

The Macular Disease Society
operating under the name

Macular Society

Report and Accounts

31 December 2017

Contents

Officers and Advisers	4 – 5
Report of the Trustees	6 – 18
Report of the Auditors	19 – 21
Statement of Financial Activities	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Accounts	25 – 35

Officers and Advisers

Patrons

Henry Blofeld OBE*

Gemma Craven*

Gwyneth Dickinson MBE*

Denis Norden CBE*

Peter Sallis OBE*

(died 2 June 2017)

Alison Guthrie MCOptom

Lucy Howe FRCOphth

Martyn Long CBE *

Alan MacFarlane *

Paul Ryb BA(Hons) *

Anna Fletcher LLB
(Appointed 15 September
2017)

Frances Luff BA (Hons)
(Appointed 15 September
2017)

Keith Arscott (Appointed
15 September 2017)
(Resigned 25 January 2018)

Stephen Stacey MA, DPhil
(Appointed 15 September
2017)

Cecilia Bufton BSc (Hons)
(Appointed 15 September
2017)

Directors and Officers of the Company and Trustees of the Society

John Dunston MA, ACIL, FRSA –
Chairman

Alan Walter* – **Vice Chairman**

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

Tom Wilson FCA –
Honorary Treasurer
(retired 21 June 2017)

Richard Piller FCA, CTA –
Honorary Treasurer
(appointed 21 June 2017)

Moira Black CBE, MA, FCA
(retired 13 April 2017)

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)

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The Trustees of the Macular Disease Society submit their annual report and audited financial statements for the year ended 31 December 2017. 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 14,801 voting members, 1,208 six months free trial members, 80 non-voting associate members 7,340 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 find cures.

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 2017) 383 peer support groups. The majority, 342, operate under the Society's charity number. 41 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 number 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 Board to serve a maximum period of six years, with a reappointment requirement after three years. The exception to this is the Hon. 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. The Trustees undertook training in Charity Governance during 2017.

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. 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 Trustees. It is the role of the Chief Executive to implement the Society's vision, values and long term strategy through a

combination of the salaried staff and volunteers. The Council (The Trustee Board) 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, Society members, 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.

Review of 2017

We have made good progress against our key strategic objectives of raising awareness of macular disease and the Macular Society, increasing the number of people we support and building research capacity.

For the first time we can show a measurable increase in awareness of macular disease. More people than ever before have used our information resources and received face to face or one to one services from the Society.

We have also funded more research and developed our research partnership, Action Against AMD (AAA). AAA held its first high level

international scientific conference, hosted by the Wellcome Genome Research Centre near Cambridge.

Our income met the target set out in our five-year fundraising strategy.

We completed our preparations for the implementation of new data protection and fundraising regulation to make sure we are compliant with new legislation. We updated and enhanced our IT systems to meet increased threats to data security.

We also began a major initiative to increase our income. The New Ambition is a project designed to create the culture and messaging that will enable us to raise significantly more money so that we may reach everyone affected by macular disease and to fund more research. The New Ambition is led by the Board and the senior management team and will launch in the autumn of 2018.

Key objectives in 2017

1. To increase awareness of macular disease and the Macular Society

We developed a new approach to awareness raising in 2017, combining fundraising and awareness raising campaigns. Working more closely together, the communications and fundraising teams developed high impact campaigns across major digital platforms.

These included a second campaign using Mac, our anthropomorphic representation of the macula, a five week campaign around and during Macular Week and our first petition on the Care 2 website focusing on access to NHS eye services. The petition collected more than 11,000 signatures and was delivered to Downing Street.

A highly creative campaign about visual hallucinations (Charles Bonnet Syndrome) generated nearly 40,000 unique visitors to our website. The traditional direct mail Christmas appeal was

Report of the Trustees for year ended 31 December 2017

complemented by a four week online appeal which generated over 35,000 unique visitors to our website.

In July we raised awareness of undiagnosed sight loss in children as a cause of underperformance in the classroom. Resources were created by a special educational needs expert to help teachers make lessons accessible for visually impaired students across the curriculum. All the major teaching unions and associations in the UK engaged with the campaign by sharing content with their combined membership of almost one million educators.

A survey of public awareness of macular disease and the Society showed a significant year on year increase in awareness of macular degeneration among UK adults from 50% in 2016 to 57% in 2017. Awareness of the Macular Society increased from 10% in 2016 to 13% in 2017.

