

Company number: 07462605

Charity number: 1140287

Alcohol Research UK

Report and financial statements

For the year ended 31 March 2016

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For the year ended 31 March 2016

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Reference and administrative details

For the year ended 31 March 2016

Company number 07462605

Charity number 1140287

**Registered office
and operational
address** 83 Victoria Street
LONDON
SW1H 0HW

Trustees Trustees who served during the period 1 April 2015 to date:

Professor Alan Maryon-Davis		Chair. Member of F&GPC, S&RC, DAP and NC. Advisory member of GAP.
Ms Annette Fleming		Vice-Chair. Member of F&GPC. Chair of NC
Mr Andrew May	Retired 31 st March 2016	Treasurer. Chair of F&GPC
Ms Helen Boaden		Member of DAP
Dr Michael Cross		Member of F&GPC and DAP
Professor Sally Dibb		Member of S&RC, DAP and NC
Professor Derek Heim		Member of S&RC. Advisory member of GAP
Ms Valerie Jolliffe		Member of F&GPC, Treasurer and Chair of F&GPC from 1 st April 2016
Professor John Underwood		Member of DAP
Dr Sarah Galvani	Appointed 22 nd January 2016	Member of S&RC
Professor Jane Frecknall-Hughes	Appointed 22 nd January 2016	Member of F&GPC
Mr Gareth Harkin	Appointed 28 th July 2016	

F&GPC = Finance and General Purposes Committee; S&RC = Scrutiny and Review Committee;
DAP = Development Advisory Panel; NC = Nominations Committee; GAP = Grants Advisory Panel

Principal staff	Mr Dave Roberts	Chief Executive
	Dr James Nicholls	Director of Research and Policy Development

Bankers CAF Bank Ltd
King's Hill, WEST MALLING, Kent, ME19 4TA

**Investment
managers** Investec Wealth and Investment Limited
30 Gresham Street, LONDON, EC2V 7QN

Solicitors Bates Wells & Braithwaite London LLP
2-6 Cannon Street, LONDON, EC4M 6YH

William Sturges LLP
Burwood House, 4-16 Caxton Street, LONDON, SW1H 0QY

Reference and administrative details

For the year ended 31 March 2016

Auditors	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL
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Financial Advisers	Buckingham Gate Chartered Financial Planners 18 Buckingham Gate, LONDON, SW1E 6LB
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Trustees' annual report

For the year ended 31 March 2016

We, the trustees of Alcohol Research UK, present our report and financial statements for the year ended 31 March 2016. This is the fifth annual report of the charity. The financial statements comply with the Statement of Recommended Practice 'Accounting and Reporting by Charities', the Financial Reporting Manual (FRM) and guidance published by the Charity Commission.

Alcohol Research UK is constituted as a company limited by guarantee and not having a share capital. It is registered as a company in England and Wales number 07462605 and its principal governing documents are its Memorandum and Articles of Association. The charity is registered with the Charity Commission number 1140287.

Alcohol Research UK took over the assets and undertakings of the Alcohol Education and Research Council (AERC), charity number 284748, in March 2011. The Council, which had existed since 1982, was wound up by the Secretary of State for Health in July 2012.

Objectives and Activities

The charity's object, as set out in the Memorandum and Articles of Association, is "The reduction of alcohol-related harm to individuals, families and communities".

We further this object by building and disseminating scientific evidence that helps to inform policy and practice concerning the prevention of alcohol-related harm. We identify gaps in the evidence base and fund new research or other projects that will help to fill them. Most of the funding that we provide is in the form of charitable grants to recognised research bodies and other institutions. We finance those grants with investment income (we inherited a capital fund from the AERC), or donations and grants from other individuals and organisations interested in reducing alcohol-related harm.

Our Vision is "To see a reduction in levels of alcohol-related harm by ensuring that policy and practice can be developed on the basis of reliable, research-based, evidence".

Our Mission is "To improve knowledge and understanding of the uses of alcohol, the drivers that lead to harmful outcomes from those uses and the most effective ways of improving policy and practice to tackle them".

Our Values are:

- **Independent**

We are governed by a Board of trustees that represents the diversity and complexity of the issues relating to alcohol harm reduction, including public health professionals, clinicians, marketing experts, practitioners, representatives of the voluntary sector and the academic community. We do not accept funds from the alcohol industry.

- **Objective**

Through the promotion of the existing evidence base we aim to be a balanced and objective voice in the policy debate. We have no vested interest other than promoting the existing evidence base and highlighting, identifying and filling gaps in it, through the provision of

research funding to the scientific research community and other projects that contribute to the evidence-base.

- **Evidence-based**

We are experts in the current evidence base around alcohol harm and alcohol harm reduction, and highlight where evidence is clear and where further research is needed.

- **Accessible**

We aim to foster links between the research community, policy makers and the public, in order to increase awareness of the causes as well as the problems relating to alcohol harm.

Organisational Structure, Governance and Management

Alcohol Research UK is overseen by a Board of trustees, who are also its trustees and its members. They are responsible for the strategic direction of the charity and for maintaining proper governance. The Board meets three times a year.

The Board is supported by, and delegates specific decision-making authority to, three committees that exclusively comprise trustees. A Finance and General Purposes Committee oversees the financial and administrative functions of the charity; a Scrutiny and Review Committee oversees our grant-making and research activity (including our relationships with third-party funders) and a Nominations Committee oversees the recruitment of new trustees and the appointment of existing trustees to offices.

Applications that we receive for larger research grants are considered by a Grants Advisory Panel (GAP) that comprises experts in the alcohol field who are not trustees. This separates the identification of research priorities from the day-to-day consideration of applications. The GAP recommends to the Scrutiny and Review Committee those applications that it thinks should be funded. A sub-group of the GAP considers applications to the studentship schemes.

A Development Advisory Panel, which focuses on fund development and marketing, comprises both trustees and non-trustees (though no non-trustees sat on the Panel this year). It guides and supports the executive team in these areas.

All of our committees and panels operate according to approved terms of reference.

Responsibility for the day-to-day management of the charity is delegated to the small staff team, headed by the Chief Executive who reports directly to the Board.

Alcohol Research UK has a comprehensive range of organisational policies and procedures commensurate with an organisation of its size and the range of activities that it undertakes. The relevant documents can be viewed on our website.

Membership of the Board

The trustees who served during the year are listed on page 1 of this Annual Report. Trustees can initially serve for a period of three years but can be reappointed for a second term of the same duration. Therefore, under normal circumstances, the maximum possible term for which any trustee can serve is six years. However, the Articles of Association allow a trustee's tenure to be extended for an additional period where there is a proven organisational need for them to do so.

