



Macular Society

Beating Macular Disease

The Macular Disease Society operating
under the name Macular Society

Report and Accounts

31 December 2018

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Officers and Advisers

Patrons

Henry Blofeld OBE*

Gemma Craven*

Gwyneth Dickinson MBE*

Denis Norden CBE*
(Died 19 September 2018)

Alison Guthrie MCOptom

Lucy Howe FRCOphth
(Retired 21 September 2018)

Martyn Long CBE *

Alan MacFarlane *
(Retired 4 July 2018)

Anna Fletcher LLB *

Alan Howell *

Frances Luff BA (Hons)

Keith Arscott
(Retired 25 January 2018)

Stephen Stacey MA, DPhil

Cecilia Bufton BSc (Hons)

Steve Kendall *
(Appointed 11 April 2018)

Bill Best *
(Appointed 11 April 2018)

Directors and Officers of the Company and Trustees of the Society

John Dunston MA, ACIL, FRSA –
Chair

Alan Walter – **Vice Chair** *
(Retired 11 April 2018)

Margaret Packham BSc(Hons),
MCIPD – **Vice Chair**

Paul Ryb BA(Hons) * –
Vice Chair

Richard Piller FCA, CTA –
Honorary Treasurer

Toby Evans BA(Hons), ACA *

Timothy ffytche LVO, FRCS,
FRCOphth

Chief Executive and Company Secretary

Cathy Yelf

The symbol * indicates visual impairment.

Auditors

Clifford Fry & Co, St. Mary's House, Netherhampton,
Salisbury, Wiltshire SP2 8PU

Bankers

Barclays Bank PLC, South West London Corporate
Banking, 1 The Causeway, Teddington, Middlesex
TW11 0HB

Legal Advisers

Furley Page LLP, Admiral's Offices Main Gate Road,
The Historic Dockyard, Chatham, Kent ME4 4TZ

Investment Managers

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

Registered Office (and actual office address)

Crown Chambers, South Street, Andover SP10 2BN

Contact Information

Tel 01264 350 551 – Office

Tel 0300 3030 111 – Advice and Information Service

Email info@macularsociety.org

The Trustees of the Macular Disease Society submit their annual report and audited financial statements for the year ended 31 December 2018. The Trustees are also directors of the Company and this report incorporates the information required in the directors' Strategic Report.

History and objectives

The Society was founded in 1987 by a group of patients and medical professionals. It now has 14,874 voting members, 1,489 six months free trial members, 100 non-voting associate members, 7,977 non-voting professional members and c.4,000 additional members of local groups who are not voting members.

The objectives of the Society are to provide information and support to improve the lives of people affected by macular disease and to fund research to end macular disease.

Structure, Governance and Management

The Society is a Company Limited by Guarantee, without Share Capital, incorporated on 13 October 1987 and registered as a Charity on 10 December 1990.

The Society has (at 31 December 2018) 412 support groups, 18 of which are in temporary suspension owing to issues such as loss of key volunteers or venues. The majority of the groups, 357, operate under the Society's charity number. 55 are 'affiliated' groups operating under the auspices of other organisations such as local societies for visually impaired people. Each group that operates under our charity number has a chairman, treasurer and secretary and is required to follow the Society's constitution for groups. These groups submit annual financial returns at the year-end which are combined into the Society's financial statements.

The Society has been granted exemption from Income Tax under s.505 ICTA 1988 and exemption from Capital Gains Tax under s.256 ICTA 1992. The Charity and Company numbers are shown on the back page of this document. The Company was established under a Memorandum of Association which confirmed the objects and powers of the Company and is governed under its Articles of Association.

Under the Articles, the Trustees are appointed by the Council to serve a maximum period of six years, with a reappointment requirement after three years. The exception to this is the Honorary Treasurer who may serve up to three, three-year terms. Vacancies for Trustees are advertised in Sideview (the Society's quarterly magazine) and elsewhere.

Applications are reviewed by the Governance and Appointments Panel. Selected candidates are

invited to a meeting with the Chief Executive for a briefing on the Society and discussion of the role and responsibilities of Trustees. Trustee training takes place by means of the initial briefing and occasional study workshops. During 2018 Trustees had training in fundraising and safeguarding.

Responsibilities of Trustees

Trustee responsibilities are set out in the Code of Conduct ('The Code') for Trustees. The principal duties are these: Trustees must, with the help of the Chief Executive, formulate and review regularly the Society's vision, values and long-term strategy as well as policies for their fulfilment. With the assistance of the Chief Executive and appropriate professional advisers, Trustees must make sure that the Society complies with regulatory and statutory requirements and must exercise overall control over the Society's financial affairs.

Report of the Trustees for year ended 31 December 2018

In addition to compliance with statutory requirements, Trustees should have a commitment to the development and implementation of good practice.

Trustees must make sure there is a clear understanding of the scope of authority delegated to the Chief Executive.

