

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

Animal Free Research UK Ltd
Report and Audited Financial Statements
31 March 2023



Animal Free Research UK Ltd

Reference and administrative details

For the year ended 31 March 2023

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: M Ashby D Cameron M Chan S Honess J Jones G Pilkington (Chair) K Postlewhite L Sheridan Appointed 23 April 2022 Appointed 12 August 2023 Resigned 13 May 2023	
Chief Executive Officer	Carla Owen	
Bankers	Ecology Building Society 7 Belton Road Silsden Keighley West Yorkshire BD20 0EE Cambridge & Counties Bank Limited Charnwood Court 5B New Walk Leicester LE1 6TE Manchester Building Society 125 Portland Street Manchester M1 4QD	Yorkshire Bank 2-4 George Street Luton Beds LU1 2AN Julian Hodge Bank Limited 29 Windsor Place Cardiff CF10 3BZ Virgin Money Plc Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
Solicitors	Withers LLP 16 Old Bailey City of London Greater London EC4M 7EG	Anthony Collins Solicitors 76 King Street Manchester M2 4NH

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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 2023

The Trustees present their annual and strategic report together with the financial statements for the year ended 31 March 2023.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006, "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)" and Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

About Animal Free 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 faster and save the lives of more humans and animals.

Founded in 1970 and funded by charitable donations from individuals, schools, trusts and foundations and corporations, we have given over £11 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 relevant medical research.

Vision

Our vision is a world where human diseases are cured faster with animal-free human-specific technologies.

Purpose

Our purpose is to support scientists to transition from using animals to using new approach methodologies in medical research.

Mission

Our mission is to champion better medical research for the good of animals, patients and science.

Values

- Rigorous and evidential – we present factual, reliable information. Our work is evidence-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.
- Compassionate – we care deeply about people and animals. Our ambition to end suffering is heartfelt and unswerving.

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Report of the trustees

For the year ended 31 March 2023

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"*.

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:

- An increasing number of scientists are committed to human relevant research; and
- Policy makers, industry and the academic community support 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.

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 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 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.

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

To achieve the charity's 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 a programme to break down the barriers to animal free research within academia and industry.

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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.

We aim to influence robust public policy and regulatory change. By harnessing public support and placing scientific evidence at the heart of our message, we 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, our team includes experts in public policy, advocacy and communications to ensure we are positioned to effectively influence Government.

We also 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 support the All-Party Parliamentary Group on Human Relevant Science which brings together MPs and Peers of all parties to accelerate the development and uptake of human relevant science in the UK.

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. It is only because of the kindness of our supporters that we can continue our vital work.

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. Our development team 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

I was delighted to be appointed as Animal Free Research UK's new Chair of Trustees in May 2023.

I begin this Trustees' Report for 2022-23 by paying tribute to my predecessor as Chair, Laura-Jane Sheridan, who served as both trustee and Chair with such passion and distinction from 2017 through to 2023. Just as Laura-Jane did before me, I will do everything I can to support Animal Free Research UK's vital work.

I am glad to report that the charity, through shrewd planning and astute financial stewardship, has continued to adapt and respond to challenging circumstances and emerging opportunities and I am proud of the leadership, drive and determination that the team at Animal Free Research UK shows each day.

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As we emerged from the impact of the Covid-19 pandemic, the UK was hit by sharply rising interest rates, the cost-of-living crisis and geopolitical upheaval. Though so many around us are experiencing turmoil, there have been positive incremental steps in our work which are getting us closer to a world that you and I both urgently want to see – a world where research on animals is a thing of the past.

Key achievements during the year included:

- A near 100% increase on the amount of funding that we awarded to scientists to support the transition to animal free research;
- The launch of our “Eight Steps to Accelerate Human Relevant Innovation” manifesto at a Parliamentary Reception in Westminster, attracting media coverage in 70 outlets;
- Raising the awareness of animal free research amongst thousands of viewers and readers through our annual World Animal Free Research Day and Awareness Week;
- The return of our annual Science Conference, which welcomed 80 animal free research advocates and scientists and where we launched our online Community of Practice;
- The first ever UK Helpathon which crowdsourced practical suggestions from both researchers and the public to support scientists with their transition to new approach methods; and
- Expanding our team and using their talents to increase our recognition and reach.

The years ahead will continue to bring significant opportunities and challenges for Animal Free Research UK. Together we can build on the breakthroughs of the past year and come closer to a world where human diseases are cured faster without animal suffering.

Geoffrey John Pilkington

Professor Geoffrey Pilkington
Chair of Trustees

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

Achievements and performance

We would like to thank our funders, supporters and the biomedical research community for all your help in achieving the successes of the past year. Here are some of the highlights:

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

▪ Continue to fund strategic projects including the lifETIME CDT

Achieved: An outline of funded research projects follows:

lifETIME CDT at University of Glasgow, University of Birmingham, Aston University and CÚRAM – Science Foundation Ireland

The Engineered Tissues for Discovery, Industry and Medicine Centre for Doctoral Training (lifETIME CDT) focuses on developing animal free technologies for drug discovery, toxicology screening and regenerative medicine. It has a strong commitment to develop technologies that replace and reduce the use of animals in research. Animal Free Research UK strategically partnered with lifETIME CDT in awarding funding totalling £80,000 to support the first five years of the CDT in order to advocate for new ways to perform research and provide enhanced training to students – both helping to improve drug discovery in the future.

Research projects undertaken at the lifETIME CDT which meet our strict criteria are recognised as supported by Animal Free Research UK, including a PhD project which aims to develop a 3D bone marrow model system to test a range of drugs which could help to treat acute myeloid leukaemia.

Post-doctoral awards

Skin cancer research at University of Bristol

We are funding a Daphne Jackson Trust Fellow at the University of Bristol to undertake research into subcutaneous skin tissue absorption of drugs, providing a grant of £102,532 over three years. A post-doctoral researcher is developing 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.

'Mini-hearts' and heart disease at University of Nottingham

Animal Free Research UK is funding the Biodiscovery Institute at the University of Nottingham to develop cutting edge human stem-cell technology to combat cardiac fibrosis – a major cause of heart failure in the UK, affecting 900,000 people annually. Dr Chris Denning and his team have been awarded £146,740 for a 3-year project to use special cells (human induced pluripotent stem cells), which can be coaxed into forming the major cell types of the heart (called cardiomyocytes, cardiac fibroblasts and endothelial cells). They are making 'tri-culture' microtissues to mimic patient heart function, including contraction, arrhythmia, failure and death. This will provide an alternative route to mechanistic insight and therapeutic development for cardiac fibrosis, without animals or products derived from animals.

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PhDs

Breast cancer research at University of Aberdeen

Breast cancer is the most frequently diagnosed cancer in women, but early detection combined with contemporary treatments mean the outcome is often positive. Nevertheless, risk of disease recurrence through metastasis – the spread of cancer to a different part of the body – is ultimately what kills most patients and cannot be predicted easily by clinicians using current diagnostics. This four-year PhD project jointly funded by Animal Free Research UK (£18,000) and Medical Research Scotland (MRS) aims to develop animal free models to use as predictive platforms to investigate the likelihood of cancer spread.

Smart materials for drug detection at University of Hertfordshire

Identifying the presence of opioids in a patient's system can be conducted by immunoassay, using animal-derived antibodies, but this process is conducted in a pathology lab by specialists. This £40,000 four-year PhD project will develop an animal-free assay for detecting opioids, which gives a positive readout by turning from a liquid to a gel. This will allow for identification of opioid overdose rapidly by paramedics or nurses, allowing for immediate intervention, and ultimately saving lives.

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. Now in its third year, our award of £84,370 is funding an innovative research project which is testing 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 are now using 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 patients as well as better understanding of this disease.