The Board (through the Nominations Committee) undertakes an annual analysis of the Board's collective skills in order to identify gaps that need to be filled. The trustees advertise vacancies through various media, including national newspapers. Candidates are invited to submit a CV and describe how they would contribute to filling the identified gaps. They are then interviewed by a panel of trustees, which makes a recommendation to the full Board.

Trustees' job descriptions require them to undertake training at least once a year and to take part in an annual development appraisal led by the chair. We carry out trustee training as part of our annual strategy and development day.

Specific job descriptions exist for the roles of trustees, chair, vice-chair and treasurer. New trustees undertake formal induction and receive a handbook containing background information, key policy documents and other material relating to their role within the charity.

Trustees are unpaid but may be reimbursed for reasonable expenses, such as travel.

We have access to independent financial and legal advice to ensure that we manage our affairs in a proper manner. Details of our professional advisors are provided on pages 1 and 2.

Strategic Aims

Our strategic aims are set out in our business plan, which is reviewed in March each year. The current plan develops our charitable object, mission and vision into two corporate goals of "Incubation" (activity that supports new and innovative research and researchers) and "Translation" (activity that supports the translation of research into policy and practice) and then further into a series of objectives and tasks under the themes of Research, Fund Development and Marketing and Communications. Separate strategies, acting as annexes to the business plan, have been produced for each of these areas.

Trustee, Panel Member and Staff Interests

A copy of our policy on conflicts of interest and the associated register of interests of trustees, panel members and staff can be viewed on our website. Details of related party transactions in 2015/16 are disclosed in note 10 to the financial statements.

Networks

Alcohol Research UK is autonomous inasmuch as it is not a branch or subsidiary of a larger organisation. Further, its policy is that it will only join membership organisations where it can be confident that doing so will not conflict with its objects or values, above. Presently, the only such organisation of which it is a member is the Association of Medical Research Charities.

Public Benefit

We refer to the Charity Commission's guidance on public benefit when reviewing the charity's aims, in planning future activities and in setting grant making policies for the year.

With that in mind, we can confirm that Alcohol Research UK benefits the public by investing its reserves and using the income to support charitable activities that help to reduce and/or understand the health problems caused by excessive drinking of alcohol. In England alone, some 1.6 million adults may have some degree of alcohol dependence.¹

Our charitable activity can be in the form of charitable grants to other institutions and individuals or undertaking the work directly. Before any grant is made, the Board carefully and thoroughly assesses the potential public benefit of the proposed activities. It subsequently evaluates the impact of the completed grant.

The main end-beneficiaries of our work are people who are suffering, or are at risk of suffering, from the negative consequences of excessive alcohol consumption. We adhere to best practice in making sure that the grant programmes and the evidence base that we create are widely accessible. It is a condition of all grant awards that the findings be made available to the general public by being posted on our website. We also ask that researchers publishing in academic journals should, as far as possible, ensure that the papers are available to the general public through the 'open access' scheme.

Any benefit received by researchers, research institutions and healthcare bodies in receiving a grant is purely co-incidental to the objects of our work.

Grant-Making Policies

Our grant-making policies are set out in our Research Strategy, which is available to view on our website. They are focused around our two corporate goals described in Strategic Aims above.

New priorities, programmes and opportunities to apply for funding are posted on our website and advertised via our e-newsletter, social media and partner organisations. Policies and procedures related to the way we award grants are also available on the website.

¹ Public Health England, Alcohol Treatment in England 2013 – 14

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For the year ended 31 March 2016

The decision-making process varies from programme to programme but essentially involves an initial assessment by staff and a sub-group of the GAP followed by peer review, formal consideration by the GAP (or Studentship Advisory Panel) and ratification by the Scrutiny and Review Committee. A copy of the detailed process map for each programme is available on request.

All completed projects are required to produce a final report (in the case of research projects this will be a full academic report) and a shorter version of the same, which is called an Alcohol Insight. Copies of final reports and Alcohol Insights are available on our website.

The Association of Medical Research Charities has certified us as providing “best practice in medical and health research peer review”.

From time-to-time, we issue calls for proposals to undertake specific work that we are delivering on behalf of, or in partnership with, another organisation.

Review of Risks

The major strategic risks to the charity are considered to be:

- Reputational. We have adopted a range of measures to mitigate against this risk, including communications and media strategies and policies on the acceptance and refusal of donations, interaction with the alcohol industry, the assessment of third party relationships and conflicts of interest
- Sustainability. While we do have significant reserves for an organisation of our size, we have started to use some of these to invest in the long-term growth of the charity (see Strategic Developments and Future Plans). To date, investment performance has allowed us to divest sustainably i.e. without affecting the value of the reserves in real terms. However, the volatility of the investment markets means that this may not always be the case and we therefore review the strategy on a regular basis using a range of indicators

We also face a number of operational risks. Each year, staff and trustees together undertake a comprehensive review of the risks we face within the categories of governance, external environment, operations, data and technology, human resources, compliance and the law. The results are presented in the form of a risk register that sets out any actions that are required to address unmitigated risks. The following table summarises the business critical risks that the charity faces and the plans that are in place to mitigate them:

Total loss of access to the office	Insurance cover; staff work from home; temporary office secured
Loss of all files	All files backed up to cloud and multiple locations
Loss of multiple key staff	Chair develops plan/ manages messages to stakeholders

Major reputational damage	Crisis meeting of Development Advisory Panel
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We also recognise that we are heavily dependent on the income from our reserves to fund our work. The risk to this income is managed by outsourcing the investment of the reserves to professional managers who operate according to a strict investment strategy and mandate, which are discussed later. The Finance and General Purposes Committee has put in place comprehensive systems to monitor the performance of the reserves and of the managers on a regular basis. They include making comparisons with defined benchmarks and peers.

We also consider strategic and environmental risks annually as part of our business planning process. This includes a review of strengths, weaknesses, opportunities and threats (SWOT analysis), which helps to inform the development of business goals and objectives.

Achievements and Performance

Strategic Development and Future Plans

Strategically, 2015/16 was an important year for Alcohol Research UK. We completed a major review of the charity's direction and made key decisions that are already resulting in significant changes to the way that we work.

