

LUPUS UK

Charity No's. 1051610 & SC039682

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

LUPUS UK

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**REFERENCE AND ADMINISTRATION DETAILS OF THE CHARITY, IT'S
TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31ST DECEMBER 2013**

CHARITY REGISTRATION NUMBER 1051610 & SC039682

ADDRESS St James House
Eastern Road
Romford
Essex RM1 3NH

TRUSTEES:
(throughout the year) Ms J Dunnage (Chairperson)
Mrs Y Norton (Vice Chairperson)
Mr J Hirst (Secretary) (Resigned 31/12/2013)
Mrs T Stemp (Treasurer)
Mrs J Roberts
Mr D Hopkins (Appointed 16/03/2013)
Mrs J McComiskey (Appointed 16/03/2013)
Ms E Nieman (Appointed 31/12/2013)
Mrs K Newby (Appointed 01/01/2014)

DIRECTOR: Mr C J Maker

AUDITORS: Messrs Hillier Hopkins LLP
First Floor Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

BANKERS: Barclays Bank plc
Romford Business Centre
Romford
Essex RM1 1RF

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2013

The Trustees present the annual report and the audited accounts of the Charity for the year ended 31st December 2013. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 & 13 and comply with the Charity's constitution and applicable law.

THE CHARITY

LUPUS UK is the National Charity for all people affected by lupus in England, Wales, Scotland and Northern Ireland. Its objectives are to:

- educate and support patients with lupus (in all its forms) and their carers, and to encourage those with the disease to be involved in managing their illness
- raise public awareness about lupus, particularly within the medical profession
- fund research into lupus, its causes, consequences and treatment
- fund specialist lupus nurses within the NHS.

Vision

Our vision is that with earlier diagnosis and better treatments, most people with lupus will be able to live without the large physical, emotional and economic burden that this illness has often caused in the past.

The original Charity, British SLE Aid Group was founded in 1978 becoming LUPUS UK from 1996 with the new constitution approved on 14th October 1995. The constitution has been amended periodically since then, most recently on 12th May 2013 to enable voting in person, by proxy or by postal vote at the LUPUS UK Annual General Meeting.

Trustees

The Trustees of the Charity who served during the year ended 31st December 2013 are shown on page 1. Trustees are elected by National Council by rotation and serve a period of three years at which point they can either stand for re-election or retire. The National Council invites nominations for two Member Trustees in addition to the six Trustees who are National Council members.

Janet McComiskey and David Hopkins were elected Member Trustees on 16th March 2013 with immediate effect. Karen Newby was elected Council Trustee at the September 2013 meeting, the appointment taking effect on the 1st January 2014. Jack Hirst did not seek re-election and retired as Secretary on 31st December 2013. Esther Nieman did not seek re-election and retired on 31st December 2013.

Opportunities for training are circulated to the Trustees. All of the Trustees have been involved directly in the work of the Charity before their election. To ensure best practice the Trustees have worked through the NCVO publication 'The Good Trustee Guide' and new Trustees are also encouraged to read the Charity Commission publication 'The Essential Trustee'. Work on a Trustees 'skills audit' began during the year.

Management

The daily management of LUPUS UK is under the control of the Director (see page 1) who is responsible for staff and the running of National Office, and reports to the Trustees.

OBJECTIVES, ACTIVITIES AND PERFORMANCE

Systemic Lupus Erythematosus (SLE) is an auto-immune condition where the immune system does not work properly; instead of giving protection to the body it can attack any part of the body. Presently there

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is no known cure. The diversity and intensity of symptoms and damage to organs can make it a very difficult and potentially disabling disease to live with. Most patients need life-long medication, side-effects of which can lead to potential problems.

Because of the complexity of the disease, lupus will normally be diagnosed by a consultant following the criteria recommended by the American College of Rheumatologists. It can sometimes affect one system of the body more intensely than others. If the kidneys are affected it is usually referred to as lupus nephritis. If the skin and hair are the dominant parts affected it is usually referred to as discoid lupus. Other terms may be used by clinicians to define particular aspects of the disease. In general terms SLE is usually referred to as lupus.

