

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

**Animal Free Research UK Ltd**  
**Report and Audited Financial Statements**  
**31 March 2022**

## Animal Free Research UK Ltd

### Reference and administrative details

#### For the year ended 31 March 2022

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<b>Company number</b>	08015625	
<b>Charity number</b>	1146896 and SC045327	
<b>Registered office and operational address</b>	27 Old Gloucester Street London WC1N 3AX	
<b>Trustees</b>	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:	
	L Sheridan	Chair
	M Ashby	Appointed 22 November 2021
	N Barbosa	Resigned 24 October 2021
	C Byatt	Resigned 30 November 2021
	D Cameron	
	M Chan	Appointed 24 July 2021
	A Ellison	Resigned 24 October 2021
	S Honess	Appointed 24 July 2021
	J Jones	
	G Pilkington	Appointed 23 April 2022
<b>Chief executive officer</b>	Carla Owen	
<b>Bankers</b>	Ecology Building Society 7 Belton Road Silsden Keighley West Yorkshire BD20 0EE	Yorkshire Bank 2-4 George Street Luton Beds LU1 2AN
	Cambridge & Counties Bank Limited Charnwood Court 5B New Walk Leicester LE1 6TE	Julian Hodge Bank Limited 29 Windsor Place Cardiff CF10 3BZ
	Manchester Building Society 125 Portland Street Manchester M1 4QD	Virgin Money Plc Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
<b>Solicitors</b>	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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<b>Investment consultant</b>	Ethical Investors 3rd Floor, Formal house 60 St George's Place Cheltenham GL50 3PN
<b>Legacy consultant</b>	Brian James Kettering
<b>Employment advisors</b>	Your People Ltd Arune House 2 Kings Road Haslemere Surrey GU27 2QA
<b>Auditors</b>	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 2022**

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The trustees present their report along with the financial statements of the charity for the year ended 31 March 2022.

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

#### **About Animal Research UK**

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

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

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

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

#### **Vision**

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

#### **Purpose**

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

#### **Mission**

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

#### **Values**

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

#### **Objectives and activities**

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

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#### For the year ended 31 March 2022

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

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

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

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

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

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

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

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

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

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

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

We work with university partners to operate Animal Replacement Centres of Excellence (ARCs) that support exceptional early careers scientists to use human relevant, animal free medical research methods.

#### **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.

This year our focus has been on collaborating with universities to provide high quality animal free project placements for early careers scientists to help train innovation leaders for the non-animal technology and medical research sectors. This has included a year-long placement to develop a database for researchers to transition away from animal-derived antibodies.

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#### **For the year ended 31 March 2022**

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We have also participated in collaborations with national and international partners, including to tackle animal reliance bias in scientific journals, and were commissioned to deliver a series of expert workshops to create a roadmap for human relevant drug development.

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

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

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 have also continued to play an active role in the Alliance for Human Relevant Science, an inclusive collaboration of like-minded companies, organisations and individuals, which promotes the development and use of human-relevant biological research and testing methods. As an active member of the Alliance, we 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**

The 12 months between March 2021 and March 2022 was a time when plans for many of us were subject to sudden change or cancellation because of lockdowns and restrictions as the UK sought a way out of the Covid-19 pandemic.

Like everyone, everywhere, we had to roll with the disappointments and adapt.

As you will read in the pages below, adapt we did – becoming stronger, smarter, nimbler, and more determined. Amid all the uncertainty of another pandemic riven year, we managed to thrive.

We performed well beyond expectation and achieved a great deal, epitomised by an increase in spending on animal free research – to help scientists adopt the latest approaches and replace animal experiments.

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#### **For the year ended 31 March 2022**

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The success we witnessed was down to astute financial stewardship, smart fundraising, clever marketing, targeted advocacy, cutting edge science and creative communications.

Indeed, we were able to expand our team, whose talent in turn has expanded our recognition and reach – and pushed our mission a great deal further towards our goal.

We pounced on any easing of restrictions and partial openings of laboratories to forge partnerships with universities to fund vital research projects. We also were able to reach out across the 'pond' and establish a partnership with the American Fund for Alternatives to Animals in Research (AFAAR), which has provided funds for exciting research grants.

We awarded new strategic grants, including to the lifETIME (Engineered Tissues for Discovery, Industry and Medicine) Centre for Doctoral Training, which has a strong commitment to develop technologies that replace and reduce the use of animals in research.

We gave out post-doctoral awards and PhD funding – one through the Daphne Jackson Trust to support a Fellow at the University of Bristol to undertake post-doctoral research into subcutaneous skin tissue absorption of drugs.

And we paid a lab visit in February to inspect our funded 'mini-hearts' project at the University of Nottingham's Biodiscovery Institute, where Professor Chris Denning and his team are developing cutting edge human stem-cell technology to combat cardiac fibrosis – a major cause of heart failure in the UK, affecting 900,000 people annually.

We provided financial support for three new pilot study research projects in 2021-22, including the establishment of a human ex vivo keratitis model at University of Sheffield, and developing co-culture microfluidic devices to study breast cancer at University of Aberdeen. These are just two of several exciting and vital research areas to better human health.

We also continued to support our Animal Replacement Centres of Excellence (ARCs) at Queen Mary University of London and University of Exeter. At Queen Mary, Professor Mike Philpott, Dr Adrian Biddle, and their team successfully developed a 3D metastasis-on-a-chip model which led to the discovery of cells which change shape and appear to be major players in cancer spread.

This amazing human relevant science resulted in Dr Biddle being awarded a major New Investigator Grant Award by the Medical Research Council to continue this ground-breaking work.

We upped the ante on our Public Affairs advocacy work, launching a campaign calling for the UK Government to establish an official function to accelerate animal free science. We commissioned an expert report on the economic potential of new approach methodologies, and we supported the All-Party Parliamentary Group on the Human Relevant Science workplan.

We collaborated with universities, high-impact journals and industry to enable animal free research to take place, letting our science and our scientists do the persuading and explaining. And we enjoyed a good year getting our name in the national and regional media to enhance public understanding and support, including a well-received op-ed by our Patron Joanna Lumley printed in The Times.

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New approaches to fundraising, marketing and communications resulted in enhanced supporter experience, which saw higher retention levels and stronger alignment to the charity's values. Loyalty, trust and active support in the form of donations all increased. We introduced Trusts and Foundations as a new income source and it flourished, and we built relationships with new funders.

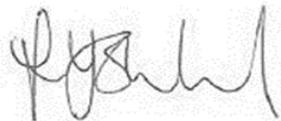
It is this creative, sophisticated diversification that strengthened engagement and boosted income generation.

We took disappointment on the chin – forced as we were to postpone our conference and the intended launch of our community of practice for animal free researchers, among other switches in the schedule.

But we were resilient and remained ambitious and committed as always. And as a result, we rode out the tail end of the pandemic storm well – more so perhaps than many others in the third sector.

However, at the time of writing the nation is facing the worst cost of living crisis since the 1950s and there is no denying that it will greatly impact almost all facets of society. We are expecting our bills to increase by a significant margin and our income may not keep pace with those rising costs.

We are privileged to have loyal supporters who do not waver in their generosity and unswerving belief in our mission to make animal free, human relevant research the gold standard. We are confident that together we will deliver. On behalf of the Board of Trustees, my grateful thanks to you all.



