

VERSUS ARTHRITIS
AR&A 2020/1
CONSOLIDATED ACCOUNTS

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WE ARE VERSUS ARTHRITIS

We exist so the world no longer tolerates the impact that arthritis has on people's lives.¹

We're the 10 million people living with arthritis. We're the carers, researchers, fundraisers, healthcare professionals, friends and campaigners all united by our goal of defying arthritis. Together, we're making real headway, and we'll never stop until no one has to tolerate living with the pain, fatigue and isolation of arthritis.

Arthritis steals so much from us – it can take away the ability to work, to care for a family, to move without pain, to live independently or just to feel like yourself. Yet arthritis is often dismissed as 'just aches and pains' or 'just a bit of wear and tear'. Arthritis is wrongly seen as inevitable, insignificant or even untreatable. It's none of these things.

Versus Arthritis is a charity inspired, driven and informed by people with arthritis. The involvement of people with arthritis runs across our organisation. You benefit from our services, research and campaigns, and you're actively involved in shaping them. You give us ideas, co-design solutions and make vital decisions on how and where we channel our resources.

We can only achieve our ambitions with the support and hard work of Versus Arthritis volunteers in all four nations of the UK. Many of our volunteers live with arthritis, and their experiences, empathy and understanding of the painful reality of this condition are invaluable. Others have seen first-hand the impact that arthritis has on family, friends, colleagues and communities. What all of our volunteers have in common is a desire to make change happen through practical action. They defy arthritis by delivering our services, running local groups, campaigning on big issues, making sure our research is always person-focused and raising the funds we need to keep pushing against arthritis.

By giving us their time, experience and dedication, our volunteers defy arthritis every day, creating positive change. Together, they are the cornerstone of what Versus Arthritis strives to achieve.

SECTION 1:

Chair and Acting CEO Introduction

This year has undoubtedly been one of the toughest and most challenging for all of us. It has tested us to the full.

The year has shown us at our best – agile and resilient, adaptable and determined, defying arthritis in the face of an unprecedented public health challenge.

But it has also highlighted some of our challenges.

COVID-19 and the lockdown measures introduced to stop its spread had an enormous impact on every aspect of people with arthritis' lives.

Cancelled surgeries, rescheduled appointments and the cessation of treatments saw us face a daily challenge to manage pain and fatigue. Social distancing and shielding meant greater isolation and loneliness and made support harder to come by but even more critical. The lives of people with arthritis were becoming increasingly difficult and were in danger of being forgotten.

In the face of this challenge our priority was to ensure that we provided support throughout the pandemic. Our services pivoted swiftly from face to face to online provision. Our volunteers, staff, supporters, researchers – our community galvanised - showed resilience and flexibility in adopting new ways to support people with arthritis, new ways to defy it and to send strength.

We innovated at scale and at pace to meet the unprecedented demand for information and advice, using our acknowledged expertise in artificial intelligence to turn around an arthritis specific chatbot in 14 days; re-purposing our health information to answer COVID-19 specific concerns and co-ordinating with other organisations to give timely, correct and consistent advice.

We refused to let the voice and experience of people with arthritis be ignored or muted. Through our campaigning, we have amplified the voices of people with arthritis, holding Governments to account.

We have been humbled by the enduring and continued support and commitment we have received from donors and our the wider Versus Arthritis community, in spite of the challenges the pandemic has posed to wider society.

While we have been inspired by the way our colleagues and community have risen to the challenge posed by COVID-19, we have also been challenged. The allegations of bullying and racism that emerged within the organisation in the summer of 2020 were shocking and upsetting, and have prompted listening, reflection and action to change.

Our values place equality and inclusion at their heart, but it's not enough. They need to be at the centre of our working culture and both the Board, and the Executive team are determined that racism and bullying will have no place at Versus Arthritis. We

are moving forward with our diversity and inclusion strategy, as well as learning from what went wrong and what we need to do differently. We are glad that, having reviewed our responses and future plans, the Charity Commission are reassured that we are responding appropriately and will not be launching a formal investigation or possible action against the Charity. However, we recognise the need to change in response to this incident and our response to the independent report we commissioned into this episode is discussed later in this document

Liam O' Toole's retirement as CEO gave us a moment to pause for reflection on how far we have come. Liam's 30 years' experience in the health sector and 11 years as our chief executive were pivotal in creating an organisation agile enough to adapt to the changing needs of people with arthritis, and brave enough to challenge the ignorance and dismissal of the condition. We greatly appreciate the substantial contribution he has made.

The after-effects of COVID-19 will linger on and contribute to a world very different to the one we envisaged at the start of 2020. To ensure we are ready to face the challenges ahead, now is the time to review our activities so that we can be here for people with arthritis for as long as they need us. Between April and September 2021 we undertook a strategic review to look at how we can provide services, support research and influence wider change efficiently and effectively. The Board reviewed the outputs from that review in October 2021 and approved a series of changes that will deliver the desired changes in efficiency and effectiveness.

The review will ensure that we align our spending each year with our priorities and income, and use our reserves to invest only in those areas that can truly make a difference. Doing the very best we can for people with arthritis, and evidencing our impact, is our ultimate goal. With this in mind, we are excited for our future. Three years on from the inception of Versus Arthritis, the time is right for us to move beyond transformation. This will mean change. But as we evolve to become more impact-focused, underpinned by financial sustainability, we need and want to deliver more for the 10 million people with arthritis in the UK.

This year, the dedication, commitment, passion and motivation of our community, colleagues, supporters, researchers and volunteers has been outstanding. We thank you for playing your part in pushing back against arthritis in what has been an extraordinary year.

Rodger McMillan, Chair
Ellen Miller, Acting CEO

Strategic Report

In March 2020 we emerged from our planned two-year transformation programme and were ready to deliver against our core ambitions:

- The impact of arthritis is recognised and as a result people with arthritis are empowered and enabled.
- Every child and young person with arthritis is supported by us.
- Pain and its impacts do not limit the lives of people with arthritis.
- There is a galvanised community pushing against arthritis.
- Wherever you live in the UK there is a local touchpoint with us.
- Musculoskeletal (MSK) research has an even greater impact on the quality of life of people with arthritis.

On 24 March 2020, the Government's announcement of a national lockdown to tackle the spread of COVID-19 had a profound impact on the lives of people with arthritis which fundamentally changed the course of our work in 2020/21.

In this year's report we share the impact that COVID-19 has had on people with arthritis, our colleagues and the organisation; how we responded – what we did differently, what we stopped and the new programmes of work that emerged.

COVID-19 impacted the lives of people with arthritis.

Our Changing world

People with arthritis and MSK conditions experienced widespread disruptions in their routine care and treatment during the COVID-19 pandemic with many forms of healthcare that they relied on being postponed, cancelled or moved to virtual delivery.

The ensuing lockdown and social distancing measures compounded feelings of loneliness and isolation already experienced by people with arthritis, while the imposition of shielding measures placed a profound challenge on people's ability to manage their condition and maintain their mental wellbeing.

COVID-19 had an outsized impact on ethnic minority communities. Existing health inequalities and greater levels of social deprivation have led to higher levels of exposure and greater mortality. As a result, people with arthritis from these communities have been left especially vulnerable.

We saw evidence of the impact of COVID-19 on people with arthritis even before the Government announced a full lockdown. There was a 71% upsurge in helpline calls from February to March 2020. Our existing arthritis virtual assistant, AVA, saw a 230% increase in conversations primarily asking about the impact of COVID-19 on their condition. Our online community saw a 320% uplift in daily new members signing up and at its peak our website received 25,000 visits in one day (April 2nd).

Reliance on GPs, medication and the formal healthcare system remains high for people with arthritis and self-management activities are critical particularly for those who are struggling or newly diagnosed. Much of the supports and treatments designed to help manage pain and improve mobility were cancelled, rescheduled, or moved to virtual delivery. 59% of so called “non urgent” elective surgeries were cancelled with only 18% of planned surgery going ahead.

Surveys to capture the experiences of people with arthritis revealed that 42% had appointments cancelled because of COVID-19 and 40% indicated that they didn’t have access to the care, treatment and support they needed to manage their pain effectively. 45% of people with arthritis told us that their mobility had been worsened by lockdown and similar numbers reported that their pain had worsened too. The long-term impacts of these changes are not currently understood but it’s likely that reduced access to care has driven the deterioration in MSK health reported by our community, which for some could be irreversible.

Struggling with loneliness and maintaining personal relationships is a common experience for people with arthritis, 15% told us they don’t have regular contact with anyone. Our research suggests that COVID-19, and especially shielding, has compounded these issues for many.

40% of people with arthritis shielded during the first lockdown but only 25% had done so after receiving Government advice. This points to high levels of confusion and anxiety among significant sections of our community.

In later surveys into the impacts of COVID-19, 33% of people with arthritis polled felt that COVID-19 and Government restrictions had a significant impact on them compared to 18% who felt that the impact on them had been limited.

By May, 40% of people continued to have difficulty getting access to consultations, treatments or services and 10% continued to report going without prescriptions or medication.

Versus Arthritis pivoted to meet this need.

Meeting the information needs of people with arthritis during COVID-19.

High quality, trusted information was important for all of us during this time, but particularly for people with arthritis who were looking for information relating to their condition.

Working with our digital, helpline, nations and policy teams, health information content was rapidly produced and published to provide COVID-19 specific information across our digital and social channels.

Information was updated daily on our website which to date has received 450,000 unique page views. Self-management guides were produced covering wellbeing, managing pain at home and ways to keep active. Together the guides received over 100,000 unique page views.

A vital component of our work was to co-ordinate responses with key external agencies, such as the NHS and the British Society for Rheumatology (BSR), to ensure a consistent voice. Working with external partners we developed two decision making tools – one on whether to shield, and later the COVID-19 vaccine – to put people with arthritis in control of the decisions they needed to make during the pandemic.

Helping Healthcare professionals support people with arthritis.

Faced with the challenges COVID-19 posed to the NHS, our Professional Engagement team ensured that our health professionals network continued to receive high quality support.

Face-to-face training sessions moved online with the creation of bespoke training courses to help healthcare professionals run remote consultations with their patients.

20 online training courses were delivered with over 6,300 healthcare professionals accessing our training resources, more than double our target. Overall, our education and training resources have been accessed over 37,000 times by healthcare professionals this year.

The value of the support and quality of the training we provided can be seen by the growth of our healthcare professionals network from 7,000 to 9,000 this year.

Supporting people with arthritis during lockdown

Our services and support to people with arthritis were severely impacted by the lockdown.

Our Helpline advisors were on the receiving end of unprecedented demand, dealing with over 20,300 enquiries, far higher than levels in previous years. They handled a relentless tide of emotional and distressing calls with empathy, care and support.

Our face-to-face services were paused, but our support to people with arthritis continued. Our volunteers were helped to transition rapidly to provide support online and adapted quickly, learning new skills.

Through the re-mobilisation of our volunteers, we were able to deliver sessions on self-management, physical activity and provide support to groups online.

Overall, our nations teams supported 23,500 interactions with our local services over the year, 71% above targets set. The popularity of virtual sessions among young people accounted for increases in both engagement and involvement with over 9,000 interactions and over 1,840 new young people being reached by our Families and Young People's team.

With many people with arthritis shielding, along with the cancellation of appointments and treatments in primary care settings, encouraging physical activity was more important than ever. We launched ***Let's Move with Leon***, a 12-week programme that helped people with arthritis remain physically active while at home. Over 53,000 people signed up to the programme with 5,600 joining and interacting on the Facebook group.

Early impact evaluation has been encouraging. The programme attracted more people who had previously been physically inactive (61%) and brought about sustained behaviour change in attitudes to physical activity from participants.

This expertise was recognised by Sports Council England with an inclusion in their £375m grant programme to develop the project (£400k has been awarded to Versus Arthritis). We will also take the lead in the distributing funds from a new UK wide Tackling Inequalities Fund.

Scaling up to meet the challenge.

COVID-19 prompted an unprecedented demand on our helpline, online forum and our social media platforms. It meant that we needed to quickly supplement the support we provided, but to thousands more people with arthritis and MSK conditions, in a scalable way.

Already recognised as a pioneer for our use of artificial intelligence (AI) technologies in the charity sector with our AVA chatbot, we rapidly created and launched COVA – the COVID-19 Virtual Assistant – in 14 days. COVA was unique in answering arthritis and MSK specific questions linked to the virus, providing general responses on medication and medical advice, self-isolation and keeping healthy.

Between April and July 2020 COVA held over 5,000 conversations, approx. 1,300 conversations a month. User feedback has been encouraging with 66% rating COVA as good or very helpful.

Working with the British Society of Rheumatologists (BSR) we also developed a BSR/COVA version aimed at helping health care practitioners in clinical settings provide the best support to people with arthritis. The partnership provided the added benefit of reaching out to new audiences and helping even more people.

AVA and COVA together have assisted over 30,000 virtual conversations over the year.

COVA was a highly commended finalist for the European Contact Centre and customer services awards and was shortlisted both for the Digital Leader's AI innovation and for best digital innovation in the Third Sector awards.

Being the voice for people with arthritis during COVID.

In the summer of 2020, we launched our *Impossible to Ignore* campaign highlighting the disruptive toll that tackling COVID-19 has had on people with arthritis and to

ensure that arthritis and MSK health were a priority in the NHS's post COVID-19 recovery plans. The campaign has galvanised our community in record numbers with our supporters taking more than 72,000 campaign actions, including nearly 23,600 emails being sent to politicians across the UK. 30,000 people have signed our petition calling on all UK Governments to bring down joint replacement waiting times safely. We have achieved over 150 campaign mentions across national print, online and broadcast media reaching 42 million people with our message. A further 200,000 people were reached through social media.

As a result of our work in England, every NHS trust has reassessed waiting lists for planned care and have been instructed to provide clearer communication to those whose care has been disrupted by COVID-19. By working in partnership with governments we have actively shaped their thinking on supporting people with arthritis. This approach informed *Best MSK Health*, a new NHS programme launched to tackle the recovery of MSK services.

In Scotland, we have shaped a new recovery and rehabilitation framework, that provided bespoke guidance for treating people with arthritis and chronic pain during COVID-19. Effective lobbying of the Scottish Government's COVID-19 response improved on their shielding guidance for MSK.

Rheumatology services were added to the list of essential services in Wales, and the Welsh Government also set up a task and finish group on rebuilding elective orthopaedic services through our influencing and campaigns.

Our influencing work in Northern Ireland resulted in the Government publishing a blueprint for rebuilding orthopaedic care and commitments to rebuild health and social care services as part of a wider healthcare transformation plans as we move beyond COVID-19.

Keeping arthritis research on track despite the pandemic

The lockdown and the priority to find new treatments to tackle COVID-19 posed a real challenge to our live and planned research programme. Many Versus Arthritis researchers experienced difficulties continuing with their research – including redeployment to provide frontline support to the NHS; limited or no access to their university or research centre due to lockdown; or social distancing measures impacting clinical research and access to patients.

We were determined to protect our current research and future plans as much as possible, supporting adaptations to ensure research could continue and keeping our researchers informed and supported.

We delayed the start dates for some research projects already agreed but that had not yet commenced and extended all active research timelines by three months. We were also flexible in agreeing changes to how research funds were used, extended deadlines for already open research calls while pushing back timings for future calls.

Our approach has been successful: although 3 out of 4 of our research grants were affected by COVID-19, only 6% of our awards overall remain paused.

The emergence of the pandemic provided an opportunity to explore COVID-19's impact on people with arthritis. We set up a rapid and responsive process for researchers to apply for COVID-19 related research funding, introducing an agile approach for reviewing applications with a quick turnaround to ensure that research began quickly. We have funded two studies into the impact of COVID-19 on the immune system of people with Rheumatoid Arthritis being treated with anti-TNF therapies, and a third exploring the personal experiences of people with arthritis shielding during lockdown.

We know that fatigue, as much as pain, has a real impact on the lives of people with arthritis, but little is known about what causes it and why it affects some people more. Fatigue has been a common, and in some cases, a prolonged symptom for people recovering from COVID-19. With the Kennedy Trust for Rheumatology Research, we jointly funded £50,000 to support research with Kings College London to better understand the role of the immune system in post viral fatigue.

Supporting our people to work safely at home.

We were able to adapt quickly to meet the extraordinary times the pandemic brought.

Our already established flexible ways of working allowed, and are still allowing, us to build our working patterns around conditions and healthcare needs. Staff were able to meet additional challenges, such as home schooling and caring responsibilities, as well as looking after their own wellbeing.

We quickly set up a mechanism to supplement IT equipment to work effectively at home, while our facilities team provided advice on setting up homework stations, supporting identified MSK needs with additional equipment.

Our People Team focused on ensuring that the necessity for homeworking did not come at the cost of reduced MSK and mental health, and we re-invented our internal communications to bring people together at a time when we were most apart. Coronavirus updates were produced daily and with question-and-answer sheets, which helped to inform and reassure staff at a time when news reports and announcements were sometimes conflicting. We hosted webinars and uploaded information and regular guidance on how to work safely from home, maintain good MSK health and manage stress.

Progressing our ambitions

Our ambitions were developed across the 2-year transformation period that supported the merger of the two legacy charities into Versus Arthritis and highlighted core priority areas of work and change. Our intention for 2020/21 was to accelerate our work to deliver against them. We have made good progress in some areas however the impact of COVID-19 has seen delays in the development and

delivery of all our ambitions, with resources being re-deployed elsewhere in the organisation and work being put on hold. However, we have subsequently resumed our work on the future shape and direction of the Charity through our strategic review which was noted earlier and is explored further later in this report.

Unlimited - our pain ambition

The impact of pain should not limit the lives of people with arthritis. The ability to live independently, to be intimate or to stay in and thrive at work can all be affected by living in pain. 78% of people with arthritis experience pain most days, and its continued presence limits the ability of people with arthritis to live their life.

Our pain ambition was comprehensively refocused into a 10-year programme with an initial focus of activity covering the next 3 to 5 years.

Activities aimed at investing in innovative research to enable new solutions to treat pain

A key milestone in achieving our ambition was the creation by the Medical Research Council/ UK Research and Innovation (UKRI) of the Advanced Pain Discovery Platform (APDP) consortium. Aimed at transforming knowledge and understanding of the causes of chronic pain, producing new treatments to benefit millions of people with arthritis, the APDP represents the UK's largest single funding into pain research with Versus Arthritis investment of £12.5m matched by Government funds. Professor David Walsh of Nottingham University was appointed its first director this year. The APDP's work has begun in earnest with four research awards totalling £14m, as well as trialling new ways of involving people with arthritis in decisions on research funding.

We also commissioned NESTA (National Endowment for Science, Technology and the Arts) to design the scope for a Global Challenge Prize that will lead to the development of non-drug treatments for chronic pain. Both the research phase – made up of consultations with experts in chronic pain, including people with arthritis – and the design phase, defining the structure and rules governing the prize, have been completed. The launch phase was paused until next year pending the outcome of the strategic review.

Working in partnership with others to support change and improvements.

As already reported, our Physical Activity team have established partnerships with Sports England to narrow the gap in physical activity.

Campaigns to recognise the impact of pain and influencing decisions

As part of our efforts to position Versus Arthritis as the leading voice on pain, our communications team produced a high-level plan on our pain narrative and messaging to ensure that our pain ambition reached the most influential media and stakeholders.

