

The Macular Disease Society  
operating under the name

# Macular Society

## Report and Accounts

31 December 2016



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# Officers and Advisers

## Patrons

Henry Blofeld OBE\*

Gemma Craven\*

Gwyneth Dickinson MBE\*

Denis Norden CBE\*

Peter Sallis OBE\*

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## 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

Moira Black CBE, MA, FCA

Toby Evans BA(Hons), ACA\*

Timothy ffytche LVO, FRCS, FRCOphth

Alison Guthrie MCOptom

Lucy Howe FRCOphth

Martyn Long CBE \*

Alan MacFarlane \*

Paul Ryb BA(Hons) \*

Valerie Wares \*

(retired 13 April 2016)

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## 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

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## **Bankers**

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

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## **Legal Advisers**

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

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## **Investment Managers**

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

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## **Registered Office (and actual office address)**

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

## **Contact Information**

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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 2016. 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 15,145 voting members, 1,423 six months free trial members, 6,617 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 a cure.

## 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 2016) 336 peer support groups. The majority, 295, 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 operating guidelines. 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 elected at the AGM to serve a maximum period of six years, with a reappointment requirement after three years. Vacancies for Trustees are advertised in Sideview (the Society's quarterly magazine) and elsewhere.

Applicants submit a letter showing their career profile and experience to the Chairman. Applications are reviewed by the Governance and Appointments Panel. Selected candidates are invited to a meeting with the Chairman and other Trustees 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.

## **Responsibilities of Trustees**

Trustee responsibilities are set out in the Code of Conduct 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 ensure 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 ensure 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 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.

## Review of 2016

We began implementation of our new five year strategy, focusing on three key areas; raising awareness, expanding service delivery and building research capability, with an associated plan to increase our income to facilitate these priorities.

Creativity, innovation and collaboration all featured highly in the year's work. We also took action to ensure that we had in place the highest fundraising and data protection standards. We undertook a thorough review of data protection and invited Information Commissioner's Office to audit our practices. This was completed successfully.

We have also monitored how we will comply with the requirements of the 2016 Charities Act addendum.

These actions all helped ensure that we laid strong foundations for the next five years. We expect this period to be challenging for a number of reasons including the delayed introduction of new fundraising regulations, greater competition for public funds, an uncertain international and economic outlook and continuing public distrust of many charities.

## **Key objectives in 2016**

### **1. To increase awareness of macular disease and the Society**

We launched our new animated character Mac, designed to catch the attention of new audiences unfamiliar with macular disease. Mac featured in pilot campaigns across a range of social and digital media, reaching a combined audience of more than 2.6m people. The animation itself was produced by the world-leading

production house, Aardman, and was very well received. However, a leaflet fundraising campaign using Mac was not successful.

Our second annual Macular Week saw significantly increased interest with the number of events rising from 60 to 160. Many were run by external organisations such as hospitals and optometry businesses. There was also a large increase in social media interaction with Twitter engagement up 100% and Facebook up 37%.

Other media work also increased over the year, contributing to rising numbers of unsolicited donations, gifts in memory of loved ones and participation in our events.

We conducted a baseline awareness survey that suggested that 50% of the population are aware of macular disease and 10% are aware of the Macular Society. This work will be repeated regularly to help chart our progress.

## **2. To increase the provision of valued services for people affected by macular conditions across all ages**

A record 27,000 people benefited directly from our services in 2016, up from 21,000 in 2015.

This includes people who called our helpline and attended our groups. (It does not include people who benefited from membership of the national Society through its magazines and member events.)

We also provided counselling services to 200 people and befriending to 223 people. 262 people were referred to our Skills for Seeing (eccentric viewing) programme with 193 completing their training in the year. Our speakers gave 164 talks to c.3,400 people and our Gadget Guides gave 88 demonstrations to c.1,500 people.

In addition to these face to face beneficiaries, we distributed 292,000 information leaflets and provided information via our

website to 148,000 unique visitors.

Many of our services rely on the skill and dedication of our 1,500 volunteers, to whom we are extremely grateful. In 2016 we continued to strengthen the support we offer our volunteers by increasing support staff, reforming our training processes and developing our regional staff.

We broadened our six month free membership offer from just group members who are not members of the national Society to the general public. This succeeded in adding an extra 694 paying members to the roll. We also drew up plans to create a new 'associate member' class available to family members or carers of full members of the Society.

We began to improve our evaluation processes including starting a major project to assess the impact of our work. This is being done with the support of one of our trustees for which we are very grateful.