The Code also sets out the relationship between the staff and the Trustees. It is the role of the Chief Executive to implement the Society's vision, values and long-term strategy through a combination of salaried staff and volunteers. The Trustee Council meets four times a year. In addition to the top level decision making undertaken by Council, preparatory work takes place in committees comprising a combination of Trustees, salaried staff and external advisers. These committees are:

- **Finance and Fundraising**
Reviews the annual budget,

monitors financial and fundraising performance.

- **Research**

Allocates research funding and monitors output.

- **Governance and Appointments Panel**

Oversees governance and appoints Trustees and key employees. Sets the remuneration of key management personnel.

Assessment of public benefit

The Trustees have complied with the duty in Part 1 Chapter 1 s4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission. The Trustees have had regard for the guidelines when reviewing the Society's aims and objectives and in planning for future activities.

In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set with the executive team.

The day to day management of the Macular Society is led by the Chief Executive on authority delegated by Council.

Review of 2018

2018 has been a year of modest growth and preparation for significant change. We committed to and embarked on an organisation-wide programme designed to transform us into a major research charity and a provider of increased levels of our unique information and support services. We worked with consultants Alan Clayton Associates and Revolutionise to create a New Ambition for the Macular Society which is articulated in our new five-year strategy.

Our vision:

An end to macular disease.

Our mission:

Beating macular disease with world class research and the best advice and support.

Our strategic aims:

- Finding a cure
- Providing the best advice and support
- Educating the public that 'vision matters'.

Our over-arching five year campaign is:

Beating Macular Disease.

Report of the Trustees for year ended 31 December 2018

To achieve our strategic aims we need to increase our income. Our target is to treble our income to £12m p.a. by 2023.

During 2018 we have changed and redesigned many of our functions, processes and procedures to make them fit for purpose for our fundraising ambitions and to begin to develop the infrastructure necessary for operating a larger charity. This has encompassed all our fundraising processes, our communications and our data processing. We have examined the way we interact with our donors. We have refreshed our brand in terms of our vision and mission, our brand essence and our visual identity.

Some restructuring has been necessary to achieve our aims. We have created a new Supporter Care team to make sure all our supporters receive excellent service from us. We have merged the Fundraising and Communications teams into one

directorate to enable us to create seamless campaigns that will increase our income in line with our ambition.

More work will be done in 2019 to strengthen our service delivery teams, design a new membership offer and develop staff skills in the new messaging and fundraising.

Such significant change is not easy, and would not have been possible but for the wholehearted support of Trustees and members of staff to whom we are very grateful. Alongside this change programme we remained focused on our core activities. We offered services to a growing number of people overall and, once again, were able to increase our funding of research projects.

We continued to build collaborations, especially in research work, and maintained a role in the sector as an expert and authoritative leader.

The scale of macular disease and the impact it has on the people affected by it are enormous. Macular disease is having a growing impact on society as a whole. This lays upon us a great responsibility to respond with renewed determination to achieve our strategic aims; to find a cure, to provide the best advice and support and to encourage everyone to care for their eye health.

Progress against strategic objectives:

Beating Macular Disease by finding a cure

2018

- We funded £563k in direct medical research grants to four leading macular researchers. This included £60k towards a PhD studentship jointly funded with Retina UK (formerly RP Fighting Blindness).
- We currently have £2.3m invested in medical research across 20 projects.
- A notable result in 2018, from an early Macular Society grant, was the results of the first human trial of the stem cell work performed by the London Project to Cure Blindness. This was a successful safety trial and two patients treated in the trial regained some vision. The scientists behind this work, Professors Pete Coffey and Lyndon da Cruz were the recipients of the Macular Society's 2018 Alan Alderman Award in recognition of this outstanding research success.
- We granted a further £50k to Action Against AMD (AAAMD), our collaboration with Blind Veterans UK, Fight for Sight and Scottish War Blinded. Action Against AMD is focusing on developing new therapies to prevent early AMD (pre-symptomatic) progressing to late AMD (visual loss).
- The AAAMD Trustee Board is comprised of the four founder charities' CEOs together with an

independent Chair and an independent Trustee. That Board confirmed the appointment of an executive team; Nigel Edwards (CEO), Wen Hwa Lee (CSO) and Benedict Kelly (COO). They began work in July and have developed an outline strategy.

- Action Against AMD completed its first partnership with a biotech company, Benevolent AI (BAI). This project was to map the current research on AMD and use BAI's machine learning techniques to uncover previously unrecognised linkages between disease processes, drug and other therapeutic actions that might reveal repurposing potential. The work has led to seven new targets being identified. These are being discussed with other collaborators, including pharmaceutical companies, with a view to further validation and development.
- We now have 2,300 people on our research participant

database. These people are available to research teams who apply to us for help recruiting participants.

