

Company no. 08015625
Charity no. (England & Wales) 1146896
Charity no. (Scotland) SC045327

Animal Free Research UK Ltd
Report and Audited Financial Statements
31 March 2021

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Animal Free Research UK Ltd

Reference and administrative details

For the year ended 31 March 2021

Company number	08015625	
Charity number	1146896 and SC045327	
Registered office and operational address	27 Old Gloucester Street London WC1N 3AX	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:	
	L Sheridan	Chair
	M Ashby	Appointed 22 November 2021
	N Barbosa	Resigned 24 October 2021
	C Byatt	Resigned 30 November 2021
	D Cameron	
	M Chan	Appointed 24 July 2021
	C Cunniffe	Resigned 18 April 2020
	A Ellison	Resigned 24 October 2021
	S Honess	Appointed 24 July 2021
	J Jones	
Chief executive officer	Carla Owen	
Bankers	Ecology Building society 7 Belton Road Silsden Keighley West Yorkshire BD20 0EE	Yorkshire Bank 2-4 George Street Luton Beds LU1 2AN
	HSBC Bank PLC 1 Market Place Hitchin Herts SG5 1DR	Julian Hodge Bank Limited 29 Windsor Place Cardiff CF10 3BZ
	Manchester Building Society 125 Portland Street Manchester M1 4QD	Virgin Money Plc Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
	Cambridge & Counties Bank Limited Charnwood Court 5B New Walk Leicester LE1 6TE	

Animal Free Research UK Ltd

Reference and administrative details

For the year ended 31 March 2021

Solicitors	Withers LLP 16 Old Bailey City of London Greater London EC4M 7EG	Anthony Collins Solicitors 76 King Street Manchester M2 4NH
Investment consultant	Ethical Investors 3rd Floor, Formal house 60 St George's Place Cheltenham GL50 3PN	
Legacy consultant	Brian James Kettering	
Employment advisors	Your People Ltd Arune House 2 Kings Road Haslemere Surrey GU27 2QA	
Auditors	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD	

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2021.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (effective from January 2019).

About Animal Research UK

Animal Free Research UK funds pioneering animal free research that saves humans and animals - and is forging a future where animals are replaced with modern, human relevant techniques. The scientists we fund are pushing the latest animal free technological and research boundaries towards a cure for major diseases like cancer, heart disease and dementia.

We engage with policy makers, the scientific community, pharma and the public to accelerate the use of ethical, pioneering lab technologies that save lives, money and time – and we champion regulatory change to end the use of animals in laboratories.

Together we are creating powerful change and making Britain an inspiring world leader in ethical research that will find cures for diseases and save the lives of humans and animals.

Founded in 1970 and funded solely by charitable donations from individuals, schools, trusts and foundations and corporations, we have given over £10 million in grants to fund pioneering human relevant research projects into diseases including Covid-19, cancer, brain tumours, diabetes and dementia, and our work has saved the lives of countless animals whilst advancing human medical research.

Vision

Our vision is a world where human diseases are cured faster without animals.

Purpose

Our purpose is to enable scientists to stop using animals in medical research.

Mission

By pioneering excellence, inspiring and supporting scientists and influencing change, we will end the use of animals and improve medical research.

Values

- Rigorous and evidential – we present factual, reliable information. Our work is evidenced-based, thoughtful and respected by our peers;
- Pioneering – we place ethics at the heart of science through innovative, solutions-focused research. Our determination drives scientific discovery forward; and
- Compassionate – we care deeply about people and animals. Our ambition to end suffering is heartfelt and unswerving.

Objectives and activities

Our objects are "the prevention of the suffering of animals and the advancement of human health, in particular but not exclusively by the promotion and funding of human-relevant replacements to the use of animals in scientific and medical experimentation".

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

To mark the 50th anniversary of Animal Free Research UK, the Trustees this year - April 2020 to March 2021 - launched a new strategy to transform medical research for the benefit of animals and people.

Our strategic goal is to transform medical research and regulation so there is a clear pathway to develop and deliver effective treatments for human diseases faster and without animals.

The long-term impact we seek is that research and development of treatments for human diseases are entirely animal free.

To create this impact, we are working to achieve two key outcomes:

- Increase the number of scientists committed to human relevant research;
- Increase policy makers, industry and the academic community support for animal free research.

To this end, the activities the charity undertakes focus on the following four areas:

1. Funding transformational research & development and technology that has the potential to replace animals

The cornerstone of our work is replacing the use of animals in medical research by funding innovative world-class research that advances scientific and medical knowledge. Building on our substantial track record of awarding successful grants, we fund the development of pioneering new approach methodologies that are making animal research redundant, and we support research which focuses on understanding disease directly in humans.

This year we have seen our first pilot study grants take place. Designed to support researchers to obtain proof of concept, these grants are supporting scientists to gain access to major sources of funding.

We award grants for research carried out in universities, medical schools, teaching hospitals and research institutes within the UK. Our grants include the cost of salaries, minor equipment and consumables; the charity does not directly employ staff on grants awarded for research projects.

We do not support research that involves any use of animals, even if the ultimate aim may be to replace their use. Nor do we fund the purchase or maintenance of animals for any reason. Prior to award, all our research is rigorously reviewed by a panel of expert scientific advisors.

2. Funding and enabling the career pathway of exceptional scientists, from PhD to fellowship, who use only human relevant research methods

Animal Free Research UK is passionate about enabling the next generation of medical researchers to embark on a scientific career free of animal testing. We believe it is essential to invest in young researchers so as to enable the cultural shift needed for animal free research to be considered the gold standard.

We work with university partners to operate Animal Replacement Centres of Excellence (ARCs) that support exceptional early careers scientists to use human relevant, animal free medical research methods. This year the charity has continued to support two ARCs based at Queen Mary University of London and the University of Exeter.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

3. Collaborating with universities, high-impact journals and industry to enable animal free research

To achieve the charity's new goal of transforming policy and regulation so that they actively enable rather than prevent the use of animal free research from laboratory bench to patient bedside, we have embarked on a programme to break down the barriers to animal free research within academia and industry.

As a first step, we have initiated a workstream to support scientists to switch to non-animal products in a bid to phase out a prolific yet hidden source of animal suffering in research, the use of animal-derived biomaterials.

Following on from a research project we recently funded at the University of Portsmouth into whether current human in vitro methods can be used to replace animal experiments in brain tumour research, we are now working with a leading cancer researcher to facilitate the establishment of best practice criteria for human relevant cancer research and pre-clinical testing to ensure it is credible, reproducible and take up is exponential.

We have also been commissioned by Cruelty Free International to deliver a series of expert workshops with Safer Medicines Trust to create a roadmap for human relevant drug development.

4. Influencing decision makers to change policy to enable human relevant research

We believe that animal free research is best for both people and animals, and we understand that creating transformational change is complex and often only finally achieved through updates in policy, legislation and regulation.

Building on our existing work as a stakeholder recognised by the Home Office's Animals in Science Regulation Unit, we have now initiated this fourth focus area to influence robust public policy and regulatory change. By harnessing public support and placing scientific evidence at the heart of our message, we have begun to encourage politicians and decision-makers to act so that public policy prioritises cutting edge animal free research which is best placed to find cures for human diseases. To achieve this work, we have boosted our team with experts in public policy, advocacy and communications to ensure we are positioned to effectively influence Government.

We have also continued to play an active role in the Alliance for Human Relevant Science, an inclusive collaboration of like-minded companies, organisations and individuals, which promotes the development and use of human-relevant biological research and testing methods. As an active member of the Alliance, we have supported the formation of an All-Party Parliamentary Group on Human Relevant Science - a discussion forum for politicians, the human relevant life sciences sector, third sector groups, scientists and stakeholders to promote new approach methodologies that provide unique insights into human biology, transform our ability to understand human disease and can develop effective new medicines more quickly and without the use of animals.

Fundraising

Animal Free Research UK is grateful to the thousands of people who have generously supported the charity's work this year and helped to fund our activities. We receive no government or lottery funding, and it is only because of the kindness of our supporters that we can continue our vital work.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

We employ a range of fundraising approaches to raise money, including working with professional fundraisers, philanthropists, trusts and foundations and the many generous individuals who donate through our appeals and take part in fundraising events. During the year our new Fundraising, Marketing & Communications team implemented digital technology to develop our proposition and help ensure that every individual supporter can have a meaningful relationship with Animal Free Research UK.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding the activities the charity undertakes.

Strategic report

Chair of trustees statement

2020 was to be a year brimming with celebration. We had planned to mark our 50th Anniversary – our Golden Jubilee – in style. After all, we have come a long way since our remarkable organisation was founded on 27 May 1970 as the Dr Hadwen Trust for Humane Research, dedicated to Dr Walter Hadwen, a leading champion in the campaign against animal experiments in the early 1900s.

