value valuation. The building is being depreciated from the FRS 102 transition date of 1/4/14 and has a net book value of £351,306; land is not depreciated. The historic cost equivalent of this asset at net book value is £389,449, and depreciation at historic cost would be £403. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. The freehold property was subject to an informal, desktop valuation on 31/3/23. The valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. Further information on property valuations is contained in note 18b.

18a. Fixed asset investments

	Unlisted investments	Mixed motive investments	Investment properties (18b)	Listed investments	Totals
	£	£	£	£	£
COST/ MARKET VALUE					
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514
Revaluations	-	-	(773,290)	(1,672,999)	(2,446,289)
Additions	-	9,495	-	1,575,510	1,585,005
Disposals	-	-	-	(1,391,286)	(1,391,286)
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944
NET BOOK VALUE/FAIR VALUE					
At 31 March 2023	85	219,490	7,173,282	19,399,087	26,791,944
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514

In addition to the investment management costs which have been disclosed in note 7, one of our fund managers (Sarasin & Partners), charges a range of ongoing, explicit, and implicit charges which have not been presented as expenditure in the statutory financial statements. The cost applied is approximately 1% of the average portfolio value which is deemed immaterial to the financial statements. Income from investments is shown in note 4. Shares in group undertakings were included at cost less impairment. Investment properties and listed investments are included at market value. This is commented on in more detail in note 18b below. Unlisted investments are included at cost which at the year end is considered to be the equivalent of market value.

The unlisted investment above relates to an 85% shareholding in a subsidiary undertaking, Novara Therapeutics Limited, a company registered in England and Wales under company number 12841228. The subsidiary has been excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view. The company's aggregate liabilities at 31/3/23 were £26,934 (2022 £25,154), it had no turnover in the accounting period and its loss for the year was £1,780 (2022 £13,679).

18a. Fixed asset investments (continued)

	Unlisted investments £	Mixed motive investments £	Investment properties £	Listed investments £	Totals £
COST/ MARKET VALUE					
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625
Revaluations	-	-	-	698,972	698,972
Additions	-	109,999	-	1,706,423	1,816,422
Transfer from freehold	-	-	483,202	-	483,202
Disposals	-	-	-	(2,095,707)	(2,095,707)
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514
NET BOOK VALUE					
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625

18b. Investment properties

The charity has two investment properties – the London property is the tenant-occupied part of 10a Chandos House in London and the Sheffield property is in Chapeltown in Sheffield.

The investment properties were last subject to independent, professional valuation as at 31/3/21. The London property valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The Sheffield property valuation was undertaken by Mark Jenkinson & Son, a firm of independent valuers. Both valuations were carried out in accordance with the requirements of the RICS Valuation – Professional Standards Manual. The historic cost equivalent of these assets is £4,411,349 and £3,498,868 respectively.

The trustees carry out a formal valuation of properties every three years, checking in with valuers in between.

The Sheffield property was valued at £3.75m on an informal, desktop valuation basis, on 31/3/23.

The London property was valued at £3.915m on an informal, desktop valuation basis, on 31/3/23. Adjustments for both properties have been reflected in the year.

It remains the trustees' current intention to hold both properties for the long term.

19. Debtors: amounts falling due within one year

	31 March 2023	31 March 2022
	£	£
Trade debtors	476,562	41,598
Other debtors	5,558	6,081
Amounts owed by group undertakings	25,596	23,712
Prepayments and accrued income	76,007	31,828
	583,723	103,219

20. Creditors: amounts falling due within one year

	31 March 2023	31 March 2022
	£	£
Trade debtors	72,153	90,578
Grants payable	864,156	654,653
Taxation and social security	42,487	23,946
Other creditors	44,993	10,966
Accruals and deferred income	497,943	358,178
	1,521,732	1,138,321

Deferred income includes monies held for courses to be held in the next financial year amounting to £89,983 (2022 – £60,865), and rents invoiced in advance, amounting to £133,714 (2022 – £119,047).

	31 March 2023	31 March 2022
	£	£
Balance at the beginning of the period	179,912	155,648
Amount released to income in the period	(179,912)	(155,648)
Amount deferred in the period	223,697	179,912
Balance at the end of the period	223,697	179,912

21. Reconciliation of grant commitments and provisions

	31 March 2023 £	31 March 2022 £
Grant commitments at 31 March 2022	1,039,847	556,915
Grants adjusted/charged in the period (note 11)	650,936	763,558
Grants paid in the period	(460,909)	(280,626)
Grant commitments at 31 March 2023	1,229,874	1,039,847

	31 March 2023 £	31 March 2022 £
Provisions at 31 March 2022	250,000	250,000
Indemnity provision released in the period	-	-
Provisions at 31 March 2023	250,000	250,000

As part of the sales agreement relating to JRI, ORUK committed to a number of indemnity provisions relating to past JRI events. The indemnities had specific, but varying, time periods applied. The trustees have, for each of the indemnities, considered the likelihood of the provision crystallising and have concluded that provision in the accounts should be made for those considered most probable. At the balance sheet date, they have updated their review of the provisions and consider that the provisions brought forward from the prior year should still be retained in the accounts. More information is supplied in note 27.

22. Creditors: amounts falling due after more than one year

	31 March 2023 £	31 March 2022 £
Grants payable	365,718	385,194

23a. Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	31 March 2023	31 March 2022
	£	£
Less than one year	3,458	3,401
Two to five years	-	-
Over five years	908,028	468,082
	911,486	471,483
Land and buildings	908,028	468,082
Other (equipment)	3,458	3,401
	911,486	471,483

23b. Operating lease commitments receivable as a lessor

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods, and all relate to land and buildings:

	31 March 2023	31 March 2022
	£	£
Less than one year	410,046	431,925
Two to five years	893,216	1,376,270
Over five years	-	-
	1,303,262	1,808,195

24. Fund reconciliation

	Balance at 31 March 2022	Income	Expenditure	Transfers	Gains/ (losses)	Balance at 31 March 2023
	£	£	£	£	£	£
Other charitable funds	29,883,574	1,491,866	(1,446,061)	296,404	(2,543,001)	27,682,782
Restricted	-	567,665	(271,261)	(296,404)	-	-
	29,883,574	2,059,531	(1,717,322)	-	(2,543,001)	27,682,782

Of the £27,682,782 of other charitable funds above, £27,123,292 has been identified as being 'designated' at the period-end; this is further explained in note 25a and note 29. The purpose of the designated fund is to ring-fence key income-generating assets so that the charity can continue with its charitable activity of investing in research, and to enable the charity to invest in its fundraising plan to realise its vision of 'pain-free movement for all'.

The transfer of £296,404 above relates to the monies received from the Medical Research Council (see notes 5 and 11) - the transfer relates to expenditure incurred in previous years, recognised as per the accounting policy and, at the time, treated as expenditure within unrestricted funds.

	Balance at 31 March 2021	Income	Expenditure	Transfers	Gains/ (losses)	Balance at 31 March 2022
	£	£	£	£	£	£
Other charitable funds	29,490,016	1,336,024	(1,641,438)	-	698,972	29,883,574
Restricted	-	2,996	(2,996)	-	-	-
	29,490,016	1,339,020	(1,644,434)	-	698,972	29,883,574

25a. Analysis of net assets between funds (current period)

	General £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	46,770	351,306	-	398,076
Investments	85	26,791,859	-	26,791,944
Net current assets	512,635	595,845	-	1,108,480
Long term liabilities	-	(365,718)	-	(365,718)
Provisions	-	(250,000)	-	(250,000)
Net assets at 31 March 2023	559,490	27,123,292	-	27,682,782

25b. Analysis of net assets between funds (prior period)

	General Unrestricted £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	71,866	450,829	-	522,695
Investments	85	29,044,429	-	29,044,514
Net current assets	471,212	480,347	-	951,559
Long term liabilities	-	(385,194)	-	(385,194)
Provisions	-	(250,000)	-	(250,000)
Net assets at 31 March 2022	543,163	29,340,411	-	29,883,574

26. Reconciliation of net income to net cash flow from operating activities

	31 March 2023 £	31 March 2022 £
Net income for period	(2,200,792)	393,558
Dividends received	(625,457)	(587,305)
Interest receivable	(9,232)	(670)
Depreciation of tangible fixed assets	31,660	16,369
Losses/(gains) on investments and on revaluation of fixed assets	2,543,001	(698,972)
Reverse indemnity provision	-	-
(Profit)/loss on disposal of tangible fixed assets	-	1,132
Rent from freehold investment property	(473,055)	(436,329)
Decrease/(increase) in stock	408	580
(Increase)/decrease in debtors	(480,504)	(63,353)
Increase/(decrease) in creditors	363,934	615,256
Net cash flow from operating activities	(850,037)	(759,734)

Cash and cash equivalents at 31 March 2023 were £2,045,570 (2022 - £1,985,334). This amount is analysed as £2,044,848 (2022 - £1,826,349) of bank balances, £219 held by investment houses as 'cash' balances available to invest (2022 - £158,483) and £502 (2022 - £502) of cash.

ANALYSIS OF CHANGES IN NET DEBT

	Balance at 31 March 2022 £	Cashflows £	Balance at 31 March 2023 £
Cash	1,826,851	218,499	2,045,350
Cash-equivalents	158,483	(158,264)	219
Grants falling due within 1 year	(654,653)	(209,503)	(864,156)
Grants falling due in more than 1 year	(385,194)	19,476	(365,718)
	945,487	(129,792)	815,695

27. Contingent liabilities

As outlined in note 21, in prior periods ORUK committed to a number of indemnity provisions – initially these were provided for within the accounts but as the likelihood of these crystallising reduced, the provisions were reversed. Of the four indemnities committed to, three have already fallen outside the time limit restriction, and one remains provided for in the accounts.

28. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is not to exceed £10.

29. Analysis of designated funds

		31 March 2023	31 March 2022
An analysis of the funds is given below:		£	£
Strategy Development Fund	new research (academic and non-academic)	1,210,000	885,000
Fabric Fund	ongoing maintenance to Furlong House (grade II listed)	250,000	250,000
Capital Fund	to ring fence key income generating assets	25,663,292	28,205,411
		27,123,292	29,340,411

Included within the Strategy Development Fund is an amount of £285,000 which is additional funding to be made available to support early career researchers – this allocation has been made possible by the MRC monies as described in note 5.

30. Post balance sheet events

After the year end, the market value of the listed investments has continued to fall as a result of the continuing concerns around inflation, interest rates and the costs of living. The latest valuation, obtained for the end of Q2, totalled £18,928,155. The trustees are in regular contact with the investment managers – in-person presentations are given twice per year, and reports are made at each Finance Committee meeting. The trustees are aware of the uncertainty surrounding the portfolios and are keeping them under close review.

Orthopaedic Research UK
Furlong House
10a Chandos Street
London W1G 9DQ

+44 (0)20 7637 5789

info@oruk.org

www.oruk.org

UK Registered Charity No. 1111657



Accounts



Annual Report and Accounts 2021-22

Year ended 31 March 2022
Company registration number 5585452

Contents	Page
Charity Reference and Administrative Details	3
Messages from our Chair and Chief Executive	4 - 5
Report of the Trustees	6 - 14
Independent Auditor's Report	15 – 18
Statement of Financial Activities (including an Income and Expenditure Account) <i>current period</i>	19
Statement of Financial Activities (including an Income and Expenditure Account) <i>comparative</i>	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Financial Statements	23 - 38

ORTHOPAEDIC RESEARCH UK

Reference and Administrative Details for the Year Ended 31 March 2022

Charity registration number	1111657
Company registration number	5585452
Trustees	Dr C J Ball Mr A H Downing (Chair) Mr M Gouldstone Mrs S Harkness Mr P E Harrison Professor N Rushton Professor M Santin Mr J K Tucker
CEO/CFO ORUK leadership team	Dr A Angadji / Mrs C Barnard Mrs D Palmer (Executive Officer) Miss R Threadgold (Head of Education and Events)
Registered office	Rosemount House Rosemount Avenue West Byfleet Surrey KT14 6LB
Principal place of operations	Furlong House 10a Chandos Street London W1G 9DQ
Auditor	Sayer Vincent Chartered Accountants & Statutory Auditors 108-114 Golden Lane London EC1Y 0TL
Solicitor	Weightmans The Hallmark Building 105 Fenchurch Street London EC3M 5JG
Bankers	National Westminster Bank plc 10 Marylebone High Street London W1U 4BT
Investment managers	Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Rathbone Brothers Plc 8 Finsbury Circus London EC2M 7AZ

Message from our Chair

We believe it essential that charities are accountable for their actions and especially their funding. This is why we have reintroduced our annual impact report to demonstrate to our supporters and partners the difference we are making through the money we invest in research, training programmes and strategic partnerships with academic institutions and entrepreneurs.

We are a relatively small charity, operating in an area of huge demand from the millions of people suffering from poor musculoskeletal health. However, we believe that our investments can make a difference if they are well targeted, well managed and monitored, and if we work with the right partners.

We apply a rigorous evaluation process for all our investment decisions that involves our trustees, members of our Scientific Committee and external experts. All our committees comprise eminent figures in their respective fields of expertise. We also expect all recipients of funding to provide regular reports on the results achieved and the impact that it will have on the lives of patients.

It can be challenging to measure the impact of these investments, with the potential benefits often accruing many years down the line, but this will not stop us doing whatever we can to evaluate our performance and use this intelligence to inform our future activities.

Adrian Downing
Chair of the Board of Trustees

Message from our Chief Executive

As one of the few charities devoted to addressing the most important gaps in research funding and professional education in bone, joint and muscle wellbeing, we have a critical role to play in enabling pain-free movement for all.

Since 2004 we have funded 154 research projects and invested over £11m to advance knowledge and encourage innovation within musculoskeletal (MSK) health. We have also expanded our education programmes using the unusual circumstances created by the pandemic to develop a virtual delivery model. Even though we have reintroduced face-to-face meetings and training programmes, the popularity of our virtual courses - 98% of participants rated our events as 'excellent' or 'good' in terms of educational value - means that they have become a permanent part of our future training offer.

We are particularly grateful to our partners within leading institutions, including the Royal College of Surgeons of England, the British Hip Society, the Royal College of Surgeons of Edinburgh, the British Orthopaedic Association and the NHS Clinical Entrepreneur Programme. These partnerships leverage our seed funding and networking skills to attract new money to the orthopaedic ecosystem.

The most significant development during the past year has been the announcement of our partnership with the Health Innovation Network (HIN) to deliver ESCAPE-pain, an award-winning, evidence-based group rehabilitation programme for people with chronic joint pain. The addition of ESCAPE-pain to our portfolio is consistent both with our mission of achieving pain-free movement for all and with our strategy of supporting innovative ideas that help the lives of people suffering from poor MSK health.

We are also investing in innovative businesses that are active in the musculoskeletal field. We see this as following in the footsteps of our founder Ronald Furlong, who combined a highly successful career as an orthopaedic surgeon with an equally successful career as a business entrepreneur. We need to embrace Furlong's spirit of entrepreneurialism because the scale of the challenges facing all of us involved in musculoskeletal health continue to require new ideas and techniques.

The conversations of all of us working within MSK health are understandably dominated by concerns about increased waiting lists, treatment backlogs and how demand from an ageing population will continue to outstrip supply. However, notwithstanding these challenges we are optimistic that by working with the right partners and mobilising the wider MSK community we can make a positive difference to the lives of millions of people.