Laura-Jane Sheridan  
Chair of Trustees



## Animal Free Research UK Ltd

### Report of the trustees

For the year ended 31 March 2022

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#### Achievements and performance

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

###### *Opportunities*

With the easing of Covid-19 restrictions and partial reopening of laboratories, we were able to partner with universities to fund two new significant research projects – one on breast cancer research and the other in support of a major centre for doctoral training. Following the cancellation of last year's pilot studies grants call due to the pandemic, we were this year able to reinstate it and allocate funding for three new pilot projects.

###### *Challenges*

With scientific research still impacted by Covid-19 and Brexit, 2 projects with delayed starts due to the pandemic were concluded this year, having taken advantage of the extensions we offered to support researchers to continue their work post-pandemic.

###### Planned activity review

- **Identifying new and joint funding opportunities to maximise funding for animal free research**

###### Achieved:

We entered a partnership with the American Fund for Alternatives to Animals in Research (AFAAR), which has provided funds for the following research grants:

1. £36,000 for a project on neurodegeneration and the effect of biological sex differences
2. £36,000 for a tissue on a chip project at Bristol University through the Daphne Jackson Trust

- **Implementing 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.

- **Revising our grant making strategy to increase our impact**

###### In progress:

Work has begun on revising our grant making strategy to increase its impact and a range of options considered by the Board for implementation during the next phase of our strategy from 2023.

- **Funding a diverse range of post-doctoral and PhD level research into human diseases using animal free new approach methodologies at universities across the UK**

###### Achieved:

We provided financial support for three new research projects with grant funding totalling £148,000. Five papers were published disseminating the outcomes of our funded research (three about cancer and metastasis, one on diabetes and one on Covid-19). An outline of funded research follows:

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### Report of the trustees

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##### **Strategic grants**

##### **NEW: 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 and awarded 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.

All research projects undertaken at the lifETIME CDT which meet our strict criteria are recognised as supported by Animal Free Research UK. One example is 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.

##### **Thiel embalmed cadavers for medical device testing at University of Dundee**

Finishing in October 2021, this 5-year strategic project used the Thiel embalming method for human cadavers, which allows the preservation of texture and colour, joint mobility, open heart and blood vessels, resulting in cadaveric models with more life-like properties. It has saved the lives of both animals and people by training consultants who are now delivering treatments to patients.

There are ambitious plans to develop this resource as a global Centre for Excellence, championing the widespread adoption of this approach as the gold standard, and ultimately delivering the goal of providing superior scientific alternatives to replace the use of animals in this context. The success of the program is evidenced by exponential growth in the demand for these services, attracting multimillion-pound capital investment and engagement with world leading talent as the expert faculty.

##### **Post-doctoral awards**

##### **Skin cancer research at University of Bristol**

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

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

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##### *'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.

##### *Brain tumour research at University of Portsmouth*

Brain tumours and other neurological diseases are particularly difficult to treat as the blood-brain barrier (BBB) renders many drugs inaccessible to the brain. Our ground-breaking £150,000 post-doctoral research project at the University of Portsmouth finished in August 2021, having identified further uses of the BBB model, which could be extended to therapeutic emulsions and a variety of cancer cell types in brain metastasis studies as possible candidates for investigation.

##### *PhDs*

###### *NEW: 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.

###### *Testing novel treatments for childhood lung infections at University College London*

Now in its second 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.

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 researchers will develop a new 3D model of the infant lung that reproduces conditions during RSV bronchiolitis to test new RSV drugs. This will support the replacement of animals for human anti-viral testing and further understanding of drug discovery for this devastating condition.

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##### *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 second 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.

##### *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.

##### *Breast cancer research at University of Aberdeen*

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

- **Delivering a pilot study grant call to develop proof of concept for animal free research and unlock larger funding opportunities**

##### *Achieved:*

We provided financial support for three new pilot study research projects in 2021-22. An outline of funded research follows:

##### ***Pilot studies***

##### *NEW: Establishing a human ex vivo keratitis model at University of Sheffield*

We awarded a £5,000 pilot project to Dr Karunakaran to establish a human cornea model of a skin disease named 'Pseudomonas 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: Developing co-culture microfluidic devices to study breast cancer at University of Aberdeen*

This £5,000 pilot project awarded to Dr Liu and Prof Speirs focuses on developing an organ-on-a-chip to study the spread of breast cancer (metastasis). Current results using patient derived cancer cells suggest this animal free approach could offer advantages compared to other approaches. It also enables real time observation at the cellular level which is difficult to achieve in animals.

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##### *NEW: Vegetal-based scaffolds for Tissue Engineering at University of Glasgow*

We have awarded a £4,000 pilot project to Dr Vassali and Prof Christie on the 'VegFold' project, which aims to produce scaffolds for tissue engineering entirely based on plants to study visceral myopathy, a rare intestinal disorder. The project aims to use leaves stripped of their own cells, that will be repopulated with human cells, with proteins produced in plants to obtain fully functional mini tissues.

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

This ongoing £4,600 pilot project awarded to Dr Furmanski aims to use 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. Data and techniques established during this pilot project will be used for larger animal free funding applications and will attract new high-calibre scientists to the animal free field.

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

This £5,000 research project to create human disease models of vascular dementia finished in October 2021. Using the gene editing technology CRISPR/Cas9, the researchers produced a very efficient pipeline to create DNA variants into a special type of cell called human induced pluripotent stem cells. The rapid and efficient gene editing pipeline established by this group will speed up future studies on the contribution of genetic factors to human diseases in general.

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

Completing in May 2021, this £4,919 nine-month research project developed a 3D mini cell culture model of stroke as a new way to test drugs. This work has helped develop an in vitro stroke model that uses organ-on-a-chip technologies to create 3D brain blood vessels which interact and communicate with brain cells to provide a system that much better reflects the structure of the human blood brain barrier. This Pilot Project enabled the team to secure a £150,000 grant with the University of Cambridge and an Oxford based biotech company to use this system to replace animal use in testing a novel therapeutic approach to treat genetic stroke disorders.

##### *Investigating the nitric oxide pathway in Blood Outgrowth Endothelial Cells at Kingston*

This £5,000, six-month research project investigated the Nitric Oxide pathway in endothelial cells derived from Blood Outgrowth Endothelial Cells and completed in May 2021. The researchers found that this work mirrored work carried out in animals, but that also these cells may be a better model for examining human endothelial cells than other human models.

##### *Bioprinted 3D-model screen to examine the safety and efficacy of drugs for bone pain at University of Southampton*

This twelve-month £5,000 project investigated the use of a new microfluidic 3D-bioprinting approach to selectively print nerve and bone progenitor cells for the fabrication of a three-dimensional bone pain model. It finished in December 2021. The 3D model can be cultured in vitro for the development of novel therapies for the treatment of pain, using cells derived from patients. The model has a wide range applicability, with the ability to model multiple diseases involving pain (e.g. cancer-associated pain).