- We trialled a patient-orientated research publication, Spotlight, and decided to incorporate this style of research reporting into Sideview rather than produce a separate publication.
- We produced our research journal, Digest and distributed it to our professional members and other members who have opted into receiving it.
- Our contribution to the research community was recognised by the appointment of our CEO as a Trustee of the Association of Medical Research Charities.
- The CEO and our Research Programme Manager are patient representatives on four clinical trial steering committees. We also contribute to consultations and national research management bodies including the Ophthalmology Specialty Committee of the National

Institute for Health Research and the National Institute for Health and Care Excellence.

Beating Macular Disease by finding a cure

2019 targets

- Establish ourselves as a major medical research funder. We will start work on our five year strategy to increase our funding of research with a view to funding c. £6m of research each year by 2023.
- Develop a new five-year research strategy to set out the structure of our funding programme and our research priorities.
- Commit £1m to research by increasing the value of our research grant programme to c. £800k, increasing the size of our grants to a maximum of £200k over three years and supporting the work of AAAMD.
- Continue to increase the size of our patient database.

- Move our research journal Digest to an online publication to increase access and reduce costs.
- Work with our collaborators to develop Action Against AMD and our partnership with Retina UK (formerly RP Fighting Blindness) to make sure we make the most of the research funds available and to increase those funds.
- Hold an international conference on the potential of gene editing (CRISPR-Cas9) technology to treat inherited retinal disease.

Beating Macular Disease with the best advice and support

2018

- We continued to grow our services to people affected by macular disease and to improve them. There is increasing demand for many of our services, particularly those offering emotional support.
- Across all our service delivery platforms (print, digital,

telephone and face to face) we provided c.1,066,000 service interventions in the year.

- We appointed a new Manager for our Advice and Information Services (formerly known as the helpline) to maintain and continue to ensure that our standards are consistently high across the Society and the information we provide is consistent and up to date.
- The Advice and Information Service again received a record number of calls, emails and forum messages; a total of 12,716.
- The counselling service also helped a record number of people; 284.
- We now have 412 peer-support groups across the UK and the Channel Islands. We estimate that more than 7,000 people attend these groups.
- Our Befriending service has also served a record number of people this year; a total of 368.

- Staff and volunteers gave 172 Gadget Guide demonstrations to c 3,000 people.
- Our Skills for Seeing programme supported 271 people. This included people referred to partner organisations participating in our trial with local societies for visually impaired people in the south east of England. The early results from this pilot suggest that it is successful in allowing us to refer people much more quickly than is the case with our volunteer model. Further evaluation is required.
- We continue to offer one-to-one support for people who need advice or reassurance on new technology, juvenile dystrophies or hallucinations by connecting them with a network of experienced patient 'Buddies'.
- We have commissioned Blue Sky to support us in establishing more robust evaluation and impact assessment processes for our services.

- We have developed a five year strategy to set out how we will double the number of beneficiaries we serve by 2023.

Beating Macular Disease with the best advice and support

2019 targets

- Grow our emotional support services (Advice and Information Services, befriending, buddies and counselling) by 20% overall.
- Continue to develop our peer-support network of local groups with two new regional managers in England and a Head of Regions post.
- Appoint a manager to lead our work supporting younger people affected by macular conditions, and their families.
- Develop the skills of our Advice and Information Service to deliver better advice on new technology.
- Evaluate and, if appropriate, roll out our Skills for Seeing

partnership with local societies.

- Develop a technology strategy and new digital services to increase our reach and engage with new audiences.

Vision matters – Beating Macular Disease with greater public awareness and education

2018

- We continued to work to raise public awareness of the Society, macular conditions and eye health generally.
- Tracking of public awareness shows that recognition of macular disease is increasing and is now at 65%. Awareness of the Society has not increased significantly and remains at 12%.
- We concentrated our 2018 campaigning on Macular Week (inaugurated by us in 2015) and National Eye Health Week. During these campaigns we distributed nearly 3,000 eye

health packs to a predominantly new audience.

- Our film 'Five Years Through the Eyes of a Mum' was a central element of the campaign. It appeared in the Facebook feeds of more than 1m people and was viewed fully by more than 10,000 people.
- We have distributed more than 350k information leaflets, mainly via eye care professionals.
- The support and information pages of our website were visited 670k times during the year and there were 265k unique visitors to the site.
- We have generated 3,186 news items in the year across newspapers, magazines, broadcast outlets and news websites.
- We have campaigned in many local areas where services have been poor and drawn this to the attention of local managers as well as national leaders including the Secretary of State for Health, and the CEOs of NHS England and NICE.

Vision matters – Beating Macular Disease with greater public awareness and education

2019 targets

- Increase our reach with creative and engaging campaigns that interest audiences and stimulate engagement with us.
- Work with optical businesses to increase awareness of the importance of eye health checks, the impact of lifestyle on eye health, the symptoms of macular disease and the need for rapid access to advice and treatment.
- Continue to roll out our five-year Beating Macular Disease campaign across all our communications.
- Develop fully integrated campaigns that use all available channels to their full potential.
- Continue to test and learn from all our work in a model of continuous improvement.