NEW: Developing a non-invasive, animal free tool for monitoring treatment response in lung cancer at Trinity College Dublin

Lung cancer is one of the most common types of cancer, claiming the lives of almost 1.7 million people worldwide and almost 35,000 people in the UK. Lung cancer survival hasn't improved much in the last 40 years, with only around one in ten people surviving for more than ten years after being diagnosed. Whilst drugs can initially work well, tumours sometimes subsequently become resistant to the drug. We have awarded £25,000 in match funding to investigate how extracellular vesicles could lead to drug resistance in non-small-cell lung cancer (NSCLC), the most common type of lung cancer. Some vesicles that tumours release can alter the composition of the tumour microenvironment in such a way that it helps the cancer to thrive and the identification of particular biomarkers could act as useful predictors of drug resistance. This research could lead to a quicker, more cost-effective, and reliable approach to drug resistance monitoring.

Testing novel treatments for childhood lung infections at University College London

Now in its third year, our grant of £85,219 is funding 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.

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Almost 10% of patients, 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 researcher 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.

- **Continue to fund pilot studies to help researchers demonstrate proof of concept to unlock major sources of research funding**

Achieved: We provided financial support for five new research pilot projects with grant funding totalling £49,897. An outline of funded research follows:

Developing co-culture microfluidic devices to study breast cancer at University of Aberdeen

Dr Liu and Prof Speirs developed the use of an organ-on-a-chip to study the spread of breast cancer (metastasis). The outputs suggest this animal free approach could offer advantages compared to other approaches and enables real time observation at the cellular level which is difficult to achieve in animals.

Working towards an animal free model of human allergic immune responses at University of Bedfordshire

Dr Furmanski used a combination of in vitro techniques to study a subtype of human white blood cells, eosinophils, which are known to be involved in the allergic responses leading to the symptoms of asthma.

NEW: The use of a novel nanomedicine for treatment of liver disease at University of Derby

Dr Keramanizadeh has developed a novel nanomedicine, loaded with a strong anti-inflammatory cocktail, to treat liver disease. His research team has also developed a range of liver models, composed of human cells where they can study various stages of liver disease. Using this model, he'll now be testing how effectively the nanomedicine prevents and treats liver disease.

NEW: Human cell model to study brain damage due to abnormal heart rhythm at Edge Hill University

Dr Patabendige is building on an existing approach which uses human cells to recreate the blood-brain barrier in the lab. She will modify this system and use ECGs from atrial fibrillation patients to investigate what happens to the blood-brain barrier when blood flow is altered to improve our understanding of how atrial fibrillation leads to brain damage.

Vegetal-based scaffolds for Tissue Engineering at University of Glasgow

Dr Vassali and Prof Christie worked on the 'VegFold' project, which aimed to produce scaffolds for tissue engineering entirely based on plants to study visceral myopathy, a rare intestinal disorder. Leaves were stripped of their own cells and repopulated with human cells, with proteins produced in plants to obtain fully functional mini tissues.

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NEW: Developing an animal-free gut model to study gastrointestinal diseases at Kings College College London

The human epithelial organoid is limited in its usefulness for research because it is grown with the luminal side cells shielded and therefore inaccessible to researchers. Dr Vllasaliu aims to develop an intestinal wall model with an exposed luminal side that has improved predictive value in diverse research areas ranging from drug development, toxicology and nutrition.

NEW: 3D-engineered human organoid to study muscle sarcopenia in chronic cardiorespiratory diseases at Northumbria University

Dr Simoes is developing a 3D muscle organoid which will better reflect the human muscle and will use it to study how muscle cells grow and develop in people. She'll also re-create the extracellular matrix to determine the precise role of its components in the development of sarcopenia.

Establishing a human ex vivo keratitis model at University of Sheffield

Dr Karunakaran aims to establish a human cornea model of a skin disease named 'Pseudomonal keratitis'. This research aims to develop novel, human-relevant infection models that can be used to test and refine the design of emerging antimicrobial drug candidates.

NEW: Use of electromagnetic non-harmful stimulation applied to cells in a dish to support muscle repair at University of Suffolk

Dr Masieri is developing an economical and human-relevant model to mimic muscle cell injury or muscle 'tears' using human induced pluripotent stem cells. Once these cells have matured and the muscle cell layer scratched to mimic injury, she will study how the cells heal and use electromagnetic fields in an attempt to accelerate healing.

- **Provide grants for coronary thrombosis and stroke research to fulfil the wishes of generous supporters**

Achieved: An outline of funded research follows:

NEW: Developing a blood clot-on-a-chip model to find new ways of treating heart attacks at University of Aberdeen

Blood clot formation and breakdown is normally tightly regulated but when this balance is disrupted blood clots can form that block the blood vessels and potentially lead to a heart attack. Our award of £21,500 will fund the development of a microfluidic model of blood clot formation and breakdown that includes the cell lining of the blood vessels to better understand the mechanisms underpinning human stroke and to develop improved clot busting treatments for coronary heart disease more quickly and cost effectively.

NEW: Developing human mini-brain circuits to reveal new insights into stroke at University of Oxford

Stroke is a leading cause of death and disability worldwide, however significant research efforts no drug has yet been approved that can protect or repair our neurons. More than 1,000 prospective treatments have shown great success in animal models but inevitably fail in the clinic so new ways to study stroke in human cells are needed. This pilot project will develop a way of patterning human neurons and targeting injury so we can study how it can spread through a living circuit, and how to stop it.

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- **Deliver a new pilot study grant as the result of our first Helpathon to accelerate human-focussed science**

Achieved: Following a successful Helpathon, during which the problem of identifying animal free research methods for the discovery of novel drug targets to treat rheumatoid arthritis and bacterial infections was explored, we awarded £10,000 in funding:

NEW: Developing a human-relevant bone marrow on-a-chip to better understand rheumatoid arthritis and chronic inflammation at Queen Mary University of London

Professor Dalli is developing and validating an innovative organ-on-a-chip tool which comprises a plastic chip with fluid filled channels within which bone marrow cells can grow and interact in an environment that mimics human bone marrow. After validation, the model will be used to study the bone marrow niche and explore what molecules drive inflammation.

- **Identify new and joint funding opportunities to maximise funding for animal free research**
In progress: Competition for funding is fierce in today's challenging fundraising environment. We are continuing to seek opportunities where we can work in partnership with stakeholders to accelerate the transition from using animals to using new approach methodologies in medical research.
- **Implement effective impact measurement and processes**
In progress: In line with sector best practice, we have implemented a range of effective impact measurements including the impact of animal free approaches in scientific research. We monitor the external environment for movement in the number of scientists who are committed to human-specific research.

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

- **Continuing to support our Animal Replacement Centres of Excellence at Queen Mary University of London and University of Exeter**

Achieved: The charity supported the two ARCs by awarding a total of £207,570 in new funding:

ARC 1.0 at Queen Mary University of London: Cancer research

Animal Free Research UK is continuing to support Dr Adrian Biddle through its co-funding of a three-year PhD project which is modelling head and neck tumour-induced changes to the normal cells, molecules, and blood vessels that surround and feed tumours, in a 3D in vitro system. The team is using mathematical modelling to predict the most important components of this environment that might be facilitating spread of the tumour to other parts of the body. This human-relevant 3D in vitro system can replace mice for this purpose.

ARC 2.0 at University of Exeter: Diabetes, ageing, and COVID-19 detection and prediction

Led by Professor Lorna Harries, 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 a further £300,000 through to 2026.

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Professor Lorna Harries and her team have previously identified a faulty gene in pancreatic tissue which causes cells to change form. Changes in this gene that alter its function and the proteins it codes for can also be observed in diabetes so this gene may be a potential therapeutic target. This year Animal Free Research UK provided £25,000 funding for a Research Associate to culture human renal tubular epithelial cells in the lab to uncover how the diabetic environment may be impacting the way this gene works and how the cells are triggered into changing into damaging myofibroblasts. A genetic engineering approach will alter the faulty gene and restore its healthy function. This could stop or reverse renal tubular epithelial cells changing into myofibroblasts during chronic kidney disease, thereby halting fibrosis.