We continued to raise our profile with eye care professionals, increasing our professional membership from 6,617 to 7,345.

We held a conference for professionals focusing on excellence in patient care.

We held four Roadshows for members and the general public. Staff from across the Society attended external events across the UK, the Isle of Man and the Channel Islands during the year. In September we held our annual conference in London, which was oversubscribed.

► **Priorities for 2018**

2018 will see the launch of our New Ambition strategy. This is an organisation-wide fundraising/communications initiative that will provide over-arching strategic direction for all our work. The purpose of the New Ambition strategy is to increase our income significantly so that we may achieve our mission to reach everyone affected by macular disease and to find cures.

The campaign will launch in September, but the principles of the New Ambition will be applied to all our work in every department and

with all our staff and volunteers as the year progresses. Other specific campaigns will focus on improving access to employment and our annual Macular Week in June.

We will also launch our online learning platform for eye care professionals. This will be the home for a series of training courses, accredited by professional bodies, aimed at improving the care of people with macular conditions.

Our research journal, Digest, will relaunch as a more focussed scientific journal and we will produce a companion publication, Spotlight, to bring important news about medical research to a non-scientific audience

2. Increase the provision of valued services for people affected by macular conditions across all ages

Once again our teams delivered services to a record number of individuals (one-to-one or face-to-face); a total of 27,798 up from 23,207 in 2017. In addition, a record 301,000 unique users visited our

website (more than double the figure for 2016) and we distributed in excess of 360,000 patient information leaflets (up from 321,000 in 2016).

We appointed new Regional Managers in the north of Scotland and the north east of England. This additional investment has enabled us to accelerate the development of new support groups. By year end we had a total of 383 support groups, 41 of which are run by other organisations but ‘affiliated’ to the Macular Society. An estimated 7,300 people attended support group meetings. We expect to meet our 2020 target of 400 support groups two years early.

We also increased considerably the number of low vision equipment demonstrations by our Gadget Guides, reaching 4,500 people. This service is increasingly important as statutory low vision services are being decommissioned in many areas.

We completed plans for a pilot project to deliver Skills for Seeing via members of Visionary, the

umbrella organisation for local societies that support blind and partially sighted people.

We introduced professional emotional support for volunteers dealing with service users who are vulnerable or have high levels of need.

► **Priorities for 2018**

We will continue to expand the reach and the value of our services. In particular we will develop our local presence by better co-ordinating our volunteer-led services, such as Skills for Seeing trainers and Gadget Guides, with our groups. This is so that the groups become increasingly useful and practical, resource hubs for people locally. It will help widen the appeal of groups and be a valuable extension of their vital work in social and emotional peer support.

We will invest more resources in our counselling service to meet rising demand.

We will assess our Skills for Seeing pilot with Visionary members and roll out if appropriate.

We will create detailed plans for the development of our services in line with the expected income increase from the New Ambition.

3. Building research capacity

We funded £557k directly in medical research projects in 2017. In addition we contributed a further £100k to the start-up costs of our collaboration, Action Against AMD (AAA) and provided additional support throughout the year.

AAA held its first high-level, international research conference, hosted by the Wellcome Genome Research Centre at Hinxton near Cambridge. More than forty leading AMD researchers and funders discussed research priorities for AMD.

AAA approached a fourth partner to join the Macular Society, Fight for Sight and Blind Veterans UK to strengthen the collaboration. The fourth organisation is Scottish War Blinded.

We have worked alongside the research community as advisors

and patient representatives on a wide range of clinical trial steering committees and the National Institute for Health Research Ophthalmology Specialty Group. We have reported comprehensively on research developments to members and supporters and supported research through our research participant database.

Research projects funded by us are of high impact, with many reported in internationally respected peer-reviewed journals.

The London Project to Cure Blindness stem cell work, which was funded by us in 2008, has reported its first success in Phase one human trials.

► **Priorities for 2018**

We will fund research projects to the value of at least £560k. We will also invest a further £50k in Action Against AMD and maintain a leadership role in its growth. Scottish War Blinded have been approached as a fourth partner charity and we aim to create our first collaboration with an industry partner.