The main purpose of the review was to explore the extent to which our research and funding programmes were effective in meeting our charitable object of reducing alcohol-related harm. Our thinking was aided by the production in January 2016 of an independent report that analysed our grant making over the last 30 years and made recommendations as to how we could enhance the impact of our work going forward. A summary of the report is available on our website.

The review process showed that our work has indeed been making an important contribution to the development of policy and practice around the reduction of alcohol-related harm. However, it also identified things that we could do to further increase and report on our impact. To that extent, our current business plan for April 2016 onwards is focussed on:

- delivering all of our work through the two core goals discussed previously: 'translation' (translating research into policy and practice) and 'incubation' (supporting new and innovative research and researchers)
- reconfiguring our funding programmes so that they can be more responsive and better meet the needs of policymakers and practitioners
- significantly growing our communications activity
- starting to raise new funds so that we can support more research
- placing impact at the heart of everything we do

However, we recognise that if these changes are going to have the level of impact desired in our vision, we must also grow the charity. We cannot do this while we rely on the investment income generated by our reserves. Therefore, we have decided to move towards a new funding model whereby:

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For the year ended 31 March 2016

- investment income will be used to fund a suitably resourced and skilled organisational infrastructure
- research will be funded by non-investment income

Clearly, there will need to be a period of transition as we move towards the new model. Therefore, we have decided to divest some of the reserves to supplement our income and support our research programmes during the transitional period. Since we inherited them, the capital value of the reserves has grown significantly more than it would have done if it had simply kept pace with inflation. We agreed to divest £0.5 million in 2015/16 and have already agreed to do the same in 2016/17, in order to fund the transitional phase while at the same time reducing the value of the reserves to the appropriate "real terms" value required by our Reserves Policy. We have carefully considered the risks associated with this approach and the trustees will maintain a constant overview of progress. This divestment is the reason for the deficit that is shown in the financial statements.

In the meantime, 2015/16 was not a year of standing still while we undertook the review. We made good progress against the objectives we set for ourselves at the beginning of the year:

- we commenced a project to use some of our reserves to purchase permanent office accommodation
- we awarded some £294,232 of grants*, details of which are provided below
- we began the rebuild of our website
- we developed new research priorities
- we reviewed the composition of the board and appointed two new trustees
- we appointed specialist staff to support fund development and communications
- we produced and started to deliver new strategies for research, fund development and communications

* the awards for the 2015/16 Research Innovation grants (£289,404) were made just after the year end so are not included in this figure or in the financial statements; however, they are referred to in the examples of research grants below

Research Grants

Research Innovation grants (maximum award £60,000) awarded under the 2015/16 programme were (see note above):

- School of Health and Related Research (SchARR), The University of Sheffield: 'Screening and Brief Intervention (SBI) programmes: do they improve or worsen health inequalities?'
- School of Health and Related Research (SchARR), The University of Sheffield: 'The cost of alcohol to primary care in England'
- University of Manchester: 'Distribution and consumption of counterfeit alcohol: getting to grips with fake booze'

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For the year ended 31 March 2016

- Teeside University: 'Measuring change from alcohol brief interventions: development of a consensus core outcome set'
- Sheffield Hallam University: 'Mapping the recovery journeys of family members of problem alcohol users: A survey of life in recovery for families'

Alcohol Insights and full reports are available on our website for the following research that was completed during the year:

- National Addiction Centre, Kings College London: 'Frequent attenders to accident and emergency departments: a qualitative study of individuals who repeatedly present with alcohol-related health conditions'
- University of Surrey: 'The 3rd national emergency department survey of alcohol identification and intervention activity'
- University of Sheffield: 'A new approach to measuring drinking cultures in Britain'
- Edinburgh Napier University and Queen Margaret University: 'Alcohol pricing and purchasing among heavy drinkers in Edinburgh and Glasgow'
- University College London: 'Online health check for reducing alcohol intake among employees: a feasibility study in six workplaces across England'

Small Grants

We awarded 17 new small grants (maximum award £7,500) totalling £76,545 (2014/15 – £65,109) before taking account of grant de-commitments. This includes grants made under our network support and conference attendance initiatives. Examples of this year's awards are:

- UK SMART Recovery: 'National conference in Stoke-on-Trent'
- University of Bedfordshire: 'Residential treatment and care homes for older people with alcohol problems'
- Liverpool John Moores University: 'An exploration of the role of alcohol in the life experiences of the homeless population in Merseyside'
- Royal Surrey County Hospital: 'Prevalence and impact of alcohol-related problems in advanced cancer patients and their non-professional caregivers'

Ten Small Grants completed during the year and produced Alcohol Insights, which are all available on our website.

Studentships

Eight applications were received for PhD funding (2014/15 – 14). Three were approved (2014/15 – 3), meaning a commitment of £90,000 (2014/15 – £63,000; the level of funding has been

increased from £21,000 in 2014/15 to £30,000 per student over three years). The successful studies were entitled:

- Stirling University: 'Nalmefene prescribing in the UK: patterns and influences'
- Manchester Metropolitan University: 'The role of alcohol in child sexual exploitation: developing a model to inform practice'
- London Southbank University: 'Exploring the identities of harmful drinkers as problem drinkers: Can we remove barriers to behaviour change and engagement with intervention?'

Eleven awards were made for taught courses bursaries or continuing professional development grants (2014/15 – 10), meaning a commitment of £15,819 (2014/15 – £12,000)

Income Generation and Fundraising

An analysis of investment income is provided in the Financial Review on the next page.

Achieving non-investment income (fundraising) remains a relatively new area of activity for us but is a key focus of our new business plan. In particular, we will be seeking to secure income from the public sector, other trusts and foundations, companies and individual donors who are interested in working with us to fund research into the prevention of alcohol-related harm. During the year, we established a new staff post to support fund development. The aim is that the annual return generated by investing in this post will exceed the annual expenditure by years three.

Most of the targets for fundraising within the business plan relate to the charity acting as a conduit for the research needs of other organisations. The other party provides Alcohol Research UK with the funds necessary to manage the process of identifying, awarding and overseeing a research grant. The target for 2015/16 was £177,300 against which the charity achieved income of £125,993.

Non-investment income received during the year totalled £133,098 (2014/15 – £232,380). This comprised donations and legacies of £96,829 (2014/15 – £51,972), grants of £17,400 (2014/15 – £180,114) and other income of £18,869 (2014/15 – £294)

The 2014/15 figure for 'grants' includes income from Drinkaware and Aquarius for specific research projects that we are undertaking for each of them.