Following the completion of a three-year PhD project which tested the ability of existing drugs to rejuvenate the cells responsible for human ageing, to help people have a healthier body for longer, we awarded £180,000 in additional funding for a post-doctoral position to investigate how synthetic female hormones may influence the ageing of cells. Women generally live longer than men, largely because their disease-free lifespan is longer. After menopause, the risk of age-related diseases becomes more similar to men, which suggests female hormones may play a role in targeting and slowing down cell ageing and the development of disease. This research could provide a springboard for a future generation of preventative treatments for the common, chronic diseases of ageing, enabling clinicians to influence the diseases at their roots, rather than merely attenuating their symptoms.

Now in its third year, we are supporting Professor Harries' research team in their VirAI Load In Covid-19 Disease (VALID) study. This PhD project aims to validate a novel, animal free technique for quantifying active viral load in Covid-19 positive individuals, and to explore its potential for use in predicting clinical outcomes and evaluating emerging treatments without the use of animals.

• Delivering our science conference

Achieved: During two days in Birmingham, we brought together the best in our field - veterans and early career scientists alike – to discuss our collective desire to benefit human health by pioneering, perfecting and transitioning to modern animal free medical research.

Researchers showcased their innovative new approaches and human models for human diseases, from in silico research to harness the power of big data and artificial intelligence, to in vitro research using human cells instead of animals, to engaging with the full complexity of human experience to improve human health. The 2021 summer student cohort presented their innovative projects via poster and on the big stage, giving them experience in communicating their work, and setting them up for success as they embark on careers as animal free researchers and advocates. Attendees also had a ringside seat to history – the awarding of our first Animal Free Research UK Pioneer Medal for outstanding contribution to Dr Don Ingber, the founding director of Harvard University's Wyss Institute for Biologically Inspired Engineering and the creator of the first of its kind, the lung-on-a-chip, which has paved the way to a future of medical research without animals.

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- **Relaunching the Community of Practice for animal free researchers**

Achieved: The Animal Free Research Community of Practice was relaunched at the 2022 edition of our annual science conference. Researchers gathered together to discuss how best to stimulate collaborations in the bid to accelerate the transition to animal free innovation, following which our one-of-a-kind online community was launched on a new website platform. The Community of Practice, a collaboration between Animal Free Research UK and the Alliance for Human Relevant Science, is an interactive network for members to raise awareness, deepen knowledge, drive creativity and spark passion for a science that benefits animals as well as humans. By the year end membership had grown to 130 members.

- **Growing our annual Summer Student programme**

Achieved: The summer student programme returned bigger and better than ever in its 10th year, following the cancelled 2020 event and a hybrid event in 2021 due to the Covid-19 pandemic. During the summer of 2022 we supported university researchers in offering laboratory placements to undergraduate students to give them valuable experience in animal free medical research. Thanks to the generosity of our supporters, we were able to increase the number of available placements and 16 early career scientists spent eight weeks developing animal free research techniques to study a wide range of illnesses. Our students then attended a two-day Summer School jam-packed with career-boosting and inspirational workshops to give them the skills to develop their future animal free research careers. In addition, we hosted a celebration event to connect the students with senior scientists and our supporters, providing them with the opportunity to communicate their work to a range of stakeholders.

"A lack of confidence, as well as ignorance, can stand in the way of a new scientist feeling able to question methods that experiment on animals. I feel that my summer research project will break down these barriers and introduce a new-found confidence for me to question such methods, teaching me to stand up for animal rights in the laboratory."

– Kathryn Bailey, Summer Student

We funded the following placements:

Characterising an animal free method to create human neuron-like cells to study brain development at University of Exeter

There are many different types of neurons and they are all produced from the same stem cells during early brain development – a process called neuronal differentiation. Neurons can differentiate into excitatory or inhibitory neurons and people with Autism Spectrum Disorder often have an imbalance of these neurons within their brain, perhaps due to mutations in certain genes that control neuronal differentiation.

This project investigated a new method of differentiating neuron-like cells into mature excitatory neurons without using any animal-derived materials.

Prediction of nanomaterials (small particles) toxicity on humans in lung research at Heriot-Watt University

Nanomaterials are particles with extremely small dimensions, 100 times smaller than the width of a human hair. Concerns have been raised about the impact of increasing exposure to these new materials on human health with animals being used for safety testing.

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If a new nanomaterial is shown to cause the same responses as a known toxic material in simple experiments which mimic what happens inside the human body, a prediction can be made that the nanomaterial will also be toxic to human health. This approach is called grouping and this project tested the grouping approach to predict multi-component nanomaterials toxicity to reduce the need for animal testing for these new materials.

Development and validation of animal free in vitro lung-immune cell interactions model called ImmuPHAGE at University of Hertfordshire

Alveolar macrophages play an important role in maintenance of healthy lungs and defence against lung diseases. ImmuPHAGE is an in vitro model that resembles human alveolar macrophages but uses animal-derived products such as foetal bovine serum.

This project investigated how this model could be made fully human relevant and applicable in a wide range of respiratory toxicity studies, to better understand the interactions between alveolar cells and screening of new inhaled drugs.

Computational analysis of the interactions between psychoactive substances and the key receptors in the brain to contribute to the development of animal-free chemical sensing platforms at University of Hertfordshire

Psychoactive substances pose a serious threat to public health. There is growing concern that drug overdose rates are increasing. Current drug detection techniques include immunoassays, a type of test that uses monoclonal antibodies, which are often animal-derived, to look for the presence of molecules of interest.

This project examined how psychoactive substances act in certain receptors in the brain using computer software to model and predict how well substances bind to receptors.

Biological inks for the development of 3D printed diseased skin models at University of Hertfordshire

Skin conditions such as eczema and psoriasis are a huge burden to millions of people worldwide while new treatments for skin conditions are often tested on healthy animals. 3D printing of body parts has gained attention for the potential to replace the use of animals however, one of the challenges is developing a 3D skin model which functions in a similar way to human skin.

This project investigated using entirely animal-free components to screen a range of biological inks for their potential to improve the mechanical structure of printed skin.

Explore animal free simulated lung fluid to develop lung toxicology models at University of Hertfordshire

Inhalation is a major exposure route for humans, making toxicity testing essential. Inhalation toxicity testing using mice and rats is the only available option for regulatory purposes, despite the lack of relevance to humans.

Recently developed animal free models lack essential aspects such as the interactions between the materials to test and the fluids that cover the inner surface of the lungs. This project explored the effect of animal free simulated lung fluid on environmental nano and microparticles to develop better human relevant models for lung toxicology.

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A human tissue model for testing novel approaches to deliver chemotherapies at University of Hull

Idiopathic pulmonary fibrosis is a disease in which lung scarring occurs with no known cause. Blood vessels containing endothelial cells are believed to be involved but little is known about how these cells contribute to this disease due to a lack of accurate models.

This project used modern sequencing technology to assess the gene expression of cultured lung blood vessel cells to provide a more detailed understanding of how endothelial cells respond to this disease and inform the creation of new treatments.

Development of hydrogel-based scaffolds for new drug delivery systems at Imperial College London

Hydrogels are highly hydrated mesh networks of natural or synthetic macromolecules and often used for drug delivery in the biomedical field. However, there are limits to the application of hydrogels for drug delivery, as it is hard to control drug absorption rates.

This project developed an hydrogel scaffold that can be implanted into the body and release drugs under determined mechanical stimulation.

Validating a dementia cell-based model to study inflammation at Keele University

Several types of dementias, such as Alzheimer's disease, are affected by several factors including stress, diet, and environment. Most of Alzheimer's disease research has used animals including mice, rats and monkeys.

This project validated a human cell-based model to study monitor cellular stress and their effect on some characteristics of dementia.