Our Painful Truth campaign was launched in December 2020 and aims to defy the dismissal of arthritis in the media. An analysis of the most popular television downloads and films revealed that less than six minutes of coverage was dedicated to detailing chronic pain. The campaign plans to influence television and film production companies through producing guidance on better ways to depict chronic pain.

Directly providing solutions to manage pain through our helpline, digital and face to face services

As already reported, our Helpline and online community have exceeded targets this year, meeting the unprecedented demand for advice and support during the pandemic. Despite the challenges posed by COVID-19, satisfaction with the support provided was very high with 96% of people with arthritis saying, they were very satisfied with our service, and 95% saying they are more confident managing their pain after accessing them.

Recognising the importance of self-management to help people with arthritis manage their pain, we undertook an internal review of our services. The review aims to bring consistency to our offer and improve the delivery and promotion of our services to people with arthritis. Guiding principles and a framework detailing the standards for self-management services have been devised. We have mapped these attributes against existing service provision as well as using them to shape new services.

Impactful – our research ambition

We want a future where no one lives with the pain, isolation and fatigue that arthritis causes. We need better understanding, treatment and cures that are available and accessible. Our approach to research is fuelled by people with arthritis, both in setting the agenda and making it happen.

Accelerating progress - our research strategy

Across 2020/21, we have been focused on working with people with arthritis and colleagues across the research, industry and other sectors, to develop a new research strategy. The strategy was published in October 2021 and sets out a roadmap to meet our ambitions in arthritis and MSK research.

Research breakthroughs defying arthritis

2019 marked 23 years since the first anti-TNF treatment - biological drugs that have transformed the lives of millions of people with rheumatoid arthritis across the world. Versus Arthritis funding formed a critical part in the development of anti-TNF but while it has been a revolutionary treatment for some, not all patients respond well to it and finding the right drug can be a long process. This year Versus Arthritis funded research that identified genes in patients who respond well to anti-TNF treatment, opening the prospect of identifying earlier those patients who would benefit from other therapies, shortening the time taken to find the right treatment, and saving money for the NHS.

Research funded by Versus Arthritis highlighted the effectiveness of telephone-based cognitive behavioural therapy (CBT) and will now be piloted by Versus Arthritis helpline advisors to support people with chronic pain.

With the British Society for Rheumatology, we jointly funded the UK Juvenile Idiopathic Arthritis (JIA) Biologics Register. The register is among the biggest group in the world of children and young people involved in JIA research. By bringing together two existing studies into the safety and effectiveness of biologics and biosimilars treatments for JIA, this new partnership will help us answer vital questions about the treatment of JIA, improving treatment outcomes for children with arthritis.

Through our new Accelerating New Treatments £1m call for translational medicine studies in humans, we applied a shorter assessment process to make awards quicker and are pleased to be supporting new studies in juvenile idiopathic arthritis, rheumatoid arthritis and axial spondyloarthritis.

Our research programme continues to support a large number of high-quality research projects and we continue to leverage additional funds from partners through our research investment.

Increasing participation in research

Our TakePART programme aims to build a bridge between people with arthritis and the research community to increase participation in research studies and improve recruitment rates. MSK studies routinely struggle to recruit in time and target. Our research showed that while 68% of people with arthritis were interested in taking part in research, a large proportion did not know where to find opportunities to take part. Plans for developing an online tool and support to help increase the participation of people with arthritis were prepared. We are looking at ways that a partnership with similar organisations could support the costs.

Supported – our ambition for every child and young person.

Our ambition is for every young person with arthritis to be supported by us.

The delivery of our ambition this year was severely affected by COVID-19 and its impact on NHS with staff being redeployed to support frontline teams.

Expanding Families and Young Peoples Services across the UK

We had wanted to expand our Family and Young People's services across the UK. Currently we have a Family and Young Person's team member based in 5 Multi-Disciplinary Treatment centres (MDT). We planned to increase our presence to 13 centres across the UK with a doubling of our staff team. Our expansion plans would have meant a 25% increase in the numbers of young people reached in 2021. Our expansion plans were paused, as COVID-19 saw the closure of MDT centres as healthcare teams were redeployed.

Increasing recognition for children and young people with arthritis

We worked towards increasing recognition of children and young people with arthritis both in the media and in their representation in our campaigns and to see more of our social and digital content being generated by young people.

Increasing our social and digital presence

We launched our Young Expert project in March and recruited 39 young people to help us improve our digital offer to young people.

In April we launched our Arthritis Tracker a mobile phone app targeted at young people aged 13-25 year. The app helps young people to record their health daily and to use this information with their health care professional. The app also helps to signpost them to information and advice on the Versus Arthritis web site and links young people to support locally and online. Since its launch, the app has been downloaded 8,700 times and has exceeded targets set for it this year.

Our Young People's Advisory Panel continues to take part in online discussions and consultations representing the voices of young people with arthritis and providing input and advice on areas of our work.

Connected – our ambition to be a local touchpoint.

Our ambition is for people with arthritis to have a local touchpoint with us wherever they live. Plans to launch our local touchpoint model in six pilot locations across the UK in September 2020 were affected by COVID-19.

As local networks made up of healthcare professionals, local charities and supported by our local branches and groups, our local touchpoints model was dependent on external work with the NHS and healthcare professionals as well as face to face support from our volunteers.

Local touchpoints pilot sites will now progress in three locations – Belfast, Argyll and Bute, and Birmingham. With social distancing and lockdown measures still operating, we have enhanced our digital and online channels to support engagement.

The value of local touchpoints to support people with arthritis continues to be recognised by the National Lotteries Communities Fund who grant funded Northern Ireland and Scotland local touchpoint pilot sites in Belfast and Argyll and Bute.

In Wales, our Communities Working Together Can Help (CWTCH) Cymru project funded by the Welsh Government has made good progress in its first year and provides a fourth test site with goals aligned to the three other pilot sites.

An initial delivery team has been appointed, focusing on West Wales and Powys. Awareness raising among the voluntary sector, healthcare professionals and the public at large has been effective with double the expected number of referrals, the delivery of over 60% more one to one sessions than originally planned and a total

of 2,129 interactions with people with arthritis. 82 healthcare professionals participated in six MSK core skills workshops enhancing their knowledge and confidence that will have long term positive benefits for people with arthritis.

Re-imagining Branches and Group and improving our volunteer offer.

Through virtual road shows and surveys, we engaged with our volunteers last year on a vision for a strong and dynamic local network and infrastructure to support our volunteers to make a real difference to people with arthritis across the UK.

Our re-imagining branches and groups project aims to develop a more consistent offer to our volunteers and the support needed to achieve this. This year we have used feedback from our engagement efforts to develop new models for volunteering that we have consulted on.

Empowered – our ambition to raise recognition and action to defy arthritis.

Society too often dismisses arthritis as inevitable or unimportant. This translates into people with arthritis feeling that their condition is unimportant. Through social marketing activity, our ambition aims to challenge the misconceptions of arthritis and empower and support people with arthritis to demand more.

Plans to launch our recognition campaign in April were already far advanced when the first national lockdown was announced in March. Our teams rose to the challenge, overcoming the constraints posed by lockdown, working remotely across the Charity and with external agencies to launch the campaign.

The campaign had three aims; to build on the gains made in attitudes on the worthiness and importance of arthritis that we achieved in past campaigns, to grow awareness of our brand and to increase new sign ups –new supporters willing to be contacted by us. At the end of the campaign, we secured over 63,000 signed up supporters exceeding targets set. Brand awareness surpassed levels achieved at the end of the last recognition campaign and exceeded targets. Nine per cent of the public showed spontaneous awareness of our brand and 22% having prompted awareness.

Progress on the worthiness and importance of arthritis did though show a levelling off compared to the previous year along with attitudes on the seriousness of the condition. 58% of the public agreed that arthritis was worthy of support and importance, equal to the pre campaign levels. Similarly, 73% of the public viewed arthritis as having a serious impact on life and work unchanged from the previous year. Among our target audiences, attitudes to do more to help people with arthritis were stable at 71% compared to previous waves.

Together we change perceptions and galvanise support.

A project group was set up to explore the alignment of our Galvanised communities' and recognition ambitions. The project group completed a vision and strategic objectives for the new ambition.

The first campaign under this banner coincided with World Arthritis Day in October. Our Send Strength campaign aimed at maintaining contact with existing supporters and donors, to reach out to new ones, while encouraging more to take action for people with arthritis.

The results of the campaign were encouraging with 21,507 new supporters and 3,117 new donors. Among our key audiences, the campaign prompted actions from 86% of our conscientious and connected segment and from 68% of people with arthritis audiences.

The work of our teams across the Charity has been recognised throughout the year. The Purpose Awards best health cause campaign recognised our media campaign, Pain No Filter. Our first integrated digital PR campaign worked with people with arthritis to expose the reality of living with the condition. The campaign engendered 1,000 posting on Instagram from people with arthritis, a 954% increase of Instagram followers on the day of the launch and a 10% increase over the length of the campaign. The #painnofilter hashtag reached over 558,000 people and drew media coverage in five national and four regional print titles.

Arthr, a new social venture powered by Versus Arthritis

A key milestone of 2020 was launching our social venture We Are Arthr Ltd (“Arthr”), a wholly owned subsidiary of Versus Arthritis.

43% of people with arthritis told us that there is simply not enough choice in aids and adaptive products on the market. Half admitted hiding adaptive products they had bought when friends and family visit, embarrassed by their look and poor design.

Arthr was created to disrupt the aids and adaptations market, championing and developing well-designed high-quality products that help people with arthritis live life to the full.

Since its launch, 13 Arthr-branded products are already in the market with sales every day through Arthr.com, eBay, Amazon, and John Lewis Partners. A 300-strong community of Arthr Change Makers have inputted into product design, research and testing.

The first few months of active trading of Arthr (from October 2020) were adversely impacted by the COVID-19 crisis and those impacts have persisted into 2021/22. This has impacted its financial results and, whilst Arthr is still expected to make a positive contribution in due course, a review undertaken in the autumn of 2021 suggests that this will not occur until FY 2023/24. Notwithstanding this, Versus Arthritis remains committed to this initiative and has re-affirmed its commitment to meet funding requests from Arthr in line with the agreed business plan.

Internal changes and developments

As our first post transformation year, 2021 was planned as a year of focused delivery against our strategic priorities under a new leadership team. The year also brought a significant change with the retirement of our Chief Executive Officer, Liam O'Toole.

In the Summer of 2020, allegations of bullying and racism emerged within the Charity that were shocking and upsetting. With these and the aftermath of COVID-19, the world has changed considerably and this section reports the key organisational developments and challenges of 2020/21.

Organisational developments

Versus Arthritis was formed from the merger of Arthritis Research UK and Arthritis Care with a vision to transform the two charities into a new organisation equipped to meet the needs of people with arthritis.

This year marked the end of our planned transformation period with the Chief Executive and our Board of Trustees completing a restructure of the Charity's leadership team. The new organisational leadership team was composed of six core directors – Planning and Operations; Income; Insight, Data and Technology; Involvement, Influencing and Support; People and Organisational Development, and Recognition, Brand and Activation – with expert leaders for Research, and Finance and Procurement.

We welcomed Ellen Miller as Director of Planning and Operations (and Deputy CEO), Helen Timbrell as Director of People and Organisational Development and Neha Issar-Brown as Director of Research and said goodbye to five directors.

After 11 years at the Charity, during which time he oversaw the merger of Arthritis Care and Arthritis Research UK and the creation of Versus Arthritis, Liam O'Toole announced his retirement from his CEO role in February 2021.

Liam spent 30 years in the health sector and his knowledge and passion were the driving force behind Versus Arthritis' creation as a brave, demanding and ambitious new charity. Liam's decades-long leadership has helped in shifting arthritis from being an unrecognised public health issue to a priority within Government. We became the largest funder of arthritis research and secured the largest single Government funding for pain research.

Ellen Miller was appointed as acting CEO. Ellen brought a wealth of experience including 10 years of senior charity leadership (most recently as Director at Victim Support) and 20 years working in local communities in a variety of strategy and commissioning roles, particularly around health and social care and exclusion.

In December 2021 the trustees announced that Deborah Alsina would join Versus Arthritis as our new permanent CEO. Deborah has worked in a range of third sector roles over a 30 year career in the sector including 10 years as CEO of a medical

sector charity. Deborah will take up her role with us in March 2022 with Ellen Miller leaving the organisation after a period of handover activity has been completed.

Building an equal, diverse and inclusive culture

Our Board of Trustees made a self-referral under the serious incident report process to the Charities Commission when allegations of bullying and racism emerged within the organisation in the summer of 2020. We were shocked, saddened and deeply impacted by the stories of lived experience shared by colleagues.

An internal review was initiated to establish where there were incidents of alleged racism or bullying that needed investigation. An external investigation was then commissioned into these cases along with a review of our organisational policies and HR practices and procedures. As a charity, we are committed to being a truly diverse and inclusive organisation with a zero-tolerance approach to racism and bullying.

Whilst the external investigation was underway an interim development plan for improving HR policies and practice was produced and has been implemented. We recognise that becoming more inclusive is about more than HR practices and requires long term concerted efforts across what we do and who we are. Our Executive, Trustees and HR teams have undertaken anti-racism training. Inclusion and anti-racism training will be rolled out to all our staff and volunteers. We recognise, though, that inclusivity is a long-term process of change.

Our Diversity and Inclusion strategy is shaped by engaging with our community – including our new equality groups. The implementation of the strategy has been a priority for the acting Chief Executive, our organisational leadership team and Board of Trustees. We invested additional capacity and expertise into our diversity and inclusion work with a new Head of Diversity and Inclusion joining in January 2021.

As set out in the Chair and acting CEO's introductory remarks, the Charity Commission were satisfied with how we have responded to the allegations and chose not to move forward with a formal investigation. However, we continued with the external investigation and the consultant's report was considered by the Board of Trustees at a special meeting in August 2021. The Trustees reaffirmed the commitment to delivering the improvements noted above and to improving diversity across its own ranks as trustee vacancies arise.

Looking to the future

Developments since April 2021 (including the vaccine roll out) provide some optimism that the turbulence that has arisen since March 2020 may soon be coming to an end. Yet the recent Omicron mutation shows that the pandemic still has the capacity to take unpredictable turns and the impacts of COVID-19 will be far reaching and, for people with arthritis, will not end when the lockdown and social distancing measures are finally revoked. The safe but swift resumption of services and support that people with arthritis rely on but have been denied – pain management, physiotherapy, physical activity, podiatry – are calls that we will continue to make.

We will continue to speak independently and loudly for the rights and needs of people with arthritis, at this pivotal moment for system change in health and care with the introduction of local Integrated Care Systems, a new national Muscular Skeletal Strategy and the Recovery Plan post COVID-19.

We intend to refresh our volunteer model and to make a clearer offer to our volunteer community of what they can expect from us and what people with arthritis can expect from them. The lesson of this year is the incredible adaptability and flexibility of our volunteers. Without them, we simply would not have achieved the reach that enabled us to stand shoulder to shoulder with people with arthritis during this time.

We will live our values of equality and diversity, embedding them in our work culture as our staff and volunteers join us in implementing a meaningful equality and diversity strategy.

Strategic Review

Reflecting on our journey since the merger, we have achieved so much. We brought together two legacy charities successfully to create a new one, Versus Arthritis, and collectively we have made great strides in defying the impact of arthritis on people's lives. But the world we face at the conclusion of our transformation programme is very different from the one we had anticipated in 2018. Three years on, Versus Arthritis is entering the next phase of its evolution and, as described earlier in this report, in the Spring of 2021 the trustees decided to request a strategic review of the Charity to ensure we are delivering the best for people with arthritis.

The purpose of the review was to provide clarity about our priorities and organisational sustainability, focused on both immediate support and action and the longer-term investment in prevention, treatments and cure. It was led by the organisation's leadership team with trustee oversight and all members of staff had the opportunity to input into the review.

All areas were in scope, from our services and research to our community and influencing activity, the way we generate income through to the infrastructure that enables our safe operation. The process began in March with a fresh look at the needs of people with arthritis. Subsequently we mapped our activities, financial position and structure to establish a clear picture of our performance. The review also considered the tools, systems and process we will need in future years.

In line with the planned timetable, the review was completed in September 2021 and the outputs were reviewed by the Board at a special two day meeting held in October 2021.

Section 2: Operational Sustainability

Section 172 statement

As we carry out our work to achieve our ambitions, we keep in mind the interests of everyone who is affected by our decisions. We are also committed to performing our duties under section 172 of the Companies Act 2006 – to promote the success of Versus Arthritis for the benefit of our wider community. In the table below, we report on four of the key issues, events and decisions of the year, the actions that we took and the impact that these have had on our beneficiaries, volunteers, supporters, employees, partners and others.

Key issues, events and decisions

We continued to assess, review and work to mitigate the risk and impact of COVID-19.		
People affected	Our actions	Impacts
Our beneficiaries.	We continued the pause of our face-to-face services and the delivery of many support options online. We also continued our expanded helpline. Towards the end of the year, we started to plan for the return of face-to-face services in line with Government guidelines and best practice	We continued to meet the needs of people with arthritis as effectively as possible, often in new and innovative ways, despite the ongoing challenging circumstances.
Our employees.	Our technology continued to allow our people to work effectively from home during UK lockdowns and to enable us to induct new staff. We continued to communicate regarding our plans for phased returns to our shared workspaces and we facilitated individuals to do so as and when required in line with guidelines and good practice. Our regular 'Keeping Connected' online meetings continued to be an opportunity to gather all our employees together for updates, conversation and communication. We regularly shared with our people information aimed at maintaining and improving their physical and mental wellbeing.	Our employees were able to continue to deliver services for people with arthritis, to be supported by the Charity and to remain engaged with their colleagues and the Charity throughout this very challenging year as they continued to work remotely.

We continued to assess, review and work to mitigate the risk and impact of COVID-19. (cont)		
People affected	Our actions	Impacts
Our volunteers.	We maintained regular contact with our volunteers through regular newsletters distributed across the UK. We also involved our volunteers in developing innovative ways of delivering services remotely.	Our volunteers remained engaged with the Charity and supported and motivated to deliver services for people with arthritis.
The research community.	We continued to help support researchers who returned to the NHS frontlines by offering no-cost extensions to grants so that they can continue their vital research work.	Research continued as much as was possible taking account of the restrictions in place and was in a good place to begin to return to normal again once those restrictions began to relax.
Our partners and suppliers.	Wherever possible, we continued to work closely with our partners and suppliers, making every reasonable effort to uphold our commitments.	By continuing to pay suppliers and partners on time and working closely with companies and individuals, we have tried to mitigate some of the economic impacts of the pandemic on other parties.