### **3. To further build our research capacity**

We invested a total of more than £600k in research in 2016, £494k of which was spent directly on medical research projects through our peer-reviewed grant programme. An additional £100k was invested in a new joint project, Action Against Age-Related Macular Degeneration (AAA).

We published our landmark report 'Age-related macular degeneration: collaborating to find a cure'. The report set out the case for increased funding for biomedical research into AMD and called for funders and scientists to collaborate to increase the resources available for research. This valuable work was funded by The Clothworkers' Foundation.

As a result of the report, AAA was formed. It is a new partnership with two other sight loss charities, Fight for Sight and Blind Veterans UK. Together we have committed £600k over the next two years (£100k each per year for two years) to fund a small

development team the role of which is to raise £100m over the next decade for AMD research. The partnership has been formalised as a Charitable Incorporated Organisation (CIO).

We increased the size of our patient participant database from 800 to 1,300 and supported 12 research teams to recruit participants and three trial steering committees.

### **Priorities for 2017**

#### **1. Increase awareness of macular disease and the Macular Society**

- We will run at least three successful campaigns across all outlets and media and to appropriate audiences including:
  - ▶ A second version of our animated character Mac, this time an educational film.
  - ▶ Grow Macular Week in our 30th anniversary year.

- ▶ A schools campaign aimed at raising awareness of the needs of children and young people with macular dystrophies.
- We will aim to develop the strength of our voice as a large member organisation including asking our new 'associate members' to support our campaigns.
- A new assistant press officer will be appointed to increase our capacity to market our local services.
- We will support our volunteers to raise awareness of macular disease by helping them deliver more talks and demonstrations and to market their groups to new members.
- We will conduct follow up awareness tracking.
- 2. Increase the provision of valued services for people affected by macular conditions across all ages.**
- We will aim to reach an average of 20% more people in 2017 through our membership schemes and our services.
- We will appoint two new EFT regional manager posts to provide better local support in England and Scotland.
- A new good-practice guide on the setting up and running of our local groups will be put into effect.
- The helpline will offer information and advice in two new areas: benefits and IT.
- We will pursue partnerships with Visionary and other local societies to deliver sustainable Skills for Seeing training.
- A w@m, Working Age Members, steering group will be formed to help the Society improve its services for younger people.
- We will survey our members on the quality and impact of our services.

### 3. Build research capacity

- Commit at least £600k to medical research, including £100k for AAA.
- Launch AAA, hold the first scientific conference at the Wellcome establishment at Hinxton near Cambridge and secure commitments for the first funds.
- Enlist the support of other funders and sight loss charities.
- Build strong research messages for campaigns and ensure these messages reach influencers and decision makers.
- Grow and publicise our participant database.
- Continue to contribute to the patient and public participation responsibilities of NICE work and research studies.
- Continue to contribute to trial steering committees.

### Financial Review

The financial statements show a deficit for the year of £234k (2015: surplus of £257k). Total funds at the year-end were £3,103k (2015: £3,337k). We started the year in a strong position and we set a deficit budget for 2016. This resulted in our unrestricted reserves, which have been in excess of our immediate requirements, moving towards a more realistic level.

We expected significant disadvantageous changes to fundraising regulations. In practice these changes will not be coming into effect until 2018 and, as a result, our income was in line with 2015 and our deficit was lower than budgeted.

Our spend on charitable activities increased by 20%, principally in the areas of research and providing educational information.

### Reserves Policy

Unrestricted reserves at the year-end amounted to £1,991k.

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 is to hold unrestricted reserves of a minimum of £1m representing four months of our costs budgeted for 2017, 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 £978k, an increase for the year of 14%.

The Society's policy is to invest the remaining cash reserves in bank deposits or similar instruments. Of the £2,375k at the year-end (excluding cash held by local groups), £258k was on deposit with Nationwide, £600k with Lloyds TSB and £486k with Barclays. The remaining cash is on current account with Barclays. Interest income for the year amounted to £12k (2015: £12k).

## 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

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,
- 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.

### **Fundraising practice, ethics and transparency**

Recent media coverage of fundraising practices by some charities has damaged confidence in charities' ethics. To ensure that undue pressure is not put on vulnerable people we have never used the tactics which have proved most controversial. These include face to face fundraising, selling or swapping data lists and we also do not use agencies for telephone fundraising.

We monitored closely the Etherington Review, proposals from the new Fundraising Regulator and the European General Data Protection Regulations.