Developing a tool to replace animal-derived antibodies used for neurological conditions at Leeds Leeds Beckett University

The most widely used tools to identify human proteins are animal-derived antibodies. There is, however, an animal free alternative - the single-stranded DNA (ssDNA) aptamer. The aptamer forms unique shapes that enable it to bind specifically to its protein target.

This project generated a ssDNA aptamer to detect a specific human protein receptor called the formyl peptide receptor (FPR1), believed to be key in neurological disorders and cancers, and brain injury.

Optimising conditions for neurons using machine learning to study neurodevelopmental diseases at University of Sheffield

The use of patient-derived stem cells to create a human relevant model will reduce the use of animals in the field of neurodevelopmental disorders. However, one limitation of such models is that cultured neurons form random neural circuits - a particular problem for neurodevelopmental disorders such as epilepsy.

This project developed the technology of building neural circuits with defined architecture for better understanding of neurodevelopmental diseases.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

Development of a humanised 3D model for osteoporosis research at University of Sheffield

3 million people in the UK alone suffer from osteoporosis with 500,000 people receiving hospital treatment every year for bone breaks because of the disease, costing the NHS around £4.4 billion per year. Osteoporosis is treated predominantly with drugs that help prevent or slow down bone thinning yet many still suffer.

This project developed an effective 3D model using human cells which can be tailored to mimic the bone of an osteoporosis sufferer in order to better understand the disease.

A human tissue model for testing novel approaches to deliver chemotherapies at Sheffield Hallam University

Bowel cancer is the 3rd most common cancer in the world. 50% of patients that are diagnosed with advanced disease have a poor prognosis despite treatment. The environment caused by bowel cancer is very complex with interactions between cancer cells, surrounding cells, and other molecules. Researchers are heavily dependent on trying to recreate this environment within mice. This project developed a human tissue derived laboratory model, which retains the structural elements of human tissue, to study drug interactions.

Developing a tool to better categorise types of breast cancer for better prediction & personalised personalised treatments at University of Strathclyde

Specific types of breast cancer which cannot be detected with traditional methods are difficult to diagnose in the early stage. However, cutting-edge sequencing tools to better identify genes and DNA mutations may aid early-stage detection by improving the way we categorize breast cancer. This project used clinical data from existing breast cancer patients to investigate how different types of the disease contribute to disease severity and patient outcome.

Investigating Heart Damage Caused by Cancer and Anti-cancer Drugs at University of Strathclyde

Cancer survivors often experience heart complications many years after their chemotherapy due to the irreversible damage cancer drugs inflict upon the heart. Researchers have established a 3D human heart cell model which 'beats' in the dish and contains all the essential cells of the heart however it relies upon some animal products as nutrients to keep the cells alive.

This project used animal free products to re-establish the human heart-in-a-dish and recapitulated key experiments for comparison with existing model data sets.

A novel fruit-based cell culture model: a standardised alternative to animal-derived systems at University College London

There is an urgent need to establish whether new medicines are harmful or beneficial to humans. Cell culture is considered an integral aspect in this assessment. However, a key disadvantage of it is that it is often based on the growth of a single layer of cells and not representative of the 3D environment of an actual human organ.

This project assessed the feasibility of using the membrane derived from fruit such as lychee and citrus, as a possible scaffold material in order to create a 3D environment for study.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

- **Delivering workshops for early careers researchers**

Achieved: As mentioned above, we supplemented the Summer Student research programme with a two-day residential workshop where we gave students the opportunity to participate in training sessions to help equip them for a career in animal free science. They learned about effective science communication and practised their presentation skills so that they can better convey the benefits of a more human-specific approach. Students also received advice from a careers coach and were able to question a panel of specially invited scientists of many different specialities about their experiences in animal free research. The students went home feeling inspired and excited about the possibilities of an animal free research career.

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

- **Publish a report on the current state of play of animal-derived biomaterials and the animal-free alternatives**

In progress: A scientific paper describing the state of the antibody market and use in scientific research is in progress which we aim to publish concurrently with the launch of the antibodies database.

- **Develop an online resource to enable scientists to replace animal-derived antibodies**

In progress: The European Centre for the Validation of Alternative Methods (ECVAM) has recommended a major phase out of animal-derived antibodies. Building on this initiative, Animal Free Research UK and the University of Hertfordshire are collaborating to develop an animal free antibody database, which is due for completion in the next financial year.

- **Engage with scientists to understand their challenges regarding publication of animal free research in high impact journals**

In progress: We have been involved in a collaborative international effort to tackle animal reliance bias in publishing with scientific journal editors. In April we collaborated with the Physicians Committee for Responsible Medicine (PCRM) to organise a workshop where perspectives were exchanged on the prevalence, causes and impact of animal methods bias in scientific publishing, and mitigation strategies were explored. A wide array of experts in non-animal methods presented and workshop participants joined from all around the world. The workshop was a huge success, generating proceedings that were published in the ALTEX journal and an ongoing taskforce of experts.

- **Coordinate expert workshops and publishing papers on the results**

In progress: Liver injury is a common side effect of taking medicinal drugs. Known as drug-induced liver injury, or 'DILI', it is a stark example of where we could better protect patients by using human-focused tools that effectively predict these harmful side effects. During the year, we began planning an event, sponsored by the Alliance for Human Relevant Science, to bring together a group of DILI experts and stakeholders with the goal of developing a framework to drive forward the pace of change in the regulations around drug testing and DILI prevention. The event is scheduled for April 2023.

In 2020, we were commissioned by Cruelty Free International to deliver, in collaboration with Safer Medicines Trust, a series of expert workshops to investigate how new approach methodologies can be incorporated into preclinical pharmaceutical safety assessment. The proceedings were written up and submitted for publication in ALTEX.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

• **Organise the first UK Helpathon to enable scientists to transition to animal free research**

Achieved: We teamed up with the Alliance for Human Relevant Science and Dutch partners from the Transition Programme for Innovation to launch Britain's first Helpathon in October 2022. Helpathons are used to help researchers who might otherwise undertake animal experiments to make the shift towards animal free methods. This two-day event brought together a diverse group of researchers, NAMs experts, funders and members of the public to support researchers from Queen Mary University of London in finding the best human models to resolve inflammation in rheumatoid arthritis and bacterial infections. Participants advised the researchers on 'next steps' for applying the discussed new ways of working in their labs.

• **Continue playing a leading role in the Alliance for Human Relevant Science**

Ongoing: With our CEO continuing to Chair the Alliance, we have played a leading role in improving the governance and strategic planning of the Alliance.

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

• **Support the delivery of the workplan of the All-Party Parliamentary Group on Human Relevant Science**

Achieved: Together with partners in the Alliance for Human Relevant Science, we have continued to provide secretariat support for the APPG and ensure it is able to provide a strong voice for progressive science in Parliament. In October, the Group heard a compelling presentation from Dr Azra Raza, Professor of Medicine at Columbia University in New York, who is an international authority on leukaemia. Dr Raza explained the benefits of taking a human relevant approach to cancer research and reported on her vital work in this field.

• **Build relationships with other relevant APPGs and Select Committees, including by submitting evidence to relevant inquiries**

Achieved & Ongoing: We submitted evidence to three Select Committee inquiries, providing robust information about the need to transition to animal free research. We also responded to a call for roundtable proposals from a new government science funding agency, putting forward a strong case and a formidable group of experts in the field of human relevant science.

A paper authored by our team was published in the peer reviewed journal *Animals*, outlining the benefits for policymakers of embracing human relevant research.

• **Engage with relevant Ministers and government officials, including the new Animals in Science Policy and Coordination Function**

Achieved & Ongoing: We have continued to engage with the Home Office via the Animals in Science Policy and Coordination Unit. We have worked collaboratively with colleagues across the animal protection sector to ensure that the regulators of animal research are held to account, and that animals in labs are given a voice.

We produced a detailed bespoke briefing for the use of Ministers in the Home Office and Office for Life Sciences, and established contact with the co-Chair of the new UKRI Committee on Research Integrity and submitted evidence to their strategy consultation.