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##### Direct Replacement of Antibodies by Affimer Proteins for Glycan Detection at University of Leeds

This twelve-month, £5,000 project examined new artificial binding proteins (called 'affimers'), used as animal free approaches for the detection of glycans produced during invasive fungal infections. It ended in February 2022. Unfortunately, the project was not concluded and efforts to screen for new affimers were not successful. Although disappointing, this could reduce work for other researchers aiming to do the same, and it encouraged the researchers to look for other suitable alternatives. Currently they are exploring the possible use of protein modules expressed in plants that recognize glycans.

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

### *Opportunities*

Having cancelled our summer student programme due to the pandemic last year, we were this year able to run our flagship activity due to the partial easing of lockdown restrictions in laboratories and by hosting our two-day summer school online. This included hosting a virtual celebratory event that connected our young scientists with our supporter base.

We initiated and participated in additional online conferences, seminars and training sessions for early careers and seasoned researchers, including the World Congress on Alternatives and Animal Use in the Life Sciences, Advocates for Animals, University College London Bioethics society, the Canadian Animal Law Conference, the Advances in Cell and Tissue Culture conference, and the Center for Alternatives to Animal Testing at Johns Hopkins University.

### *Challenges*

With the pandemic continuing into the year, inevitably some planned activities again had to be postponed, including our science conference and community of practice events. The Trustees intend to reinstate these activities in the coming year as far as possible.

### Planned activity review

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

#### Achieved:

The charity funded two ARCs, making payments during the year totalling £164,238:

##### ARC 1.0 at Queen Mary University London: Cancer research

The initial funding for this ground-breaking centre ended in November 2021. During five years of £1m-funded research, Prof Mike Philpott, Dr Adrian Biddle and their team successfully developed a 3D metastasis-on-a-chip model. Using this model, Biddle's group has trained computers (machine learning) to recognise and predict, from patients' cancer biopsies, which tumours are most likely to metastasize. They also discovered that cells which change shape appear to be major players in cancer spread, and identified specific proteins at the cell membrane, allowing the researchers to isolate cells and track their behaviour in the new in-vitro metastasis model.

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This achievement has resulted in Dr Biddle being awarded a major New Investigator Grant Award by the Medical Research Council to continue this ground-breaking work. Building on this excellent success, Animal Free Research UK has this year awarded £50,000 co-funding for a three-year PhD project in Dr Adrian Biddle's team. The aim of the project is to model 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 will use 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, aging, 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 more than £500,000 over the next six years.

Ending in April 2022, Animal Free Research UK supported a £174,860 three-year post-doctoral position at the University of Exeter to investigate the molecular mechanisms behind the development of type 2 diabetes. During this project, the researchers not only identified the gene causing changes in human beta cells under conditions of cell stress, but also identified potential means of targeting it in beta and retinal cells. Dysfunction of these cells is responsible for retinopathy – disease of the retina – which can lead to blindness and is one of the major complications of diabetes. This research could have future therapeutic potential.

Our initial 3-year grant of £84,973 for a research project on ageing has been extended due to restrictions resulting from the pandemic. Our researchers are investigating how repurposing drugs that are already on the market and have been found to be safe for humans could help people have a healthier body for longer during their life. The findings could help to identify drugs which have a beneficial impact on age-related diseases such as dementia and diabetes without additional animal research. So far, they have validated 32 drugs from an initial screen of 230+ drugs. Part of this work has been analysed and forms the basis for further investigation into how synthetic female hormones may influence the ageing of cells. After this stage of the screen is complete, they hope to use bioinformatics-based techniques to identify any mechanisms involved in ageing.

Now in its second year, we provided funding totalling £52,351 to support Professor Harries' research team in their VirAI Load In Covid-19 Disease (VALID) study. This 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 annual Summer School Student programme**

Achieved:

This year's summer student programme provided opportunities to 11 undergraduate students to undertake an animal free research project over eight weeks during the summer. Due to the pandemic, we offered researchers the ability to provide placements in the laboratory where that was possible or via a virtual research project where lockdown restrictions were in place. We held the summer school as a virtual event over two days, providing the same high quality training programme including sessions science communications and career opportunities. In addition, we hosted an online celebration to connect the students with senior scientists and our supporters and to provide them with an opportunity to communicate their work to a range of audiences.

Parkinson's disease: developing animal free methods to study genetic and environmental causes at University of Bath

This project developed a method to study the genetic and environmental causes of Parkinson's disease in human brain cell lines, to assess whether the cells are entering a diseased state.

Creating an animal free approach towards regulatory (gene)toxicity testing methods at Swansea University

This project adopted a non-animal-based approach towards the construction of advanced physiological and anatomical models, and applying these to non-animal, regulatory-based, toxicological testing strategies for a variety of potential chemicals.

Development of a high-throughput screening tool to advance drug delivery in the eye at University of Birmingham

This project used a human cell-based membrane to act as a model for the cornea and allow the screening and monitoring of how different drugs penetrate across the cornea, and examined how drug penetration may be enhanced.

Cellular tools to study the function of the transcription factor TCF7L2 in organoids at University of Cambridge

This project investigated the function of the TCF7L2 molecule in the intestine and its role in colon cancer.

Development of an ageing-associated tumour predictive score using artificial intelligence approaches at Queen Mary University of London (ARC 1.0)

This project produced a list of genes associated with different prognoses for head and neck cancer. This comprehensive age-related gene list can be used to derive an ageing-associated tumour predictive score using artificial intelligence developed at ARC 1.0, which helps to predict response to treatment and chances of reoccurrence.



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*Designing an animal free method of culturing neuron-like cells to study brain development at University of Exeter*

This project, supervised by a former summer student, established a new method of growing neuron-like cells to eliminate the use of animal-derived materials. Our student tested an animal free version of the cell growth supplement, and her results were published in a peer-reviewed journal.

*Computer simulation to study myocardial infarction and traumatic cardiac arrest as a fresh alternative to animal models at University of Nottingham*

This summer project investigated the pathophysiological changes of heart attack and severe haemorrhage, as leading causes of cardiac arrest, using a computer simulation of pulmonary and cardiovascular systems. This replaced rats, pigs, mice and rabbits, normally used in this field of research.

*Breaking down barriers to improved bowel cancer treatments at Sheffield Hallam University*

This project developed better models of bowel tissue 'barrier'. Using human tissue-derived material, our student engineered the models so that they became as dense and stiff as the tissue seen in advanced-stage bowel cancer.

*Developing a new cell-based model to study dementia at Keele University*

This project tested if an animal free media can be used to grow and differentiate a cellular model of dementia. Nerve cells were grown in a commercial animal free medium called BrainPhys, and were treated with retinoic acid, which makes them change their characteristics to form the range of different types of cells found in the brain.

*Accelerating magnetic resonance image acquisition process using deep learning at Imperial College London*

The project improved the current algorithm of magnetic resonance image (MRI) acquisition. To reduce the time of acquiring the images, our student developed a method that used incompletely sampled MR images to reconstruct full, detailed images. This was done via deep learning, a type of artificial intelligence-based method.

*Validation of a cancer stem cell prognostic score in head and neck cancer using artificial intelligence approaches at Queen Mary University of London (ARC 1.0)*

This project validated and refined scores previously developed for head and neck cancer samples using artificial intelligence approaches. This allowed our student to address an important unmet clinical need: can we predict tumour recurrence and spread for head and neck cancer? This contributed to the work at ARC1.0 seeking to bypass the use of animals using artificial intelligence.