We responded to allegations from staff of bullying and racism and informed the Charity Commission of a 'serious incident'.		
People affected	Our actions	Impacts
Our employees.	We engaged a specialist external organisation to carry out independent reviews of the allegations of bullying and racism and implemented their findings. We appointed a Head of Diversity and Inclusion (D&I) who has been engaging with staff across the Charity on a group and one-to-one basis and leading the development of a D&I strategy. We have implemented D&I training for staff, have organised workshops and events and have carried out a diversity survey. We kept our employees fully informed regarding the submission of the serious incident report and its outcome. We have engaged a separate external organisation to carry out a review of our leadership and governance response to the allegations and our submission of a serious incident report and this document was considered by our Board at a special meeting in August 2021.	These allegations had a significant and ongoing impact on many of our employees. That impact was minimised as much as possible through our actions, which also provided reassurance to our employees that we were genuinely committed to learning from what had happened and making positive changes across the Charity.
Our volunteers.	We informed our volunteers of the submission of the serious incident report and its outcome.	Our volunteers were kept informed and felt involved.
Our trustees.	We have implemented D&I training for trustees and have carried out a diversity survey. We have included regular D&I information in the trustees' weekly newsletter. We introduced several new measures into our trustee recruitment process explicitly aimed at diversifying the board's membership. The Board recognises that its current make-up does not reflect the diversity of our society. Correcting this had been identified as a key priority in future trustee recruitment activity with express targets set to ensure better gender, age and ethnic balance on the Board	Trustees' awareness and understanding of the importance of D&I issues was increased and their knowledge of good practice developed.

We responded to allegations from staff of bullying and racism and informed the Charity Commission of a 'serious incident' (continued).

People affected	Our actions	Impacts
Our supporters.	We informed our supporters of the submission of the serious incident report and kept them informed throughout the process and the outcome.	Some funding was paused as a result of the serious incident report submission but was resumed when the process concluded.

We continued to operate a deficit budget (funded from reserves) while working towards becoming a financially sustainable charity.

People affected	Our actions	Impacts
Our beneficiaries.	We continued to involve people with arthritis at every step to learn what they need from the Charity and how those needs can be addressed. Continuing to put people with arthritis at the centre of everything that we do – and seeking their feedback – allowed us to continue to plan and deliver effective services. We continued to use more of our financial resources – our expenditure exceeded our income during the year by £20.1m - to meet the identified needs of people with arthritis. We initiated a strategic review to enable us to make long-term decisions on our use of resources.	The needs of people with arthritis were addressed on the basis of insight and evidence from those people themselves. A process was begun to ensure that the Charity can continue to make the biggest possible difference to the lives of people with arthritis within the resources available.
Our employees and volunteers.	We launched a strategic review to help us make long term decisions on our resources to have the greatest impact for people with arthritis in a financially sustainable way, building consultation with employees and volunteers into the review process. We have shared the outcomes of the strategic review with our staff. To achieve financial sustainability will require reductions in staff numbers and we are formally consulting with staff on how this will be achieved.	Employees and volunteers can be engaged in the strategic review leading to a commitment to its outcomes and the new operating model that will emerge.

We continued to invest in Arthr, our social venture.		
People affected	Our actions	Impacts
Our supporters and beneficiaries.	<p>We invested further in the development of Arthr, which we launched in 2019, remaining committed to it as a means of addressing significant unmet needs of people with arthritis, by developing better products to help with everyday life tasks, and as a means of creating a new income stream.</p> <p>As noted above the progress of Arthr against its operational and financial targets has been impacted by the Covid pandemic but Versus Arthritis remains committed to this venture and will continue to fund it in line with the original funding agreement</p> <p>Mechanisms for monitoring the progress of Arthr against its business and financial targets and its corporate governance will be modified as appropriate as the business gains scale.</p>	The impact of our investment in Arthr will take time to materialise, but it is expected that it will allow us to diversify our income stream, while also enabling us to make available products that will help make everyday living easier for people with arthritis.

Energy use disclosure

In accordance with the requirements of Streamlined Energy & Carbon Reporting (SECR), imposed by the 2018 SECR Regulations, we are required to disclose energy and carbon information including:

- Our energy use (as a minimum gas, electricity and transport)
- The associated greenhouse gas emissions (GHG)
- At least one emissions intensity ratio
- Previous year's figures for energy use and GHG emissions
- Methodologies used in calculation of disclosures
- Information about energy efficiency action taken in the organisation's financial year

Within this disclosure, captured and prepared by the Charity, is a summary of our energy and transport consumption, emissions along with requirements of intensity ratio, methodologies and a narrative on energy efficiency action.

	Unit	Units used	Conversion factor	2020/21 GHG Kg CO ₂ e	2019/20 GHG Kg CO ₂ e
Gas	kWh	769,423	0.18385	141,458	141,780
Electricity	kWh	254,285	0.2556	64,995	79,665
Fuel	Business mileage	5,399	0.29082	1,570	45,224
Total GHG Kg CO ₂ e				208,023	266,669

Methodology

Purchased gas and electricity: we have based our estimates on actual utility invoices, which quote energy usage in kilowatt-hours (kWh).

Business mileage: we have calculated this through monies claimed for mileage through our expenses system. We do not own a vehicle fleet.

Conversion factor: we have converted our usage into greenhouse gas emissions using rates, shown above, from the Department for Environment, Food and Rural Affairs.

Intensity ratio

To measure our success in reducing our carbon footprint over time, we have set an intensity ratio as follows: Income to Kg CO₂e = £119 to 1 KgCO₂e (£95, 2019/20).

Energy efficiency

We remain committed to operating in an environmentally sustainable way and to monitoring and reducing our environmental impact. Our workplace set up forms a strong foundation to meet this ambition. Both our flex ways of working and investment in IT has helped reduce our carbon footprint, minimising the need to travel by facilitating online meetings.

Our London office was designed with sustainability in mind, and we are committed to applying these principles to any future improvements we make to our offices.

We began tracking our energy use in 2019/20 and, whilst the impact of lockdown restrictions has been the backdrop for the significant reductions in energy use this year, we remain committed to benchmarking and making meaningful progress. As restrictions on office-based working relax we are determined to reduce our carbon footprint and to plan for further improvements in decision making post-pandemic that will maintain the long-term gains in habits.

Section 3: Our approach to Fundraising

Section 144 (2) of the Charities Act 2011 and Sections 13 and 14 of the Charities (Protection and Social Investment) Act 2016 require Versus Arthritis to provide information about our fundraising activities. Below, we report on our fundraising efforts and the ways that we make sure that our fundraising complies with regulation and with best practice in our sector.

How we fundraise

We raise funds through voluntary and earned income. Gifts left to us in legacies make up the majority of the income that we receive. We base our fundraising efforts around these income streams, and we focus on finding and engaging with supporters, donors, funders, and partners who share our vision and can help us raise funds.

We use relationship fundraising methods including direct response marketing to help us find and engage with donors, partnering with marketing companies to produce fundraising materials for this purpose. We also offer different ways for our supporters to get involved and help us raise funds to continue the push against arthritis. These opportunities include legacies, holding collections, taking part in sponsored events or donations in response to our appeals.

During 2020/21, we concentrated on digital and postal communications to encourage our wider arthritis community to join us in defying arthritis, with no investment in telephone, face-to-face or door-to-door fundraising. We also worked in partnership with individuals, trusts, foundations and companies who gave generously to our 10 million appeal and other areas of our work.

Fundraising during the pandemic

The lockdown measures required in response to the COVID-19 pandemic saw severe restrictions to in-person fundraising. With many challenge events being cancelled or postponed, we had to be agile and creative in finding ways that our supporters could continue to fundraise. We implemented several successful virtual fundraising challenges, ran appeals focussed on our response to the pandemic, engaged remotely with our corporate partners and relaunched our online weekly lottery.

Our involvement with independent fundraising regulation

We are committed to raising funds in an ethical and appropriate way. We are registered with the Fundraising Regulator and the Fundraising Preference Service and are members of the Chartered Institute of Fundraising, the National Council for Voluntary Organisations and the Lotteries Council.

Our [fundraising promise](#) outlines our commitment to fundraise in a way that is honest, respectful and fair, meeting the highest standards of the charity sector.

To meet our commitment to our fundraising promise, we monitor our fundraising activities from both a performance and a compliance perspective. We base our compliance on the Code of Fundraising Practice, and we monitor our fundraising teams' activities in adherence to that code.

Fundraising Complaints Resolution.

In 2020/21, we received 92 complaints about our fundraising activity compared with 35 complaints in the previous year; this rise was in part due to a higher profile for the Charity through the Recognition media campaign that ran in Spring 2020. We are committed to addressing these complaints in a timely way, and we resolved each of them within 10 working days through investigation of each complaint.

Complaints received are logged in our customer relationship management database. The database is monitored regularly by our Complaints Coordinator, allowing us to review and share the lessons to be learnt from complaints and use that learning to help inform future fundraising activity.

In dealing with complaints, we ensure compliance with the Code of Fundraising Practice. We report complaints to the fundraising regulator.

Protecting people and their data.

We take our responsibility to manage our supporters' data seriously. We take active steps to respect people's privacy and their communication choices, and we are investing in our technology infrastructure and putting clear data governance procedures in place to help us.

In line with the General Data Protection Regulation (GDPR) legislation, we publish our privacy notice. This notice outlines how we manage people's data. We do not swap, sell, or share our supporters' details with other charities or organisations for marketing purposes.

We are particularly aware of the risks to vulnerable people and other members of the public from fundraising behaviour that unreasonably intrudes on people's privacy, is unreasonably persistent or places undue pressure on a person to give money or other property. To address these risks, we have put in place a safeguarding policy which is supported by an overarching procedure and more detailed processes. We have also designated a fundraising safeguarding lead for the Charity.

The Fundraising safeguarding lead is a member of the Charity's wider safeguarding group. The group meets regularly to develop, share, and embed good practices across our organisation. All Versus Arthritis employees are required to complete comprehensive safeguarding training.

Section 4: Thank you

We would like to thank all our employees, volunteers, donors, campaigners, trusts, foundations, corporate supporters, celebrity supporters, contributors, reviewers, researchers, advocates, spokespeople and partners.

We would also like to say a special thank you to the many people living with arthritis who have spoken out and shared their stories. Through interviews, fundraising activities and campaigning, we have both raised awareness of the impact that arthritis has on people's lives and generated much needed funds. Quite simply, our work would not be possible without you. Through your generous contributions, you have helped make a real difference to advance arthritis research and – crucially – to improve the lives of people with arthritis.

Patron Charity Ambassadors and Supporters

Patron
HRH The Duchess of Cornwall
Charity Ambassadors
Julian Worricker
Laura Wright
10 Million Appeal Steering Group
Cathya Djanogly
Gary Laitner
Juliette Scott
Linda Fairbrother
Martin Looney
Vincent Noinville
Supporters
AbbVie
Ahmed Patel, donated in memory of his father, Dr Yusuf Patel, who passed away from COVID-19

Andrew Lumley
Anne Channevy Walsh
The Barcapel Foundation
BBC Children in Need (Scotland)
The Bioindustry Association
The Bothwell Charitable Trust
The British Society of Rheumatology
Donald Forrester Trust
DPDgroup UK
The Edith Murphy Foundation
Eli Lilly and Company
Faegre Drinker Biddle & Reath LLP
Farah Asemi
Gilead Sciences Ltd
The Harry Bacon Foundation
Health & Social Care Alliance Scotland
The Hugh Fraser Foundation
The James and Patricia Hamilton Charitable Trust
The James Weir Foundation
Janssen Cilag Ltd
Libby Scott
The Lidbury Family Trust
The Lyons Charitable Trust
Professor Mary Morgan
The Masonic Charitable Foundation
The Moodie Charitable Trust
MSD UK
NHS England
The Northwood Charitable Trust

The Norton-Freeman Charitable Trust
Novartis
P F Charitable Trust
The Peacock Charitable Trust
Pfizer
The Revere Charitable Trust
Richard Wilkins
The Scottish Government
Shelagh and Tom Allen
The Simon Gibson Charitable Trust
Sport England
The Stanley Grundy Foundation
Swire Charitable Trust
Waitrose
Welsh Government Social Services & Integration Directorate

Section 5: Finance Review

Overview

The COVID-19 pandemic emerged in 2020 as an ongoing risk to the health of people with arthritis, and as a risk to the services we deliver, the income we generate, and our sustainability and capacity as an organisation. This has inevitably had an impact on the financial results for 2020/21.

Overall, we generated a total income of £25.4m in 2020/21, a 0.8% increase from last year (£25.2m, 2019/20), primarily driven by an increase in legacy income. During this year, we spent £83.9m (£49.1m), of which £75.9m was on our charitable activities, 76% higher than last year (£43.2m). Within charitable activities £57.6m was spent on research (£22.8m) and £18.3m on information, services and awareness (£20.4m).

The increase in research grants is due to a reassessment in year of our accounting treatment of research grants; previously only 3 months of future commitments have been recognised in year due to a 3-month termination clause that is included in all award contracts. We have looked again at how often this clause has been enacted over recent years and feel it is now appropriate to recognise the whole amount in the year of award.

The amount recognised this year therefore includes all outstanding commitments in respect of current research grants as at year end. As our research funding arrangements can last up to five years, the charge in this financial year is significant as it can include outstanding commitments for any contracts entered into in multiple accounting periods. The charge is likely to be lower in future periods as, by contrast, it will reflect commitments entered into during that single accounting period.

Our reduced expenditure on information, services and awareness is owing primarily to the impact of COVID-19 reducing our ability to conduct face to face service delivery. We have of course sought virtual ways of connecting with our beneficiaries to continue to support people with arthritis.

We therefore continue to show a net deficit of expenditure over income, which for this year was £58.5m (£23.9m). This figure represents the difference between our income and expenditure before investment gains/losses and actuarial loss on defined benefit scheme. Overall the Charity made a net surplus of £2.79m in year (2020: a deficit of £28.8m)

The net deficit was in line with our strategic plans to use our reserves to invest in improving the quality of life for people with arthritis. The deficit was considerably higher than anticipated because of the increased level of grant expenditure due to the recognition of all outstanding award commitments in year, as described above.

Over its history, the Charity has built up significant reserves owing primarily to royalties in respect of anti-tumour necrosis factor (Anti-TNF) treatments developed

jointly with The Kennedy Trust for Rheumatology Research. This income has now stopped due to the expiry of the patent.

Since the merger in 2018 of Arthritis Research UK and Arthritis Care in, Versus Arthritis has taken steps to reduce reserves by way of investment in transformation of the Charity with a view to significantly improving the lives of people with arthritis.

However, we recognise that further operating deficits at the levels seen in recent years are not sustainable in the long term and taking into account the anticipated impacts of COVID-19 and Brexit.

Given this and as explained above, we have closely examined our operating model as part of the Strategic Review.

Income

Our **total** income was £25.4m, (£25.2m, 2019/20). Income is generated mainly through donations from our generous supporters, trading activities, charitable grants, intellectual property and investments.

Voluntary income, from donations and legacies this year totalled £21.7m, up 0.9% on last year (£21.5m). Donations are received through legacies, regular givers, philanthropic donations, and corporate partners.

Legacy income at £18.6m is 73% of total income, a significant proportion, and decreased on last year by £1.6m (£17.0m). We saw an increase in notifications in the year as a result of higher death rates due to COVID-19 and the easing of backlogs for grant of probate at HM Courts & Tribunal Service and Smee and Ford legacy notification service. We have continued to receive increased notifications throughout 2021/22 as the backlog is cleared.

Donations totalled £2.5m for the year and represent 10% of total income, which is lower than last year (£3.9m, 2019/20). We acknowledged early in the financial year that target income levels would be reduced owing to COVID-19 restrictions on [face-to-face](#) events which impacted peer to peer fundraising in the community, at national and regional sporting events, and our major donor engagement events. However, we were able to mitigate some of that loss successfully by quickly converting resources to deliver fundraising activity virtually. We introduced virtual fundraising challenges on Facebook, including a walking challenge and a knitathon, which have collectively raised over £380k. There are further test products in the [pipeline](#), and we expect to continue to run these virtual activities in the long term.

We have made some significant progress over the last year working on the 10 Million (10M) appeal, launched in November 2020 to raise £10 million for the 10 million people in the UK living with arthritis, with three objectives;

- 1) 10 million conversations to challenge the climate of tolerance around arthritis
- 2) 10 million dreams of a better future for people living with arthritis
- 3) 10 million hands to make this happen.

We've raised £3.6m against our £10m target - focusing our efforts on funding some of the core work of Versus Arthritis. This last year we have also launched the 10M

Appeal Steering Group. This group is helping us to raise vital funds, providing advice and supporting our approaches to companies, individuals, trusts and foundations. Despite a very challenging commercial landscape the corporate partnerships team were able to secure over £0.1m from existing and new partners in response to the COVID-19 appeal. This income helped to fund innovation in our AI programme by supporting the ongoing development of COVA as well as supporting the Helpline which saw a marked increase in demand early in the pandemic.

While sponsorship income had similar challenges to donations during the year, we were able to maintain income levels at £0.5m (£0.5m, 2019/20).

Trading income for the year was £0.1m, (£0.1m, 2019/20), of which £0.08m relates to our subsidiary Arthr, whom in its first year of trading, launched its first 13 products to the market. The remaining income £0.04m, (£0.1m, 2019/20) relates to our trading subsidiary which predominantly sells Christmas cards in retail outlets.

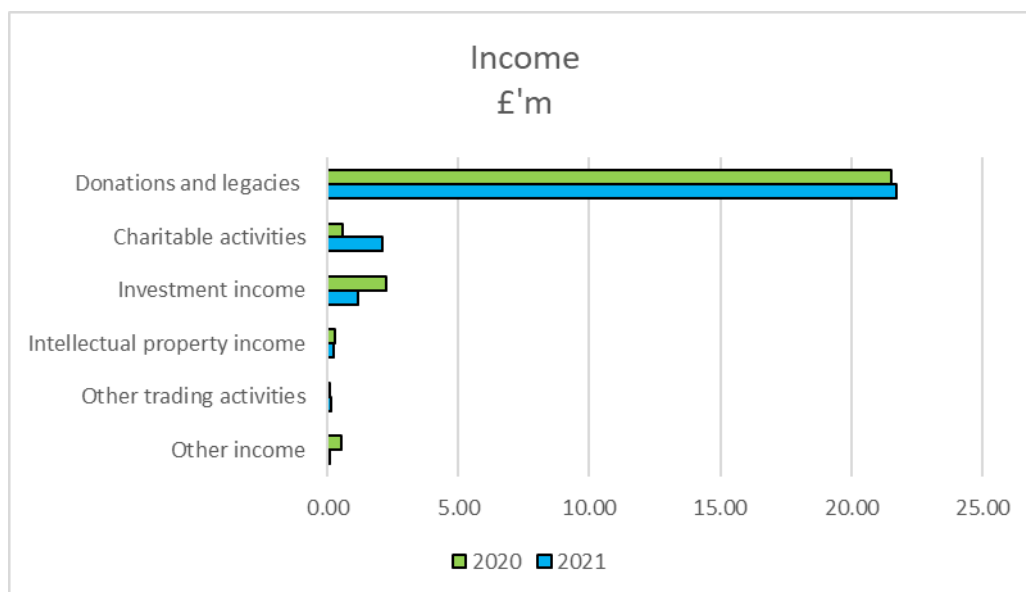
Intellectual property income continues to fall year on year at £0.2m (£0.3m, 2019/20). The Anti-TNF patents have now expired and The Kennedy Trust for Rheumatology Research has now released all income apart from ca. £1.4m, 22% of which is due to Versus Arthritis. This is retained in a legal expense fund until the potential for legal dispute expires in 2023 (see note three).