Last year was to be a time to laud our transformation from a modest, hitherto little-known charity into a pioneering and respected world leader in animal free research. However, Covid-19 struck, a once-in-a-lifetime global crisis upended the entire world's plans, and we all had cause to question our fragile existence on this equally fragile and remarkable planet.

Yet from the past 12 months and more of adversity, I hope you, like me, have found reasons to cheer and to feel immensely proud. Because despite the foreboding backdrop of the pandemic and lockdowns, Animal Free Research UK rode out the worst of the Covid-19 storm well. In fact, as the world's attention turned to the importance of medical research, we thrived.

Whilst some planned fundraising and events - including our flagship summer student programme - were cancelled or postponed, the core of our work continued, and the beating heart of our charity - our loyal supporters - remained committed to our mission. Indeed, looking back, 2020 is the year animal free medical research took significant steps towards becoming the reality we aim for.

If there is one relevant positive to be had from the pandemic, it is how it placed medical research science front and centre of the public's imagination.

The global health emergency saw international regulatory authorities agree to advance animal free new approach methodologies for drug development and safety assessment in the context of Covid-19. This saw the trialling of a vaccine for the virus in humans in parallel to animals – a significant break from the normal linear process which requires animal tests before human trials.

The UK was a vaccine leader, inventing and rolling out lifesaving medicine. This emboldened the government to speak volumes about how it wants to make the UK a science superpower. Simultaneously, it said it was committed in the post-Brexit era to setting and maintaining the high bar of animal welfare.

All this is good news for our mission because we lead the way in funding ground-breaking science that is not only animal free, but which is speeding up the discoveries of treatments and cures for human diseases.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

We were in the thick of the Covid-19 testing and vaccine race. We funded Professor Lorna Harries and her team at our Animal Replacement Centre (ARC2.0) at the University of Exeter to develop an animal free Covid-19 antigen test able to detect how much active virus an infected person is carrying.

Among many notable achievements, we also launched the Rapid Response Grant Programme in partnership with Kirkstall Ltd. This saw a call for proposals from scientists centred around the innovative use of organ-on-a-chip technology. Our collaboration offered cutting edge Quasi Vivo organ-on-a-chip systems to researchers free of charge so they could target solutions to the Covid-19 pandemic. We also awarded four grants to scientists to explore new ideas using animal free approaches and focusing on human-based biology and human relevant technology.

As part of our 50th anniversary strategy revamp, we also ramped up our public affairs work, appointing a dedicated Head of Public Affairs to inform our lawmakers about our pioneering work, primarily through the newly established All-Party Parliamentary Group for Human Relevant Science – formed to accelerate the development and uptake of human relevant sciences in the UK. Again, along with our friends and partners at the Alliance for Human Relevant Science, which acts as the APPG's secretariat, we were in the thick of things.

In May 2020, we organised and published an open letter signed by over 70 leading medical scientists and charities, and which was sent to UK and international bodies – government departments, regulatory councils, et al. - calling for a change of mindset and a clear timetable for regulatory change to enable accelerated development of medicines which are likely to be safer, more effective and cheaper, without the use of animals.

We thank our patron, Joanna Lumley, who amplified our messages in a Christmas op-ed in the Daily Telegraph - media that is widely read including by government and other policy influencers. Our thanks also to our patrons Carol Royle, Judi Dench and Brian May. We also took the pulse of the nation via a YouGov opinion poll which showed 68% support a policy ending animal research and 70% support a phase out by 2040.

Our fundraising work also moved up a gear, embracing the online world most of us found ourselves in during those long lockdowns. During a time when many charities suffered a loss of donations, we saw an increase in giving across the board.

The pandemic has been an extreme paradox. On the one hand it forced us to cancel, postpone and rethink much of our work. On the other, it provided a serendipitous boon around activity and animal free research awareness increased, not fell.

As this report details, the pandemic thrust medical research and global health to the fore and the spotlight shone intensely on the potential of new approach methodologies, and we took the cue to change up and grab opportunities whenever they arose.

Our charity might have turned 50 during a turbulent time but as we emerge from the pandemic it is clear it has come of age. It has never been so nimble, agile, bold, resilient and sharp.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Of course, all the above is, as always, all thanks to our loyal supporters whose generosity and unswerving belief in our mission empowers us to influence policy makers and to fund the next generation of scientists to make animal free, human relevant, research the gold standard.

A handwritten signature in black ink, appearing to read 'Laura-Jane Sheridan', is positioned above the printed name. The signature is fluid and cursive, with a large initial 'L'.

Laura-Jane Sheridan
Chair of Trustees

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Achievements and performance

1. Funding transformational research and development and technology that has the potential to replace animals

Opportunities

Responding to the immense need during the global pandemic, we awarded funds for the development of an animal free Covid -19 antigen test that assesses the viral load (the amount of the virus within individual patients) and active virus (whether or not someone is infectious). We also collaborated with Kirkstall Ltd to provide their organ-on-a-chip Quasi Vivo® cell test chambers and expert technical support without charge to research teams, together with a grant of up to £500 each for consumables to research teams focused on Covid-19.

Challenges

Inevitably, this year our research programmes were impacted by Covid-19, and five projects had delayed starts due to the pandemic. We postponed a planned grants call for a second round of pilot studies due to many researchers not having access to laboratories. We made available costed extensions to our PhD students and no-cost extensions to post-doctoral researchers to support them to continue their work post-lockdown.

Planned activity review

• Publish an impact review of research funded to date

In progress:

As a first step, we commissioned an expert impact review to assess how effectively our current processes measure and demonstrate our impact and to recommend a bespoke route to effective impact measurement at Animal Free Research UK.

• Identify new and joint funding opportunities

Achieved:

We partnered with Professor Val Speirs at the University of Aberdeen to successfully apply for funding from Medical Research Scotland for a PhD project to predict breast cancer metastasis using bespoke humanised 3D in vitro models. Animal Free Research UK will provide £18,000 which will contribute towards the student stipend, provide lab costs for training at the Centre for Doctoral Training in Engineered Tissues for Discovery, Industry and Medicine (lifETIME CDT) at the University of Glasgow, and facilitate a six-month industrial placement at the charity.

• Fund research into a Covid-19 animal free antigen test

Achieved:

We provided £52,351 to fund a Laboratory Technician for 12 months in Professor Lorna Harries' laboratory at the University of Exeter to develop an animal free test to detect how much active Covid-19 virus an infected person is harbouring, known as viral load. This could help healthcare workers and others know when they are safe to return to work. The preliminary research was so successful it attracted match-funding from an external source and was converted to a three-year PhD research project at no extra cost to the charity.

• Fund medical research which replaces the use of animals

Achieved:

The charity provided continuing financial support for 14 research projects, paying out £562,161 during the year, and committed funds to two new projects totaling £63,600.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Strategic grants

NEW: COVID-19 research at University of Exeter

As noted above, we provided £52,351 to fund a Laboratory Technician for 12 months in Professor Lorna Harries' laboratory at the University of Exeter to develop an animal free test to detect how much active Covid-19 virus an infected person is harbouring, known as viral load. This could help healthcare workers and others know when they are safe to return to work. The preliminary research attracted external match-funding and the Technician role, undertaken by a former Animal Free Research UK summer student, was converted to a three-year PhD research project at no extra cost to the charity.

NEW: Organs-on-a-chip for Covid-19

We collaborated with Kirkstall Ltd to provide their organ-on-a-chip Quasi Vivo® cell test chambers and expert technical support without charge, together to research teams selected by Animal Free Research UK. We awarded a total of £1,500 in consumables to the following research teams:

- TB/Covid-19 co-infections within a 3D in vitro imaging system at Edinburgh Napier University:

This project will monitor the interactions of two deadly human respiratory pathogens – TB and Covid-19 – at the cellular level in a dynamic, human-relevant environment;

- Modelling early immune response to Covid-19 in a fluidic system at Imperial College London:

This project will develop a new model of SARS-CoV-2 infection to understand how the virus infects humans and quickly test therapeutic candidates without using animals; and

- A human-relevant system to investigate obesity, diabetes and Covid-19 at Coventry University:

This project will establish a humanised, physiologically relevant multi-tissue platform to understand how metabolic dysfunction resulting from obesity and diabetes can affect neighbouring tissues and organs, potentially increasing susceptibility to viral infections, including the virus that causes Covid-19.

Thiel embalmed cadavers for medical device testing at University of Dundee

In its final year, this pioneering five-year £311,409 strategic grant has helped to teach doctors potentially life-saving surgical interventions such as advanced abdominal aortic stent graft repair without attempting to practice these methods on animals including pigs. Heart, stroke, kidney and liver patients are among those who are benefiting directly from the training that clinicians have undergone.

