
THE ARTHRITIS & MUSCULOSKELETAL ALLIANCE

ANNUAL REPORT & FINANCIAL STATEMENTS

YEAR ENDED: 31 DECEMBER 2007

CHARITY NUMBER: 1108851

COMPANY NUMBER: 5380237

THE ARTHRITIS & MUSCULOSKELETAL ALLIANCE

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees (who are also Directors for the purposes of company law) presents its report and the financial statements of the Arthritis and Musculoskeletal Alliance for the year ended 31 December 2007.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity number

1108851

Registered company number

5380237

Principal address and registered office

Bride House
18-20 Bride Lane
London EC4Y 8EE

Senior staff member and company secretary

Bill Freeman (resigned 10 September 2007)
Steve Milton (appointed 10 September 2007 & resigned 10 March 2008)
Ros Meek (appointed 10 March 2008)

Auditors

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Principal bankers

National Westminster Bank plc
P O Box 2021
10 Marylebone High Street
London WC1A 1FH

Board of trustees

The trustees, who are also Directors of the company, have held office since 1 January 2007 as follows:

Mr N Betteridge (Chair)
Dr C Britton
Dr P Dawes
Mr M Jones (resigned 6 June 2007)
Prof D Marsh
Mr M Patnick (resigned 6 June 2007)
Ms S Peters (Acting Treasurer)
Dr P Prouse
Prof D L Scott (resigned 6 June 2007)
Dr A Redmond
Dr J Reeback
Maureen Cox (appointed 6 June 2007)
Rachel Haynes (appointed 6 June 2007)
Ros Meek (appointed 10 March 2008)

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REPORT OF THE BOARD OF TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and History

The Arthritis and Musculoskeletal Alliance (ARMA) is a registered charity, and a company limited by guarantee, not having share capital.

ARMA was established in 1972 under the name of the British League Against Rheumatism. It first registered as a charity on 22 April 1986. ARMA incorporated on 2 March 2005 and the Annual General Meeting of ARMA on 25 May 2005 resolved to wind-up the unincorporated charity. ARMA reregistered with the Charity Commission on 5 April 2005.

ARMA is governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 1 August 2005.

Organisational Structure

ARMA's principle decision-making body is the Board of Trustees, who are elected from its membership. The Board meets bi-monthly. There is also a Representatives' Forum to which all of its membership organisations are able to nominate a representative. The Board is also able to establish ad-hoc working groups that are accountable to the Board.

ARMA has local networks in various locations across England and national groups in Wales, Scotland and Northern Ireland. None of these are separately constituted bodies.

Method of Recruitment, Appointment, Election, Induction and Training of Trustees

The charity recruits its trustees from its member organisations through a process of election. Each year one third of the Board's membership retire at its Annual General Meeting and an election is conducted to replace those trustees. The Board from time to time will co-opt trustees to fill gaps in expertise or experience that it has identified within its membership.

Appointment and Election

Trustees are elected for a period of three years and may stand for a second term of three years. If selected by the Board to be its Chair, a trustee's term of office can be extended by a further three years. Co-opted members are selected for an initial period of one year.

To stand for a post, candidates must be nominated by a designated representative from two ARMA member organisations. If candidates are nominated in excess of the number of vacancies then there is a postal ballot of the organisations who are members of ARMA. The elected candidates are confirmed at the Annual General Meeting of the charity.

Induction and Training of Trustees

There is no formal induction process for new trustees, but the charity has recently instituted Board away days of which an element is training and on occasions time has been set aside at Board meetings for training purpose. Support for newly appointed trustees is provided by the Company Secretary.

Risk and Corporate Governance Matters

The Board has conducted its review of the major risks to which the charity is exposed and has established systems to mitigate those risks. The major risk currently facing the charity is the future financial sustainability of the charity unless it develops larger, more diverse funding base. Other risks identified, which would severely impact upon the charity, include the loss of key personnel, loss of reputation, financial mismanagement/fraud, and conflicts of interest. Systems have been put in place to monitor and address these risks, and procedures are periodically reviewed to ensure that they still meet the needs of the charity.

The Board will attend to risk on an annual basis and has resolved to review its risk register each year.

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Trustees' Responsibilities in the Preparation of Financial Statements

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

The provisions of charity law require the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charity as at the balance sheet date, and of the incoming resources and application of resources for that period. In preparing those financial statements, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue on that basis.

The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity, and to enable them to ensure that the financial statements comply with the requirements of the Charities Act 1993. 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 on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to Disclosure of Information to Auditors

The trustees who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. All of the trustees have confirmed that they have taken the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The principal objective of the charity is to advance education in the causes, prevention and treatment of rheumatic complaints by bringing together organisations representing professional and patient groups, which promotes the development of awareness, knowledge and the means of prevention, treatment, rehabilitation and relief of rheumatic complaints.