Alcohol Research UK is a member of the Fundraising Standards Board. We are aware of recent criticism of some charities and their fundraising techniques and acknowledge that charities are generally coming under much more scrutiny in this regard. Alcohol Research UK does not employ fundraising agencies and we do not pass details of our donors and supporters to anyone. We have a clear data protection policy and have also adopted a donor charter. We have never received a complaint from a donor or supporter.

Organisational Performance

Organisational performance is primarily measured through a series of key performance indicators that relate to the business plan's strategic objectives. Progress against them is reported to the Board at each meeting through the use of a corporate performance scorecard and supporting analyses.

Financial Review

The figures provided in Significant Activities above relate to new awards made in the year. The following table provides an analysis of all grant commitments, including those made in previous years:

Programme (Figures are net of grant de-commitments)	Grant funded activities	Support costs	Total
	£	£	£
Research and development project grants	111,868	41,723	153,591
Small grants	76,545	28,548	105,093
Studentships	105,819	39,467	145,286
Total	294,232	109,738	403,970

Support costs are other charitable activities that we have undertaken in association with the grant awards. For example, managing the grants process, disseminating the findings and producing reports.

Donations in Kind

We didn't receive any significant donations in kind during the year.

Use of Volunteers

All of the trustees are volunteers. Collectively, we give around 100 days of time annually.

All members of the Grants Advisory Panel are volunteers. Collectively, they give around 25 days of time annually.

Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with our Accounting Policies, as set out on pages 23 and 24.

Going Concern

As previously stated, we undertake an annual Risk Assessment, which gives careful consideration to factors that may impact upon Alcohol Research UK's ability to move forward as a going concern,

Trustees' annual report

For the year ended 31 March 2016

including business critical risks. The most recent assessment gave us confidence that any risks had been sufficiently mitigated.

Alcohol Research UK also benefits from unrestricted reserves (value of £14,611,363 at 31st March 2016) which provide significant financial security over the long-term. As explained in Strategic Developments and Future Plans above, we have decided to divest some of the reserves to support our work as we move to a new long-term funding model. To date, investment performance means that we have been able to do so sustainably i.e. without reducing the reserves below the 'real terms' value that is required by our Reserves Policy. We review the strategy on a regular basis and have made no commitment regarding future divestments; these will be made according to the circumstances that prevail at the time, including the value of the reserves relative to that which it should be in 'real terms' and the level of progress that is being made towards the new funding model.

Remuneration Report

The members of the Finance & General Purposes Committee, as detailed on page 1, undertook the duties and responsibilities of a remuneration committee.

The members of the Committee themselves are not remunerated but some claimed expenses against receipted claims (see note 8).

The charity's Remuneration Policy can be downloaded in full from our website. In summary, the policy during the year was that all staff salaries comprised a band made up of a series of six evenly distributed salary points, with the median point being the 'market average' for this type of role when benchmarked against similar jobs elsewhere within the voluntary sector. Employees could progress to the next salary point in their band by receiving a satisfactory annual appraisal. The exception is the Chief Executive, whose salary was tied to a single fixed point. However, at the year-end the trustees decided to remove the banding structure and all staff will in future be tied to a single fixed point.

Every twelve months the Board determines whether salaries should be adjusted to reflect changes in the cost of living. The Policy establishes a series of criteria that should be used in reaching a decision. Applying them in March 2016, the Board determined that salaries should be increased by 0.3% from 1st April 2016 in order to match the Consumer Price Index (CPI) rate of inflation over the preceding 12 months. The average annual salary increase over the last 5 years has been approximately 1.2% compared to a CPI average annual increase over the same period of approximately 2.6%.

Employees also received pension contributions equivalent to 6% of gross salary. Two employees opted to exchange 6% of their salary for a commensurate increase in the employer pension contribution.

There were no staff sickness or absence issues to report.

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For the year ended 31 March 2016

One member of staff received total emoluments within the range £60,000 to £70,000. No other staff received emoluments in excess of £60,000. The ratio of the Chief Executive's salary to the median salary within the organisation was 1.6:1.

Financial Review

Results for the Year

The value of the investments on 31 March 2016 was £14,818,986, a decrease of £883,324 compared with 31 March 2015 (£15,702,310). This decrease takes into account £300,000 that was divested from the fund during the year, in order to meet outstanding grant commitments.

Our investment managers, Investec Wealth and Investment, were appointed in January 2011.

The overall objective of our investment strategy is "to create sufficient income and capital growth to enable the charity to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the invested funds while they are retained".

The total income of the charity in the financial year was £661,231 (2014/15 – £781,235). Total expenditure amounted to £829,183 (2014/15 – £1,098,936), of which, £64,630 (2014/15 – £53,442) was accounted for by governance costs. See Note 5 to these accounts for more detail.

Investment Powers

The charity's investment powers are prescribed by its Memorandum and Articles of Association. The trustees have approved an Investment Strategy and have adopted a Policy on Fund Management and Financial Control.

Review of Investment Strategy and Performance

The overall profile, which was under review at the year end, was:

	Standard Criteria
Objective	Balanced return between income and capital
Risk	Medium
Mandate	Discretionary

The Investment Strategy's targets for asset allocation (also under review at the year end) were:

Asset Class	Ranges	Benchmark	Comparative Indices
	%	%	
Fixed Interest	10 – 30	20	FTSE Government All Stocks Index
UK Equities	30 – 50	40	FTSE All Share Index
Overseas Equities	10 – 30	20	FTSE World (ex-UK) Index £
Property	5 – 15	10	Investment Property Databank monthly index
Infrastructure	3 – 13	8	Bank of England base rate+2%

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For the year ended 31 March 2016

Hedge Funds	0 – 5	0	Bank of England base rate +2%
Cash	0 – 10	2	Bank of England base rate – 0.5%
Total		100	Bespoke benchmark

Other considerations included:

- 1 The primary objective was for the total investment return, from both income and capital appreciation, to outperform the bespoke benchmark above by 1% per annum over rolling 5 year periods (see table below for results for the year)

The following is an analysis of performance of the fund against the benchmark as at the end of 2015/16:

	Fund	Benchmark	Difference
1 year rolling	3.2	4.9	-1.7
3 year rolling	21.7	21.2	+0.5

A 5 year rolling analysis is not possible because the fund has not been in place for a sufficient period.