Post-doctoral awards

NEW: Skin cancer research at University of Bristol

We have sponsored a Daphne Jackson Trust Fellow at the University of Bristol to undertake post-doctoral research into subcutaneous skin tissue absorption of drugs, providing a grant of £102,532 over three years. Currently, pharmaceutical companies developing drugs for injection into the subcutaneous tissue rely heavily on animal testing to determine absorption, despite the difficulties in predicting human drug absorption from animal-based research. The project will develop a laboratory tool that acts as a model of the human subcutaneous tissue to replace animal testing by developing a tissue-on-a-chip device that replicates the composition, structure and mechanisms of the subcutaneous tissue controlling drug absorption. This project will be revolutionary in offering a unique solution for the drug development of subcutaneously injected formulations and developing a pioneering model of the human subcutaneous tissue.

Animal Free Research UK Ltd

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For the year ended 31 March 2021

The Daphne Jackson Trust aims to enable talented individuals to return to research with confidence after a career break, maintaining a talented research workforce by offering flexible and part-time Fellowships and supporting equality, diversity and inclusion in the workplace.

Diabetes research at University of Exeter

Now in its final year, Animal Free Research UK is supporting a £174,860 three-year post-doctoral position at the University of Exeter to investigate the molecular mechanisms behind the development of type 2 diabetes. Our researchers are building on their discovery that the pancreas cells which produce insulin are not dying as originally thought but instead transforming into a different type of cell that does not produce insulin, a process that could be reversed. Our continued funding is enabling the researchers to design tools to reverse this cell transformation, paving the way to a new treatment and cure.

Brain tumour research at University of Portsmouth

Brain tumours and other neurological diseases are particularly difficult to treat as the blood-brain barrier renders many drugs inaccessible to the brain. Now in its final year, our ground-breaking £150,000 post-doctoral research project at the University of Portsmouth is using a pioneering human-relevant blood-brain barrier model to evaluate how small 'nano' systems can be used to deliver effective drugs into the brain to treat neurological diseases.

Systematic review of brain tumour research at University of Portsmouth

Also in its final year, Animal Free Research UK has funded a £71,074 post-doctoral research project at the University of Portsmouth into whether current human in vitro methods can be used to replace animal experiments in brain tumour research. The results of this work will provide the basis to evidence whether these methods can be used to replace animal research in other disease areas.

PhDs

NEW: Testing novel treatments for childhood lung infections at University College London

We are providing a grant of £85,219 to fund research into the highly contagious respiratory syncytial virus (RSV) bronchiolitis, a distressing and potentially life-threatening lung infection that affects over 33 million babies and infants worldwide every year.

Almost 10% of cases, mostly premature babies and those under six months of age, will develop pneumonia and can end up spending long periods in intensive care on mechanical ventilators. Despite this, there is no licensed RSV vaccine or effective anti-viral treatment available. Currently, scientists rely heavily on animal research for the early assessment of new therapies to target lung infections which does not accurately replicate the virus, and infected animals exhibit little or no symptoms of disease. During this PhD studentship, our researchers will develop a new 3D model of the infant lung that reproduces conditions during RSV bronchiolitis to test new RSV drugs. This will support the replacement of animals for human anti-viral testing and further understanding of drug discovery for this devastating condition.

Animal Free Research UK Ltd

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NEW: Finding new drugs for patients with multiple brain tumours at Plymouth University

There are currently no drug treatments for patients suffering from a hereditary disease called Neurofibromatosis Type 2 (or NF2), which can lead to multiple brain tumours. We have awarded £84,370 for an innovative research project which will test whether existing drugs can be used to successfully treat patients with this devastating disease. Our researchers have already developed an animal-free human cell culture model to study NF2 tumours. They will now use this to test repurposed drugs, allowing a faster 'bench to bedside' transition without additional animal tests. It is hoped that this research will contribute to new effective drug treatment for NF2 patients as well as better understanding of this disease.

Breast cancer research at University of Aberdeen

Breast cancer is the most common cancer in the UK, affecting both genders, and despite billions being spent on research worldwide, it remains a major public health issue and incidence is rising. A chief gap in current research is identifying preventative strategies. In its third year, this £90,000 three-year PhD project jointly funded by Animal Free Research UK and Breast Cancer UK, is exploring the effects of the environment on human breast fibroblast cells and their impact on cancer development to help identify an effective strategy for breast cancer prevention.

New: Pilot studies

Creating human stem cell disease models for the study of vascular dementia at University of Manchester

We have awarded £5,000 for a 12-month research project to create human disease models of vascular dementia (dementia caused by problems in small blood vessels supplying the brain). Using CRISPR/Cas9 genome editing technology, genetic mutations associated with vascular dementia will be introduced into human induced pluripotent stem cells (iPSC). These stem cells will be cultured into neurons and blood vessels, which allow the mechanisms responsible for vascular dementia to be investigated in a human context. Ultimately, this should identify means of treating the disease, and has direct applications to replacing animals. It should also help facilitate the use of iPSCs in modelling other human diseases.

Developing a miniature cell culture model of the brain to test drugs for stroke at University of Oxford

We have awarded £4,919 for a nine-month research project to develop a 3D mini cell culture model of stroke as a new way to test drugs. Stroke is a leading cause of death and disability, yet of over 1,000 neuro-protective drugs tested in animals none have been approved. New methods to test drugs in human cells are urgently required. By working with leaders in stroke and neuro-vascular disease, this work will boost visibility and acceptance of organ-on-a-chip platforms, allowing this technology to gain traction in replacing animal research and improving pre-clinical testing, not only for stroke but in future other diseases with neurovascular dysfunction, including Alzheimer's, MS and epilepsy.

Assessing vascular function from a blood sample at Kingston University

We have awarded £5,000 for a six-month research project to grow cells from a donor blood sample that are representative of blood vessel lining. Our researchers will use these cells to investigate the health of blood vessels which will provide the groundwork for a model for future analysis of vascular health. This novel project has the potential to examine the health of people with cardiovascular disease to better understand poor vascular function. It will also help to replace the use of genetically modified mice.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

2. Funding and enabling the career pathway of exceptional scientists, from PhD to fellowship, who use only human relevant research methods

Opportunities

We capitalised on the exponential growth in digital necessitated by the pandemic by hosting online events that connected our researchers with young scientists and our supporter base, and we hosted a successful online workshop to explore establishing a community of practice for animal free researchers.

Challenges

Inevitably some planned activities had to be postponed this year due to the pandemic, including our flagship summer student programme, science conference and community of practice events. The Trustees intend to reinstate these activities in the coming year as far as possible.

Planned activity review:

- **Hold an annual summer student programme for undergraduates to gain animal free laboratory experience**

Delayed:

Due to the pandemic our annual summer student programme was postponed and funds were reallocated to support our Covid-19 research. The Trustees reinstated this programme in 2021.

- **Build a respected network of animal free researchers by developing a community of practice, delivering a programme of scientific communications and holding virtual science events**

In progress:

We hosted social media events connecting our funded researchers with early careers scientists and supporters, and, with Systems Thinking in Practice experts from the Open University, hosted an online workshop to explore establishing a community of practice for animal free researchers.

- **Fund Animal Replacement Centres of Excellence (ARCs)**

Achieved:

The charity funded two ARCs, spending £249,331. An outline of their research follows:

Animal Replacement Centre of Excellence at Queen Mary University of London

Now in its fifth year, the Animal Replacement Centre of Excellence (The ARC) at the Blizard Institute, Queen Mary University of London, is funded by the charity via a five-year strategic grant of £1,000,000. Using cutting-edge scientific research, Professor Mike Philpott and Dr Adrian Biddle, together with two post-doctoral scientists have created a unique centre of excellence dedicated to the fight against skin, head and neck cancer.

The ARC is accelerating the development of human models for human disease and reducing the number of animals used in cancer research. By developing robust research methods that are directly applicable to humans and which address the limitations of the use of animals, we believe we can accelerate the development of treatments for human cancers.

Animal Replacement Centre of Excellence at University of Exeter

Led by Professor Lorna Harries, the Animal Replacement Centre of Excellence at the University of Exeter (ARC 2.0) is providing a career pathway for exceptional early careers researchers with a commitment to human relevant research to start their own laboratory. Animal Free Research UK plans to award more than £500,000 over the next nine years - and expects to invest beyond that.

Animal Free Research UK Ltd

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For the year ended 31 March 2021

In its second year of an initial 3-year grant of £84,973, our researchers are investigating how repurposing drugs that are already on the market, and have been found to be safe for humans, could help people have a healthier body for longer during their life. The findings could help to identify drugs which have a beneficial impact on age-related diseases such as dementia and diabetes without additional animal research.

3. Collaborating with universities, high-impact journals and industry to enable animal free research

Opportunities

In the initial year of this new focus area, we have made significant progress despite the pandemic, in part thanks to the widespread uptake of digital technology to facilitate meetings with external partners.

Challenges

Due to the pandemic, the recruitment of a PhD student to undertake detailed research on animal-free alternatives to animal-derived biomaterials as part of a year-long industrial placement at Animal Free Research UK research was postponed.