Fundraising strategic aims:

2018

- Achieved fundraised income targets of £4,702k actual vs. £3,901k budget.
- Developed a five-year strategy and investment plan to achieve our ambition to triple our income by 2023.
- Merged the Fundraising and Communications teams into one Fundraising and Marketing Directorate.
- Developed a comprehensive and compelling ‘case for support’ together with propositions for donors that support our fundraising activities.
- Reviewed our data processing, fundraising and communications activities to ensure we are as effective and efficient as possible and have structures, processes and procedures in place that are fit for purpose in a large charity.

- Established a Supporter Care team as part of our determination to be more focused on the needs of our donors.
- Begun to build strategic relationships with corporate partners.

Fundraising strategic aims:

2019 targets

- Achieve fundraised income of £4,679k.
- Complete changes to our fundraising processes, including the development of supporter journeys, campaign planning and developing great fundraising copywriting skills.
- A review and relaunch of our membership offer.
- A series of integrated campaigns in Macular Week and National Eye Health Week, and at the launch of our appeals.

Financial Review

The financial statements show a surplus for the year of £340k (2017: deficit of £80k). Total funds at the year-end were £3,363 (2017: £3,023).

We started the year in a strong position and we set a deficit budget once again for 2018. Owing to unexpectedly high income from legacies, we ended the year with a surplus. This allows us to accelerate investment in our services division and infrastructure development. In addition we plan to invest a record £1m in research.

Reserves Policy

Unrestricted reserves at the year-end amounted to £2,310k. Each year the Trustees consider the financial and other risks associated with the income and expenditure streams. This allows us to calculate the minimum level of reserves necessary to protect the Society from uncontrollable

variances. Our current policy which remains unchanged, is to hold unrestricted reserves of a minimum representing four months of our costs budgeted for 2019. This amounts to £1.3m for the forthcoming year.

Investment Policy

We invest funds not required in the short term with Ruffer LLP, an external investment manager. The Portfolio performance is reviewed by the Finance Committee, which reports to Council. Ruffer is instructed not to invest in tobacco stocks due to the effect of smoking on eyesight.

Ruffer's investment objectives are not to lose money on a 12 month rolling basis and to grow the portfolio at a higher rate than would be achieved by depositing in cash. The fund ended the year with a total value of £931k, a loss in the year of 6.4%.

The Society's policy is to invest the remaining cash reserves in bank

deposits or similar instruments. Of the £2,730k at the year-end (excluding cash held by local groups), £320k was on deposit with Nationwide, £600k with Lloyds TSB, £400k with NatWest and £1,410k with Barclays. Interest income for the year amounted to £6k (2017: £7k).

Research Grant Policy

Research grants are awarded by the Trustees based on the recommendations of the Research Committee which is chaired by an independent Chair. The Chair was Professor Paul Bishop to March 2018 and then Professor James Bainbridge. The Committee invites applications for funding of research projects within research area priorities set by the Trustees.

Applications are independently peer-reviewed and assessed by the Committee. Selected projects are formally approved by Council. The progress of projects (which may last up to three years) is monitored by

the Research Committee and periodically reported to Council.

Executive Team

The executive team comprises:

Cathy Yelf, Chief Executive

Sarah Day, Head of Fundraising (to 7 February 2018)

Emma Malcolm, Director of Fundraising and Marketing (appointed 12 February 2018)

Graham Newman, Head of Marketing & Communications (to 24 December 2018)

Tessa Barrett, Head of Service Delivery

Karen Noble, Accounts Manager (from 1 June 2018)

Rebecca Ward, HR Manager (from 4 December 2018)

Their pay is reviewed annually by the Governance and Appointments Committee and is set having regard to market information in respect of charities of equivalent size with head office operations located outside London.

Risk Assessment

The Trustees have reviewed the major risks that the Society faces and believe the Society has sufficient resources to cope with any foreseeable adverse conditions. The major risks that might impact the Society have been assessed and we are satisfied with the actions taken to mitigate exposure to these risks. The most significant of these risks are:

- a reduction in our income generation; protected by the holding of a minimum reserve requirement and now enhanced by our New Ambition Strategy,
- protection of our bank deposits and investment portfolio; protected by setting maximum deposit holdings with individual banks and spreading risk through our investment portfolio holdings,
- computer failure; protected by annual computer disaster recovery reviews,
- data protection failure; protected by a comprehensive data

protection policy. This includes an Information Security Incident Management Policy, a review of data retention and annual staff and volunteer training,

- hurt to vulnerable adults; protected by two safeguarding officers, policies covering the expectations of staff and volunteers, the safeguarding of vulnerable adults and whistleblowing and the use of the disclosure and barring service.

Fundraising practice, ethics and transparency

We aim to achieve excellence in fundraising, ensuring that all our activities are open, fair, honest and legal. This is reflected by our Supporter Charter, a full copy of which is available on our website: www.macularsociety.org/ourpromise.