We will continue to be a patient voice in the research community and report on research developments to members and supporters. We will use our commitment to research as a tool for stronger messaging about our work as part of the New Ambition.

4. Fundraising strategic aims

We achieved fundraised income of £3,439k actual vs. £3,000k budget.

► **Priorities for 2018**

We aim to achieve fundraised income of £3,412k (this excludes membership and top up donations, conference income, interest and investment income and trading income). This is in line with our five year strategy target.

We will launch our New Ambition strategy in Q3. Pre-launch we will conduct a thorough review and analysis of our fundraising capabilities and test new approaches to make sure we understand where best to invest. This work is not expected to

deliver new income in the first year but to increase our income significantly over time.

Financial Review

The financial statements show a deficit for the year of £80k (2016: deficit of £234k). Total funds at the year-end were £3,023k (2016: £3,103k).

We started the year in a strong position and we set a deficit budget once again for 2017. Our unrestricted reserves now stand at a level at which we can embark upon our New Ambition plans.

Reserves Policy

Unrestricted reserves at the year-end amounted to £2,166k. 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 of £1m

representing four months of our costs budgeted for 2018, excluding costs covered by specific items of income.

Investment Policy

We invest funds not required in the short term with Ruffer LLP, an external investment manager. Portfolio performance is reviewed by the Finance Committee, which reports to the Board of Trustees. Ruffer are 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 £995k, an increase for the year of 2%.

The Society's policy is to invest the remaining cash reserves in bank deposits or similar instruments. Of the £2,065k at the year-end (excluding cash held by local groups), £318k was on deposit with Nationwide, £600k with

Lloyds TSB, £166k with NatWest and £981k with Barclays. The remaining cash is on current account with Barclays. Interest income for the year amounted to £7k (2016: £8k).

Research Grant Policy

Research grants are awarded by the Trustees based on the recommendations of the Research Committee which is chaired by an independent chairman, Professor Paul Bishop. 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 (Emma Malcolm appointed Director of Fundraising 12 February 2018)
Graham Newman, Head of Marketing & Communications
Tessa Barrett, Head of Service Delivery

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/resource/macular-society-supporter-charter.

The Society continues to adhere to the highest standard of good fundraising practice. We worked to strengthen our data protection policy and practice to ensure that data is protected in line with the Data Protection Act 1988 and the General Data Protection Regulations.

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 respected supporters' wishes concerning the way we contact them by asking them to opt in to channels of communication and offering clear instructions to opt out on everything they received. This helped to establish a high level of trust from our donors and supporters. Our opt-in communications generated high response levels; almost 60% of our database opted in during 2017.

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 just six complaints about fundraising during 2017.

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:

- select suitable accounting

Report of the Trustees for year ended 31 December 2017

policies and then apply them consistently

- observe the methods and principles in the Charities SORP 2015
- make judgements and estimates that are reasonable and prudent
- state whether FRS 102 “The Reporting Standard applicable in the UK and Republic of Ireland” has been followed
- 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 11 April 2018:



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 for the year ended 31 December 2017 which comprise of a Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102, the financial reporting standards applicable in the UK and Republic of Ireland.

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 and to the charitable company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's

members and its Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 17-18 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Independent Report of the Auditors

to the Trustees and Members of the Macular Disease Society

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the

Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 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, the Charities SORP 2015, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records 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 Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.



**Simon Allenby FCA
(Senior Statutory Auditor)**

For and on behalf of Clifford Fry & Co, Chartered Accountants and Statutory Auditors
St Mary's House, Netherhampton
Salisbury, Wiltshire SP2 8PU

12 April 2018

Statement of Financial Activities

(incorporating an income and expenditure account).

For the year ended 31 December 2017

		£'000	£'000	£'000	£'000
		Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	Notes				
Income from:					
Donations and legacies	2(1)	2,901	478	3,379	2,964
Charitable activities	2(2)	-	531	531	533
Other trading activities	2(3)	59	173	232	216
Investment income & interest		19	-	19	22
Total income		2,979	1,182	4,161	3,735
Expenditure on:					
Raising funds	3(1)	864	-	864	699
Charitable activities	3(2)	2,057	1,337	3,394	3,397
Total expenditure		2,921	1,337	4,258	4,096
Net income/(expenditure) before Gains/(losses) on investments		58	(155)	(97)	(361)
Net gains/(losses) on investments	8	17	-	17	127
Net income/(expenditure)		75	(155)	(80)	(234)
Total funds brought forward		1,991	1,112	3,103	3,337
AAA 2016 reclassification	14	100	(100)		
Total funds carried forward		2,166	857	3,023	3,103