- 2 The trustees have agreed to replace the above benchmark with one that will require the fund to match or exceed the Retail Price Index plus 3.5% on a rolling basis. The new benchmark will come into effect when the purchase of the charity's office accommodation is completed
- 3 The investment manager was expected to notify us if pooled fund exposure or direct exposure to bonds rated lower than B exceed 10% or portfolio exposure exceed 5% in total.
- 4 Direct investment in negotiable instruments known as "derivatives" was not permitted under any circumstances. There was to be no investment in structured products or unquoted private equity funds without our prior consent.
- 5 With respect to ethical considerations, our investment policy states that:
 - The trustees preclude investment in companies that produce alcoholic beverages or tobacco as well as companies where more than 20% of sales are derived from their retail or distribution. This includes funds that permit investment in such companies. We encourage our investment managers to screen companies for ethical considerations and sustainability.
 - The trustees reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which damage the charity's reputation.
 - Trustees expect the fund manager to have considered the suitability of Investments of the same kind as any particular investment proposed to be made or retained.
 - The objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and unit trusts and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000.

Each month, the investment manager transfers to the charity's deposit account with CAF Bank Ltd the investment income and bank interest that had been received in the previous month.

The investment manager submits a quarterly report to the trustees that includes the valuation of the fund, a summary of transactions in the portfolio, an overview of performance, a report on the economic outlook and a discussion of other relevant issues. The trustees use a variety of indicators, in addition to the formal benchmark, to measure the performance of the fund.

Reserves Policy

When it was established in 2011, Alcohol Research UK inherited approximately £12.5m of reserves from the now defunct Alcohol Education and Research Council (AERC).

The trustees have determined that it is important to balance the needs of all of our beneficiaries, both those who exist now and those who are to come in the future. We have therefore decided to invest the reserves in order to generate a secure annual income that can fund our core charitable work in the long-term. We also take the view that this respects the wishes of the trustees of the former AERC, who had adopted a similar philosophy.

In order to achieve this end, we have agreed to maintain the 'purchasing power' of the reserves at a level that is broadly comparable, in real terms, to that which they had when we inherited them in March 2011.

Every year, we will review the level of reserves as part of the annual budgeting process to determine the level of divestment that can be made whilst ensuring the real value of the reserves is maintained. However, we reserve the right to divest additional sums when we consider that this would assist us in meeting our charitable objectives and to fund other essential or exceptional activity.

At 31st March 2016, the actual value of the reserve was £14,611,363 compared to a target real terms value of £15,023,813.

The investment of the reserves is delegated to professional managers, as described above.

We have invested some of the reserves in the purchase of a long lease (virtual freehold) on an administrative office, part of which we will underlet. Our forecasts indicate that the rental income we receive, coupled with savings on our own rental outgoings, will result in a net increase in the funds available to support our charitable activities.

As far as possible, divestments will be identified as part of the annual budgeting process and the investment managers advised of planned divestments at the beginning of each financial year. A cash-flow forecast is considered by the charity's Finance and General Purposes Committee on a quarterly basis in order to maintain an overview of reserves and divestments.

In March 2015, the trustees reflected upon the above-inflation growth of the capital since 2011 and determined to divest £500,000 in order to support grant-making in 2015/16.

Planned divestments are identified as part of the annual budgeting process and the investment managers advised of the decision at the beginning of each financial year. A cash-flow forecast is reviewed by the charity's Finance and General Purposes Committee on a quarterly basis in order to maintain an overview of the reserves.

Of the £14,818,986 total value of the investment reserves, £14,608,800 is considered to be free reserves. As noted above, the level of free reserves has decreased significantly since the year end due to the purchase of a long lease (virtual freehold) property.

Statement of Responsibilities of the Trustees

The trustees, who are also trustees of Alcohol Research UK for the purposes of charity law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards 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 business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with regulations made under the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- They 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.

Auditors

A resolution proposing that Sayer Vincent LLP be reappointed as auditors will be made to members.

Approved by the Board of trustees on 20 October 2016 and signed on their behalf by

Professor Alan Maryon-Davis
Chair

Independent auditors' report

To the members of

Alcohol Research UK

We have audited the financial statements of Alcohol Research UK for the period ended 31 March 2016 which comprise the statement of financial activities, the balance sheet, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities set out in the report of the trustees, the trustees (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report

To the members of

Alcohol Research UK

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31st March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to take advantage of the small companies exemption in preparing the report of the trustees and take advantage of the small companies exemption from the requirement to prepare a strategic report

Noelia Serrano, Senior Statutory Auditor

25 November 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane, LONDON , EC1Y 0TL

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

For the year ended 31 March 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
Income from:							
Donations and legacies	2	96,829	–	96,829	51,972	–	51,972
Charitable activities:							
Research and development projects	3	2,100	15,300	17,400	17,864	162,250	180,114
Other research development projects	3	11,764	–	11,764	–	–	–
Research dissemination	3	7,105	–	7,105	–	–	–
Investments	4	528,133	–	528,133	548,855	–	548,855
Other		–	–	–	294	–	294
Total income		645,931	15,300	661,231	618,985	162,250	781,235
Expenditure on:							
Raising funds	5	62,136	–	62,136	26,999	–	26,999
Charitable activities:							
Research and development grants	5	402,391	15,300	417,691	952,146	30,000	982,146
Other research and development projects	5	155,026	–	155,026	–	–	–
Research dissemination	5	127,441	–	127,441	21,402	–	21,402
Investment management costs	5	66,889	–	66,889	68,389	–	68,389
Total expenditure		813,883	15,300	829,183	1,068,936	30,000	1,098,936
Net (expenditure) / income before net (losses) / gains on investments		(167,952)	–	(167,952)	(449,951)	132,250	(317,701)
Net (losses) / gains on investments		(527,937)	–	(527,937)	1,191,148	–	1,191,148
Net (expenditure) / income for the year		(695,889)	–	(695,889)	741,197	132,250	873,447
Transfers between funds		–	–	–	52,526	(52,526)	–
Net movement in funds		(695,889)	–	(695,889)	793,723	79,724	873,447
Reconciliation of funds:							
Total funds brought forward		15,307,252	–	15,307,252	14,513,529	(79,724)	14,433,805
Total funds carried forward	16	14,611,363	–	14,611,363	15,307,252	–	15,307,252

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 16 to the financial statements.