The Society continues to adhere to the highest standard of good fundraising practice. We worked to strengthen our data protection

policy and practice to make sure that data is protected in line with the Data Protection Act 2018.

We aim always to treat our supporters with respect and to be ethical in all we do. Many of our donors and beneficiaries are vulnerable adults; we have a Vulnerable Adults policy of which all staff are aware. We did not use fundraising methods which intrude on privacy, are unreasonably persistent or put undue pressure on potential donors. No professional fundraisers carried out fundraising activities on our behalf. We worked with several commercial data processors, such as our mailing house, all of which signed data protection agreements. We also never sell or share data outside the Society, unless required to by law.

We were registered with the Fundraising Regulator and adhered to its codes of fundraising practice. We have a fundraising complaints policy and record all

complaints on our database. We received two complaints about fundraising during 2018.

Statement of Trustees' Responsibilities

The Trustees, who are also directors of the Macular Disease Society for the purposes of company law, are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year, which 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 income and expenditure of the Charitable Company for that period.

In preparing these financial statements, the Trustees are required to:

Report of the Trustees for year ended 31 December 2018

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

The Trustees are responsible for keeping proper 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees 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 charity's auditors 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 auditors are aware of that information.
- the Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors on 9 April 2019:



John Dunston,
Chairman of the Council,
Macular Society

Independent Report of the Auditors

to the Trustees and Members of the Macular Disease Society

We have audited the financial statements of the Macular Disease Society (the 'Charitable Company') for the year ended 31 December 2018, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the 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 December 2018 and of its surplus 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) (ISA (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with

Independent Report of the Auditors

to the Trustees and Members of the Macular Disease Society

these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in so doing, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we

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

We have nothing to report in this regard.

Opinion 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 Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been

prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charitable Company and its environment, obtained during the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' 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 local groups not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or

Independent Report of the Auditors

to the Trustees and Members of the Macular Disease Society

- 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.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement on pages 21-22, the Trustees 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 activities, or to have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high-level assurance, but it 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. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Charitable Company's Trustees and 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 Trustees and Members those matters we are required to state to them in an Auditors' 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 Trustees and Members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Erica Parker FCCA
(Senior Statutory Auditor)**

For and on behalf of
Clifford Fry & Co, LLP

St Mary's House, Netherhampton
Salisbury, Wiltshire SP2 8PU

11 April 2019

Statement of Financial Activities

(incorporating an income and expenditure account).

For the year ended 31 December 2018

		£'000	£'000	£'000	£'000
		Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	Notes				
Income from:					
Donations and legacies	2(1)	3,337	1,109	4,446	3,379
Charitable activities	2(2)	-	446	446	531
Other trading activities	2(3)	62	193	255	232
Investment income & interest	2(4)	16	-	16	19
Total income		3,415	1,748	5,163	4,161
Expenditure on:					
Raising funds	3(1)	1,045	-	1,045	864
Charitable activities	3(2)	2,162	1,552	3,714	3,394
Total expenditure		3,207	1,552	4,759	4,258
Net income/(expenditure) before Gains/(losses) on investments		208	196	404	(97)
Net gains/(losses) on investments	8	(64)	-	(64)	17
Net income/(expenditure)		144	196	340	(80)
Total funds brought forward		2,166	857	3,023	3,103
Total funds carried forward		2,310	1053	3,363	3,023

There are no recognised gains or losses other than those disclosed above.
All income and expenditure derives from continuing activities.

Balance Sheet as at 31 December 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets:					
Tangible assets	7		36		23
Investments	8		931		995
Current assets:					
Stocks	9	8		11	
Debtors	10	491		639	
Cash and bank balances		2,730		2,065	
Cash held by local groups		329		296	
		<u>3,558</u>		<u>3,011</u>	
Current liabilities:					
Creditors: amounts falling due within one year	11	916		742	
Net current assets			<u>2,642</u>		<u>2,269</u>
Total assets less current liabilities			<u>3,609</u>		<u>3,287</u>
Creditors: amounts due after more than one year	12		246		264
Net assets	15		<u>3,363</u>		<u>3,023</u>
Funds					
Unrestricted funds			2,310		2,166
Restricted funds	14		1,053		857
Total funds			<u>3,363</u>		<u>3,023</u>

The notes on pages 31 to 43 form part of these accounts.

