

Charity Registration No. 1134859/SC039721

Company Registration No. 07127101 (England and Wales)

**REPORT OF THE TRUSTEES AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
NATIONAL RHEUMATOID ARTHRITIS SOCIETY**

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees

Mr S J Crowther
Ms K J Fox
Ms E Andrews
Dr G Taylor
Ms Z C Ide
Mr RA Boucher
Mr S Collins

CEO

Mrs C Jacklin

Charity number

1134859/ SC039721

Company number

7127101

Registered office

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4 The Switchback
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SL6 7RJ

Auditors

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UB3 1HA

Bankers

HSBC
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SL6 1JQ

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
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NATIONAL RHEUMATOID ARTHRITIS SOCIETY TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their report and audited consolidated accounts for the year ended 31 December 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, the Charities Act 2011, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

Chair's Report

2019 was a remarkable year in many ways for NRAS. In June our founder, Ailsa Bosworth MBE, stood down as Chief Executive after 18 years at the helm and her long-standing Deputy Chief Executive, Clare Jacklin, was appointed as her successor after a formal selection process. We owe a huge debt of gratitude to Ailsa who started NRAS from her kitchen table and developed it to become the internationally renowned patient organisation that we have today. Ailsa has not left the organisation but has taken on a new part-time role as our National Patient Champion and she is currently working on an exciting range of e-learning self-management modules which will be rolled out in the near future as well as continuing to contribute to the work of EULAR (European League Against Rheumatism) and representing the needs of patients on a number of advisory boards and national regulatory committees.

In 2019 we reported our strongest set of financial results yet with record-breaking income of over £1.8m. We continued to strive to deliver exceptional information, support and advice to people living with RA and JIA and to this end we invested in updates to our suite of information resources; collaborated with other organisations working on a National Patient Survey; and campaigned for access to appropriate treatments for RA patients, including those classed as 'moderates'. We also started work on developing two new websites which will be launched in 2020 – one for the JIA community and one for the RA community.

We choose the projects that we invest our income in very carefully to ensure that we can deliver the biggest impact from the funds we receive from our generous donors. We also strive to ensure that we maintain at least six months' of reserves in liquid investments so that we can continue to operate our services in difficult or unforeseen circumstances. These policies enabled us to report a healthy cash balance at the end of the year of over £395,000 and an investment portfolio valued at £798.8k. This careful management of the Charity's finances has stood us in good stead as we face the huge challenges that 2020 has brought us in the guise of the Covid-19 pandemic. The record-breaking

income levels reported in 2019 were not budgeted to be replicated in 2020 and at the start of the year, the Charity was predicting income in 2020 to return to more normalised levels of around £1.2m. Like many charities however we are now predicting a significant reduction in these budgeted income levels as fundraising events across the country have either been deferred or cancelled due to the strict lockdown and social distancing measures put in place by the UK Government. The Charity has reacted to this crisis with stoicism, determination, innovation and sheer hard work and I thank the whole NRAS team for their outstanding contribution at this very difficult time. During the peak of the crisis we saw contacts to our Helpline increase by over 600% and the engagement that we saw through the various Facebook Live events and webinars that we hosted on a weekly basis broke yet more records. Our fundraising team have worked hard behind the scenes developing new and innovative ways of raising funds to enable us to continue to deliver the essential services that this pandemic has illustrated are so much needed by the communities that we serve

2020 will not be the year we thought it would be in January, but I am confident that NRAS will survive the challenges that the pandemic has brought and with the help of the NRAS team, the Members and Volunteers and of course our very generous donors, without whom none of this would be possible, we will continue to provide the support and advocacy needed by people with RA and JIA, their families and the health professionals who care for them.



Gordon Taylor
Chair of Trustees

Dated: 16 June 2020

Our purpose and activities

Guidance from the Charity Commission has been used to review and develop NRAS's aims and objectives so that activities are clearly focused to derive good public benefit.

Objectives and activities

The objects of the Charity (the "Objects") are for the public benefit to promote the relief of people suffering from RA and JIA by:

- Raising awareness and understanding of Rheumatoid Arthritis (RA) and Juvenile Idiopathic Arthritis (JIA), including awareness of the severity of the diseases and their social and economic costs;
- Providing information on RA and JIA, including information on their treatments and drugs available;
- Advancing all aspects of the care and treatment of RA and JIA and the management of these diseases in their totality;

- Providing education generally and to individuals and their families and carers in all aspects of RA and JIA, including their treatment and management, and providing information about available support, including financial and social support;
- Supporting individuals in relation to RA and JIA and their families and carers, including putting people in touch with each other to encourage self-help and support where appropriate.

Our vision

The NRAS vision is to support all with RA and JIA to live life to the full with an underpinning mission to:

- Support everyone living with the impact of RA or JIA at the start and every step of their journey;
- To inform and be their first choice for reliable information and
- To empower all to have a voice and take control of their RA or JIA.

Our principal activities

We are committed to providing support, information, services, education, campaigning and patient advocacy of the highest quality to and on behalf of all those affected by RA and JIA as well as their families.

Our front-line services, including the helpline, online peer support community, local groups, peer-to-peer telephone support programme, information booklets, websites and patient events, continue to offer high quality, accessible and relevant support as a priority. Work is an important health outcome and we have specific resources relating to the workplace for employees and employers as well as up to date information on benefits including Personal Independence Payments. Both of these important subjects are frequently raised by people calling our Helpline.