Following the publication of a report that set out details of animal welfare failings in British labs, 9 MPs agreed to write to the Minister, raising their concerns.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

- **Raise awareness in Parliament about the benefits of replacing animal experiments with human relevant techniques**

Achieved & Ongoing: A highlight was our World Animal Free Research Day parliamentary reception with our patrons Dame Joanna Lumley and Carol Royle. The event marked the launch of our Eight Steps to Accelerate Human Relevant Innovation - a report that sets out key policies which we believe would help to replace animals and facilitate faster breakthroughs in medical research - and was attended by 26 parliamentarians, with keynote speeches from MPs Luke Pollard who kindly hosted the event, and Anna Firth.

We attended the Labour and Conservative Party conferences and boosted our presence with adverts in the special editions of The House magazine. We spoke with 23 parliamentarians or their staff members at the conferences, including ministers and former ministers, making invaluable connections for our drive to accelerate the move towards animal free science.

We arranged for Lilian Greenwood MP to visit our inspiring 'mini-hearts' project, led by Professor Chris Denning at the University of Nottingham.

In addition to these events, we have held meetings with 16 MPs or members of their team, making the case for a kinder and more human relevant approach to science. 27 Parliamentary Questions have been tabled on our behalf advocating for the transition to animal free research and holding the Government to account on this issue.

- **Build on our call for the UK government to establish an official function to accelerate animal free science**

Achieved & Ongoing: We worked hard to draw the benefits of animal free research to the attention of the Conservative Party leadership candidates. 30 scientists signed our open letter underlining the benefits of human relevant science and we commissioned a poll showing that 77% of Conservative Party members were in favour of practical support to help scientists transition to animal free methods.

Professor David Main, who chairs a committee that advises the Government about animal research, visited our Animal Replacement Centre of Excellence at Queen Mary University of London. Professor Main, together with his colleague Professor Johanna Gibson, were able to hear first-hand about the benefits of replacing animals with human relevant approaches.

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

- **Relaunch World Animal Free Research Day and Awareness Week in May, with an increase in campaigning and action-oriented activities**

Achieved: We have designated 27 May – the day of our charity's founding – World Animal Free Research Day. On this day we encourage our supporters to remember the countless animals who suffer and die in the name of medical research but ask them to look ahead with optimism - for the future of humane medical research is in their hands. This year, using the theme #UnitedForKinderScience across print, digital and face-to-face channels, we invited supporters, parliamentarians and celebrities to call for the replacement of animal experiments with human relevant techniques.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

- **Continue to grow financial support for Animal Free Research UK through digital giving and diversification of sources such as crypto-giving and high impact philanthropy opportunities**

Achieved: We have continued to improve the charity's brand awareness, visibility and engagement through the use of integrated mini-campaigns with a spotlight focus on a disease-specific project. A highlight was the 2022 Christmas appeal which raised funds for the respiratory syncytial virus (RSV) research being performed at University College London which was particularly timely with the UK having recently experienced a surge of serious infections in young children. We also repeated the success of last year's Valentine's Day campaign with the 'mini hearts' appeal, raising funds for the study of heart failure at the University of Nottingham.

We invested in modernising our digital giving web presence and implemented improvements to the user journey. Despite the rising cost of living the result was an increase in conversions and the level of giving.

Our 'Challenge for Change' concept continued to attract fundraisers to our cause and we saw an increase in the number of supporters taking on fundraising challenges this year for the benefit of Animal Free Research UK. Events included a sky dive, open water swimming, a base jump, several marathons, as well as a 55-mile run across Devon in support of the ARC 2.0 at the University of Exeter.

We invested heavily in efforts to grow the value of financial support provided by trusts and foundations and saw immediate results. Five trusts supported the charity in 2021 while this year saw support from 23 trusts and foundations including several repeat funders.

- **Building on 2021's success in growing non-financial support for the charity and our mission, especially through high impact digital advocacy and campaigning opportunities**

Achieved: Last year's audio-visual animation series, the Furry Five, continued to engage with its appealing animal characters explaining the benefits of an animal free approach to medical research, and gained more than 60,000 views. While our social media following grew by more than 4% across all platforms and saw nearly 40,000 engagements during the year.

In 2022 we launched the "Animal Free Labcast" with two series being published during the year. The podcast, hosted by our CEO, is a frank, lively exchange of ideas and experiences with leading scientists, policy makers and animal protection ambassadors who are part of the animal free innovation revolution. Guests including Pioneer Medal recipient Dr Donald E. Ingber, Baroness Sue Hayman, and Professor Lorna Harries from University of Exeter cut through the noise and complexities to articulate the urgent need to accelerate human-specific science. Listeners flocked to the podcast from all around the world.

- **Exploring other ways supporters can contribute to our work, by delivering more mini-campaigns, increased interactivity and high value content generation and overall strengthening the charity's brand**

Several employees participated in carbon literacy training which resulted in a review of the organisation's environmental impact and a written report of recommendations which will be implemented next year.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

We successfully migrated to a new document management system and a new VOIP system that are helping us work more effectively and which provide better value for money. We also introduced the use of a central project management system to facilitate improved collaboration, communication and knowledge sharing.

Future plans

During the year ahead we plan to:

- 1. Fund excellent high impact animal free research by:**
 - Continuing to support our strategic and post-graduate research projects; and
 - Funding pilot studies to enable scientists to transition to animal free research.
- 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 (ARCs);
 - Delivering our annual science conference;
 - Growing the Community of Practice for animal free researchers; and
 - Sharing best practice in animal free research.
- 3. Collaborate with universities, high-impact journals and industry to enable animal free research by:**
 - Providing and sharing animal free tools;
 - Coordinating expert workshops and publishing papers on the results; and
 - Continuing to play a leading role in the Alliance for Human Relevant Science.
- 4. Influence decision makers to change policy to enable human relevant research by:**
 - Building support for our key policy measures amongst government officials, Ministers and parliamentarians;
 - Expanding our network of influence by engaging with other relevant bodies;
 - Supporting the APPG on Human Relevant Science; and
 - Calling on the UK government to establish milestones for a full transition to human-specific research.
- 5. Inspire, engage and grow public and private support for animal free research by:**
 - Diversifying our income streams;
 - Growing new audiences;
 - Investing in innovative approaches; and
 - Increasing our use of data insights.
- 6. Ensure effective governance, systems and processes by:**
 - Effectively managing the charity's resources;
 - Attracting and retaining high calibre staff; and
 - Operating within a culture of continuous improvement.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

Financial review

The charity achieved total income for the year of £1,539,316 (2022: £1,408,763) and we sincerely thank our supporters for their generosity. £764,876 (2022: £827,183) was generated from donations and grants while £762,695 (2022: £561,467) came from legacies. Gifts in wills continue to be an important source of income and while the total value of donations from individuals was a decrease on the prior year, donation income has held up well considering the external environment and pressures on people's ability to give. We received government grant funding totalling of £248,474 from the Medical Research Charities COVID Support Fund for Early-Career Researchers.

Last year's strong financial performance enabled us to increase our spend on animal free research and increase our headcount during this year. The charity's spend grew by £348,192 for total expenditure of £1,397,250 (2022: £1,049,058) with the majority of that increase being spent on directly supporting scientists through grants to develop or transition to animal free research methods. A total of £360,765 (2022: £195,031) was committed to new research by the year end. The charity's average headcount also grew from 13 to 16 members of staff.

The charity recorded a surplus of £139,266 (2022: £357,955) and so ends the year in a financially sound position with free reserves of £1.6m. This will enable the charity to pursue additional ways of further enhancing its ability to accelerate the transition to using new approach methods in medical research, while ensuring that the charity remains financially resilient in a challenging economic environment.

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. In 2021, the Trustees agreed a stricter ethical policy, with particular emphasis on prioritising investments in products and institutions that are aligned with the charity's objects, values and policies.