Approved by the Board of Trustees on 9 April 2019



John Dunston, Chairman



Richard Piller FCA, CTA, Hon. Treasurer

Statement of Cash Flows for the year ended 31 December 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	717	(313)
Cash flows from investing activities:		
Investment income and interest	16	19
Purchases of equipment	(35)	(18)
Sale of investments	483	358
Purchase of investments	(437)	(332)
(Increase)/decrease in cash held for investment	(46)	(26)
Net cash provided by (used in) investing activities	(19)	1
Change in the year	698	(312)
Cash at the beginning of the year	2,361	2,673
Cash at year-end	3,059	2,361
Reconciliation of net income (expenditure) to net cash flow from operating activities:		
Net income/(expenditure) for the year	340	(80)
Adjustments for:		
Depreciation	22	20
(Gains)/losses on investments	64	(17)
Investment income and interest	(16)	(19)
(Increase)/decrease in stocks	3	(8)
(Increase)/decrease in debtors	148	(189)
Increase/(decrease) in creditors	156	(20)
Net cash provided by (used in) operations	717	(313)

1. Accounting policies

(a) Basis of preparation – the net income of the Society arises solely from continuing activities. The accounts have been prepared on the accruals basis and combine the financial activities of the Society and local Groups.

(b) Accounting convention – the accounts have been prepared under the historical cost convention and in accordance with the applicable United Kingdom Accounting Standards, the Charities Statement of Recommended Practice (FRS 102) and the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

(c) Going Concern – After reviewing the Charitable Company's forecasts and projections, the Trustees have a reasonable

expectation that the Company has adequate resources to continue its activities for the foreseeable future. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements.

(d) Depreciation of Tangible Fixed Assets – depreciation is charged on a straight line basis by reference to the expected useful lives of the assets concerned. The rates used are 33⅓% for IT and film equipment and 20% for office equipment. Fixed assets purchased by local Groups are written off in the year of purchase.

(e) Investments – investments are stated at market value. Unrealised gains and losses are recognised in the statement of financial activities.

(f) Stocks – stocks are valued at the lower of cost and estimated realisable value.

(g) Legacies – Legacies are accounted for when it is probable that they will be received and the amount can be reliably ascertained.

(h) Debtors – Debtors are measured at amortised cost less any impairment.

(i) Creditors – Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from past events that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts which may be due.

(j) Financial Instruments – The Charitable Company has financial assets and financial

liabilities of a kind which qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Investments, including bonds, held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

(k) Donated services – donated services are included at estimated valuation.

(l) Volunteers – The Charitable

Company has in the region of 1,400 volunteers. The financial value which these volunteers make is not incorporated within these financial statements.

(m) Local Groups – In order to reflect correctly the stewardship of the Charitable Company over activities of its local support groups, their results are included in the SOFA and their cash balances at the year end are included in the Balance Sheet as restricted funds. The amounts have been incorporated based on returns received by the Charitable Company by 28 February 2019.

(n) Grants received – where related to performance and specific deliverables, grants are accounted for when the Society earns the right to consideration.

(o) Expenditure – expenditure includes irrecoverable VAT.

(p) Research grants – unconditional research grants payable in future years are accrued for in the year awarded.

(q) Unrestricted Funds – Unrestricted Funds comprise income received without restriction as to its use.

(r) Restricted Funds – Restricted Funds comprise income received for the purposes specified by the donor. Expenditure which meets these criteria is applied to the related Fund.

(s) Resources expended – resources expended are allocated to the particular activity where the cost relates directly to that activity. Payroll and support costs are apportioned to these activities on the bases set out in Notes 4 and 5.

Notes to the Accounts for the year ended 31 December 2018

	2018	2017
	£'000	£'000
2. Analysis of incoming resources		
(1) Donations and legacies		
Donations, appeals and unrestricted grants	1,077	1,052
Membership subscriptions	291	290
Fundraising events	635	517
Legacies (Note 17)	2,443	1,520
	<u>4,446</u>	<u>3,379</u>
<p>£2,901k of the 2017 income was unrestricted and £478k restricted.</p>		
(2) Income from charitable activities		
Grants for specified charitable activities	363	446
Other	83	85
	<u>446</u>	<u>531</u>
(3) Income from other trading activities		
Local group income (restricted)	193	173
Trading income (unrestricted)	62	59
	<u>255</u>	<u>232</u>
(4) Income from Investments and Interest		
Interest received	6	7
Investment Income	10	12
	<u>16</u>	<u>19</u>
3. Analysis of resources expended		
(1) Costs of raising funds (unrestricted)		
Employee remuneration (Note 5)	419	393
Support costs (Note 4)	90	100
Direct costs	495	326
Trading costs	30	34
Investment management costs	11	11
	<u>1,045</u>	<u>864</u>
<p>New Ambition costs of £237,000 were included in Direct costs in 2018.</p>		

				2018	2017
				£'000	£'000
	Direct costs	Staff costs	Support costs		
	£'000	£'000	£'000		
		(Note 5)	(Note 4)		
(2) Charitable activities					
Publications	140	92	20	252	210
Educational information	312	232	50	594	471
Helpline & Counselling	132	146	32	310	293
Groups & Volunteers	168	763	165	1,096	1,039
Low Vision	49	123	27	199	160
Conferences	56	15	3	74	107
Research	753	199	43	995	913
Support to professionals	34	-	-	34	26
Local group activities	160	-	-	160	175
	<u>1,804</u>	<u>1,570</u>	<u>340</u>	<u>3,714</u>	<u>3,394</u>

2017 charitable expenditure was charged as to £1,337 to restricted reserves and £2,057 to unrestricted.