Dr Arash Angadji
Chief Executive

INTRODUCTION

The trustees present their report and the audited accounts for the year ended 31 March 2022.

The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Information required to be disclosed under Schedule 7 of the Companies Act 2006 are disclosed within the Strategic Report, which starts on page 9.

OBJECTIVES AND ACTIVITIES

Our principal, and over-riding, objectives are to promote the advancement of orthopaedic **research** and **education** and, in particular, the encouragement of innovation and partnership to advance knowledge and awareness of bone, joint and muscle health in the UK. These are the objects as set out in our governing document. Our specific aims and significant activities to achieve those principal aims are outlined below, and the activities undertaken to achieve them are shown in *italics*:

- To fund high quality **research and innovation** at centres of excellence in the field of musculoskeletal (MSK) medicine to support bone, joint and muscle wellbeing in the following areas:

1. Diagnosis – understanding the pathogenesis (the origin or development) of MSK conditions.
2. Treatment – exploring strategies to tackle pre-existing MSK conditions (including assessment of their effectiveness) to improve the quality of a patient's life.

We funded 11 new research projects worth £776,038 in 2021/22 compared to seven research projects worth £496,810 in 2020/21. We publish the results of this research at the end of the studies to demonstrate the impact of our funding. Our measures for success are:

- *Increased awareness of our research among professionals and patients*
- *The nurturing of talent within the field of MSK medicine*
- *The recruitment of advocates for our research within the broader MSK community*
- *Securing co-funding from partners for our research projects*
- *Translation of research results into measurable benefits for patients and NHS*

- To fund **education**, primarily through workshops, training courses, lectures, virtual conferences and webinars that will improve knowledge of prevention, diagnosis, treatment and the management musculoskeletal conditions. *During the past year we staged 77 events and in total we educated (including the ESCAPE-pain programme) 3,508 people with the support of 522 faculty members. On average, 98% of participants rated our events as 'excellent' or 'good' in terms of educational value. Income from events was £219,232 in 2021/22 compared to £160,352 in 2020/21, demonstrating a 37% increase as a result of the end of covid-19 restrictions.*

- To provide information about our charitable activities to the general public through **publishing** and funding awards and prizes for outstanding publications and presentations in the field of MSK. *We have two books in publication which provide preparation aids for the FRCS (Orth) examinations and*

complement our basic science training courses. Sales to orthopaedic trainees of both publications form part of our fundraising strategy. They are available to buy online or at our course events. During the year we sold 77 books, an 84% decrease on the previous year, which is an expected result considering that the books were published some years ago. We are aiming to produce another educational product in 2022.

Three-year strategy

In addition to the over-arching objectives as outlined in the previous paragraph, we have developed a Strategy document that outlines more detailed aims, and which guides our operating decisions. Our 2020-2023 Strategy outlines 10 points that 'flesh out' how we will achieve our aims. We will:

1. Focus our investments on unmet patient needs and specifically on diagnosis and treatment – *we do this by making funding available via **The ORUK Inspiration Fund** and **The ORUK Early-career Research Fellowships** which are designed to support innovative projects that meet unmet needs and help patients achieve a better quality of life. These are open to orthopaedic surgeons, scientists, and physiotherapists.*
2. Extend the impact of our investments and attract additional funding for orthopaedic health by partnering with other sources of grant giving – *we partner with other organisations including the Royal College of Surgeons of England, the Royal College of Surgeons of Edinburgh, and the British Hip Society. By 'match-funding', we and these organisations are able to support more of the MSK community than we would be able to do alone, and this funding is available via the **Joint Partnership Fund**.*
3. Broaden our remit beyond pure orthopaedics to include the important surrounding ecosystem of orthopaedic wellbeing, including physiotherapy – *we do this via the delivery of the ESCAPE-pain programme and in addition via a suite of educational events with a theme of physiotherapy.*
4. Build an influencer network across the orthopaedic ecosystem including clinicians, academics, GPs, physiotherapists, specialist medical member associations, entrepreneurs, and investors – *this gradually being achieved by delivering point 3 above and expanding our portfolio to broaden our reach to the wider MSK community.*
5. Mobilise this influencer network to become a 'movement' that champions the importance of musculoskeletal health and the need for increased investment across the system – *this is a future target to address once we have successfully achieved point 4 above to influence policymakers and investors.*
6. Operate as a facilitator – connecting innovators with funders, academics with clinicians, and encouraging collaboration across the whole MSK community – *we do this regularly by making useful introductions to help our MSK community members to better deliver their missions.*
7. Invest in entrepreneurial people and organisations delivering breakthrough innovations – ***The Ronald Furlong Fund** is designed to support the development of one innovative and commercially viable idea from a UK-based start-up that solves the unmet needs of society around bone, joint and muscle well-being. To date we have invested in two start-up companies from this fund – Renovos Biologics, which is pioneering the use of a nanoclay in an injectable gel form that can carry biologic drugs capable of augmenting bone tissue regeneration; and Radii Devices, a company that uses state-of-the-art AI and biomechanical modelling to help clinicians design better fitting prosthetic sockets for people with limb loss or limb difference.*
8. Expand the breadth and depth of our educational programme to include more on and off-line courses and more subjects designed to appeal to a broader audience, including GPs and physiotherapists – *our educational programme is based on a blended model of virtual and in-person events (as well as recorded events available to purchase and download) that will improve knowledge of prevention, diagnosis, treatment, and the management of MSK conditions. Our events provide a welcoming forum for knowledge exchange between Health Care Professionals. More information on this is outlined on page 6 and also in the financial review on page 9.*

9. Review and challenge our investment strategy and cost base to ensure the maximum impact – *more detail on our investment policy and objectives is given on page 11*; and
10. Report our programmes and impact openly and share our learnings with partners and collaborators – *we annually publish our impact report (www.oruk.org/about-us/our-impact/download) to demonstrate our progress against our strategy.*

Grant making policy

We consider the support of grant applications that are within the scope of our charitable aims; that is to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance bone, joint and muscle wellbeing in the UK. More information on the funding that is made available is given on our website at www.oruk.org/research/ explaining further the different Funds that are available, which were outlined on the previous page, as well as examples of recent research projects that were funded. We also published our Research Strategy Document 2020-23 as a sub-heading to our main 2020-23 Strategy www.oruk.org/research-strategy/download.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. We aim to bring together relevant stakeholders to identify patients' priorities for diagnosis and treatment and to support innovative ideas with the clear aim of delivering substantive and safe solutions. We aim to tackle debilitating bone, joint and muscle disorders and ultimately enhance the quality of life, not only of patients but also of their carers and families. We have raised the public profile of the organisation through the staging of high-quality training and educational events. We continue to further raise the quality and public benefit of these events by engaging thought-provoking MSK opinion leaders as speakers and meeting hosts.

Clinical and scientific research is key to the advancement of knowledge and expertise within medical schools in universities and hospitals. Through our funding, these institutions are able to provide academic research positions or research fellowships that may not otherwise be possible. This opens up new research areas and directly benefits researchers at all levels, including post-doctorates. Surgeons also benefit from access to cutting-edge research and improved training, helping them to provide better treatment and outcomes to patients.

The results of research are generally readily available in the public domain through the publication of results in the media and the public presentation of research projects. These presentations and publications are always peer reviewed to ensure a consistently high quality of research. By adopting these measures, we are able to satisfy the public benefit funding requirements.

Short-term and longer-term aims and objectives

Given that we are a medical research charity, patients are always our focus. Our aim is to reduce the demand on the NHS, for the treatment and support of patients with poor bone, joint and muscle health, by investing in innovative programmes that have the capability to deliver the maximum impact on the population as a whole.

Our short-term objectives include managing our research portfolio, monitoring the performance of the researchers we fund, increasing the number of educational and ESCAPE-pain events, increasing our use of digital media, enhancing our profile by interacting with key opinion leaders and securing partnerships with likeminded organisations to increase the scope of our charitable activities.

Our longer-term objectives are to continue to increase awareness of ORUK, increase our impact through strategic partnerships and become the 'go to' place for influencers and opinion formers within the MSK community.

ACHIEVEMENTS AND PERFORMANCE

The summary of our main achievements is outlined in our CEO's report and in the section for objectives and activities on pages 6 to 8. We believe that we make a significant difference to beneficiaries and wider society in the areas of furthering academic research, supporting the work of MSK clinicians, furthering awareness of MSK conditions amongst the general public and in prioritising the needs of patients and the NHS.

STRATEGIC REPORT

FINANCIAL REVIEW

Financial position

In the 12 months to 31st March 2022, we generated total income of £1,339,020 compared to 1,171,772 in the previous year. During the pandemic we replaced our traditional face-to-face training with online courses. Although initially challenging, the pandemic crisis pushed us to be more innovative and this created significant value for the charity - we were able to 'live test' a virtual educational events programme and are now able to offer a hybrid or blended offering of virtual and face-to-face, placing us in a strong position to drive income from education and ESCAPE-pain forwards in the future. Enthusiasm to provide the ESCAPE-pain programme remains strong, demonstrated through steady training demand and eagerness to start/resume delivery of the programmes. The number of sites delivering ESCAPE-pain to people with knee and/or hip pain has grown from 137 to 162 sites. The ESCAPE-pain for backs programme has increased from 21 to 33 sites.

Having recovered significantly from the effects of the uncertainty surrounding the initial outbreak of c-19, share prices tumbled again during March as a result of the uncertain situation in Ukraine and this had a knock-on effect on our listed investment valuation as of 31st March 2022. Whilst the valuation at the balance sheet date had improved from that as of 31st March 2021, it was nowhere near the levels experienced in the months leading up to the end of February 2022. Our long-term investments in property have proven to have maintained their value during the 21/22 financial year, and we have been able to secure new tenants for the London property (as reflected in note 17 to the accounts) thereby generating additional rental income. We also negotiated a new 5 year lease with our Sheffield tenants in January 2022. Income generated from all of our investments is absolutely essential to us, as it represents our principal funding source. Sustaining the listed investments in particular will allow us to continue to invest in quality research across all the Funds that we have available. In the short-term, the research will drive our strategy; in the long-term it will benefit our educational offering. Our reserves policy on page 11 explains how we are seeking to protect these key assets for the future. More detail on our income and expenditure is given in the Statement of Financial Activities. On 31st March 2022, our net assets were £29.9 million, compared to £29.5 million on 31st March 2021.

Indemnity provisions – as part of the agreement relating to the sale of JRI there were indemnity provisions that related to past events of that entity. A number of those indemnity provisions came to an end during the 19/20 accounting year. The Trustees undertook a judgement exercise on 31st March 2022 to reassess the likelihood of the remaining provisions having a material impact and as a result it was considered that no change should be made to the total provision of £250,000 in relation to indemnities.

The principal risks and uncertainties that we face at this time are outlined in our Risk Register. This is kept under regular review by the Executive and is considered by the Finance Committee on a quarterly basis to update, identify and review existing and arising risks. Our most recent Risk Register outlined our Top Risks as being the maintenance of income from investments, and organisational resilience/talent retention.

Over the last two years, as explained above, our revenues and investments have been impacted by initially the c-19 pandemic and associated lockdown, and most by recently the war in Ukraine. We

have been fortunate that in the short-term we could rely on previously accrued cash balances and that in the long-term the value of our investments has recovered. Further consideration to the wider impact of c-19 on the MSK community is given below. We need our investments to continue to generate the income required to fund our research. The Board considers that the choice of two investment managers spreads this risk, with each manager deploying different investment strategies. The Board meets both managers regularly (at least twice a year) to carefully review their performance against our objectives. Uncertain times, both politically and economically, mean that risks can never be completely avoided, but the Board has put in place as many checks and balances as possible to mitigate these risks. A summary of our investment policy and investment objectives is shown on page 11.

In common with many other businesses and charities, ORUK is feeling the effects of the cost-of-living crisis. The main focus of this is ensuring that the charity is able to retain its talent, its staff, offering competitive salaries in line with the cost of living. In addition, the charity offers flexible working arrangements and is trialling a 4-day working week on an informal basis in 22/23. With a small team, organisational resilience can be a source of concern – the charity looks to mitigate this with its systems, by offering ongoing support to its staff and competitive pay and working arrangements, with flexibility around how and where work is done. Also, some functions are outsourced. The executive team has worked tirelessly and dynamically to embrace change so that it can continue to deliver our charitable aims and objectives.

Whilst not a key risk for ORUK, we do fear that junior investigators and post-docs may decide to move out of academic research simply because funding becomes ever harder to come by. In our research call for 22/23, we decided to reduce our research budget by £115K compared to the budget of £1m in 21/22, in order to adjust to the ongoing financial challenges.

The double impact: covid-19 and the war in Ukraine

While the storm clouds of c-19 have moved on, its destructive impact has created the longest elective surgery waiting list on record. In September 2021, the Health Foundation reported 1.6m fewer people than expected completed elective care pathways between January 2020 and July 2021. Sadly, patients living in socioeconomically deprived areas faced more disruption and delays than those in England's least deprived areas. Prolonged waiting has a significant impact on patients' mental and physical health. Patients in severe pain lose mobility and independence, their health deteriorates, they are unable to work, require more GP support and increasingly rely on stronger and stronger pain killers.

In April 2021, the Association of Medical Research Charities reported the long-term impact of c-19 on its members to be:

- 41% decrease in medical research spend in 2022.
- £310 million shortfall in UK medical research spend.
- 4.5 years for medical research spend to recover to 'normal' levels.

The Russian invasion of Ukraine created an additional global financial burden, severely impacting the UK economy, which has resulted in significantly higher inflation rates and cost of living than anticipated.

Investment policy and objectives

The Board receives quarterly reports from Sarasin & Partners and Rathbones, two investment management companies specialising in the charity field, each of whom handles an investment portfolio on our behalf. It has been difficult to establish benchmarks for their activity given the

financial uncertainty in the UK and overseas, both before and after the pandemic, and most recently affected by the war in Ukraine.

Whilst the investment managers work to various benchmarks and indices, our overarching target for the investment portfolios is a total return of RPI plus 4% per annum on a 3-year rolling basis. Our income target for each fund has previously been around the £320,000 per annum mark. We continued to receive a good stream of dividend income during 21/22, but it was at a cut in income compared to 20/21, as we were expecting; income received from investments in 21/22 was £587,305 compared to £619,940 in 20/21. Our budget for 22/23 falls between these two numbers. To offset the cut in income in 21/22, we asked our investment managers to monitor the values of both funds and they were instructed to liquidate some of the investments if/when the time was right to do so. In this way we were able to generate cash that we have set aside for research grant instalment payments, securing a realised gain on disposal of £302k. We may consider adopting a similar approach in 22/23 if this is required to top-up monies received.

The charity has set ethical investment policies for its investment managers, for example, we will not invest in companies trading in tobacco.

Reserves policy

Our reserves policy ensures that we have sufficient funds to cover ongoing commitments and we are able to continue to fund our charitable activities. The trustees review our reserves policy annually and keep the position under careful review at Board meetings to ensure that it evolves with our strategy. Our key income-generating assets are our two properties and our listed investments*. Maintaining the 'capital' value of those assets will be imperative in order to generate sufficient income to sustain our future plans.