The respective positions of these products and 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.

Reserves policy and going concern

We monitor and review the suitability of our reserves policy at least annually.

Because a sizeable portion of the charity's income is derived from legacy gifts, which by its nature is unpredictable, the Trustees consider that free reserves should be at a level where, 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 continues to operate a policy of retaining sufficient funding to cover at least six months of non-grant and operating expenditure and we remain in compliance with this policy.

At the year end the charity held funds of £2,279,872 (2022: £2,140,606), comprising £5,490 of tangible fixed assets (equipment), £56,000 of investment property, and £2,885,352 of current assets (primarily cash at bank and fixed term deposits).

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

The charity has £27,468 (2022: £74,848) of restricted funding and £557,516 (2022: £763,344) is designated for future grant giving. The remaining funds of £1,694,888 (2022: £1,302,414) are held as general funds.

The free reserves (being total reserves less restricted and designated funds and excluding the value of tangible fixed assets) stand at £1,633,398 (2022: £1,237,693) representing approximately 15 months' expenditure based on the 2023/24 budget.

The Trustees take a prudent view of legacies due and commit general reserves to charitable activity as soon as appropriate. Management and the Trustees regularly review detailed forecasts of income, expenditure and cash flows, and expected figures are carefully monitored against actual outcomes with variances highlighted and discussed. The Trustees are monitoring the ongoing challenges in the economic and funding environment, which have been fuelled by the tragic events in Ukraine and the UK cost-of-living crisis, and anticipate a negative impact on the charity's ability to raise funds in the short-term. The Trustees have decided to use its surplus reserves to ensure that the charity can continue to deliver its continuing activities while exploring other higher impact approaches to serving its mission without reducing its current activity levels. The Trustees are therefore 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 a member 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 2023

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 development 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 the year we received 0 complaints (2021: 0 complaints received) related to our fundraising activities. We are committed to studying any expression of dissatisfaction and identifying ways to improve. Our complaints procedure is publicly available on our website.

Structure, governance and management

The charity is a company limited by guarantee.

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 two 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.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

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 8 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 committees which meet quarterly:

HR, Legal and Governance Committee – human resources, governance and regulatory compliance

Finance Committee – financial performance, compliance and policies

Development Committee – fundraising performance, policies and quality assurance

Science and Public Affairs Committee – grant-making, education and public affairs

Organisation

Animal Free Research UK operates on a day-to-day basis with a team of 17 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, Legal 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.

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.

Animal Free Research UK Ltd

Report of the trustees

For the year ended 31 March 2023

Statement of Trustees' responsibilities

The Trustees, who are also the directors of Animal Free Research UK for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with all current companies and charity legislation and best practice. They 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.

The Trustees' report, including the strategic report, was approved by the Board of Trustees.

Auditors

Godfrey Wilson Limited were re-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 18 December 2023 and signed on their behalf by

Geoffrey John Pilkington

Daniel S Cameron

Geoffrey Pilkington (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 2023 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' 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 including the strategic 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

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.

Independent auditors' report

To the members of

Animal Free Research UK Ltd

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.

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.

Independent auditors' report

To the members of

Animal Free Research UK Ltd

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.

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: 19 December 2023

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 2023

		Restricted	Unrestricted	2023 Total	2022 Total
	Note	£	£	£	£
Income from:					
Donations and legacies	3	404,917	1,122,654	1,527,571	1,388,650
Charitable activities		-	-	-	15,000
Other trading activities		-	3,211	3,211	235
Investments		-	8,534	8,534	4,878
Total income		<u>404,917</u>	<u>1,134,399</u>	<u>1,539,316</u>	<u>1,408,763</u>
Expenditure on:					
Raising funds		-	339,453	339,453	290,968
Charitable activities		24,651	1,033,146	1,057,797	758,090
Total expenditure	5	<u>24,651</u>	<u>1,372,599</u>	<u>1,397,250</u>	<u>1,049,058</u>
Net income / (expenditure) before losses		380,266	(238,200)	142,066	359,705
Net losses on investments	14	-	(2,800)	(2,800)	(1,750)
Net income / (expenditure)		380,266	(241,000)	139,266	357,955
Transfers between funds		(427,646)	427,646	-	-
Net movement in funds	8	(47,380)	186,646	139,266	357,955
Reconciliation of funds:					
Total funds brought forward		74,848	2,065,758	2,140,606	1,782,651
Total funds carried forward		<u>27,468</u>	<u>2,252,404</u>	<u>2,279,872</u>	<u>2,140,606</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 18 to the accounts.

Animal Free Research UK Ltd

Balance sheet

As at 31 March 2023

	Note	£	2023 £	2022 £
Fixed assets				
Tangible assets	11		5,490	8,721
Investments	12		<u>56,000</u>	<u>56,000</u>
			61,490	64,721
Current assets				
Debtors	13	931,668		640,360
Current asset investments	14	227,924		578,106
Cash at bank and in hand		<u>1,725,760</u>		<u>1,536,190</u>
		2,885,352		2,754,656
Liabilities				
Creditors: amounts falling due within 1 year	15	<u>(435,163)</u>		<u>(406,429)</u>
Net current assets			<u>2,450,189</u>	<u>2,348,227</u>
Total assets less current liabilities			2,511,679	2,412,948
Creditors: amounts falling due after more than 1 year	16		<u>(231,807)</u>	<u>(272,342)</u>
Net assets	17		<u><u>2,279,872</u></u>	<u><u>2,140,606</u></u>
Funds	18			
Restricted funds			27,468	74,848
Unrestricted funds				
Designated funds			557,516	763,344
General funds			<u>1,694,888</u>	<u>1,302,414</u>
Total charity funds			<u><u>2,279,872</u></u>	<u><u>2,140,606</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 18 December 2023 and signed on their behalf by

Geoffrey John Pilkington

Geoff Pilkington (Chair)
Trustee

Daniel S Cameron

Daniel Cameron (Treasurer)
Trustee

Animal Free Research UK Ltd

Statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	2022 £
Cash used in operating activities:			
Net cash used in operating activities	19	<u>(164,606)</u>	<u>77,683</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		8,534	4,878
Purchase of tangible fixed assets		<u>(1,740)</u>	<u>(7,416)</u>
Net cash provided by investing activities		<u>6,794</u>	<u>(2,538)</u>
(Decrease) / increase in cash and cash equivalents in the year		(157,812)	75,145
Cash and cash equivalents at the beginning of the year		<u>1,971,796</u>	<u>1,896,651</u>
Cash and cash equivalents at the end of the year		<u>1,813,984</u>	<u>1,971,796</u>
Comprised of:			
Cash at bank and in hand		1,725,760	1,536,190
Cash equivalents held in current asset investments	14	<u>167,224</u>	<u>514,606</u>
		<u>1,892,984</u>	<u>2,050,796</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 2023

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 2023

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:

	2023	2022
Raising funds	33.8%	29.6%
Charitable activities	66.2%	70.4%

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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Items over £500 are capitalised.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

1. Accounting policies (continued)

j) Investment property

Investment property is property (land or a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment property is initially measured at valuation when gifted. Investment property is subsequently measured at fair value at the reporting date. This method of valuation applies to all the charitable company's investment properties.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss on the face of the Statement of Financial Activities for the period in which they

k) 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.

l) 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.

m) Current asset investments

Current asset investments are investments which a charity holds for resale or pending their sale and cash or cash equivalents with a maturity date in excess of 30 days and less than one year.

n) 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.

o) 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.

p) 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.

q) 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.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

1. Accounting policies (continued)

r) 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.

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.