Charitable activities

In order to meet its charitable objectives the trustees have agreed an overall goal of improving quality of life for people with musculoskeletal conditions. In pursuing this goal the charity's principle activity is bringing together the community of organisations in this field to pursue common objectives through collaborative projects.

Each year this activity is undertaken in a number of ways, principally through the following three core activities that will be formalised in a new strategic business plan in 2008:

- Fostering the development of networks in which representatives of member organisation can work in partnership to influence policy and service development.

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- Developing and promoting guidance and good practice on improving standards of care for people with musculoskeletal conditions.
- Leading the community in influencing the development of policies that affect people with musculoskeletal conditions and raising the profile of these conditions with policy-makers.

In addition, ARMA is seeking to develop a diverse and sustainable funding base to enable it to grow in capacity to deliver its plans more effectively.

Indicators, Milestones and Benchmarks

Drawing upon its charitable objectives the trustees use the following indicators to measure the organisation's success:

- The number of organisations in membership and the extent to which they participate in its activities.
- The number of opportunities it creates for its members to network with each other and to share good practice.
- The number of local networks and the number of volunteers working within them.
- The number of volunteers involved in its working groups.
- The number of publications it produces and the volume of requests for copies of these.
- The number of submissions to consultations from government and associated agencies working in health and social care.
- The number, and range of appropriate, opportunities the organisation creates for interfacing with policy-makers.

Relationships with Related Parties

ARMA is connected to the British Society for Rheumatology (BSR), which undertakes the administration of some of the charity's activities for an administration fee.

ACHIEVEMENTS AND PERFORMANCE

ARMA successfully overcame a number of challenges in 2007, in particular the loss of its staff team, and a degree of uncertainty concerning its income for the year. Therefore the trustees, together with an interim staff team, focussed on re-establishing these funds and appointing an experienced director to take the organisation forwards. Given these factors, ARMA was unable to complete the development of its proposed new strategic plan or establish its national agenda with regard to the Musculoskeletal Services Framework. Difficult though these challenges have been, this situation enabled the trustees to identify key weaknesses in the charity's systems and procedures, which will now be refined accordingly. As a result, of these challenges, the charity's new business plan was developed in 2008, one year later than intended.

Activities and Events

In 2007, ARMA organised the following activities:

- Recruited new member organisations.
- Provided networking and good practice sharing opportunities for its members.
- Organised the establishment of local networks.
- Launched new standards of care and audit tools.
- Responded to government consultations.
- Created opportunities to interface with policy makers.

Impact of Activities and Events

The trustees believe that ARMA was successful and effective in 2007, because of the following:

- The charity recruited two new member organisations during 2007 –The Birmingham Arthritis Resource Centre and The Fibromyalgia Association.
- The charity organised a range of opportunities for its members to network including a Reps Forum meeting.
- By the end of 2007 ARMA had set up 29 local networks across England, involving an estimated 300 volunteers from member organisations who are living and working in those localities.

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- Thirty-nine people participated in an induction and training event for new local network members.
- The charity launched audit tools for the Standards of Care for back pain, and osteoarthritis at its successful event at the BSR annual meeting, which was attended by nearly 100 participants.
- The charity launched new Standards of Care for people with connective tissue diseases, regional musculoskeletal pain and metabolic bone disease.
- The charity launched produced eleven monthly email bulletins to inform its stakeholders about its activities and provides news about its members and new policy issues.
- The charity participated in NICE appraisals.
- The charity ensured that its local networks continued to engage with stakeholders to promote the improvements to services and service provision recommended in the Department of Health's *Musculoskeletal Services Framework*.
- The charity established national groups in Wales, Northern Ireland and Scotland
- The charity conducted a survey of clinicians' responses to the Department of Health's *Musculoskeletal Services Framework*.

FINANCIAL REVIEW

Financial Results of Activities and Events

The detailed financial results of the charity's activities and events are set out in the Statement of Financial Activities on page 9. Total incoming resources for the year was £147,376 (2006: £187,857), and total resources expended was £156,244 (2006: £172,469), resulting in negative net incoming resources of £ 8,868 (2006: £15,388).

Reserves Policy

The trustees have identified a risk in the uncertainty of the charity's financial sustainability and seek to mitigate that risk through a sensible reserves policy.

The Board of Trustees has established a policy to maintain unrestricted funds (which are the free reserves of the charity) at a level, which equates to approximately 12 months' worth of future core staffing costs (estimated at £87,000). This level of reserves would enable the charity to continue its current activities and achieve its planned work programme in the event of a significant drop in funding. If there were to be a significant drop in funding, the charity would consider how it would replace that funding or change its activities accordingly. At the year end the free reserves were below this target level, but future fundraising is expected to enable the trustees to achieve this policy objective. The board has agreed that the legacy income from the kind bequest of Mr Hadrian Cobb should be used for undertaking activities that will contribute to the future financial sustainability of the organisation and build its capacity to deliver its new business plan.

Investments Policy

The trustees are empowered to invest the monies of ARMA in accordance with its memorandum of association (clause 4.1 j).