After the sale of our trading subsidiary in April 2018, the trustees collectively agreed that the proceeds of the sale should be spent carefully, as this will be the key to enabling us to invest in the long-term, not only in our charitable activities but also in strategic initiatives. We consider that these key assets are effectively ring-fenced to enable us to use the income that is generated from them to support our routine and ongoing running costs. The trustees consider that although there is no legal endowment in place to separate these assets, they should be considered to be endowed and in doing so, the trustees are acting in the spirit of the original intention of the founder of our charity.

At the balance sheet date our designated funds amounted to £29,340,411. Part of this represents our 'Capital Fund' [£28,205,411] and our 'Fabric Fund' [£250,000]. The remainder represents our 'Strategy Development Fund' (SDF) [£885,000]. The SDF has been reset at the balance sheet date to be our budget for the next financial year for New Research (both academic and non-academic projects) – the SDF encompasses The ORUK Inspiration Fund, The Ronald Furlong Fund and The ORUK Early Career Research Fellowships and The Joint Partnership Fund.

Designations are a choice for the Board and, given the uncertainties around the aftermath of the pandemic and the situation in Ukraine, these will be kept under close review.

Our free reserves

Our **free reserves** are identified as £471,297; being £543,163 as calculated below, less £71,866 of tangible fixed assets which are illiquid. Our ongoing target is to hold between £750k and £1m in readily available liquid funds in order to cover the running costs of the charity for 12 months. On 31st March 2022, cash in our current accounts amounted to £1.2m and we are therefore satisfied that we achieved our 'liquid funds' target.

Net assets	Unrestricted	Designated (unrestricted)	TOTAL
Tangible fixed assets	£71,866	£450,829*	£522,695
Investments	£85	£29,044,429*	£29,044,514
Net current assets	£471,212	£480,347	£951,559
Long-term liabilities	nil	(£385,194)	(£385,194)
Provisions	nil	<u>(£250,000)</u>	<u>(£250,000)</u>
Total	£543,163	£29,340,411	£29,883,574

*these are our key income-generating assets, as referred to on the previous page.

Going concern

The financial statements of the charitable company have been prepared on a going concern basis as the trustees have assessed the going concern position and have no reason to believe that there are any material uncertainties that would affect the ability of the charitable company to continue as a going concern for the foreseeable future. In order to plan for future cashflow requirements, the trustees have considered the period covering the next 12 months and have reviewed forecasts for that period in making their assessment.

PLANS FOR FUTURE PERIODS

Our work is an investment in the future that will benefit all of us. It will ease the burden on the NHS, reduce workplace sickness and improve the quality of life for millions of people. Pain, immobility, and the resulting isolation are serious issues, but we do not believe they are inevitable. We have outlined earlier in the Trustees Report (on pages 6 -8) how our 3-year Strategy guides us and how we have achieved our aims so far. Our Research Strategy is part of our overall Strategy, and it explains that our vision is focussed on three core areas:

1. Supporting early-career research talents within academia.
2. Supporting MSK professionals with ideas that address patients' unmet needs.
3. Supporting entrepreneurs and start-ups with game-changing ideas that can revolutionise MSK health care.

In addition to the research partnership agreements that we have already agreed, as explained on page 7, since the year end we have secured further research partnership agreements with the National Joint Registry and the British Orthopaedic Association. We continue to expand the portfolio of our education and training events, offering a variety of topics tailored for the MSK community, including academic scientists, orthopaedic surgeons, and physiotherapists.

We have partnered with Good Boost, Arthritis Action and ukactive to put forward a solution for *Innovate UK's Healthy Ageing Challenge - Designed for Ageing* initiative. The project entitled "Transforming gyms into community MSK hubs: mobilising the UK leisure sector to deliver inclusive, accessible, personalised and gamified health services for Older Adults with MSK conditions" is about rethinking and redesigning how MSK services are delivered in leisure/community centres rather than clinical departments. This partnership resulted in securing funding from Innovate UK grant to deliver the ESCAPE-pain training to 300 facilitators over the next 24 months.

We are planning to run the first national conference dedicated to the role of AI and big data in orthopaedics in September 2022. It will provide an opportunity for the wider MSK community to share best practice and identify solutions to common problems. Speakers will include senior clinicians, researchers and technologists actively involved in AI projects within orthopaedics, plus NHS leaders and policy makers.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Committees

In addition to the Board of ORUK, there are two sub-committees that oversee the various activities of the charity: 'Research' and 'Finance, Investment and Audit' (FIAC). The Research Committee's responsibility is to ensure the integrity of the charity's programme of scientific research support and its relevance and importance to people affected by MSK conditions. The FIAC's responsibility is to help the Board of ORUK Trustees to discharge its fiduciary duties and responsibilities.

Decision making

The Charity has a Board of Trustee Directors who have the requisite skills, knowledge, and experience to discharge their duties as trustees of this incorporated charitable organisation. Day-to-day management of the charity is delegated to ORUK's leadership team, as detailed on page 3. At periodic meetings, the trustees agree broad strategic activities including investments, reserves, risk management and grant making. On-going performance of the research projects is also reported, as is the performance of the listed investments. The Scientific Advisory Committee (SAC) meets at regular intervals to assist with the review process of our research applications across our available Funds, and to recommend to the Trustees the best projects submitted for funding. The SAC is an independent review panel assessing each project separately to the charity www.oruk.org/about-us/team/#tab_scientific-advisory-committee.

Induction and training of new trustees

New trustees are recruited either by recommendation or by advertising in relevant publications or media. A potential trustee then meets the trustees to receive a briefing on the Charity's activities and structure and is given a package of information which includes the agendas and minutes of the Board meetings of the last twelve months. He or she will then be invited to attend a trustee meeting at which they can ask any further questions before being appointed as a trustee and member of the board.

Key management personnel remuneration

Key management personnel (KMP) of the charity are considered to be the CEO and the trustees. To set the CEO's salary, a sub-committee of trustees undertakes research to benchmark average CEO salaries which is then discussed at an appraisal. Details of KMP remuneration is given in note 14 of the accounts.

Risk management

The risks to which the charity may be exposed are under regular review, and systems and procedures have been established to address and manage those risks. Our risks and the steps taken to address them are further explained on pages 9 to 11.

FUNDRAISING STANDARDS INFORMATION

Our fundraising practices meet the values and principles of ORUK as an organisation. We are registered with the Fundraising Regulator. The impact of Covid-19 led us to cease our fundraising activities. We do not use external professional fundraisers, nor do we employ the services of any fundraising agencies or third parties. Most of our fundraising during the year related to Trust and Foundations and there is currently only a small amount of public fundraising. We have ensured that we meet the criteria set by the GDPR data protection regulations and all other relevant codes of conduct. To ensure that we take all reasonable care to protect vulnerable people, we comply with the guidance set out by the Institute of Fundraising. We received no complaints about our fundraising practices during the period.

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of Orthopaedic Research UK for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial period. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the statement of financial activities, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees, incorporating a strategic report, is approved by order of the board of trustees, as the company directors, on 4th October 2022 and signed on the board's behalf by:

Adrian Downing
Chair of the Board of Trustees

Independent Auditor's Report to the members of Orthopaedic Research UK

Opinion

We have audited the financial statements of Orthopaedic Research UK (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure 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.

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 are independent of the charitable 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks relating to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remain alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- 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 and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

31 October 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, London EC1Y 0TL

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

		CURRENT YEAR			
		Unrestricted funds	Restricted funds	31 March 2022	31 March 2021
	Note	£	£	Total £	Total £
Income from:					
Donations and legacies	2	4,647	2,996	7,643	5,838
Charitable activities	5	307,073	-	307,073	163,813
Other trading activities	3	-	-	-	-
Investments	4	1,024,304	-	1,024,304	1,002,121
Total income		1,336,024	2,996	1,339,020	1,171,772
Expenditure on:					
Raising funds	6	50	-	50	59,611
Charitable activities	7	1,641,388	2,996	1,644,384	1,100,253
Total expenditure		1,641,438	2,996	1,644,434	1,159,864
Gains on revaluation of fixed assets	24	-	-	-	30,880
Other net gains on investments	24	698,972	-	698,972	4,457,206
Net income		393,558	-	393,558	4,499,994
Transfers between funds	24	-	-	-	-
Net movement in funds		393,558	-	393,558	4,499,994
Reconciliation of funds:					
Total funds brought forward	24	29,490,016	-	29,490,016	24,990,022
Total funds carried forward	24	29,883,574	-	29,883,574	29,490,016

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

			PRIOR YEAR	
		Unrestricted funds	Restricted funds	31 March 2021
	Note	£	£	Total
				£
Income from:				
Donations and legacies	2	5,838	-	5,838
Charitable activities	5	163,813	-	163,813
Other trading activities	3	-	-	-
Investments	4	1,002,121	-	1,002,121
Total income		1,171,772	-	1,171,772
Expenditure on:				
Raising funds	6	59,611	-	59,611
Charitable activities	7	1,100,253	-	1,100,253
Total expenditure		1,159,864	-	1,159,864
Gains/(losses) on revaluation of fixed assets	24	30,880	-	30,880
Other net losses on investments	24	4,457,206	-	4,457,206
Net expenditure		4,499,994	-	4,499,994
Transfers between funds	24	-	-	-
Net movement in funds		4,499,994	-	4,499,994
Reconciliation of funds:				
Total funds brought forward	24	24,990,022	-	24,990,022
Total funds carried forward	24	29,490,016	-	29,490,016

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Balance Sheet

As at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Fixed assets			
Tangible assets	17	522,695	949,228
Mixed motive investments	18	209,995	99,996
Investments	18	28,834,519	28,041,629
Current assets		29,567,209	29,090,853
Stock		1,327	1,907
Debtors	19	103,219	39,866
Cash at bank and in hand		1,985,334	1,515,649
		2,089,880	1,557,422
Creditors: amounts falling due within one year	20	(1,138,321)	(715,572)
Net current assets		951,559	841,850
Total assets less current liabilities		30,518,768	29,932,703
Creditors: amounts falling due after more than one year	22	(385,194)	(192,687)
Provisions for liabilities	21	(250,000)	(250,000)
Net assets	25	29,883,574	29,490,016
Charity Funds			
Restricted income funds		-	-
Unrestricted funds:			
General funds		543,163	659,843
Designated funds – capital assets fund	29	28,205,411	27,080,173
Designated funds – fabric fund	29	250,000	250,000
Designated funds – strategy development fund	29	885,000	1,500,000
Total charity funds	24	29,883,574	29,490,016

The financial statements were approved and authorised for issue by the Board on 4 October 2022

Signed on behalf of the board of trustees

.....
Mr A Downing, Trustee

The notes on pages 23 to 38 form part of these financial statements

Statement of Cash Flows

For the year ended 31 March 2022

		31 March 2022 £	31 March 2021 £
	Note		
Cash flow from operating activities	26	(759,734)	(561,390)
Net cash flow from operating activities		(759,734)	(561,390)
Cash flow from investing activities			
Income from investments	4	587,305	619,940
Rent from investments	4	436,329 670	381,867 314
Net interest received	4	(74,238)	(6,912)
Purchase of property, plant & equipment	17	(1,816,422)	(1,554,240)
Purchase of investments less net cash acquired Receipts from sale of investments	18 18	2,095,775	1,781,599
Net cash flow from investing activities		1,229,419	1,222,568
Net increase/(decrease) in cash and cash equivalents		469,685	661,178
Cash and cash equivalents at 31 March 2021		1,515,649	854,471
Cash and cash equivalents at 31 March 2022	26	1,985,334	1,515,649

The notes on pages 23 to 38 form part of these financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Orthopaedic Research UK is a charitable company, limited by guarantee, incorporated in England and Wales. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are given on page 6 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102 and these financial statements contain information about the charity as an individual body. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting those financial statements are detailed within the relevant accounting policy below.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from educational training and Escape-pain training events is recognised in full in the period in which the event takes place.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payment to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All expenditure is recognised inclusive of VAT, where VAT applies. The charity is able to recover some of its VAT under partial exemption, and this VAT recovery is shown as an expenditure line, rather than being offset against the expenditure on which it was incurred.

Grants payable to third parties are within the charitable objectives. Where grants are offered subject to conditions which have not been met at the year-end date, these are noted as a commitment but not accrued as expenditure. Research grants payable are recognised in full, as expenditure with a related liability, from the date on which the grants are awarded and communicated.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Assets are capitalised where their cost exceeds £1,500.

Freehold property, for which fair value can be measured reliably, is measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on revaluation of fixed assets' in the SoFA. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. Freehold property includes the space the charity occupies within its London property. See note 17 for further detail.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	Freehold	– not depreciated
buildings	Fixtures and fittings	– straight line over 50-years
Computer equipment		20%-25% on cost
		– 33 1/3% on cost

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investment property

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. Investment properties are not depreciated. The trustees have adopted a policy of regular revaluation of investment properties, and will undertake this professionally once every three years, with informal reviews annually. Investment properties include the tenant occupied space in the London and Sheffield properties. See note 18 for further detail.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Mixed motive investments are those held to generate a financial return as well as further the charitable objects. These investments are valued at historic cost and reviewed for indicators of impairment at each balance sheet date. Investments in subsidiary undertakings are valued at historic cost and reviewed for impairment.

Stock

Stock is valued at the lower of cost and net realisable value, and relates to books. The cost formula used is FIFO.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Employee benefits and termination benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. Termination benefits are employee benefits payable as a result of either the charity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination payments do not provide the charity with future economic benefits therefore the charity recognises them as an expense in the SoFA immediately.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash deposits with financial institutions (including investment managers) that are readily convertible to known amounts of cash with an insignificant risk of change in value.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Pensions

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Judgements and key sources of estimation uncertainty**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Indemnity provisions – as part of the sales agreement relating to JRI, there were a number of indemnity provisions in relation to past events of the entity. The trustees undertook a judgement exercise whereby the varying degrees of probability of each provision was assessed and, as a result, a total provision in relation to indemnities of £575,000 was recorded. In 2019, the trustees updated the judgement exercise and concluded that £325,000 of the provision could be released as not required. This amount was released to the SoFA and was shown as an exceptional item. See note 21. No change to the carrying value of provisions has been made in the current or preceding accounting year.

Valuation of properties – freehold land and buildings and investment properties are included at fair value. The last professional valuation was undertaken at 31 March 2021 and the trustees have concluded that no material movement in this valuation has taken place since the year end.

Key sources of estimation uncertainty

The following key sources of estimation uncertainty at the end of the reporting period have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year:

Spread of rent free period (RFP) - the charity has a long-term commitment on premises. The lease commitment is for 40 years, effective January 2017, with a significant RFP. At the end of the RFP, rent will be charged at market value. The charity is accruing for estimated rent calculated using RPI. In prior years, RPI has not been significant, but at the balance sheet date inflation is high resulting in a significant adjustment to the accrued rent during the accounting period. If inflation continues to rise, a material adjustment will be required in the next financial year.

2 DONATIONS AND LEGACIES

	31 March 2022	31 March 2021
	£	£
Donations	7,643	5,838

The donations figures include both restricted and unrestricted income. Unrestricted donations received during the year amounted to £4,647 (2021 - £5,838) and restricted donations received during the year amounted to £2,996 (2021 - £nil).