The main purposes of the Charity are to support and help people living with lupus, and their families, and to advance awareness and education of the public and particularly the medical profession in all aspects of the disease. There are a number of key ways in which the Charity does this, including its telephone help-line, Group meetings in various parts of the country and information in a number of formats. LUPUS UK provides funding for medical research into the causes and consequences of lupus and improved medication and also grant-funds specialist Lupus Nurses within the NHS.

Activities

The Trustees would like to record their thanks to those members who commit their time and energy to the charity in a variety of ways, particularly those who assist in the running of its local Groups, especially the Group Chairs. Some Groups have had to reduce their activities for various reasons while others are beginning to establish themselves; we welcome offers of help from those willing to work with and support the Charity in this way.

Bringing people who have lupus together is a very important part of the work of LUPUS UK and social media plays an increasing part in this by bringing more people into touch with the charity and each other as well as promoting wider knowledge of lupus and helping to increase membership. At the end of the year the number of followers on Facebook was 7,677 (2012: 4,216), on Twitter 3,263 (2012: 2,064) and on HealthUnlocked 3,983 (2012 (2,232). Over a quarter of a million people visited the LUPUS UK website during 2013. Video clips were produced during the year and featured on our website for World Lupus Day and Lupus Awareness Month.

LUPUS UK has a nationwide network of over one hundred Contacts, mainly members who have lupus themselves, or others whose partner has lupus and are Carers, who offer telephone help-line advice to enquirers. Our Contacts are available to anyone who has, or thinks they may have lupus, and they can offer support and general advice. The leaflet 'Listening Ear' is available from LUPUS UK National Office and is sent to all enquirers and distributed through rheumatology and lupus clinics in order to make people aware of the service. LUPUS UK provides a training course in listening skills and supports its Contacts in this valuable work.

Lupus Information Days have replaced the 'old' format of the LUPUS UK Conference, the last of which was held in Chester on 12th May 2013. The East Anglia Lupus Information Day, held near Cambridge, during October was a great success and was particularly popular with members. In future these free events will be held twice each year, moving around the country making them accessible to members and last half a day, so they will not be so tiring for members who have lupus. Information days planned for 2014 are to be held in London and Devon.

Funding

The charity receives no funding from Government or any of its departments. The income stream comes from a variety of donations. We receive tremendous support from various initiatives, which are often

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prompted by a personal interest of a family member or friend who has been affected by lupus.

People continue to make an incredible effort in support of LUPUS UK undertaking numerous challenges such as: climbing mountains, cycling, running, swimming and parachuting out of planes. In particular we acknowledge the efforts of our London Marathon runners who once again excelled themselves and raised over £57,000, along with participants in many other runs and events. We are very appreciative of everyone who showed their commitment to the Charity by participating in these activities and many others, to raise lupus awareness and funding for the Charity's Grants programme.

Lupus Awareness Month in October focuses many members and supporters on a variety of ways in which to publicise lupus and the Charity. Awareness and fundraising go together in many ways. Go that Extra Mile once again proved very popular with members, friends and family; wonderful fundraising and excellent awareness with everyone taking part and having a great time.

To raise lupus awareness within the medical profession a GP Study Day was held in the West Midlands. The publication 'Lupus Diagnosis & Treatment' continues to be distributed to GPs around the country and to Medical Schools in Devon and Glasgow, where presentations were made.

During 2013 the Trustees approved Grants totalling £637,279, following recommendations of the Peer Review Panel in respect of research grant applications and at the end of 2013 the Charity's commitment to fund Grants over the next six years reached the wonderful figure of £1,270,958. (see Grant Making Policy on page 5). This huge sum shows the wonderful commitment and support of our members and their family and friends. However, we continue to receive more applications than we have funds available.

Information

LUPUS UK continually reviews and updates its range of publications and recent publications include The Lupus Progress Diary, which helps patients to record their hospital treatment, and is freely available on request. The LUPUS UK website www.lupusuk.org.uk, is packed with information and advice along with the Eclipse website for those with light sensitivity issues, www.eclipse.lupusuk.org.uk. LUPUS UK gained Information Standard accreditation during the year. This will enable the charity to continue displaying information on NHS websites and also help the public and patients identify reliable sources of evidenced based information.