	2018	2017
	£'000	£'000
4. Support costs		
Rent and rates	77	77
Postage and office supplies	48	57
Telephone and IT	109	113
Depreciation	22	19
Recruitment	10	38
Bank charges	13	11
Governance	16	48
Other expenses	<u>135</u>	<u>117</u>
	<u>430</u>	<u>480</u>

The above costs are those that cannot be directly allocated to specific activities. The total has been apportioned pro rata to the apportionment of head office staff as follows:

Notes to the Accounts for the year ended 31 December 2018

	2018	2017
	£'000	£'000
4. Support costs (continued)		
Cost of fundraising	90	100
Cost of charitable activities	340	380
	<u>430</u>	<u>480</u>

The support costs allocated to charitable activities have then been allocated pro rata to the apportionment of staff costs allocated to those activities. The resulting allocation is as shown in Note 3(2).

Governance costs include audit costs of £6,780 (2017: £6,180).

5. Employee remuneration

The average number of full and part-time employees in the year was 64 (2017:58). The average number of employees calculated on a full-time equivalent basis, analysed by function was:

	2018	2017
Management, governance and administration	6	5
Customer care and membership administration	8	6
Fundraising	11	9
Group development & volunteer coordination	13	12
Helpline and treatment advocacy	4	4
Low vision	4	3
Research	2	2
Education and awareness	7	6
Sideview and Digest	2	2
	<u>57</u>	<u>49</u>

	2018	2017
	£'000	£'000
Salaries	1,746	1,531
National insurance	162	141
Pension costs	81	71
	<u>1,989</u>	<u>1,743</u>

5. Employee remuneration (continued)

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year and to whom retirement benefits are accruing under money purchase pension schemes are:

	2018	2017
	Number	Number
£60,001-£70,000	2	3
£70,001-£80,000	1	-
£80,001-£90,000	-	1
£90,001-£100,000	1	-
	<u>4</u>	<u>4</u>

The total emoluments paid to the 4 key managers amounted to £316,000.

The cost of staff involved with Fundraising are charged to those activities. The cost of staff that are involved in specific activities has been allocated to those activities; the balance of the payroll has then been allocated pro rata to the direct cost allocation. The central finance raising payroll costs have been allocated to specific activities pro rata to the funds raised for those activities.

The resulting allocation is as follows:

	2018	2017
	£'000	£'000
Cost of fundraising	419	393
Cost of charitable activities	1,570	1,350
	<u>1,989</u>	<u>1,743</u>

The payroll costs allocated to individual charitable activities is as set out in Note 3(2).

6. Pension scheme

The charity operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme. Contributions totaling £12,422 (2017: £Nil) were payable to schemes at the year-end and are included in Creditors.

Notes to the Accounts for the year ended 31 December 2018

7. Tangible fixed assets

	IT & film equipment £'000	Office equipment £'000	Total £'000
Cost:			
As at 1 January 2018	58	17	75
Additions	31	4	35
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2018	89	21	110
Depreciation:			
As at 1 January 2018	41	11	52
Charge for year	19	3	22
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2018	60	14	74
Net book amounts:			
As at 31 December 2018	<hr/>	<hr/>	<hr/>
	29	7	36
As at 31 December 2017	<hr/>	<hr/>	<hr/>
	17	6	23

8. Investments

	2018 £'000	2017 £'000
Market value as at 1 January	944	953
Acquisitions at cost	437	332
Disposals at carrying value	(483)	(358)
Net realised gains (losses) on disposals	39	19
Net unrealised gains	(103)	(2)
	<hr/>	<hr/>
Total investments at market value at 31 December	834	944
Cash held for investment	97	51
	<hr/>	<hr/>
Total investments	931	995
	<hr/>	<hr/>
Total investments at market value	931	995
Total investments at historical cost	902	863
	<hr/>	<hr/>

	2018	2017
	£'000	£'000
8. Investments (continued)		
Revaluation unrealised gain	29	132
Investments are further analysed as follows:		
Listed equities (UK £97k, Overseas £328k)	274	425
Listed fixed interest and index linked Investments (UK £235k, Overseas £171k)	400	406
Other investments	160	113
Cash held for investments	97	51
	<u>931</u>	<u>995</u>
9. Stocks comprise diaries & cards for sale	<u>8</u>	<u>11</u>
10. Debtors & prepayments		
Legacies (Note 17)	250	520
Gift aid	50	44
Prepayments	81	72
Other receivables	110	3
	<u>491</u>	<u>639</u>
11. Creditors & accruals: amounts falling due within one year		
Research grants committed not yet paid	720	573
Creditors	95	107
Accruals & other payables	57	62
Social security and other taxes	44	-
	<u>916</u>	<u>742</u>