We are a membership organisation and provide a magazine three times per year to our Members, among other benefits. We also support health professionals in the field of rheumatology and primary care through training programmes and provision of free health professional membership of NRAS and free patient information so that we can 'help them to help their patients'. Living with RA and JIA is not just about having physical and medical needs. These incurable diseases have a huge impact on emotional well-being and quality of life both of the individual and their family and our 2018 Report on Emotional Health And Wellbeing Matters addresses these issues in detail. We therefore strive to help people by supporting **all** their needs in a holistic way whether physical, medical, emotional, mental, social, economic and/or employment related needs as well as those relating to access to benefits and the built environment, housing and transport.

We are at the table at a national level whenever standards and guidelines, RA/JIA pathways and access to treatment are being discussed. We conduct our own social research and publish a key report on a topic of importance to people with RA/JIA annually.

Translational scientific, and medical research has revolutionised the field of auto-immune conditions such as RA and JIA in the past 20 years and whilst we do not conduct medical research ourselves, (we do carry out major social research studies on an annual basis), we support a growing number of

academic and clinical research studies throughout the UK on an on-going basis. Researchers contact us regularly for support in a variety of ways. We also support recruitment to clinical studies and provide expert volunteers to advise on issues of Patient and Public Involvement. More recently, we have played a pivotal role in Covid19 research by supporting UK, European and Global data gathering.

We are providers of supported self-management group training programmes, however the difficulty of getting such courses commissioned by Clinical Commissioning Groups or Health Boards due to the financial constraints in the NHS, means that we will, over the course of this strategic period, develop these into engaging and interactive on-line e-learning modules which ultimately, health professionals will be able to 'prescribe' for the benefit of their patients.

Achievements and performance

A key focus in 2019 was to ensure a smooth transition in the Senior Management Team as Ailsa Bosworth stepped down as CEO. Effective planning and a detailed handover period ensured that this was completed successfully in June 2019. Under Clare Jacklin's leadership, the Senior Management Team is now focused on continuing the good work started by Ailsa and building new services on digital platforms to enable us to engage with a wider demographic of society. To this end, two key projects were started in 2019. Firstly, we commenced work on the overhaul of our two websites serving the RA and JIA communities. Both of our existing platforms are now nearly five years old and utilise technology which is no longer fit-for-purpose in today's modern era. Our new websites will be built using WordPress which will enable us to easily modify and flex the platforms as our needs change. The first website to be launched will be that serving our JIA community in the summer of 2020 followed by the RA website in the Autumn of 2020. Our second major project started in 2019 is the development of a suite of e-learning modules, pioneered by our National Patient Champion, Ailsa Bosworth. The first modules are due for launch in late 2020. As well as investing in these major projects, we have also upgraded and enhanced our database management tools to improve the efficiency and appropriateness of effective communications with our service users.

In 2019 we also introduced two new services aimed at healthcare professionals: New2RA Right Start and Living Better with RA. Both of these services provide a referral pathway for healthcare professionals to enable their patients to get access to appropriate, supportive help provided by the friendly, empathetic and knowledgeable staff here at NRAS.

We also continued to develop our series of webinars and hosted events on a range of topics including the safety of biologic treatment, foot health, and care for those living with RA.

In June we held our 7th annual campaign to raise awareness of RA. We reached over half a million people with our #AnyoneAnyAge theme, hosted a number of information stands at hospitals around the UK, and lobbied MPs by sending in over 200 letters and emails.

On 1st November 2019, we held our 6th triennial Healthcare Champions award ceremony in the magnificent surroundings of the Leathersellers' Livery Hall in London. The awards provide the opportunity to celebrate the dedication, professionalism and excellent care given by those healthcare professionals that go 'the extra mile' to provide the best possible outcomes for the many

people living with RA and JIA. This year we received over 70 nominations for professionals working in 40 hospitals and a panel of judges selected 9 winning entries. A full list of winners is available on our website.

In Autumn 2019, we invested in new technology and new working practices to enable our colleagues to benefit from more flexible working, both in terms of time and location. In hindsight this proved to be a very timely decision as it enabled us to move very swiftly to an operational model of full remote working in March 2020 during the Covid-19 crisis, thereby allowing the Charity to maintain an almost fully functional service without any drop in professionalism and efficiency.

During 2019 we generated £665.8k of income through donations, pledges and gifts in kind. The 2019 fundraising calendar was full, with spaces filled at a variety of races and challenge events across the UK, as well as with community events and activities organised and run by individual supporters. In May we were thrilled to be offered the opportunity to host the Garden Open Day in the grounds of Frogmore House in Windsor. The weather was kind to us and we welcomed many hundreds of visitors who enjoyed picnics in the garden and tours of the house. Our 'Wear Purple' campaign in June to raise funds for JIA was a huge success again this year generating over £40k and increasing awareness in the wider community of this debilitating condition.

Gift from legacies are becoming an increasingly important source of income for the Charity and we are immensely grateful to our very generous benefactors whose gifts in recent years have enabled us to secure the viability of the charity and to continue to provide our services to those in need. In 2019 such gifts raised £760.4k, accounting for 41% of our total income and represented an increase of 72% on prior year.

Support for NRAS was also received through grants from trusts, foundations and livery companies and in 2019 this amounted to £254.8k. We would like to express particular thanks to: The Schroder Foundation, The Leathersellers' Company Charitable Fund, The David Brownlow Charitable Foundation, Garfield Weston Foundation, The Madam Betard Trust, QBE Foundation, The Good Exchange, The Hospital Saturday Fund, A D Power Will Trust, The Edith Lilian Harrison 2000 Foundation, The Hugh Fraser Foundation, John Swire 1989 Charitable Trust and The Willie and Mabel Morris Charitable Trust.

