Annual Report and Accounts
2020-21
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## Reference and Administrative Details for the Year Ended 31 March 2021

<table>
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<tr>
<th>Category</th>
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<td>1111657</td>
</tr>
<tr>
<td>Company registration number</td>
<td>5585452</td>
</tr>
<tr>
<td>Trustees</td>
<td>Dr C J Ball, Mr A H Downing, Mr M Gouldstone, Mrs S Harkness, Mr P E Harrison, Baroness J A Jolly (resigned 17/09/20), Professor N Rushton (appointed 30/9/20), Professor M Santin, Mr J K Tucker</td>
</tr>
<tr>
<td>CEO/CFO</td>
<td>Dr A Angadji / Mrs C Barnard</td>
</tr>
<tr>
<td>ORUK leadership team</td>
<td>Mrs D Palmer (Executive Officer), Miss R Threadgold (Head of Education and Events)</td>
</tr>
<tr>
<td>Registered office</td>
<td>Rosemount House, Rosemount Avenue, West Byfleet, Surrey KT14 6LB</td>
</tr>
<tr>
<td>Principal place of operations</td>
<td>Furlong House, 10a Chandos Street, London W1G 9DQ</td>
</tr>
<tr>
<td>Auditor</td>
<td>Sayer Vincent, Chartered Accountants &amp; Statutory Auditors, 108-114 Golden Lane, London EC1Y 0TL</td>
</tr>
<tr>
<td>Solicitor</td>
<td>Radcliffes LeBrasseur, 85 Fleet Street, London EC4Y 1AE</td>
</tr>
<tr>
<td>Bankers</td>
<td>National Westminster Bank plc, 10 Marylebone High Street, London W1U 4BT</td>
</tr>
<tr>
<td>Investment managers</td>
<td>Sarasin &amp; Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU</td>
</tr>
<tr>
<td></td>
<td>Rathbone Brothers Plc, 8 Finsbury Circus, London, EC2M 7AZ</td>
</tr>
</tbody>
</table>
Message from our Chair

The challenges facing all of us involved in musculoskeletal health are similar to dealing with the consequences of climate change - small, incremental initiatives are not enough. Unless we do something radical we cannot come close to tackling the problem. Demand for orthopaedic care within an ageing society is always going to outstrip supply. Even if the government can provide the extra funding needed, there will still be operational problems finding enough healthcare professionals available to deliver the desired standard of care.

The Body Shop founder and environmental campaigner, Anita Roddick, said: 'If you think you’re too small to have an impact, try going to bed with a mosquito in the room’. As a small charity, we are that mosquito. The only way in which we can have a meaningful impact on the problem of poor musculoskeletal health is to become a catalyst for positive, disruptive change. We have to champion initiatives - such as new surgical techniques, non-invasive care programmes and partnerships - which people within the system don’t have time to think about because they are focused on everyday operational challenges.

Our work with ESCAPE-pain is an example of this disruptive thinking, shifting the focus from surgical intervention and one-to-one care to group support. It isn’t simply about saving money, even though the programme has saved an estimated £30 million, but about delivering effective care at scale.

We also have to be a facilitator – connecting innovators with funders, academics with clinicians and encouraging collaboration across the whole MSK community. It is widely acknowledged that musculoskeletal health struggles to attract the level of funding it deserves. Our annual grants, whilst significant for a charity of our size, cannot fill this gap. This is why we are co-funding research programmes with leading institutions, including the Royal College of Surgeons of England, the British Hip Society, the Royal College of Surgeons of Edinburgh, the British Orthopaedic Association and the NHS Clinical Entrepreneur Programme. These partnerships are leveraging our seed funding and networking skills to attract new money to the orthopaedic sector.

The executive team has not only sustained the charity through the exceptional circumstances of the past few months but seized the opportunity to transform our online training offer. Even though we will ultimately return to a blended model of digital and face-to-face, this is a perfect example of positive disruption.

I would also like to thank our trustees for dedicating their time and energy to support our executive team in delivering our new vision. Exceptional challenges demand radical thinking and radical solutions. I am confident that ORUK can be this force for change. I hope you will join us.

Adrian Downing
Chair of the Board of Trustees
Message from our Chief Executive

Our focus this year has been on embedding our new strategy of mobilising and empowering the wider MSK community. It is only by working together and sharing knowledge that we can benefit the millions of people suffering from poor musculoskeletal health. This also enables a small charity, such as Orthopaedic Research UK, to use our funds to make a significant and sustainable impact.

Despite the tremendous burden placed on individuals and society, musculoskeletal health does not always receive the attention or investment that it merits. This is why, in addition to using our funds to fill the most important gaps in research funding and professional education in bone, joint and muscle wellbeing, we work with partners, such as leading professional institutions, to attract additional investment to the sector. By working together and sharing knowledge and ideas, we can become a stronger voice for musculoskeletal health.

Next year we have doubled our annual investment in research to available funds of £1.2 million (including £200k of partner funding), which means that since 2004 we have spent over £11 million on 140 research projects. We have also expanded our education programmes, using the unusual circumstances created by the pandemic to switch to an entirely virtual delivery model. This enabled us to stage 42 educational events in the past year, involving around ten thousand healthcare professionals, which we estimate will ultimately help over 15m people living with poor musculoskeletal health. Even though we hope to get back to face-to-face meetings and training programmes during the next year, the popularity of our virtual courses - 99% of participants rated our events as ‘excellent’ or ‘good’ in terms of educational value - means that they will become a permanent part of our future training offer.

A significant development after the year end has been the announcement of our partnership with the Health Innovation Network (HIN) to deliver ESCAPE-pain. This award-winning, evidence-based group rehabilitation programme for people with chronic joint pain integrates educational self-management and coping strategies with an exercise regimen individualised for each participant. ESCAPE, an acronym for Enabling Self-Management and Coping with Arthritic Pain using Exercise, was developed by Professor Mike Hurley at St George’s University of London and Kingston University to help people with knee, hip and back pain. In 2020 it was named Musculoskeletal Initiative of the Year by Health Service Journal.

The addition of the ESCAPE-pain programme to our portfolio is consistent both with our mission of achieving pain-free movement for all and with our strategy of supporting innovative ideas that help the lives of people suffering from poor musculoskeletal health and ease the burdens on an already over-stretched healthcare system. The results speak for themselves - it has so far supported over 20,000 participants, saving an estimated £30 million in the costs of health and social care. Participants frequently report that their pain improves, they take fewer medications and find they are more able to get back to doing the things they enjoy.

The tremendous success of the COVID-19 vaccination programme has demonstrated what can be achieved by people working together. Our mission may not be quite as urgent or high profile, but I believe that our MSK community of clinicians, nurses, physios, educators, researchers, partners, entrepreneurs, donors and volunteers can make an equally significant impact on the lives of millions of people. I thank you for your continued support.

Dr Arash Angadji
Chief Executive
INTRODUCTION

The trustees present their report and the audited accounts for the year ended 31 March 2021.