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

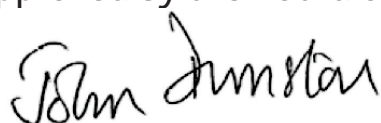
Balance Sheet

as at 31 December 2017

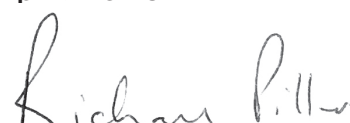
		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets:					
Tangible assets	7		23		25
Investments	8		995		978
Current assets:					
Stocks	9	11		3	
Debtors	10	639		450	
Cash and bank balances		2,065		2,375	
Cash held by local groups		296		298	
		<u>3,011</u>		<u>3,126</u>	
Current liabilities:					
Creditors: amounts falling due within one year	11	782		762	
		<u></u>		<u></u>	
Net current assets			2,229		2,364
			<u></u>		<u></u>
Total assets less current liabilities			3,247		3,367
Research grants due after more than one year			224		264
			<u></u>		<u></u>
Net assets	14		3,023		3,103
			<u></u>		<u></u>
Funds					
Unrestricted funds			2,166		1,991
Restricted funds	13		857		1,112
			<u></u>		<u></u>
Total funds			3,023		3,103
			<u></u>		<u></u>

The notes on pages 25 to 35 form part of these accounts.

Approved by the Board of Trustees on 11 April 2018



John Dunston, Chairman



Richard Piller FCA, CTA, Hon. Treasurer

The Macular Disease company registered number: 2177039

Statement of Cash Flows for the year ended 31 December 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(313)	(306)
Cash flows from investing activities:		
Investment income and interest	19	22
Purchases of equipment	(18)	(26)
Sale of investments	358	299
Purchase of investments	(332)	(363)
(Increase)/decrease in cash held for investment	(26)	71
Net cash provided by (used in) investing activities	1	3
Change in the year	(312)	(303)
Cash at the beginning of the year	2,673	2,976
Cash at year-end	2,361	2,673
Reconciliation of net income (expenditure) to net cash flow from operating activities:		
Net income/(expenditure) for the year	(80)	(234)
Adjustments for:		
Depreciation	20	16
(Gains)/losses on investments	(17)	(127)
Investment income and interest	(19)	(22)
(Increase)/decrease in stocks	(8)	-
(Increase)/decrease in debtors	(189)	(263)
Increase/(decrease) in creditors	(20)	324
Net cash provided by (used in) operations	(313)	(306)

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) 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.
- (d) Investments** – investments are stated at market value. Unrealised gains and losses are recognised in the statement of financial activities.
- (e) Stocks** – stocks are valued at the lower of cost and estimated realisable value.
- (f) Legacies** – legacies are accounted for when it is probable that they will be received and the amount can be reliably ascertained.
- (g) Donated services** – donated services are included at estimated valuation.
- (h) Grants received** – where related to performance and specific deliverables, grants are accounted for when the Society earns the right to consideration.
- (i) Expenditure** – expenditure includes irrecoverable VAT.
- (j) Research grants** – unconditional research grants payable in future years are accrued for in the year awarded.
- (k) Unrestricted Funds** – unrestricted funds comprise income received without restriction as to its use.
- (l) 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. Payroll and support costs are not charged to Restricted Fund projects unless the project agreement so allows.
- (m) 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 2017

	2017	2016
	£'000	£'000
2. Analysis of incoming resources		
(1) Donations and legacies		
Donations, appeals and unrestricted grants	1,052	772
Membership subscriptions	290	291
Fundraising events	517	432
Legacies (Note 16)	1,520	1,469
	<u>3,379</u>	<u>2,964</u>
£2,228,000 of the 2016 income was unrestricted and £736,000 restricted.		
(2) Income from charitable activities		
Grants for specified charitable activities	446	464
Other	85	69
	<u>531</u>	<u>533</u>
(3) Income from other trading activities		
Local group income (restricted)	173	169
Trading income (unrestricted)	59	47
	<u>232</u>	<u>216</u>
3. Analysis of resources expended		
(1) Costs of raising funds (unrestricted)		
Employee remuneration (Note 5)	393	320
Support costs (Note 4)	100	71
Direct costs	326	260
Trading costs	34	37
Investment management costs	11	11
	<u>864</u>	<u>699</u>