Another valuable source of income is provided by pharmaceutical companies who manufacture and market medicines for RA and JIA and this income amounted to £172.3k in 2019. As well as helping to fund the core services that we deliver to our beneficiaries, these relationships provide NRAS with access to important information about clinical trial data and help to inform and educate our team members on RA and JIA. NRAS is now perceived by most pharmaceutical companies working in the area of immunology and rheumatology as a key expert partner in contributing to advisory boards and employee training, as well as providing support in the development of their own patient-facing support resources.

All income received through fundraising in 2019 contributed to enabling the charity to provide a full programme of resources, activities and support, which benefits those living with RA and JIA in the UK, their families, schools and the healthcare professionals who support them. NRAS would like to

acknowledge and thank all the individuals, companies, livery companies, trusts and foundations that have supported our work this year.

Financial Review

The principal funding sources of income for the Charity were donations and legacies of £1,426.2k, grants of £254.8k and membership income of £80.0k. Overall, consolidated income in 2019 was £1,841.5k compared to £1,294.4k in 2018. The charity benefitted from growth in both legacies and grants received from Trusts and Foundations.

Overall expenditure increased 13.2% in 2019 compared with the prior year reflecting the increase in the level of services and events provided to our beneficiaries.

The Charity reported a consolidated net gain of £616.2k in 2019, up from £80.9k in 2018 and our balance sheet remains strong with unrestricted reserves of £1,670.4k and a healthy cash balance of £396.5k at the end of the year.

A significant percentage of these unrestricted reserves will be designated in 2020 towards a number of key projects including the finalisation of new websites for both our RA and JIA communities, the development of new services and investment in campaigns to raise awareness of RA and JIA. The Charity will also be using some of these funds to enable it to continue to deliver its core services in 2020 if income generation comes under strain as a result of the Covid19 pandemic.

The Charity's wholly owned trading subsidiary, NRAS Community Services Limited, continued to provide self-management programme support to Clinical Commissioning Groups and Trusts in 2019 until September when the remaining contract came to an end. The company delivered a profit of £6.2k on its activities.

Investment Policy and Objectives

Investments are managed by professional fund managers as permitted by the relevant acts and the charity commission guidelines. The overall objective of the fund managers is to maintain an appropriate level of risk whilst retaining the real value of capital through long term investments. Reports are received quarterly from the fund managers and the Trustees review performance annually with the fund managers.

Reserves policy and going concern

The Charity's policy is to hold a minimum of six months' operating costs in cash and investments in order to ensure the sustainability of the Charity which was comfortably met in 2019. This policy is based on trustees' judgement given their knowledge of the organisation and its income streams and it is reviewed each year.

This policy has ensured that the Charity has been well-placed to cope with the challenges brought about by the emergence of Covid-19 in March 2020. Whilst the pandemic will potentially have a material impact on our income generated in 2020, our healthy cash balance has meant that we have

sufficient liquidity to ensure that we can meet our future obligations as they become due for the foreseeable future.

Future plans

The Trustees approve and adopt strategic plans for the Charity every three years and detailed budgets are prepared annually to support these initiatives and demonstrate how the objectives will be delivered within the constraints of predicted funding available. The budget is reviewed on a quarterly basis and appropriate management decisions are taken in light of any material forecast variances.

The Charity's strategic plan for 2019 – 2022 was finalised in 2018 and set out that the Charity will continue to focus on providing the best support for people with RA and JIA, their families and the health professionals who care for them. It also set out an exciting future programme working with strategic partners to deliver transformational change to some of the key information resources that we provide by developing a suite of e-learning modules which will be available on a new digital platform.

The Covid-19 pandemic in Spring 2020 has reinforced the importance of the work the Charity does in the RA and JIA community and we were pleased to be able to provide support, information and advice to many people in their hour of need. As described elsewhere in this report, the impact of the pandemic on the Charity has been far-reaching, not least in terms of its ability to raise the much-needed funds to enable it to continue to deliver these vital services. As a direct response to the crisis, the Charity has reviewed its strategic plans and all its current projects in detail and has taken the difficult decision to temporarily suspend work on the development of some of its new services that were scheduled for release in early 2020, including its e-learning suite. It is expected that these projects will recommence later in the year.

Structure, governance and management

Governing document

The Charity is controlled by its governing documents, the memorandum and articles, and constitutes a limited by guarantee company as defined by the Companies Act 2006.

The Charity is a company limited by guarantee and does not have any share capital.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 each in the event of a winding up.

Trustees

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Ms E Andrews

Mr RA Boucher

Mr S Collins
Mr SJ Crowther
Ms K Fox
Ms ZC Ide
Ms JB Jones (retired 26th June 2019)
Dr G Taylor

As set out in the articles (as amended in June 2019), Trustees are required to retire after three years in office. A retiring trustee shall be eligible for re-election. Mr SJ Crowther and Ms K Fox will therefore retire from office at the AGM on 16th June 2020 and all will seek re-election.

The Board has recently been through a rigorous process to recruit new Trustees to the Board to broaden the diversity and skill mix and we are delighted to welcome the following individuals who will be appointed as Trustees at the AGM:

Ms L Cook
Mr R Flowerdew
Ms E Potter
Ms S Webb

Ms E Andrews will retire as a Trustee at the AGM and we thank her for her contribution and wise counsel during the period that she served.

Trustee induction and training

New Trustees undergo an orientation day to brief them on their legal obligations under Charity law, the content of the constitution and decision-making process, the business plan and recent financial performance of the Charity. As part of the process they meet key employees and other Trustees and may attend additional, relevant external training as required.

Organisation

The body of Trustees consists of not fewer than four and no more than twenty trustees and administers the Charity through the Senior Executives.

Related parties and co-operation with other organisations

None of our trustees receives remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a supplier or other party with which the charity transacts must be disclosed to the full board of trustees. In the current year no such related party transactions were reported.