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

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity’s governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Information that is required to be disclosed under Schedule 7 of the Companies Act 2006 is disclosed within the Strategic Report, which starts on page 6.

OBJECTIVES AND ACTIVITIES

Our principal, and over-riding, objectives are to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance knowledge and awareness of bone, joint and muscle health in the UK.

Our specific aims and significant activities to achieve those aims are:

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

  1. Diagnosis – understanding the pathogenesis (the origin or development) of MSK conditions.

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

We funded seven new research projects worth £496,812 in 2020/21 compared to two research projects worth £124,782 in 2019/20. We publish the results of this research at the end of the studies to demonstrate the impact of our funding. Our measures for success are:

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

- To fund education, primarily through workshops, training courses, lectures, virtual conferences and webinars that will improve knowledge of prevention, diagnosis, treatment and the management musculoskeletal conditions. During the past year we staged 42 events and in total we educated 9,723 people with the support of 419 faculty members. On average, 99% of participants rated our events as 'excellent' or 'good' in terms of educational value. Income from events was £160,352 in 2020/21 compared to £162,801 in 2019/20. The lockdown forced the cancellation of several events throughout Q2 but income from events overall held up really well despite the effects of the pandemic. Although
the move to virtual events was well received and online will continue to be part of our blended offer, sponsorship and participant revenue was reduced following the cancellation of face-to-face events.

- To provide information about our charitable activities to the general public through publishing and funding awards and prizes for outstanding publications and presentations in the field of MSK. We have two books in publication which provide preparation aids for the FRCS (Orth) examinations and complement our basic science training courses. Sales to orthopaedic trainees of both publications form part of our fundraising strategy. They are available to buy online or at our course events. During the year we sold 142 books, a 5% increase on the previous year, which was a good result considering the pandemic and that the books were published some years ago. We are aiming to produce another educational product in 2022.

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

We aim to bring together all relevant stakeholders to identify patients’ priorities for diagnosis and treatment and to support innovative ideas with the clear aim of delivering substantive and safe solutions. We aim to tackle debilitating bone, joint and muscle disorders and ultimately enhance the quality of life, not only of patients but also of their carers and families.

We have raised the public profile of the organisation through the staging of high-quality training and educational events. We hope to further raise the quality and public benefit of these events by engaging thought-provoking opinion leaders as speakers and meeting hosts.

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

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

ACHIEVEMENTS AND PERFORMANCE
We believe that we make a significant difference to beneficiaries and wider society in the following areas:

- Our funding enables researchers to obtain academic positions and enhance their skills
- Our work helps to educate and train the MSK clinicians of the future
- Our publishing of research results helps improve awareness of MSK conditions among the general public
- Our strategy places the needs of patients at the forefront of all of our activities

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

Our short-term objectives include managing our research portfolio, monitoring the performance of the researchers we fund, increasing the number of educational events, increasing our use of digital media, enhancing our profile by interacting with key opinion leaders and securing partnerships with likeminded organisations to increase the scope of our charitable activities.

Our longer-term objectives are to continue to increase awareness of ORUK, increase our impact through strategic partnerships and become the ‘go to’ place for influencers and opinion formers with the MSK field.

Grant making policy
We consider the support of grant applications that are within the scope of our charitable aims; that is to promote the advancement of orthopaedic research and education and, in particular, the encouragement of innovation and partnerships to advance bone, joint and muscle wellbeing in the UK.

Investing in start-ups
Investing in start-up businesses that are active in the MSK field, accelerates the innovation process and therefore has the potential to bring benefits to patients much sooner. This is achieved through *The Ronald Furlong Fund for Start-ups*, which is part of our Strategy Development Fund. Our aim is to commercialise innovative ideas to firstly benefit patients and secondly, generate revenue that can be reinvested in supporting our charitable activities and increasing our overall impact.

**STRATEGIC REPORT**

**FINANCIAL REVIEW**

**Financial position**
In the 12 months to 31st March 2021 we generated total income of £1,171,772, compared to £1,241,261 in the 12 months to 31st March 2020. The period April to December 2020 was a challenge for the charity as a result of Covid-19 and the associated lockdowns – all courses during the first few months were cancelled or postponed whilst our team investigated options available, with delegates offered refunds or the opportunity to rebook on a rearranged course. We initially replaced our traditional face-to-face training with free online courses. Since August 2020 we have been charging for these online courses, and the number of events that we are now running online has grown exponentially. Although challenging, this experience has certainly had value to the charity, and going forward online events will form part of our portfolio of course offerings alongside the face-to-face meetings.

In February 2020, share prices tumbled which had a knock-on effect on our listed investment valuation as at 31st March 2020. In addition, 12 months ago the property market showed some uncertainty over property values in general, particularly in London. Fortunately, our long-term investments in property have proven to have maintained their value during the 2020/21 financial year, as have our investments in the stock-market. Income generated from these investments is absolutely essential to us, representing our principal funding source and sustaining the investments will allow us to continue to invest in quality research, which in the short-term will drive our fundraising strategy and in the long-term benefit our educational offering. Our reserves policy on page 7 explains how we are seeking to protect these assets for the future. More detail on our income and expenditure is given on page 16. At 31st March 2021, our net assets were £29.5 million, compared to £25.0 million at 31st March 2020.
We are fortunate to have these assets and recognise that we are reliant on them to generate the income that we intend to spend on research and education in the future. We have reviewed and adapted our reserves policy accordingly.

The principal risks and uncertainties we face at this time are two-fold:

Firstly, as with all organisations our revenues and investments have been impacted by the C-19 pandemic and associated lockdown. We were fortunate that in the short-term we could rely on cash balances and that in the long-term the value of our investments should recover and our face-to-face events programme will recommence.

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

Indemnity provisions – as part of the agreement relating to the sale of JRI there were indemnity provisions that related to past events of that entity. A number of those indemnity provisions came to an end during the 2019/20 accounting year. The trustees undertook a judgement exercise at 31 March 2021 to reassess the likelihood of the remaining provisions having a material impact and as a result it was considered that no change should be made to the total provision of £250,000 in relation to indemnities.

**Investment policy and objectives**

The Board receives quarterly reports from Sarasin & Partners and Rathbones, two investment management companies specialising in the charity field, each of whom handles an investment portfolio on our behalf. It has been difficult to establish benchmarks for their activity given the financial uncertainty in the UK and overseas, even before the pandemic.

The trustees were looking for a capital return of RPI plus 4% per annum on a 3-year rolling basis, and our income target for each fund is £320,000 per annum. We continued to receive a good stream of dividend income during 2020/21, but we are likely to see a cut in income for 2021/22 of approximately 10% on both funds which we are budgeting for. To offset this cut in income in 2021/22, we will monitor the values of both funds and consider liquidating some of the investments if the time is right to do so.