We reviewed our fundraising and stewardship processes and our data protection policies. We improved data protection training for staff and volunteers and ensured that trustees are fully aware of Charity Commission and Institute of Fundraising guidance regarding their roles and responsibilities. We successfully passed a data protection audit by

the Information Commissioner's Office.

We published a donor charter setting out our commitment to transparency, ethics and data protection.

We aim always to treat supporters with respect and to be ethical in all we do. We respect supporters' wishes concerning the way we contact them. We have strengthened our fair processing and opt out statements ensuring that supporters are aware of how we use their data.

The Society adheres to the highest standard of good fundraising practice. We were a member of the Fundraising Standards Board and have now joined its replacement, the Fundraising Regulator. We adhere to the Regulator's codes of fundraising practice.

### **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 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 12 April 2017:



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 2016 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 16-18 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 2016 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

13 April 2017

# Statement of Financial Activities

(incorporating an income and expenditure account).

For the year ended 31 December 2016

		£000	£000	£000	£000
		Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	<b>Notes</b>				
<b>Income from:</b>					
Donations and legacies	2(1)	2,228	736	2,964	2,890
Charitable activities	2(2)	-	533	533	626
Other trading activities	2(3)	47	169	216	221
Investment income & interest		22	-	22	22
<b>Total income</b>		<b>2,297</b>	<b>1,438</b>	<b>3,735</b>	<b>3,759</b>
<b>Expenditure on:</b>					
Raising funds	3(1)	699	-	699	678
Charitable activities	3(2)	2,079	1,318	3,397	2,818
<b>Total expenditure</b>		<b>2,778</b>	<b>1,318</b>	<b>4,096</b>	<b>3,496</b>
Net income/(expenditure) before gains/(losses) on investments		<b>(481)</b>	<b>120</b>	<b>(361)</b>	<b>263</b>
Net gains/(losses) on investments	8	127	-	127	(6)
<b>Net income/(expenditure)</b>		<b>(354)</b>		<b>(234)</b>	<b>257</b>
Total funds brought forward		2,345	992	3,337	3,080
<b>Total funds carried forward</b>		<b>1,991</b>	<b>1,112</b>	<b>3,103</b>	<b>3,337</b>

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 2016

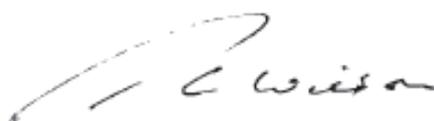
		2016		2015	
	Notes	£000	£000	£000	£000
<b>Fixed assets:</b>					
Tangible assets	7		25		16
Investments	8		978		857
<b>Current assets:</b>					
Stocks	9	3		3	
Debtors	10	450		187	
Cash and bank balances		2,375		2,675	
Cash held by local groups		298		301	
		<u>3,126</u>		<u>3,166</u>	
<b>Current liabilities:</b>					
Creditors: amounts falling due within one year	11	762		398	
		<u></u>		<u></u>	
<b>Net current assets</b>			<u>2,364</u>		<u>2,768</u>
<b>Total assets less current liabilities</b>			<u>3,367</u>		<u>3,641</u>
Research grants falling due after more than one year			264		304
			<u>3,103</u>		<u>3,337</u>
<b>Net assets</b>			<u>3,103</u>		<u>3,337</u>
<b>Funds</b>					
Unrestricted funds			1,991		2,345
Restricted funds	13		1,112		992
			<u>3,103</u>		<u>3,337</u>

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

Approved by the Board of Trustees on 12 April 2017



John Dunston, Chairman



Tom Wilson, Hon. Treasurer

# Statement of Cash Flows

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<b>(306)</b>	<b>453</b>
<b>Cash flows from investing activities:</b>		
Investment income and interest	22	22
Purchases of equipment	(26)	(12)
Proceeds of sale of investments	299	448
Purchase of investments	(363)	(414)
Decrease in cash held for investment	71	(32)
<b>Net cash provided by (used in) investing activities</b>	<b>3</b>	<b>12</b>
<b>Change in the year</b>	<b>(303)</b>	<b>465</b>
Cash at the beginning of the year	2,976	2,511
<b>Cash at year end</b>	<b>2,673</b>	<b>2,976</b>
<b>Reconciliation of net income (expenditure) to net cash flow from operating activities:</b>		
<b>Net income/(expenditure) for the year</b>	<b>(234)</b>	<b>257</b>
<b>Adjustments for:</b>		
Depreciation	16	13
(Gains)/losses on investments	(127)	6
Investment income and interest	(22)	(22)
(Increase)/decrease in stocks	-	5
(Increase)/decrease in debtors	(263)	336
(Increase)/decrease in creditors	324	(142)
<b>Net cash provided by (used in) operations</b>	<b>(306)</b>	<b>453</b>

## 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 33 $\frac{1}{3}$ % 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 2016

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>2. Analysis of incoming resources</b>		
<b>(1) Donations and legacies</b>		
Donations, appeals and unrestricted grants	772	745
Membership subscriptions	291	309
Fundraising events	432	467
Legacies (Note 16)	1,469	1,369
	<u>2,964</u>	<u>2,890</u>

£2,463,000 of the 2015 income was unrestricted and £427,000 restricted.