Planned activity review:

- **Support universities to use non-animal products in research and phase out animal-derived biomaterials**

In progress

Initial scoping activity undertaken. Due to the pandemic, the recruitment of a PhD student to produce a report and database as part of a year-long industrial placement at Animal Free Research UK research was postponed. The placement is now due to take place next year.

- **Facilitate establishment of best practice criteria for human relevant cancer research and pre-clinical testing**

In progress

This project is being managed in conjunction with our Scientific Advisory Panel member and grant holder, Prof Geoff Pilkington. An initial scoping activity has been undertaken and cancer research experts have been identified and appointed to a roundtable event which is due to take place early next year.

- **Work with expert partners to create a roadmap for human relevant drug development**

In progress

Animal Free Research UK and Safer Medicines Trust have been commissioned by Cruelty Free International to deliver a series of expert workshops to investigate how new approach methodologies can be incorporated into preclinical pharmaceutical safety assessment. The initial planning activity has been undertaken and participants with a range of expertise and backgrounds have been secured for workshops which are due to take place next year.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

4. Influencing decision makers to change policy to enable human relevant research

Opportunities

In a time of global health emergency, international regulatory authorities agreed to advancing animal free new approach methodologies for drug development and safety assessment in the context of Covid-19, trialling a vaccine for the virus in humans in parallel to animals – a significant break from the normal linear process which requires animal tests before human trials. This then is a key moment to replace invasive animal experiments and avoid the unreliability inherent in extrapolating from species with very different immune systems. Launching our new public affairs function this year has perfectly placed Animal Free Research UK to call on decision makers to develop the vision to adopt this approach for all human disease and illness – from Covid-19 to cancer, dementia to diabetes, so that something good can come from the Covid-19 emergency.

Challenges

The road to cultural and regulatory change is long and complex. There can be a tendency for policymakers to view the goal of ending animal experiments as an extreme position - and it can be challenging to convey that Animal Free Research UK is an evidence-based, scientific organisation.

There is ongoing concern among some decision makers and members of the public about charities engaging in campaigning activities, although we feel that these are vital to achieve change – though we unreservedly adhere to Charity Commission guidelines. A standout challenge for 2020-21 has been the Covid-19 pandemic preventing in-person meetings with decision makers which requires substantial parliamentary time.

Planned activity review:

- **Influence UK Government to establish an official function to accelerate human relevant research**

In progress

Initial scoping activity has been undertaken and a YouGov opinion poll commissioned by Animal Free Research UK found that 70% of respondents would support animal experiments in medical research being phased out by 2040. A campaign to modernise medical research and outline how Britain can become a global leader in animal free science is due to be launched next year.

- **Play a leading role in the Alliance for Human Relevant Science to accelerate awareness and use of animal free approaches within industry and the scientific research community**

Achieved and ongoing

We have continued to play a leading role in the Alliance, coordinating an open letter on its behalf calling for the acceleration of human-focussed medical research supported by 65 scientists and academics, and carrying out a membership survey to help determine future direction.

- **Support the establishment and coordination of an All-Party Parliamentary Group on Human Relevant Science to ensure a strong voice in Parliament**

Achieved and ongoing

We have supported the establishment of the All-Party Parliamentary Group (APPG) on Human Relevant Science with Grahame Morris MP as Chair to bring together MPs and Peers of all parties to accelerate the development and uptake of human relevant science in the UK. With colleagues in the Alliance for Human Relevant Science, we have supported members of the APPG to produce a workplan and have helped to coordinate meetings.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

- **Actively participate in the International Council on Animal Protection in Pharmaceuticals (ICAPPP) to promote animal protection in international pharmaceutical testing guidelines**

Achieved and ongoing

We have re-joined ICAPPP to collaborate with international partners towards our shared goal.

5. Fundraising, Marketing and Communications

Opportunities

2020 was planned as a year for increased professionalisation of fundraising, marketing and communications, with an increased focus on digital transformation. Key opportunities realised include introducing new functions for broader and more effective engagement of audiences, stronger marketing integration to fundraising, and the introduction of new software to enhance digital engagement, advocacy and campaigning initiatives.

We have implemented structured data analysis and segmentation to enable better planning and execution of fundraising activities aimed at retention, reactivation and upgrade of existing donors. Stronger digital engagement with more opportunities via social media and frequency of emails to supporters has led to a gradual increase of digital income generation.

Finally, we implemented a new philanthropy programme to diversify income and reduce the charity's significant dependency on legacies.

Challenges

The Covid-19 pandemic, resulting lockdown and move to remote working have greatly impacted our plans this year, with two signature annual initiatives - our summer student programme and science conference - postponed until 2021.

As flexible working was already a reality for our charity, we were well placed to adapt to full time remote working, however we faced a learning curve in how to operate effectively and pursue the objectives we set out pre-pandemic.

From a funding perspective, we experienced challenges in initiating contact with trusts and foundations, many of which suspended their grant awarding processes and/or reprioritised criteria, which led to lower performance than budgeted for this income stream.

The second area where performance was lower than expected is individual single gifts – for a combination of factors, including delays in implementation of new digital systems. This, combined with tougher competition for share of voice during the pandemic, decreased our ability to reach out to the general public and acquire new supporters.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Planned activity review:

- **Inspire, engage and grow public and private support for animal free research**

Achieved and ongoing

We have increased brand awareness, visibility and engagement through the launch of our Covid-19 related emergency appeal, and in line with digital transformation plans and to replace in-person participation hindered by the pandemic, we launched a series of Facebook Live Events for our supporters to meet and engage with the scientists we fund. We also piloted a scientist-led virtual briefing series called "Engaging Human Science". We appointed a Media and PR Manager and developed and delivered workshops for our staff team and Trustees on our key messages and tone of voice.

- **Operate a robust business model by drafting donor retention, proposition and engagement plans, optimising current income sources**

Achieved and ongoing

We successfully launched Trusts and Foundations grants as a new income stream, albeit more slowly than originally projected due to Covid-19. Retention of regular givers has performed better than expected given the pandemic, which speaks to the generosity and loyalty of our supporters for whom we are very grateful. Gaining new supporters has proven more challenging and it is too early to separate the pandemic's impact versus a more generalised trend when it comes to single gifts. We have continued to work on acquisition after promising results with our "Take the Pledge" campaign, and have doubled our online engaged supporters, inspiring more people to take action and get involved with the charity. More people are giving to Animal Free Research UK online and this has continued to grow. We are also grateful for contributions via third party platforms including Amazon Smile and Just Giving. We have launched a new event named 'Challenge for Change' which has proven successful during its pilot phase and we are grateful to the supporters who kindly undertook challenges to raise much-needed funds for our charity.

6. Ensure effective governance, systems and processes

Opportunities

The need for staff to work remotely due to the pandemic, instead of within in a single physical location has meant that we have been able to improve our offer to colleagues by offering flexible working opportunities. Another benefit is being able to recruit from a nationwide pool of talent, instead of from a specific region, building the best possible team to deliver our mission.

Challenges

The switch to remote working also presented us with challenges. We have worked hard to support and engage our colleagues during a tumultuous year by investing in technology, prioritising transparency and well-being, and providing reassurance around flexible working arrangements.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Planned activity review:

- **Designing and delivering processes which minimise administrative burden and control risk, and monitoring key metrics to track performance**

In progress

The quest to reduce bureaucracy, increase efficiency and minimise administrative burden is one of continuous improvement with no end date. During the year, our achievements included a successful transition to a fully remote working environment, migration of paper-based files to a cloud-based database for enhanced efficiency, information sharing and access, improved financial reporting with forecasting, and commissioning of an expert impact review to assess how effectively our current processes measure and demonstrate our impact and to recommend a bespoke route to effective impact measurement at Animal Free Research UK.

- **Ensure effective governance, systems and processes**

Achieved and ongoing

We have undertaken a substantial revision of the organisational risk register with a working group of Trustees and senior management team developing a comprehensive new risk register. We undertook a review of the Trustee succession plan and identified the need to recruit new trustees, with successful recruitment campaigns resulting in the appointment of three new probationary trustees.

Financial review

Due to the unique conditions of the global pandemic, the charity scaled back some of its activities and prioritised investment in its fundraising efforts, leading to a sizable increase in income on the prior year and a weathering of the storm.

Total incoming resources for the year amounted to £1,505,965 (2020: £634,993), of which £1,496,503 (2020: £619,022) was generated from donations and legacies. Trading activities were ceased at the charity and consequently no income was generated (2020: £679). Donations represented 33% (2020: 63%) of income while legacies accounted for 66% (2020: 35%).

Total resources expended for the year amounted to £720,166 (2020: £1,158,629).

The charity incurred an overall increase in funds in the year of £785,799 (2020: decrease of £523,636) and total funds carried forward on the 31 March 2021 were £1,782,651 (2020: £996,852).