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

**Reserves policy**

Our reserves policy ensures that we have sufficient funds to cover ongoing commitments and we are able to continue to fund our charitable activities. The trustees review our reserves policy annually and keep the position under careful review at Board meetings to ensure that it evolves with our strategy.

Our key income-generating assets are our two properties and listed investments. Maintaining the 'capital' value of those assets will be imperative in order to generate sufficient income to sustain our future plans.

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

At the balance sheet date our designated funds amounted to £28,830,173. Part of this represents our ‘Capital Fund’ (£27,330,173), which includes a Fabric Fund of £250k to cover maintenance to our listed building, and the remainder represents our ‘Strategy Development Fund’ (SDF) (£1,500,000). It is the SDF that will be used to resource our immediate grant commitments (which totalled £556,914 at the balance sheet date) and to fund our planned activities over the next 36 months, which are:

1. New Research (both academic and non-academic projects);
2. Infrastructure and resources to successfully deliver the new 3-year strategy.

Designations are a choice for the Board and, given the uncertainties arising following the arrival of the pandemic, these will be kept under close review.

Our free reserves
Our free reserves are identified as £649,163; being £659,843 as calculated below, less £10,680 of tangible fixed assets which are illiquid. Our ongoing target is to hold between £500k and £550k in readily available liquid funds in order to cover the running costs of the charity for 12 months.

At 31st March 2021, cash in our current accounts amounted to £1.5m and we are therefore satisfied that we achieved our ‘liquid funds’ target.

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<td>(£250,000)</td>
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<td>Total</td>
<td>£659,843</td>
<td>£28,830,173</td>
<td>£29,490,016</td>
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Engagement with suppliers, customers and others in a business relationship
The messages from both our Chair and our CEO set out how as a charity we seek to engage – our strategy is looking to develop our charitable purpose, and make the most impact, through being a facilitator, a connector and a co-funder. Through building solid and effective partnerships with our suppliers, our delegates, our sponsors and our donors, we are seeking to make as a big an impact as we can. Principal examples of this are co-organising educational events, and (after the year-end) the absorption of ESCAPE-pain into the charity enabling this organisation to continue its excellent work.

THE COVID-19 IMPACT

Covid-19 has created not only a global health crisis, but the economic costs of the associated shutdown is likely to lead to a financial downturn. The impact is likely to be severe across all medical research charities. The Association of Medical Research Charities reports the long-term impact of COVID-19 on its members to be:
- 41% decrease in medical research spend over the next year;
- £310 million shortfall in UK medical research spend;
- 4.5 years for medical research spend to recover to 'normal' levels.

We fear that junior investigators and post-docs may decide to move out of science simply because funding becomes ever harder to come by. In the last research call in July 2020, we were forced to reduce our research budget by £250K to adjust to the ongoing financial challenges.

All our face-to-face educational and training events, that were due to take place from the end of March through to July 2020, were either postponed or cancelled, which had a significant impact on our income. However, this encouraged us to look at the virtual delivery of our events which has proven to be extremely successful. We have been very encouraged by the positive response of delegates to this alternative offering and envisage that 80% of these events will continue to be delivered virtually in the longer-term.

The uncertainty of global stock markets is likely to have a negative impact on the level of income we are hoping to achieve from our investments over the next 12 months, although a healthy level of income is still being generated. We have supported the tenants of our two properties, who have been impacted by the pandemic and associated lockdown, by offering delayed or 'spread' payment options.

Whilst the past year has been difficult for us, there have also been positive developments, especially in encouraging our use of new technologies. The executive team has worked tirelessly and dynamically to embrace change so that it can continue to deliver our aims and objectives.

PLANS FOR FUTURE PERIODS

Our work is an investment in the future that will benefit all of us. It will ease the burden on the NHS, reduce workplace sickness and improve the quality of life for millions of people. Pain, immobility and the resulting isolation are serious issues but we do not believe they are inevitable.

A new three-year research strategy has been developed to achieve our vision. This will focus on three core areas:

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

In April 2021, we launched a new partnership with the Health Innovation Network (HIN) to secure the future of an award-winning ESCAPE-pain programme. ESCAPE-pain, which stands for Enabling Self-Management and Coping with Arthritic Pain using Exercise (ESCAPE), was developed by Professor Mike Hurley at St George's University of London and Kingston University to help people with knee, hip and back pain. In 2013 it was identified as a local innovation that was ready for adoption by Health Innovation Network (HIN), the Academic Health Science Network for south London. It has since been supported by Versus Arthritis, Sport England, the NHS Innovation Accelerator (NIA), the AHSN Network. In 2020 it was named Musculoskeletal (MSK) Initiative of the Year by Health Service Journal. We will be operating and developing ESCAPE-pain under licence from the HIN. Key members of the ESCAPE-pain team will continue to run ESCAPE-pain at Orthopaedic Research UK.

The addition of the ESCAPE-pain programme to our portfolio is consistent both with our mission of achieving pain-free movement for all and with our strategy of supporting innovative ideas that help the
lives of people suffering from poor musculoskeletal health and ease the burden on an already over-stretched healthcare system.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document
The charity is controlled by its governing document (its articles of association). It was originally set up under a deed of trust and now constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The articles were amended in May 2021, specifically to update the objects clause.

Committees
In addition to the Board of ORUK, there are two sub-committees that oversee the various activities of the charity: ‘Research’ and ‘Finance, Investment and Audit’. The Research committee’s responsibility is to ensure the integrity of the charity’s programme of scientific research support and its relevance and importance to people affected by MSK conditions. The Finance, Investment and Audit committee’s responsibility is to help the Board of ORUK Trustees to discharge its fiduciary duties and responsibilities.

Decision making
The Charity has a Board of Trustee Directors who have the requisite skills, knowledge and experience to discharge their duties as trustees of this incorporated charitable organisation. Day-to-day management of the charity is delegated to ORUK’s leadership team, as detailed on page 1.

At periodic meetings, the trustees agree broad strategic activities including investments, reserves, risk management and grant making. On-going performance of the research projects is also reported, as is the performance of the listed investments. The Scientific Advisory Committee (SAC) meets at regular intervals to assist with the review process of research applications and to recommend to the trustees the best projects submitted for grant funding.

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

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

Risk management
The risks to which the charity may be exposed are under regular review, and systems and procedures have been established to address and manage those risks. As explained above, the major risk facing the charity is the income return on its investments to enable it to fund its objectives. A Risk Register is in place and regularly updated and reviewed to identify and mitigate those risks.