				2017	2016
				£'000	£'000
	Direct costs	Staff costs	Support costs		
	£'000	£'000	£'000		
		(Note 5)	(Note 4)		
(2) Charitable activities					
Sideview & Digest	101	85	24	210	180
Educational information	236	183	52	471	821
Helpline & Counselling	109	144	40	293	241
Groups & Volunteers	161	685	193	1,039	936
Low Vision	37	96	27	160	132
Conferences	94	10	3	107	93
Research	725	147	41	913	786
Support to professionals	26	-	-	26	36
Local group activities	175	-	-	175	172
	<u>1,664</u>	<u>1,350</u>	<u>380</u>	<u>3,394</u>	<u>3,397</u>

2016 charitable expenditure was charged as to £1,318,000 to restricted reserves and £2,079,000 to unrestricted.

4. Support costs

Rent and rates	77	76
Postage and office supplies	57	51
Telephone and IT	113	103
Depreciation	19	16
Recruitment	38	25
Bank charges	11	12
Governance	48	20
Other expenses	<u>117</u>	<u>92</u>
	<u>480</u>	<u>395</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 2017

	2017	2016
	£'000	£'000
4. Support costs (continued)		
Cost of fundraising	100	71
Cost of charitable activities	380	324
	<u>480</u>	<u>395</u>

The support costs allocated to charitable activities have then been allocated to the individual activities 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 £8,000 (2016: £8,000).

5. Employee remuneration

The average number of full and part-time employees in the year was 58 (2016:54). The average number of employees calculated on a full-time equivalent basis, analysed by function was:

	2017	2016
Management, governance and administration	5	5
Customer care and membership administration	6	6
Fundraising	9	7
Group development & volunteer coordination	12	11
Helpline and treatment advocacy	4	4
Low vision	3	2
Research	2	1
Education and awareness	6	5
Sideview and Digest	2	2
	<u>49</u>	<u>43</u>

	2017	2016
	£'000	£'000
Salaries	1,531	1,390
National insurance	141	127
Pension costs	71	62
	<u>1,743</u>	<u>1,579</u>

5. Employee remuneration (continued)

One employee received emoluments in the range £80,000 to £90,000, with a related defined contribution pension of £3,900.

The total emoluments paid to the 4 key managers totalled £278,000 (2016: £245,000)

With the exception of fundraising payroll costs, the cost of those 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:

	2017	2016
	£'000	£'000
Cost of fundraising	393	320
Cost of charitable activities	1,350	1,259
	<u>1,743</u>	<u>1,579</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.

Notes to the Accounts for the year ended 31 December 2017

7. Tangible fixed assets

	IT & film equipment £'000	Office equipment £'000	Total £'000
Cost:			
As at 1 January 2017	43	14	57
Additions	15	3	18
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2017	58	17	75
Depreciation:			
As at 1 January 2017	25	7	32
Charge for year	16	4	20
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2017	41	11	52
Net book amounts:			
As at 31 December 2017	<hr/>	<hr/>	<hr/>
	17	6	23
As at 31 December 2016	<hr/>	<hr/>	<hr/>
	18	7	25

8. Investments

	2017 £'000	2016 £'000
Market value as at 1 January	953	762
Acquisitions at cost	332	363
Disposals at carrying value	(358)	(299)
Net realised gains (losses) on disposals	19	(7)
Net unrealised gains	(2)	134
	<hr/>	<hr/>
Total investments at market value at 31 December	944	953
Cash held for investment	51	25
	<hr/>	<hr/>
Total investments	995	978
	<hr/>	<hr/>
Total investments at market value	995	978
Total investments at historical cost	863	844
	<hr/>	<hr/>