Pay policy for senior staff

Remuneration for key management personnel is benchmarked against the voluntary sector and is set by the Trustees. The pay of senior staff is reviewed annually and normally increased in accordance with average earnings.

Risk management

The trustees have a risk management strategy including a formal risk evaluation which is carried out each year.

The key risks are identified below:

- Adequacy of cash to run the Charity. Costs are monitored closely throughout the year. The Charity constantly monitors the cash position and future cash requirements. Fundraising strategy is developed with an emphasis on the provision of regular and predictable income streams. Reserves of a minimum of 6 months operating costs are held as cash and realisable investments.
- Investment of surplus cash. Investments continue to be managed by St James's Place Wealth Management with a view to maintaining an appropriate and prudent risk strategy for the Charity whilst retaining the real value of the capital.
- Reliance on key individuals. This is recognised and the senior management team work with staff to ensure teams are diverse as possible to reduce over reliance on any one individual. Key personnel have a three-month notice period. Succession planning is in place and is revised periodically to account for any senior staff movement.
- IT security. A support contract is in place with 3rd party IT experts covering all aspects of IT performance and security. Internal security is in place and monitored and updated where appropriate.
- Data protection. The charity carries out regular reviews to ensure that its policies and procedures are in line with regulations and best practice.
- Reputational risk in relation to the Charity's wholly owned commercial subsidiary NRAS Community Services Limited (NCSL). The Charity maintains clear and open communication to all interested parties on the work and rationale behind NCSL and the commissioning services it undertakes. Disclosure is made in the accounts of the subsidiary along with an explanation of its activities.
- Attracting and retaining Trustees. The Charity periodically reviews the number of Trustees to ensure that there is a minimum number of Trustees on the board with the right spread of skills and experience to meet the current and future needs of the Charity.

Auditors

Moore Kingston Smith LLP were appointed as auditors in the year. In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be re-appointed as auditor of the company will be put at a General Meeting.

Trustees' responsibilities in relation to the financial statements

The Trustees, who are also the directors of National Rheumatoid Arthritis Society for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that year.

In preparing these accounts the Trustees are required to:

- Select suitable accounting policies and then apply them, consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgments and 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; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our Trustees' annual report:

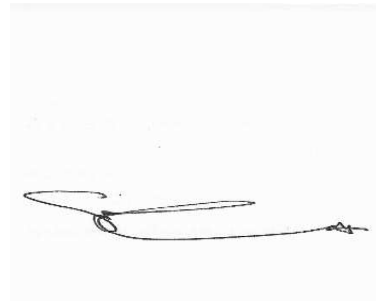
There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and

The trustees, having made enquiries of fellow trustees and the group's auditor that they ought to have individually taken, have each taken all steps that he/ she is obliged to take as a trustee, in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Dr G Taylor
Chair of Trustees

SJ Crowther
Treasurer/ Trustee

A handwritten signature in black ink, appearing to be 'G Taylor', written over a horizontal line.A handwritten signature in black ink, appearing to be 'SJ Crowther', written over a horizontal line.

Dated: 16 June 2020

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF NATIONAL RHEUMATOID ARTHRITIS SOCIETY**

Opinion

We have audited the financial statements of National Rheumatoid Arthritis Society for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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.

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF NATIONAL RHEUMATOID ARTHRITIS SOCIETY**

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF NATIONAL RHEUMATOID ARTHRITIS SOCIETY**

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Mahmood Ramji (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

The Shipping Building
The Old Vinyl Factory
Blyth Road
Hayes, London
UB3 1HA

Dated: 23 June 2020

NATIONAL RHEUMATOID ARTHRITIS SOCIETY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total Funds 2019 £'000	Unrestricted Total Funds 2018 £'000
<u>Income from:</u>					
Donations and legacies	3	1,367.1	59.1	1,426.2	1,012.9
Charitable activities	4	316.0	40.7	356.7	214.6
Other trading activities	5	29.4	0.0	29.4	41.5
Investment income	6	29.2	0.0	29.2	25.4
Total income		1,741.7	99.8	1,841.5	1,294.4
<u>Expenditure on:</u>					
Raising funds	7	228.6	0.0	228.6	207.3
Charitable activities	8	996.2	67.0	1,063.2	933.4
Total resources expended		1,224.8	67.0	1,291.8	1,140.7
Net income/(expenditure)		516.9	32.8	549.7	153.7
Net gains/(losses) on investments	12	66.5	0.0	66.5	(72.8)
Gross transfers between funds		0.0	0.0	0.0	0.0
Net movement in funds		583.4	32.8	616.2	80.9
Fund balances at 1 January 2019		1,087.0	0.0	1,087.0	1,006.1
Transfer between funds		0.0	0.0	0.0	0.0
Fund balances at 31 December 2019		1,670.4	32.8	1,703.2	1,087.0

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes at pages 19 to 33 form part of these accounts.

NATIONAL RHEUMATOID ARTHRITIS SOCIETY
COMPANY STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total Funds 2019 £'000	Unrestricted Total Funds 2018 £'000
Income from:					
Donations and legacies	3	1,382.9	59.1	1,442.0	1,056.2
Charitable activities	4	316.0	40.7	356.7	214.6
Other trading activities	5	7.1	0.0	7.1	8.0
Investment income	6	29.2	0.0	29.2	25.4
Total income		1,735.2	99.8	1,835.0	1,304.2
Expenditure on:					
Raising funds	7	228.6	0.0	228.6	207.3
Charitable activities	8	980.1	67.0	1,047.1	915.7
Total resources expended		1,208.7	67.0	1,275.7	1,123.0
Net income/(expenditure)		526.5	32.8	559.3	181.2
Net gains/(losses) on investments	12	66.5	0.0	66.5	(72.8)
Gross transfers between funds		0.0	0.0	0.0	0.0
Net movement in funds		593.0	32.8	625.8	108.4
Fund balances at 1 January 2019		1,071.1	0.0	1,071.1	962.7
Transfer between funds		0.0	0.0	0.0	0.0
Fund balances at 31 December 2019		1,664.1	32.8	1,696.9	1,071.1

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes at pages 19 to 33 form part of these accounts.