FUNDRAISING STANDARDS INFORMATION

Our fundraising practices meet the values and principles of ORUK as an organisation. We are registered with the Fundraising Regulator. Due to the impact of Covid-19 we were forced to cease our fundraising
activities. We have not used external professional fundraisers, nor have we employed the services of any fundraising agencies or third parties. Most of our fundraising activities during the period were focused on Trust and Foundations and as such there was little public fundraising. We have ensured that we meet the criteria set by the GDPR data protection regulations and all other relevant codes of conduct. To ensure that we take all reasonable care to protect vulnerable people, we complied with the guidance set out by the Institute of Fundraising. We received no complaints about our fundraising practices during the period.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Going concern

The financial statements of the charitable company have been prepared on a going concern basis as the trustees have assessed the going concern position and have no reason to believe that there are any material uncertainties that would affect the ability of the charitable company to continue as a going concern for the foreseeable future. In order to plan for future cashflow requirements, the trustees have considered the period covering the next 12 months and have reviewed forecasts for that period in making their assessment.
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

........................................
Adrian Downing
Chair of the Board of Trustees
Independent Auditor’s Report to the Trustees of Orthopaedic Research UK

Opinion

We have audited the financial statements of Orthopaedic Research UK (the ‘charitable company’) for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company’s affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Orthopaedic Research's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the trustees’ annual report, other than the financial statements and our auditor’s report thereon. The trustees are responsible for the other information contained within the trustees’ annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other
information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees’ annual report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or Certain disclosures of trustees’ remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies’ exemptions in preparing the trustees’ annual report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the statement of trustees’ responsibilities set out in the trustees’ annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor’s responsibilities for the audit of the financial statements**

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

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

**Capability of the audit in detecting irregularities**

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

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity’s policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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


**Use of our report**

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

Judith Miller (Senior statutory auditor)

Date: .........................

for and on behalf of Sayer Vincent LLP Statutory Auditor

Invicta House

108-114 Golden Lane

London EC1Y 0TL
Orthopaedic Research UK

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

For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>5,838</td>
<td>-</td>
<td>5,838</td>
<td>40,722</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>163,813</td>
<td>-</td>
<td>163,813</td>
<td>166,572</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,605</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>1,002,121</td>
<td>-</td>
<td>1,002,121</td>
<td>1,032,362</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total income</strong></td>
<td><strong>-</strong></td>
<td><strong>1,171,772</strong></td>
<td><strong>1,241,261</strong></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>59,611</td>
<td>-</td>
<td>59,611</td>
<td>98,817</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>1,100,253</td>
<td>-</td>
<td>1,100,253</td>
<td>698,419</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total expenditure</strong></td>
<td><strong>-</strong></td>
<td><strong>1,159,864</strong></td>
<td><strong>797,236</strong></td>
<td></td>
</tr>
<tr>
<td>17/24</td>
<td>30,880</td>
<td>-</td>
<td>30,880</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>4,457,206</td>
<td>-</td>
<td>4,457,206</td>
<td>(1,581,162)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Net income/(expenditure)</strong></td>
<td><strong>-</strong></td>
<td><strong>4,499,994</strong></td>
<td><strong>(1,137,137)</strong></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Net movement in funds</strong></td>
<td><strong>-</strong></td>
<td><strong>4,499,994</strong></td>
<td><strong>(1,137,137)</strong></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>24,990,022</td>
<td>-</td>
<td>24,990,022</td>
<td>26,127,159</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total funds carried forward</strong></td>
<td><strong>-</strong></td>
<td><strong>29,490,016</strong></td>
<td><strong>24,990,022</strong></td>
<td></td>
</tr>
</tbody>
</table>

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.
Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds £</th>
<th>Restricted funds £</th>
<th>31 March 2020 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>8,473</td>
<td>32,249</td>
<td>40,722</td>
</tr>
<tr>
<td>5</td>
<td>166,572</td>
<td>-</td>
<td>166,572</td>
</tr>
<tr>
<td>3</td>
<td>1,605</td>
<td>-</td>
<td>1,605</td>
</tr>
<tr>
<td>4</td>
<td>1,032,362</td>
<td>-</td>
<td>1,032,362</td>
</tr>
<tr>
<td>Total income</td>
<td>1,209,012</td>
<td>32,249</td>
<td>1,241,261</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds £</th>
<th>Restricted funds £</th>
<th>31 March 2020 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>98,817</td>
<td>-</td>
<td>98,817</td>
</tr>
<tr>
<td>7</td>
<td>666,170</td>
<td>32,249</td>
<td>698,419</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>764,987</td>
<td>32,249</td>
<td>797,236</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds £</th>
<th>Restricted funds £</th>
<th>31 March 2020 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other net losses on investments</td>
<td>(1,581,162)</td>
<td>-</td>
<td>(1,581,162)</td>
</tr>
<tr>
<td>Net expenditure</td>
<td>(1,137,137)</td>
<td>-</td>
<td>(1,137,137)</td>
</tr>
<tr>
<td>Transfers between funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net movement in funds</td>
<td>(1,137,137)</td>
<td>-</td>
<td>(1,137,137)</td>
</tr>
<tr>
<td>Reconciliation of funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>26,127,159</td>
<td>-</td>
<td>26,127,159</td>
</tr>
<tr>
<td>Total funds carried forward</td>
<td>24,990,022</td>
<td>-</td>
<td>24,990,022</td>
</tr>
</tbody>
</table>

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the period.
Orthopaedic Research UK (Company number 5585452)

Balance Sheet

As at 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>17</td>
<td>949,228</td>
</tr>
<tr>
<td>Mixed motive investments</td>
<td>18</td>
<td>99,996</td>
</tr>
<tr>
<td>Investments</td>
<td>18</td>
<td>28,041,629</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>19</td>
<td>1,907</td>
</tr>
<tr>
<td>Debtors</td>
<td></td>
<td>39,866</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>1,515,649</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,557,422</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>20</td>
<td>(715,572)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>841,850</td>
</tr>
<tr>
<td>Total assets less current</td>
<td></td>
<td>29,932,703</td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one</td>
<td>22</td>
<td>(192,687)</td>
</tr>
<tr>
<td>Provisions for liabilities</td>
<td>21</td>
<td>(250,000)</td>
</tr>
<tr>
<td>Net assets</td>
<td>25</td>
<td>29,490,016</td>
</tr>
</tbody>
</table>

Charity Funds

Restricted income funds

Unrestricted funds:

- General funds: 25a 659,843 409,252
- Designated funds – capital assets fund: 24 27,330,173 23,080,770
- Designated funds – strategy development fund: 24 1,500,000 1,500,000

Total charity funds: 24 29,490,016 24,990,022

The financial statements were approved and authorised for issue by the Board on ..................