Investment policy

The charity seeks to avoid investing its funds with institutions which are either directly involved or affiliated with practices that are in conflict with its deeply held views about the ethical treatment of animals. The respective positions of these institutions are kept under regular review. The Trustees have absolute discretion to invest and confirm that Animal Free Research UK's assets are available and adequate to fulfil all the obligations of the charity. All decisions are taken by the Board of Trustees at its quarterly meetings.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Reserves policy and going concern

The Trustees consider that the reserves policy should be that the free reserves be sufficient to cover non-grant expenditure (and to settle any contractual commitments) for a period of no less than six months. A significant portion of the charity's income is derived from legacy gifts, which by its nature is unpredictable, and the Trustees consider that reserves at this level (£460,000) will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised or cost-saving measures may be implemented.

The charity held funds of £1,782,651 (2020: £996,852) at year end of which £48,017 (2020: £81,328) were restricted and £768,000 (2020: £Nil) were designated for making future grant awards leaving a general fund of £966,634 (2020: £915,524). Free reserves, excluding the value of tangible fixed assets, stood at £959,479 (2020: £907,043) which represents 12 months of non-grant expenditure, and is in excess of the target set out in the reserves policy. The Trustees have agreed to draw down on free reserves to fund an increase in charitable activities and develop a new grant-making strategy, and to invest in developing sustainable and enduring income streams.

The Trustees take a prudent view of legacies due and commit general reserves to charitable activity as soon as appropriate. The Trustees are confident that the charity remains a going concern.

Public benefit

The Trustees confirm that they have paid due regard to the public benefit guidance published by the Charity Commission and Office of the Scottish Charity Regulator. The charity refers to the public benefit guidance when reviewing and setting its aims and objectives and in future planning.

Our fundraising practices

Animal Free Research UK aims to carry out only the best fundraising practice and ensures that our supporters and the wider public are treated fairly and with respect. Our supporters are at the heart of our charity and enjoying relationships of trust and respect with them is of the highest importance to us.

Fundraising standards

Animal Free Research UK uses a range of fundraising activities to raise vital funds towards our vision of a world where human diseases are cured faster without animal suffering.

Our Board of Trustees and Senior Management Team are deeply committed to building trust with our supporters. We are members of the Fundraising Regulator and follow the Code of Fundraising Practice and the Fundraising Promise.

Working with third party fundraisers

We acknowledge that the use of third parties in fundraising can enhance our ability to raise funds and support our activities; however, it is imperative that we have the right safeguards in place to protect our supporters, our reputation and our financial position.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Animal Free Research UK requires that any agency or third party with whom we work complies with relevant standards and regulations such as the Code of Fundraising Practice and data protection legislation. We follow a robust procurement process and review their work against performance targets to ensure we are delivering the best value for money for the charity and our supporters. Quality assurance includes briefing the team on the charity's vision, mission, values and work, regular reviews of complaints and other feedback, and audits of telephone calls made by agency fundraisers. Our fundraising, marketing and communications sub-committee has responsibility for all aspects of quality assurance and compliance relating to fundraising and associated activities.

Protecting vulnerable people

We are aware that any charity which operates in the public domain may come into contact with people who may be vulnerable. We set ourselves high standards and we work regularly with third party agencies and fundraisers to review policies, procedures and performance.

Over the course of 2020-21 we received 0 complaints (2020: two complaints received) related to our fundraising activities. We are committed to studying any expression of dissatisfaction and identifying ways to improve. Our team is committed to looking into every case that may arise and doing all we can to resolve complaints and ensure supporters are happy with our work. Our complaints procedure is publicly available on our website.

Plans for future periods

During the year ahead we plan to:

1. Fund excellent high impact animal free research by:

- Funding a diverse range of post-doctoral and PhD level research into human diseases using animal free new approach methodologies at universities across the UK;
- Delivering a pilot study grant call to develop proof of concept for animal free research and unlock larger funding opportunities;
- Identifying new and joint funding opportunities to maximise funding for animal free research;
- Implementing effective impact measurement and processes; and
- Revising our grant making strategy to increase our impact.

2. Fund and enable the career pathway of exceptional scientists who use only human relevant research methods by:

- Continuing to support our Animal Replacement Centres of Excellence at Queen Mary University of London and University of Exeter;
- Delivering our annual summer school student programme;
- Delivering workshops for early careers researchers;
- Facilitating and growing a community of practice for animal free researchers;
- Holding a science conference; and
- Developing an award scheme to recognise pioneers in animal free research.

3. Collaborate with universities, high-impact journals and industry to enable animal free research by:

- Publishing a report on the current state of play of animal-derived biomaterials and the animal-free alternatives;
- Developing an online resource to enable scientists to replace animal-derived antibodies;
- Engaging with scientists to understand their challenges regarding publication of animal free research in high impact journals;
- Coordinating expert workshops and publishing papers on the results; and

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

- Holding roundtable events to establish standardisation criteria for cell culture in cancer research and preclinical testing.

4. Influence decision makers to change policy to enable human relevant research by:

- Launching a campaign calling for the UK Government to establish an official function to accelerate animal free science;
- Commissioning an expert report on the economic potential of new approach methodologies;
- Supporting the delivery of the workplan of the All-Party Parliamentary Group on Human Relevant Science;
- Playing a leading role in the Alliance of Human Relevant Science; and
- Working with partners to call on the UK Government to phase out the use of animals in medical research and phase in new approach methodologies.

5. Inspire, engage and grow public and private support for animal free research by:

- Launching an Awareness Week and World Animal Free Research Day in May;
- Continuing to grow financial support for Animal Free Research UK;
- Growing non-financial support for the charity and our mission, especially through high impact digital advocacy and campaigning opportunities; and
- Exploring other ways supporters can contribute to our work, by delivering a revamped lottery scheme, merchandise and new events.

6. Operate a robust business model by:

- Providing bespoke, supporter care and engagement;
- Professionalising our staff and Trustee team;
- Continuing optimisation of internal systems and processes;
- Growing and diversifying our income;
- Developing our legacy ask; and
- Building on and enhancing digital transformation within the charity.

7. Ensure effective governance, systems and processes by:

- Ensuring operational processes are fit for purpose;
- Investing in a motivated and expert staff team;
- Regularly reviewing performance, flexing and innovating as needed; and
- Developing a strategy to addressing equality, diversity and inclusion within the charity.

Structure, governance and management

The charity is a company limited by guarantee.

The Trustees, who are also the directors for the purpose of company law, who served during the year and up to date of this report were:

N Barbosa (resigned October 2021)

M Ashby (appointed November 2021)

C Byatt (resigned November 2021)

D Cameron

M Chan (appointed July 2021)

C Cuniffe (resigned April 2020)

A Ellison (resigned October 2021)

S Honess (appointed July 2021)

J Jones

L Sheridan

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

The Company Secretary, which is a voluntary role, who served during the year was:
S Luther (appointed January 2020)

Our team included the following key senior management personnel:

Chief Executive: Carla Owen

Finance Director: Nicola Reeves

Fundraising Director: Mimmo Di Giacomo

Science Director: Jarrod Bailey (appointed July 2021)

Public Affairs Director: Isobel Hutchinson (appointed December 2021)

Governing document

Animal Free Research UK is a company limited by guarantee and the governing document is its Articles of Association. The charity is registered in England and Wales (1146896) and Scotland (SC045327). The charity has two linked charities, The Alan and Kathie Stross Research fellowships charity (1146896-1) and the Dr Hadwen Trust for Humane Research (1146896-2). The Dr Hadwen Trust was dormant until 30 September 2013, at which time a transfer agreement was signed by the Trustees of Dr Hadwen Trust for Humane Research and the Dr Hadwen Trust, the intended effect of which was to transfer all assets, liabilities and activities, to the Dr Hadwen Trust (now renamed as Animal Free Research UK).

Appointment of Trustees

All Trustees are appointed by the Board following a process of open competition. After a probationary period of three quarterly meetings, Trustees-elect are agreed as full Trustees if the Board decrees. The Trustee Board must consist of not less than five and not more than twelve Trustees. They are recruited from amongst those who apply and demonstrate a firm commitment to the ethos of the Animal Free Research UK, are aligned to the aims of the charity and have a range of appropriate skills.

Trustee induction and training

An induction pack is provided to all new Trustees, and they are invited to attend an intensive induction during which they are provided with information on the key activities of Animal Free Research UK. Where collective training needs are established, these are delivered to the Board as a whole. Currently trustee training takes the form of mentoring from existing Trustees, external networks and professional courses, conferences and seminars detailing the latest Charity Commission and office of the Scottish Regulators requirements for Trustees and effective governance practice.

The charity is run by the board of directors, who are the charity's Trustees. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 6 to the accounts. The board administers the charity and meets a minimum of four times a year, taking all important strategic, policy and financial decisions which are formally tabled for approval at the Trustees' quarterly meetings. To aid governance, the Board has sub-committees which meet quarterly:

- HR and Governance Committee – human resources, governance compliance, remuneration;
- Finance Committee – external audit, financial policies and procedures, financial performance;
- Fundraising Committee – fundraising, marketing, communications; and
- Science and Public Affairs Committee – grant-making, education and public affairs.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

Organisation

Animal Free Research UK operates on a day-to-day basis with a team of 15 full and part-time personnel who work under the direction of the Chief Executive who reports directly to the Trustees and has delegated responsibility from the Trustees for the day-to-day management of the charity.