Income from **charitable activities** relates to trusts and commissioned funding. This generated £2.1m (£0.6m, 2019/20) to support the delivery of our services to people with arthritis and included £109k first year funding of CWTCH (Communities Working Together Can Help) Cymru award. Funds will help people with arthritis in Powys and West Wales access information and support powered by local communities to manage their condition.

Investments generated income for the year of £1.1m (£2.3m, 2019/20) of which interest and dividend income from our investment portfolio make up the majority. This decrease is due to the move in year from a segregated to a pooled fund increasing focus on capital growth. Our five investment funds have the objective of optimising our total capital and revenue return within the parameters of our investment policy.

Unrealised capital gains across the investment portfolio were £61.3m (£4.8m loss, 2019/20), comfortably exceeding market benchmarks. Further information on investment policy and performance can be found in the section below and Note 9 to the Financial Statements.

Other income was £0.1m and relates to sundry income including furlough (£0.5m, 2019/20).



Expenditure

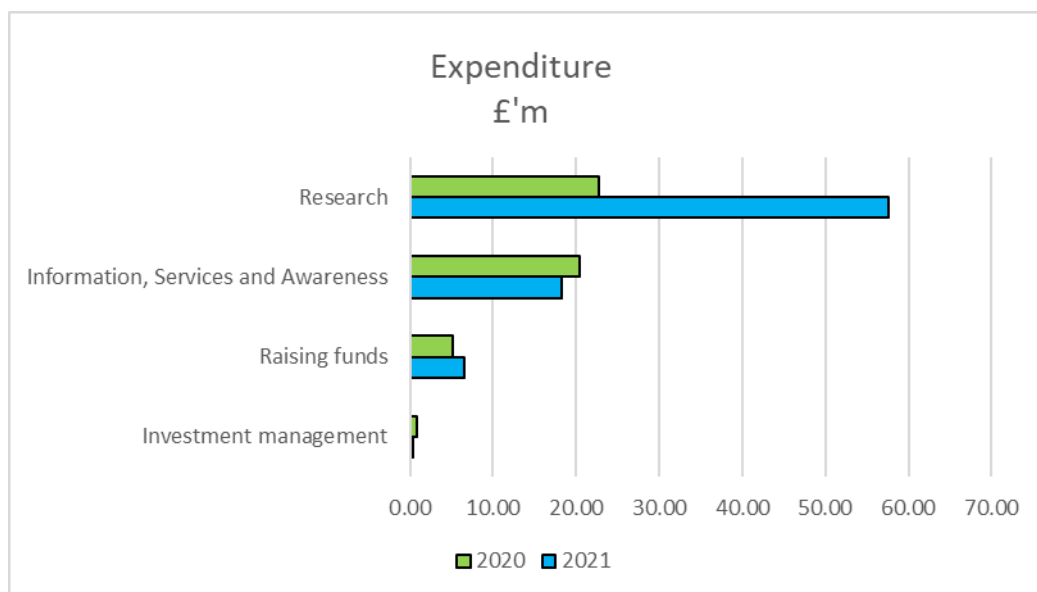
Our total spend was £83.9m (£49.1m, 2019/20). We spent £75.9m on our charitable activities in research, information, services and awareness (£43.2m, 2019/20), £1m on our product venture, Arthr (£0.08m, 2019/20) and £7m on raising funds and investment management costs (£5.9m, 2019/20).

Of our total **charitable activities** expenditure, we spent £57.6m on research, £34.8m (153%) more than last year due to the change in assessment of future liabilities, offset by the impact of COVID-19 with closed laboratories, furloughed staff and paused clinical trials (£22.8m, 2019/20). A further £18.3m was spent this year on information, services and awareness, £2.1m (10.3%) less than last year (£20.4m, 2019/20). We continued to develop new ways of connecting with people with arthritis through digital and virtual offerings including our COVA and AVA artificial intelligence tools and *Let's Move with Leon (an online exercise tutorial specifically tailored for those living with arthritis)*. In addition, we continued to challenge the dismissal of arthritis through two recognition campaigns.

Social venture expenditure relates to the expenditure of Arthr, Versus Arthritis' wholly-owned subsidiary and social investment, in sales and growing the business, and was £1m this year (£0.08m, 2019/20). The Charity invested £2.0m in 2020/21 (£0.1m, 2019/20) by way of loans, and will continue to invest in Arthr during its start up phase.

The costs of **raising funds** was £6.5m, £1.4m (28%) higher than last year (£5.0m, 2019/20), reflecting a change in the allocation of marketing costs away from charitable activities. On an underlying basis, costs year-on-year are lower as we were not able to run face-to-face fundraising events.

Investment management costs relates to the fees for managing our investment portfolio and were £0.4m (£0.8m, 2019/20). Costs are lower this year due to a move to a pooled fund rather than a segregated fund.



Future periods

Since the merger of Arthritis Research UK and Arthritis Care in 2018 and through a series of planned operating deficits, we have invested in new, more efficient ways of working to meet our needs as a new organisation and to enable our investment in transformational projects that will improve quality of life for people with arthritis. We have introduced new services, tested new fundraising propositions and developed our digital offer.

However, we are reviewing our activities at pace and making changes to reduce our expenditure to a sustainable level, particularly given uncertainties linked to COVID-19 and Brexit on the macroeconomic environment and the impact that could have on our income. This is of course challenging, particularly in light of increased demand for our services. We retain significant reserves and will invest as appropriate in new initiatives and infrastructure to support and maximise the benefits to people with arthritis who continue to remain our priority.

The Versus Arthritis group holds cash and short-term deposits of £58m, compared to £79.4m at the start of the year, reflecting the cash operating deficit of £20m. These funds, together with our investments (see below), will enable us to meet our commitments to research projects, improving the lives of people with arthritis and to invest in the sustainability of the Charity.

Reserves policy

Our reserves policy was reviewed and amended this year. The objective of our reserves policy is to ensure that Versus Arthritis maintains sufficient funds to enable it to withstand any shortfall in income or unforeseen expenditure while any necessary adjustments are made to the Charity's operations. The Board of Trustees has determined that the Charity needs unrestricted reserves for the following purposes:

- For specific designations where funding has been committed but not recognised as a liability or where funds are not liquid;
- To provide working capital and manage the seasonality of income, to allow the effective running of the organisation;
- To protect against unrestricted income fluctuations;
- To protect Versus Arthritis against unforeseen events.

The unrestricted reserves allow Versus Arthritis to sustain optimal levels of research and services over the long term while investing in new income initiatives and infrastructure to support the smooth running of the organisation, ensuring that financial commitments can be met as they fall due. In addition, they allow the Charity to manage through unexpected events that have an impact on income.

The Board considers that the unrestricted reserves target should be set by first applying the following designations:

- Fixed assets (£2.0m)
- Funding commitments to Arthr (£1.9m)

In previous years, designated funds have also been maintained for grant awards and charity transformation project commitments. The Trustees decided in year to release the designation for transformational projects as it was no longer considered necessary.

The designated fund for grant awards is equal to those amounts committed but not fully yet recognised through the income and expenditure statement. At 31st March 2021 the value of this designated fund was £nil as all grant commitments were fully recognised in year.

And secondly for general/free reserves by assessing:

- Security risk – the degree of risk associated with each income stream
- Liquidity risk – the degree of flexibility in the cost base, our cash flow/working capital requirements to meet fluctuations in timing and our ability to react and make changes in the face of unforeseen events.

Reviewing these risks in detail and assessing likelihood has enabled us to determine an appropriate methodology which is equivalent to:

- 6 months of future charitable expenditure cash outflows (£16.7m)
- remaining award commitments (£nil in 2020/21 as all commitments have been recognised as creditors as described above and so cannot/should not be included in reserves calculation as per the Charity SoRP).

This translated into an unrestricted reserves level requirement of £20.6m at 31 March 2021 (£89.9m, 2019/20. This figure included outstanding remaining award commitments).

At the end of 31 March 2021, we held £184.4m in reserves (£181.7m, 2019/20).

This apparently minimal change actually reflects some significant underlying changes namely the significant unrealised investment gains generated on our investment portfolio of £59.7m, and a property revaluation of £1.5m, offset by the group operating deficit of £58.5m, which included the high level of grant commitments recognised in year as described previously.

	March 2021	March 2020
	£'m	£'m
Funds		
Restricted	4.9	2.9
Designated	3.6	6.3
General 'Free'	175.9	172.4
Total Group Funds	184.5	181.7

Funds are defined as all cash, investments and current assets less current liabilities held in the name of Versus Arthritis and its trading subsidiary.

The Finance Committee keeps the Charity's reserves policy under review with periodic consideration by the Board of Trustees.

Our current reserve level has resulted from significant patent royalties of anti tumour necrosis factor (Anti-TNF) research funded by our legacy charity Arthritis Research UK, which revolutionised treatment of inflammatory arthritis. Arthritis Research UK (and subsequently Versus Arthritis) were fortunate to receive royalties since 2002 amounting to £114m. The Anti-TNF patents have now expired, and The Kennedy Trust for Rheumatology Research has now released all income apart from some £1.4m, 22% of which is due to Versus Arthritis. This is retained in a legal expense fund until the potential for legal dispute expires in 2023

Royalty income and the success of our investments enabled our trustees to authorise a deficit budget for the last 5 years (£20.0m, March 2021). Since our merger, planned operating deficits have supported us to transform into a new charity with more efficient ways of working and enabled us to invest in transformational projects to improve quality of life for people with arthritis. However as noted above we have recognised that this approach needs to be reconsidered and the strategic review has identified various actions that will bring about a better balance between costs and income.

The trustees recognise that when that better balance is achieved the Charity will possess significant financial resources that will no longer need to be applied to 'deficit funding'. The trustees are working on a revised financial strategy that will identify the optimal funding model and will set out a process for appropriately identifying uses of those funds that will help the organisation meet its core charitable objectives. The creation of this latter process was approved by the Board when it reviewed the outcomes of the strategic review in October 2021. The process has been provisionally titled the 'investment drawdown' approach and its precise scope and operation will be defined by the Board in early 2022.

Investment policy and performance

Versus Arthritis has a policy to hold sufficient funds as cash and cash equivalents to meet cash flow requirements for the next two years. Surplus funds are available for investment by Versus Arthritis's investment managers.

Each of the four investment managers that we use has been set an investment objective and their performance is benchmarked against this target and a comparison group of similar funds over agreed timescales. Our Finance Committee reviews performance of each investment provider on a regular basis and also reviews how total portfolio is allocated across the different providers. We monitor our actual performance against this benchmark with the aim of optimising our long-term return within appropriate risk parameters.

Versus Arthritis's investment managers, Baillie Gifford which manages most of our core investments, has the discretion to manage the portfolio within this framework. Versus Arthritis's ethical policy specifically excludes direct investments in companies with more than 10% of disclosed sales in the tobacco industry.

Our overall portfolio returned a net unrealised gain of £61.3m in 2020/21 having recovered significantly during the year following the fall in securities markets at the outbreak of the COVID-19 pandemic (there was a net loss of £4.8m in 2019/20). See Note 9 to the financial statements.

The Finance Committee keeps the investment policy under review with periodic consideration by the Board of Trustees. The Committee has recently asked for a review of the governance, policies and procedures applicable to our investment management activities and this work will be presented to the committee in early 2022.

Going Concern

The Trustees must satisfy themselves as to the ability of Versus Arthritis to continue as a going concern for a minimum of 12 months from the approval of the financial statements. At the year end, the continued impact of COVID-19 and Brexit on the macroeconomy and on our operations are essential factors in determining this. We expect that these factors will reduce our supporters' ability to give so generously to our cause and hinder our strategic plans to grow income at the pace we had anticipated pre-COVID-19.

As previously mentioned, we are moving at pace to review our operational expenditure to bring down the operating deficit to a sustainable position while utilising our reserves to invest in strategic initiatives to improve processes and the efficiency of the organisation as well as the lives of people with arthritis, who we are here to serve.

We are in a fortuitous position to be able to weather uncertainties through our substantial reserves of £184.5m, which is nine times our minimum reserves target of £20.3m. The 'investment drawdown' process referred to above will seek to identify significant uses of these funds for purposes that will help us better fulfil our charitable objectives, and as such the Charity is likely to run a deficit for the next few years.

This deficit will be gradually reduced in a controlled manner as we work towards a balance between our income and expenditure.

The Trustees have reviewed this alongside our financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this review, the Trustees believe that we are well placed to manage operational and financial risks successfully. Accordingly, the Trustees have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis in preparing the annual accounts.

Remuneration Policy

We implemented a new market-based pay system in January 2019 as part of our new Versus Arthritis employment offer.

The pay policy applies to all job roles within Versus Arthritis, including the Chief Executive Officer and all directors. It is underpinned by our commitment to pay all employees, including apprentices and interns, at least in line with the real Living Wage/London Living Wage (as determined by the Living Wage Foundation). It also aligns with our commitment to the principles of open and transparent communication, fairness, respect and consistency, and value for money.

To ensure rigour and objectivity, we use an external consultancy to establish the salary for each role based on the value of the role in the external market. The target rate (basic pay) for each role is a spot salary that sits midway between the relevant job market median and upper quartile. This position allows Versus Arthritis to be competitive among our peers and the wider market so that pay is attractive to talented candidates while also recognising our principles as a charity.

We are committed to a full market benchmarking review for all job roles every three years, with an annual cost of living pay review in the intervening years. The decision to award any increase is made by the Board of Trustees, taking into account a wide range of different factors. These factors include the following:

- affordability
- overall financial viability and any financial constraints influencing Versus Arthritis
- our performance as an organisation
- the external market (for example, inflation)
- wider economic conditions
- pay awards.

We aim to operate a fair and transparent pay system that is based on objective criteria and free from gender bias. As part of our commitment, we will undertake an equal pay audit at the same time as carrying out each full benchmarking exercise, and we will share the outcome and any resulting action plan with our people. We prepare an annual gender pay gap report to identify any differences in the average

pay between male and female employees, and we publish the information on our website along with further information on our approach to pay.

In addition to our commitment to fair pay, we also offer our employees an attractive benefits package and we support flexible working. The remuneration of senior management, including the Chief Executive Officer, is set by the Appointments and Remuneration Committee. In addition, remuneration of all employees of Versus Arthritis paid in excess of £125k must be approved by the Board. This figure will be reviewed from time to time and be amended in the Scheme of Authority.

Remuneration arrangements in Arthr Ltd are a matter for the Board of that entity. In exercising that responsibility, they are required to reflect the principles of fairness & transparency noted above.

Grants Policy

Opportunities for research funding are, under normal circumstances, subject to open competition, and we receive applications via the online Grant Tracker system¹.

Applications are validated and where appropriate, these applications also undergo independent, external (peer) review.

The applications and the independent expert peer reviewers' comments are considered by research subcommittees, expert groups or bespoke panels who make recommendations to Versus Arthritis about whether an award should be made or whether the application should be rejected.

The panels are comprised of experts in the field and experts by experience. All reviewers undergo a strict assessment to identify any conflicts of interest prior to being asked to review an application.

When applications are recommended for an award, they are approved in accordance with Versus Arthritis's schedule of authority, and letters of award are issued, including conditions of the award and any contractual requirement for those awards.

All awards are managed post-award for compliance, performance and impact and appropriate dissemination and attribution of the outputs is monitored.

Versus Arthritis supports the Association of Medical Research Charities (AMRC) Principles of Peer Review throughout all award making and abides by the five basic principles;

- **Accountability:** Charities must be open and transparent about their peer review procedures and publish details, including the names of members of scientific advisory panels or other decision-making bodies.
- **Balance:** Scientific advisory panels must reflect a fair balance of experience and scientific disciplines.
- **Independent decision making:** The scientific advisory panel must be independent of the Charity's administrative staff and trustees.

¹ Grant Tracker is a software application widely used in the medical research sector by both grantors and grantees

- Rotation of scientific advisers: Scientific advisory panel members must have a fixed term of office and not have tenure.
- Impartiality: Scientific advisory panels must include a significant number of non-beneficiaries. There must be a conflict-of-interest policy and potential beneficiaries should not be present when decisions are made.
- During 2021/22 the AMRC performed its five yearly independent review of the processes and procedures used by Versus Arthritis to administer and manage its portfolio of research awards. The review reported very positively on the quality and standards of grant management approaches being used by the organisation.

Internal Controls and Risk Management

Our Board of Trustees is ultimately accountable for risk management. They are responsible for ensuring that we have adequate systems of internal control and risk management in place. The Board discharges its duties by reviewing these systems. The Board of Trustees are supported in this by a dedicated Risk and Audit Committee (RAC), established in the 2019/20 financial year.

The RAC provides oversight of our risk and assurance frameworks (including internal and external audits) and has now entered its third year of operation. Alongside this, it has recently performed “deep dive” exercises into key areas of risk, including the transition through and beyond the COVID-19 outbreak (see below) and our fraud controls.

Risk framework

Our risk framework was refreshed during the 2020/21 financial year. The key element is a focus on improved risks and controls, clearly distinguishing between risk events, impacts and causes. This is supported by a new training offer and strengthened co-ordination across the Charity’s operating directorates, aimed at connecting risk at all levels to objectives and the potential for harm.

The refresh has led to the wholesale review of both directorate and corporate risk registers. The corporate risk register captures the strategic level risks that have the potential to impact our organisational objectives. As team and directorate objectives serve the organisation’s objectives, team and directorate risks also feed upwards [to inform the Corporate Risk Register](#). These are reviewed by the Organisation Leadership Team (OLT), the Risk and Audit Committee and the Board of Trustees.

Assurance Framework

Underpinning the management of our risk and ensuring a strong governance framework for Versus Arthritis, we operate a “three lines” model of assurance.

First Line of Defence

The critical elements of the first line of defence have been enhanced in the past year through clarifying the roles of risk owners and policy leads and supporting them to implement a new framework setting out and reporting on the controls and measures that are managing risks at all levels.

The first line of defence is primarily delivered the following roles:

- Organisational Leadership Team (OLT): as well as acting as risk owners for corporate risks, this team takes the strategic decisions about our organisation's risk appetite and tolerance. They also prioritise risk mitigating actions that are identified respectively at the corporate, directorate and team levels.
- Risk owners: have responsibility for the object or area on which the risk has the most impact. They have the appropriate level of seniority to assess individual risks, monitor status and direct controls and mitigating actions.
- Subject Matter Leads: where risk controls and actions are better managed or co-ordinated centrally, such as for health and safety, safeguarding or data, leads proactively manage risk for their areas of expertise across the organisation. They usually maintain and manage organisational policies, including training requirements.
- Risk Coordinators: support reporting and highlighting of risks and issues. There is a central point of contact in the Governance and Assurance Team to provide operational support to risk owners, maintain the policy directory and oversee new policy requirements.

Employees and volunteers are required to carry out risk assessments for activities, events and processes that they manage.

Second Line

The Second Line of Assurance is led by the Head of Governance and Assurance and supports the OLT through legal and compliance monitoring. This is supported by a Risk Review Group who assesses the management of common and cross-cutting risks on a thematic basis to support risk owners using a comprehensive assurance map.