Signed on behalf of the board of trustees

..............................
Mr A Downing, Trustee

The notes on pages 20 to 33 form part of these financial statements
Orthopaedic Research UK

Statement of Cash Flows

For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>26</td>
<td>(561,390)</td>
<td>(710,056)</td>
</tr>
</tbody>
</table>

---

**Cash flow from operating activities**

<table>
<thead>
<tr>
<th>Income from investments</th>
<th>4</th>
<th>619,940</th>
<th>600,245</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent from investments</td>
<td>4</td>
<td>381,867</td>
<td>430,776</td>
</tr>
<tr>
<td>Net interest received</td>
<td>4</td>
<td>314</td>
<td>1,341</td>
</tr>
<tr>
<td>Purchase of property, plant &amp; equipment</td>
<td>17</td>
<td>(6,912)</td>
<td>(2,574)</td>
</tr>
<tr>
<td>Purchase of investments less net cash acquired</td>
<td>18</td>
<td>(1,554,240)</td>
<td>(4,617,442)</td>
</tr>
<tr>
<td>Receipts from sale of investments</td>
<td>18</td>
<td>1,781,599</td>
<td>1,617,770</td>
</tr>
</tbody>
</table>

**Net cash flow from operating activities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(561,390)</th>
<th>(710,056)</th>
</tr>
</thead>
</table>

---

**Cash flow from investing activities**

<table>
<thead>
<tr>
<th>Income from investments</th>
<th>4</th>
<th>619,940</th>
<th>600,245</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent from investments</td>
<td>4</td>
<td>381,867</td>
<td>430,776</td>
</tr>
<tr>
<td>Net interest received</td>
<td>4</td>
<td>314</td>
<td>1,341</td>
</tr>
<tr>
<td>Purchase of property, plant &amp; equipment</td>
<td>17</td>
<td>(6,912)</td>
<td>(2,574)</td>
</tr>
<tr>
<td>Purchase of investments less net cash acquired</td>
<td>18</td>
<td>(1,554,240)</td>
<td>(4,617,442)</td>
</tr>
<tr>
<td>Receipts from sale of investments</td>
<td>18</td>
<td>1,781,599</td>
<td>1,617,770</td>
</tr>
</tbody>
</table>

**Net cash flow from investing activities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1,222,568</th>
<th>(1,969,884)</th>
</tr>
</thead>
</table>

---

**Net increase/(decrease) in cash and cash**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>661,178</th>
<th>(2,679,940)</th>
</tr>
</thead>
</table>

**Cash and cash equivalents at 31 March 2020**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>854,471</th>
<th>3,534,411</th>
</tr>
</thead>
</table>

**Cash and cash equivalents at 31 March 2021**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1,515,649</th>
<th>854,471</th>
</tr>
</thead>
</table>

The notes on pages 20 to 33 form part of these financial statements
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
Orthopaedic Research UK is a charitable company, limited by guarantee, incorporated in England and Wales. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity’s operations and principal activities are given on page 4 of these financial statements.

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

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

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

Income recognition
Income from educational training events is recognised in full in the period in which the event takes place.

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

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

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

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Asset</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold land</td>
<td>not depreciated</td>
</tr>
<tr>
<td>Freehold buildings</td>
<td>straight line over 50 years</td>
</tr>
<tr>
<td>Fixtures and fittings</td>
<td>20% on cost</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>33 1/3% on cost</td>
</tr>
</tbody>
</table>

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

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

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

Stock
Stock is valued at the lower of cost and net realisable value, and relates to books. The cost formula used is FIFO.

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

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

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

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

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

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

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

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

Pensions
The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.
1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Valuation of properties – freehold land and buildings and investment properties are included at fair value. The last professional valuation was undertaken at the balance sheet date and the trustees have concluded that no material movement in this valuation has taken place since the year end.

2 DONATIONS AND LEGACIES

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>£5,838</td>
<td>£40,722</td>
</tr>
</tbody>
</table>

The donations figures include both restricted (2020 only) and unrestricted income. Unrestricted donations received during the year amounted to £5,838 (2020 - £8,473) and restricted donations received during the year amounted to £nil (2020 - £32,249).

3 OTHER TRADING ACTIVITIES (UNRESTRICTED)

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising/challenge events</td>
<td>£ -</td>
<td>£1,605</td>
</tr>
</tbody>
</table>

4 INVESTMENT INCOME (UNRESTRICTED)

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>£381,867</td>
<td>£430,776</td>
</tr>
<tr>
<td>Dividends received</td>
<td>£619,940</td>
<td>£600,245</td>
</tr>
<tr>
<td>Bank interest received</td>
<td>£314</td>
<td>£1,341</td>
</tr>
<tr>
<td></td>
<td><strong>1,002,121</strong></td>
<td><strong>1,032,362</strong></td>
</tr>
</tbody>
</table>

5 INCOME FROM CHARITABLE ACTIVITIES (UNRESTRICTED)

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education (training courses)</td>
<td>£160,352</td>
<td>£162,801</td>
</tr>
<tr>
<td>Publishing</td>
<td>£3,461</td>
<td>£3,771</td>
</tr>
<tr>
<td></td>
<td><strong>163,813</strong></td>
<td><strong>166,572</strong></td>
</tr>
</tbody>
</table>
6 EXPENDITURE ON RAISING FUNDS

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising costs</td>
<td>59,611</td>
<td>98,817</td>
</tr>
</tbody>
</table>

Fundraising costs above include support cost allocations of £nil (2020 - £26,947) which are analysed in note 10.

7 CHARITABLE ACTIVITIES COSTS

<table>
<thead>
<tr>
<th></th>
<th>Direct &amp; support costs</th>
<th>Grant funding of activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.3.21</td>
<td>(see note 11)</td>
</tr>
<tr>
<td>Promoting best orthopaedic practice through education</td>
<td>210,178</td>
<td>210,178</td>
</tr>
<tr>
<td>Publishing and sponsorship</td>
<td>21,369</td>
<td>21,369</td>
</tr>
<tr>
<td>Research into best orthopaedic practice</td>
<td></td>
<td>599,185</td>
</tr>
<tr>
<td>Governance costs</td>
<td>269,521</td>
<td>269,521</td>
</tr>
<tr>
<td></td>
<td>501,068</td>
<td>599,185</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,100,253</td>
</tr>
</tbody>
</table>

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

8 GRANTS PAYABLE

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research into best orthopaedic practice</td>
<td>599,185</td>
<td>233,877</td>
</tr>
</tbody>
</table>

See note 11 for an analysis

9 NET INCOME

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income is stated after charging:</td>
<td>14,035</td>
<td>14,197</td>
</tr>
<tr>
<td>Depreciation - owned assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Eye on 2021
### 10 ALLOCATION OF SUPPORT COST

<table>
<thead>
<tr>
<th>Support cost</th>
<th>Research</th>
<th>Promoting (through education)</th>
<th>Fundraising</th>
<th>Governance</th>
<th>31 March 2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td>40,092</td>
<td>27,336</td>
<td>-</td>
<td>114,810</td>
<td>182,238</td>
<td></td>
</tr>
<tr>
<td>Premises/insurance</td>
<td>13,236</td>
<td>9,024</td>
<td>-</td>
<td>37,902</td>
<td>60,162</td>
<td></td>
</tr>
<tr>
<td>Communications &amp; PR</td>
<td>17,443</td>
<td>11,893</td>
<td>-</td>
<td>49,951</td>
<td>79,287</td>
<td></td>
</tr>
<tr>
<td>Travel expenses</td>
<td>-</td>
<td>37</td>
<td>-</td>
<td>72</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>12,078</td>
<td>8,235</td>
<td>-</td>
<td>57,788</td>
<td>78,101</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,142</td>
<td>2,142</td>
<td>-</td>
<td>8,998</td>
<td>14,282</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85,991</td>
<td>58,667</td>
<td>-</td>
<td>269,521</td>
<td>414,179</td>
<td></td>
</tr>
</tbody>
</table>

Support costs are allocated to the activities they support based on an apportionment of employees’ time spent on each activity. The costs analysed above are included in fundraising costs (see note 6) and charitable activities costs (see note 7).