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
CONSOLIDATED AND CHARITY BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Tangible assets	13	67.0	14.0	67.0	14.0
Investments	14	798.8	703.5	798.8	703.5
		865.8	717.5	865.8	717.5
Current assets					
Debtors	16	619.3	55.0	650.5	70.1
Cash at bank and in hand		396.5	436.9	356.0	401.5
		1,015.8	491.9	1,006.5	471.6
Liabilities:					
Creditors: amounts falling due within one year	17	(178.4)	(122.4)	(175.4)	(118.0)
		837.4	369.5	831.1	353.6
Net current assets					
		1,703.2	1,087.0	1,696.9	1,071.1
Total assets less current liabilities					
		1,703.2	1,087.0	1,696.9	1,071.1
Income funds					
Unrestricted funds	19	1,670.4	1,087.0	1,656.2	1,071.1
Restricted funds	19	32.8	0.0	40.7	0.0
		1,703.2	1,087.0	1,696.9	1,071.1

The charity is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2019, although an audit has been carried out under section 144 of the Charities Act 2011. No trustee of the charity has deposited notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The Trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011 and constitute the annual accounts required by the Companies Act 2006 and are for circulation to trustees of the company.

As permitted by s408 Companies Act 2006, the Charity has not presented its own Statement of Financial Activities and related notes. The Charity's net income for the year was £626k (2018: net income of £108k).

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and are for circulation to the members of the company.

The notes at pages 19 to 33 form part of these accounts.

The accounts were approved by the Board of Trustees on 16 June 2020 and signed on their behalf by:



SJ Crowther
Treasurer/Trustee

Company Registration No. 07127101

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash flows from operating activities					
Cash generated from operations	26	27.8	115.0	6.9	131.3
Investing activities					
Purchase of tangible fixed assets		(68.6)	0.0	(68.6)	0.0
Purchase of investments		(28.8)	(25.2)	(28.8)	(25.2)
Interest received		29.2	25.4	29.2	25.3
Gift aid donation from subsidiary				15.8	43.3
Net cash used in investing activities		<u>(68.2)</u>	<u>0.2</u>	<u>(52.4)</u>	<u>43.4</u>
Net cash used in financing activities		0.0	0.0	0.0	0.0
Net (decrease)/increase in cash and cash equivalents		<u>(40.4)</u>	<u>115.2</u>	<u>(45.5)</u>	<u>174.7</u>
Cash and cash equivalents at beginning of year		436.9	321.7	401.5	226.8
Cash and cash equivalents at end of year		<u><u>396.5</u></u>	<u><u>436.9</u></u>	<u><u>356.0</u></u>	<u><u>401.5</u></u>

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 Accounting policies

Charity information

National Rheumatoid Arthritis Society is a private company limited by guarantee incorporated in England and Wales and Scotland. The registered office is Ground Floor, 4 Switchback, Gardner Road, Maidenhead, Berks, SL6 7RJ.

1.1 Accounting convention

These accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016. The charity is a Public Benefit Entity as defined by FRS

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Preparation of consolidated financial statements

These consolidated financial statements incorporate the financial statements of the Charity and its subsidiary undertaking, NRAS Community Services Limited, made up to 31 December 2019. Intercompany transactions, balances and unrealised gains on transactions between the Charity and its subsidiary are eliminated. Accounting policies of subsidiary undertakings have been changed where necessary to ensure consistency with the policies adopted by the Group. The income of the trading subsidiary is included in the Consolidated Statement of Financial Activities within other trading activities. Expenditure is included in wages and support costs.

1.2 Going concern

At the time of approving the accounts, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, despite the challenges presented by Covid-19 and its potential impact on income generation in the short-term. This expectation is based on the strong investments and cash position, reflecting a significant amount of unrestricted funds. Thus the Trustees' continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

The charity receives grants in respect of charitable activities run by the charity. Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Subscription income is recognised on a rolling basis from the date of membership.

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Costs of raising funds includes costs related to fundraising events, merchandising and advertising; and Expenditure on charitable activities includes staff costs and support costs relating to different projects conducted during the year (see note 8).

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Support costs allocation

Support costs include both direct expenditure incurred on charitable activities and those costs which assist the work of the charity including office and administrative costs. They are all incurred directly in the furthering of the charity's aims and purposes. Distinction has been made for those costs relating to the raising of funds and to governance, these costs have been analysed separately.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The bases on which support costs have been allocated are set out in Note 9.

Fundraising costs are specified in Note 7.

Governance costs are specified in Note 9.