Third Line

Grant Thornton UK LLP provide an outsourced internal audit service, drawing on multi-disciplinary expertise. They undertake topical audits against a programme agreed annually with the Leadership Team and the Risk and Audit Committee.

Key Corporate Risks

We have undertaken a full review of corporate risks, grouping into five themes: Governance, Delivery, Environment, Funding and Reputation.

Governance: two risks have been identified – failure to comply with the charity governance code and a duty of care failure in areas of safeguarding, health & safety etc. We continue to monitor this via the improved risk management and assurance frameworks outlined above and provide appropriate policies, procedures and training.

Delivery: uncertainty around the Strategic Review is a critical area of risk although a review of this nature implicitly acknowledges that uncertainty. We have clear change

management processes to ensure we can continue to deliver key activities. In order to ensure that our infrastructure does not become unfit for purpose, the Strategic Review is looking at system requirements while potential workplace changes may increase costs or affect employee delivery. This is being managed through strong communications and a longer-term project to review the balance between office and flexible working and related issues.

Environment: there is inevitable uncertainty around the economy post COVID-19, which could impact on Versus Arthritis's income and increase demand for services. We continually explore a wider range of income opportunities. An independence vote in Scotland and/or further developments in intra-UK devolution elsewhere could fragment our offer, so we are assessing how this would affect us to put in place a full management plan. Potential NHS and social care changes seem likely to impact on our services and we continue to lobby and influence within Government and the NHS, to highlight the importance of investing in services for people with arthritis.

Funding: we have a risk around our drive for financial sustainability where changes could reduce required services. The impact of Brexit could reduce research funding more widely, increasing the call for funding from Versus Arthritis. The Charity's reserves are healthy in the short term and, as described above, the recently completed strategic review is also addressing this issue. The value of our investment portfolio can rise and fall with the markets, and the related risks are managed via monitoring and reporting. Income generation may also reduce.

Reputational: there is a reputational risk defined on the corporate risk register linked to us reducing or delaying campaigns and marketing projects. Future campaigns will more strongly focus on the Charity's purpose.

Our response to COVID-19

Earlier sections of this report have detailed the impact that coronavirus and measures to stem its spread have had on our operations and services. Along with steps that we took to maintain vital support for people with arthritis during the pandemic our Risk and Audit Committee conducted scenario modelling exercises to identify potential threats and opportunities to support medium- and long-term planning. During 2021/22 we have undertaken a managed reopening of our face-to-face services and working spaces, following Government guidelines and using risk assessment to inform this. Continued on re-opening and the resumption of normal services and service delivery is subject to further developments in the pandemic e.g. a resurgence of infections and/or the emergence of new variants.

Our structure, Governance & Management

Legal status

Versus Arthritis is a charitable company. The governing document of the Charity is its Articles of Association dated 31 January 1951 and last amended on 6 October 2012. Versus Arthritis is a company limited by guarantee, the liability of the members of the Board of Trustees being limited to £1 each. The change of our name from Arthritis Research UK to Versus Arthritis was certified at Companies House 24 September 2018.

Versus Arthritis is registered with the Charity Commission of England and Wales and the Office of the Scottish Charity Regulator. Versus Arthritis (as Arthritis Care and Arthritis Research UK) has informed the Charity Commission for Northern Ireland of its intention to register (as a 'Section 167 institution') and is now waiting to be called forward to do so.

Versus Arthritis is governed by the Board of Trustees who, for the purposes of the Companies Act 2006, are the directors of the Charity.

Versus Arthritis is a public benefit entity. In preparing this report, the trustees have referred to the Charity Commission's general guidance on public benefit and are satisfied that the activities undertaken by the Charity meet the commission's requirements.

Our management

The Board delegates operational planning and day-to-day management, including financial authority, to the Chief Executive, and through the Chief Executive to the Organisational Leadership Team (OLT), within approved limits.

The board oversees the performance of the Chief Executive and OLT through reports and briefings presented by them at board and committee meetings [as well as other interactions as required].

Versus Arthritis makes all appointments in line with our equality, diversity and inclusion framework.

Our supporters

Versus Arthritis's achievements rely heavily on the loyal support of our donors, volunteers, funders, campaigners and corporate partners. They contribute in many ways, from supporting us financially and making valuable introductions to giving their volunteering time, providing insight and advice, and sharing knowledge. Versus Arthritis is extremely grateful to all our supporters for not only helping us to achieve our charitable objectives, but also for making a difference to the lives of people with arthritis across the UK.

Our subsidiary companies

Versus Arthritis has two trading subsidiaries, Versus Arthritis Trading Ltd (company number: 00891517), whose profits are donated to Versus Arthritis, and We Are Arthr Ltd (trading as Arthr, formerly VAS01 Ltd, company number: 12203478). Arthr is a social venture designing, developing and championing innovative, high-quality arthritis products and solutions. Versus Arthritis is the sole shareholder in We Are Arthr Ltd, which has its own board of directors. Versus Arthritis is represented on this board to support strategic and operational oversight, and the Finance Committee has oversight of We Are Arthr Ltd on the board's behalf. The results of both trading subsidiaries are consolidated with those of the Charity on a line-by-line basis.

Our other subsidiary companies:

- Arthritis Care (Company number: 529321)
- Arthritis Matters Ltd (Company number: 10029084)
- Arthritis UK Ltd (Company number: 03450500).

Arthritis Care Trading Ltd (Company number: 2924742) was dissolved on 29 September 2020.

Arthritis Matters Trading Ltd (Company number: 10028973) was dissolved on 5 January 2021.

Our Board of Trustees

The Board of Trustees is responsible for the overall governance, policy and work of Versus Arthritis. It is also responsible for ensuring that Versus Arthritis delivers charitable outcomes for the benefit of people who live with all forms of arthritis in accordance with its charitable purposes.

The trustees are volunteers and do not receive any remuneration for their services, but they may claim reasonable expenses that are properly incurred in connection with attendance at meetings or other duties. The Board of Trustees meets formally at least four times each year.

The trustees are listed on page 92 and 93 as are the trustees who served for part of the year. Also listed are the vice presidents of Versus Arthritis who do not have trustee status. The Chair of the Board is elected for a maximum term of five years and may serve a maximum of two consecutive terms. Other trustees are elected for a term of four years and may serve a maximum of two consecutive terms of office.

Trustees are recruited in accordance with Versus Arthritis's articles of association and through a transparent, open recruitment procedure. As set out in the articles of association, new trustees are appointed for their first term of office by the Appointments and Remuneration Committee and continue in office until the next annual board meeting, when the appointment is approved by the trustees.

The trustee recruitment that commenced in early 2021 had the twin aim of filling some key skill and experience gaps that had been identified within the board and improving board diversity. As noted above the Board remains conscious of the fact

that the desired level of diversity has yet to be achieved and has set out a targeted plan to achieve this across forthcoming recruitment rounds.

New trustees are given a comprehensive induction. The continuing development of all trustees is addressed through regular updates and refresher presentations, including through invited expert speakers at board meetings and at an annual residential conference. Through the pandemic this induction has taken place remotely by necessity.

The board continues (through the Appointments and Remuneration Committee) to implement the governance action plan agreed after the 2019/20 externally led governance reviews. The Board is of the view that significant and important progress was made in 2021/22 towards achieving effective, efficient and transparent governance in Versus Arthritis.

Statement of trustees' responsibilities

The trustees (who are also directors of Versus Arthritis for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 Statement of Recommended Practice.
- 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 group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group, and for taking reasonable steps to prevent and detect fraud and other irregularities.

The trustees confirm that insofar as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is not aware, 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 in the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Board committees

During the year that ended 31 March 2021, the trustees received support from the committees listed below:

- Appointments and Remuneration Committee
- Finance Committee
- Charitable Purposes Committee
- Risk and Audit Committee.

All committees operate under specific terms of reference drawn up by the Board of Trustees, which maintains governance oversight of the activities and decisions of each committee.

The Trustees' report, incorporating the Strategic report was approved by the Board of Trustees on 10 March 2022 | 16:46:04 GMT and is signed on its behalf on 10 March 2022 | 16:46:04 GMT

DocuSigned by:

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Rodger McMillan

Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF VERSUS ARTHRITIS

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements of Versus Arthritis ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related 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 the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the AR&A 2020/1 Consolidated ACCOUNTS, other than the consolidated statement of financial activities, consolidated and charity balance sheets, consolidated cashflow statement, notes to the consolidated financial statement and our auditor's report thereon. The other information comprises: the information noted on pages 1 to 47 and the Trustee and legal and administrative information noted on pages 92 to 107.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report included within the Trustees report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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 determines 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 Group's and the Parent 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 Group or the Parent 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, and the Board, including:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with the Companies Act 2006, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have

such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

- We also communicated relevant identified laws and regulations, potential fraud risks and the fact that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialists audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulation
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board, management and internal audit;
- We read minutes of meetings of those charged with governance, and reviewed correspondence with HMRC;
- We reviewed if any Serious Incident Reports submitted to the Charity Commission and performed an assessment of any Whistleblowing matters and
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the allocation of costs including apportionment of support costs, deferral of income, recognition of multi-year grants, accrued legacy income, dilapidations provision, stock provision, depreciation rates for assets, valuation of fixed assets and impairment considerations.
- We compared the result of estimates made in prior years and ensured that the basis of estimation was reasonable and did not lead to material differences to actuals.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Heather Wheelhouse

DN: c=GB, o=BDO LLP, ou=UK, email=heather.wheelhouse@bdo.co.uk

Heather Wheelhouse (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

Date 10 March 2022

BDO LLP is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

Financial Statements

Consolidated Statement of Financial Activities

Incorporating an income and expenditure account for the year ended 31 March 2021

		Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	Note	£'000	£'000	£'000	£'000
Income from					
Donations and legacies	2	20,213	1,495	21,708	21,509
Other trading activities	2	121	-	121	92
Investment income	2	1,182	-	1,182	2,253
Intellectual property income	2,3	241	-	241	306
Charitable activities	2	274	1,835	2,109	570
Other	2	77	-	77	514
Total Income		22,108	3,330	25,438	25,244
Expenditure					
Raising Funds	5	6,505	-	6,505	5,041
Investment management costs	5	432	-	432	817
Charitable activities:					
- Research	5	56,039	1,552	57,591	22,802
- Information, Services & Awareness	5	18,006	300	18,306	20,387
Other activities:					
- Social Venture	5	1,063	-	1,063	84
Total Expenditure	5	82,045	1,852	83,897	49,131
Net (expenditure) / income before net gains on investments		(59,937)	1,478	(58,459)	(23,887)
Net gains/(losses) on investments	9	61,251	-	61,251	(4,769)
Actuarial gain/(loss) on defined benefit scheme	18	6	-	6	(105)
Transfers between funds	15	(488)	488	-	-
Net movement in funds		832	1,966	2,798	(28,761)
Reconciliation of funds					
Funds brought forward		178,722	2,933	181,655	210,416
Total funds carried forward		179,554	4,899	184,453	181,655

The notes on pages 58 to 91 form part of these financial statements. All amounts relate to continuing activities.


Consolidated and Charity Balance Sheets

As at 31 March 2021		Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
	Note				
Fixed assets					
Tangible assets	7	1,871	2,323	1,727	2,314
Intangible assets	8	155	-	3	-
Investments	9	155,274	94,573	155,524	94,823
Investment property	9	6,570	5,070	6,570	5,070
Total Fixed Assets		163,870	101,966	163,824	102,207
Current assets					
Stock		83	-	-	-
Debtors	11	14,518	14,636	14,477	14,715
Loans to social venture	9	-	-	2,238	100
Cash on deposit & in hand		57,970	79,366	56,918	78,992
Total Current Assets		72,571	94,002	73,633	93,807
Creditors – amounts falling due within one year					
Creditors	12	(2,213)	(2,704)	(2,168)	(2,680)
Grant payments due within one year	13	(28,937)	(11,580)	(28,937)	(11,580)
Total Creditors due within one year		(31,150)	(14,284)	(31,105)	(14,260)
Net current assets		41,421	79,718	42,548	79,547
Total assets less current liabilities		205,291	181,684	206,352	181,754
Creditors – amounts falling due after more than one year					
Grant payments due after more than one year	13	(20,809)	-	(20,809)	-
Provisions for liabilities	14	(29)	(29)	(29)	(29)
Net assets		184,453	181,655	185,514	181,725
The funds of the group:					
Unrestricted income funds:					
Designated funds	15 & 16	3,907	178,694	3,611	178,764
Revaluation Reserve		53,576	28	53,576	28
General funds	15	122,071	-	123,428	-
Total unrestricted funds		179,554	178,722	180,615	178,792
Restricted income funds	15	4,899	2,933	4,899	2,933
Total funds	15	184,453	181,655	185,514	181,725

The Charity has not presented its own statement of financial activities as permitted by Section 408 (4) of the Companies Act 2006.

The total income dealt with in the financial statements of the Charity was £25.32m (2020: £25.16m). The net increase in funds dealt with in the financial statements of the Charity was £3.8m (2020: net decrease in funds £28.68m).

Approved by the Trustees on 10 March 2022 | 16:46:04 GMT and signed on 10 March 2022 | 16:46:04 GMT

DocuSigned by:

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Dr Rodger McMillan

Chair of the Board of Trustees

The notes on pages 58 to 91 form part of these financial statements.

Company Number: 00490500

Consolidated Cash Flow Statement

For the year ended 31 March 2021	2021 £'000	2020 £'000
Cash flows from operating activities		
Net income/(expenditure) for the reporting period (as per statement of financial activities)	2,798	(28,764)
Depreciation	629	703
Profit on disposal of fixed assets	-	(1)
Dividends, interest and rent	(1,182)	(2,253)
Net (gains) / loss on investments	(61,251)	4,769
Increase in stocks	(83)	-
Decrease in debtors	117	12,927
Decrease in creditors	(490)	(123)
Decrease in provisions	-	(309)
Increase in grant creditors	38,167	-
Decrease in grant's payable	-	(2,545)
Net cash used in operating activities	(21,295)	(15,596)
Cash flows from investing activities		
Dividends, interest and rent	1,182	2,253
Proceeds from the sale of property, plant, and equipment	-	5
Purchase of property, plant, and property	(333)	(346)
Proceeds from the sale of investments	-	161,832
Purchase of investments	(950)	(103,747)
Net cash provided by investing activities	(101)	59,997
Change in cash and cash equivalents in the reporting period	(21,396)	44,405
Cash and cash equivalents at the beginning of the reporting period	79,366	34,558
Cash and cash equivalents due to the exchange rate movements	-	403
Cash and cash equivalents at the end of the reporting period	57,970	79,366

The notes on pages 58 to 91 form part of these financial statements.

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

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (‘FRS 102’) and the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ FRS 102 as revised in 2019 (‘the SORP’), together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. Versus Arthritis is a public benefit entity.

The consolidated financial statements comprise the Charity, its trading subsidiaries Versus Arthritis Trading Limited and We Are Arthr Ltd, which cover the year ending 31 March 2021. They have been prepared under the historical cost convention as modified by the revaluation of listed investments at market value. The Charity’s investment in its subsidiaries has been included in the accounts at fair value.

Going Concern

Our investment portfolio has not been adversely affected by the pandemic, as our portfolio is diverse, has well-placed investments, and has a substantial holding in cash.

Although we expect to see a fall in income, our detailed financial reforecast shows this loss being offset by savings in expenditure as we continue with our medium-term plans to bring the organisation to a sustainable position by 2025

The Trustees have reviewed our future plans alongside our financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this review, the Trustees believe that we are well placed to manage operational and financial risks successfully. Accordingly, the Trustees have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis in preparing the annual accounts.

Income

Income is recognised in the period in which entitlement is established, when economic benefit is probable, and the value can be measured reliably

Legacies are accounted for when probate has been granted, and the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy and any conditions attached to the legacy are either within the control of the Charity or have been met.

Grants are recognised when the Group is entitled to receipt. Grants receivable on terms that require the Charity to carry out research or other work are recognised in income as the performance obligations are satisfied.

Donations and charitable income from non-statutory trusts are accounted for when received.

Trading income is recognised on point of sale.

Income from investments is recognised in the period in which it is earned.

Income from intellectual property rights is recognised as received.

No amounts are included in the financial statements for services donated by volunteers. Additionally, no amounts have been included for donated use of facilities as such amounts are not considered to be financially significant. Income is attributable to UK activity.

Expenditure

Expenditure is accounted for on an accrual basis.

Where costs cannot be directly attributed to particular activities, they have been allocated to activities on a basis consistent with the use of the resources.

Publicity costs relating to raising the public awareness of the range of services the Charity provides are included within the costs of Information, Services & Awareness.

Governance costs incurred consist of audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

Support costs consist of central resources that support all activities undertaken by the Charity. Further information can be found in note 7.

Support costs are allocated to activities on the basis of staffing resource within activities.

Irrecoverable VAT costs are included with the expenditure on which the VAT was charged in the Statement of Financial Activities.

Grants Payable

Grant awards are charged to the financial statements as the obligation arises. Irrespective of the method of funding, and as a result of the termination clauses within the grants terms and conditions, the obligation has historically been deemed to be a value equivalent to 3 months of the total grant commitment together with any amounts claimed by the grantee at the year end. The balance of the potential grant commitment was identified as Designated Funds.

In 2020/21 the Charity revisited the application of the grant agreements and concluded that this estimate was no longer appropriate. The basis of the previous approach was that the agreements were subject to a considerable degree of contingency i.e., there were a range of circumstances in which the agreements might be ended early by Versus Arthritis and that such early terminations would be relatively frequent. In fact, there have been a minimal number of situations in which early termination has been triggered in recent years, so the level of contingency needed to justify the previous accounting treatment does not exist. We now recognise that upon entering into these agreements a constructive liability for the full value of the contractual commitments thereby entered into and so, in line with Charities SoRP the full amount must be recognised in the year of the award.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at the rates set out below which are sufficient to write them down to their residual value over their estimated useful lives.

Freehold property	-	2%
Fixtures and fittings	-	10-25%
Computer equipment-		33%
Plant & machinery	-	33%

Freehold land is not depreciated. Assets with a cost below £1,000 are not capitalised.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided on a straight-line basis at the rates set out below which are sufficient to write them down to their residual value over their estimated useful lives.

Computer software & website	-	10%-33%
Product development & design	-	20%

Costs that are directly attributable to a product's development & design phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the product is technically and commercially feasible so that it will be available for use or sale
- the [Company/Group] intends to and has sufficient resources to complete the development
- the [Company/Group] has the ability to use or sell the product, that a market exists for the product and
- the product will generate probable future economic benefits

Development & design costs not meeting these criteria for capitalisation are expensed as incurred.

Funds

Versus Arthritis maintains the following types of fund:

- Restricted Income – funds which are subject to restrictions imposed by the donors.
- Designated – money set aside by the Trustees from unrestricted funds for a specific purpose. The aim and use of each designated fund is set out in the notes to the financial statements.
- General Reserve – unrestricted funds which can be used by the Trustees for the general purposes of Versus Arthritis.
- Revaluation Reserve – the difference between the historic cost of investments and their market value. This is included within general reserves.

Further information on funds and the Reserves Policy can be found in the Finance Review on page 35.

Investments

Listed investments are shown in the balance sheet at their mid-market valuation.