<table>
<thead>
<tr>
<th>Support cost</th>
<th>Research</th>
<th>Promoting (through education)</th>
<th>Fundraising</th>
<th>Governance</th>
<th>31 March 2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td>46,641</td>
<td>7,774</td>
<td>13,819</td>
<td>104,511</td>
<td>172,745</td>
<td></td>
</tr>
<tr>
<td>Premises/insurance</td>
<td>15,887</td>
<td>2,648</td>
<td>4,707</td>
<td>35,597</td>
<td>58,994</td>
<td></td>
</tr>
<tr>
<td>Communications &amp; PR</td>
<td>11,075</td>
<td>1,846</td>
<td>3,281</td>
<td>24,816</td>
<td>41,018</td>
<td></td>
</tr>
<tr>
<td>Travel expenses</td>
<td>230</td>
<td>(24)</td>
<td>4</td>
<td>971</td>
<td>1,181</td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>13,499</td>
<td>2,250</td>
<td>4,000</td>
<td>56,790</td>
<td>75,059</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,833</td>
<td>639</td>
<td>1,136</td>
<td>8,589</td>
<td>14,197</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>91,165</td>
<td>15,133</td>
<td>26,947</td>
<td>231,274</td>
<td>364,519</td>
<td></td>
</tr>
</tbody>
</table>

### 11 GRANT MAKING

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Purpose for which grants made (research)</th>
<th>31 March 2021 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Bristol</td>
<td>epidemiology of peri-prosthetic hip fractures in the UK</td>
<td>46,812</td>
</tr>
<tr>
<td>University of Edinburgh</td>
<td>project underspend (see note below)</td>
<td>(8,314)</td>
</tr>
<tr>
<td>Newcastle University</td>
<td>antibacterial coating via hybrid layer-by-layer deposition system</td>
<td>90,000</td>
</tr>
<tr>
<td>Newcastle University</td>
<td>epidemiology of infection following hip fracture surgery</td>
<td>75,000</td>
</tr>
<tr>
<td>South West London Elective Orthopaedic Centre &amp; University of Brighton</td>
<td>defining the quality and quantity of stromal vascular fraction (SVF)</td>
<td>50,000</td>
</tr>
<tr>
<td>Imperial College London (ICL)</td>
<td>improving shoulder hemiarthroplasty by using ceramics</td>
<td>64,438</td>
</tr>
<tr>
<td>University of Southampton</td>
<td>nanoemulsions for oxygen delivery in bone repair</td>
<td>75,000</td>
</tr>
<tr>
<td>University College London (UCL)</td>
<td>patient specific guides for posterior pedicle screw insertion</td>
<td>95,560</td>
</tr>
</tbody>
</table>

**Grants to institutions**

488,496

**Staff cost, patent fees and SAC meetings**

24,698

**Direct costs of grant making**

513,194

**Support costs of grant making – see note 10**

85,991

**TOTAL COSTS OF GRANT MAKING**

599,185

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

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Purpose for which grants made (research)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Edinburgh</td>
<td>£75,000</td>
</tr>
<tr>
<td>Newcastle University</td>
<td>£49,762</td>
</tr>
<tr>
<td>Sheffield Childrens NHS FT</td>
<td>(£6,028)</td>
</tr>
<tr>
<td>University of Exeter</td>
<td>(£156)</td>
</tr>
<tr>
<td>University College London (UCL)</td>
<td>(£46,184)</td>
</tr>
</tbody>
</table>

Grants to institutions: £72,394

Staff cost, patent fees and SAC meetings: £70,318

Direct costs of grant making: £142,712
Support costs of grant making – see note 10: £91,165

**TOTAL COSTS OF GRANT MAKING**: £233,877

### 12 AUDITOR'S REMUNERATION

Amounts payable to the auditor for statutory audit services of the charity are £10.8k (2020 - £11.5k).

Amounts payable to the auditor and its associates for other services of the charity are £300 (2020 - £nil).

### 13 TRUSTEES' REMUNERATION AND BENEFITS

No trustees received remuneration or benefits from the charity. One trustee, Mr M Gouldstone, provides consultancy services to the charity's subsidiary undertaking, Novara Therapeutics Ltd, and received £7,200 (2020 nil) during the year for these services. This remuneration is permitted within the charity's Articles of Association and was approved by the Board of Trustees following a process as set out in those Articles.

**Trustees' expenses**

Expenses totalling £72 (2020 - £872) were paid to 1 trustee in the year (2020 - 3) by the charity, representing reimbursement of travelling expenditure. In addition, the charity expended £nil (2020 £2,121) on hosting trustee meetings.

### 14 STAFF COSTS AND EMPLOYEE BENEFITS

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>£273,536</td>
<td>£294,341</td>
</tr>
<tr>
<td>Social security costs</td>
<td>£25,886</td>
<td>£29,781</td>
</tr>
<tr>
<td>Employer’s contribution to defined contribution pension</td>
<td>£21,170</td>
<td>£19,350</td>
</tr>
<tr>
<td></td>
<td><strong>320,592</strong></td>
<td><strong>343,472</strong></td>
</tr>
</tbody>
</table>

The amount of £320,592 (2020 - £343,472) above includes £116,118 (2020 - £116,250) of employee benefits received by key management personnel, including the CEO, for services to the charity. Key management personnel are defined on page 10. Included in the values above are termination/ex-gratia payments totalling £7,687 paid to the employee during the year.
15 STAFF COSTS

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

<table>
<thead>
<tr>
<th></th>
<th>2021 (Charity)</th>
<th>2020 (Charity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable activities</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Governance</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

The charity pays contributions into a money purchase group personal scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid into the scheme by the charity in the period were £21,170 (2020 - £19,350). The pension creditor at the period end was nil (2020 £473).

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

<table>
<thead>
<tr>
<th></th>
<th>2021 (Charity)</th>
<th>2020 (Charity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>£60,001 - £70,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>£70,001 - £80,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>£90,000 - £100,000</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

16 RELATED PARTY TRANSACTIONS

The key management personnel (KMP) of the charity comprises the CEO and the trustees. Transactions with trustees are set out in note 13. Total employee benefits of the key management personnel of the charity were £116,118 (2020 - £116,250).

Aggregate donations received from related parties amounted to £nil (2020 £300).