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Improvements to property	20% straight line or lease period if shorter
Website development	25% straight line
Fixtures, fittings & equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.10 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employments of an employee or to provide termination benefits.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NATIONAL RHEUMATOID ARTHRITIS SOCIETY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3 Donations and legacies

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Donations and gifts	665.8	570.4	681.6	613.7
Legacies receivable	760.4	442.5	760.4	442.5
	<u>1,426.2</u>	<u>1,012.9</u>	<u>1,442.0</u>	<u>1,056.2</u>
<i>Analysis by fund</i>				
Restricted funds	59.1	0.0	59.1	0.0
Unrestricted funds	<u>1,367.1</u>	<u>1,012.9</u>	<u>1,382.9</u>	<u>1,056.2</u>
	<u>1,426.2</u>	<u>1,012.9</u>	<u>1,442.0</u>	<u>1,056.2</u>

4 Income from charitable activities

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Appeals	3.5	1.8	3.5	1.8
Subscriptions	80.0	81.8	80.0	81.8
Research & studies	2.1	15.4	2.1	15.4
Lottery income	16.3	19.5	16.3	19.5
Grants	254.8	96.1	254.8	96.1
	<u>356.7</u>	<u>214.6</u>	<u>356.7</u>	<u>214.6</u>
<i>Analysis by fund</i>				
Restricted funds	40.7	0.0	40.7	0.0
Unrestricted funds	<u>316.0</u>	<u>214.6</u>	<u>316.0</u>	<u>214.6</u>
	<u>356.7</u>	<u>214.6</u>	<u>356.7</u>	<u>214.6</u>

5 Other trading activities

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Merchandising	7.1	8.0	7.1	8.0
Trading subsidiary income	22.3	33.5	0.0	0.0
	<u>29.4</u>	<u>41.5</u>	<u>7.1</u>	<u>8.0</u>

6 Investments

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income from listed investments	28.8	25.2	28.8	25.2
Interest receivable	0.4	0.2	0.4	0.2
	<u>29.2</u>	<u>25.4</u>	<u>29.2</u>	<u>25.4</u>

NATIONAL RHEUMATOID ARTHRITIS SOCIETY
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

7 Expenditure on raising funds

	Group and Charity	
	2019 £'000	2018 £'000
Staging fundraising events	33.8	29.6
Staff costs	144.0	134.9
Support costs	42.6	35.6
Governance costs	8.2	7.2
Expenditure on raising funds	228.6	207.3
Analysis by fund		
Restricted funds	0.0	0.0
Unrestricted funds	228.6	207.3
	228.6	207.3

8 Expenditure on charitable activities

Group	Provision of info & support	Raising awareness	Hosting NRAS events	Hosting JIA events	Total
	2019 £'000	2019 £'000	2019 £'000	2019 £'000	2019 £'000
Direct costs	138.5	31.7	13.8	27.1	211.1
Staff costs	288.2	94.2	143.9	85.9	612.2
Share of support costs (see note 9)	83.6	46.5	42.6	28.7	201.4
Share of governance costs (see note 9)	16.0	8.9	8.1	5.5	38.5
	526.3	181.3	208.4	147.2	1,063.2
Analysis by fund					
Restricted funds	51.6	15.4	0.0	0.0	67.0
Unrestricted funds	474.7	165.9	208.4	147.2	996.2
	526.3	181.3	208.4	147.2	1,063.2

Group	Provision of info & support	Raising awareness	Hosting NRAS events	Hosting JIA events	Total
	2018 £'000	2018 £'000	2018 £'000	2018 £'000	2018 £'000
Direct costs	113.6	19.5	2.4	17.4	152.9
Staff costs	207.8	103.7	134.9	105.1	551.5
Share of support costs (see note 9)	65.6	44.7	35.6	44.7	190.6
Share of governance costs (see note 9)	13.2	9.0	7.2	9.0	38.4
	400.2	176.9	180.1	176.2	933.4
Unrestricted funds	400.2	176.9	180.1	176.2	933.4
	400.2	176.9	180.1	176.2	933.4

8 Expenditure on charitable activities

Charity	Provision of info & support	Raising awareness	Hosting NRAS events	Hosting JIA events	Total
	2019 £'000	2019 £'000	2019 £'000	2019 £'000	2019 £'000
Direct costs	138.5	31.7	13.8	27.1	211.1
Staff costs	277.1	94.2	143.9	85.9	601.1
Share of support costs (see note 9)	83.6	46.5	42.6	28.7	201.4
Share of governance costs (see note 9)	11.0	8.9	8.1	5.5	33.5
	510.2	181.3	208.4	147.2	1,047.1
Analysis by fund					
Restricted funds	51.6	15.4	0.0	0.0	67.0
Unrestricted funds	458.6	165.9	208.4	147.2	980.1
	510.2	181.3	208.4	147.2	1,047.1

Charity	Provision of info & support	Raising awareness	Hosting NRAS events	Hosting JIA events	Total
	2018 £'000	2018 £'000	2018 £'000	2018 £'000	2018 £'000
Direct costs	113.1	19.5	2.4	17.4	152.4
Staff costs	193.1	103.7	134.9	105.1	536.8
Share of support costs (see note 9)	65.6	44.7	35.6	44.7	190.6
Share of governance costs (see note 9)	10.7	9.0	7.2	9.0	35.9
	382.5	176.9	180.1	176.2	915.7
Unrestricted funds	382.5	176.9	180.1	176.2	915.7
	382.5	176.9	180.1	176.2	915.7

**NATIONAL RHEUMATOID ARTHRITIS SOCIETY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9 Support costs

Group	Support costs	Governance costs	Total	Support costs	Governance costs	Total
	2019	2019	2019	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs		15.9	15.9		15.8	15.8
IT	45.9		45.9	13.3		13.3
Office	115.3		115.3	97.4		97.4
Other overheads	67.2		67.2	63.0		63.0
Depreciation & dilapidations	15.6		15.6	52.5		52.5
Insurance		5.6	5.6		5.1	5.1
Professional fees		9.3	9.3		12.4	12.4
Auditors' remuneration:			0.0			
Audit fees		15.8	15.8		11.0	11.0
Other services		0.0	0.0		1.2	1.2
Trustee expenses		0.1	0.1		0.1	0.1
	244.0	46.7	290.7	226.2	45.6	271.8
Analysed between						
Fundraising (note 7)	42.6	8.2	50.8	35.6	7.2	42.8
Charitable activities (note 8)	201.4	38.5	239.9	190.6	38.4	229.0
	244.0	46.7	290.7	226.2	45.6	271.8

The above costs were allocated on a headcount basis.