LUPUS UK keeps in regular contact with lupus specialists and lupus nurses and has a specialist website for medical professionals www.medical.lupusuk.org.uk. The Charity is grateful for the advice and help of its Scientific and Medical Advisory Panel on a number of matters and the support of many medical professionals. Recognising the importance of lupus awareness within both the medical profession and the wider public, one of the Charity's aims is to provide literature and information to all people with lupus via lupus and rheumatology clinics. In order to improve awareness the Charity is represented at various conferences, exhibitions and seminars countrywide by the Staff, Trustees and Group members; this gives us valuable introductions to health professionals.

LUPUS UK works closely with the UK Juvenile SLE Study Group; a collaboration between a significant number of paediatric hospitals around the UK, looking into the incidence, causes and treatment of this illness as it affects children and young people. This is an area of continued growing importance and over 400 children and adolescents with lupus are now enrolled on its various research projects which will give further information about how children and young people are affected by lupus, and also give some indication on the best treatment and standards of care. Advice leaflets are available for schools and colleges, written with input from the British Society of Paediatric and Adolescent Rheumatology.

Recognising the excellent care of lupus patients and productive research into the illness, LUPUS UK

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gives its Centres of Excellence award. Four hospitals have so far been recognised in this way: Queen Elizabeth/City Hospitals, Birmingham, Manchester Royal Infirmary, Alder Hey Children's Hospital, Liverpool and University College London Hospital. To ensure that standards are maintained or improved each site is visited annually.

LUPUS UK continues to be a very active member of LUPUS EUROPE. The Unmasking Lupus competition took place during the year with country members of LUPUS EUROPE running individual competitions with the winners going through to a European final. The UK winning entry 'Lupus Through My Eyes' was by Zoe Forsyth. The overall winner was Stefania Viscillo (Lupus Italy) with 'A Second Opportunity'.

Risk management

The LUPUS UK Risk Map is reviewed each year by the Trustees to examine the major strategic, business and operational risks that the Charity faces so that any necessary steps can be taken to review and lessen these risks. During 2013 a number of adjustments were made to the Risk Map.

Grant Making Policy

The Charity invites applications for the funding of research projects and specialist lupus nurses. Applications for research funding are reviewed against specific criteria and research objectives by the Peer Review Panel, who make their recommendations to the Trustees.

As LUPUS UK does not have sufficient funding available for large-scale research projects; it will continue to support applications that focus on the following:

- smaller pilot studies, which will lead to applications to major funders for large-scale research trials
- enabling grants for basic science support, which would enable larger projects by providing essential data for large grant applications
- medical meetings that would facilitate improvements to the understanding of the causes, prevention and treatment of lupus and its research.

LUPUS UK is a partner of the National Institute for Health Research.

The Charity funds specialist nurses within the NHS and seeks a commitment that these posts will become permanently funded by the particular Hospital at the end of the five year funding period. Ten Specialist Lupus Nurses are currently being funded/funding has been agreed.

LUPUS UK is prudently run and Research and other Grants are only approved by the Trustees if funds are already held. Once the commitment has been announced the funding is placed in special reserve. Like most other charities LUPUS UK has been affected by the current economic climate and the Trustees have taken account of this with regard to future budgets and will ensure that the Charity tailors its commitments to its resources.

The Trustees are very pleased to report that over the last 10 years LUPUS UK has committed Research and Specialist Lupus Nurse funding of nearly £3.6 million. This is a tremendous achievement for which we are so grateful to our supporters, who have made it possible.

FINANCIAL REVIEW OF ACCOUNTS

The state of the Charity's affairs at 31st December 2013, with comparative information for the previous year, is shown in the accompanying financial statements.