17 TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Freehold land &amp; buildings £</th>
<th>Fixtures, fittings &amp; equipment £</th>
<th>Totals £</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST/VALUATION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td>1,040,751</td>
<td>24,895</td>
<td>1,065,646</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>6,912</td>
<td>6,912</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(12,311)</td>
<td>(12,311)</td>
</tr>
<tr>
<td>Revaluation</td>
<td>30,880</td>
<td>-</td>
<td>30,880</td>
</tr>
<tr>
<td>At 31 March 2021</td>
<td>1,071,631</td>
<td>19,496</td>
<td>1,091,127</td>
</tr>
</tbody>
</table>

DEPRECIATION

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2020</td>
<td>121,759</td>
<td>18,167</td>
<td>139,926</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>11,324</td>
<td>2,711</td>
<td>14,035</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(12,062)</td>
<td>(12,062)</td>
</tr>
<tr>
<td>At 31 March 2021</td>
<td>133,083</td>
<td>8,816</td>
<td>141,899</td>
</tr>
</tbody>
</table>

NET BOOK VALUE

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2021</td>
<td>938,548</td>
<td>10,680</td>
<td>949,228</td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td>918,992</td>
<td>6,728</td>
<td>925,720</td>
</tr>
</tbody>
</table>
17 TANGIBLE FIXED ASSETS (continued)

The freehold building relates to the charity-occupied part of 10a Chandos House in London. This building was acquired in January 2008. The property was recognised at fair value on transition to SORP (FRS 102) using a previous fair value valuation. The building is being depreciated from the FRS 102 transition date of 1/4/14 and has a net book value of £938,548; land is not depreciated. The historic cost equivalent of this asset at net book value is £912,436, and depreciation at historic cost would be £10,082. The trustees have adopted a policy of regular revaluation of freehold property, and undertake this professionally once every three years, with informal reviews annually. The freehold property was subject to independent, professional valuation on 31/3/21. The valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The valuation was carried out in accordance with the requirements of the RICS Valuation - Professional Standards Manual. Further information on property valuations is contained in note 18b.

18a FIXED ASSET INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>Unlisted investments</th>
<th>Mixed motive investments</th>
<th>Investment properties (18b)</th>
<th>Listed investments</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>COST/VALUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluations</td>
<td>-</td>
<td>49,998</td>
<td>7,309,250</td>
<td>16,552,530</td>
<td>23,911,778</td>
</tr>
<tr>
<td>Additions</td>
<td>85</td>
<td>49,998</td>
<td>-</td>
<td>1,504,157</td>
<td>1,554,240</td>
</tr>
<tr>
<td>Reallocation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,781,599)</td>
<td>(1,781,599)</td>
</tr>
<tr>
<td>At 31 March 2021</td>
<td>85</td>
<td>99,996</td>
<td>7,463,370</td>
<td>20,578,174</td>
<td>28,141,625</td>
</tr>
<tr>
<td>NET BOOK VALUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluations</td>
<td>-</td>
<td>49,998</td>
<td>7,309,250</td>
<td>16,552,530</td>
<td>23,911,778</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td>-</td>
<td>1,504,157</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reallocation</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td>-</td>
<td>-</td>
<td>(1,781,599)</td>
<td>(1,781,599)</td>
</tr>
<tr>
<td>At 31 March 2021</td>
<td></td>
<td></td>
<td>7,463,370</td>
<td>20,578,174</td>
<td>28,141,625</td>
</tr>
</tbody>
</table>

The historic cost of investment properties is disclosed in note 18b. Income from investments is shown in note 4. Shares in group undertakings were included at cost less impairment. Investment properties and listed investments are included at market value. This is commented on in more detail in note 18b below. Historic cost of listed investments is £17,283,664. Unlisted investments are included at cost which at the year end is considered to be the equivalent of market value.

The unlisted investment above relates to an 85% shareholding in a subsidiary undertaking, Novara Therapeutics Limited, a company registered in England and Wales under company number 12841228. The subsidiary has been excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view. The company’s aggregate liabilities at 31/3/21 were £9,228, it had no turnover for its first accounting period and its loss for the period was £9,328.

<table>
<thead>
<tr>
<th></th>
<th>Mixed motive investments</th>
<th>Investment properties</th>
<th>Listed investments</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>COST/ MARKET VALUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 May 2019</td>
<td>-</td>
<td>7,309,250</td>
<td>15,184,018</td>
<td>22,493,268</td>
</tr>
<tr>
<td>Revaluations</td>
<td>-</td>
<td>-</td>
<td>(1,581,162)</td>
<td>(1,581,162)</td>
</tr>
<tr>
<td>Additions</td>
<td>49,998</td>
<td>-</td>
<td>4,567,444</td>
<td>4,617,442</td>
</tr>
<tr>
<td>Reallocation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(1,617,770)</td>
<td>(1,617,770)</td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td>49,998</td>
<td>7,309,250</td>
<td>16,552,530</td>
<td>23,911,778</td>
</tr>
<tr>
<td>NET BOOK VALUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td>49,998</td>
<td>7,309,250</td>
<td>16,552,530</td>
<td>23,911,778</td>
</tr>
<tr>
<td>At 31 March 2019</td>
<td>-</td>
<td>7,309,250</td>
<td>15,184,018</td>
<td>22,493,268</td>
</tr>
</tbody>
</table>
18b INVESTMENT PROPERTIES

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

The investment properties were subject to independent, professional valuation as at 31/3/21. The London property valuation was undertaken by Colliers International Valuation UK LLP, a firm of independent valuers. The Sheffield property valuation was undertaken by Mark Jenkinson & Son, a firm of independent valuers. Both valuations were carried out in accordance with the requirements of the RICS Valuation - Professional Standards Manual. The historic cost equivalent of these assets is £3,891,018 and £3,498,868 respectively.

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

The Sheffield property is valued at £3.85m which represents 13% of the balance sheet value.

The London property is valued at £4.685m, with the investment property element representing 12% of the balance sheet value.