▪ **Delivering workshops for early careers researchers**

*Achieved:*

We collaborated with the international partners to organise an early-career researcher webinar series.

▪ **Facilitating and growing a community of practice for animal free researchers**

*Postponed:*

Due to the pandemic, a relaunch of the Community of Practice has been postponed until it is possible to have a face-to-face meeting to kickstart it.

▪ **Holding a science conference**

Postponed:

Whilst preparations were made and a full programme of talks and activities organised, our annual conference which was due to take place in December 2021 unfortunately had to be postponed until next year due to Covid-19.

▪ **Developing an award scheme to recognise pioneers in animal free research**

Achieved:

We developed and launched a new Animal Free Research Pioneer Award for Medal to celebrate the achievements of scientists who drive forward medical research which replaces animals. To commemorate the award, we commissioned one of the UK's oldest medal makers to design and make a bronze medal. We hope this medal will become a prestigious annual award that elevates the perception of animal free research – and researchers – in the wider scientific community, and ultimately contributes to the cultural shift where animal free research is considered the gold standard. Following a rigorous selection process and some exceptional nominations, we selected Dr Don Ingber, the founding director of Harvard University's Wyss Institute for Biologically Inspired Engineering, as recipient of our inaugural award. We were due to present him with the award and medal at our science conference which was postponed until June 2022.

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

*Opportunities*

Collaborating with universities and third sector partners presents a major opportunity for Animal Free Research UK to increase our impact and influence.

We have this year collaborated with universities associated with the lifETIME CDT to initiate student placements at Animal Free Research UK as part of a programme to help train innovation leaders for the non-animal technology and regenerative medicine sectors with multidisciplinary, high-value skills in the design, creation and application of new knowledge to accelerate therapeutic discovery. These placements encourage students into the animal free research community, provide them with experience and contribute relevant knowledge that can help our work.

Our part-funded PhD project at University of Hertfordshire has also provided an opportunity for a year-long placement at Animal Free Research UK. As part of a Knowledge Exchange partnership between us and the university, the PhD student, who is a summer student alumnus, joined our team for a year to create an easy-to-use database to enable scientists to transition from animal derived antibodies to replacements. A team of international experts on antibodies was co-opted to form a steering group to support the project.

We have continued to build productive working relationships with international partners and have initiated a collaboration on a project designed to tackle animal reliance bias in scientific journals.

*Challenges*

As well as the significant opportunities of collaborating with third parties, partnership working can also present challenges, not least when the ongoing global pandemic impacts the possibility and/or desire for face-to-face meetings. Progress has inevitably stalled in some areas of work, including facilitating round table discussions to produce standardisation criteria for cell culture in cancer research and preclinical testing.

Planned activity review

- **Publishing 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 with an aim is to publish this concurrently with the launch of the antibodies database.

- **Developing 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.

- **Engaging 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. This year we formed a steering group and defined a programme of work to take forward including a workshop scheduled for the next financial year.

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

In progress:

Having been commissioned last year by Cruelty Free International, Animal Free Research UK in collaboration with Safer Medicines Trust has delivered a series of expert workshops to investigate how new approach methodologies can be incorporated into preclinical pharmaceutical safety assessment. The proceedings are being written up for publication in a scientific journal in the next financial year.

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

Postponed:

This activity was postponed due to the knock-on effects of Covid-19.

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

*Opportunities*

Easing of Covid-19 restrictions has made it possible to begin organising some in-person meetings and events again, which are a valuable means of engaging with decision makers.

The Government has expressed its commitment to improving animal protection and has brought forward several bills to support this. While this is yet to translate into progress for animals used in research, it provides a useful foundation. In addition, the Government has continued to state its commitment to positioning Britain as a global leader in scientific research. The Government's dual focuses on science and animal protection provide a helpful backdrop to our efforts to raise awareness about the benefits of replacing animals with more human relevant techniques.

*Challenges*

Pressures on parliamentarians' time can make it difficult for them to engage with us. This challenge has been made more acute by recent global and national events, such as the war in Ukraine, the rising cost of living and the ongoing pandemic.

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Since Public Affairs is a relatively new area of work for us, we have had to build relationships with policymakers from scratch. It can be challenging to reassure policymakers that we are an evidence-based, scientific organisation which is positive and solutions-focused.

#### Planned activity review

- **Launching a campaign calling for the UK Government to establish an official function to accelerate animal free science**

#### *Achieved and ongoing:*

We launched a detailed policy report on this subject which was widely shared with relevant decision makers. Over 1,500 people emailed their MP about it, three MPs raised the issue with the Prime Minister and five written questions were tabled following the report. An Early Day Motion was later tabled following the report and this was signed by 60 MPs before the end of March 2022.

- **Commissioning an expert report on the economic potential of new approach methodologies**

#### *Achieved and ongoing:*

We commissioned the Centre for Economics and Business Research (Cebr) to produce the report, which was published in October 2021, widely shared with decision makers and formed the basis of our submission to the Government's spending review. The report found that NAMs are already making a significant economic contribution and predicted that this would continue to grow (contributing an estimated £2.5 billion to UK GDP by 2026).

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

#### *Achieved and ongoing:*

Together with partners in the Alliance for Human Relevant Science, we have continued to provide secretariat support for the APPG. The APPG held two further meetings over the course of 2021-22, hearing expert evidence about the funding of NAMs and regulatory environment. A report was produced summarising the evidence heard by the APPG and setting out key recommendations for policymakers, which was launched in March 2022.

- **Playing a leading role in the Alliance for Human Relevant Science**

#### *Achieved and ongoing:*

As well as our work to support the APPG, we have played a leading role in improving the governance and strategic planning of the Alliance. Our CEO has now been appointed to the position of Chair of the Alliance.

- **Working with partners to call on the UK Government to phase out the use of animals in medical research and phase in new approach methodologies**

#### *Achieved and ongoing:*

We worked with two other organisations, Cruelty Free International and OneKind, to launch a government e-petition calling for a robust action plan to phase out animal experiments and replace these with human relevant techniques. This was debated in Parliament in October 2021 and gained over 100,000 signatures. In addition, we engaged with the Animals in Science Regulation Unit at the Home Office via virtual meetings and made the case for stronger enforcement of the legal requirement to use non-animal methods wherever possible.

As well as the activities listed above, we worked to raise awareness in Parliament of the benefits of replacing animal experiments with human relevant techniques. This included holding a drop-in session for MPs during British Science Week; arranging for an MP to visit a laboratory in her constituency where research funded by the charity is taking place; and meeting with MPs who have an interest in this area. We also submitted a detailed response to the House of Lords Science and Technology Committee's inquiry into delivering the UK's science strategy, emphasising the need to improve human relevance by replacing animals.

## **5. Fundraising, Marketing and Communications**

### *Opportunities*

This year saw some of the new approaches to fundraising, marketing and communications being stress-tested against a rather volatile sector, challenged by the ongoing pandemic restrictions and the new rising social, economic, and political issues which have made the plans of any charity more complex. Key opportunities remained in ongoing investment in digital transformation across teams, stronger integration of objectives and a growing focus on supporter experience.