Property leased to tenants is treated as an investment property and is valued at open market at the balance sheet date as determined by an independent external valuation.

Social investment

Our trustees have exercised their power to make social investments when it is in the best interests of Versus Arthritis. Our investment in We are Arthr Ltd is classed as a social investment, as it furthers the core purpose of the Versus Arthritis and will achieve a financial return. The trustees will seek appropriate advice when making decisions about social investments, and they will ensure that any private benefit that might accrue is incidental.

Stock

Stocks consist of goods for resale and are stated at the lower of cost and net realisable value, except for new goods which have been donated for resale which are valued at wholesale cost.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in the Statement of Financial Activities.

Pensions

Pension contributions which are explained in note 15 are charged to the Statement of Financial Activities in the period in which they become payable.

Per note 15, a defined benefit pension fund which transferred from Arthritis Care at the point of merger and its funds are held separately from those of the Charity in an independently administered scheme. The Charity has adopted the full requirements of FRS 102 section 28. The surplus/ (deficit) on the scheme, representing the excess/ shortfall of the value of the scheme assets above/ below the present value of the scheme liabilities is recognised as an asset/ liability on the balance sheet to the extent that the employer Charity is able to recover a surplus, or has legal or constructive obligation for the liability. A corresponding pension reserve is included within total unrestricted funds.

The assets of the defined contribution pension schemes are held separately from those of the charitable company in independently administered funds. The pension cost charged to the Statement of Financial Activities represents contributions payable under the scheme by the charitable company to the funds. The charitable company has no liability under the schemes other than for the payments of those contributions.

Leases

Rental costs under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Debtors

A debtor arises when future economic benefits are expected to flow to entity and is recognised at its recoverable amount.

Creditors

A liability is recognised at its settlement amount when there is a present obligation to the entity arising from past events.

Accounting Estimates

To be able to prepare financial statements in accordance with FRS102, Versus Arthritis must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates and judgments are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Legacies

For estates with estimated values taken from the grant of probate, 10% of the gross estate is deducted to account for administrative costs.

Cash

Cash in hand consists of cash at bank and in hand and short-term investments with an original maturity date of three months or less.

2. Income

	Unrestricted Income £'000	Restricted Income £'000	2021 Total Income £'000	Unrestricted Income £'000	Restricted Income £'000	2020 Total Income £'000
Donations & Legacies						
Legacies	17,358	1,284	18,642	15,708	1,320	17,028
Donations	2,338	211	2,549	3,213	733	3,946
Sponsorship	517	-	517	530	5	535
Total	20,213	1,495	21,708	19,451	2,058	21,509
Other Trading Activities						
Registration and raffle	4	-	4	8	-	8
Subsidiary product sales	77	-	77	-	-	-
Charity Shops & Trading	40	-	40	84	-	84
Total	121	-	121	92	-	92
Investment Income						
Listed Investments	1,077	-	1,077	2,074	-	2,074
Unlisted Investments	17	-	17	10	-	10
Income from Investment Property	41	-	41	153	-	153
Bank Interest	47	-	47	16	-	16
Total	1,182	-	1,182	2,253	-	2,253
Intellectual Property Income (note 3)	241	-	241	306	-	306
Income from charitable activities	274	1,835	2,109	297	273	570
Other income	77	-	77	514	-	514
Total Income	22,108	3,330	25,438	22,913	2,331	25,244

3. Intellectual Property Income

	2021 £'000	2020 £'000
Intellectual Property Income	241	306

Royalties arise from anti-TNF immunotherapy of rheumatoid arthritis developed with The Kennedy Trust for Rheumatology Research who collect the royalties, some of which they retain in a legal expenses fund to enable them to protect the related patents.

Most patents have come to an end and The Kennedy Trust has now released all income apart from some £1.4m, 22% of which is due to Versus Arthritis, which they continue to retain in a Legal Expense Fund until the potential for legal dispute expires in 2023. This is not accounted for as an asset in these financial statements as it is not yet more likely than not that the economic benefit of the patent will flow to Versus Arthritis.

4. Net expenditure for the year

	2021 £'000	2020 £'000
Net expenditure for the year is stated after charging /(crediting):		
Rentals payable under operating leases	1,069	1,045
Depreciation charge on tangible assets for the year (note 7)	387	463
Amortisation charge on intangible assets for the year (note 8)	243	240
Rents receivable	41	153
Fees payable to the Charity's auditors for the audit of the Charity's annual accounts	44	39
Prior year additional fees payable to the charity's auditors for the audit of the Charity's annual accounts	24	17
Fees payable to the Charity's auditors for other services – taxation and pension compliance services	9	10

5. Expenditure Analysis

Year ending 31st March 2021

	Awards £'000	(note 6) Staff Costs £'000	Direct Costs £'000	Support Costs £'000	2021 Total £'000	2020 Total £'000
Raising Funds						
Legacies	-	265	78	141	484	462
Donations	-	3,097	1,110	1,153	5,360	3,929
Other Activities	-	359	78	224	661	650
Total Cost of Raising Funds	-	3,721	1,266	1,518	6,505	5,041
Investment Management Costs	-	-	432	-	432	817
Charitable Activities						
Research	53,982	2,267	702	640	57,591	22,802
Information, Services & Awareness	-	8,761	5,625	3,920	18,306	20,387
Total Charitable Activities	53,982	11,028	6,327	4,560	75,897	43,189
Social Venture	-	341	722	-	1,063	84
Total Expenditure	53,982	15,090	8,747	6,078	83,897	49,131

Prior year comparative:

	Awards £'000	(note 6) Staff Costs £'000	Direct Costs £'000	Support Costs £'000	2020 Total £'000
Raising Funds					
Legacies	-	223	81	158	462
Donations	-	2,135	806	988	3,929
Other Activities	-	278	161	211	650
Total Cost of Raising Funds	-	2,636	1,048	1,357	5,041
Investment Management Costs	-	-	817	-	817
Charitable Activities					
Research	17,989	2,727	923	1,163	22,802
Information, Services & Awareness	-	7,465	9,827	3,095	20,387
Total Charitable Activities	17,989	10,192	10,750	4,258	43,189
Social Venture	-	15	69	-	84
Total Expenditure	17,989	12,843	12,684	5,615	49,131

Expenditure Analysis continued

Research and Information, Services & Awareness expenditure includes £1,852k (2020: £2,080k) of restricted expenditure.

Support Costs for the year ending March 2021

	Planning & Operations £'000	People & Organisation £'000	Information, Data & Technology £'000	Recognition, Brand & Activation £'000	Governance £'000	Total £'000
Legacies	13	64	64	-	-	141
Donations	98	504	495	50	6	1,153
Activities	15	80	78	50	1	224
Research	44	223	220	94	59	640
Information, Services & Awareness	338	1,749	1,719	94	20	3,920
Grand Total	508	2,620	2,576	288	86	6,078

Support Costs for the year ending March 2020

	Planning & Operations £'000	People & Organisation £'000	Information, Data & Technology £'000	Recognition, Brand & Activation £'000	Governance £'000	Total £'000
Legacies	11	75	71	-	1	158
Donations	67	451	426	36	8	988
Activities	14	88	83	25	1	211
Research	74	486	460	98	45	1,163
Information, Services & Awareness	212	1,410	1,334	98	41	3,095
Grand Total	378	2,510	2,374	257	96	5,615

The apportionment of support costs is based on staff resource related to activities except governance which has been apportioned by total expenditure incurred by activities. These have been reallocated from last year to enable better comparison with the current structure. The names of the support services have been changed but map directly from the 19/20 directorates. The exception to this is 'Planning and Operations' which was previously split between 'Corporate Services' and 'Finance and Procurement'.

Expenditure Analysis continued

Governance Costs Analysed	2021 £'000	2020 £'000
Audit Fees	68	56
Board of Trustees Costs	18	34
Other Costs	-	6
Total Governance Costs	86	96

6. Staff Costs

	2021 £'000	2020 £'000
Gross salaries	12,874	10,949
Employer national insurance costs	1,298	1,111
Pension costs	918	783
Sub total	15,090	12,843
Other staff costs	36	20
	15,126	12,863

Total redundancy and termination payments for the year ending 31 March 2021 were £122k (2020: £21k).

Amounts paid to key management personnel are as follows:

Job Title	Name	£'000
Director of Policy, Health & Social Improvement	Adrienne Skelton	12
Director of Finance & Corporate Services	Justin Parfitt	16
Director of Organisational Development	Nicola Peachey	30
Director of Research	Stephen Simpson	30
		88

For the year ending 31 March 2021 the Organisational Leadership Team are regarded as the key management personnel for the purposes of this note. In the previous year the Transformational Leadership Team were regarded as key management personnel. Further details on the leadership team can be found on page 103)

Remuneration and benefits of key management personnel are set out in the table below:

	Incl. pension and NI contributions		Excl. pension and NI contributions	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Key management personnel	952	1,159	792	953

Staff Costs continued

The remuneration paid to the Chief Executive and Acting Chief Executive for the year ended 31 March 2021 is set out below.

	Gross Salary		Employer pension contributions		Employer NI contributions	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive Officer	133	146	13	15	17	19
Acting Chief Executive Officer	65	-	3	-	8	-
	198	146	16	15	25	19

The average number of employees (headcount) and FTE during the year was:

	Average Headcount		Average FTE	
	2021	2020	2021	2020
Charitable Activities	303	283	269	254
Raising Funds	86	66	82	63
	389	349	352	317

An apportionment of support staff headcount is based on staff resource related to each activity.

There is a difference of 6 employees between the group and the Charity.

Staff Costs continued

The number of employees in the Group whose benefits (excluding pension contributions) fell within the following bands during the year ending 31 March 2021 is set out below.

	2021 Key Management Headcount	2021 Total Headcount	2021 Actual Payments	2020 Key Management Headcount	2020 Total Headcount	2020 Actual Payments
Between £60,000-£64,999	2	9	£556,520	-	1	£61,035
Between £65,000-£69,999	-	2	£132,936	-	1	£65,554
Between £70,000-£74,999	-	-	-	-	-	-
Between £75,000-£79,999	-	-	-	1	1	£75,466
Between £80,000-£89,999	-	-	-	-	-	-
Between £90,000-£94,999	-	-	-	1	1	£92,064
Between £95,000-£99,999	2	2	£194,023	4	4	£394,457
Between £100,000-£104,999	1	1	£101,056	2	2	£204,723
Between £105,000-£109,999	1	1	£105,940	-	-	-
Between £110,000-£114,999	-	1	£110,000	-	-	-
Between £115,000-£119,999	-	1	£118,771	-	-	-
Between £130,000-£134,999	1	1	£133,375	-	-	-
Between £145,000-£149,999	-	-	-	1	1	£145,500

Trustees receive no remuneration for their services in that capacity but, in line with the Charity's expenses policy, 1 Trustee (2020, 5) has been reimbursed for expenses directly incurred in carrying out their activities as Trustee at a cost of £23 for the year ended 31 March 2021 (2020, £3k). The expenses policy applies to Trustees and all staff, including the Organisational Leadership Team.

7. Tangible Assets

	GROUP						CHARITY				
	Computer Software & Domain £'000	Freehold Land & Buildings £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Plant & Machinery £'000	Total £'000	Computer Software & Domain £'000	Freehold Land & Buildings £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost											
At 1 April 2020	941	681	1,978	1,431	-	5,031	932	681	1,978	1,431	5,022
Additions	-	-	11	27	135	173	-	-	11	24	35
At 31 March 2021	941	681	1,989	1,458	135	5,204	932	681	1,989	1,455	5,057
Depreciation											
At 1 April 2020	486	402	714	1,106	0	2,708	486	402	714	1,106	2,708
Charge for the year	238	14	164	207	2	625	237	14	164	207	622
At 31 March 2021	724	416	878	1,313	2	3,333	723	416	878	1,313	3,330
Net Book Value											
At 31 March 2021	217	265	1,111	145	133	1,871	209	265	1,111	142	1,727
At 31 March 2020	455	279	1,264	325	-	2,323	446	279	1,264	325	2,314

8. Intangible Assets

	GROUP			CHARITY	
	Computer Software & Website £'000	Product Development & Design £'000	Total £'000	Computer Software & Website £'000	Total £'000
Cost					
At 1 April 2020	-	-	-	-	-
Additions	31	128	159	4	4
At 31 March 2021	31	128	159	4	4
Amortisation					
At 1 April 2020	-	-	-	-	-
Charge for the year	2	2	4	1	1
At 31 March 2021	2	2	4	1	1
Net Book Value					
At 31 March 2021	29	126	155	3	3
At 31 March 2020	-	-	-	-	-

9. Investments

Group	Market Value 2021 £'000	Market Value 2020 £'000	Cost 2021 £'000	Cost 2020 £'000
Listed investments:				
Global Stewardship fund	116,325	62,015	65,780	65,502
Multi-asset investment fund	38,499	32,204	36,999	36,325
Other	450	354	446	350
Sub Total	155,274	94,573	103,225	102,177
Investment Property	6,570	5,070	6,994	6,994
Total Investments	161,844	99,643	110,219	109,171
Charity				
As stated above for the group	161,844	99,643	110,219	109,171
Investment in subsidiary	250	250	250	250
Total	162,094	99,893	110,469	109,421

Group & Charity Investments	2021 £'000	2020 £'000
Carrying value (market value) at beginning of year	99,643	162,900
Additions at cost	950	103,746
Withdrawals from cash deposit investments	-	(9)
Proceeds of sale	-	(161,822)
Realised and unrealised gains on revaluation of investments	61,251	(5,172)
Carrying value (market value) at end of year	161,844	99,643

Reconciliation of revaluation of investments to net gains / (losses) per SOFA

	2021 £'000	2020 £'000
Realised gains	-	56,849
Unrealised gains / (losses)	59,751	(54,957)
Gains / (losses) on investments	59,751	(1,892)
Gains / (losses) on revaluation of Property	1,500	(3,280)
Realised and unrealised gains on revaluation of investments	61,251	(5,172)
Currency gains	-	403
Net gains / (losses) on investments (SOFA)	61,251	(4,769)

Investments continued

The portfolio of investments is mainly managed on Versus Arthritis's behalf by Baillie Gifford & Co, Blevin Franks, Aberdeen Standard and Royal London Asset Management.

The investment property has been valued as at 31 March 2021 by an external independent qualified surveyor, Lambert Smith Hampton, on the basis of the asset being sold in its current capacity. The value is based on an analysis of recent market transactions, supported by market knowledge derived from the surveyors' professional experience.

The valuation was in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Practice Statements (VPS) contained in the RICS Valuation – Professional Standards 2019 incorporating the IVSC International Valuation Standards (the 'Red Book').

The basis of market value as defined in VPS4 of the 'Red Book' being: 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

Versus Arthritis is currently seeking to sell the investment property.

Social investment in We Are Arthr Ltd (trading as Arthr)

	2021 £'000	2020 £'000
Allotted, issued, and fully paid 2 ordinary shares of £1 each	-	-
Loans to Social Venture (Arthr)	2,238	100

The loan is secured, and interest is payable at 2% above base rate. The loan is repayable no more than 6 months following a demand from the Charity.

Charity investment in subsidiary

	2021 £'000	2020 £'000
Investment in subsidiary (Versus Arthritis Trading Limited)	250	250
Allotted, issued, and fully paid 250,000 ordinary shares of £1 each		

10. Subsidiary Companies

The Charity owns 100% of the 250,000 issued ordinary shares of Versus Arthritis Trading Ltd (formerly Arthritis Research UK Trading Ltd), a company registered in England (Company number: 00891517). The company is principally engaged in the sale of Christmas cards on behalf of the parent Charity. The results of Versus Arthritis Trading Ltd have been consolidated with those of the Charity on a line-by-line basis. All taxable profits of the subsidiary are donated to the Charity. A summary of the results of the subsidiary is shown below:

Versus Arthritis Trading Ltd

	2021 £'000	2020 £'000
Turnover	40	84
Cost of sales	(38)	(75)
Gross profit	2	9
Administrative expenses	(9)	(9)
Net loss for the year	(7)	-

The aggregate of the assets, liabilities and capital and reserves was:

	2021 £'000	2020 £'000
Assets	306	308
Liabilities	(49)	(44)
Net Assets	257	264
Share Capital	250	250
Reserves	7	14
Funds	257	264

We Are Arthr Ltd (trading as Arthr, company number: 12203478) is a 100% subsidiary of Versus Arthritis, who own the fully issued share capital (2 shares of £1 each). It is a social investment, funded by way of a loan from the Charity. It is a start-up company that designs, develops and champions innovative, high-quality arthritis products and solutions. A summary of the results of the subsidiary is shown below:

Subsidiary Companies continued

We are Arthr Ltd

	2021 £'000	2020 £'000
Income	59	-
Expenditure	(1,055)	(84)
Net (loss)	(996)	(84)

The aggregate of the assets, liabilities and reserves was:

	2021 £'000	2020 £'000
Assets	1,197	107
Liabilities	(2,276)	(191)
Net Liabilities	(1,079)	(84)
Funds	(1,079)	(84)

Dormant Subsidiaries

The Charity has three subsidiary dormant companies: Arthritis Matters Ltd (Company number: 10029084), Arthritis UK Ltd (Company number: 03450500) and Arthritis Care Ltd (Company number: 529321).

11. Debtors

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amount due from group undertakings	-	-	40	112
Gift Aid recoverable	546	302	548	302
VAT	74	2	28	(17)
Prepayments	358	2,253	351	2,253
Accrued income	13,395	11,911	13,395	11,911
Other debtors	145	168	115	154
	14,518	14,636	14,477	14,715

As at 31 March 2021 there was a contingent asset for legacies notified which did not meet the SORP criteria for recognition of income which totalled £5.99m (2020: £3.37m)

12. Creditors

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	708	992	690	983
Other creditors	363	734	360	730
Taxes and Social Security	397	428	387	423
Accruals	745	550	731	544
	2,213	2,704	2,168	2,680

13. Grant Creditors

Grant awards are charged to the financial statements as the obligation arises.

In previous years, irrespective of the method of funding, and as a result of the termination clauses within the grants terms and conditions, the obligation was estimated at to be a value equivalent to 3 months of the total grant commitment together with any amounts claimed by the grantee at the year end. The balance of the potential grant commitment was identified as Designated Funds.

As described in note 1 above in 2020/21 VA revisited the above approach and concluded that this treatment was no longer appropriate due to the minimal number of times in recent years that the termination clause has been enacted.

As described in note 1 we now consider that we have a constructive liability for these commitments and so the full amount will be recognised in the year of the award. In 2020/21 there has been an additional amount of £41m to reflect this change in assessment. As explained in note 1 this is a change in estimate only and for that reason, so no prior year restatement is considered necessary.

Charity & Group Grant creditors:

	2021
	£'000
Grant creditors	
Balance at 1 April 2020	11,580
Awards recognised	53,981
Awards paid	(15,815)
Movement in year	38,166
Balance at 31 March 2021	49,746

Grant creditors (continued)

	£'000
Grants payable within one year:	(28,937)
Grants payable after more than one year:	(20,809)
Year 2	(12,531)
Year 3	(6,243)
Year 4	(1,914)
Year 5	(75)
More than 5 years	(46)

	2020
	£'000
Prior year Grants payable within one year:	
Balance at 1 April 2019	14,125
Movement in year:	
Awards recognised	17,983
Awards paid	(20,528)
Balance at 31 March 2020	11,580

14. Provisions for Liabilities – Group & Charity

	2021	2020
	£'000	£'000
At 1 April	29	338
Charge / (Release) during the year	-	(309)
At 31 March	29	29

The provision relates to dilapidations for one shop.