	2017	2016
	£'000	£'000
8. Investments (continued)		
Revaluation unrealised gain	<u>132</u>	<u>134</u>
Investments are further analysed as follows:		
Listed equities (UK £97k, Overseas £328k)	425	425
Listed fixed interest and index linked Investments (UK £235k, Overseas £171k)	406	475
Other investments	113	53
Cash held for investments	51	25
	<u>995</u>	<u>978</u>
9. Stocks comprise diaries & cards for sale	<u>11</u>	<u>3</u>
10. Debtors & prepayments		
Legacies (Note 16)	520	345
Gift aid	44	37
Prepayments	72	63
Other receivables	3	5
	<u>639</u>	<u>450</u>
11. Creditors & accruals: amounts falling due within one year		
Research grants committed not yet paid	573	487
Creditors	107	186
Accruals & other payables	102	48
Social security and other taxes	-	41
	<u>782</u>	<u>762</u>

12. 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 of Central Lancashire;** identifying best practice in the delivery of peer support groups.
- **University of Manchester;** development and utilisation of Manchester Eye Tissue Repository to elucidate the molecular pathology of AMD.
- **Ulster University;** exploring spatiotemporal summation of micro-perimetric stimuli on AMD.
- **Newcastle University;** understanding the role of autophagy in the pathogenesis of AMD.
- **Royal Holloway University of London;** investigating reading with a loss of central vision.

In 2017 a further £100,000 (2016:£100,000) contribution was made to a newly formed entity, being a collaboration between the Macular Society and two other charities, to launch Action Against AMD (“AAA”) for the future funding of research at an enhanced level (see also note 19).

	Charged to reserves	
	Restricted £0'00	Unrestricted £'000
University of Central Lancashire	69	
University of Manchester	169	
Ulster University	99	
University of Newcastle	170	
Royal Holloway University of London	45	
Other	6	
Funding of AAA	123	
Salary, support and other costs	188	44
Total charge to reserves	869	44
Total research expenditure – Note 3(2)		<u>913</u>

13. 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 2017 £'000	Movement in year		As at 31 Dec 2017 £'000
		Income £'000	Expenses £'000	
Research	704	640	(869)	475
AAA adjustment (note 14)			(100)	(100)
Big Lottery Fund (Wales)	41	112	(110)	43
Big Lottery Fund (NI)	-	42	(38)	4
Groups & Volunteers	40	136	(132)	44
Professional Liaison	29	-	(13)	16
Counselling	-	30	-	30
Local Groups	298	173	(175)	296
SFS Pilot	-	49	-	49
	<u>1,112</u>	<u>1,182</u>	<u>(1,437)</u>	<u>857</u>

Restricted income includes:

- £30,000 from the Garfield Weston Foundation for development and expansion of support groups.
- £5,000 from the Blindcraft Charitable Trust for supporting people with macular conditions in Scotland.

Notes to the Accounts for the year ended 31 December 2017

14. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fixed assets & Investments	1,018	-	1,018
Transfer re 2016 AAA	100	(100)	
Net assets	1,048	957	2,005
	<u>2,166</u>	<u>857</u>	<u>3,023</u>

The Society's contribution to Action Against Age-related Macular Degeneration (AAA) in 2016 was charged against unrestricted reserves pending the project developing on a viable, on-going basis. This was achieved in 2017 and the contribution for the current year has been charged to the Research fund within Restricted Reserves. A current year transfer between Restricted and Unrestricted Reserves has been made to treat the 2016 contribution on a like basis.

15. Trustee remuneration

The Trustees received no remuneration during the year (2016: nil).

During the year 8 Trustees (2016: 5) were reimbursed for travel and out of pocket expenses totalling £2,635 (2016: £2,670).

16. Legacies

Legacies totalling an estimated £401,100 (2016: £287,500) have been excluded from income as the criteria for recognition had not been met by the time of audit sign off of the accounts.

17. Commitments

As at 31 December 2017 the Society had the following annual office rent commitments under non-cancellable operating leases:

	2017	2016
	£'000	£'000
Payable within one year	60	60
Payable from one year to five years	240	240
Payable after five years	55	115
	<u>355</u>	<u>415</u>

18. 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.

19. Post balance sheet event

During 2016, the Company formed a collaboration with two other charities to launch Action Against AMD ('AAA') for the future funding of research at an enhanced level. During 2017, this AAA initiative became fully viable and an incorporated charitable organisation was formed, with all three charities participating equally. The search for a fourth charity partner has been ongoing. In February 2018, a fourth charity signed up to these arrangements on the same terms as the three founding charities.

20. Ultimate controlling party

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



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