We have continued the optimisation of our systems and processes, including development of tools for integration of supporter and public interaction with our cause, and a review of internal processes for increased accountability and transparency in donor management. The increased sophistication and effectiveness of our mini-campaign approach has proven particularly fruitful both in terms of income generation and strength of engagement. High retention levels have fostered a stronger supporter alignment to the charity's values and, consequently, a high degree of loyalty and trust underpinning our mutually beneficial relationship.

Lastly, we continued to pursue a high level of income diversification, with Trusts and Foundations as a new income source introduced during the pandemic bearing the fruit of a strong pipeline and fast flourishing relationships with new funders. Therefore, dependency on legacy income has been reduced in part, whilst it continues to grow as we promote and disseminate information about the benefits of leaving a gift in will to our charity.

### *Challenges*

We navigated the uncertainties of the pandemic, resulting in significant income growth against budget. The retention of our existing donor base and relaunch of flagship programmes such as the Summer Student School, and increased promotion of our projects through new audio-visuals, laboratory tours and increased interactivity have been key factors that favoured us.

However, the challenge of acquiring new and higher value lifetime donors proved bigger than estimated. Having been reassured by the level of uptake and support amongst the general public we pursued pre-pandemic ambitions. For example, engagement on advocacy campaigns and in support of our public affairs work has been extraordinary, however it has not translated into higher giving.

We are incredibly grateful for a surge in generosity from existing supporters who have supported us throughout the pandemic. Buoyed by their support we have continued to pursue growth, for example, of recurring donors, quickly realising the traditional approaches in telemarketing and payment processes (standing orders) are being replaced by digital subscription schemes and credit card sign-ups. This is where increased effort on how to improve and enhance the supporter experience through the digital medium is an ongoing area of development.

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##### Planned activity review

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

###### Achieved and ongoing:

We have increased brand awareness, visibility and engagement through the launch of Integrated mini-campaigns with a spotlight focus on a disease-specific project. Our new audio-visual animation series, the Furry Five, has been introduced as an alternative to on-site video visits to laboratories and scientists so that supporters can experience our work and impact and to expand demographic reach.

Our social media communications plan has significantly intensified, featuring not only more fundraising and marketing opportunities, but also more advocacy and policy engagement calls to action.

We relaunched on-site lab visits, which also generated significant interest and increased income from those appeals. The mini-heart campaign is the perfect example of such new approaches, which has generated to date more than half the funds needed to fund a 3-year project.

We appointed a new Development and Engagement Manager to establish competences and skills that we have fostered throughout the year and we have plans for further growth of the team, responding to a need for upskilling.

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

###### Achieved and ongoing:

Trusts and Foundations grants as a newly started income stream have performed very well during the year. This allowed us to focus and test more new ways to grow individual giving via digital channels. Gaining new supporters remains challenging and generalised giving trends have become more muddled with the most recent Ukraine war emergency appeals, post-Brexit economic downturn and general socio-political changes. Despite this, we remained and continue to be optimistic about the future outlook. More people are engaging with Animal Free Research UK – online and beyond our geographic boundaries – and we believe this trend will continue. We are also grateful for contributions via third party platforms including AmazonSmile and JustGiving. Our third-party event new scheme, 'Challenge for Change' is evolving and we are grateful to the supporters who kindly undertook challenges to raise much-needed funds for our charity.

#### **6. Ensure effective governance, systems and processes**

##### *Opportunities*

Despite the challenges and Covid-19 restrictions, 2021 was a strong year for us. Thanks to the hard work of our colleagues and the generous support of our donors, we are in a sound financial position and have been able to grow the team and recruit for new roles.

Our colleagues have continued to work effectively from home despite needing to balance increased workloads and being affected by the pandemic themselves. The Trustees agreed to make remote working a permanent arrangement, freeing up valuable funds that would otherwise be spent on premises costs. This decision enables us to build the best possible team from a nationwide pool of talent to deliver our mission.

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##### *Challenges*

Our small but expert and experienced staff team remain focused and immensely committed to the mission and we have ambitious plans to develop our charitable activity portfolio which inevitably puts strain across the organisation. We need to increase both capacity and capability if we are to continue being as effective as we have been.

The varying Covid-19 restriction levels and differing desires to come together in person has affected our plans to facilitate conversation and knowledge-sharing. We continue to embrace the ways technology can bring people together such as delivering our first ever virtual summer school.

##### Planned activity review

- **Ensuring operational processes are fit for purpose**

###### *In progress:*

The quest to reduce bureaucracy, increase efficiency and minimise administrative burden is one of continuous improvement with no end date. During the past year, our achievements included the successful charity-wide implementation of project management software, a substantial redesign of our use of grant management software, commissioning a data protection and cyber security assessment and the documentation of processes in our new internal knowledge base.

- **Investing in a motivated and expert staff team**

###### *Achieved:*

During the year we successfully recruited for several newly created positions to meet our needs as a growing organisation. We welcomed new team members in projects, development, finance and operations.

We carried out a staff engagement survey and were delighted by the overwhelming positive response, which was a huge improvement on the survey two years prior, with 100% of respondents being proud to work for Animal Free Research UK and feeling motivated to go beyond what they would in a similar role elsewhere.

We take seriously our responsibility to ensure value for money in everything we do, including using our funding wisely to pay competitive and fair salaries to enable us to recruit and retain staff with the right values and skills to achieve our mission. We benchmarked our salaries by comparing ourselves with similar not-for-profit organisations using recognised salary data specialising in the charity sector.

We are passionately committed to being an organisation where everyone is welcome, respected, included and empowered to be their best. We commissioned an independent audit of our policies in relation to equality, diversity and inclusion (EDI) and to gather feedback from Trustees and staff to identify areas for improvement and the results will be reviewed in the new Financial Year.

- **Regularly reviewing performance, flexing and innovating as needed**

###### *Achieved:*

We determined the metrics needed for effective impact measurement as well as organisational and team performance KPIs, and can now improve our regular reporting.

## **Animal Free Research UK Ltd**

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Following last year's substantial revision of the risk register, we undertook a review of the charity's risk appetite to ensure that the Trustees and senior management team are aligned. We also assessed board operations against the Charity Governance Code and formalised the use of a governance calendar.

#### **Plans for future periods**

During the year ahead we plan to:

##### **1. Fund excellent high impact animal free research by:**

- Continuing to fund strategic projects including the lifETIME CDT;
- Continuing to fund pilot studies to help researchers demonstrate proof of concept to unlock major sources of research funding;
- Providing grants for coronary thrombosis and stroke research to fulfil the wishes of generous supporters;
- Delivering a new pilot study grant as the result of our first Helpathon to accelerate human-relevant science;
- Identifying joint funding opportunities to maximise funding for animal free research; and
- Implementing effective impact measurement and processes.

##### **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 Excellent (ARCs) at Queen Mary University of London and University of Exeter;
- Delivering our science conference;
- Relaunching the Community of Practice for animal free researchers;
- Growing our annual Summer Student programme and returning to an in-person summer school; and
- Delivering workshops for early careers researchers.

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

- Publishing a report on the current state of play of animal-derived antibodies and the animal-free alternatives;
- Developing an online database to enable scientists to replace animal-derived antibodies;
- Engaging with scientists to understand their challenges regarding publication of animal free research in high impact journals;
- Coordinating expert workshops and publishing papers on the results;
- Organising the first UK Helpathon to enable scientists to transition to animal free research; and
- Continue playing a leading role in the Alliance for Human Relevant Science.