Total funds received during the year were £940,315 against £1,036,972 in the previous year. Voluntary

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income (Donations received, Membership and Gift Aid) was down by £105,556 on the previous year due primarily to a reduction in legacies. Investment income (Interest and Dividends) was up £1,177, due to the higher level of interest received and funds held. Activities for generating funds (Fundraising) were up by £11,425 on the previous year and income from charitable activities (Sales) was down by £3,703.

The costs of generating funds were down (see notes 3 and 4). The costs of generating Voluntary Income and Fundraising costs were down by £21,975 with Charitable Activities - Support and Administration (see note 5) costs down by £5,263. Grants costs attributable for the year were up by £313,378, to the sum of £637,279.

Overall there is a deficit of income over expenditure of £149,571 for the year before including gains on investments. The value of the investments at 31st December 2013 stood at £240,256 and a gain of £31,668 has been accounted for (see note 9). The financial markets have been turbulent but we would anticipate the value to rise in the coming years as the investments are of a long term nature.

Reserves policy

The Charity's reserves at 31st December 2013 were £670,391 (2012: £788,294). LUPUS UK needs reserves to maintain its current activities and provide funding committed for longer term projects to progress them to completion, as well as enabling the Trustees to meet their day to day responsibilities and ensure that the Charity can continue to operate as a going concern. The Trustees have considered their policy in respect of the level of their reserves and aim to retain a minimum sum in the region of one year's expenditure, which will be held on deposit at the best available rate.

Investment management

The Investment Portfolio is controlled by Rathbones Investment Management Ltd, of London and quarterly valuations are forwarded together with various reports. LUPUS UK Council and Trustees considered the ethics of their investments during 2013.

Our investments increased in value by £31,668 (see note 9), during the year under review. Dividends received for the year were £3,999 and interest received for the year of £9,710 (see note 2).

PUBLIC BENEFIT

The Charity works closely with the medical profession to raise awareness of the illness to all patients and does not charge for supplying information and advice to the public. Membership of the Charity is open to all who are interested in supporting its work, whether they have lupus or not. Enquiries about the condition are regularly received from the general public; the Charity makes information and advice available freely to everyone.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

In order to maximise its effectiveness, LUPUS UK is actively involved with umbrella organisations such as National Voices and the Arthritis and Musculoskeletal Alliance (ARMA).

VOLUNTEER INVOLVEMENT

The National Council of LUPUS UK is made up of a representative from each of the Regional Groups: these are managed by a volunteer committee of individuals, who are mostly lupus patients. In total, and in addition to the nationwide network of telephone Contacts who offer a listening ear, around 300 people

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2013**

with lupus and a smaller number of other supporters conduct the affairs of the Charity at local and national levels across the usual range of the Charity's educational, social and fund-raising activities.

The Trustees recognise the commitment and dedication of our many volunteers and are very grateful to all who take on these various roles.

DONATIONS

The Charity greatly appreciates the many people, companies, trusts and other organisations who have made valued donations in support of people with lupus during the year.

Tina Stemp

Tina Stemp
Honorary Treasurer and Authorised Trustee

16th May 2014

Jane Dunnage

Jane Dunnage
Chair

16th May 2014

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2013

The Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable laws and United Kingdom Accounting Standards (United Kingdom generally accepted accounting practice).

Law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, the trustees are required to:

select suitable accounting policies and then apply them consistently;

observe methods and principles in the Charities SORP;

make judgements and estimates that are reasonable and prudent;

state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepared the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

Tina Stemp

Tina Stemp

Treasurer

Date: 16 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LUPUS UK FOR THE YEAR ENDED 31ST DECEMBER 2013

Independent Auditor's Report to the trustees of Lupus UK

We have audited the financial statements of Lupus UK for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2013, and of its incoming resources and application of resources, 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LUPUS UK FOR THE
YEAR ENDED 31ST DECEMBER 2013**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Hillier Hopkins LLP

