

Company number: 07462605

Charity number: 1140287

Alcohol Research UK

Report and financial statements

For the year ended 31 March 2017

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For the year ended 31 March 2017

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Reference and administrative details

For the year ended 31 March 2017

Company number 07462605 (England and Wales)

Charity number 1140287 (England and Wales)

**Registered office
and operational
address** 27 Swinton Street
LONDON
WC1X 9NW

Trustees Trustees who served during the period 1 April 2016 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
Ms Helen Boaden		Member of DAP
Dr Michael Cross	Resigned 19 December 2016	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		Treasurer and Chair of F&GPC
Professor John Underwood		Member of DAP
Dr Sarah Galvani		Member of S&RC
Professor Jane Frecknall-Hughes	Resigned 23 August 2017	Member of F&GPC
Mr Gareth Harkin		Member of DAP
Dr Emily Finch	Appointed 1 April 2017	
Mr Peter Holland	Appointed 1 April 2017	

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 to 3 September 2017
	Mr Richard Piper	Chief Executive from 4 September 2017
	Dr James Nicholls	Director of Research and Policy Development
	Ms Andrea Tilouche	Director of Grants and Programmes

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

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

Reference and administrative details

For the year ended 31 March 2017

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
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Chairman's statement

For the year ended 31 March 2017

The latter part of 2016/17 was a time in which Alcohol Research UK embarked on a major strategic transition which I and my fellow trustees believe will greatly enhance our effectiveness as a charity dedicated to reducing the harms caused by alcohol. We have long recognised the importance of not only researching the causes of these harms and ways of moderating them but also ensuring that the findings of research, the scientific evidence, is translated into more effective policy and practice around alcohol use and misuse – evidence with impact.

During the latter part of the year we held merger discussions with another charity, Alcohol Concern, with a view to taking on their portfolio of activities and assets in evidence-based advocacy, including the widely known Dry January campaign. As a result, from 1 April 2017 the Alcohol Concern and Dry January brands became part of Alcohol Research UK. This is a truly exciting development and it means that, whilst we will continue with our core work of funding research into preventing and reducing the harmful effects caused by alcohol, and supporting early-career researchers, we will be engaging more closely with policymakers, practitioners and the public to share knowledge and information, and to ensure that, wherever possible, decisions about alcohol are properly informed by the scientific facts.

Another change during the year was rather more mundane, but nevertheless important. We purchased and refurbished office premises at 27 Swinton Street, Kings Cross, London. We are hoping that such a centrally-based location with a sizeable meeting room will mean that we can act as a convenient hub for researchers and others committed to understanding and tackling the problems caused by alcohol.

During the year, we also made some changes to our Board of Trustees. Gareth Harkin joined the Board in July 2016, bringing valuable experience from the commercial world and we very much welcome him to Alcohol Research UK. In December 2016 we said farewell to Dr Michael Cross who stepped down from the Board.

And a final transition to report, although in the current financial year. Dave Roberts, our chief executive for the past eight years, left us on 3 September 2017. I would like to record our thanks for his exceptional contribution. Dave was instrumental not only in creating Alcohol Research UK as a charity out of its previous incarnation as the Alcohol Education and Research Council but also in negotiating the merger with Alcohol Concern and finally in masterminding our move to Swinton Street. We warmly wish him every success for the future. In his place Richard Piper has been appointed as our new Chief Executive. Richard has a particular strength in developing strategic vision and optimising impact in the charity sector and we very much look forward to working with him as we seek to take Alcohol Research UK to the next level.

Finally, I and my fellow trustees would like to express our appreciation to our wonderful staff for their hard work and dedication over what has been an exciting but also challenging year.

Professor Alan Maryon-Davis

Chair of Trustees, Alcohol Research UK

We, the trustees of Alcohol Research UK, present our report and financial statements for the year ended 31 March 2017. The financial statements comply with the Charity Statement of Recommended Practice (SORP) and with FRS102A.

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 Articles of Association. The charity is registered with the Charity Commission number 1140287.

Objectives and activities

The charity's object, as set out in the 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 similar institutions. We finance these grants with investment income 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 directors of the charitable company and its members. They are responsible for the strategic direction of the charity and for maintaining proper governance. The Board normally meets at least three times a year.

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

Additionally, two panels support the work of the trustees where the membership is not restricted to trustees. Applications for larger research grants (over £7,500) 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. This year, the skills analysis was undertaken in the context of the proposed merger with Alcohol Concern, which is discussed later.

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 2016/17 business plan continued to develop 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 Communications. Separate strategies, acting as annexes to the business plan, have been produced for each of these areas.