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

- Supporting the APPG on Human Relevant Science;
- Building relationships with other relevant APPGs and Select Committees, including by submitting evidence to relevant inquiries;
- Engaging with relevant Ministers and government officials, including the new Animals in Science Policy and Coordination Function;



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- Raising awareness in Parliament about the benefits of replacing animal experiments with human relevant techniques. This will include our World Animal Free Research Day initiative and parliamentary events; arranging for MPs to visit human relevant projects; and by supporting parliamentary activity such as debates and written questions; and
- Building on our call for the UK government to establish an official function to accelerate animal free science. This will include publishing a policy report that sets out this and related recommendations; commissioning new evidence to support the call; and by gaining further cross-party support in Parliament and at the Conservative and Labour Party conferences.

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

- Relaunching World Animal Free Research Day and Awareness Week in May, with an increase in campaigning and action-oriented activities;
- Continuing 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;
- 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; and
- 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.

#### **6. Ensure effective governance, systems and processes by:**

Maintaining our focus on efficiency, staff and performance review with activities including:

- Refreshing our organisational strategy;
- Further developing initiatives to attract and retain high calibre staff; and
- Assessing and implementing recommendations for improvements to various areas such as equality, diversity and inclusion, data protection, environmental impact and document management system.

#### **Financial review**

The charity achieved total income for the year of £1,408,763 (2021: £1,505,965) against a budget of £0.9m - an excellent result in the circumstances and we sincerely thank our supporters for their generosity. £827,183 (2021: £498,404) was generated from donations and grants while £561,467 (2021: £998,099) came from legacy gifts. We received a government grant of £165,759 from the Medical Research Charities COVID Support Fund for Early-Career Researchers.

The charity was determined to increase research expenditure during the year, having reduced our spending in the prior year as the pandemic hit. This year we funded three new medical research projects with net grant spend of £124,348 compared with net spend of £55,255 in the prior year.

We are delighted with the progress we have made in our key charitable objective of promoting human-relevant replacements to the use of animals in medical research, particularly with regard to influencing decision makers. We increased our spend in this area to £150,688 (2021: £77,030) and, as detailed earlier, have seen huge progress made in engaging with politicians both directly and through our supporters.

Total expenditure on charitable activities increased from £462,066 to £758,090.

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A successful year for fundraising and the continued shrewd and careful management of costs has allowed us to increase our spend on animal free research, increase our headcount, and generate an overall surplus of £357,955 (2021: £785,799), increasing our total funds on 31 March 2022 from £1,782,651 to £2,140,606. We plan to use the surplus and excess funds to further grow our charitable activities, diversify income and help cushion any impact that the current cost of living crisis will have on our activities. Our total funds includes £763,344 which has been designated for future grant-giving.

#### **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.

A sizeable portion of the charity's income is derived from legacy gifts, which by its nature is unpredictable, and 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.

These free reserves (being total reserves less restricted and designated funds and excluding the value of tangible fixed assets) stand at £1,237,693 (2021: £959,479) representing approximately ten months' expenditure based on the 2022/23 budget. The charity aimed for – and achieved – compliance to ensure that any delayed impact of the pandemic on our income could be mitigated and the delivery of our strategy be protected. At the year end the charity held funds of £2,140,606 (2021: £1,782,651), comprising £8,721 of tangible fixed assets (equipment), £56,000 of investment property, and £2,754,656 of current assets (primarily cash at bank and fixed term deposits). The charity has £74,848 (2021: £48,017) of restricted funding and £763,344 (2021: £768,000) is designated for future grant giving. The remaining funds of £1,302,414 (2021: £966,634) are held as general funds.

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 confident that the charity remains a going concern and have advised management to focus on sustainable income growth that will be sufficient to fund and create a step change in the culture of medical research.

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##### **Public benefit**

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

##### **Our fundraising practices**

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

##### Fundraising standards

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

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

##### Working with third party fundraisers

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

Animal Free Research UK 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 2021-22 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 team is committed to looking into every case that may arise and doing all we can to resolve complaints and ensure supporters are happy with our work. Our complaints procedure is publicly available on our website.

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#### **Structure, governance and management**

The charity is a company limited by guarantee.

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

**M Ashby** (appointed November 2021)

**N Barbosa** (resigned October 2021)

**C Byatt** (resigned December 2021)

**D Cameron**

**M Chan** (appointed July 2021)

**A Ellison** (resigned October 2021)

**S Honess** (appointed July 2021)

**G Pilkington** (appointed April 2022)

**J Jones**

**LJ Sheridan**

The Company Secretary, which is a voluntary role, who served during the year was:

**S Luther** (appointed January 2020)

Our team included the following key senior management personnel:

Chief Executive: Carla Owen

Finance Director: Nicola Reeves

Fundraising Director: Mimmo Di Giacomo

Science Director: Jarrod Bailey (appointed July 2021)

Public Affairs Director: Isobel Hutchinson (appointed December 2021)

#### **Governing document**

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

#### **Appointment of Trustees**

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

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### **Report of the trustees**

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##### **Trustee induction and training**

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

The charity is run by the board of directors, who are the charity's Trustees. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 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; and
- 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 15 full and part-time personnel who work under the direction of the Chief Executive who reports directly to the Trustees and has delegated responsibility from the Trustees for the day-to-day management of the charity.

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

##### ***Related parties and co-operation with other organisations***

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

##### **Pay policy for senior staff**

The pay of senior staff is reviewed annually by the HR, 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.

## **Animal Free Research UK Ltd**

### **Report of the trustees**

#### **For the year ended 31 March 2022**

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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.

#### **Statement of responsibilities of the trustees**

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing those financial statements the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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

**Animal Free Research UK Ltd**

**Report of the trustees**

**For the year ended 31 March 2022**

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**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 29 October 2022 and signed on their behalf by



Laura-Jane Sheridan (Chair)  
Trustee



Daniel Cameron (Treasurer)  
Trustee

## **Independent auditors' report**

### **To the members of**

#### **Animal Free Research UK Ltd**

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#### **Opinion**

We have audited the financial statements of Animal Free Research UK Ltd (the 'charity') for the year ended 31 March 2022 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 2022 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**

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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 audit.