Hillier Hopkins LLP (Statutory Auditor)
Chartered Accountants
Statutory Auditor

51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *6 JUNE 2014*

LUPUS UK

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2013**

| | UNRESTRICTED FUNDS £ | RESTRICTED FUNDS £ | TOTAL FUNDS £ | 2012 £ |
|---|----------------------------|--------------------------|---------------------|------------------|
| INCOMING RESOURCES | | | | |
| Incoming resources from generated funds | | | | |
| Voluntary income | 555,258 | - | 555,258 | 660,814 |
| Activities for generating funds | 329,516 | 13,559 | 343,075 | 331,650 |
| Investment Income | 2 13,709 | - | 13,709 | 12,532 |
| Incoming resources from charitable activities. | 28,273 | - | 28,273 | 31,976 |
| TOTAL INCOMING RESOURCES | 926,756 | 13,559 | 940,315 | 1,036,972 |
| RESOURCES EXPENDED | | | | |
| Cost of generating funds | | | | |
| Costs of generating voluntary income | 3 56,186 | - | 56,186 | 56,562 |
| Fundraising costs. | 4 137,878 | - | 137,878 | 159,477 |
| Charitable activities | 5 891,365 | 485 | 891,850 | 583,735 |
| Governance costs | 6 3,972 | - | 3,972 | 4,032 |
| TOTAL RESOURCES USED | 1,089,401 | 485 | 1,089,886 | 803,806 |
| Net incoming (outgoing) resources before other recognised gains and losses | (162,645) | 13,074 | (149,571) | 233,166 |
| Other recognised gains & losses: | | | | |
| Gain/(loss) on investments | 9 31,668 | - | 31,668 | 21,776 |
| Realised and unrealised gains/ (losses) on investment assets | | | | |
| Net incoming resources/ (resources expended) | (130,977) | 13,074 | (117,903) | 254,942 |
| Fund balances 01 January 2013 | 758,052 | 30,242 | 788,294 | 533,352 |
| Fund balances 31 December 2013 | 14 627,075 | 43,316 | 670,391 | 788,294 |

LUPUS UK**BALANCE SHEET AS AT 31ST DECEMBER 2013**

| | Note | UNRESTRICTED FUNDS £ | RESTRICTED FUNDS £ | TOTAL FUNDS £ | 2012 £ |
|--|-----------|-------------------------|-----------------------|------------------|------------------|
| FIXED ASSETS | 8 | 2,089 | - | 2,089 | 8,331 |
| INVESTMENTS | 9 | 240,256 | - | 240,256 | 208,588 |
| | | <u>242,345</u> | <u>-</u> | <u>242,345</u> | <u>216,919</u> |
| CURRENT ASSETS | | | | | |
| Stock | 10 | 34,314 | | 34,314 | 32,658 |
| Debtors | 11 | 10,345 | | 10,345 | 11,343 |
| Cash at bank and in hand | | 1,570,799 | 43,316 | 1,614,115 | 1,444,365 |
| Cash at bank and in hand held by Regional Groups | | 61,223 | | 61,223 | 69,461 |
| | | <u>1,676,681</u> | <u>43,316</u> | <u>1,719,997</u> | <u>1,557,827</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 12 | 584,290 | - | 584,290 | 413,798 |
| NET CURRENT ASSETS | | <u>1,092,391</u> | <u>43,316</u> | <u>1,135,707</u> | <u>1,144,029</u> |
| NET ASSETS | | <u>1,334,736</u> | <u>43,316</u> | <u>1,378,052</u> | <u>1,360,948</u> |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 13 | 707,661 | - | 707,661 | 572,654 |
| | | <u>627,075</u> | <u>43,316</u> | <u>670,391</u> | <u>788,294</u> |
| REPRESENTED BY: | | | | | |
| FUND BALANCES | 14 | 627,075 | 43,316 | 670,391 | 788,294 |

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

These financial statements were approved by the Trustees on 16 May 2014

Tina Stemp
Authorised Trustee

1 ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

The financial statements are prepared on the accruals basis and under the historical cost convention with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting Standards and Reporting by Charities (SORP 2005) issued March 2005, and applicable accounting standards and the Charities Act 2011.

1.2 Incoming Resources

Voluntary income and donations are included in incoming resources when they are receivable, except when the donors specify that they must be used in future accounting periods or donors conditions have not been fulfilled, then the income is deferred. The income and fundraising ventures are shown gross, with the associated costs included in fundraising costs. Grants are treated as income irrespective of the source of the grant.