The Trustees gratefully acknowledge the generous support of volunteers and fundraisers who freely gave their time to assist Animal Free Research UK, and of supporters whose kind donations enable the continued work of the charity.

Related parties and co-operation with other organisations

None of the Trustees receive remuneration or other benefit from their work with the charity. None of them has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Pay policy for senior staff

The pay of senior staff is reviewed annually by the HR and Governance Committee which takes into account retention of staff against affordability and benchmarking against pay levels in other charities of a similar size.

Risk management

The Trustees have a risk management strategy which comprises:

- an ongoing review of the principal risks and uncertainties that the charity face;
- the establishment of policies and processes to mitigate those risks; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

The Trustees have assessed the major risks to which the charity is exposed and have delegated responsibility to the Chief Executive to put in place robust processes to mitigate exposure to these. We have a comprehensive risk register which is reviewed regularly by the senior management team with noteworthy changes and risks shared with the Trustees on a quarterly basis.

In response to the Covid-19 pandemic, these risks were reviewed again in detail with a particular focus on income and mitigating actions to address a potential decline in donations. The Trustees remain of the view that the charity's income and current level of free reserves will permit it to continue to operate for the foreseeable future.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 charity and of the income and expenditure of the charity for that period. In preparing those financial statements the trustees are required to:

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2021

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company'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.

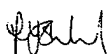
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Godfrey Wilson Limited were appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 26 January 2022 and signed on their behalf by



Laura-Jane Sheridan (Chair)
Trustee



Daniel Cameron (Treasurer)
Trustee

Independent auditors' report

To the members of

Animal Free Research UK Ltd

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustees Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditors' report

To the members of

Animal Free Research UK Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

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

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

Our responsibilities for the audit of the financial statements

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

Independent auditors' report

To the members of

Animal Free Research UK Ltd

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

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report

To the members of

Animal Free Research UK Ltd

Use of our report

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

Alison Godfrey

Date: 27 January 2022

Alison Godfrey FCA
(Senior Statutory Auditor)

For and on behalf of:

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

Animal Free Research UK Ltd

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Restricted £	Unrestricted £	2021 Total £	Restated 2020 Total £
Income from:					
Donations and legacies	3	105,489	1,391,014	1,496,503	619,022
Other trading activities		-	-	-	679
Investments		-	9,462	9,462	11,762
Other		-	-	-	3,530
Total income		<u>105,489</u>	<u>1,400,476</u>	<u>1,505,965</u>	<u>634,993</u>
Expenditure on:					
Raising funds		-	258,100	258,100	170,175
Charitable activities		<u>15,894</u>	<u>446,172</u>	<u>462,066</u>	<u>988,454</u>
Total expenditure	5	<u>15,894</u>	<u>704,272</u>	<u>720,166</u>	<u>1,158,629</u>
Net income / (expenditure)		89,595	696,204	785,799	(523,636)
Transfers between funds		<u>(122,906)</u>	<u>122,906</u>	-	-
Net movement in funds	8	(33,311)	819,110	785,799	(523,636)
Reconciliation of funds:					
Total funds brought forward		<u>81,328</u>	<u>915,524</u>	<u>996,852</u>	<u>1,520,488</u>
Total funds carried forward		<u><u>48,017</u></u>	<u><u>1,734,634</u></u>	<u><u>1,782,651</u></u>	<u><u>996,852</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 19 to the accounts.

The 2020 comparatives have been restated for changes in accounting policies and other prior period adjustments, as set out in note 23 to the accounts.

Animal Free Research UK Ltd

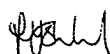
Balance sheet

As at 31 March 2021

	Note	£	2021 £	Restated 2020 £
Fixed assets				
Tangible assets	11		7,155	8,481
Investment property	12		-	30,000
Investments	13		-	1
			<u>7,155</u>	<u>38,482</u>
Current assets				
Debtors	14	945,595		345,126
Current asset investments	15	591,712		586,980
Cash at bank and in hand		<u>1,304,939</u>		<u>1,564,349</u>
		<u>2,842,246</u>		<u>2,496,455</u>
Liabilities				
Creditors: amounts falling due within 1 year	16	<u>(720,907)</u>		<u>(616,120)</u>
Net current assets			<u>2,121,339</u>	<u>1,880,335</u>
Total assets less current liabilities			<u>2,128,494</u>	<u>1,918,817</u>
Creditors: amounts falling due after more than 1 year	17		<u>(345,843)</u>	<u>(921,965)</u>
Net assets	18		<u><u>1,782,651</u></u>	<u><u>996,852</u></u>
Funds	19			
Restricted funds			48,017	81,328
Unrestricted funds				
Designated funds			768,000	-
General funds			<u>966,634</u>	<u>915,524</u>
Total charity funds			<u><u>1,782,651</u></u>	<u><u>996,852</u></u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 26 January 2022 and signed on their behalf by



Laura-Jane Sheridan (Chair)
Trustee



Daniel Cameron (Treasurer)
Trustee

Animal Free Research UK Ltd

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	2020 £
Cash used in operating activities:			
Net cash used in operating activities	20	<u>(290,697)</u>	<u>(126,411)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		9,462	11,762
Purchase of tangible fixed assets		(3,444)	(7,758)
Proceeds from the sale of investments		<u>30,001</u>	<u>-</u>
Net cash provided by investing activities		<u>36,019</u>	<u>4,004</u>
Decrease in cash and cash equivalents in the year		<u>(254,678)</u>	<u>(122,407)</u>
Cash and cash equivalents at the beginning of the year		<u>2,151,329</u>	<u>2,273,736</u>
Cash and cash equivalents at the end of the year		<u><u>1,896,651</u></u>	<u><u>2,151,329</u></u>
Comprised of:			
Cash at bank and in hand		1,304,939	1,564,349
Current asset investments (prior period figure restated)		<u>591,712</u>	<u>586,980</u>
		<u><u>1,896,651</u></u>	<u><u>2,151,329</u></u>

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Animal Free Research UK Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants; whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

d) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies (continued)

e) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Transfers from restricted funds to unrestricted funds represent income received during the year which carries donor imposed conditions to be expended upon specific projects. The cost of these projects has been recognised through the Statement of Financial Activities in a prior period when the grant commitment was originally made and therefore when the income is received it is transferred to unrestricted funds to follow the treatment of the expenditure when it was recognised.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities on the same basis of as staff costs:

	2021	Restated 2020
Raising funds	33.7%	27.1%
Charitable activities	66.3%	72.9%

h) Grants payable

Grants payable are charged in the year in which the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attached have been fulfilled. Grants offered subject to conditions at the year end are noted as commitment but are not accrued as expenditure.

i) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Computer equipment	33% straight line
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j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies (continued)

k) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

l) Current asset investments

Cash held in liquid investment accounts with maturity dates in excess of 30 days are classed as current asset investments.

m) Creditors

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

n) Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently recognised at amortised cost using the effective interest method.

o) Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

p) Foreign currency transactions

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

q) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies (continued)

q) Accounting estimates and key judgements (continued)

Depreciation

As described in note 1i to the financial statements, depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

Legacy valuations

Determining the value of legacy debtors requires an estimation of the future cash flows expected to be received from the legacy. Actual results may differ from these estimates because the value of legacy is usually dependant on the amount of cash realised from the estate in which the legacy relates, and the recognition of a debtor as per the SORP usually precedes the cash receipt. The charity uses the expertise of a professional to estimate future amounts based on supporting evidence.

2. Prior period comparatives: statement of financial activities

	Restricted	Unrestricted	Restated 2020 Total
	£	£	£
Income from:			
Donations and legacies	105,329	513,693	619,022
Other trading activities	-	679	679
Investments	-	11,762	11,762
Other income	-	3,530	3,530
Total income	105,329	529,664	634,993
Expenditure on:			
Raising funds	-	170,175	170,175
Charitable activities	37,494	950,960	988,454
Total expenditure	37,494	1,121,135	1,158,629
Net income / (expenditure)	67,835	(591,471)	(523,636)
Transfers between funds	(61,875)	61,875	-
Net movement in funds	5,960	(529,596)	(523,636)

Animal Free Research UK Ltd**Notes to the financial statements****For the year ended 31 March 2021****3. Income from donations and legacies**

	Restricted £	Unrestricted £	2021 Total £
Donations	49,938	448,466	498,404
Legacies	<u>55,551</u>	<u>942,548</u>	998,099
Total income from donations and legacies	<u>105,489</u>	<u>1,391,014</u>	<u>1,496,503</u>

Prior period comparative:

	Restricted £	Unrestricted £	Restated 2020 Total £
Donations	105,329	292,699	398,028
Legacies	<u>-</u>	<u>220,994</u>	<u>220,994</u>
Total income from donations and legacies	<u>105,329</u>	<u>513,693</u>	<u>619,022</u>

Restricted donation income has been restated to reclassify £10,360 of gift aid, previously accounted for via the transfers between funds line of the SoFA.