15. Movement in Funds and Total Recognised Gains and Losses

For the year ending 31 March 2021

	General Funds £'000	Revaluation Reserve £'000	Designated Funds £'000	Restricted Funds £'000	Group Total £'000
Funds at 1 April 2020	-	28	178,694	2,933	181,655
Transfer between funds due to changes in reserves policy	172,381	-	(172,381)	-	-
Income	22,108	-	-	3,330	25,438
Expenditure	(82,045)	-	-	(1,852)	(83,897)
Net realised and unrealised investment (losses)	61,251	-	-	-	61,251
Actuarial gain on defined benefit scheme	6	-	-	-	6
Other transfers between funds	(51,630)	53,548	(2,406)	488	-
Total recognised gains/ (losses) for the financial year	122,071	53,548	(174,787)	1,966	2,798
Balance sheet at 31 March 2021	122,071	53,576	3,907	4,899	184,453

A full analysis of Designated Funds is provided in note 14. The Revaluation Reserve represents the difference between the historic cost of investments and their market value amount.

Movement in Funds and Total Recognised Gains and Losses continued

For the year ending 31 March 2020

	Designated Funds £'000	Revaluation Reserve £'000	Restricted Funds £'000	Group Total £'000
Balance sheet at 1 April 2019	157,150	50,731	2,535	210,416
Income	22,913	-	2,331	25,244
Expenditure	(47,051)	-	(2,080)	(49,131)
Net realised and unrealised investment gains	(4,769)	-	-	(4,769)
Actuarial loss on defined benefit scheme	(105)	-	-	(105)
Transfer between funds	50,556	(50,703)	147	-
Total recognised (losses)/gains for the financial year	21,544	(50,703)	398	(28,761)
Balance sheet at 31 March 2020	178,694	28	2,933	181,655

Movement in Funds and Total Recognised Gains and Losses continued

Movement in Restricted Income Funds for the year ending 31 March 2021

Group & Charity

	Balance Sheet as at 1 April 2020 £'000	Transfers £'000	Income £'000	Expenditure £'000	Balance Sheet as at 31 March 2021 £'000
Donor Funded Projects					
Research					
Academic Health Science Networks (AHSN)	196	-	125	(27)	294
Advanced Pain Discovery Platform	-	500	-	-	500
Ankylosing spondylitis	-	-	58	(58)	-
COLGENE partnership	18	-	-	-	18
Contribution to Core Costs	-	-	61	(61)	-
Cutaneous systemic sclerosis	2	-	-	-	2
Contribution to Healthcare Costs	-	-	149	(36)	113
F&YW Unrestricted	3	-	2	(2)	3
Fellowships	-	-	9	(7)	2
Helpline	-	-	80	(80)	-
Juvenile Idiopathic Arthritis (JIA)	-	-	15	(3)	12
Living Well with Arthritis	-	-	131	(73)	58
Local Network of Touchpoints	-	-	14	(14)	-
NLCF	-	-	40	-	40
Osteoarthritis (OA)	54	-	264	(234)	84
Osteoporosis (OP)	7	-	2	(2)	7
Pain	16	-	-	-	16
Physical Activity Offer	5	-	290	(295)	-
Raynaud's	-	-	97	(34)	63
Rheumatoid Arthritis (RA)	654	-	771	(303)	1,122
Sjogren's	34	-	-	(34)	-
Tackling Inequalities [Sport England]	-	-	400	(168)	232
Systemic Sclerosis	-	-	39	(14)	25
Tendonitis	20	-	-	(20)	-
Virtual Assistant	-	-	58	(58)	-
Young People & Families	20	-	12	(32)	-
Other funds	15	(12)	4	2	9
Un-Allocated	1,869	-	223	-	2,092
Sub Total Research	2,912	488	2,844	(1,552)	4,692

Movement in Funds and Total Recognised Gains and Losses continued

	Balance Sheet as at 1 April 2020 £'000	Transfers £'000	Income £'000	Expenditure £'000	Balance Sheet as at 31 March 2021 £'000
Donor Funded Projects					
Central & Regional Funds					
Information	21	-	110	-	131
Services	-	-	376	(300)	76
Sub-total Central & Regional	21	-	486	(300)	207
Total Restricted Funds	2,933	488	3,330	(1,852)	4,899

Movement in Restricted Income Funds for the year ending 31 March 2020**Group & Charity**

	Balance Sheet as at 1 April 2019 £'000	Transfers £'000	Income £'000	Expenditure £'000	Balance Sheet as at 31 March 2020 £'000
Donor Funded Projects					
Research					
Academic Health Science Networks (AHSN)	205	-	-	10	196
COLGENE partnership	18	-	-	-	18
Cutaneous systemic sclerosis	2	-	-	-	2
F&YW Unrestricted	-	-	3	-	3
Osteoarthritis (OA)	24	58	198	226	54
Osteoporosis (OP)	14	-	-	7	7
Pain	16	-	10	10	16
Physical Activity Offer	-	-	97	92	5
Rheumatoid Arthritis (RA)	384	1	937	669	654
Sjogren's	-	-	5	(29)	34
Tendonitis	-	-	82	62	20
Young People & Families	62	-	3	43	20
Other funds	59	3	239	284	15
Un-Allocated	1,380	8	480	0	1,869
Sub Total Research	2,162	70	2,054	1,374	2,912
Central & Regional Funds					
Information	51	-	-	30	21
Services	185	213	277	676	-
Local committee and branch funds	137	(137)	-	-	-
Sub-total Central & Regional	373	75	277	706	21
Total Restricted Funds	2,535	145	2,331	2,080	2,933

Movement in Funds and Total Recognised Gains and Losses continued

Restricted funds are appropriately allocated in accordance with the restrictions associated with the funds. Until restricted income is allocated to a project, it is held under unallocated funds.

The transfer into the Restricted Funds shown in year refer to amounts held initially in error within general reserves but upon review moved to restricted funds. These were not material in nature. The transfer of £172k from designated to general funds was due to a change in reserves policy in year (see page 35).

16. Designated Funds – Group & Charity

	Grants	Charitable commitments	Commitment to subsidiaries	Fixed Asset Fund	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	50,191	126,180	-	2,323	178,694
Transfers from/(to) general fund due to changes in reserves policy	(50,191)	(126,180)	4,000	(10)	(172,381)
Other net transfers in year	-	-	(2,119)	(287)	(2,406)
Balance at 31 March 2021	-	-	1,881	2,026	3,907

Designated funds represent commitments by Versus Arthritis in respect of We are Arthr Ltd and the balance of the fixed asset fund (see notes 7 and 8)

17. Analysis of Net Assets by Fund

GROUP

	General Funds	Revaluation Reserve	Designated Funds	Restricted Funds	Total
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2021 are represented by:					
Fixed assets	-	-	2,026	-	2,026
Investments	106,387	53,576	1,881	-	161,844
Current assets	67,672	-	-	4,899	72,571
Current liabilities	(31,150)	-	-	-	(31,150)
Long term liabilities	(20,809)	-	-	-	(20,809)
Provisions	(29)	-	-	-	(29)
Total net assets	122,071	53,576	3,907	4,899	184,453

Analysis of Net Assets by Fund continued

GROUP	Revaluation Reserve £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2020 are represented by:				
Fixed assets	-	2,323	-	2,323
Investments	28	99,615	-	99,643
Current assets	-	91,069	2,933	94,002
Current liabilities	-	(14,284)	-	(14,284)
Provisions	-	(29)	-	(29)
Total net assets	28	178,694	2,933	181,655

CHARITY	General Funds £'000	Revaluation Reserve £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2021 are represented by:					
Fixed assets	-	-	1,730	-	1,730
Investments	106,637	53,576	1,881	-	162,094
Current assets	68,735	-	-	4,899	73,634
Current liabilities	(31,106)	-	-	-	(31,106)
Long term liabilities	(20,809)	-	-	-	(20,809)
Provisions	(29)	-	-	-	(29)
Total net assets	123,428	53,576	3,611	4,899	185,514

CHARITY	Revaluation Reserve £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2020 are represented by:				
Fixed assets	-	2,313	-	2,313
Investments	28	99,865	-	99,893
Current assets	-	90,874	2,933	93,807
Current liabilities	-	(14,260)	-	(14,260)
Provisions	-	(29)	-	(29)
Total net assets	28	178,763	2,933	181,725

18. Pension Arrangements

Versus Arthritis operates a number of pension funds whose assets are held separately from those of the Charity in independently administered funds. Further details are below.

Defined contribution schemes

Group Personal Pension Plan managed by Royal London

This is the Charity's current pension plan. All employees are eligible for membership and are automatically enrolled unless they request to opt out. The pension charge for the year ending 31 March 2021 represents contributions payable by Versus Arthritis and amounted to £900k (2020: £780k). The Charity has no liability under the scheme other than for the payment of those contributions.

Flexible retirement plan managed by The Pensions Trust (TPT)

This plan which transferred from Arthritis Care has operated since the end of 2010 and closed to new members from the date of merger. The pension charge for the year ending 31 March 2021 represents contributions payable by Versus Arthritis and amounted to £5.8k (2020: £11k). The Charity has no liability under the scheme other than for the payment of those contributions.

Defined benefit schemes

The Pensions Trust – Arthritis Care Pension Scheme

The scheme, which transferred from Arthritis Care at the point of merger, is a defined benefit funded pension scheme which closed to new members and to service accruals with effect from 31 December 2010. It is a separate Trustee administered fund holding the pension scheme assets to meet long term pension liabilities. An actuarial valuation was completed as at 30 September 2018 and updated to 31 March 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The actuarial valuation as at 30 September 2018 showed a surplus of £1,036,000. The employer agreed with the Trustees that it will pay £75,180 per annum in respect of the cost of meeting the expenses of the scheme and levies to the Pension Protection Fund. Therefore, the total contributions paid in 2021 amounted to £75,180 (2020: £187k). The net assets of the pension scheme are not recognised as an asset on the balance sheet in line with accounting standards on such matters as any surplus cannot be refunded directly to Versus Arthritis.

The following information in respect of the Scheme has been provided in accordance with the requirements of FRS102:

Pension Arrangements (continued)

	31 March 2021	31 March 2020
	£'000	£'000
Fixed Interest Bonds	5,973	6,408
Index-linked Bonds	4,379	3,182
Property	1,296	1,407
Cash	312	-
Other	2,379	3,444
Total market value of assets	14,339	14,441
Present value of Scheme liabilities	(13,354)	(10,913)
Surplus	985	3,528
Effect of asset ceiling	(985)	(3,528)
Net pension asset / (liability) under FRS102	-	-

Analysis of amount charged to SOFA

	31 March 2021	31 March 2020
	£'000	£'000
Expenses	81	82
Operating charge	81	82
Interest (income) on assets	(336)	(319)
Interest cost on defined benefit obligation	253	282
Interest on surplus that is not recoverable	83	37
Total expense recognised in the SOFA	81	82

Statement of other comprehensive income

	31 March 2021	31 March 2020
	£'000	£'000
Return on plan assets (excluding amounts included in net interest cost)	(162)	885
Experience gains on liabilities	95	69
(Loss) / gain from change in assumptions	(2,553)	913
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in the net interest cost) – (loss)	2,626	(1,972)
Actuarial gain / (loss)	6	(105)

Pension Arrangements continued

Movement in balance sheet asset /(liability) during the period

	31 March 2021 £'000	31 March 2020 £'000
Surplus /(deficit) in Scheme at the beginning of the period	-	-
Expenses	(81)	(82)
Re-measurements included in other comprehensive income	6	(105)
Employer contributions	75	187
Surplus /(deficit) in Scheme at the end of the period	-	-

Change in liabilities during the period

	31 March 2021 £'000	31 March 2020 £'000
Opening liabilities	10,913	11,851
Interest cost	253	282
Benefits paid	(270)	(238)
Actuarial (gain) / loss on changes in demographic and financial assumptions	2,553	(913)
Experience (gains) on liabilities	(95)	(69)
Closing liabilities	13,354	10,913

Change in assets during the period

	31 March 2021 £'000	31 March 2020 £'000
Opening assets	14,441	13,370
Interest income on assets	336	319
Expenses	(81)	(82)
Return on assets excluding interest income	(162)	885
Employer Contributions	75	187
Benefits paid	(270)	(238)
Closing assets	14,339	14,441

Financial assumptions

	31 March 2021	31 March 2020
Discount rate at the end of the year	2.15%	2.35%
Future salary increases	3.25%	3.60%
Deferred revaluation	3.25%	2.60%
Inflation assumption (RPI)	3.25%	2.60%
Inflation assumption (CPI)	2.90%	1.60%
Pension increases in payment		
• CPI max 5%	2.85%	1.75%
• CPI max 2.5%	2.00%	1.40%

19. Related Party Transactions

Three Versus Arthritis Trustees were based at UK institutions which received grant payments during the year. The details are as follows:

For the year ending

31 March 2021

Trustee	Related Party	Amount Awarded £'000	Amount in Creditors £'000
Professor David Isenberg	University College London	232	5,168
Professor Jon Cohen	University of Sussex	-	517
Professor Martijn Steultjens	Glasgow Caledonian University	-	20

For the year ending

31 March 2020

Trustee	Institution	Amount Recognised £'000	Amount in Creditors £'000
Professor David Isenberg	University College London	2,038	795
Professor Sarah Lamb	University of Oxford	1,540	580
	University of Exeter	74	15
	University of Warwick	110	22
Professor Martijn Steultjens	Glasgow Caledonian University	27	20

There is a standard item of each committee and board meeting for members to declare any conflicts of interest in relation to the agenda. In advance of the meeting the governance team will check the register of interests and as appropriate make a note within the chair's brief to ensure conflicted trustees / committee members are invited to vacate the room during discussions of the relevant agenda item.

Related Party Transactions continued

Group Transactions

For the year ending 31 March 2021:

- No donations were made to the Charity by either Versus Arthritis Trading Ltd or We Are Arthr Ltd in 2020/21 (2020: £191 from VA Trading Ltd, £nil from We Are Arthr Ltd)
- There was no management fee from the Charity to Versus Arthritis Trading Ltd or We Are Arthr Ltd (2020: £nil for both subsidiaries).
- We Are Arthr Ltd had an intercompany creditor balance of £2,119,148 with the Charity at 31st March 2021, relating to the loan funding provided by the Charity in the company's start up phase (£74,608 creditor balance at 31st March 2020).
- Versus Arthritis Trading Ltd had an intercompany creditor balance of £42,237 with the Charity at 31st March 2021 (£1,531 creditor balance at 31st March 2020)

20. Research Grants New Awards

The table below summarises all the new grant awards committed within the financial year.

	2021	2020
	£'000	£'000
30 awards over £10,000 (2020: 53 awards)	3,217	17,213
24 awards under £10,000 (2020: 1 award)	138	3
Supplements to existing grants	928	1,157
Awards unutilised	(486)	(1,571)
	3,797	16,802

Research Grants New Awards continued

All grant awards are made to institutions. Details of grants awarded over £10,000 are shown below.

	Number of new Grants	Awarded (over £10,000) £'000
Arthur's Place	1	30
Cardiff University	1	200
Keele University	1	42
Kennedy Institute of Rheumatology	1	280
King's College London	2	295
Leeds Teaching Hospitals NHS Trust	1	250
Loughborough University	1	279
Medical Research Council	1	12
Queen Mary University of London	2	397
The Royal Veterinary College	1	139
Ulster University	1	96
University College London	3	232
University of Birmingham	1	299
University of Bristol	1	20
University of Cambridge	1	16
University of Glasgow	1	29
University of Liverpool	1	600
University of Manchester	1	211
University of Nottingham	1	300
University of Oxford	3	241
University of Sheffield	1	100
University of the West of England	2	48
Awards unutilised	-	(486)
Grants – Awarded under £10k	24	147
Other	1	20
Total Awards	54	3,797

21. Ex Gratia Payments

In addition to contractual redundancy payments set out in Note 6, there have been £85k ex-gratia payments during the year (2020: £nil), paid in settlement to 5 former employees upon leaving the Charity.

Amounts paid to key management personnel are as follows:

Job Title	Name	£'000
Director of Information, Data & Technology	Amanda Neylon	37

Further information on redundancy and settlement payments to related parties are disclosed in Note 16.

22. Operating Lease Commitments

(i) Operating lease agreements where the Group is lessee

Minimum lease obligations falling due at the balance sheet date are set out below:

	2021 £'000	2020 £'000
Other Leases		
Less than 1 year	1,061	983
2 to 5 years	3,710	3,676
Over 5 years	1,218	2,008
Total	5,989	6,667

During the year £1,069k (2020: £1,045k) was charged to the SoFA in respect of operating leases

(ii) Operating lease agreements where the Group is lessor

The total of future minimum rentals receivable under non-cancellable rental agreements are as follows:

	2021 £'000	2020 £'000
Less than 1 year	11	33
2 to 5 years	-	11
Over 5 years	-	-
Total	11	44

23. Prior-year consolidated statement of financial activities

Incorporating an income and expenditure account for the year ended 31 March 2020

All figures in £'000

	Note	Unrestricted Funds	Restricted Funds	2020 Total Funds
Income from				
Donations and legacies	2	19,451	2,058	21,509
Other trading activities	2	92	-	92
Investment income	2	2,253	-	2,253
Intellectual property income	2,3	306	-	306
Charitable activities	2	297	273	570
Other	2	514	-	514
Total Income		22,913	2,331	25,244
Expenditure				
Raising Funds	5	5,041	-	5,041
Investment management costs	5	817	-	817
Charitable activities:				
- Research	5	21,428	1,374	22,802
- Information, Services & Awareness	5	19,681	706	20,387
Other activities:				
- Social Venture	5	84	-	84
Total Expenditure	5	47,051	2,080	49,131
Net (expenditure) / income before net gains on investments		(24,138)	251	(23,887)
Net losses on investments	9	(4,769)	-	(4,769)
Actuarial loss on defined benefit scheme	15	(105)	-	(105)
Transfers between funds	12	(147)	147	-
Net movement in funds		(29,159)	398	(28,761)
Reconciliation of funds				
Funds brought forward		207,881	2,535	210,416
Total funds carried forward		178,722	2,933	181,655

Section 6: Board of Trustees

Details of Committees that support the Board

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is a committee of the Board of Trustees of Versus Arthritis, created to exercise supervisory oversight and scrutiny on behalf of the board of all aspects of Versus Arthritis's policies and procedures related to appointment of trustees and the chief executive officer, as well as those related to remuneration and pensions arrangements for the organisation.

Members:

- Ms Karin Hogsander (chair, as Deputy Chair of Board)
- Prof Jonathan Cohen (as Chair of Charitable Purposes Committee)
- Mr Philip Gray (as trustee appointed to the committee)
- Dr Andrew Holford (as Chair of Finance Committee)
- Dr Rodger McMillan (as Chair of Board)
- Mr Vincent Noinville (as Chair of Risk and Audit Committee).