3 OTHER TRADING ACTIVITIES (UNRESTRICTED)

	31 March 2022	31 March 2021
	£	£
Fundraising/challenge events	-	-

4 INVESTMENT INCOME (UNRESTRICTED)

	31 March 2022	31 March 2021
	£	£
Rental income Dividends	436,329	381,867
received Bank interest	587,305	619,940
received	670	314
	1,024,304	1,002,121

5 INCOME FROM CHARITABLE ACTIVITIES (UNRESTRICTED)

	31 March 2022	31 March 2021
	£	£
Education (training courses)	219,231	160,352
Escape-pain (training courses)	85,081	-
Publishing	2,761	3,461
	307,073	163,813

6 EXPENDITURE ON RAISING FUNDS

	31 March 2022	31 March 2021
	£	£
Fundraising costs	50	59,611

7 CHARITABLE ACTIVITIES COSTS

	Direct & support costs	Grant funding of activities 31.3.22 (see note 11)£	Totals
	£		£
Promoting best orthopaedic practice through education Publishing and sponsorship	381,317	-	381,317
	12,695	-	12,695
Research into best orthopaedic practice	-	901,403	901,403
Governance costs (note 10)	348,969	-	348,969
	742,981	901,403	1,644,384

Charitable activities costs above include support cost allocations, which are analysed in note 10. Investment management costs are included in governance costs and total £29,110 (2021 - £24,871).

	Direct & support costs	Grant funding of activities 31.3.21 (see note 11)£	Totals
	£		£
Promoting best orthopaedic practice through education Publishing and sponsorship	210,178	-	210,178
	21,369	-	21,369
Research into best orthopaedic practice	-	599,185	599,185
Governance costs (note 10)	269,521	-	269,521
	501,068	599,185	1,100,253

Notes to the Financial Statements

For the year ended 31 March 2022

8 GRANTS PAYABLE

31 March 2022	31 March 2021
£	£

Research into best orthopaedic practice	901,403	599,185
---	----------------	---------

See note 11 for an analysis

9 NET INCOME

31 March 2022	31 March 2021
£	£

Net income is stated after charging:
Depreciation - owned assets

16,369	14,035
---------------	--------

10 ALLOCATION OF SUPPORT COST

	Research	Promoting (through education)	Fundraising	Governance	31 March 2022 Total
Support cost	£	£	£	£	£
Human resources	43,940	8,788	-	123,030	175,758
Premises/insurance	35,253	7,051	-	98,709	141,013
Communications & PR Travel expenses	11,402	2,280	-	31,925	45,607
Other expenses	166	45	-	1,095	1,306
Depreciation	17,579	3,516	-	81,958	103,053
	4,376	875	-	12,252	17,503
Total	112,716	22,555	-	348,969	484,240

Support costs are allocated to the activities they support based on an apportionment of employees' time spent on each activity. The costs analysed above are included in fundraising costs (see note 6) and charitable activities costs (see note 7).

	Research	Promoting (through education)	Fundraising	Governance	31 March 2021 Total
Support cost	£	£	£	£	£
Human resources	40,092	27,336	-	114,810	182,238
Premises/insurance	13,236	9,024	-	37,902	60,162
Communications & PR Travel expenses	17,443	11,893	-	49,951	79,287
Other expenses	-	37	-	72	109
Depreciation	12,078	8,235	-	57,780	78,101
	3,142	2,142	-	8,998	14,282
Total	85,991	58,667	-	269,521	414,179

Notes to the Financial Statements

For the year ended 31 March 2022

11 GRANT MAKING

Name of institution	Purpose for which grants made (research)	31 March 2022 £
Queen Mary, University of London	<i>JPF - predicting mortality in major trauma using an AI risk prediction model</i>	
Newcastle University		30,000
University	<i>JPF - can statins reduce inflammatory response to orthopaedic biomaterials</i>	35,023
	<i>JPF - research fellowship - epidemiology of infection following hip fracture surgery</i>	
South West London Elective Orthopaedic Centre/Epsom		50,000
University of Oxford Nottingham	<i>IF - machine learning to detect and predict loosening of the femoral component of an uncemented total hip replacement</i>	49,500
University of East	<i>ECRF - anterior shoulder dislocations/glenohumeral joint osteoarthritis</i>	97,878
Anglia Southampton University	<i>ECRF - effect of exercise on patients with low back pain</i>	109,408
University of Bath	<i>IF - Dupuytren's disease and MMP-14</i>	34,850
	<i>IF - using microbubbles to deliver local treatments in fracture non-union</i>	49,764
Imperial College London	<i>ECRF - open-source finite element ankle model for in-silico assessment of treatment</i>	
Newcastle University		101,961
University of East Anglia	<i>ECRF - optimising outcomes after patellofemoral joint replacements</i>	110,000
Newcastle University	<i>ECRF - a theranostic for bone cancers</i>	107,654
	<i>project underspend (see note below)</i>	(212)
Grants to institutions	<i>project underspend (see note below)</i>	(12,268)
Patent fees		763,558
		25,129
Direct costs of grant making		788,687
Support costs of grant making – see note 10		112,716
TOTAL COSTS OF GRANT MAKING		901,403

JPF= Joint Partnership Fund; IF= Inspiration Fund; ECRF= Early-career Research Fellowships (as shown on page 7).

Occasionally universities, for various reasons, do not spend all the funds that they initially requested to carry out their research activities. There is a provision in the contract signed between the parties that enables ORUK to ask for any 'underspend' monies to be returned to the charity. The adjustments above relate to refunds of unspent funds, or credits of agreed funding, where the universities have confirmed that not all of the grant was required.

11 GRANT MAKING (continued) - prior year

Name of institution	Purpose for which grants made (research)	31 March 2021 £
University of Bristol		46,812
University of Edinburgh		(8,314)
Newcastle University		90,000
Newcastle University		75,000
South West London Elective Orthopaedic Centre & University of Brighton Imperial		50,000
College London (ICL)		64,438
University of Southampton		75,000
University College London (UCL)		95,560
Grants to institutions		488,496
Staff cost, patent fees and SAC meetings		24,698
Direct costs of grant making		513,194
Support costs of grant making – see note 10		85,991
TOTAL COSTS OF GRANT MAKING		599,185

12 AUDITOR'S REMUNERATION

Amounts payable to the auditor for statutory audit services of the charity are £11.35k (2021 - £10.8k).

Amounts payable to the auditor and its associates for other services of the charity are £nil (2021 -£300).

13 TRUSTEES' REMUNERATION AND BENEFITS

No trustees received remuneration or benefits from the charity. One trustee, Mr M Gouldstone, provides consultancy services to the charity's subsidiary undertaking, Novara Therapeutics Ltd, and received £10,800 via his own limited company (2021 - £7,200) during the year for these services. This remuneration is permitted within the charity's Articles of Association and was approved by the Board of Trustees following a process as set out in those Articles.

Trustees' expenses

Expenses totalling £341 (2021 - £72) were paid to 2 trustees in the year (2021 - 1) by the charity, representing reimbursement of travelling expenditure. In addition, the charity expended £5,333 (2021 -£nil) on hosting trustee meetings.

STAFF COSTS AND EMPLOYEE BENEFITS**14**

	31 March 2022 £	31 March 2021 £
Wages and salaries Social security costs	301,102	273,536
Employer's contribution to defined contribution pension schemes	29,142	25,886
	20,568	21,170
	350,812	320,592

The amount of £350,812 (2021 - £320,592) above includes £121,778 (2021 - £116,118) of employee benefits received by key management personnel, including the CEO, for services to the charity. Key management personnel are defined on page 13. Included in the values above are termination/ex-gratia payments totalling nil (2021 £7,687) paid to an employee during the year.

Notes to the Financial Statements

For the year ended 31 March 2022

15 STAFF COSTS

The average number of employees, by headcount, in the period was as follows:

	2022 (Charity) Number	2021 (Charity) Number
Charitable activities	4	3
Governance	2	2
	<u>6</u>	<u>5</u>

The charity pays contributions into a money purchase group personal scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid into the scheme by the charity in the period were £20,568 (2021 -£21,170). The pension creditor at the period end was nil (2021 - £nil).

The number of employees who received total employee benefits (excluding employer pension costs and employer social security costs but including benefits in kind) of more than £60,000 was as shown in the table below.

	2022 (Charity) Number	2021 (Charity) Number
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£90,000 - £100,000	-	1
£100,000 - £110,000	<u>1</u>	<u>-</u>

16 RELATED PARTY TRANSACTIONS

The key management personnel (KMP) of the charity comprises the CEO and the trustees. Transactions with trustees are set out in note 13. Total employee benefits of the key management personnel of the charity were £121,778 (2021 - £116,118).

Aggregate donations received from related parties amounted to £nil (2021 £nil).

17 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Fixtures, fittings & equipment £	Totals £
COST/VALUATION			
At 31 March 2021	1,071,631	19,496	1,091,127
Additions	-	74,238	74,238
Disposals	-	(4,775)	(4,775)
Transfer to investment property	(483,202)		(483,202)
At 31 March 2022	<u>588,429</u>	<u>88,959</u>	<u>677,388</u>
DEPRECIATION			
At 31 March 2021	133,083	8,816	141,899
Charge for the year	4,517	11,852	16,369
Disposals	-	(3,575)	(3,575)
At 31 March 2022	<u>137,600</u>	<u>17,093</u>	<u>154,693</u>
NET BOOK VALUE			
At 31 March 2022	<u>450,829</u>	<u>71,866</u>	<u>522,695</u>
At 31 March 2021	<u>938,548</u>	<u>10,680</u>	<u>949,228</u>

17 TANGIBLE FIXED ASSETS (continued)

The freehold building relates to the charity-occupied part of 10a Chandos House in London. This building was acquired in January 2008. The property was recognised at fair value on transition to SORP (FRS 102) using a previous fair value valuation. The building is being depreciated from the FRS 102 transition date of 1/4/14 and has a net book value of £450,829; land is not depreciated. The historic cost equivalent of this asset at net book value is £389,852, and depreciation at historic cost would be £2,253. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. The freehold property was subject to independent, professional valuation on 31/3/21. The valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The valuation was carried out in accordance with the requirements of the RICS Valuation - Professional Standards Manual. Further information on property valuations is contained in note 18b. The transfer from tangible fixed assets to investment properties is to reflect the change in the use of the property with more floor space being rented out.

Notes to the Financial Statements

For the year ended 31 March 2022

18a FIXED ASSET INVESTMENTS

	Unlisted investments	Mixed motive investments	Investment properties (18b)	Listed investments	Totals
	£	£	£	£	£
COST/VALUE					
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625
Revaluations	-	-	-	698,972	698,972
Additions	-	109,999	-	1,706,423	1,816,422
Transfer from freehold	-	-	483,202	-	483,202
Disposals	-	-	-	(2,095,707)	(2,095,707)
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514
NET BOOK VALUE					
At 31 March 2022	85	209,995	7,946,572	20,887,862	29,044,514
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625

The historic cost of investment properties is disclosed in note 18b. Income from investments is shown in note 4. Shares in group undertakings were included at cost less impairment. Investment properties and listed investments are included at market value. This is commented on in more detail in note 18b below. Historic cost of listed investments is £17,196,728. Unlisted investments are included at cost which at the year end is considered to be the equivalent of market value. The transfer to investment properties from tangible fixed assets is to reflect the change in the use of the property with more floor space being rented out.

The unlisted investment above relates to an 85% shareholding in a subsidiary undertaking, Novara Therapeutics Limited, a company registered in England and Wales under company number 12841228. The subsidiary has been excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view. The company's aggregate liabilities at 31/3/22 were £25,154 (2021 £11,475), it had no turnover for its first accounting period and its loss for the year was £13,679 (2021 £11,575).

	Unlisted investments	Mixed motive investments	Investment properties	Listed investments	Totals
	£	£	£	£	£
COST/ MARKET					
VALUE At 31 March	-	49,998	7,309,250	16,552,530	23,911,778
2020 Revaluations	-	-	154,120	4,303,086	4,457,206
Additions	85	49,998	-	1,504,157	1,554,240
Reallocation	-	-	-	-	-
Disposals	-	-	-	(1,781,599)	(1,781,599)
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625
NET BOOK VALUE					
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625
At 31 March 2020	-	49,998	7,309,250	16,552,530	23,911,778

Notes to the Financial Statements

For the year ended 31 March 2022

18b INVESTMENT PROPERTIES

The charity has two investment properties – the London property is the tenant-occupied part of 10a Chandos House in London and the Sheffield property is in Chapeltown in Sheffield.

The investment properties were subject to independent, professional valuation as at 31/3/21. The London property valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The Sheffield property valuation was undertaken by Mark Jenkinson & Son, a firm of independent valuers. Both valuations were carried out in accordance with the requirements of the RICS Valuation -Professional Standards Manual. The historic cost equivalent of these assets is £4,411,349 and £3,498,868 respectively.

The trustees carry out a formal valuation of properties every three years, checking in with valuers in between.

The Sheffield property was valued at £3.85m which represents 12.88% of the balance sheet value.

The London property was valued at £4.685m, with the investment property element representing 15.68% of the balance sheet value.

It remains the trustees' current intention to hold both properties for the long term.

19 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2022	31 March 2021
	£	£
Trade debtors	41,598	2,800
Other debtors	6,081	1,776
Amounts owed by group undertakings	23,712	9,243
Prepayments and accrued income	31,828	26,047
	103,219	39,866

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2022	31 March 2021
	£	£
Trade creditors	90,578	66,819
Grants payable	654,653	364,227
Taxation and social security	23,946	26,451
Other creditors	10,966	18,758
Accruals and deferred income	358,178	239,317
	1,138,321	715,572

Deferred income includes monies held for courses to be held in the next financial year amounting to £60,865 (2021 - £61,654), and rents invoiced in advance, amounting to £119,047 (2021 - £93,994).

	31 March 2022	31 March 2021
	£	£
Balance at the beginning of the period Amount released to income in the period Amount deferred in the period	155,648	151,911
	(155,648)	(151,911)
	179,912	155,648
Balance at the end of the period	179,912	155,648

Notes to the Financial Statements

For the year ended 31 March 2022

21 RECONCILIATION OF GRANT COMMITMENTS AND PROVISIONS

	31 March 2022 £	31 March 2021 £
Grant commitments at 31 March 2021	556,915	255,064
Grants adjusted/charged in the period (note 11) Grants paid in the period	763,558 (280,626)	488,496 (186,645)
Grant commitments at 31 March 2022	1,039,847	556,915
	31 March 2022 £	31 March 2021 £
Provisions at 31 March 2021	250,000	250,000
Indemnity provision released in the period	-	-
Provisions at 31 March 2022	250,000	250,000

As part of the sales agreement relating to JRI, ORUK committed to a number of indemnity provisions relating to past JRI events. The indemnities had specific, but varying, time periods applied. trustees have considered the likelihood of the provision crystallising and have concluded that provision in the accounts should be made for those considered most probable. At the balance sheet date, they have updated their review of the provisions and consider that the provisions brought forward from the prior year should still be retained in the accounts. More information is supplied in note 27.