Notes to the Accounts for the year ended 31 December 2018

	2018 £'000	2017 £'000
12. Creditors: amounts falling due after more than one year		
Research grants committed not yet paid	196	224
Accruals and other payables	50	40
	<u>246</u>	<u>264</u>

13. Analysis of research grants

Grant payments have been made or accrued during the year for the following research projects, all of which are with universities and other medical institutions:

- **University College London;** investigating CRISPR/Cas9 gene editing as a therapy for Autosomal Dominant Bestrophinopathies.
- **University of Manchester;** comprehensive molecular analysis and iPSC model of early-onset macular degeneration to better understand age-related macular degeneration.
- **Newcastle University;** exploring the role of exosomes to treat age-related macular degeneration and to provide biomarkers for early diagnosis of the disease.

In 2018 a further £50,000 (2017: £100,000) contribution was made to Action Against AMD (AAA) for the future funding of research at an enhanced level. The three other collaborating charities have committed to similar contributions.

	Charged to reserves	
	Restricted £0'00	Unrestricted £'000
University of Manchester	164	
RP Fighting Blindness	60	
University of Newcastle	169	
University College London	170	
Other	8	
Funding of AAA	76	
Salary, support and other costs	242	106
	<u>889</u>	<u>106</u>
Total charge to reserves	889	106
Total research expenditure – Note 3(2)		<u>995</u>

14. Restricted funds

The Society's Restricted funds, into which are paid amounts received with a specific request that the income should be used to fund specified activities, comprise:

- A Research fund for research activities
- A Big Lottery Fund (Wales) for 2 part time Regional Managers to set up new groups in Wales, support existing groups and train volunteers
- A Big Lottery Fund (NI) for a part time Regional Manager to set up new groups and support existing groups in Northern Ireland
- A Groups and Volunteers fund for support to local groups and volunteers
- A Professional Liaison fund for support to professional members
- A Local Groups fund representing cash and deposits held by local Groups to fund their future activities
- Special Project funds for specified current year activities

	As at 1 Jan 2018 £'000	Movement in year		As at 31 Dec 2018 £'000
		Income £'000	Expenses £'000	
Research	375	1,157	(889)	643
Big Lottery Fund (Wales)	43	60	(103)	-
Big Lottery Fund (NI)	4	44	(44)	4
Groups & Volunteers	44	206	(245)	5
Professional Liaison	16	-	(4)	12
Counselling	30	58	(88)	-
Local Groups	296	193	(160)	329
SFS Pilot	49	30	(19)	60
	<u>857</u>	<u>1,748</u>	<u>(1,552)</u>	<u>1,053</u>

Restricted income includes:

- £28,000 from the Masonic Charitable Foundation for Emotional Support Services, so that no one faces sight loss alone.
- £5,000 from the Blindcraft Charitable Trust for supporting people with macular conditions in Scotland.
- £4,000 from the Halifax Foundation for Northern Ireland towards volunteer recruitment and development in Northern Ireland.

Notes to the Accounts for the year ended 31 December 2018

15. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fixed assets & Investments	967	-	967
Net assets	1,343	1,053	2,396
	<u>2,310</u>	<u>1,053</u>	<u>3,363</u>

16. Trustee remuneration

The Trustees received no remuneration during the year (2017: nil).

During the year 11 Trustees (2017: 8) were reimbursed for travel and out of pocket expenses amounting to £5,104 (2017: £2,635).

17. Legacies

Legacies of an estimated £817,700 (2017: £401,100) have been excluded from income as the criteria for recognition had not been met.

18. Commitments

As at 31 December 2018 the Society had the following annual office rent commitments under non-cancellable operating leases:

	2018 £'000	2017 £'000
Payable within one year	60	60
Payable from one year to five years	235	240
Payable after five years	-	55
	<u>295</u>	<u>355</u>

19. Share capital and members' guarantees

The Company is limited by guarantee and has no share capital. Each member, whilst a member or within 12 months of ceasing membership, undertakes to contribute on a winding up such amount, not exceeding £1, as may be required.

20. Ultimate controlling party

The Society was controlled throughout the current and previous year by the Board of Trustees.

21. Financial Instruments

At the balance sheet date the charity held financial assets at amortised cost of £410k (2017: £567k), financial assets at fair value of £3,059k (2017: £2,361k) and financial liabilities at amortised cost of £1,118k (2017: £1,006).

22. Related Party Transaction

During the year a grant payment was made to Action Against AMD amounting to £50,000.

The Macular Society and Action Against AMD are related by virtue of Cathy Yelf (CEO) sitting on the Board of Action Against AMD, together with the CEOs of the other founding charities.



Macular Society

Beating Macular Disease

Macular Society
Crown Chambers,
South Street, Andover,
Hampshire SP10 2BN

Company Registered Numbers: England and Wales 2177039
Isle of Man: 005738F

Registered Charity Numbers: England and Wales: 1001198,
Scotland: SC042015, Isle of Man: 1123