4. Government grants

The charitable company received no government grants in the current or prior period.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2021 Total £
Grants payable (note 6)	-	55,255	-	55,255
Other charitable expenditure	-	6,243	-	6,243
Staff costs (note 9)	85,314	167,940	141,241	394,495
Other fundraising costs	40,253	-	-	40,253
Other and temporary staff costs	-	348	10,635	10,983
Depreciation	-	-	4,770	4,770
Print, postage and stationary	7,002	8	6,462	13,472
Light and heat	-	-	(215)	(215)
Rent and rates	-	-	1,212	1,212
Sundry expenses	-	-	14,649	14,649
Bad debt	-	-	3	3
Telephone	-	-	3,665	3,665
Travel expenses	-	-	374	374
Insurance	-	-	1,938	1,938
Bank and other charges	2,789	-	315	3,104
Computer costs	15,294	10,402	22,233	47,929
Advertising and marketing	22,998	13,835	1,646	38,479
Accountancy	-	-	12,225	12,225
Legal and professional	-	41,796	29,536	71,332
Sub-total	173,650	295,827	250,689	720,166
Allocation of support and governance costs	84,450	166,239	(250,689)	-
Total expenditure	258,100	462,066	-	720,166

Total governance costs were £35,121 (2020: £67,853).

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

5. Total expenditure (continued)

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	Restated 2020 Total £
Grants payable (note 6)	-	534,621	-	534,621
Other charitable expenditure	-	15,126	-	15,126
Staff costs (note 9)	42,547	114,584	154,254	311,385
Other fundraising costs	11,456	-	-	11,456
Other and temporary staff costs	-	8,866	31,682	40,548
Depreciation	-	-	3,005	3,005
Print, postage and stationary	2,478	5,317	5,605	13,400
Light and heat	-	-	4,132	4,132
Rent and rates	-	-	32,219	32,219
Repairs, maintenance and shop expenses	-	-	364	364
Sundry expenses	-	-	4,190	4,190
Bad debt	-	-	1,209	1,209
Telephone	-	-	6,162	6,162
Travel expenses	-	1,756	4,093	5,849
Insurance	-	-	3,272	3,272
Bank and other charges	2,552	-	431	2,983
Computer costs	300	391	28,770	29,461
Advertising and marketing	15,710	51,590	5,950	73,250
Accountancy	-	-	12,820	12,820
Legal and professional	-	-	53,177	53,177
Sub-total	75,043	732,251	351,335	1,158,629
Allocation of support and governance costs	<u>95,132</u>	<u>256,203</u>	<u>(351,335)</u>	<u>-</u>
Total expenditure	<u>170,175</u>	<u>988,454</u>	<u>-</u>	<u>1,158,629</u>

The prior period comparatives have been restated for reclassification and allocation of support and governance costs only. Total expenditure has not been affected.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

6. Grants payable to institutions

Grants are made for the purpose of developing new techniques for non animal research. The amount payable and committed in the period for this period and future periods comprise the following:

	2021 No.	2021 £	2020 No.	Restated 2020 £
Research grants:				
University of Exeter (COVID-19)	1	52,351	-	-
The Daphne Jackson Trust Fellowship	1	11,249	1	91,283
University of Nottingham	-	-	1	146,740
University College London	-	-	1	85,218
University of Exeter (ARC 2.0)	-	-	1	84,973
Plymouth University	-	-	1	84,370
University of Hertfordshire	-	-	1	40,000
Kingston University	-	-	2	9,966
University of Leeds	-	-	1	5,000
University of Manchester	-	-	1	5,000
University of Southampton	-	-	1	5,000
University of Oxford	-	-	1	4,919
University of Bedfordshire	-	-	1	4,600
Queen's University Belfast	-	-	1	3,320
Total grants committed during the period		63,600		570,389
Grants overspent / (written back) from prior periods		(8,345)		(35,768)
Total grant expenditure		55,255		534,621

7. Grants commitments

	2021 £	Restated 2020 £
Grants payable to institutions:		
Grant commitments brought forward	1,513,684	1,162,238
Grants committed during the period	63,600	570,389
Grants paid during the period	(562,161)	(183,175)
Less: Overspent / (written back) grants from prior periods	(8,345)	(35,768)
Grant commitments carried forward	1,006,778	1,513,684

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

8. Net movement in funds

This is stated after charging:

	2021 £	2020 £
Depreciation	4,770	3,005
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	53	2,544
Auditors' remuneration:		
▪ Statutory audit (including VAT)	9,000	11,500
▪ Other services	-	1,320
	<u>9,053</u>	<u>14,824</u>

Trustees reimbursed expenses relate to subsistence and postage costs for 2 trustees (2020: 6 trustees, for travel, hotel and childcare costs).

9. Staff costs and numbers

Staff costs were as follows:

	2021 £	Restated 2020 £
Salaries and wages	355,824	267,655
Social security costs	32,379	25,743
Pension costs	6,292	5,423
Redundancy costs	-	12,564
	<u>394,495</u>	<u>311,385</u>

One employee earned between £60,000 and £70,000 during the year (2020: No employees earned more than £60,000 during the year).

The key management personnel of the charitable company comprise the Trustees, Chief Executive Officer, Director of Fundraising and Marketing and Finance and Operations Director. The total employee benefits of the key management personnel were £182,677 (2020: £158,860).

Average head count:

	2021 No.	2020 No.
Science and education	4	2
Fundraising	2	2
Management and finance	2	2
CEO	1	1
	<u>9</u>	<u>7</u>
Average head count	<u>9</u>	<u>7</u>

10. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

11. Tangible fixed assets

	Computer equipment
Cost	£
At 1 April 2020	29,600
Additions in year	3,444
Disposals	<u>(15,835)</u>
At 31 March 2021	<u>17,209</u>
Depreciation	
At 1 April 2020	21,119
Charge for the year	4,770
On disposals	<u>(15,835)</u>
At 31 March 2021	<u>10,054</u>
Net book value	
At 31 March 2021	<u><u>7,155</u></u>
At 31 March 2020	<u><u>8,481</u></u>

12. Investment property

	Investment property £	2021 £	2020 £
Market value at 1 April 2020	30,000	30,000	30,000
Disposals proceeds	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Market value at 31 March 2021	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>30,000</u></u>

The investment property represents an interest of 9.75% of a single property. The fair value of the investment property had been arrived at on the basis of its market value when acquired in 2014 and had been subsequently revalued by Brian James, the company's legacy advisor. It was disposed of in full during the year to 31 March 2021.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

13. Investment in subsidiary

	2021 £	2020 £
Investment in Dr Hadwen Retail Limited	-	1

Dr Hadwen Retail Limited, company number 09586397 and a wholly owned subsidiary of Animal Free Research UK, was struck off on 22 September 2020. It had been dormant since its incorporation on 12 May 2015. Consolidated accounts had therefore never been produced by reason of immateriality.

14. Debtors

	2021 £	Restated 2020 £
Accrued legacy income and other debtors	923,160	329,009
Other accrued income	7,675	4,471
Prepayments	14,760	11,646
	<u>945,595</u>	<u>345,126</u>

15. Current asset investments

	2021 £	Restated 2020 £
Advance notice deposit accounts	<u>591,712</u>	<u>586,980</u>

The prior period comparatives have been restated to recognise amounts held in accounts requiring greater than 30 days notice, but which are still considered liquid, as current asset investments. They were previously held in cash at bank and in hand.