Alcohol Research UK

Balance sheet

Company no. 07462605

As at 31 March 2016

	Note	£	2016 £	£	2015 £
Fixed assets:					
Tangible assets	12		2,562		2,893
Investments	13		14,818,986		15,702,310
			<u>14,821,548</u>		<u>15,705,203</u>
Current assets:					
Debtors	14	224,777		167,786	
Cash at bank and in hand		73,569		75,663	
		<u>298,346</u>		<u>243,449</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	389,343		528,376	
		<u>389,343</u>		<u>528,376</u>	
Net current liabilities			<u>(90,997)</u>		<u>(284,927)</u>
Total assets less current liabilities			<u>14,730,551</u>		<u>15,420,276</u>
Creditors: grants payable due after one year	6		119,188		113,024
Total net assets			<u>14,611,363</u>		<u>15,307,252</u>
The funds of the charity:	16				
Restricted income funds			-		-
Unrestricted income funds:					
Fair value reserve		2,157,545		3,489,820	
General funds		12,453,818		11,817,432	
		<u>12,453,818</u>		<u>11,817,432</u>	
Total unrestricted funds			<u>14,611,363</u>		<u>15,307,252</u>
Total charity funds			<u>14,611,363</u>		<u>15,307,252</u>

Approved by the board of directors on 20 October 2016 and signed on their behalf by:

Professor Alan Maryon-Davis
Chair

Statement of cash flows

For the year ended 31 March 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities	17				
Net cash provided used in operating activities			(884,542)		(1,099,571)
Cash flows from investing activities:					
Dividends, interest and rents from investments		339,390		548,855	
Interest		188,743			
Purchase of fixed assets		(1,072)		(2,355)	
Proceeds from sale of investments		3,238,887		1,916,664	
Purchase of investments		(2,718,769)		(1,788,811)	
Cash released from investment portfolio		(164,731)		340,454	
Net cash provided by investing activities			882,448		1,014,807
Change in cash and cash equivalents in the year			(2,094)		(84,764)
Cash and cash equivalents at the beginning of the year			75,663		160,427
Cash and cash equivalents at the end of the year			73,569		75,663

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 preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2015. No restatements were required.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The board of directors consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments.

The board of directors do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

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

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 charity 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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts

On receipt, donated gifts are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) 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.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) 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.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of research and development grants, other research and development projects and research dissemination undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading

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

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

● Research and development grants	33%
● Other research and development projects	13%
● Research dissemination	23%
● Cost of raising funds	18%
● Governance costs	13%

Governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Research and development projects	60%
● Other research development projects	22%
● Research dissemination	18%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500 on initial acquisition and included in the balance sheet at cost or valuation including costs attributable to bringing the assets into working condition for their intended use. Expenditure which enhances the tangible fixed assets is capitalised at cost. Fixed assets donated for the Trust's own use are capitalised at their current value.

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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:

- Office equipment 3 years

m) Investment income

Investment income comprises interest and dividends receivable in the year and is shown inclusive of recoverable tax.

Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

n) 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.

o) Creditors and provisions

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.

The charity 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.

Grants payable due after one year are payable within one to three years of the balance sheet date.

p) Pensions

The charity does not have an occupational pension scheme, but contributes a proportion of employees' salaries to private pension schemes. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2016 total Total £	2015 Total £
Donations from individuals and trusts	7,079	–	7,079	51,972
Legacies	89,750	–	89,750	–
	<u>96,829</u>	<u>–</u>	<u>96,829</u>	<u>51,972</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Research and development projects:				
The Drinkaware Trust	–	–	–	133,780
Thomas Pocklington Trust	–	–	–	13,334
Aquarius Action Projects	–	–	–	33,000
DS Daily	–	15,300	15,300	–
Drugs & Alcohol – Findings	2,100	–	2,100	–
Other research development projects	11,764	–	11,764	–
Research dissemination and marketing	7,105	–	7,105	–
	<u>20,969</u>	<u>15,300</u>	<u>36,269</u>	<u>180,114</u>

4 Income from investments

	2016 Total £	2015 Total £
Fixed Interest:		
Corporate bonds and British Government stocks	152,731	165,745
Overseas Bonds	35,759	42,793
Equities – UK franked	363,344	363,537
Irrecoverable tax on Equities	(26,409)	(24,266)
	<u>525,425</u>	<u>547,809</u>
Bank deposit interest	2,708	1,046
	<u>528,133</u>	<u>548,855</u>

All investment income earned was unrestricted.

5 Analysis of expenditure

		Charitable activities							
	Cost of raising funds	Research and development grants	Other research and development projects	Research dissemination	Investment management costs	Governance costs	2016 Total	2015 Total	
	£	£	£	£	£	£	£	£	
Staff costs (Note 8)	41,288	75,695	29,819	52,757	–	29,819	229,378	192,949	
Recruitment & training	2,083	1,538	4,357	3,032		1,810	12,820	4,869	
Building costs	11,532	21,141	8,328	14,735	–	8,328	64,064	91,966	
IT costs	2,536	4,650	1,832	3,241	–	1,832	14,091	13,633	
Printing, postage and stationery	453	656	327	578	–	327	2,341	1,808	
Subscriptions	303	556	219	388	–	219	1,685	2,284	
Fundraising expenses	756	–	–	–	–	–	756	–	
Chief executive's expenses	1,692	3,102	1,222	2,162	–	1,222	9,400	8,856	
Chairman's expenses	–	–	–	–	–	190	190	84	
Meetings of full board	–	–	–	–	–	1,736	1,736	5,881	
Other meetings and staff expenses	1,212	2,222	875	1,549	–	875	6,733	10,579	
Investment management fee	–	–	–	–	66,889	–	66,889	68,389	
Legal fees & professional fee	–	–	–	–	–	8,004	8,004	2,117	
Auditors remuneration for audit services	–	–	–	–	–	10,020	10,020	9,120	
Research dissemination and marketing	–	–	–	11,936	–	–	11,936	17,170	
Conference	–	–	–	25,073	–	–	25,073	–	
Bank charges	–	–	–	–	–	46	46	48	
Depreciation	253	463	182	323	–	182	1,403	2,533	
Peer review costs	–	550	–	–	–	–	550	1,030	
Grants payable	–	294,232	–	–	–	–	294,232	718,188	
Grant de-commitments	–	(25,945)	–	–	–	–	(25,945)	(52,942)	
Consultancy	–	–	93,626	–	–	–	93,626	–	
Sundry expenses	28	52	20	35	–	20	155	374	
	62,136	378,912	140,807	115,809	66,889	64,630	829,183	1,098,936	
Governance costs	–	38,779	14,219	11,632	–	(64,630)	–	–	
Total expenditure 2016	62,136	417,691	155,026	127,441	66,889	–	829,183	1,098,936	
Total expenditure 2015	26,999	982,146	–	21,402	68,389	–	1,098,936		

Of the total expenditure, £813,883 was unrestricted (2015: £1,068,936) and £15,300 was restricted (2015: £30,000).