In addition, this year we produced an interim plan to guide us through the early months of the merger with Alcohol Concern, which completed at the year end.

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 2016/17 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. Presently, the only such organisations of which it is a member are the Association of Medical Research Charities and the Alcohol Health Alliance.

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.

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.

Trustees' annual report

For the year ended 31 March 2017

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.

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. Decisions are then notified to the full Board. 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

Income generation. Until now, income and capital growth in the endowment funds have been sufficient to fund substantial grantmaking activity and core operations. This has been largely thanks to a buoyant bull market, which may not continue. If current levels of activity are to be maintained the charity must look to new sources of funding.

Two major projects on which the charity worked during the year (the purchase/ refurbishment of an administrative office and the proposed merger with Alcohol Concern) had significant potential implications in both of these strategic risk areas. The board considered these carefully throughout the planning and delivery phases of this work.

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.

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

Strategically, 2016/17 was one of the most exciting and eventful in the history of Alcohol Research UK and much of the year was dominated by the planning for two major developments that took place right at the year end. These were a merger with Alcohol Concern that was formally completed on 31 March 2017 and the purchase and refurbishment of a permanent home for the charity, that we moved into at the same time.

However, we began the year in Birmingham with what was, according to the feedback, our best ever conference and early career symposium. One delegate said the event took the charity to a whole new level. The theme of the main conference was "Critical Measures: Next Steps in Alcohol Research and Policy" and it presented new evidence in patterns of alcohol use across the UK –risks and harms, the development of interventions and reflections on the relationship between alcohol, research and evidence-informed policy.

The year also saw us embark on a sector-leading project to explore patient and public involvement in alcohol research. The aim is to understand, through a series of reports and events, what such involvement means and how it can be achieved. We want to inform both our own work and that of other organisations in the field.

During the first half of the year we launched our annual grant programmes. We awarded a total of £774,720 during the year and some examples of the awards are listed below. They included several new research innovation grants under our latest theme of "Treatment and Recovery Today", four new PhD studentships (two more than usual) and 22 small grants, significantly more than in recent years. A full list of grant recipients can be found on our website as well as in Appendix 1 to the financial statements.

We also continued the important work on measuring impact that we started last year. The impending merger with Alcohol Concern gave us the opportunity to take a step back and think again about our strategic objectives and to consider a much broader range of potential impacts. We will be revealing more about these in the next financial year.

In July 2016, we exchanged contracts on a long lease (979 years remaining) on the ground and lower ground floors of 27 Swinton Street, London. In the previous year, the Board had made the decision to invest some of the reserves in a permanent home for the charity, and on 1 April 2017, after a substantial refurbishment, the newly-merged Alcohol Research UK moved in. The charity purchased a larger property than required at this time, and the excess space has, since the end of the year, been let to a tenant, providing additional investment income.

In September 2016 we first began discussions with another charity, Alcohol Concern, about a possible merger. We immediately saw the potential that this would provide in terms of pairing our strong evidence-base and scientific credibility with Alcohol Concern's long history of working with the sector, advocacy and influencing policy and practice. However, we also knew that such a project was not without risk and considered this carefully. The Board, its sub-committees and a special Merger Reference Group met frequently during the process.

The transfer took effect from 1 April 2017 and Alcohol Concern was formally wound up at the end of August 2017. Two former Alcohol Concern trustees also joined the Board from the start of 2017/18.

The Board has adopted an interim plan to guide the merged organisation through the first few months and to allow time to fully scope out the potential of the assets and undertakings that have been inherited. It is expected that a full business plan will be developed later in the year. Some of the key assets that we are now exploring are Alcohol Concern Wales, Dry January, and a Consultancy and Training Unit. We will be exploring how best to develop these workstreams and activities. For the time being, these projects will continue to be delivered under the Alcohol Concern brand.

We believe that the merger with Alcohol Concern represents a major landmark in the life of Alcohol Research UK and the assets that we have inherited present a tremendous opportunity for growing the charity and its work.

Clearly, for a small organisation like ours, the merger and the purchase of 27 Swinton Street proved to be something of a distraction over the second half of the year. Although the long-term rewards will be substantial, the Board has recognised that the organisation is currently in a period of transition as it moves towards a new model of working and looks to capitalise on the opportunities that the merger, in particular, has provided.

During the transition the trustees have decided to continue the previous policy of divesting some of the reserves to supplement our income and support our research programme. This is consistent with our reserves policy which states that the reserves should not be allowed to grow or depreciate significantly more than the value they would have had if they had simply been allowed to track inflation since the charity was established in 2010. We have carefully considered the risks associated with this approach and the trustees will maintain a constant overview of investment performance. The growth in the funds more than covers this divestment, as is shown in the financial statements.