Investment properties

The valuation of investment property is deemed to be the market value of the land, as determined by a RICS registered surveyor.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2022 Total £
Income from:			
Donations and legacies	374,670	1,013,980	1,388,650
Charitable activities	-	15,000	15,000
Other trading activities	-	235	235
Investments	-	4,878	4,878
Total income	374,670	1,034,093	1,408,763
Expenditure on:			
Raising funds	-	290,968	290,968
Charitable activities	5,964	752,126	758,090
Total expenditure	5,964	1,043,094	1,049,058
Net income / (expenditure) before losses	368,706	(9,001)	359,705
Net losses on investments	-	(1,750)	(1,750)
Transfers between funds	(341,875)	341,875	-
Net movement in funds	26,831	331,124	357,955

3. Income from donations and legacies

	Restricted £	Unrestricted £	2023 Total £
Donations	404,917	359,959	764,876
Legacies	-	762,695	762,695
Total income from donations and legacies	404,917	1,122,654	1,527,571

Prior period comparative:

	Restricted £	Unrestricted £	2022 Total £
Donations	374,670	452,513	827,183
Legacies	-	561,467	561,467
Total income from donations and legacies	374,670	1,013,980	1,388,650

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

4. Government grants

The charity received one government grant, defined as funding from the UK Government COVID Medical Research Charity Support Fund to fund charitable activities. The total value of such grants in the period ending 31 March 2023 was £248,474 (2022: £165,759). There are no unfulfilled conditions or contingencies attaching to these grants in 2022/23.

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2023 Total £
Grants payable (note 6)	-	358,524	-	358,524
Other charitable expenditure	-	3,844	-	3,844
Staff costs (note 9)	151,471	296,168	233,793	681,432
Other fundraising costs	2,718	-	-	2,718
Other and temporary staff costs	143	186	13,081	13,410
Depreciation	-	-	4,971	4,971
Print, postage and stationary	4,583	838	4,760	10,181
Rent and rates	-	-	7,094	7,094
Sundry expenses	2,210	1,760	2,619	6,589
Telephone	-	-	4,056	4,056
Travel expenses	-	13,917	14,856	28,773
Insurance	-	-	1,721	1,721
Bank and other charges	2,762	-	1,978	4,740
Computer costs	14,477	1,973	32,887	49,337
Advertising and marketing	26,353	65,480	263	92,096
Accountancy	-	-	9,310	9,310
Legal and professional	4,778	61,003	52,673	118,454
Sub-total	209,495	803,693	384,062	1,397,250
Allocation of support and governance costs	129,958	254,104	(384,062)	-
Total expenditure	339,453	1,057,797	-	1,397,250

Total governance costs were £20,719 (2022: £39,436).

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

5. Total expenditure (continued)

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2022 Total £
Grants payable (note 6)	-	124,348	-	124,348
Other charitable expenditure	-	5,232	-	5,232
Staff costs (note 9)	106,481	253,188	174,451	534,120
Other fundraising costs	39,600	-	-	39,600
Other and temporary staff costs	2,957	59	30,544	33,560
Depreciation	-	-	4,512	4,512
Print, postage and stationary	6,940	304	5,908	13,152
Rent and rates	-	-	549	549
Sundry expenses	742	1,057	7,065	8,864
Telephone	-	-	3,234	3,234
Travel expenses	1,055	1,281	9,577	11,913
Insurance	-	-	1,970	1,970
Bank and other charges	2,821	-	917	3,738
Computer costs	85	30,940	29,698	60,723
Advertising and marketing	30,062	57,859	147	88,068
Accountancy	-	-	20,407	20,407
Legal and professional	-	45,508	49,560	95,068
Sub-total	190,743	519,776	338,539	1,049,058
Allocation of support and governance costs	<u>100,225</u>	<u>238,314</u>	<u>(338,539)</u>	<u>-</u>
Total expenditure	<u>290,968</u>	<u>758,090</u>	<u>-</u>	<u>1,049,058</u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

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:

	2023 No.	2023 £	2022 No.	2022 £
Research grants:				
University of Aberdeen	1	21,500	3	27,956
University of Birmingham	-	-	1	2,000
Univeristy of Cambridge	-	-	1	2,000
Coventry University	-	-	1	500
University of Derby	1	10,000	-	-
Edge Hill University	1	10,000	-	-
University of Exeter	4	207,570	2	3,797
University of Exeter (COVID-19)	-	-	1	3,942
University of Glasgow	-	-	2	84,000
University of Hertfordshire	4	10,910	-	-
Heriot-Watt University	1	3,560	-	-
University of Hull	1	3,560	-	-
Imperial College London	1	2,400	2	2,440
University of Keele	1	1,961	1	2,000
King's College London	1	10,000	-	-
University College London	1	2,555	-	-
University of Leeds	1	3,560	-	-
University of Northumbria	1	9,897	-	-
University of Nottingham	-	-	1	2,000
University of Oxford	1	5,000	-	-
Public Health England	-	-	1	1,956
Queen Mary University of London	1	10,000	3	53,440
University of Sheffield	2	5,640	2	7,000
Sheffield Hallam University	1	2,560	-	-
University of Strathclyde	2	5,092	-	-
University of Suffolk	1	10,000	-	-
University of Swansea	-	-	1	2,000
Trinity College Dublin	1	25,000	-	-
Total grants committed during the period		360,765		195,031
Grants overspent / (written back) from prior periods		(2,241)		(70,683)
Total grant expenditure		358,524		124,348

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

7. Grants commitments

	2023 £	2022 £
Grants payable to institutions:		
Grant commitments brought forward	598,835	1,006,778
Grants committed during the period	360,765	195,031
Grants paid during the period	(330,981)	(532,291)
Less: written back grants from prior periods	(2,241)	(70,683)
Grant commitments carried forward	<u>626,378</u>	<u>598,835</u>

8. Net movement in funds

This is stated after charging:

	2023 £	2022 £
Depreciation	4,971	4,512
Loss on disposal of tangible fixed assets	-	1,338
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	2,518	381
Auditors' remuneration:		
▪ Statutory audit (excluding VAT)	<u>9,200</u>	<u>7,875</u>

Trustees reimbursed expenses relate to travel and accommodation costs for 6 trustees (2022: 4 trustees for travel and stationery costs).

9. Staff costs and numbers

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	609,816	478,096
Social security costs	62,586	48,340
Pension costs	<u>9,030</u>	<u>7,684</u>
	<u>681,432</u>	<u>534,120</u>

There were no redundancy or termination costs included in salaries and wages this year (2022: £2,500).

One employee earned between £60,000 and £70,000 (2022: 1) and one employee earned between £70,000 and £80,000 during the year (2022: 1).

The key management personnel of the charitable company comprise the Trustees, Chief Executive Officer, Director of Finance and Operations, Director of Development, Director of Science and Director of Public Affairs. The total employee benefits of the key management personnel were £339,973 (2022: £249,917).

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

9. Staff costs and numbers (continued)

Average FTE and headcount:

	2023 No.	2022 No.
Charitable activities	6	6
Generating funds	3	2
Support and governance	5	4
Average FTE	14	12
Average headcount	16	13

10. Taxation

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

11. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2022	21,376
Additions in year	1,740
Disposals	-
At 31 March 2023	23,116
Depreciation	
At 1 April 2022	12,655
Charge for the year	4,971
Disposals	-
At 31 March 2023	17,626
Net book value	
At 31 March 2023	5,490
At 31 March 2022	8,721

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

12. Investments

	Investment property £
Market value	
At 1 April 2022	56,000
Additions in year	<u>-</u>
At 31 March 2023	<u><u>56,000</u></u>

The investment property comprises an ultimate 12.5% interest in a plot of agricultural land at Denmead (see note 20). The property was last valued in September 2022 by Simon Proctor MRICS of Proctor Chartered Surveyors, Milton Keynes, RICS registered valuer. The fair value is deemed to be the estimated market value of the land.