6 Grant making

	Small grants £	Research and development £	Studentship grants £	2016 £	2015 £
At the start of the year	53,433	358,139	117,000	528,572	658,418
Awarded in year	76,545	111,868	105,819	294,232	718,188
Paid in the year	(60,041)	(289,687)	(69,574)	(419,302)	(795,092)
Grants cancelled	(1,343)	(24,527)	(75)	(25,945)	(52,942)
At the end of the year	<u>68,594</u>	<u>155,793</u>	<u>153,170</u>	<u>377,557</u>	<u>528,572</u>
Falling due within one year	64,794	121,405	72,170	258,369	415,548
Falling due after more than one year	<u>3,800</u>	<u>34,388</u>	<u>81,000</u>	<u>119,188</u>	<u>113,024</u>

Full details of grants paid during the year and outstanding at the year end are listed in Appendix 1 to the Financial Statements.

Grants to individuals (studentship grants)

The grants covered course fees and, in some instances, included maintenance and other allowances on an agreed scale.

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2016 £	2015 £
Depreciation	1,403	2,533
Operating lease rentals:		
Property	63,016	82,667
Auditors' remuneration (excluding VAT):		
Audit	7,700	7,600
Other services	<u>650</u>	<u>–</u>

8 Analysis of staff costs, board of directors remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	199,627	167,945
Social security costs	18,875	15,790
Employer's contribution to defined contribution pension schemes	10,876	9,214
	<u>229,378</u>	<u>192,949</u>

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2016 No.	2015 No.
£60,000 – £69,999	<u>1</u>	<u>1</u>

The total pension payments for higher paid staff were £8,277 (2015: £8,155).

The total employee benefits including pension contributions of the key management personnel were £80,944 (2015: £79,753).

The directors were not paid or received any other benefits from employment with the charity in the year (2015: £nil). No directors received payment for professional or other services supplied to the charity (2015: £nil).

Included in the cost of meetings in Note 5 there is a total of £1,942 (2015: £3,053) directors expenses which represents the payment or reimbursement of travel and subsistence relating to attendance at meetings of the directors. Grant funding received for projects in which directors are involved is disclosed in Note 10.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2016 No.	2015 No.
Total number of staff	<u>5</u>	<u>4</u>

10 Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

Of the grants paid during the year, the following Directors and/or Associates have been involved in projects and, during the course of the project, they or their unit have received funding from the institution to which the grant was made. The details are as follows:

Manchester Metropolitan University

RS 16/01 and R 2015/01

Professor Sarah Galvani was appointed a Trustee of Alcohol Research UK on 15 January 2016

University of Stirling

RS 16/02, TC 15/02 and SG 14/15 205

Ms Martine Stead of Stirling University is an Associate of Alcohol Research UK

Aquarius

R 2015/01

Ms Annette Fleming of Aquarius, is a Trustee of Alcohol Research UK

UK SMART Recovery

SG 15/16 219

Mr Dave Roberts, Chief Executive of Alcohol Research UK, is a Trustee of UK SMART Recovery

University of Sheffield

SG 15/16 227, R 2014/03 and R 2013/08

Dr John Holmes of the University of Sheffield, is an Associate of Alcohol Research UK

Middlesex University

RS 14/01 and R 2013/06

Professor Betsy Thom of Middlesex University, is an Associate of Alcohol Research UK

Edge Hill University

RS 14/03 and SG 14/15 203

Professor Derek Heim of Edge Hill University, is a Trustee of Alcohol Research UK

Oxford Brookes University

R2011/03

Dr Leslie Smith was an Associate of Alcohol Research UK

11 Taxation

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

12 Tangible fixed assets

	Office equipment £	Total £
Cost or valuation		
At the start of the year	19,764	19,764
Additions in year	1,072	1,072
At the end of the year	20,836	20,836
Depreciation		
At the start of the year	16,871	16,871
Charge for the year	1,403	1,403
At the end of the year	18,274	18,274
Net book value		
At the end of the year	2,562	2,562
At the start of the year	2,893	2,893

All of the above assets are used for charitable purposes.

13 Listed investments

	2016 £	2015 £
Investments are included at their market value.		
Fair value at the start of the year	15,625,574	14,562,279
Additions at cost	2,718,769	1,788,811
Disposal proceeds	(3,238,887)	(1,916,664)
Net gain / (loss) on change in fair value	(527,937)	1,191,148
	14,577,519	15,625,574
Cash held by investment broker pending reinvestment	241,467	76,736
Fair value at the end of the year	14,818,986	15,702,310
Historic cost at the end of the year	12,661,441	12,212,490
Investments comprise:		
	2016 £	2015 £
Fixed Interest:		
Corporate bonds and British Government stocks	2,256,944	2,489,496
Overseas	–	155,357
Equities	7,668,277	9,804,150
Property	1,294,298	1,856,582
Alternative assets	1,458,000	1,319,989
Cash	2,141,467	76,736
	14,818,986	15,702,310

No investments individually represent over 5% by value of the portfolio.

14 Debtors

	2016 £	2015 £
Equity dividends declared but not yet received	55,284	53,254
Legacy debtor	89,750	–
Prepayments and accrued income	79,743	114,532
	<u>224,777</u>	<u>167,786</u>

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	31,969	3,144
Taxation and social security	6,570	–
Other creditors	623	–
Accruals	91,812	109,684
Grants payable (see Note 6)	258,369	415,548
	<u>389,343</u>	<u>528,376</u>

16 Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At the end of the year £
Restricted funds:					
DS Daily	–	15,300	(15,300)	–	–
Total restricted funds	<u>–</u>	<u>15,300</u>	<u>(15,300)</u>	<u>–</u>	<u>–</u>
Fair value reserve	3,489,820	–	(527,937)	(804,338)	2,157,545
General funds	11,817,432	645,931	(813,883)	804,338	12,453,818
Total unrestricted funds	<u>15,307,252</u>	<u>645,931</u>	<u>(1,341,820)</u>	<u>–</u>	<u>14,611,363</u>
Total funds	<u>15,307,252</u>	<u>661,231</u>	<u>(1,357,120)</u>	<u>–</u>	<u>14,611,363</u>

Purposes of restricted funds

Restricted Funds comprise income which the charity can only use in accordance with terms set out in a written agreement with the original donor or funder. Projects which received funding in this way in 2015/16 are shown below:

DS Daily represents funds received from third parties to fund the production of the publication of the same name.