1.3 Resources Expended

Resources expended are included in the statement of Financial Activities on an accruals basis, inclusive of the disallowable portion of VAT.

Expenditure which is directly attributable to specific activities, has been included in these cost categories. Where costs are attributable to more than one activity, they have been apportioned across the cost categories on a basis consistent with the use of these resources.

Grants payable are charged in the year when the conditions attaching to the grant is fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset over its expected useful economic life as follows:

Furniture, fittings & equipment 33.3% straight line basis.

1.6 Investments

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.7 Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2013
(CONTINUED)

1.7 Fund accounting

General funds are unrestricted, are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for a particular purpose.

Restricted funds are those which may only be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with an equitable allocation of management and support costs.

1.8 Taxation

The charity's surpluses are derived from, and are applied towards, the maintenance of charitable activities and as such are not subject to taxation.

| | 2013 | 2012 |
|--|----------------|----------------|
| | £ | £ |
| 2 INVESTMENT INCOME | | |
| Listed investment income | 3,999 | 4,481 |
| Bank interest | 9,710 | 8,051 |
| | <u>13,709</u> | <u>12,532</u> |
| | 2013 | 2012 |
| | £ | £ |
| 3 COST OF VOLUNTARY INCOME | <u>56,186</u> | <u>56,582</u> |
| | 2013 | 2012 |
| | £ | £ |
| 4 FUNDRAISING COSTS | | |
| Cost of goods sold | 14,585 | 21,603 |
| Fundraising costs: | | |
| Staff salaries and national insurance (note 7)(30%) | 50,603 | 49,998 |
| Fundraising and publicity costs | 62,353 | 78,312 |
| Printing, stationery and postage (30%) | 10,337 | 9,564 |
| | <u>137,878</u> | <u>159,477</u> |
| 5 CHARITABLE ACTIVITIES | | |
| Support Costs | 2013 | 2012 |
| | £ | £ |
| Rent, rates and insurance | 46,965 | 50,473 |
| Staff salaries and national insurance (note 7) (70%) | 118,075 | 116,661 |
| Printing, stationery and postage (70%) | 24,121 | 22,317 |
| Telephone | 1,602 | 1,603 |
| Light & Heat | 2,058 | 2,011 |
| National Office Overheads | 14,542 | 15,496 |
| Depreciation | 6,242 | 7,405 |
| Professional fees | 946 | 4,398 |
| "News & Views" magazine | 40,020 | 39,470 |
| | <u>254,571</u> | <u>259,834</u> |
| Research and Welfare Grants (Details below) | 637,279 | 323,901 |
| | <u>891,850</u> | <u>583,735</u> |