Sadly for us, since the end of the financial year, Dave Roberts decided to retire as Chief Executive after eight years. He had been with us since the establishment of Alcohol Research UK with the transfer of assets from the Alcohol Education and Research Council (AERC) and led the growth of transformation of the charity, leading to the merger with Alcohol Concern.

Trustees' annual report

For the year ended 31 March 2017

Dr Richard Piper, an experienced charity professional, has been appointed to replace him from 4 September 2017.

Research grants

Research Innovation grants (maximum award £60,000) awarded under the 2016/17 programme were:

- School of Health and Related Research (SchARR), University of Sheffield: 'Local alcohol treatment and recovery service commissioning practices and their perceived outcomes for service provision: an in-depth exploration'
- Middlesex University: 'Exploring pathways through and beyond alcohol treatment among Polish women and men in a London Borough'
- Cardiff University: 'Faith in recovery? Service-user evaluation in faith-based alcohol treatment'
- University of Edinburgh: 'Staying 'Better than Well': an exploration of the experience and 'active ingredients' of sustaining recovery within a supportive social environment'

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

- Barefoot Research and Evaluation: 'Evaluation of the Super Strength Free Scheme in East Newcastle upon Tyne'
- Universities of Lincoln and Edinburgh: 'Alcohol Stories: a life-course perspective on self-harm, suicide and alcohol use among men'
- University of Liverpool: 'Pharmacotherapy utilisation in alcohol dependence'
- Middlesex University: 'Delivering Alcohol IBA: Broadening the base to health from non-health contexts'
- London South Bank University: 'Evaluating the interactive effects of responsible drinking messages and attentional bias on actual drinking behaviours'
- Liverpool John Moores University: 'An exploration of the role of alcohol in the life experiences of the homeless population in Merseyside, UK'
- Manchester Metropolitan University: 'The "Time of My Life Project" – a realist evaluation'
- University College London: 'Self-Affirmation-Based Enhancement of Risks/Harms-Feedback (SABER-F): First steps in the development of a novel theory-led internet intervention for heavy drinkers'

Small grants

We awarded 22 new small grants (maximum award £7,500) totalling £81,805 (2015/16 – £76,545) 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:

- The Medical Council on Alcohol's National Symposium

Trustees' annual report

For the year ended 31 March 2017

- The Women and Girls' Network: 'Pilot of an integrated groupwork programme to address interpersonal violence, post-traumatic stress and alcohol use amongst women accessing substance misuse services'
- Teesside University: 'A systematic Review of Alcohol Interventions with Patients with Cancer'
- University of Bolton: 'The Application of Positive Psychology to Dual Diagnosis through facilitating hope, resilience and well-being: A pilot study'

Studentships

Nine applications were received for PhD funding (2015/16 – 8). Four were approved (2015/16 – 3), meaning a commitment of £113,000 (2015/16 – £90,000. The successful studies were entitled:

- The University of Liverpool: 'Inhibitory control in heavy drinking: improving our understanding to optimize behavioural treatments'
- Middlesex University: 'Peer mentors and volunteers within specialist alcohol treatment services: role development, wellbeing and career progression'
- London Southbank University: 'Identity Transition in Recovery from Alcohol Addiction: An Exploration of the Underlying Implicit and Explicit Processes and Mechanisms of Change'
- Exeter University: 'The therapeutic effect of Brief Adaptive Coping Training (BACT) on relapse to alcohol provoked by negative emotional experience'

Owing to the low level of applications received, it was decided not to continue with taught course bursaries. However, three students were continuing and they were awarded £1,000 each.

Income generation and fundraising

Our principal source of income is investment income, which is described in more detail in the Financial Review on the next page.

As described earlier, we have been divesting from our reserves to support our grant-making programme. However, if we are to continue to grow the charity and increase our charitable activities, we need to increase our income from other sources such as 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. Merger with a charity that has a longer experience of fundraising, a charitable business and 'Dry January' will provide ample opportunity to do this.

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

Overview

The total income of the charity in the financial year before investment gains was £528,614 (2015/16 – £661,231). The decrease is largely due to the reduction in the investment base caused by the acquisition of the Swinton Street property.

Total expenditure amounted to £1,780,424 (2015/16 – £829,183), of which £121,835 (2015/16 – £64,630) was accounted for by support and governance costs. See Note 5 to these accounts for more detail.