<b>(2) Income from charitable activities</b>		
Grants for specified charitable activities	<u>533</u>	<u>626</u>
Grants for specified charitable activities include £58,000 (2015: £45,000) donations in kind for website support, valued at the cost provided by the donor.		
<b>(3) Income from other trading activities</b>		
Local group income (restricted)	169	176
Trading income (unrestricted)	47	45
	<u>216</u>	<u>221</u>

## 3. Analysis of resources expended

<b>(1) Costs of raising funds (unrestricted)</b>		
Employee remuneration (Note 5)	320	258
Support costs (Note 4)	71	54
Direct costs	260	323
Trading costs	37	32
Investment management costs	11	11
	<u>699</u>	<u>678</u>

				2016 £000	2015 £000
	Direct costs £000	Staff costs £000 (Note 5)	Support costs £000 (Note 4)		
<b>(2) Charitable activities</b>					
Sideview & Digest	96	67	17	180	196
Educational information	540	223	58	821	481
Helpline & Counselling	80	128	33	241	248
Groups & Volunteers	158	616	162	936	837
Low Vision	33	79	20	132	245
Conferences	78	15	-	93	113
Research	621	131	34	786	535
Support to professionals	36	-	-	36	15
Local group activities	172	-	-	172	148
	<u>1,814</u>	<u>1,259</u>	<u>324</u>	<u>3,397</u>	<u>2,818</u>

2015 charitable expenditure was charged as to £1,153,000 to restricted reserves and £1,665,000 to unrestricted.

#### 4. Support costs

Rent and rates	76	74
Postage and office supplies	51	47
Telephone and IT	103	53
Depreciation	16	13
Recruitment	25	58
Bank charges	12	21
Governance	20	19
Other expenses	92	64
	<u>395</u>	<u>349</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 2016

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>4. Support costs (continued)</b>		
Cost of fundraising	71	54
Cost of charitable activities	324	295
	<hr/>	<hr/>
	<b>395</b>	<b>349</b>

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 (2015: £8,000).

## 5. Employee remuneration

The average number of full and part-time employees in the year was 54 (2015: 50). The average number of employees calculated on a full-time equivalent basis, analysed by function was:

	<b>2016</b>	<b>2015</b>
Management, governance and administration	5	5
Customer care and membership administration	6	5
Fundraising	7	6
Group development & volunteer coordination	11	11
Helpline and treatment advocacy	4	4
Low vision	2	2
Research	1	1
Education and awareness	5	4
Sideview and Digest	2	2
	<hr/>	<hr/>
	<b>43</b>	<b>40</b>

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Salaries	1,390	1,279
National insurance	127	119
Pension costs	62	48
	<hr/>	<hr/>
	<b>1,579</b>	<b>1,446</b>

## 5. Employee remuneration (continued)

One employee received emoluments in the range £80,000 to £90,000, with a related defined contribution pension of £3,750.

The total emoluments paid to the 4 key managers totalled £245,000 (2015: £242,000).

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:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Cost of fundraising	320	258
Cost of charitable activities	1,259	1,188
	<u>1,579</u>	<u>1,446</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 totalling £9,360 (2015: £7,860) were payable to the scheme at the year-end and are included in creditors.

# Notes to the Accounts for the year ended 31 December 2016

## 7. Tangible fixed assets

	IT & film equipment £000	Office equipment £000	Total £000
<b>Cost:</b>			
As at 1 January 2016	69	41	110
Additions	22	4	26
Disposals	(48)	(31)	(79)
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	43	14	57
<b>Depreciation:</b>			
As at 1 January 2016	59	35	94
Charge for year	13	3	16
Disposals	(47)	(31)	(78)
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	25	7	32
<b>Net book amounts</b>			
As at 31 December 2016	<hr/>	<hr/>	<hr/>
	18	7	25
As at 31 December 2015	<hr/>	<hr/>	<hr/>
	10	6	16