In practice, the Board has considered the most appropriate policy for investing funds and has found that the COIF Charities Deposit Fund, which has been designed for the charity sector, meets their requirements. This fund ensures the safekeeping of reserves, whilst meeting the requirements for short notice access with minimal risk of capital loss. The Board considers the current return on investments at 4-5% per annum to be satisfactory.

PLANS FOR FUTURE PERIODS

Future Strategy

The trustees have recognised that the charity needs to develop a diverse and sustainable funding base to enable it to grow in capacity to deliver its plans more effectively.

The charity established a new business plan for 2008 – 2011. It will seek to build on the current core objectives of:

- Fostering the development of networks in which representatives of member organisation can work in partnership to influence policy and service development.

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- Developing and promoting guidance and good practice on improving standards of care for people with musculoskeletal conditions.
- Leading the community in influencing the development of policies that affect people with musculoskeletal conditions and raising the profile of these conditions with policy-makers.

Future Activities and Events

In 2008, ARMA will organise the following activities

- Continue to seek to increase the number of member organisations.
 - Organise further opportunities for its members to network with each other to share good practice, with particular attention paid to restarting ARMA Scotland and the charity's role as the social league within EULAR.
 - Build on the work of local networks across England.
 - Provide opportunities for volunteers to be involved in its work.
 - Start the process of developing new Standards of Care for Children and Young People.
 - Participate in consultations from government and associated agencies.
 - Created opportunities for its members to interface with policy-makers.
- Establish a group to guide the charity's response to and influence upon the national policy agenda.

Impact of Future Activities and Events

The trustees will continue to measure the charity's success using the indicators listed on page 5.

FUNDS HELD AS CUSTODIAN

Although the charity maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors and other funders, the charity does not hold, and the trustees do not anticipate that it will in future hold, any funds as custodian for any third party.

This report was approved by the trustees on ...7th July... 2008, and was signed for and on behalf of the board by

...N. J. Betteridge.....Chair

Mr N Betteridge

.....7th July.....2008

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ARTHRITIS & MUSCULOSKELETAL ALLIANCE

We have audited the financial statements on pages 9 to 15.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Arthritis and Musculoskeletal Alliance for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

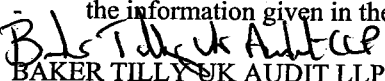
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

the information given in the Trustees' Report is consistent with the financial statements.


BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

...10 July...2008

THE ARTHRITIS & MUSCULOSKELETAL ALLIANCE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
For the year ended 31 December 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		-	-	-	95,709
Investment income	2	5,514		5,514	3,018
Incoming resources from charitable activities					
Bringing the community together to improve quality of life for people with musculoskeletal conditions	3	101,420	40,442	141,862	89,130
TOTAL INCOMING RESOURCES		106,934	40,442	147,376	187,857
RESOURCES EXPENDED					
Charitable activities					
Bringing the community together to improve quality of life for people with musculoskeletal conditions	4	108,196	32,715	140,911	144,002
Governance costs	5	14,647	636	15,333	28,467
TOTAL RESOURCES EXPENDED		122,893	33,351	156,244	172,469
NET MOVEMENT IN FUNDS		(15,959)	7,091	(8,868)	15,388
RECONCILIATION OF FUNDS					
Fund balances brought forward at 1 January 2007		120,508	9,434	129,942	114,554
Fund balances carried forward at 31 December 2007		104,549	16,525	121,074	129,942

The net movement in funds for the above periods arises from the charity's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses are dealt with in the Statement of Financial Activities.

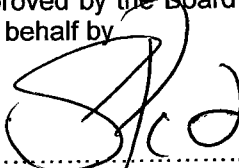
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BALANCE SHEET
31 December 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Furniture & fittings	7	401	569
Computer equipment	7	885	1,606
		<u>1,286</u>	<u>2,175</u>
CURRENT ASSETS			
Trade debtors		37,855	493
Prepayments		150	-
Cash at bank and in hand		<u>97,291</u>	<u>132,627</u>
		<u>135,296</u>	<u>133,120</u>
LIABILITIES			
Creditors: Amounts falling due within one year	8	15,508	5,353
NET CURRENT ASSETS			
		<u>119,788</u>	<u>127,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES & NET ASSETS			
		<u>121,074</u>	<u>129,942</u>
THE FUNDS OF THE CHARITY			
Restricted income funds			
Local Networks Fund	9	11,525	9,434
Musculoskeletal Services Framework Fund	9	5,000	-
Unrestricted income funds			
General Fund	9	9,260	25,219
	9	95,289	
Designated Funds			<u>95,289</u>
TOTAL CHARITY FUNDS	10	<u>121,074</u>	<u>129,942</u>

The financial statements on pages 10 to 16 were approved by the Board of Trustees and authorised for issue on and signed on their behalf by

N. J. Betteridge Chair
 Mr N Betteridge

 Acting Treasurer
 Ms S Peters

7th July 2008

07/07 2008