17 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(695,889)	873,447
Depreciation charges	1,403	2,533
Losses/(gains) on investments	527,937	(1,191,148)
Dividends, interest and rent from investments	(528,133)	(548,855)
Increase in debtors	(56,991)	(20,608)
Decrease in creditors	(132,869)	(214,940)
Net cash used in operating activities	(884,542)	(1,099,571)

18 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2016 £	2015 £
Less than one year	8,066	54,596
	8,066	54,596

19 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

20 Post balance sheet purchase of property

On 24th August 2016, we completed the purchase of a 979 year lease on the ground and lower ground floor of 27 Swinton Street, London, for £2,150,000, as well as the freehold on a courtyard garden to the rear for £100,000. We expect to spend a further £360,000 approximately on professional fees and refurbishing the property. The property will provide office accommodation for our staff, while a residual area will be underlet to provide an annual income for the charity. We expect to complete the refurbishment in October 2016. The property will continue to form part of the charity's reserves but has reduced the portfolio managed by our third-party investment managers by about 17%. Net of fees, this will represent a reduction in the income generated by the portfolio of around £78,000 at today's levels. However, our projections indicates that this will be more than offset by the rental income from the underlet and from savings on the rent we currently pay.

Appendix 1: Grant commitments

Research and Development Grants

Grant Recipient	Grant Ref	At 31 March 2015 £	Awarded in year £	De- committed in the year £	Payment made £	At 31 March 2016 £
Queen Margaret University/Napier University, Edinburgh	R 2011/01	16,816	–	(9,515)	(7,301)	–
Oxford Brookes University	R 2011/03	15,012	–	(15,012)	–	–
Glasgow Caledonian University - Gilchrist	R 2011/08	8,004	–	–	(1,849)	6,155
National Foundation for Educational Research	CR 13 02 NFER DA	5,249	–	–	–	5,249
The Alcohol Academy	DP 2013/03	20,000	–	–	(15,000)	5,000
Middlesex University	R 2013/06	22,542	–	–	(11,525)	11,017
University of Sheffield	R 2013/08	8,396	–	–	(6,992)	1,404
King's College London	R 2014/01	47,206	–	–	(39,256)	7,950
Leeds & York Partnership NHS Foundation Trust	R 2014/02	45,625	–	–	(28,392)	17,233
University of Sheffield	R 2014/03	49,147	–	–	(39,926)	9,221
University of Bath	R 2014/04	48,642	–	–	(42,555)	6,087
Manchester Metropolitan University	R 2015/01 A	55,000	–	–	(37,000)	18,000
UK Health Forum	R 2015/02	16,500	–	–	(14,850)	1,650
DS Daily	DP 2015/03	–	15,300	–	(15,300)	–
Findings	R2015/04	–	96,568	–	(29,740)	66,828
		358,139	111,868	(24,527)	(289,687)	155,793

Studentship Grants

	At 31 March 2015 £	Awarded in year £	De- committed in the year £	Payment made £	At 31 March 2016 £
Total studentship grants	117,000	105,819	(75)	(69,574)	153,170

During the year 14 grants were awarded. At 31 March 2015 there were 8 outstanding grants. There had been 8 grants outstanding at the start of the year.

Small Grants

Grant Recipient	Grant Ref	At 31 March 2015 £	Awarded in year £	De- committed in the year £	Payment made £	At 31 March 2016 £
University of Liverpool	SG 13/14 189	2,469	-	(337)	(2,132)	-
UCL	SG 13/14 190	1,000	-	(197)	(803)	-
Queen Mary, University of London	SG 13/14 191	1,000	-	-	(1,000)	-
IOP, KCL	SG 13/14 192	1,967	-	-	-	1,967
Surrey & Borders Partnership						
NHS Foundation Trust	SG 14/15 198	2,444	-	-	(2,444)	-
London South Bank University	SG 14/15 199	4,346	-	-	(3,346)	1,000
R Patton Consultancy	SG 14/15 200	2,500	-	-	(2,500)	-
Oxford Brookes University	SG 14/15 201	4,930	-	(118)	(4,812)	-
University of Edinburgh	SG 14/15 202	4,977	-	-	(2,396)	2,581
Edge Hill University	SG 14/15 203	3,840	-	-	(3,840)	-
Outside the Box	SG 14/15 204	4,620	-	(454)	(4,166)	-
University of Stirling	SG 14/15 205	4,966	-	-	(4,966)	-
University of Liverpool	SG 14/15 207	3,500	-	-	(3,500)	-
Newcastle City Council	SG 14/15 208	5,250	-	-	(5,250)	-
Queen's University Belfast	SG 14/15 209	4,694	-	(237)	(4,457)	-
Alcohol Research Directory (IAS)	SG 14/15 210	930	-	-	(930)	-
Alcohol Focus Scotland	SG 15/16 211	-	3,000	-	(3,000)	-
Medical Council on Alcohol	SG 15/16 212	-	750	-	(750)	-
BME Youth	SG 15/16 213	-	2,866	-	(2,866)	-
University of Salford (EUFASD)						
	SG 15/16 214	-	3,000	-	(3,000)	-
David Troy, University of Bristol	SG 15/16 215	-	300	-	(300)	-
Joanna Bragg, University of Salford	SG 15/16 216	-	300	-	(300)	-
Alan Price, University of Salford						
	SG 15/16 217	-	300	-	(300)	-
Jobs, Friends & Houses CIC	SG 15/16 218	-	2,983	-	(2,983)	-
UK SMART Recovery	SG 15/16 219	-	3,000	-	-	3,000
SMMGP (Substance Misuse Management Good Practice)	SG 15/16 220	-	7,100	-	-	7,100
Royal Surrey County Hospital	SG 15/16 221	-	5,500	-	-	5,500
The University of Bristol	SG 15/16 222	-	7,478	-	-	7,478
The University of Bedfordshire						
	SG 15/16 223	-	14,983	-	-	14,983
Liverpool John Moores	SG 15/16 224	-	6,685	-	-	6,685
Safe Sociable London	SG 15/16 225	-	3,000	-	-	3,000
Panos Spanakis, University of Liverpool	SG 15/16 226	-	300	-	-	300
University of Sheffield – KBS	SG 15/16 227	-	15,000	-	-	15,000
		53,433	76,545	(1,343)	(60,041)	68,594
Total Grants		528,572	294,232	(25,945)	(419,302)	377,557