#### **Responsibilities of the trustees**

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

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

## Independent auditors' report

To the members of

**Animal Free Research UK Ltd**

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### **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**

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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](http://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: 30 October 2022

**Alison Godfrey FCA**  
**(Senior Statutory Auditor)**

For and on behalf of:

**GODFREY WILSON LIMITED**

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

**Animal Free Research UK Ltd**

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

**For the year ended 31 March 2022**

	Note	Restricted £	Unrestricted £	2022 Total £	2021 Total £
<b>Income from:</b>					
Donations and legacies	3	374,670	1,013,980	<b>1,388,650</b>	1,496,503
Charitable activities		-	15,000	<b>15,000</b>	-
Other trading activities		-	235	<b>235</b>	-
Investments		-	4,878	<b>4,878</b>	9,462
<b>Total income</b>		<u>374,670</u>	<u>1,034,093</u>	<u><b>1,408,763</b></u>	<u>1,505,965</u>
<b>Expenditure on:</b>					
Raising funds		-	290,968	<b>290,968</b>	258,100
Charitable activities		<u>5,964</u>	<u>752,126</u>	<u><b>758,090</b></u>	<u>462,066</u>
<b>Total expenditure</b>	5	<u>5,964</u>	<u>1,043,094</u>	<u><b>1,049,058</b></u>	<u>720,166</u>
<b>Net income before losses</b>		368,706	(9,001)	<b>359,705</b>	785,799
Net losses on investments	14	-	(1,750)	<b>(1,750)</b>	-
<b>Net income</b>		368,706	(10,751)	<b>357,955</b>	785,799
Transfers between funds		<u>(341,875)</u>	<u>341,875</u>	-	-
<b>Net movement in funds</b>	8	26,831	331,124	<b>357,955</b>	785,799
<b>Reconciliation of funds:</b>					
Total funds brought forward		<u>48,017</u>	<u>1,734,634</u>	<u><b>1,782,651</b></u>	<u>996,852</u>
<b>Total funds carried forward</b>		<u><u>74,848</u></u>	<u><u>2,065,758</u></u>	<u><u><b>2,140,606</b></u></u>	<u><u>1,782,651</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 18 to the accounts.

## Animal Free Research UK Ltd

### Balance sheet

As at 31 March 2022

	Note	£	2022 £	2021 £
<b>Fixed assets</b>				
Tangible assets	11		8,721	7,155
Investments	12		<u>56,000</u>	<u>-</u>
			<b>64,721</b>	7,155
<b>Current assets</b>				
Debtors	13	640,360		945,595
Current asset investments	14	578,106		591,712
Cash at bank and in hand		<u>1,536,190</u>		<u>1,304,939</u>
		<b>2,754,656</b>		2,842,246
<b>Liabilities</b>				
Creditors: amounts falling due within 1 year	15	<u>(406,429)</u>		<u>(720,907)</u>
<b>Net current assets</b>			<u>2,348,227</u>	<u>2,121,339</u>
<b>Total assets less current liabilities</b>			<b>2,412,948</b>	2,128,494
Creditors: amounts falling due after more than 1 year	16		<u>(272,342)</u>	<u>(345,843)</u>
<b>Net assets</b>	17		<u><u>2,140,606</u></u>	<u><u>1,782,651</u></u>
<b>Funds</b>	18			
Restricted funds			74,848	48,017
Unrestricted funds				
Designated funds			763,344	768,000
General funds			<u>1,302,414</u>	<u>966,634</u>
<b>Total charity funds</b>			<u><u>2,140,606</u></u>	<u><u>1,782,651</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 29 October 2022 and signed on their behalf by



Laura-Jane Sheridan (Chair)  
Trustee



Daniel Cameron (Treasurer)  
Trustee

**Animal Free Research UK Ltd**

**Statement of cash flows**

**For the year ended 31 March 2022**

	Note	2022 £	2021 £
<b>Cash used in operating activities:</b>			
<b>Net cash used in operating activities</b>	19	<u>77,683</u>	<u>(290,697)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		4,878	9,462
Purchase of tangible fixed assets		(7,416)	(3,444)
Proceeds from the sale of investments		-	30,001
<b>Net cash provided by investing activities</b>		<u>(2,538)</u>	<u>36,019</u>
<b>Decrease in cash and cash equivalents in the year</b>		<b>75,145</b>	<b>(254,678)</b>
Cash and cash equivalents at the beginning of the year		<u>1,896,651</u>	<u>2,151,329</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><b>1,971,796</b></u>	<u><b>1,896,651</b></u>
<b>Comprised of:</b>			
Cash at bank and in hand		1,536,190	1,304,939
Cash equivalents held in current asset investments	14	<u>514,606</u>	<u>591,712</u>
		<u><b>2,050,796</b></u>	<u><b>1,896,651</b></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 2022**

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#### **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 2022

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#### 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:

	2022	2021
Raising funds	29.6%	33.7%
Charitable activities	70.4%	66.3%

##### 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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## Animal Free Research UK Ltd

### Notes to the financial statements

For the year ended 31 March 2022

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#### 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 arise.

##### 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.

**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 2022**

**2. Prior period comparatives: statement of financial activities**

	Restricted £	Unrestricted £	2021 Total £
<b>Income from:</b>			
Donations and legacies	105,489	1,391,014	<b>1,496,503</b>
Investments	-	9,462	<b>9,462</b>
<b>Total income</b>	<b>105,489</b>	<b>1,400,476</b>	<b>1,505,965</b>
<b>Expenditure on:</b>			
Raising funds	-	258,100	<b>258,100</b>
Charitable activities	15,894	446,172	<b>462,066</b>
<b>Total expenditure</b>	<b>15,894</b>	<b>704,272</b>	<b>720,166</b>
<b>Net income</b>	<b>89,595</b>	<b>696,204</b>	<b>785,799</b>
Transfers between funds	(122,906)	122,906	-
<b>Net movement in funds</b>	<b>(33,311)</b>	<b>819,110</b>	<b>785,799</b>

**3. Income from donations and legacies**

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

**Prior period comparative:**

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

**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 2022 was £165,759 (2021: £Nil). There are no unfulfilled conditions or contingencies attaching to these grants in 2021/22.

**Animal Free Research UK Ltd**

**Notes to the financial statements**

**For the year ended 31 March 2022**

**5. Total expenditure**

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

Total governance costs were £39,436 (2021: £35,121).

**Animal Free Research UK Ltd**

**Notes to the financial statements**

**For the year ended 31 March 2022**

**5. Total expenditure (continued)**

**Prior period comparative**

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

## Animal Free Research UK Ltd

### Notes to the financial statements

#### For the year ended 31 March 2022

#### 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:

	2022 No.	2022 £	2021 No.	2021 £
<b>Research grants:</b>				
University of Exeter (COVID-19)	1	3,942	1	52,351
University of Aberdeen	3	27,956	-	-
University of Birmingham	1	2,000	-	-
Univeristy of Cambridge	1	2,000	-	-
Coventry University	1	500	-	-
The Daphne Jackson Trust Fellowship	-	-	1	11,249
University of Exeter	2	3,797	-	-
University of Glasgow	2	84,000	-	-
Imperial College London	2	2,440	-	-
University of Keele	1	2,000	-	-
University of Nottingham	1	2,000	-	-
Public Health England	1	1,956	-	-
Queen Mary University of London	3	53,440	-	-
University of Sheffield	2	7,000	-	-
University of Swansea	1	2,000	-	-
		<u>195,031</u>		<u>63,600</u>
Total grants committed during the period		<u>195,031</u>		<u>63,600</u>
Grants overspent / (written back) from prior periods		<u>(70,683)</u>		<u>(8,345)</u>
<b>Total grant expenditure</b>		<u><u>124,348</u></u>		<u><u>55,255</u></u>

#### 7. Grants commitments

	2022 £	2021 £
Grants payable to institutions:		
Grant commitments brought forward	1,006,778	1,513,684
Grants committed during the period	195,031	63,600
Grants paid during the period	(532,291)	(562,161)
Less: Overspent / (written back) grants from prior periods	<u>(70,683)</u>	<u>(8,345)</u>
Grant commitments carried forward	<u><u>598,835</u></u>	<u><u>1,006,778</u></u>

## Animal Free Research UK Ltd

### Notes to the financial statements

#### For the year ended 31 March 2022

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#### 8. Net movement in funds

This is stated after charging:

	<b>2022</b>	2021
	£	£
Depreciation	<b>4,512</b>	4,770
Loss on disposal of tangible fixed assets	<b>1,338</b>	-
Trustees' remuneration	<b>Nil</b>	Nil
Trustees' reimbursed expenses	<b>381</b>	53
Auditors' remuneration:		
▪ Statutory audit (including VAT)	<b>9,450</b>	<b>9,000</b>

Trustees reimbursed expenses relate to travel and stationery costs for 4 trustees (2021: 2 trustees for postage costs).