22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2022 £	31 March 2021 £
Grants payable	385,194	192,687

23a OPERATING LEASE COMMITMENTS PAYABLE AS A LESSEE

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	31 March 2022 £	31 March 2021 £
Less than one year	3,401	4,366
Two to five years	-	-
Over five years	468,082	94,312
	471,483	98,678
Land and buildings	468,082	94,312
Other (equipment)	3,401	4,366
	471,483	98,678

Notes to the Financial Statements

For the year ended 31 March 2022

23b OPERATING LEASE COMMITMENTS RECEIVABLE AS A LESSOR

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods, and all relate to land and buildings:

	31 March 2022 £	31 March 2021 £
Less than one year	431,925	362,160
Two to five years	1,376,270	526,855
Over five years	-	-
	1,808,195	889,015

24 FUND RECONCILIATION

	Balance at 31 March 2021 £	Income £	Expenditure £	Transfers £	Gains/ (losses) £	Balance at 31 March 2022 £
Other charitable funds	29,490,016	1,336,024	(1,641,438)		698,972	29,883,574
Restricted	-	-2,996	(2,996)	-	-	-
	29,490,016	1,339,020	(1,644,434)	-	698,972	29,883,574

Of the £29,883,574 of other charitable funds above, £29,340,411 has been identified as being 'designated' at the period-end; this is further explained in note 25a and note 29. The purpose of the designated fund is to ring-fence key income-generating assets so that the charity can continue with its charitable activity of investing in research, and to enable the charity to invest in its fundraising plan to realise its vision of 'pain-free movement for all'.

	Balance at 31 March 2020 £	Income £	Expenditure £	Transfers £	Gains/ (losses) £	Balance at 31 March 2021 £
Other charitable funds	24,990,022	1,171,772	(1,159,864)	-	4,488,086	29,490,016
Restricted	-	-	-	-	-	-
	24,990,022	1,171,772	(1,159,864)	-	4,488,086	29,490,016

25a ANALYSIS OF NET ASSETS BETWEEN FUNDS (CURRENT PERIOD)

	General Unrestricted £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	71,866	450,829	-	522,695
Investments	85	29,044,429	-	29,044,514
Net current assets	471,212	480,347	-	951,559
Long term liabilities	-	(385,194)	-	(385,194)
Provisions	-	(250,000)	-	(250,000)
Net assets at 31 March 2022	543,163	29,340,411	-	29,883,574

25b ANALYSIS OF NET ASSETS BETWEEN FUNDS (PRIOR PERIOD)

	General Unrestricted £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	10,680	938,548	-	949,228
Investments	-	28,141,625	-	28,141,6
Net current assets	841,850	-	-	841,850
Long term liabilities	(192,687)	-	-	(192,687)
Provisions	-	(250,000)	-	-(250,000)
Net assets at 31 March 2021	659,843	28,830,173	-	29,490,016

26 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2022 £	31 March 2021 £
Net income for period	393,558	4,499,994
Dividends received	(587,305)	(619,940)
Interest receivable	(670)	(314)
Depreciation of tangible fixed assets	16,369	14,034
Losses/(gains) on investments	(698,972)	(4,488,086)
Reverse indemnity provision	-	-
(Profit)/loss on disposal of tangible fixed assets	1,132	248
Rent from freehold investment property	(436,329)	(381,867)
(Increase)/decrease in stock	580	930
(Increase)/decrease in debtors	(63,353)	46,825
(Decrease)/increase in creditors	615,256	366,786
Net cash flow from operating activities	(759,734)	(561,390)

Cash and cash equivalents at 31 March 2022 were £1,985,334 (2021 - £1,515,649). This amount is analysed as £1,826,349 (2021 - £1,216,333) of bank balances, £158,483 held by investment houses as 'cash' balances available to invest (2021 - £298,814) and £502 (2021 - £502) of cash.

ANALYSIS OF CHANGES IN NET DEBT

	Balance at 31 March 2021 £	Cashflows £	Balance at 31 March 2022 £
Cash	1,216,835	610,016	1,826,851
Cash-equivalents	298,814	(140,331)	158,483
Grants falling due within 1 year	(364,227)	(315,176)	(679,403)
Grants falling due in more than 1 year	(192,687)	(167,757)	(360,444)
	958,735	(13,248)	945,487

27 CONTINGENT LIABILITIES

As outlined in note 21, in prior periods ORUK committed to a number of indemnity provisions - initially these were provided for within the accounts but as the likelihood of these crystallising reduced, the provisions were reversed. Of the four indemnities committed to, two have already fallen outside the time limit restriction, one lapsed just after the balance sheet date with no charge arising, and one remains provided for in the accounts. At the date of signing the accounts, there are no contingent liabilities remaining.

28 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is not to exceed £10.

29 ANALYSIS OF DESIGNATED FUNDS

		31 March 2022	31 March 2021
		£	£
An analysis of the funds is given below:			
Strategy Development Fund	<i>new research (academic and non-academic)</i>	885,000	1,500,000
Fabric Fund	<i>ongoing maintenance to Furlong House (grade II listed) to ring fence</i>	250,000	250,000
Capital Fund	<i>key income generating assets</i>	28,205,411	27,080,173
		29,340,411	28,830,173

30 POST BALANCE SHEET EVENTS

After the year end, the market value of the listed investments has continued to fall as a result of the continuing uncertainties in Europe, the concerns around inflation and the costs of living, and the recent announcements made in the mini-Budget. The latest valuation, obtained in September 2022, totalled £19,085,069 (total market value at 31 March 2022 was £20,887,862). The trustees are in regular contact with the investment managers - in-person presentations are given twice per year, and reports are made at each Finance Committee meeting. The trustees are aware of the uncertainty surrounding the portfolios and are keeping them under close review.

Orthopaedic
Research UK



Orthopaedic Research UK
Furlong House
10a Chandos Street
London W1G 9DQ

+44 (0)20 7637 5789

info@oruk.org

www.oruk.org

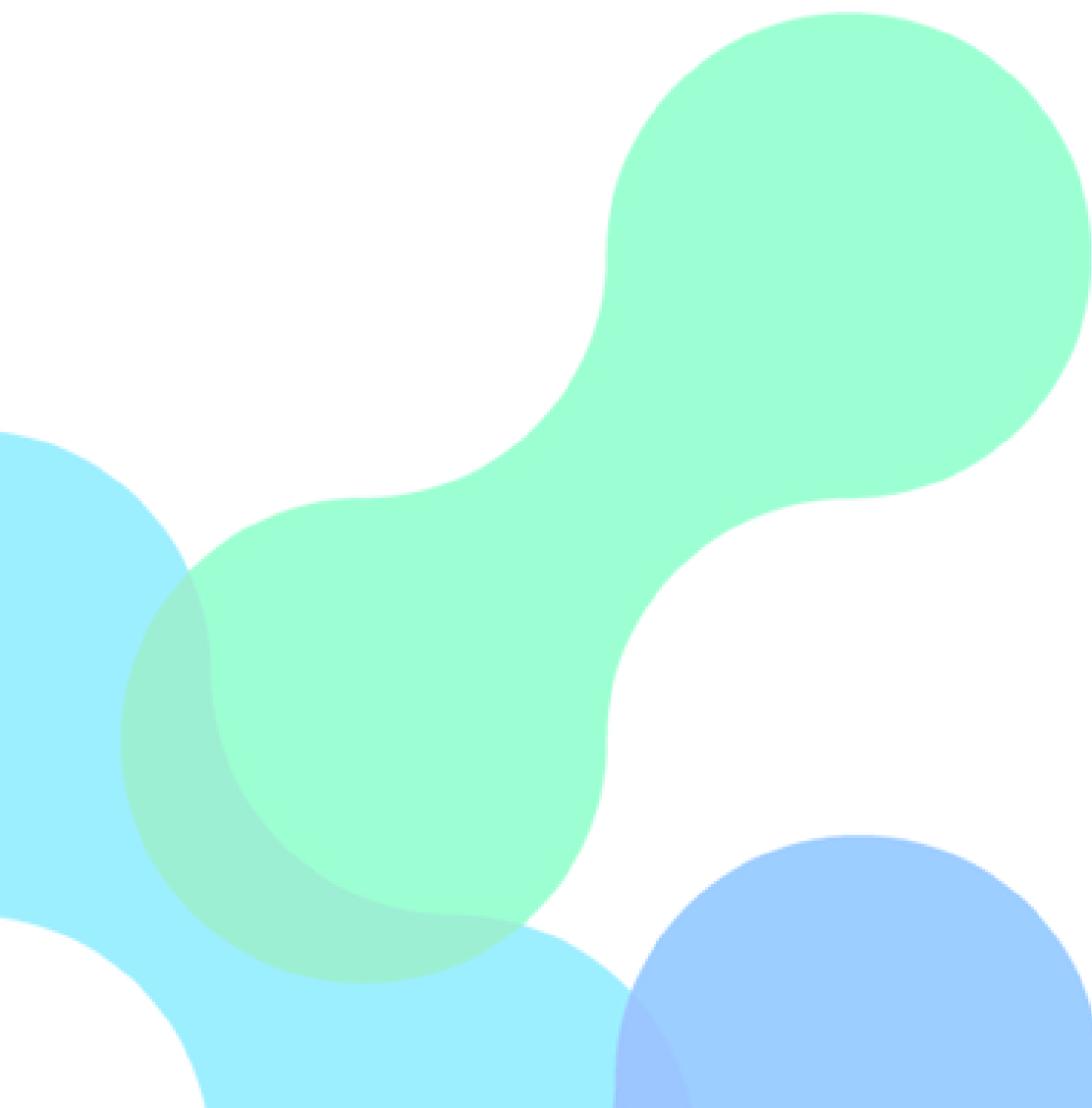
UK Registered Charity No. 1111657



Accounts

Annual Report and Accounts

2020-21



Contents	Page
Charity Reference and Administrative Details	1
Messages from our Chair and Chief Executive	2-3
Report of the Trustees	4-12
Independent Auditor's Report	13-15
Statement of Financial Activities (including an Income and Expenditure Account)	16
<i>current period</i>	
Statement of Financial Activities (including an Income and Expenditure Account)	17
<i>comparative</i>	
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20-33

ORTHOPAEDIC RESEARCH UK

Reference and Administrative Details for the Year Ended 31 March 2021

Charity registration number	1111657
Company registration number	5585452
Trustees	Dr C J Ball Mr A H Downing Mr M Gouldstone Mrs S Harkness Mr P E Harrison Baroness J A Jolly (resigned 17/09/20) Professor N Rushton (appointed 30/9/20) Professor M Santin Mr J K Tucker
CEO/CFO ORUK leadership team	Dr A Angadji / Mrs C Barnard Mrs D Palmer (Executive Officer) Miss R Threadgold (Head of Education and Events)
Registered office	Rosemount House Rosemount Avenue West Byfleet Surrey KT14 6LB
Principal place of operations	Furlong House 10a Chandos Street London W1G 9DQ
Auditor	Sayer Vincent Chartered Accountants & Statutory Auditors 108-114 Golden Lane London EC1Y 0TL
Solicitor	Radcliffes LeBrasseur 85 Fleet Street London EC4Y 1AE
Bankers	National Westminster Bank plc 10 Marylebone High Street London W1U 4BT
Investment managers	Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Rathbone Brothers Plc 8 Finsbury Circus, London, EC2M 7AZ

Message from our Chair

The challenges facing all of us involved in musculoskeletal health are similar to dealing with the consequences of climate change - small, incremental initiatives are not enough. Unless we do something radical we cannot come close to tackling the problem. Demand for orthopaedic care within an ageing society is always going to outstrip supply. Even if the government can provide the extra funding needed, there will still be operational problems finding enough healthcare professionals available to deliver the desired standard of care.

The Body Shop founder and environmental campaigner, Anita Roddick, said: *'If you think you're too small to have an impact, try going to bed with a mosquito in the room'*. As a small charity, we are that mosquito. The only way in which we can have a meaningful impact on the problem of poor musculoskeletal health is to become a catalyst for positive, disruptive change. We have to champion initiatives - such as new surgical techniques, non-invasive care programmes and partnerships - which people within the system don't have time to think about because they are focused on everyday operational challenges.

Our work with ESCAPE-pain is an example of this disruptive thinking, shifting the focus from surgical intervention and one-to-one care to group support. It isn't simply about saving money, even though the programme has saved an estimated £30 million, but about delivering effective care at scale.

We also have to be a facilitator – connecting innovators with funders, academics with clinicians and encouraging collaboration across the whole MSK community. It is widely acknowledged that musculoskeletal health struggles to attract the level of funding it deserves. Our annual grants, whilst significant for a charity of our size, cannot fill this gap. This is why we are co-funding research programmes with leading institutions, including the Royal College of Surgeons of England, the British Hip Society, the Royal College of Surgeons of Edinburgh, the British Orthopaedic Association and the NHS Clinical Entrepreneur Programme. These partnerships are leveraging our seed funding and networking skills to attract new money to the orthopaedic sector.

The executive team has not only sustained the charity through the exceptional circumstances of the past few months but seized the opportunity to transform our online training offer. Even though we will ultimately return to a blended model of digital and face-to-face, this is a perfect example of positive disruption.

I would also like to thank our trustees for dedicating their time and energy to support our executive team in delivering our new vision. Exceptional challenges demand radical thinking and radical solutions. I am confident that ORUK can be this force for change. I hope you will join us.

Adrian Downing
Chair of the Board of Trustees

Message from our Chief Executive

Our focus this year has been on embedding our new strategy of mobilising and empowering the wider MSK community. It is only by working together and sharing knowledge that we can benefit the millions of people suffering from poor musculoskeletal health. This also enables a small charity, such as Orthopaedic Research UK, to use our funds to make a significant and sustainable impact.

Despite the tremendous burden placed on individuals and society, musculoskeletal health does not always receive the attention or investment that it merits. This is why, in addition to using our funds to fill the most important gaps in research funding and professional education in bone, joint and muscle wellbeing, we work with partners, such as leading professional institutions, to attract additional investment to the sector. By working together and sharing knowledge and ideas, we can become a stronger voice for musculoskeletal health.

Next year we have doubled our annual investment in research to available funds of £1.2 million (including £200k of partner funding), which means that since 2004 we have spent over £11 million on 140 research projects. We have also expanded our education programmes, using the unusual circumstances created by the pandemic to switch to an entirely virtual delivery model. This enabled us to stage 42 educational events in the past year, involving around ten thousand healthcare professionals, which we estimate will ultimately help over 15m people living with poor musculoskeletal health. Even though we hope to get back to face-to-face meetings and training programmes during the next year, the popularity of our virtual courses - 99% of participants rated our events as 'excellent' or 'good' in terms of educational value - means that they will become a permanent part of our future training offer.

A significant development after the year end has been the announcement of our partnership with the Health Innovation Network (HIN) to deliver ESCAPE-pain. This award-winning, evidence-based group rehabilitation programme for people with chronic joint pain integrates educational self-management and coping strategies with an exercise regimen individualised for each participant. ESCAPE, an acronym for Enabling Self-Management and Coping with Arthritic Pain using Exercise, was developed by Professor Mike Hurley at St George's University of London and Kingston University to help people with knee, hip and back pain. In 2020 it was named Musculoskeletal Initiative of the Year by Health Service Journal.