LUPUS UK

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2013
(CONTINUED)**

Research and Welfare Grants

| | Paid 2013 | 1 Year | Future |
|---|----------------|---------|-----------------|
| | £ | £ | Commitment £ |
| Sister S Brown, RNHRD, Bath (New) | 27,508 | 28,472 | 113,888 |
| Prof M Beresford, Inst Child Care, Liverpool | 25,000 | 33,333 | 41,667 |
| Dr N Erb, Lupus Nurse, Russells Hall Hospital | 14,881 | 29,763 | 22,093 |
| Lupus Nurse, Norwich & Norfolk Hospital | 14,709 | 14,600 | |
| Dr F Hall Addenbrooke's Specialist Lupus Nurse | 46,997 | 47,057 | 70,645 |
| Lupus Nurse East of Scotland | 18,356 | 62,242 | 48,077 |
| Dr Y Ioannou UCLH, Paediatric Spec Nurse | 35,196 | 30,805 | 28,265 |
| Prof C Gordon, Birmingham, SLICC Research Nurse | 20,285 | 21,359 | 92,297 |
| Dr M Field, West Scotland, Lupus Nurse | | 25,797 | 103,188 |
| Prof D Isenberg, UCL-SLICC | 10,000 | 10,000 | 35,000 |
| Prof A Rahman, UCH CVD risk in SLE | 5,834 | | |
| Dr Y Ioannou UCLH, SLE Patients with APS | 13,850 | 13,850 | |
| Dr C Tower Cent Manchester Uni Hospital NHS Trust | 9,722 | | |
| Prof H Moseley, Ninewells Hospital Dundee | 3,375 | | |
| Dr's Walker & Price Hull Uni Transitions to Illness | 4,943 | 5,057 | |
| Dr E Jury UCL Cardiovascular Risk with SLE. iNKT role | 10,470 | 13,960 | 17,450 |
| Dr F Rees QMC, Nottingham, Epidemiology of SLE | 7,212 | 28,848 | 21,636 |
| Dr I Giles UCLH, High Avidity Protease Antibodies | 18,000 | | |
| Prof M Beresford 0.6wte Clinical Psychologist | | 32,276 | 68,503 |
| Dr H Cohen UCLH new oral anticoagulents | | 49,865 | |
| Dr Liz Lightstone, Hammersmith Hospital Nurse | 18,545 | | |
| Dr N Hopkinson Spec Lupus Nurse Christchurch | | 49,602 | |
| Prof J Wardlow Uni Edinburgh magnetic resonance | | 24,440 | |
| Dr A Midley Adler Hey Neutrophils/interferons | | 15,000 | |
| Prof C Gordon, Birmingham Metabolomics SLE study | | 26,971 | 44,952 |
| Peer Review Panel Expenses | 743 | | |
| Sister S Brown (Lupus Nurse Network Group) | 763 | | |
| Welfare Grants | 1,719 | | |
| Paid during 2013 | 308,108 | 563,297 | 707,661 |
| Opening commitments at 1 January 2013 | (941,787) | | |
| Commitment at 31 December 2013 | 1,270,958 | | |
| TOTAL CHARGE FOR 2013 | 637,279 | | |

6 GOVERNANCE COSTS

Audit Fee

| | 2013 | 2012 |
|-----------|-------|-------|
| | £ | £ |
| Audit Fee | 3,972 | 4,032 |

7 EMPLOYEES

Staff Costs:

Wages and salaries
Social security costs

| | 2013 | 2012 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 154,498 | 152,964 |
| Social security costs | 14,180 | 13,695 |
| Total | 168,678 | 166,659 |

The average number of employees, by function, was:

Fundraising
Support

| | 2013 | 2012 |
|--------------|----------|----------|
| | No. | No. |
| Fundraising | 3 | 3 |
| Support | 4 | 4 |
| Total | 7 | 7 |

None of the Trustees received any remuneration for their services.

No employee earned over £60,000 in either year.

Expenses incurred by the Trustees for travel, accomodation and subsistence totalled £10,399 (2012 £8,938) were reimbursed by the charity.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2013
(CONTINUED)

| 8 | FIXED ASSETS | Office Furniture and Equipment | |
|----|--|-----------------------------------|----------------|
| | Cost | £ | |
| | 1st January 2013 | 51,894 | |
| | Additions | - | |
| | Disposals | (4,377) | |
| | 31st December 2013 | <u>47,517</u> | |
| | Depreciation | | |
| | 1st January 2013 | 43,563 | |
| | Charge for the year | 6,242 | |
| | Disposals | (4,377) | |
| | 31st December 2013 | <u>45,428</u> | |
| | Net Book Amount | | |
| | 31st December 2013 | <u>2,089</u> | |
| | 31st December 2012 | <u>8,331</u> | |
| | | 2013 | 2012 |
| | | £ | £ |
| 9 | Balance brought forward | 208,588 | 186,812 |
| | Unrealised gain /(loss) | 31,668 | 21,776 |
| | | <u>240,256</u> | <u>208,588</u> |
| | Investments held as follows: | | |
| | Securities listed on UK Stock Exchange | 165,832 | 144,759 |
| | Cash | 477 | 1,390 |
| | UK Fixed interest | 10,817 | 20,823 |
| | Overseas Equities | 52,570 | 41,616 |
| | Overseas High Yield Bonds | 10,560 | - |
| | | <u>240,256</u> | <u>208,588</u> |
| | | 2013 | 2012 |
| | | £ | |
| | MATERIAL INVESTMENTS | | |
| | Rathbone Unit Trust Management fixed interest | 10,817 | 10,793 |
| | BG Group PLC | 10,380 | 8,100 |
| | Croda International PLC | 17,199 | 16,632 |
| | Centrica PLC | 10,327 | 9,908 |
| | NB Global Rate Income Fund | 10,560 | 10,030 |
| | Unilever PLC | 10,921 | 10,410 |
| | Findlay Park | 13,420 | 10,501 |
| | Edinburgh Dragon Trust | 11,012 | 12,060 |
| | Mercantile Investment | 12,392 | 8,872 |
| | Investments are held in a managed fund administered by Rathbone Investment Managers Limited. | | |
| | | 2013 | 2012 |
| | | £ | £ |
| 10 | STOCKS | | |
| | Goods for resale | <u>34,314</u> | <u>32,658</u> |