Charity	Support costs	Governance costs	Total	Support costs	Governance costs	Total
	2019	2019	2019	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs		15.9	15.9		15.8	15.8
IT	45.9		45.9	13.3		13.3
Office	115.3		115.3	97.4		97.4
Other overheads	67.2		67.2	63.0		63.0
Depreciation & dilapidations	15.6		15.6	52.5		52.5
Insurance		5.6	5.6		5.1	5.1
Professional fees		9.3	9.3		12.4	12.4
Auditors' remuneration:			0.0			
Audit fees		10.8	10.8		11.0	11.0
Other services		0.0	0.0		1.2	1.2
Trustee expenses		0.1	0.1		0.1	0.1
	244.0	41.7	285.7	226.2	45.6	271.8
Analysed between						
Fundraising (note 7)	42.6	8.2	50.8	35.6	7.2	42.8
Charitable activities (note 8)	201.4	33.5	234.9	190.6	35.9	226.5

The above costs were allocated on a headcount basis.

10 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year, and they were reimbursed a total of £96 travelling expenses (2018: £69).

NATIONAL RHEUMATOID ARTHRITIS SOCIETY
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
All employees - Group and Charity	25	23

Employment costs

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	699.6	634.3	688.5	619.6
Social security	56.9	53.8	56.9	53.8
Pension costs	14.6	14.2	14.6	14.2
	<u>771.1</u>	<u>702.3</u>	<u>760.0</u>	<u>687.6</u>

The total amount of redundancy payments made by the Company in the year was £1.1k (2018: £nil).

The number of employees who received total employee benefits (excluding employer pension costs of more than £60,000) is as follows:

	2019 Number	2018 Number
£60,001 - £70,000	-	1

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2019 £'000	2018 As restated £'000
Aggregate Compensation	155.4	158.6

2018 comparative figures have been restated to include the Finance Director

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12 Net gains/(losses) on investments

	2019	2018
	£'000	£'000
Revaluation of investments	66.5	(72.8)

13 Tangible fixed assets - Group and Charity

	Improvements to property	Website development	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 December 2018	58.1	164.2	102.5	324.8
Additions	3.6	43.5	21.5	68.6
At 31 December 2019	61.7	207.7	124.0	393.4
Depreciation				
At 31 December 2018	58.1	163.6	89.1	310.8
Charge for the year	0.2	0.6	14.8	15.6
At 31 December 2019	58.3	164.2	103.9	326.4
Carrying amount				
At 31 December 2019	3.4	43.5	20.1	67.0
At 31 December 2018	0.0	0.6	13.4	14.0

14 Fixed asset investments

	2019	2018
	£'000	£'000
Listed investments		
Market value at 1 January	703.5	751.1
Additions	28.8	25.2
Revaluation	66.5	(72.8)
Market value at 31 December	798.8	703.5

15 Financial instruments

	2019	2018
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	575.6	55.0
Instruments measured at fair value through profit or loss	798.8	703.5
Carrying amount of financial liabilities		
Measured at amortised cost	160.8	105.0

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16 Debtors

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	22.6	19.2	22.6	14.0
Amounts owed by group undertakings	0.0	0.0	31.2	20.2
Bad debt provision	0.0	0.0	0.0	0.0
Other debtors	553.0	4.4	553.0	4.4
Prepayments and accrued income	43.7	31.4	43.7	31.5
	619.3	55.0	650.5	70.1

17 Creditors: amounts falling due within one year

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	84.8	33.7	84.8	33.7
Other taxes and social security costs	17.6	17.4	17.6	17.5
Other creditors	21.0	24.8	18.0	23.3
Accruals and deferred income	55.0	46.5	55.0	43.5
	178.4	122.4	175.4	118.0

	2019 £'000	2018 £'000
Deferred income included in the financial statements as follows:		
At 1 January	0.0	5.0
Movement during the year	0.0	(5.0)
At 31 December	0.0	0.0

Income had been deferred for an event occurring in 2018.

18 Retirement benefit schemes

Defined contribution schemes

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £14.6k (2018: £14.2k).

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19 Fund reconciliation

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Unrestricted Funds

	Movement in funds				Balance at 31 December 2019 £'000
	Balance at 1 January 2019 £'000	Incoming resources 2019 £'000	Resources expended 2019 £'000	Transfer of funds 2019 £'000	
	Unrestricted	1,087.0	1,627.4	(948.2)	
Designated - Juvenile Idiopathic Arthritis activities	0.0	89.3	(176.2)	86.9	0.0
Designated - Rheum4U events	0.0	8.0	(8.0)	0.0	0.0
Designated - Conference attendance	0.0	8.4	(16.9)	8.5	0.0
Designated - webinar programme	0.0	5.0	(5.1)	0.1	0.0
Designated - video development	0.0	3.6	(3.9)	0.3	0.0
	1,087.0	1,741.7	(1,158.3)	0.0	1,670.4

	Movement in funds				Balance at 31 December 2018 £'000
	Balance at 1 January 2018 £'000	Incoming resources 2018 £'000	Resources expended 2018 £'000	Transfer of funds 2018 £'000	
	Unrestricted	1,001.1	1,196.5	(1,037.3)	
Designated - Juvenile Idiopathic Arthritis activities	5.0	97.9	(176.2)	73.3	0.0
	1,006.1	1,294.4	(1,213.5)	0.0	1,087.0