#### 9. Staff costs and numbers

Staff costs were as follows:

	<b>2022</b>	2021
	£	£
Salaries and wages	<b>478,096</b>	355,824
Social security costs	<b>48,340</b>	32,379
Pension costs	<b>7,684</b>	6,292
	<b>534,120</b>	<b>394,495</b>

Included in salaries and wages are redundancy and termination costs totalling £2,500. Redundancy and termination costs have been funded from unrestricted general funds (note 18).

One employee earned between £60,000 and £70,000, and one employee earned between £70,000 and £80,000 during the year (2021: Two employees earned between £60,000 and £70,000 during the year).

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 £249,917 (2021: £182,677).

Average head count:

	<b>2022</b>	2021
	No.	No.
Charitable activities	<b>6</b>	4
Generating funds	<b>2</b>	2
Support and governance	<b>4</b>	3
<b>Average head count</b>	<b>12</b>	<b>9</b>

## Animal Free Research UK Ltd

### Notes to the financial statements

#### For the year ended 31 March 2022

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#### 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 £
<b>Cost</b>	
At 1 April 2021	17,209
Additions in year	7,416
Disposals	<u>(3,249)</u>
At 31 March 2022	<u>21,376</u>
<b>Depreciation</b>	
At 1 April 2021	10,054
Charge for the year	4,512
Disposals	<u>(1,911)</u>
At 31 March 2022	<u>12,655</u>
<b>Net book value At 31 March 2022</b>	<u><u>8,721</u></u>
At 31 March 2021	<u><u>7,155</u></u>

#### 12. Investments

	Investment property £
<b>Market value</b>	
At 1 April 2021	-
Additions in year	<u>56,000</u>
At 31 March 2022	<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.



Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2022

13. Debtors

	2022	2021
	£	£
Trade debtors	11,661	-
Accrued legacy income and other debtors	606,776	923,160
Other accrued income	6,593	7,675
Prepayments	15,330	14,760
	<u>640,360</u>	<u>945,595</u>

14. Current asset investments

	2022	2021
	£	£
Market value at 1 April 2021	591,712	586,980
Additions	65,250	-
Unrealised losses	(1,750)	-
Movement in cash balances	(77,106)	4,732
	<u>578,106</u>	<u>591,712</u>
<b>Represented by:</b>		
Short term investments	63,500	-
Cash and cash equivalents	514,606	591,712
	<u>578,106</u>	<u>591,712</u>
<b>Total</b>	<u>578,106</u>	<u>591,712</u>

15. Creditors : amounts due within 1 year

	2022	2021
	£	£
Other taxation and social security	17,048	10,779
Grants payable (note 7)	326,493	660,935
Trade creditors	43,798	26,613
Other creditors	2,278	12
Accruals	16,812	22,568
	<u>406,429</u>	<u>720,907</u>

16. Creditors : amounts due after 1 year

	2022	2021
	£	£
Grants payable (note 7)	<u>272,342</u>	<u>345,843</u>

**Animal Free Research UK Ltd**

**Notes to the financial statements**

**For the year ended 31 March 2022**

**17. Analysis of net assets between funds**

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	8,721	<b>8,721</b>
Investments	-	-	56,000	<b>56,000</b>
Current assets	74,848	763,344	1,916,464	<b>2,754,656</b>
Current liabilities	-	-	(406,429)	<b>(406,429)</b>
Non current liabilities	-	-	(272,342)	<b>(272,342)</b>
<b>Net assets at 31 March 2022</b>	<b><u>74,848</u></b>	<b><u>763,344</u></b>	<b><u>1,302,414</u></b>	<b><u>2,140,606</u></b>
<b>Prior period comparative</b>				
	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	7,155	7,155
Current assets	48,017	768,000	2,026,229	2,842,246
Current liabilities	-	-	(720,907)	(720,907)
Non current liabilities	-	-	(345,843)	(345,843)
<b>Net assets at 31 March 2021</b>	<b><u>48,017</u></b>	<b><u>768,000</u></b>	<b><u>966,634</u></b>	<b><u>1,782,651</u></b>

**Animal Free Research UK Ltd**

**Notes to the financial statements**

**For the year ended 31 March 2022**

**18. Movements in funds**

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

**Purposes of restricted funds**

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

ARC 2.0 Refers to funds donated specifically to support the Animal Replacement Centre of Excellence at University of Exeter.

AFAAR grants Funding awarded by the American Fund for Alternatives to Animal Research (AFAAR) for research relating to sex bias in biomedical research and tissue on a chip technology.

## Animal Free Research UK Ltd

### Notes to the financial statements

#### For the year ended 31 March 2022

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#### 18. Movements in funds (continued)

##### Purposes of restricted funds (continued)

Barratt legacy	Refers to a legacy gift that was donated for the purpose of supporting research into coronary thrombosis and stroke.
Brain tumour	Refers to funds donated specifically to support the study of brain tumours at University of Portsmouth.
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.
Public Affairs	Refers to funds donated specifically to support public affairs work.
Skin cancer	Refers to funds donated specifically to support the study of skin cancer.
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 2022 is intended to cover new grant awards during the 2022-23 year, and continuation funding for certain existing projects when their current grants end.
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##### 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.

Animal Free Research UK Ltd

Notes to the financial statements

For the year ended 31 March 2022

18. Movements in funds (continued)

Prior period comparative

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

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

	2022 £	2021 £
<b>Net movement in funds</b>	<b>357,955</b>	785,799
Adjustments for:		
Losses on investments	1,750	-
Gifts of shares and property received	(200,250)	-
Dividends, interest and rents from investments	(4,878)	(9,462)
Depreciation charges	4,512	4,770
Disposal of fixed assets	1,338	-
Decrease / (increase) in debtors	305,235	(600,469)
Decrease in creditors	(387,979)	(471,335)
<b>Net cash provided by / (used in) operating activities</b>	<b>77,683</b>	(290,697)

## **Animal Free Research UK Ltd**

### **Notes to the financial statements**

#### **For the year ended 31 March 2022**

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#### **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**

During the 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**

Natalie Barbosa, trustee until 24 October 2021, is employed as a Senior Associate at Anthony Collins Solicitors LLP. During the year, Anthony Collins Solicitors LLP was paid £1,515 by the charity for legal advice (2021: £900). No amounts were owing at year end (2021: £Nil).

During the year, 6 trustees made unconditional donations to the charity amounting to £1,919 (2021: £1,095 from 4 trustees).

There were no other related party transactions in the year.