## 8. Investments

	2016 £000	2015 £000
Market value as at 1 January	762	802
Acquisitions at cost	363	414
Disposals at cost	(299)	(448)
Net realised gains (losses) on disposals	(7)	(17)
Net unrealised gains	134	11
	<hr/>	<hr/>
Total investments at market value at 31 December	953	762
Cash held for investment	25	95
	<hr/>	<hr/>
Total investments	978	857
	<hr/>	<hr/>
Total investments at market value	978	857
Total investments at historical cost	844	852
	<hr/>	<hr/>

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>8. Investments (continued)</b>		
Revaluation unrealised gain/(loss)	<u>134</u>	<u>5</u>
Investments are further analysed as follows:		
Listed equities (UK £76k, Overseas £349k)	425	356
Listed fixed interest and index linked Investments (UK £267k, Overseas £208k)	475	346
Other investments	53	60
Cash held for investments	25	95
	<u>978</u>	<u>857</u>
<b>9. Stocks comprise diaries &amp; cards for sale</b>	<u>3</u>	<u>3</u>
<b>10. Debtors &amp; prepayments</b>		
Legacies (Note 16)	345	105
Gift aid	37	23
Prepayments	63	55
Other receivables	5	4
	<u>450</u>	<u>187</u>
<b>11. Creditors &amp; accruals: amounts falling due within one year</b>		
Research grants committed not yet paid	487	227
Creditors	186	87
Accruals & other payables	48	84
Social security and other taxes	41	-
	<u>762</u>	<u>398</u>

# Notes to the Accounts for the year ended 31 December 2016

## 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 Bristol;** funding of PhD student to research role of IL-33/ST2 and its epigenetic regulation in AMD.
- **University of Liverpool;** gene editing of AMD risk factor in retinal pigment epithelial cells.
- **UCL Institute of Ophthalmology;** study of using induced pluripotent stem cells to investigate Bestrophin –associated macular degeneration.
- **University of Newcastle;** a non-invasive stimulation study of treating visual hallucinations in people with macular degeneration

In addition a £100,000 contribution was made to a newly formed entity, being a collaboration between the Macular Society and 2 other charities, to launch Action Against AMD (“AAA”) for the future funding of research at an enhanced level.

	Charged to reserves	
	Restricted £000	Unrestricted £000
University of Bristol	99	
University of Liverpool	168	
UCL Institute of Ophthalmology	116	
University of Newcastle	93	
Other	18	
Funding of AAA		100
Salary, support and other costs	80	112
	<hr/>	<hr/>
Total charge to reserves	574	212
Total research expenditure – Note 3(2)		<u>786</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

### 13. Restricted funds (continued)

- A Research prospectus fund for the development of a business case for future funding of research
- A Big Lottery Fund (NE) for volunteer coordination in the North of England
- 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
- A Special Projects fund for specified current year activities

	As at 1 Jan 2016 £000	Movement in year Income £000	Expenses £000	As at 31 Dec 2016 £000
Research	535	743	(574)	704
Research prospectus	34	-	(34)	-
Big Lottery Fund (NE)	21	-	(21)	-
Big Lottery Fund (Wales)	39	114	(112)	41
Big Lottery Fund (NI)	-	41	(41)	-
Groups & Volunteers	15	208	(183)	40
Professional liaison	-	50	(21)	29
Marketing and PR	47	-	(47)	-
Local Groups	301	169	(172)	298
Special projects	-	113	(113)	-
	<u>992</u>	<u>1,438</u>	<u>(1,318)</u>	<u>1,112</u>

#### Restricted income includes:

- £5,219 from the Community Foundation serving Tyne & Wear and Northumberland for groups and eccentric viewing training in the North East of England.
- £5,000 from the Bank of Scotland Foundation for services in Scotland.

# Notes to the Accounts for the year ended 31 December 2016

## 14. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total funds £000
Fixed assets & Investments	1,003	-	1,003
Net assets	988	1,112	2,100
	<u>1,991</u>	<u>1,112</u>	<u>3,103</u>

## 15. Trustee remuneration

The Trustees received no remuneration during the year (2015: nil).

During the year 5 Trustees (2015: 9) were reimbursed for travel and out of pocket expenses totalling £2,670 (2015: £5,603).

## 16. Legacies

Legacies totalling an estimated £287,500 (2015: £362,000) 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 2016 the Society had the following annual office rent commitments under non-cancellable operating leases:

	2016 £000	2015 £000
Payable within one year	60	60
Payable from one year to five years	240	240
Payable after five years	115	175
	<u>415</u>	<u>475</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. 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