LUPUS UK

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2013
(CONTINUED)**

| | 2013 £ | 2012 £ |
|---|----------------|----------------|
| 11 DEBTORS DUE WITHIN ONE YEAR | | |
| Debtors and prepayments | 10,345 | 11,343 |
| | 2013 | 2012 |
| | £ | £ |
| 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Other creditors and accruals | 20,993 | 44,665 |
| Research Grants (Note 5) | 563,297 | 369,133 |
| | <u>584,290</u> | <u>413,798</u> |
| 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | |
| Research Grants (Note 5) | <u>707,661</u> | <u>572,654</u> |

14 MOVEMENT IN FUNDS

| | At 01/01/2013 £ | Incoming Resources £ | Outgoing Resources £ | Gains and Losses | At 31/12/2013 £ |
|--------------------------------|-----------------------|----------------------------|----------------------------|---------------------|-----------------------|
| Restricted Funds: | | | | | |
| Helen Rayner | 10,955 | - | (485) | - | 10,470 |
| Naomi Tate Memorial Fund (LUK) | 19,287 | 13,559 | - | - | 32,846 |
| Total restricted funds | <u>30,242</u> | <u>-</u> | <u>-</u> | <u>485</u> | <u>43,316</u> |
| Unrestricted Funds: | | | | | |
| General Funds | 758,052 | 926,756 | (1,089,401) | 31,668 | 627,075 |
| Total Funds | <u>788,294</u> | <u>926,756</u> | <u>(1,089,886)</u> | <u>31,668</u> | <u>670,391</u> |

Unrestricted funds comprise those funds which the Trustees are free to use in accordance with the charitable objects.

Purposes of restricted funds:

The Helen Rayner memorial fund is to be used to support training days for GPs.

The Naomi Tate Memorial Fund (LUPUS UK) is to be used for research relating to and information/publications in respect of lupus and pregnancy.

15 ANALYSIS OF NET ASSET BY FUND AT 31ST DECEMBER 2013

| | Unrestricted Funds | Restricted Funds | Total Funds |
|-------------------------------|-----------------------|---------------------|----------------|
| Tangible fixed assets | 2,089 | - | 2,089 |
| Investments | 240,256 | - | 240,256 |
| Stock | 34,314 | - | 34,314 |
| Debtors and prepayments | 10,345 | - | 10,345 |
| Cash at bank and in hand | 1,632,022 | 43,316 | 1,675,338 |
| Creditors due within one year | (584,290) | - | (584,290) |
| Creditors due after one year | (707,661) | - | (707,661) |
| NET ASSETS | <u>627,075</u> | <u>43,316</u> | <u>670,391</u> |

16 OPERATING LEASE COMMITMENTS

At 31st December 2013 the charity had annual commitments under non-cancellable operating leases as follows:

| | 2013 Land and Buildings £ | 2012 Land and Buildings £ |
|-----------------|--|--|
| Expiry Date: | | |
| Within one year | - | - |
| Over five year | 25,850 | 25,850 |