16. Creditors : amounts due within 1 year

	2021 £	Restated 2020 £
Other taxation and social security	10,779	-
Grants payable	660,935	591,719
Trade creditors	26,613	15,167
Other creditors	12	458
Accruals	22,568	8,776
	<u>720,907</u>	<u>616,120</u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

17. Creditors : amounts due after 1 year

	2021	Restated
	£	2020
		£
Grant accruals	<u>345,843</u>	<u>921,965</u>

18. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	7,155	7,155
Current assets	48,017	768,000	2,026,229	2,842,246
Current liabilities	-	-	(720,907)	(720,907)
Non current liabilities	-	-	(345,843)	(345,843)
Net assets at 31 March 2021	<u>48,017</u>	<u>768,000</u>	<u>966,634</u>	<u>1,782,651</u>

Prior period comparative (restated)

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	8,481	8,481
Investment properties	-	-	30,000	30,000
Investments	-	-	1	1
Current assets	81,328	-	2,415,127	2,496,455
Current liabilities	-	-	(616,120)	(616,120)
Non current liabilities	-	-	(921,965)	(921,965)
Net assets at 31 March 2020	<u>81,328</u>	<u>-</u>	<u>915,524</u>	<u>996,852</u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

19. Movements in funds

	At 1 April 2020 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2021 £
Restricted funds					
ARC 2.0	-	2,685	-	(2,685)	-
Bailey legacy	-	55,551	-	(55,551)	-
Barratt legacy	27,340	-	-	-	27,340
Brain tumour	20,417	235	-	-	20,652
COVID-19	-	15,894	(15,894)	-	-
Diabetes	-	28,042	-	(28,042)	-
Dogs	-	315	-	(315)	-
Skin cancer	-	1,444	-	(1,444)	-
Stross legacy	33,546	-	-	(33,546)	-
Other restricted funds	25	1,323	-	(1,323)	25
Total restricted funds	81,328	105,489	(15,894)	(122,906)	48,017
Unrestricted funds					
<i>Designated funds</i>					
Grant making fund	-	-	-	768,000	768,000
General funds	915,524	1,400,476	(704,272)	(645,094)	966,634
Total unrestricted funds	915,524	1,400,476	(704,272)	122,906	1,734,634
Total funds	996,852	1,505,965	(720,166)	-	1,782,651

Purposes of restricted funds

These funds arise where donations and legacies are granted to the charity with conditions imposed that restrict the use of the funding. These conditions tend to be broad, and are mostly as described. The following further explanations are provided:

ARC 2.0	Refers to funds donated specifically to support the Animal Replacement Centre of Excellence at University of Exeter.
Stross legacy	Refers to a legacy gift that is to specifically fund undergraduates participating in our annual Summer Studentship scheme.
Bailey legacy	Refers to a legacy gift that was donated for the purpose of supporting research into cancer.
Barratt legacy	Refers to a legacy gift that was donated for the purpose of supporting research into coronary thrombosis and stroke.
Other restricted funds	Contains smaller restricted donations of less than £500.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

19. Movements in funds (continued)

Purposes of designated funds

Grant making fund The charity has earmarked funds for planned or aspired grant making, where grants have not yet been formally awarded. The designated fund as at 31 March 2021 is intended to cover new grant awards during the 2021-22 year, and continuation funding for existing projects when their current grants end.

Transfers between funds

Transfers from restricted funds to unrestricted funds represent income received during the year which carries donor imposed conditions to be expended upon specific projects. The cost of these projects has been recognised through the Statement of Financial Activities in a prior period when the grant commitment was originally made and therefore when the income is received it is transferred to unrestricted funds to follow the treatment of the expenditure when it was recognised.

Prior period comparative (restated)

	At 1 April 2019 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2020 £
Restricted funds					
ARC 2.0	-	28,638	(28,638)	-	-
Barratt legacy	32,259	-	(4,919)	-	27,340
Brain tumour	9,273	11,144	-	-	20,417
Breast cancer	-	1,315	-	(1,315)	-
Cancer	-	1,119	-	(1,119)	-
Diabetes	-	35,269	-	(35,269)	-
Dogs	265	352	(617)	-	-
Pain	-	7,856	(3,320)	(4,536)	-
Skin cancer	-	3,501	-	(3,501)	-
Stross legacy	33,546	-	-	-	33,546
Summer studentships	-	16,036	-	(16,036)	-
Other restricted funds	25	99	-	(99)	25
Total restricted funds	75,368	105,329	(37,494)	(61,875)	81,328
Unrestricted funds					
General funds	1,445,120	529,664	(1,121,135)	61,875	915,524
Total unrestricted funds	1,445,120	529,664	(1,121,135)	61,875	915,524
Total funds	1,520,488	634,993	(1,158,629)	-	996,852

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	Restated 2020 £
Net movement in funds	785,799	(523,636)
Adjustments for:		
Dividends, interest and rents from investments	(9,462)	(11,762)
Depreciation charges	4,770	3,005
Decrease / (increase) in debtors	(600,469)	309,585
Increase / (decrease) in creditors	(471,335)	96,397
Net cash provided by / (used in) operating activities	<u>(290,697)</u>	<u>(126,411)</u>

21. Funds held as a custodian trustee on behalf of others

The charity holds a 50% interest in a plot of land in Denmead, received in 2013 via a legacy, in trust partially as a custodian trustee on behalf of three other charities. It is held for reason of capital appreciation. Each of the four charities, including Animal Free Research UK, holds a 12.5% ultimate interest in the land.

The charities for which Animal Free Research UK acts as a custodian trustee for are The League Against Cruel Sports, International Fund for Animal Welfare and the Cruelty Free International Trust (formerly BUAV Charitable Trust).

The objects of the three other charities relate to the prevention of the cruelty to and/or suffering of animals and are therefore closely aligned to those of Animal Free Research UK. A Declaration of Trust is in place to ensure the safe custody and segregation of such assets from the charity's own assets.

22. Related party transactions

Natalie Barbosa, trustee until 24 October 2021, is employed as a Senior Associate at Anthony Collins Solicitors LLP. During the year, Anthony Collins Solicitors LLP was paid £900 by the charity for legal advice (2020: £2,400). No amounts were owing at year end (2020: £Nil).

During the year, 4 trustees made unconditional donations to the charity amounting to £1,095 (2020: £724 from 3 trustees).

There were no other related party transactions in the year.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

23. Prior period restatements and changes in accounting policies

Legacy debtors

Prior period income, debtors and funds have been restated to remove a 15% reduction applied to year end legacy debtors in previous periods.

Grant commitments

Prior period expenditure, creditors and funds have been restated to recognise grant commitments in full when they are communicated to grantees. Previously, grant commitments were ringfenced as designated funds when committed, and expenses recognised in the SoFA on a claims basis against the designated fund.

Other income

Income has been restated to include £3,530 previously reported as a total under 'transfers between funds'. This adjustment has had no impact on the prior year results or fund balances.

Expenditure classifications

Expenditure has been restated for the reclassification of expenditure between SoFA headings.

Funds brought forward

This has affected funds brought forward, as follows:

	Restricted funds £	Designated funds £	General funds £	Total funds £
Funds as originally stated at 1 April 2019	185,214	1,221,717	1,182,404	2,589,335
Adjustment to legacy debtors	-	-	93,392	93,392
Adjustment to grants payable	<u>(109,846)</u>	<u>(1,221,717)</u>	<u>169,324</u>	<u>(1,162,239)</u>
Funds as restated at 1 April 2019	<u>75,368</u>	<u>-</u>	<u>1,445,120</u>	<u>1,520,488</u>
	Restricted funds £	Designated funds £	General funds £	Total funds £
Funds as originally stated at 31 March 2020	151,794	1,225,503	796,010	2,173,307
Adjustment to legacy debtors	-	-	49,048	49,048
Adjustment to grants payable	<u>(70,466)</u>	<u>(1,225,503)</u>	<u>70,466</u>	<u>(1,225,503)</u>
Funds as restated at 31 March 2020	<u>81,328</u>	<u>-</u>	<u>915,524</u>	<u>996,852</u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

23. Prior period restatements and changes in accounting policies (continued)

Debtors

Legacy debtors have been affected as follows:

	Accrued income £
Accrued income as originally stated at 31 March 2020	279,961
Adjustment to legacy debtors	<u>49,048</u>
Accrued income as restated at 31 March 2020	<u><u>329,009</u></u>

Creditors : amounts due within 1 year

Creditor balances have been affected as follows:

	Trade creditors £	Grants payable £
Creditor balances as originally stated at 31 March 2020	133,247	170,101
Adjustment for grants payable	<u>(118,080)</u>	<u>421,618</u>
Creditor balances as originally stated at 31 March 2020	<u><u>15,167</u></u>	<u><u>591,719</u></u>

Creditors : amounts due after more than 1 year

Long term creditor balances have been affected as follows:

	Grants payable £
Grants payable after 1 year as originally stated at 31 March 2020	-
Adjustment for grants payable	<u>921,965</u>
Grants payable after 1 year as restated at 31 March 2020	<u><u>921,965</u></u>

Income

Income balances shown in the SoFA been affected as follows:

	Donations and legacies £	Other income £	Total income £
Income as originally stated at 31 March 2020	663,366	-	675,807
Adjustment to legacy debtors	(44,344)	-	(44,344)
Reclassification of balance from 'transfers between funds'	<u>-</u>	<u>3,530</u>	<u>3,530</u>
Income as restated at 31 March 2020	<u><u>619,022</u></u>	<u><u>3,530</u></u>	<u><u>634,993</u></u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

23. Prior period restatements and changes in accounting policies (continued)

Expenditure

Expenditure balances shown in the SoFA been affected as follows:

	Raising funds £	Charitable activities £	Total expenditure £
Expenditure as originally stated at 31 March 2020	8,655	1,086,710	1,095,365
Adjustment for grants payable charged to SoFA in year	-	63,264	63,264
Reanalysis for costs of raising funds	<u>161,520</u>	<u>(161,520)</u>	<u>-</u>
Expenditure as restated at 31 March 2020	<u>170,175</u>	<u>988,454</u>	<u>1,158,629</u>