The addition of the ESCAPE-pain programme to our portfolio is consistent both with our mission of achieving pain-free movement for all and with our strategy of supporting innovative ideas that help the lives of people suffering from poor musculoskeletal health and ease the burdens on an already over-stretched healthcare system. The results speak for themselves - it has so far supported over 20,000 participants, saving an estimated £30 million in the costs of health and social care. Participants frequently report that their pain improves, they take fewer medications and find they are more able to get back to doing the things they enjoy.

The tremendous success of the COVID-19 vaccination programme has demonstrated what can be achieved by people working together. Our mission may not be quite as urgent or high profile, but I believe that our MSK community of clinicians, nurses, physios, educators, researchers, partners, entrepreneurs, donors and volunteers can make an equally significant impact on the lives of millions of people. I thank you for your continued support.

Dr Arash Angadji
Chief Executive

INTRODUCTION

The trustees present their report and the audited accounts for the year ended 31 March 2021.

The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Information that is required to be disclosed under Schedule 7 of the Companies Act 2006 is disclosed within the Strategic Report, which starts on page 6.

OBJECTIVES AND ACTIVITIES

Our principal, and over-riding, objectives are to promote the advancement of orthopaedic **research** and **education** and, in particular, the encouragement of innovation and partnerships to advance knowledge and awareness of bone, joint and muscle health in the UK.

Our specific aims and significant activities to achieve those aims are:

- To fund high quality **research** at centres of excellence in the field of musculoskeletal (MSK) medicine to support bone, joint and muscle wellbeing in the following areas:

1. Diagnosis – understanding the pathogenesis (the origin or development) of MSK conditions.
2. Treatment – exploring strategies to tackle pre-existing MSK conditions (including assessment of their effectiveness) to improve the quality of a patient's life.

We funded seven new research projects worth £496,812 in 2020/21 compared to two research projects worth £124,782 in 2019/20. We publish the results of this research at the end of the studies to demonstrate the impact of our funding. Our measures for success are:

- Increased awareness of our research among professionals and patients
- The nurturing of talent within the field of MSK medicine
- The recruitment of advocates for our research within the broader MSK community
- Securing co-funding from partners for our research projects

- To fund **education**, primarily through workshops, training courses, lectures, virtual conferences and webinars that will improve knowledge of prevention, diagnosis, treatment and the management musculoskeletal conditions. During the past year we staged 42 events and in total we educated 9,723 people with the support of 419 faculty members. On average, 99% of participants rated our events as 'excellent' or 'good' in terms of educational value. Income from events was £160,352 in 2020/21 compared to £162,801 in 2019/20. The lockdown forced the cancellation of several events throughout Q2 but income from events overall held up really well despite the effects of the pandemic. Although

the move to virtual events was well received and online will continue to be part of our blended offer, sponsorship and participant revenue was reduced following the cancellation of face-to-face events.

- To provide information about our charitable activities to the general public through **publishing** and funding awards and prizes for outstanding publications and presentations in the field of MSK. We have two books in publication which provide preparation aids for the FRCS (Orth) examinations and complement our basic science training courses. Sales to orthopaedic trainees of both publications form part of our fundraising strategy. They are available to buy online or at our course events. During the year we sold 142 books, a 5% increase on the previous year, which was a good result considering the pandemic and that the books were published some years ago. We are aiming to produce another educational product in 2022.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

We aim to bring together all relevant stakeholders to identify patients' priorities for diagnosis and treatment and to support innovative ideas with the clear aim of delivering substantive and safe solutions. We aim to tackle debilitating bone, joint and muscle disorders and ultimately enhance the quality of life, not only of patients but also of their carers and families.

We have raised the public profile of the organisation through the staging of high-quality training and educational events. We hope to further raise the quality and public benefit of these events by engaging thought-provoking opinion leaders as speakers and meeting hosts.

- Clinical and scientific research is key to the advancement of knowledge and expertise within medical schools in universities and hospitals. Through our funding, these institutions are able to provide academic research positions or research fellowships that may not otherwise be possible. This opens-up new research areas and directly benefits researchers at all levels, including post-doctorates. Surgeons also benefit from access to cutting-edge research and improved training, helping them to provide better treatment and outcomes to patients.

- The results of research are generally readily available in the public domain through the publication of results in the media and the public presentation of research projects. These presentations and publications are always peer reviewed to ensure a consistently high quality of research. By adopting these measures, we are able to satisfy the public benefit funding requirements.

ACHIEVEMENTS AND PERFORMANCE

We believe that we make a significant difference to beneficiaries and wider society in the following areas:

- Our funding enables researchers to obtain academic positions and enhance their skills
- Our work helps to educate and train the MSK clinicians of the future
- Our publishing of research results helps improve awareness of MSK conditions among the general public
- Our strategy places the needs of patients at the forefront of all of our activities

Short-term and longer-term aims and objectives

Given that we are a medical research charity, patients are always our focus. Our aim is to reduce the demand on the NHS, for the treatment and support of patients with poor bone, joint and muscle health,

by investing in innovative programmes that have the capability to deliver the maximum impact on the population as a whole.

Our short-term objectives include managing our research portfolio, monitoring the performance of the researchers we fund, increasing the number of educational events, increasing our use of digital media, enhancing our profile by interacting with key opinion leaders and securing partnerships with likeminded organisations to increase the scope of our charitable activities.

Our longer-term objectives are to continue to increase awareness of ORUK, increase our impact through strategic partnerships and become the 'go to' place for influencers and opinion formers with the MSK field.

Grant making policy

We consider the support of grant applications that are within the scope of our charitable aims; that is to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance bone, joint and muscle wellbeing in the UK.

Investing in start-ups

Investing in start-up businesses that are active in the MSK field, accelerates the innovation process and therefore has the potential to bring benefits to patients much sooner. This is achieved through *The Ronald Furlong Fund for Start-ups*, which is part of our Strategy Development Fund. Our aim is to commercialise innovative ideas to firstly benefit patients and secondly, generate revenue that can be reinvested in supporting our charitable activities and increasing our overall impact.

STRATEGIC REPORT

FINANCIAL REVIEW

Financial position

In the 12 months to 31st March 2021 we generated total income of £1,171,772, compared to £1,241,261 in the 12 months to 31st March 2020. The period April to December 2020 was a challenge for the charity as a result of Covid-19 and the associated lockdowns – all courses during the first few months were cancelled or postponed whilst our team investigated options available, with delegates offered refunds or the opportunity to rebook on a rearranged course. We initially replaced our traditional face-to-face training with free online courses. Since August 2020 we have been charging for these online courses, and the number of events that we are now running online has grown exponentially. Although challenging, this experience has certainly had value to the charity, and going forward online events will form part of our portfolio of course offerings alongside the face-to-face meetings.

In February 2020, share prices tumbled which had a knock-on effect on our listed investment valuation as at 31st March 2020. In addition, 12 months ago the property market showed some uncertainty over property values in general, particularly in London. Fortunately, our long-term investments in property have proven to have maintained their value during the 2020/21 financial year, as have our investments in the stock-market. Income generated from these investments is absolutely essential to us, representing our principal funding source and sustaining the investments will allow us to continue to invest in quality research, which in the short-term will drive our fundraising strategy and in the long-term benefit our educational offering. Our reserves policy on page 7 explains how we are seeking to protect these assets for the future. More detail on our income and expenditure is given on page 16. At 31st March 2021, our net assets were £29.5 million, compared to £25.0 million at 31st March 2020.

We are fortunate to have these assets and recognise that we are reliant on them to generate the income that we intend to spend on research and education in the future. We have reviewed and adapted our reserves policy accordingly.

The principal risks and uncertainties we face at this time are two-fold:

Firstly, as with all organisations our revenues and investments have been impacted by the C-19 pandemic and associated lockdown. We were fortunate that in the short-term we could rely on cash balances and that in the long-term the value of our investments should recover and our face-to-face events programme will recommence.

Secondly, we need our investments to continue to generate the income required to fund our research. The Board considers that the choice of two investment managers spreads this risk, with each manager deploying different investment strategies. The Board meets both managers regularly (at least twice a year) to carefully review their performance against our objectives. Uncertain times, both politically and economically, mean that risks can never be completely avoided, but the Board has put in place as many checks and balances as possible to mitigate these risks.

Indemnity provisions – as part of the agreement relating to the sale of JRI there were indemnity provisions that related to past events of that entity. A number of those indemnity provisions came to an end during the 2019/20 accounting year. The trustees undertook a judgement exercise at 31 March 2021 to reassess the likelihood of the remaining provisions having a material impact and as a result it was considered that no change should be made to the total provision of £250,000 in relation to indemnities.

Investment policy and objectives

The Board receives quarterly reports from Sarasin & Partners and Rathbones, two investment management companies specialising in the charity field, each of whom handles an investment portfolio on our behalf. It has been difficult to establish benchmarks for their activity given the financial uncertainty in the UK and overseas, even before the pandemic.

The trustees were looking for a capital return of RPI plus 4% per annum on a 3-year rolling basis, and our income target for each fund is £320,000 per annum. We continued to receive a good stream of dividend income during 2020/21, but we are likely to see a cut in income for 2021/22 of approximately 10% on both funds which we are budgeting for. To offset this cut in income in 2021/22, we will monitor the values of both funds and consider liquidating some of the investments if the time is right to do so.

The charity has set ethical investment policies for its investment managers, for example, we will not invest in companies trading in tobacco.

Reserves policy

Our reserves policy ensures that we have sufficient funds to cover ongoing commitments and we are able to continue to fund our charitable activities. The trustees review our reserves policy annually and keep the position under careful review at Board meetings to ensure that it evolves with our strategy.

Our key income-generating assets are our two properties and listed investments. Maintaining the 'capital' value of those assets will be imperative in order to generate sufficient income to sustain our future plans.

After the sale of our trading subsidiary in April 2018, the trustees collectively agreed that the proceeds of the sale should be spent carefully, as this will be the key to enabling us to invest in the long-term, not

only in our charitable activities but also in strategic initiatives. We consider that these key assets are effectively ring-fenced to enable us to use the income that is generated from them to support our routine and ongoing running costs. The trustees consider that although there is no legal endowment in place to separate these assets, they should be considered to be endowed and in doing so, the trustees are acting in the spirit of the original intention of the founder of our charity.

At the balance sheet date our designated funds amounted to £28,830,173. Part of this represents our 'Capital Fund' [£27,330,173], which includes a Fabric Fund of £250k to cover maintenance to our listed building, and the remainder represents our 'Strategy Development Fund' (SDF) [£1,500,000]. It is the SDF that will be used to resource our immediate grant commitments (which totalled £556,914 at the balance sheet date) and to fund our planned activities over the next 36 months, which are:

1. New Research (both academic and non-academic projects);
2. Infrastructure and resources to successfully deliver the new 3-year strategy.

Designations are a choice for the Board and, given the uncertainties arising following the arrival of the pandemic, these will be kept under close review.

Our free reserves

Our **free reserves** are identified as **£649,163**; being £659,843 as calculated below, less £10,680 of tangible fixed assets which are illiquid. Our ongoing target is to hold between £500k and £550k in readily available liquid funds in order to cover the running costs of the charity for 12 months.

At 31st March 2021, cash in our current accounts amounted to £1.5m and we are therefore satisfied that we achieved our 'liquid funds' target.

Net assets	Unrestricted	Designated (unrestricted)	TOTAL
Tangible fixed assets	£10,680	£938,548	£949,228
Investments	nil	£28,141,625	£28,141,625
Net current assets	£841,850	nil	£841,850
Long-term liabilities	(£192,687)	nil	(£192,687)
Provisions	nil	(£250,000)	(£250,000)
Total	£659,843	£28,830,173	£29,490,016

Engagement with suppliers, customers and others in a business relationship

The messages from both our Chair and our CEO set out how as a charity we seek to engage – our strategy is looking to develop our charitable purpose, and make the most impact, through being a facilitator, a connector and a co-funder. Through building solid and effective partnerships with our suppliers, our delegates, our sponsors and our donors, we are seeking to make as big an impact as we can. Principal examples of this are co-organising educational events, and (after the year-end) the absorption of ESCAPE-pain into the charity enabling this organisation to continue its excellent work.

THE COVID-19 IMPACT

Covid-19 has created not only a global health crisis, but the economic costs of the associated shutdown is likely to lead to a financial downturn. The impact is likely to be severe across all medical research charities. The Association of Medical Research Charities reports the long-term impact of COVID-19 on its members to be:

- 41% decrease in medical research spend over the next year;
- £310 million shortfall in UK medical research spend;
- 4.5 years for medical research spend to recover to 'normal' levels.

We fear that junior investigators and post-docs may decide to move out of science simply because funding becomes ever harder to come by. In the last research call in July 2020, we were forced to reduce our research budget by £250K to adjust to the ongoing financial challenges.

All our face-to-face educational and training events, that were due to take place from the end of March through to July 2020, were either postponed or cancelled, which had a significant impact on our income. However, this encouraged us to look at the virtual delivery of our events which has proven to be extremely successful. We have been very encouraged by the positive response of delegates to this alternative offering and envisage that 80% of these events will continue to be delivered virtually in the longer-term.

The uncertainty of global stock markets is likely to have a negative impact on the level of income we are hoping to achieve from our investments over the next 12 months, although a healthy level of income is still being generated. We have supported the tenants of our two properties, who have been impacted by the pandemic and associated lockdown, by offering delayed or 'spread' payment options.

Whilst the past year has been difficult for us, there have also been positive developments, especially in encouraging our use of new technologies. The executive team has worked tirelessly and dynamically to embrace change so that it can continue to deliver our aims and objectives.

PLANS FOR FUTURE PERIODS

Our work is an investment in the future that will benefit all of us. It will ease the burden on the NHS, reduce workplace sickness and improve the quality of life for millions of people. Pain, immobility and the resulting isolation are serious issues but we do not believe they are inevitable.

A new three-year research strategy has been developed to achieve our vision. This will focus on three core areas:

1. Supporting early-career research talents within academia;
2. Supporting MSK professionals with ideas that address patients' unmet needs;
3. Supporting entrepreneurs and start-ups with game-changing ideas that can revolutionise MSK health care.

In April 2021, we launched a new partnership with the Health Innovation Network (HIN) to secure the future of an award-winning ESCAPE-pain programme. ESCAPE-pain, which stands for Enabling Self-Management and Coping with Arthritic Pain using Exercise (ESCAPE), was developed by Professor Mike Hurley at St George's University of London and Kingston University to help people with knee, hip and back pain. In 2013 it was identified as a local innovation that was ready for adoption by Health Innovation Network (HIN), the Academic Health Science Network for south London. It has since been supported by Versus Arthritis, Sport England, the NHS Innovation Accelerator (NIA), the AHSN Network. In 2020 it was named Musculoskeletal (MSK) Initiative of the Year by Health Service Journal. We will be operating and developing ESCAPE-pain under licence from the HIN. Key members of the ESCAPE-pain team will continue to run ESCAPE-pain at Orthopaedic Research UK.

The addition of the ESCAPE-pain programme to our portfolio is consistent both with our mission of achieving pain-free movement for all and with our strategy of supporting innovative ideas that help the

lives of people suffering from poor musculoskeletal health and ease the burden on an already over-stretched healthcare system.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document (its articles of association). It was originally set up under a deed of trust and now constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The articles were amended in May 2021, specifically to update the objects clause.