Finance Committee

The Finance Committee is a committee of the Board of Trustees created to exercise, on behalf of the Board of Trustees, supervisory oversight, judgment and scrutiny of all aspects of Versus Arthritis's corporate financial policies and operations.

Alongside this, the committee provides the Board of Trustees with an informed and independent assessment of the management and control of resources and of risk throughout the Charity. It is also responsible for reviewing this Annual Report and Accounts – in particular, plans for sustainability – and to make its position known with recommendations to the board for decision.

Members:

- Dr Andrew Holford (chair)
- Mr Philip Gray
- Ms Karin Hogsander
- Mr Richard Lanyon (co-opted member)
- Dr Rodger McMillan (ex-officio)
- Mr Ian Walters (resigned September 2020).

Charitable Purposes Committee

Members:

- Prof Jonathan Cohen (chair)
- Mr Stewart Falconer (co-opted member)
- Prof David Isenberg
- Ms Kate Law (co-opted member)
- Ms Juliette Scott
- Mr Alasdair Smith (co-opted member)
- Prof Martijn Steultjens
- Ms Jane Taylor (co-opted member)
- Dr Rodger McMillan (ex-officio).

Risk and Audit Committee

Members:

- Mr Vincent Noinville (Chair)
- Mr Sandeep Das (co-opted member since August 2020)
- Prof Sarah (Sallie) Lamb
- Mr Paul Vandenberghe (co-opted member since August 2020)
- Mr Ian Walters (resigned September 2020)
- Dr Rodger McMillan (ex-officio).

Expert advice

The following subcommittees also provide expert advice and insight to Versus Arthritis:

Disease subcommittee

The disease subcommittee provides expert advice and intelligence to Versus Arthritis, evaluates research activity and makes or supports funding recommendations.

The disease subcommittee considers two topics. The first topic is discovery research, which provides knowledge and understanding of normal and diseased systems that relate to the cause of musculoskeletal disease and management of disease risk, prevention, diagnosis, treatment and cure. The second topic is preclinical experimental research, which characterises and progresses early development of therapeutic and prophylactic interventions.

Members:

- Susan Burn, Patient Insight Partner
- David Chandler, Patient Insight Partner
- Dr Iain Chessell, AstraZeneca
- Dr Mohini Gray, University of Edinburgh
- Dr Maureen Grossman, Patient Insight Partner
- Prof John Isaacs, Newcastle University
- Prof Simon Jones, Cardiff University
- Prof David Leon, London School of Hygiene and Tropical Medicine
- Prof Bridget Lumb, University of Bristol
- Prof Kim Midwood, Kennedy Institute of Rheumatology
- Prof Ali Mobasheri, Lithuanian University of Health Sciences
- Prof Luke O'Neill, Trinity College Dublin
- Prof Kevin Shakesheff, University of Nottingham
- Colin Wilkinson, Patient Insight Partner.

Treatment subcommittee

The treatment subcommittee provides expert advice and intelligence to Versus Arthritis, evaluates research activity and makes or supports funding recommendations.

The treatment subcommittee considers clinical and experimental research to assess whether therapeutic and prophylactic interventions work and are safe under ideal or selected conditions by developing and testing interventions to manage musculoskeletal disease risk, prevention, diagnosis, treatment and cure.

Members:

- Dr Caroline Alexander, Imperial College Healthcare NHS Trust
- Dr Victoria Allgar, University of York
- Robin Brittain, Patient Insight Partner
- Prof Maya Buch, University of Manchester
- Prof Cyrus Cooper, University of Southampton
- Prof Janet Darbyshire, Medical Research Council
- Prof Hill Gaston, University of Cambridge
- Dr John Ioannou, University College London
- Dr David Jayne, Cambridge University Hospitals NHS Foundation Trust
- Prof Alexander MacGregor, University of East Anglia
- Dr Tim Morris, MRC Clinical Trials Unit at University College London
- Alan Reynolds, Illix UK
- Prof Linda Sharples, London School of Hygiene and Tropical Medicine
- Prof Lee Shepstone, University of East Anglia
- Isolde Victory, Patient Insight Partner.

Health subcommittee

The health subcommittee provides expert advice and intelligence to Versus Arthritis, evaluates research activity and makes or supports funding recommendations.

The health subcommittee considers two topics. The first topic is applied research to assess whether methods of practical implementation of therapeutic and prophylactic interventions to manage musculoskeletal disease risk, prevention, diagnosis and treatment work in terms that matter to the individual. The second topic is health service research, which assesses the provision and delivery of health and social care services and evaluates factors affecting the quality of care.

Members:

- Prof Joy Adamson, University of York
- Prof Chris Armitage, University of Manchester
- Debra Dulake, Patient Insight Partner
- Prof Christopher Eccleston, Royal National Hospital for Rheumatic Diseases
- Dr Benjamin Ellis, Versus Arthritis (non-voting member)
- Prof Ray Fitzpatrick, University of Oxford (until 1 May 2019)
- Prof Andrew Judge, University of Bristol
- Dr Peter Lanyon, University of Nottingham
- Prof Gary Macfarlane, University of Aberdeen
- Alastair Mew, NHS Sheffield Clinical Commissioning Group
- Prof Joanne Protheroe, Keele University
- Prof James Raftery, University of Southampton
- Prof Catherine Sackley, King's College London
- Dr Tom Sanders, Northumbria University

- Dr Janet Suckley, Central Manchester University Hospitals NHS Foundation Trust
- Prof Chris Todd, University of Manchester.

College of experts

We created the college of experts to widen the range of expertise available to our subcommittees using a committed and defined pool of expertise. We secure members of the college for up to four years, and we ask members predominantly to supplement time-bound funding panels and the subcommittees on specific funding calls. Versus Arthritis may also invite members to provide expert input to strategic planning.

Members:

- Dr Simon Arthur, University of Dundee
- Prof Ilaria Bellantuono, University of Sheffield
- Prof Jessica Bertrand, Otto-von-Guericke University Magdeburg, Germany
- Dr Helen Birch, University College London
- Prof George Bou-Gharios, University of Liverpool
- Dr Rosemary Boyton, Imperial College London
- Prof James Brewer, University of Glasgow
- Dr Marwan Bukhari, Lancaster Royal Infirmary
- Dr Ruaidhri Carmody, University of Glasgow
- Prof Ernest Choy, Cardiff University
- Prof Ian Clark, University of East Anglia
- Prof Peter Clegg, University of Liverpool
- Dr Elizabeth Cottrell, Keele University
- Prof Carol Courtney, University of Illinois
- Prof Fiona Cramp, University of the West of England
- Dr Deborah Cunningham-Graham, King's College London
- Prof Kevin Davies, University of Sussex
- Prof Anthony Day, University of Manchester
- Prof Jean-Michel Dayer, University of Geneva
- Prof Francesco Dell'Accio, Queen Mary University of London
- Dr Jayesh Dudhia, The Royal Veterinary College
- Prof Kate Dunn, Keele University
- Dr Emma Dures, University of the West of England
- Dr John Edwards, Keele University
- Prof Michael Ehrenstein, University College London
- Prof Paul Genever, University of York
- Dr Andreas Goebel, University of Liverpool
- Prof Margaret Hall-Craggs, University College London Hospital NHS Trust
- Prof William Harnett, University of Strathclyde

- Prof Markus Heller, University of Southampton
- Dr Frances Henson, University of Cambridge
- Henning Hermjakob, Wellcome Trust
- Dr Paula Holland, Lancaster University
- Dr Alan Holmes, University College London
- Dr Yoshifumi Itoh, University of Oxford
- Prof Anthony Jones, University of Manchester
- Dr Gareth Jones, University of Aberdeen
- Dr Sue Jowett, University of Birmingham
- Dr Claudia Kemper, National Institutes of Health
- Dr Ilyas Khan, Swansea University
- Prof Martin Knight, Queen Mary, University of London
- Dr Nicola Kuiper, Keele University
- Dr Janine Lamb, University of Manchester
- Dr Birgit Leitinger, Imperial College London
- Dr Heidi Lempp, King's College London
- Dr Julian Marchesi, Imperial College London
- Prof Claudia Mauri, University College London
- Dr John McBeth, University of Manchester
- Dr Helen McGettrick, University of Birmingham
- Prof Alison McGregor, Imperial College London
- Prof Paul McNamee, University of Aberdeen
- Prof Qing-Jun Meng, University of Manchester
- Dr Andrew Moore, University of Bristol
- Prof Chris Murphy, University of Oxford
- Prof Wan-Fai Ng, Newcastle University
- Dr Lucy Norling, Queen Mary University of London
- Prof Mauro Perretti, Queen Mary University of London
- Prof Andrew Pitsillides, The Royal Veterinary College
- Dr Kenneth Poole, University of Cambridge
- Dr Simon Powis, University of St Andrews
- Dr Maria del Mar Pujades Rodriguez, University of Leeds
- Prof Anisur Rahman, University College London
- Kenneth Rankin, Newcastle University
- Prof Karim Raza, University of Birmingham
- Dr Elizabeth Renzoni, National Heart and Lung Institute
- Prof Ian Roberts, University of Manchester
- Dr Karyn Ross, University of Strathclyde
- Prof Antal Rot, Queen Mary, University of London
- Prof Hazel Screen, Queen Mary, University of London
- Dr Ben Seymour, University of Cambridge
- Prof Hamish Simpson, University of Edinburgh
- Dr Valerie Sparkes, Cardiff University
- Dr Andrew Sutton, University of Leeds

- Prof Jonathan Tobias, University of Bristol
- Prof Irina Udalova, University of Oxford
- Dr Jet Veldhuijzen van Zanten, University of Birmingham
- Prof Stephen Ward, University of Bath
- Prof Steve Watson, University of Birmingham
- Dr James Whiteford, Queen Mary University of London
- Prof Anwen Williams, Cardiff University
- Dr Frances Williams, King's College London
- Prof Gerry Wilson, University College Dublin
- Dr Vikki Wylde, University of Bristol
- Dr Amy Zavatsky, University of Oxford.

Fellowship expert group

The fellowship expert group assists Versus Arthritis in planning, developing and undertaking activities that support the next generation of musculoskeletal researchers and oversees the recommendation of career support awards. The fellowship expert group is a sub-group of the three funding subcommittees: disease, treatment and health.

Members:

- Prof Maya Buch, University of Manchester
- Dr Mohini Gray, University of Edinburgh
- Dr Kate Hackett, Northumbria University
- Prof John Isaacs, Newcastle University
- Prof Gary Macfarlane, University of Aberdeen
- Prof Alexander MacGregor, University of East Anglia
- Prof Gretl McHugh, University of Leeds
- Dr Blandine Poulet, University of Liverpool

Progress review committee

The Progress Review committee was in place before subcommittees were developed, and it had the specific purpose of reviewing the progress of clinical studies. This aim has been extended to review all research that recruits people to participate. This committee reports to the Treatment subcommittee and, to a lesser extent, to the Health subcommittee.

Members:

- Dr Isabel Reading, University of Southampton
- Dr Nicholas Harvey, University of Southampton
- Dr Jonathan Hill, Keele University
- Dr Natasha Jordon, Cambridge University Hospitals NHS Trust

- Dr Ed Roddy, Keele University.
- Dr Coziana Ciurtin, University College London
- Dr Sarah Kingsbury, University of Leeds

Research Advisory groups

There are four Research Advisory groups that provide strategic advice to Versus Arthritis and that are concentrated around the following four broad areas:

- adult inflammatory arthritis
- autoimmune rheumatic disease
- musculoskeletal disease
- paediatric rheumatology.

The groups comprise people with expertise in the following areas:

- patient
- clinical
- scientific
- methodological
- healthcare

Members:

- Dr David Andersson, Kings College London
- Dr Deepa Jayakody Arachchillage, Imperial College London
- Dr Ken Baker, Newcastle University
- Dr Tim Barlow, University Hospitals Coventry and Warwickshire NHS Trust
- Dr Neil Basu, University of Aberdeen
- Prof Hannah Batchelor, University of Birmingham
- Kirsty Bell, Glasgow Caledonian University
- Dr Felicity Bishop, University of Southampton
- Dr Lesley-Anne Bissell, University of Leeds
- Lucy Brett, Patient Insight Partner
- Dr Christopher Brown, University of Liverpool
- Dr Alice Cai, University College London
- Prof Hector Chinoy, University of Manchester
- Colin Wilkinson, Patient Insight Partner
- Amanda Clark, Patient Insight Partner
- Debra Dulake, Patient Insight Partner
- Dr Emma Clark, University of Bristol
- Dr Carla Cohen, University of Oxford
- Prof Andrew Cope, King's College London
- Dr Matt Costa, University of Oxford
- Prof Chris Denton, University College London
- Dr Emma Derrett-Smith, University Hospitals Birmingham NHS Foundation

- Prof Michael Doherty, University of Nottingham
- Dr Shirish Dubey, Oxford University NHS Foundation Trust Claire Duong, Royal Manchester Children's Hospital
- Dr Charlene Foley, Trainee Representative
- Prof Carl Goodyear, University of Glasgow
- Dr Malvika Gulati, University of Oxford
- Victoria Harbottle, Newcastle University
- Dr Dan Hawley, Sheffield Children's Hospital
- Dr Pauline Ho, Manchester University NHS Foundation Trust
- Prof Nicole Horwood, University of East Anglia
- Prof Richard Jones, University of Salford
- Lynn Laidlaw, Patient Insight Partner
- Prof Christine Le Maitre, Sheffield Hallam University
- Dr Valentina Leone, Leeds Teaching Hospitals NHS Trust
- Prof John Loughlin, Newcastle University
- Christopher Martey, Virgin Care, Bath and North East Somerset
- Dr Neil Martin, Royal Hospital for Children, Glasgow
- Dr Deborah Mason, Cardiff University
- Dr Maura McCarron, Belfast Health and Social Care Trust
- Dr Janet McDonagh, University of Manchester
- Dr Flora McErlane, Newcastle Upon Tyne Hospitals NHS Foundation Trust
- Dr Angela Midgeley, University of Liverpool
- Dr Neal Millar, University of Glasgow
- Prof Ann Morgan, University of Leeds
- Dr Andrea Murray, University of Manchester
- Udeme Ohia, Alder Hey Children's Hospital
- Dr Raja Padidala, Manchester University NHS Foundation Trust
- Dr Clare Pain, Alder Hey Children's NHS Foundation Trust Liverpool
- Prof Hemant Pandit, University of Leeds
- David Parker, Consumer Representative
- Louise Parker, Royal Free Hampstead NHS Trust
- Dr Zoe Paskins, Keele University
- Dr John Pauling, University of Bath
- Prof George Peat, Keele University
- Ellie Potts, Guy's and St Thomas's NHS Foundation Trust
- Dr Arthur Pratt, Newcastle University
- Prof Athimalaipet Ramanan, University of Bristol
- Dr Stephen Richardson, University of Manchester
- Dr Megan Rutter, University of Nottingham
- Dr Emma Salt, University Hospitals of Derby and Burton NHS Foundation
- Dr Ethan Sen, University of Bristol
- Dr Stefan Siebert, University of Glasgow
- Eve Smith, University of Liverpool
- Dr Jane Taylor, Patient Insight Partner
- Ms Jane Taylor (Wormald), Patient Insight Partner

- Dr William Tillett, University of Bath
- Dr Linda Troeberg, University of East Anglia
- Dr Sarah Twigg, University of Leeds
- Stephanie Vale, Consumer Representative
- Dr Suzanne Verstappen, University of Manchester
- Dr Ed Vital, University of Leeds
- Prof Allan Wailoo, University of Sheffield
- Oliver Ward, Sheffield Children's Hospital
- Dr Fiona Watt, Kennedy Institute of Rheumatology
- Prof Ruth Wilcox, University of Leeds
- Dr Elspeth Wise, Talbot Medical Centre, Tyne and Wear.

Section 7: Legal & Administrative Information

Charity Details

Leadership at Versus Arthritis

(Please see page 17 for an explanation of in-year changes to the leadership team)

Organisational Leadership Team (new structure effective from June 2020)

Chief Executive

Dr Liam O'Toole (to Feb 2021)

Ellen Miller (Acting, from Jan 2021)

Deputy CEO and Director of Planning and Operations

Ellen Miller (from Sept 2020-Jan 2021)

Director of Planning and Operations

Caroline Russell (Interim, to June 2021)

Director of Finance and Corporate Services

John Fanning (Interim. from August 2021)

Director of People and Organisational Development

Helen Timbrell (From Aug 2020)

Director of Income

Charlotte Guiver

Director of Recognition, Brand and Activation

Olivia Belle (to April 2021)

Director of Marketing, Communication and Engagement

Chris Phillips (Interim, from May 2021)

Director of Involvement, Influencing and Support

Stewart Long (retired July 2021)

Zoe Chivers (Acting, from July 2021)

Director of Insight, Data and Technology

Amanda Neylon (to Feb 2021)

Paul Barton (Interim, from April 2021)

Transformational Leadership Team (Up to June 2020 when the Transformation Period ended) – from Nov 2017-June 2020

Chief Executive

Dr Liam O'Toole

Director of Finance and Corporate Services

Justin Parfitt (to May 2020)

Director of Organisational Development

Nicola Peachy (to June 2020)

Director of Income Generation

Charlotte Guiver

Director of Insight, Data and Technology

Amanda Neylon

Director of Policy, Health and Social Care Improvement

Adrienne Skelton (to May 2020)

Director of Transformation

Olivia Belle

Director of Involvement and Services

Stewart Long

Director of Research

Dr Stephen Simpson

Director of Communications and Marketing

Janet Convery (Interim)

Board of Trustees

Dr Rodger McMillan, chair

Prof Jonathan Cohen

Mr Philip Gray

Ms Karin Hogsander, deputy chair

Dr Andrew Holford

Prof John Isaacs (appointed 9th June 2021)

Prof David Isenberg (retired 9th June 2021)

Prof Sarah Lamb

Prof Iain McInnes (appointed 9th June 2021)

Vincent Noinville

Ms Clare Reid (retired June 9th 2021)

Mr Jonathan Rodgers (appointed 9th June 2021)

Ms Juliette Scott

Prof Martijn Steultjens

Mr Ian Walters (resigned 13th October 2020).

Details of the subcommittees that support the Board of Trustees are set out on pages 92 -93 of this report.

Honorary Vice Presidents

Mrs Sue Arnott

Dr Colin Barnes

Dr Peter Copeman

Prof Graham Hughes.

Patron

Her Royal Highness

The Duchess of Cornwall

Professional Advisors

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

NatWest plc
5 Market Place
Chesterfield
S40 1TJ

Investment managers

Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN

Royal London Asset Management
55 Gracechurch Street
London
EC3V 0RL

Abrdn plc (Aberdeen Standard)
1 George Street
Edinburgh
EH2 2LL

Blevins Franks
28 St James's Square
London
SW1Y 4JH

Solicitors

IBB Solicitors
Capital Court
30 Windsor Street,
Uxbridge, Middlesex
UB8 1AB

Eversheds Sutherland
1 Wood Street
London
EC2V 7WS

Bates Wells
10 Queen Street Place
London
EC4R 1BE

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