Restricted Funds

	Movement in funds				Balance at 31 December 2019 £'000
	Balance at 1 January 2019 £'000	Incoming resources 2019 £'000	Resources expended 2019 £'000	Transfer of funds 2019 £'000	
	Development of elearning suite	0.0	59.7	(47.2)	
Re-development of DAS app	0.0	24.1	(4.8)	0.0	19.3
JIA family support day	0.0	1.0	0.0	0.0	1.0
Production of Patient Survey	0.0	15.0	(15.0)	0.0	0.0
	0.0	99.8	(67.0)	0.0	32.8

A significant percentage of the unrestricted reserves held as at 31 December 2019 will be designated in 2020 towards a number of key projects including the finalisation of new websites for both our RA and JIA communities, the development of new services and investment in campaigns to raise awareness of RA and JIA. The Charity will also be using some of these funds to enable it to continue to deliver its core services in 2020 if income generation comes under strain as a result of the Covid19 pandemic.

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20 Analysis of net assets between funds - Group	Restricted £'000	Unrestricted £'000	Total £'000
Fund balances at 31 December 2019 are represented by:			
Tangible fixed assets	0.0	67.0	67.0
Investments	0.0	798.8	798.8
Current assets/(liabilities)	32.8	825.9	858.7
	32.8	1,691.7	1,724.5
Fund balances at 31 December 2018 are represented by:			
	Restricted £'000	Unrestricted £'000	Total £'000
Tangible fixed assets	0.0	14.0	14.0
Investments	0.0	703.5	703.5
Current assets/(liabilities)	0.0	369.5	369.5
	0.0	1,087.0	1,087.0
Analysis of net assets between funds - Charity			
	Restricted £'000	Unrestricted £'000	Total £'000
Fund balances at 31 December 2019 are represented by:			
Tangible fixed assets	0.0	67.0	67.0
Investments	0.0	798.8	798.8
Current assets/(liabilities)	40.7	790.4	831.1
	40.7	1,656.2	1,696.9
Fund balances at 31 December 2018 are represented by:			
	Restricted £'000	Unrestricted £'000	Total £'000
Tangible fixed assets	0.0	14.0	14.0
Investments	0.0	703.5	703.5
Current assets/(liabilities)	0.0	353.6	353.6
	0.0	1,071.1	1,071.1

21 Commitments under operating leases

At the reporting end date the group and charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £'000	2018 £'000
Within one year	90.2	80.1
Between two and five years	194.9	273.4
Over five years	0.6	0.0
	285.7	353.5

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22 Subsidiary company

The charity owns the whole of the issued ordinary share capital of NRAS Community Services Ltd (company number: 8953247), a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the Statement of financial activities.

The total net profit is gifted to the charity.

A summary of the results of the subsidiary is shown below:

	2019	2018
	£'000	£'000
Turnover	22.3	33.5
Cost of sales	<u>0.0</u>	<u>(1.8)</u>
Gross profit	22.3	31.7
Administrative expenses	<u>(16.1)</u>	<u>(15.9)</u>
Net profit	6.2	15.8
Retained earnings brought forward in subsidiary	15.8	43.3
Gift aid to National Rheumatoid Arthritis Society	<u>(15.8)</u>	<u>(43.3)</u>
Retained earnings carried forward in subsidiary	<u>6.2</u>	<u>15.8</u>
The assets and liabilities were:		
The aggregate of the assets, liabilities and funds was:		
Assets	40.4	40.5
Liabilities	<u>(34.2)</u>	<u>(24.7)</u>
Total net assets	6.2	15.8
Called up share capital	0.0	0.0
Profit and loss reserve	<u>6.2</u>	<u>15.8</u>
	<u>6.2</u>	<u>15.8</u>

23 Related party transactions

There were no related party transactions in the year (2018: nil) requiring disclosure.

24 Capital Commitments

As at 31 December 2019 the Charity had capital commitments of £28.8k (2018: £nil) relating to the development of a new website.

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25 Post Balance Sheet Event

In March 2020, the Covid-19 pandemic reached the UK resulting in a temporary nationwide lockdown and the cessation of most normal day-to-day activities. This has had a significant impact on the Charity, both in terms of how it operates as well as broader financial implications.

The pandemic and the associated social distancing measures introduced by the UK Government to try and stem the spread of the virus have resulted in the wholesale deferral or cancellation of fundraising events and this will have a significant impact on income from donations to the Charity in 2020. The Charity has successfully sought to replace some of this lost income through alternative means including through Emergency Cash Appeals to the public and the pharmaceutical industry.

As at 31 December 2019, the Charity had a healthy cash balance and through effective cash management in 2020 does not foresee any liquidity issues.

In common with most other businesses, the Charity's investment portfolio has been subject to valuation losses as stock markets around the world reacted to the pandemic and has been valued at up to 15% lower than that reported at 31 December 2019.

There has been no impairment in receivables or other assets since the year end.

26 Cash generated from operations

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Surplus for the year	616.2	80.9	625.7	65.1
Adjustments for:				
Investment income recognised in profit or loss	(29.2)	(25.4)	(29.2)	(25.4)
Fair value gains and losses on investments	(66.5)	72.8	(66.5)	72.8
Gift aid donation from subsidiary			(15.8)	
Depreciation and impairment of tangible fixed assets	15.6	46.5	15.6	46.5
Movements in working capital:				
(Increase)/ decrease in debtors	(564.3)	3.0	(580.4)	21.5
Increase/ (decrease) in creditors	56.0	(62.8)	57.5	(49.2)
Cash generated from operations	27.8	115.0	6.9	131.3

27 Analysis of changes in net funds

	At start of year £'000	Cash flows £'000	At end of year £'000
	Cash	436.9	(40.4)
Total	436.9	(40.4)	396.5