Committees

In addition to the Board of ORUK, there are two sub-committees that oversee the various activities of the charity: 'Research' and 'Finance, Investment and Audit'. The Research committee's responsibility is to ensure the integrity of the charity's programme of scientific research support and its relevance and importance to people affected by MSK conditions. The Finance, Investment and Audit committee's responsibility is to help the Board of ORUK Trustees to discharge its fiduciary duties and responsibilities.

Decision making

The Charity has a Board of Trustee Directors who have the requisite skills, knowledge and experience to discharge their duties as trustees of this incorporated charitable organisation. Day-to-day management of the charity is delegated to ORUK's leadership team, as detailed on page 1.

At periodic meetings, the trustees agree broad strategic activities including investments, reserves, risk management and grant making. On-going performance of the research projects is also reported, as is the performance of the listed investments. The Scientific Advisory Committee (SAC) meets at regular intervals to assist with the review process of research applications and to recommend to the trustees the best projects submitted for grant funding.

Induction and training of new trustees

New trustees are recruited either by recommendation or by advertising in relevant publications or media. A potential candidate then meets the trustees to receive a briefing on the Charity's activities and structure and is given a package of information which includes the agendas and minutes of the Board meetings of the last twelve months. He or she will then be invited to attend a trustee meeting at which they can ask any further questions before being appointed as a trustee and member of the board.

Key management personnel remuneration

Key management personnel (KMP) of the charity are considered to be the CEO and the trustees. To set the CEO's salary, a sub-committee of trustees undertakes research to benchmark average CEO salaries which is then discussed at an appraisal. Details of KMP remuneration is given in note 14 of the accounts.

Risk management

The risks to which the charity may be exposed are under regular review, and systems and procedures have been established to address and manage those risks. As explained above, the major risk facing the charity is the income return on its investments to enable it to fund its objectives. A Risk Register is in place and regularly updated and reviewed to identify and mitigate those risks.

FUNDRAISING STANDARDS INFORMATION

Our fundraising practices meet the values and principles of ORUK as an organisation. We are registered with the Fundraising Regulator. Due to the impact of Covid-19 we were forced to cease our fundraising

activities. We have not used external professional fundraisers, nor have we employed the services of any fundraising agencies or third parties. Most of our fundraising activities during the period were focused on Trust and Foundations and as such there was little public fundraising. We have ensured that we meet the criteria set by the GDPR data protection regulations and all other relevant codes of conduct. To ensure that we take all reasonable care to protect vulnerable people, we complied with the guidance set out by the Institute of Fundraising. We received no complaints about our fundraising practices during the period.

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of Orthopaedic Research UK for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial period. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the statement of financial activities, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The financial statements of the charitable company have been prepared on a going concern basis as the trustees have assessed the going concern position and have no reason to believe that there are any material uncertainties that would affect the ability of the charitable company to continue as a going concern for the foreseeable future. In order to plan for future cashflow requirements, the trustees have considered the period covering the next 12 months and have reviewed forecasts for that period in making their assessment.

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

The Report of the Trustees, incorporating a strategic report, is approved by order of the Board of Trustees, as the company directors, on 17 September 2021 and signed on the Board's behalf by:

.....
Adrian Downing
Chair of the Board of Trustees

Independent Auditor's Report to the Trustees of Orthopaedic Research UK

Opinion

We have audited the financial statements of Orthopaedic Research UK (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including 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).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, 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.

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 are independent of the charitable 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

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 set out below:

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- 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 and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date: 4 October 2021

for and on behalf of Sayer Vincent LLP Statutory Auditor

Invicta House
108-114 Golden Lane
London EC1Y 0TL

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

		CURRENT YEAR			31 March 2020
		Unrestricted funds	Restricted funds	31 March 2021 Total	Total
		£	£	£	£
Note					
Income from:					
Donations and legacies	2	5,838	-	5,838	40,722
Charitable activities	5	163,813	-	163,813	166,572
Other trading activities	3	-	-	-	1,605
Investments	4	1,002,121	-	1,002,121	1,032,362
Total income		1,171,772	-	1,171,772	1,241,261
Expenditure on:					
Raising funds	6	59,611	-	59,611	98,817
Charitable activities	7	1,100,253	-	1,100,253	698,419
Total expenditure		1,159,864	-	1,159,864	797,236
Gains/(losses) on revaluation of fixed assets	17/24	30,880	-	30,880	-
Other net gains/(losses) on investments	24	4,457,206	-	4,457,206	(1,581,162)
Net income/(expenditure)		4,499,994	-	4,499,994	(1,137,137)
Transfers between funds	24	-	-	-	-
Net movement in funds		4,499,994	-	4,499,994	(1,137,137)
Reconciliation of funds:					
Total funds brought forward	24	24,990,022	-	24,990,022	26,127,159
Total funds carried forward	24	29,490,016	-	29,490,016	24,990,022

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

		Unrestricted funds £	PRIOR YEAR Restricted funds £	31 March 2020 Total £
	Note			
Income from:				
Donations and legacies	2	8,473	32,249	40,722
Charitable activities	5	166,572	-	166,572
Other trading activities	3	1,605	-	1,605
Investments	4	1,032,362	-	1,032,362
Total income		1,209,012	32,249	1,241,261
Expenditure on:				
Raising funds	6	98,817	-	98,817
Charitable activities	7	666,170	32,249	698,419
Total expenditure		764,987	32,249	797,236
Gains/(losses) on revaluation of fixed assets		-	-	-
Other net losses on investments	24	(1,581,162)	-	(1,581,162)
Net expenditure		(1,137,137)	-	(1,137,137)
Transfers between funds	24	-	-	-
Net movement in funds		(1,137,137)	-	(1,137,137)
Reconciliation of funds:				
Total funds brought forward	24	26,127,159	-	26,127,159
Total funds carried forward	24	24,990,022	-	24,990,022

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.

Balance Sheet

As at 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
Fixed assets			
Tangible assets	17	949,228	925,720
Mixed motive investments	18	99,996	49,998
Investments	18	28,041,629	23,861,780
		29,090,853	24,837,498
Current assets			
Stock		1,907	2,835
Debtors	19	39,866	86,692
Cash at bank and in hand		1,515,649	854,471
		1,557,422	943,998
Creditors: amounts falling due within one year	20	(715,572)	(503,974)
Net current assets		841,850	440,024
Total assets less current		29,932,703	25,277,522
Creditors: amounts falling due after more than one	22	(192,687)	(37,500)
Provisions for liabilities	21	(250,000)	(250,000)
Net assets	25	29,490,016	24,990,022
Charity Funds			
Restricted income funds		-	-
Unrestricted funds:			
General funds	25a	659,843	409,252
Designated funds – capital assets fund	24	27,330,173	23,080,770
Designated funds – strategy development fund	24	1,500,000	1,500,000
Total charity funds	24	29,490,016	24,990,022

The financial statements were approved and authorised for issue by the Board on 17 September 2021

Signed on behalf of the board of trustees

.....
Mr A Downing, Trustee

The notes on pages 20 to 33 form part of these financial statements

Statement of Cash Flows

For the year ended 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
Cash flow from operating activities	26	(561,390)	(710,056)
Net cash flow from operating activities		(561,390)	(710,056)
Cash flow from investing activities			
Income from investments	4	619,940	600,245
Rent from investments	4	381,867	430,776
Net interest received	4	314	1,341
Purchase of property, plant & equipment	17	(6,912)	(2,574)
Purchase of investments less net cash acquired	18	(1,554,240)	(4,617,442)
Receipts from sale of investments	18	1,781,599	1,617,770
Net cash flow from investing activities		1,222,568	(1,969,884)
Net increase/(decrease) in cash and cash		661,178	(2,679,940)
Cash and cash equivalents at 31 March 2020		854,471	3,534,411
Cash and cash equivalents at 31 March 2021	26	1,515,649	854,471

The notes on pages 20 to 33 form part of these financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Orthopaedic Research UK is a charitable company, limited by guarantee, incorporated in England and Wales. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are given on page 4 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102 and these financial statements contain information about the charity as an individual body. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting those financial statements are detailed within the relevant accounting policy below.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from educational training events is recognised in full in the period in which the event takes place.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payment to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All expenditure is recognised inclusive of VAT, where VAT applies. The charity is able to recover some of its VAT under partial exemption, and this VAT recovery is shown as an expenditure line, rather than being offset against the expenditure on which it was incurred.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants payable to third parties are within the charitable objectives. Where grants are offered subject to conditions which have not been met at the year-end date, these are noted as a commitment but not accrued as expenditure. Research grants payable are recognised in full, as expenditure with a related liability, from the date on which the grants are awarded and communicated.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Assets are capitalised where their cost exceeds £1,500.

Freehold property, for which fair value can be measured reliably, is measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on revaluation of fixed assets' in the SoFA. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. Freehold property includes the space the charity occupies within its London property. See note 16 for further detail.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	– not depreciated
Freehold buildings	– straight line over 50 years
Fixtures and fittings	– 20% on cost
Computer equipment	– 33 1/3% on cost

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investment property

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. Investment properties are not depreciated. The trustees have adopted a policy of regular revaluation of investment properties, and will undertake this professionally once every three years, with informal reviews annually. Investment properties include the tenant occupied space in the London and Sheffield properties. See note 18 for further detail.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Mixed motive investments are those held to generate a financial return as well as further the charitable objects. These investments are valued at historic cost and reviewed for indicators of impairment at each balance sheet date. Investments in subsidiary undertakings are valued at historic cost and reviewed for impairment.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock

Stock is valued at the lower of cost and net realisable value, and relates to books. The cost formula used is FIFO.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probably that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Employee benefits and termination benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. Termination benefits are employee benefits payable as a result of either the charity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination payments do not provide the charity with future economic benefits therefore the charity recognises them as an expense in the SoFA immediately.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash deposits with financial institutions (including investment managers) that are readily convertible to known amounts of cash with an insignificant risk of change in value.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Pensions

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Notes to the Financial Statements

For the year ended 31 March 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Judgements and key sources of estimation uncertainty**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Indemnity provisions – as part of the sales agreement relating to JRI, there were a number of indemnity provisions in relation to past events of the entity. The trustees undertook a judgement exercise whereby the varying degrees of probability of each provision was assessed and, as a result, a total provision in relation to indemnities of £575,000 was recorded. In 2019, the trustees updated the judgement exercise and concluded that £325,000 of the provision could be released as not required. This amount was released to the SoFA and was shown as an exceptional item. See note 21. No change to the carrying value of provisions has been made in the current accounting year.

Valuation of properties – freehold land and buildings and investment properties are included at fair value. The last professional valuation was undertaken at the balance sheet date and the trustees have concluded that no material movement in this valuation has taken place since the year end.

2 DONATIONS AND LEGACIES

	31 March 2021 £	31 March 2020 £
Donations	5,838	40,722

The donations figures include both restricted (2020 only) and unrestricted income. Unrestricted donations received during the year amounted to £5,838 (2020 - £8,473) and restricted donations received during the year amounted to £nil (2020 - £32,249).

3 OTHER TRADING ACTIVITIES (UNRESTRICTED)

	31 March 2021 £	31 March 2020 £
Fundraising/challenge events	-	1,605

4 INVESTMENT INCOME (UNRESTRICTED)

	31 March 2021 £	31 March 2020 £
Rental income	381,867	430,776
Dividends received	619,940	600,245
Bank interest received	314	1,341
	1,002,121	1,032,362

5 INCOME FROM CHARITABLE ACTIVITIES (UNRESTRICTED)

	31 March 2021 £	31 March 2020 £
Education (training courses)	160,352	162,801
Publishing	3,461	3,771
	163,813	166,572

Notes to the Financial Statements

For the year ended 31 March 2021

6 EXPENDITURE ON RAISING FUNDS

	31 March 2021 £	31 March 2020 £
Fundraising costs	59,611	98,817

Fundraising costs above include support cost allocations of £nil (2020 - £26,947) which are analysed in note 10.

7 CHARITABLE ACTIVITIES COSTS

	Direct & support costs £	Grant funding of activities 31.3.21 (see note 11) £	Totals £
Promoting best orthopaedic practice through education	210,178	-	210,178
Publishing and sponsorship	21,369	-	21,369
Research into best orthopaedic practice	-	599,185	599,185
Governance costs	269,521	-	269,521
	501,068	599,185	1,100,253

Charitable activities costs above include support cost allocations, which are analysed in note 10.
Investment management costs are included in governance costs and total £24,871 (2020 £36,691).

	Direct & support costs £	Grant funding of activities 31.3.20 (see note 11) £	Totals £
Promoting best orthopaedic practice through education	221,770	-	221,770
Publishing and sponsorship	11,498	-	11,498
Research into best orthopaedic practice	-	233,877	233,877
Governance costs	231,274	-	231,274
	464,542	233,877	698,419

8 GRANTS PAYABLE

	31 March 2021 £	31 March 2020 £
Research into best orthopaedic practice	599,185	233,877

See note 11 for an analysis

9 NET INCOME

	31 March 2021 £	31 March 2020 £
Net income is stated after charging: Depreciation - owned assets	14,035	14,197

10 ALLOCATION OF SUPPORT COST

Support cost	Research £	Promoting (through education) £	Fundraising £	Governance £	31 March 2021 Total £
Human resources	40,092	27,336	-	114,810	182,238
Premises/insurance	13,236	9,024	-	37,902	60,162
Communications & PR	17,443	11,893	-	49,951	79,287
Travel expenses	-	37	-	72	109
Other expenses	12,078	8,235	-	57,788	78,101
Depreciation	3,142	2,142	-	8,998	14,282
Total	85,991	58,667	-	269,521	414,179

Support costs are allocated to the activities they support based on an apportionment of employees' time spent on each activity. The costs analysed above are included in fundraising costs (see note 6) and charitable activities costs (see note 7).

Support cost	Research £	Promoting (through education) £	Fundraising £	Governance £	31 March 2020 Total £
Human resources	46,641	7,774	13,819	104,511	172,745
Premises/insurance	15,887	2,648	4,707	35,597	58,839
Communications & PR	11,075	1,846	3,281	24,816	41,018
Travel expenses	230	(24)	4	971	1,181
Other expenses	13,499	2,250	4,000	56,790	76,539
Depreciation	3,833	639	1,136	8,589	14,197
Total	91,165	15,133	26,947	231,274	364,519

11 GRANT MAKING

Name of institution	Purpose for which grants made (research)	31 March 2021 £
University of Bristol	<i>epidemiology of peri-prosthetic hip fractures in the UK</i>	46,812
University of Edinburgh	<i>project underspend (see note below)</i>	(8,314)
Newcastle University	<i>antibacterial coating via hybrid layer-by-layer deposition system</i>	90,000
Newcastle University	<i>epidemiology of infection following hip fracture surgery</i>	75,000
South West London Elective Orthopaedic Centre & University of Brighton	<i>defining the quality and quantity of stromal vascular fraction (SVF)</i>	50,000
Imperial College London (ICL)	<i>improving shoulder hemiarthroplasty by using ceramics</i>	64,438
University of Southampton	<i>nanoemulsions for oxygen delivery in bone repair</i>	75,000
University College London (UCL)	<i>patient specific guides for posterior pedicle screw insertion</i>	95,560
Grants to institutions		488,496
Staff cost, patent fees and SAC meetings		24,698
Direct costs of grant making		513,194
Support costs of grant making – see note 10		85,991
TOTAL COSTS OF GRANT MAKING		599,185

Occasionally universities, for various reasons, do not spend all the funds that they initially requested to carry out their research activities. There is a provision in the contract signed between the parties that enables ORUK to ask for any 'underspend' monies to be returned to the charity. The adjustments above relate to refunds of unspent funds, or credits of agreed funding, where the universities have confirmed that not all of the grant was required.