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

19 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>£2,800</td>
<td>£34,747</td>
</tr>
<tr>
<td>Other debtors</td>
<td>£1,776</td>
<td>£29,631</td>
</tr>
<tr>
<td>Amounts owed by group undertakings</td>
<td>£9,243</td>
<td>-</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>£26,047</td>
<td>£22,314</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£39,866</strong></td>
<td><strong>£86,692</strong></td>
</tr>
</tbody>
</table>

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>£66,819</td>
<td>£31,808</td>
</tr>
<tr>
<td>Grants payable</td>
<td>£364,227</td>
<td>£217,564</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>£26,451</td>
<td>£24,245</td>
</tr>
<tr>
<td>Other creditors</td>
<td>£18,758</td>
<td>£21,802</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>£239,317</td>
<td>£208,555</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£715,572</strong></td>
<td><strong>£503,974</strong></td>
</tr>
</tbody>
</table>

Deferred income includes monies held for courses to be held in the next financial year amounting to £61,654 (2020 - £43,857), and rents invoiced in advance, amounting to £93,994 (2020 - £108,054).
## 21 RECONCILIATION OF FUNDING COMMITMENTS AND PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding commitments at 31 March 2020</td>
<td>255,064</td>
<td>376,107</td>
</tr>
<tr>
<td>Grants adjusted/charged in the period (note 11)</td>
<td>488,496</td>
<td>72,394</td>
</tr>
<tr>
<td>Grants paid in the period</td>
<td>(186,645)</td>
<td>(193,437)</td>
</tr>
<tr>
<td><strong>Funding commitments at 31 March 2021</strong></td>
<td><strong>556,915</strong></td>
<td><strong>255,064</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions at 31 March 2020</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Indemnity provision released in the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Provisions at 31 March 2021</strong></td>
<td><strong>250,000</strong></td>
<td><strong>250,000</strong></td>
</tr>
</tbody>
</table>

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

## 22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants payable</td>
<td>192,687</td>
<td>37,500</td>
</tr>
</tbody>
</table>

## 23a OPERATING LEASE COMMITMENTS PAYABLE AS A LESSEE

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

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>-</td>
<td>4,366</td>
</tr>
<tr>
<td>Two to five years</td>
<td>-</td>
<td>4,366</td>
</tr>
<tr>
<td>Over five years</td>
<td>94,312</td>
<td>168,469</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98,678</strong></td>
<td><strong>173,107</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>94,312</td>
<td>168,469</td>
</tr>
<tr>
<td>Other (equipment)</td>
<td>4,366</td>
<td>4,366</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98,678</strong></td>
<td><strong>173,107</strong></td>
</tr>
</tbody>
</table>
23b OPERATING LEASE COMMITMENTS RECEIVABLE AS A LESSOR

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

<table>
<thead>
<tr>
<th>Period</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>362,160</td>
<td>296,572</td>
</tr>
<tr>
<td>Two to five years</td>
<td>526,855</td>
<td>560,000</td>
</tr>
<tr>
<td>Over five years</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: 889,015

24 FUND RECONCILIATION

<table>
<thead>
<tr>
<th></th>
<th>Balance at 31 March 2020</th>
<th>Income</th>
<th>Expenditure</th>
<th>Transfers</th>
<th>Gains/ (losses)</th>
<th>Balance at 31 March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other charitable funds</td>
<td>24,990,022</td>
<td>1,171,772</td>
<td>(1,159,864)</td>
<td>-</td>
<td>4,488,086</td>
<td>29,490,016</td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: 29,490,016

Of the £29,490,016 of other charitable funds above, £28,830,173 has been identified as being 'designated' at the period-end; this is further explained in note 25a and note 29. The purpose of the designated fund is to ring-fence key income-generating assets so that the charity can continue with its charitable activity of giving research grants, and to enable the charity to invest in its fundraising plan to realise its vision of 'pain-free movement for all'.

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

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Designated</th>
<th>Restricted</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets</td>
<td>10,680</td>
<td>938,548</td>
<td>-</td>
<td>949,228</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>28,141,625</td>
<td>-</td>
<td>28,141,625</td>
</tr>
<tr>
<td>Net current assets</td>
<td>841,850</td>
<td>841,850</td>
<td>(192,687)</td>
<td>(192,687)</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>-</td>
<td>(250,000)</td>
<td>-</td>
<td>(250,000)</td>
</tr>
<tr>
<td>Provisions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net assets at 31 March 2021</strong></td>
<td><strong>659,843</strong></td>
<td><strong>28,850,173</strong></td>
<td>-</td>
<td><strong>29,490,016</strong></td>
</tr>
</tbody>
</table>
## 25b ANALYSIS OF NET ASSETS BETWEEN FUNDS (PRIOR PERIOD)

<table>
<thead>
<tr>
<th></th>
<th>General Unrestricted</th>
<th>Designated</th>
<th>Restricted</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets</td>
<td>6,728</td>
<td>918,992</td>
<td>-</td>
<td>925,720</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>23,911,778</td>
<td>-</td>
<td>23,911,778</td>
</tr>
<tr>
<td>Net current assets</td>
<td>440,024</td>
<td>(37,500)</td>
<td>-</td>
<td>402,524</td>
</tr>
<tr>
<td>Provisions</td>
<td>-</td>
<td>(250,000)</td>
<td>-</td>
<td>(250,000)</td>
</tr>
<tr>
<td><strong>Net assets at 31 March 2020</strong></td>
<td>409,252</td>
<td>24,580,770</td>
<td>-</td>
<td>24,990,022</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for period</td>
<td>4,499,994</td>
<td>(1,137,137)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(619,940)</td>
<td>(600,245)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(314)</td>
<td>(1,341)</td>
</tr>
<tr>
<td>Interest payable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation of tangible fixed assets</td>
<td>14,034</td>
<td>14,197</td>
</tr>
<tr>
<td>Losses/(gains) on investments</td>
<td>(4,488,086)</td>
<td>1,581,162</td>
</tr>
<tr>
<td>Reverse indemnity provision</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Profit)/loss on disposal</td>
<td>248</td>
<td>-</td>
</tr>
<tr>
<td>of tangible fixed assets</td>
<td>(Profit)/loss</td>
<td>-</td>
</tr>
<tr>
<td>on disposal of tangible fixed assets</td>
<td>(Profit)/loss</td>
<td>-</td>
</tr>
<tr>
<td>Rent from freehold investment property</td>
<td>366,786</td>
<td>(162,240)</td>
</tr>
<tr>
<td>(Increase)/decrease in stock</td>
<td>930</td>
<td>(2,835)</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>46,825</td>
<td>29,159</td>
</tr>
<tr>
<td>(Decrease)/increase in creditors</td>
<td>(381,867)</td>
<td>(430,776)</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>(561,390)</td>
<td>(710,056)</td>
</tr>
</tbody>
</table>
27 CONTINGENT LIABILITIES

As outlined in note 21, in prior periods ORUK committed to a number of indemnity provisions - initially these were provided for within the accounts but as the likelihood of these crystallising reduced, the provisions were reversed. Of the four indemnities committed to, two have already fallen outside the time limit restriction, one lapsed just after the balance sheet date with no charge arising, and one remains provided for in the accounts. At the date of signing the accounts, there are no contingent liabilities remaining.

28 LEGAL STATUS OF THE CHARITY

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

29 ANALYSIS OF DESIGNATED FUNDS

An analysis of the funds is given below:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Description</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy Development Fund</td>
<td>Immediate grant commitments, new research, infrastructure</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Fabric Fund</td>
<td>Ongoing maintenance to Furlong House, a grade II listed building</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Capital Fund</td>
<td>To ring fence key income generating assets</td>
<td>27,080,173</td>
<td>23,080,770</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>28,830,173</strong></td>
<td><strong>24,580,770</strong></td>
</tr>
</tbody>
</table>