13. Debtors

	2023 £	2022 £
Trade debtors	146,132	11,661
Accrued legacy income and other debtors	727,116	606,776
Other accrued income	33,834	6,593
Prepayments	<u>24,586</u>	<u>15,330</u>
	<u><u>931,668</u></u>	<u><u>640,360</u></u>

14. Current asset investments

	2023 £	2022 £
Market value at 1 April 2022	578,106	591,712
Additions	-	65,250
Unrealised losses	(2,800)	(1,750)
Movement in cash balances	<u>(347,382)</u>	<u>(77,106)</u>
Market value at 31 March 2023	<u><u>227,924</u></u>	<u><u>578,106</u></u>
Represented by:		
Short term investments	60,700	63,500
Cash and cash equivalents	<u>167,224</u>	<u>514,606</u>
Total	<u><u>227,924</u></u>	<u><u>578,106</u></u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

15. Creditors : amounts due within 1 year

	2023 £	2022 £
Other taxation and social security	17,974	17,048
Grants payable (note 7)	394,571	326,493
Trade creditors	2,608	43,798
Other creditors	1,814	2,278
Accruals	18,196	16,812
	<u>435,163</u>	<u>406,429</u>

16. Creditors : amounts due after 1 year

	2023 £	2022 £
Grants payable (note 7)	<u>231,807</u>	<u>272,342</u>

17. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	5,490	5,490
Investments	-	-	56,000	56,000
Current assets	27,468	557,516	2,300,368	2,885,352
Current liabilities	-	-	(435,163)	(435,163)
Non current liabilities	-	-	(231,807)	(231,807)
Net assets at 31 March 2023	<u>27,468</u>	<u>557,516</u>	<u>1,694,888</u>	<u>2,279,872</u>

Prior period comparative	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	8,721	8,721
Investments	-	-	56,000	56,000
Current assets	74,848	763,344	1,916,464	2,754,656
Current liabilities	-	-	(406,429)	(406,429)
Non current liabilities	-	-	(272,342)	(272,342)
Net assets at 31 March 2022	<u>74,848</u>	<u>763,344</u>	<u>1,302,414</u>	<u>2,140,606</u>

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

18. Movements in funds

	At 1 April 2022 £	Income £	Expenditure £	Transfers between funds £	Gains / losses £	At 31 March 2023 £
Restricted funds						
AFAAR grant:						
Sex differences	37,476	-	-	(37,476)	-	-
Antibody database	-	25,000	-	(1,750)	-	23,250
ARC 2.0	-	6,082	-	(6,082)	-	-
Barratt legacy	27,340	-	-	(26,500)	-	840
Cancer	-	528	-	-	-	528
Cancer research - Biddle	-	12,977	-	(12,977)	-	-
COVID-19	-	1,661	-	(1,661)	-	-
Diabetes	-	1,885	-	(1,885)	-	-
Medical Research						
Council grants	-	248,474	-	(246,226)	-	2,248
Mini Hearts	-	33,114	-	(33,114)	-	-
Mini Lungs	-	44,187	-	(43,960)	-	227
Pound for a Hound	-	215	-	-	-	215
Public affairs	10,000	-	-	(10,000)	-	-
Summer studentships	-	24,651	(24,651)	-	-	-
Other restricted funds	32	6,143	-	(6,015)	-	160
Total restricted funds	74,848	404,917	(24,651)	(427,646)	-	27,468
Unrestricted funds						
<i>Designated funds</i>						
Grant making fund	763,344	-	-	(205,828)	-	557,516
General funds	1,302,414	1,134,399	(1,372,599)	633,474	(2,800)	1,694,888
Total unrestricted funds	2,065,758	1,134,399	(1,372,599)	427,646	(2,800)	2,252,404
Total funds	2,140,606	1,539,316	(1,397,250)	-	(2,800)	2,279,872

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:

AFAAR grants	Funding awarded by the American Fund for Alternatives to Animal Research (AFAAR) for research relating to sex bias in biomedical research.
Antibody database	Funding awarded by The Underwood Trust for the development of an animal free antibodies website database.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

18. Movements in funds (continued)

Purposes of restricted funds (continued)

ARC 2.0	Refers to funds donated specifically to support research being performed at the Animal Replacement Centre at University of Exeter.
Barratt legacy	Refers to a legacy gift that was donated for the purpose of supporting research into the study of coronary thrombosis and stroke.
Cancer	Refers to funds donated specifically to support the study of cancer at Queen Mary University of London.
Cancer research - Biddle	Refers to funds donated specifically to support the study of cancer at Queen Mary University of London by Prof. Adrian Biddle.
COVID-19	Refers to funds donated specifically to support the study of Covid-19 at University of Exeter.
Diabetes	Refers to funds donated specifically to support the study of diabetes at University of Exeter.
Medical Research Council grants	Funding awarded by the Medical Research Council (MRC) to support early career researchers.
Mini Hearts	Refers to funds donated specifically to support the study of heart disease at University of Nottingham.
Mini Lungs	Refers to funds donated specifically to support the study of RSV (Respiratory Syncytial Virus) at University College London.
Pound for a Hound	Refers to funds donated for the purpose of research into the use of dogs in experiments.
Public Affairs	Funding awarded by The Underwood Trust for public affairs work.
Summer studentships	Refers to funds donated specifically to our annual summer student programme.
Other restricted funds	Contains smaller restricted donations of less than £500.

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 2023 is intended to cover new grant awards during the 2023-24 year, and continuation funding for certain existing projects when their current grants end.
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Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

18. Movements in funds (continued)

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

	At 1 April 2021 £	Income £	Expenditure £	Transfers between funds £	Gains / losses £	At 31 March 2022 £
Restricted funds						
ARC 2.0	-	1,974	-	(1,974)	-	-
AFAAR grants:						
Tissue on a chip	-	37,476	-	(37,476)	-	-
Sex differences	-	37,476	-	-	-	37,476
Barratt legacy	27,340	-	-	-	-	27,340
Brain tumour	20,652	278	-	(20,930)	-	-
COVID-19	-	1,292	-	(1,292)	-	-
Diabetes	-	63,370	-	(63,370)	-	-
Medical Research						
Council grants	-	165,759	-	(165,759)	-	-
Mini Hearts	-	47,229	-	(47,229)	-	-
Public affairs	-	10,000	-	-	-	10,000
Skin cancer	-	3,043	-	(3,043)	-	-
Summer studentships	-	5,964	(5,964)	-	-	-
Other restricted funds	25	809	-	(802)	-	32
Total restricted funds	48,017	374,670	(5,964)	(341,875)	-	74,848
Unrestricted funds						
<i>Designated funds</i>						
Grant making fund	768,000	-	-	(4,656)	-	763,344
<i>General funds</i>	966,634	1,034,093	(1,043,094)	346,531	(1,750)	1,302,414
Total unrestricted funds	1,734,634	1,034,093	(1,043,094)	341,875	(1,750)	2,065,758
Total funds	1,782,651	1,408,763	(1,049,058)	-	(1,750)	2,140,606

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2023

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

	2023 £	2022 £
Net movement in funds	139,266	357,955
Adjustments for:		
Losses on investments	2,800	1,750
Gifts of shares and property received	-	(200,250)
Dividends, interest and rents from investments	(8,534)	(4,878)
Depreciation charges	4,971	4,512
Disposal of fixed assets	-	1,338
(Increase) / decrease in debtors	(291,308)	305,235
Decrease in creditors	(11,801)	(387,979)
Net cash provided by / (used in) operating activities	(164,606)	77,683

20. 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.

21. Interest in The Hinge Trust

Last year, the charity was transferred a 6.25% beneficial interest in a family trust, known as The Hinge Trust. As at the date of signing the accounts, the trustees have been unable to ascertain the full contents of the trust, but are aware that the trust holds a large parcel of arable land, located at Brompton Farm Road, Rochester, ME2 3QZ. As the charity does not have control or significant influence over the trust, no amounts have been recognised in the accounts in this period.

22. Related party transactions

During the year, 6 trustees made unconditional donations to the charity amounting to £1,814 (2022: £1,919 from 6 trustees).

There were no other related party transactions in the year.