11 GRANT MAKING (continued)

Name of institution	Purpose for which grants made (research)	31 March 2020 £
University of Edinburgh		75,000
Newcastle University		49,762
Sheffield Childrens NHS FT		(6,028)
University of Exeter		(156)
University College London (UCL)		(46,184)
Grants to institutions		72,394
Staff cost, patent fees and SAC meetings		70,318
Direct costs of grant making		142,712
Support costs of grant making – see note 10		91,165
TOTAL COSTS OF GRANT MAKING		233,877

12 AUDITOR'S REMUNERATION

Amounts payable to the auditor for statutory audit services of the charity are £10.8k (2020 - £11.5k).

Amounts payable to the auditor and its associates for other services of the charity are £300 (2020 - £nil).

13 TRUSTEES' REMUNERATION AND BENEFITS

No trustees received remuneration or benefits from the charity. One trustee, Mr M Gouldstone, provides consultancy services to the charity's subsidiary undertaking, Novara Therapeutics Ltd, and received £7,200 (2020 nil) during the year for these services. This remuneration is permitted within the charity's Articles of Association and was approved by the Board of Trustees following a process as set out in those Articles.

Trustees' expenses

Expenses totalling £72 (2020 - £872) were paid to 1 trustees in the year (2020 - 3) by the charity, representing reimbursement of travelling expenditure. In addition, the charity expended £nil (2020 £2,121) on hosting trustee meetings.

14 STAFF COSTS AND EMPLOYEE BENEFITS

	31 March 2021 £	31 March 2020 £
Wages and salaries	273,536	294,341
Social security costs	25,886	29,781
Employer's contribution to defined contribution pension	21,170	19,350
	320,592	343,472

The amount of £320,592 (2020 - £343,472) above includes £116,118 (2020 - £116,250) of employee benefits received by key management personnel, including the CEO, for services to the charity. Key management personnel are defined on page 10. Included in the values above are termination/ex-gratia payments totalling £7,687 paid to the employee during the year.

Notes to the Financial Statements

For the year ended 31 March 2021

15 STAFF COSTS

The average number of employees, by headcount, in the period was as follows:

	2021 (Charity) Number	2020 (Charity) Number
Charitable activities	3	4
Governance	2	2
	<u>5</u>	<u>6</u>

The charity pays contributions into a money purchase group personal scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid into the scheme by the charity in the period were £21,170 (2020 - £19,350). The pension creditor at the period end was nil (2020 £473).

The number of employees who received total employee benefits (excluding employer pension costs and employer social security costs but including benefits in kind) of more than £60,000 was as shown in the table below.

	2021 (Charity) Number	2020 (Charity) Number
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£90,000 - £100,000	<u>1</u>	<u>1</u>

16 RELATED PARTY TRANSACTIONS

The key management personnel (KMP) of the charity comprises the CEO and the trustees. Transactions with trustees are set out in note 13. Total employee benefits of the key management personnel of the charity were £116,118 (2020 - £116,250).

Aggregate donations received from related parties amounted to £nil (2020 £300).

17 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Fixtures, fittings & equipment £	Totals £
COST/VALUATION			
At 31 March 2020	1,040,751	24,895	1,065,646
Additions	-	6,912	6,912
Disposals	-	(12,311)	(12,311)
Revaluation	30,880	-	30,880
At 31 March 2021	<u>1,071,631</u>	<u>19,496</u>	<u>1,091,127</u>
DEPRECIATION			
At 31 March 2020	121,759	18,167	139,926
Charge for the year	11,324	2,711	14,035
Disposals	-	(12,062)	(12,062)
At 31 March 2021	<u>133,083</u>	<u>8,816</u>	<u>141,899</u>
NET BOOK VALUE			
At 31 March 2021	<u>938,548</u>	<u>10,680</u>	<u>949,228</u>
At 31 March 2020	<u>918,992</u>	<u>6,728</u>	<u>925,720</u>

17 TANGIBLE FIXED ASSETS (continued)

The freehold building relates to the charity-occupied part of 10a Chandos House in London. This building was acquired in January 2008. The property was recognised at fair value on transition to SORP (FRS 102) using a previous fair value valuation. The building is being depreciated from the FRS 102 transition date of 1/4/14 and has a net book value of £938,548; land is not depreciated. The historic cost equivalent of this asset at net book value is £912,436, and depreciation at historic cost would be £10,082. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. The freehold property was subject to independent, professional valuation on 31/3/21. The valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The valuation was carried out in accordance with the requirements of the RICS Valuation - Professional Standards Manual. Further information on property valuations is contained in note 18b.

18a FIXED ASSET INVESTMENTS

	Unlisted investments	Mixed motive investments	Investment properties (18b)	Listed investments	Totals
	£	£	£	£	£
COST/VALUE					
At 31 March 2020	-	49,998	7,309,250	16,552,530	23,911,778
Revaluations	-	-	154,120	4,303,086	4,457,206
Additions	85	49,998	-	1,504,157	1,554,240
Reallocation	-	-	-	-	-
Disposals	-	-	-	(1,781,599)	(1,781,599)
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625
NET BOOK VALUE					
At 31 March 2021	85	99,996	7,463,370	20,578,174	28,141,625
At 31 March 2020	-	49,998	7,309,250	16,552,530	23,911,778

The historic cost of investment properties is disclosed in note 18b. Income from investments is shown in note 4. Shares in group undertakings were included at cost less impairment. Investment properties and listed investments are included at market value. This is commented on in more detail in note 18b below. Historic cost of listed investments is £17,283,664. Unlisted investments are included at cost which at the year end is considered to be the equivalent of market value.

The unlisted investment above relates to an 85% shareholding in a subsidiary undertaking, Novara Therapeutics Limited, a company registered in England and Wales under company number 12841228. The subsidiary has been excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view. The company's aggregate liabilities at 31/3/21 were £9,228, it had no turnover for its first accounting period and its loss for the period was £9,328.

	Mixed motive investments	Investment properties	Listed investments	Totals
	£	£	£	£
COST/ MARKET VALUE				
At 1 May 2019	-	7,309,250	15,184,018	22,493,268
Revaluations	-	-	(1,581,162)	(1,581,162)
Additions	49,998	-	4,567,444	4,617,442
Reallocation	-	-	-	-
Disposals	-	-	(1,617,770)	(1,617,770)
At 31 March 2020	49,998	7,309,250	16,552,530	23,911,778
NET BOOK VALUE				
At 31 March 2020	49,998	7,309,250	16,552,530	23,911,778
At 31 March 2019	-	7,309,250	15,184,018	22,493,268

Notes to the Financial Statements

For the year ended 31 March 2021

18b INVESTMENT PROPERTIES

The charity has two investment properties – the London property is the tenant-occupied part of 10a Chandos House in London and the Sheffield property is in Chapeltown in Sheffield.

The investment properties were subject to independent, professional valuation as at 31/3/21. The London property valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The Sheffield property valuation was undertaken by Mark Jenkinson & Son, a firm of independent valuers. Both valuations were carried out in accordance with the requirements of the RICS Valuation - Professional Standards Manual. The historic cost equivalent of these assets is £3,891,018 and £3,498,868 respectively.

The trustees carry out a formal valuation of properties every three years, checking in with valuers in between.

The Sheffield property is valued at £3.85m which represents 13% of the balance sheet value.

The London property is valued at £4.685m, with the investment property element representing 12% of the balance sheet value.

It remains the trustees' current intention to hold both properties for the long term.

19 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2021 £	31 March 2020 £
Trade debtors	2,800	34,747
Other debtors	1,776	29,631
Amounts owed by group undertakings	9,243	-
Prepayments and accrued income	26,047	22,314
	39,866	86,692

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2021 £	31 March 2020 £
Trade creditors	66,819	31,808
Grants payable	364,227	217,564
Taxation and social security	26,451	24,245
Other creditors	18,758	21,802
Accruals and deferred income	239,317	208,555
	715,572	503,974

Deferred income includes monies held for courses to be held in the next financial year amounting to £61,654 (2020 - £43,857), and rents invoiced in advance, amounting to £93,994 (2020 - £108,054).

	31 March 2021 £	31 March 2020 £
Balance at the beginning of the period	151,911	163,979
Amount released to income in the period	(151,911)	(163,979)
Amount deferred in the period	158,648	151,911
Balance at the end of the period	158,648	151,911

Notes to the Financial Statements

For the year ended 31 March 2021

21 RECONCILIATION OF FUNDING COMMITMENTS AND PROVISIONS

	31 March 2021 £	31 March 2020 £
Funding commitments at 31 March 2020	255,064	376,107
Grants adjusted/charged in the period (note 11)	488,496	72,394
Grants paid in the period	(186,645)	(193,437)
Funding commitments at 31 March 2021	556,915	255,064
	31 March 2021 £	31 March 2020 £
Provisions at 31 March 2020	250,000	250,000
Indemnity provision released in the period	-	-
Provisions at 31 March 2021	250,000	250,000

As part of the sales agreement relating to JRI, ORUK committed to a number of indemnity provisions relating to past JRI events. The indemnities had specific, but varying, time periods applied. The trustees have, for each of the indemnities, considered the likelihood of the provision crystallising and have concluded that provision in the accounts should be made for those considered most probable. At the balance sheet date, they have updated their review of the provisions and consider that the provisions brought forward from the prior year should still be retained in the accounts. More information is supplied in note 27.

22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2021 £	31 March 2020 £
Grants payable	192,687	37,500

23a OPERATING LEASE COMMITMENTS PAYABLE AS A LESSEE

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	31 March 2021 £	31 March 2020 £
Less than one year	4,366	4,638
Two to five years	-	-
Over five years	94,312	168,469
	98,678	173,107
Land and buildings	94,312	168,469
Other (equipment)	4,366	4,638
	98,678	173,107

Notes to the Financial Statements

For the year ended 31 March 2021

23b OPERATING LEASE COMMITMENTS RECEIVABLE AS A LESSOR

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods, and all relate to land and buildings:

	31 March 2021 £	31 March 2020 £
Less than one year	362,160	296,572
Two to five years	526,855	560,000
Over five years	-	-
	<u>889,015</u>	<u>856,572</u>

24 FUND RECONCILIATION

	Balance at 31 March 2020 £	Income £	Expenditure £	Transfers £	Gains/ (losses) £	Balance at 31 March 2021 £
Other charitable funds	24,990,022	1,171,772	(1,159,864)	-	4,488,086	29,490,016
Restricted	-	-	-	-	-	-
	<u>24,990,022</u>	<u>1,171,772</u>	<u>(1,159,864)</u>	<u>-</u>	<u>4,488,086</u>	<u>29,490,016</u>

Of the £29,490,016 of other charitable funds above, £28,830,173 has been identified as being 'designated' at the period-end; this is further explained in note 25a and note 29. The purpose of the designated fund is to ring-fence key income-generating assets so that the charity can continue with its charitable activity of giving research grants, and to enable the charity to invest in its fundraising plan to realise its vision of 'pain-free movement for all'.

	Balance at 1 March 2019 £	Income £	Expenditure £	Transfers £	Gains/ (losses) £	Balance at 31 March 2020 £
Revaluation	1,064,235	-	-	516,927	(1,581,162)	-
Other charitable funds	25,062,924	1,209,012	(764,987)	(516,927)	-	24,990,022
Restricted	-	32,249	(32,249)	-	-	-
	<u>26,127,159</u>	<u>1,241,261</u>	<u>(797,236)</u>	<u>-</u>	<u>(1,581,162)</u>	<u>24,990,022</u>

25a ANALYSIS OF NET ASSETS BETWEEN FUNDS (CURRENT PERIOD)

	General £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	10,680	938,548	-	949,228
Investments	-	28,141,625	-	28,141,625
Net current assets	841,850	-	-	841,850
Long term liabilities	(192,687)	-	-	(192,687)
Provisions	-	(250,000)	-	(250,000)
Net assets at 31 March 2021	<u>659,843</u>	<u>28,830,173</u>	<u>-</u>	<u>29,490,016</u>

25b ANALYSIS OF NET ASSETS BETWEEN FUNDS (PRIOR PERIOD)

	General Unrestricted £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	6,728	918,992	-	925,720
Investments	-	23,911,778	-	23,911,778
Net current assets	440,024	-	-	440,024
Long term liabilities	(37,500)	-	-	(37,500)
Provisions	-	(250,000)	-	(250,000)
Net assets at 31 March 2020	409,252	24,580,770	-	24,990,022

26 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2021 £	31 March 2020 £
Net income for period	4,499,994	(1,137,137)
Dividends received	(619,940)	(600,245)
Interest receivable	(314)	(1,341)
Interest payable	-	-
Depreciation of tangible fixed assets	14,034	14,197
Losses/(gains) on investments	(4,488,086)	1,581,162
Reverse indemnity provision	-	-
(Profit)/loss on disposal of tangible fixed assets	248	-
Rent from freehold investment property	(381,867)	(430,776)
(Increase)/decrease in stock	930	(2,835)
(Increase)/decrease in debtors	46,825	29,159
(Decrease)/increase in creditors	366,786	(162,240)
Net cash flow from operating activities	(561,390)	(710,056)

Cash and cash equivalents at 31 March 2021 were £1,515,649 (2020 - £854,471). This amount is analysed as £1,216,333 (2020 - £820,792) of bank balances, £298,814 held by investment houses as 'cash' balances available to invest (2020 - £33,169) and £502 (2020- £510) of cash.

ANALYSIS OF CHANGES IN NET DEBT

	Balance at 31 March 2020 £	Cashflows £	Balance at 31 March 2021 £
Cash	821,302	395,533	1,216,835
Cash-equivalents	33,169	265,645	298,814
Grants falling due within 1 year	(217,564)	(146,663)	(364,227)
Grants falling due in more than 1 year	(37,500)	(155,187)	(192,687)
	599,407	359,328	958,735

27 CONTINGENT LIABILITIES

As outlined in note 21, in prior periods ORUK committed to a number of indemnity provisions - initially these were provided for within the accounts but as the likelihood of these crystallising reduced, the provisions were reversed. Of the four indemnities committed to, two have already fallen outside the time limit restriction, one lapsed just after the balance sheet date with no charge arising, and one remains provided for in the accounts. At the date of signing the accounts, there are no contingent liabilities remaining.

28 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is not to exceed £10.

29 ANALYSIS OF DESIGNATED FUNDS

		31 March 2021 £	31 March 2020 £
An analysis of the funds is given below:			
Strategy Development Fund	<i>immediate grant commitments, new research, infrastructure</i>	1,500,000	1,500,000
Fabric Fund	<i>ongoing maintenance to Furlong House, a grade II listed building</i>	250,000	-
Capital Fund	<i>to ring fence key income generating assets</i>	27,080,173	23,080,770
		<u>28,830,173</u>	<u>24,580,770</u>