Property

The valuation of the property as at 31 March 2017 is based on a full written valuation of the property by Carter Jonas LLP. The property was valued in three parts:

Ground Floor Market Value: £1,538,000 – Alcohol Research UK's operational offices

Basement Market Value: £638,000 – excess floor space valued on the assumption of vacant possession. This value rose after the year end to £700,500 following completion of the sub-lease to Rankin Photography Terrace Market Value: £39,500. These figures still represented a reduction in value compared to cost, and impairments are shown in notes 12 (fixed assets) and 14 (investment properties) to the accounts.

Grants

The figures provided in achievements and performance 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	576,915	249,136	826,051
Small grants	81,805	35,327	117,132
Studentships	116,000	50,094	166,094
Total	774,720	334,557	1,109,277

Trustees' annual report

For the year ended 31 March 2017

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

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 operate as a going concern, including business critical risks. The most recent assessment gave us confidence that any risks have been sufficiently identified and mitigated.

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 charity's Remuneration Policy can be downloaded in full, from our website. In summary, when a new post is created (or an existing post becomes vacant) the salary is established by benchmarking it against other similar posts in the sector. Successful applicants will normally be appointed within a range that extends slightly above and below the established salary.

Every twelve months the Board determines whether salaries should be adjusted to reflect changes in the cost of living with reference to published CPI percentages.

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.

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 1.5:1.

Investments

The value of the investments on 31 March 2017 was £13,291,557 a decrease of £1,527,429 compared with 31 March 2016 (£14,818,986). This decrease takes into account £2,775,000 that was divested from the fund during the year, for the purchase and fitout of 27 Swinton Street, London, WC1 9NW.

Investment Powers

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

Trustees' annual report

For the year ended 31 March 2017

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".

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 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%
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)
- 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 (effective from the completion of the new office arrangement).
- 3 The investment manager is 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" is not permitted under any circumstances. There is 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

Of the £14,997,619 total reserves, £12,744,101 is considered to be free reserves. Free reserves exclude the carrying value of tangible fixed assets. All investments are readily convertible into cash. 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.

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 2017, the actual value of the reserves was £14,997,619 compared to a target real terms value of £15,368,671. These figures include the capital value of the lease at 27 Swinton Street and assume that this is the same as when it was purchased in August 2016.

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

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.

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 adequate 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.

Trustees' annual report

For the year ended 31 March 2017

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is 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 auditor is 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.

Auditor

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

Approved by the Board of trustees on 10 October 2017 and signed on their behalf by

Professor Alan Maryon-Davis
Chair

Independent auditor's report

To the members of

Alcohol Research UK

Opinion

We have audited the financial statements of Alcohol Research UK (the 'charitable company') for the year ended 31 March 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and 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 102A *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 charitable company's affairs as at 31 March 2017 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
- 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 charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for

Independent auditor's report

To the members of

Alcohol Research UK

the other information. 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. 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.

Opinions 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine

Independent auditor's report

To the members of

Alcohol Research UK

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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

Independent auditor's report

To the members of

Alcohol Research UK

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Noelia Serrano (Senior statutory auditor)

18 October 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	2016 Total £
Income from:							
Donations and legacies	2	11,300	–	11,300	96,829	–	96,829
Charitable activities:							
Research and development projects	3	1,000	12,500	13,500	2,100	15,300	17,400
Other research and development	3	–	–	–	11,764	–	11,764
Research dissemination	3	–	–	–	7,105	–	7,105
Investments	4	503,814	–	503,814	528,133	–	528,133
Total income		516,114	12,500	528,614	645,931	15,300	661,231
Expenditure on:							
Raising funds	5	47,423	–	47,423	62,136	–	62,136
Charitable activities:							
Research and development grants	5	950,314	12,500	962,814	402,391	15,300	417,691
Other research and development	5	117,356	–	117,356	155,026	–	155,026
Research dissemination	5	147,811	–	147,811	127,441	–	127,441
Merger costs	5	50,347	–	50,347	–	–	–
Investment management costs	5	62,857	–	62,857	66,889	–	66,889
Property impairment	12	391,816	–	391,816	–	–	–
Total expenditure		1,767,924	12,500	1,780,424	813,883	15,300	829,183
Net expenditure before net gains / (losses) on investments		(1,251,810)	–	(1,251,810)	(167,952)	–	(167,952)
Net gains / (losses) on investments	13	1,775,504	–	1,775,504	(527,937)	–	(527,937)
Revaluation of investment property	14	(137,438)	–	(137,438)	–	–	–
Net income / (expenditure) for the year		386,256	–	386,256	(695,889)	–	(695,889)
Reconciliation of funds:							
Total funds brought forward		14,611,363	–	14,611,363	15,307,252	–	15,307,252
Total funds carried forward	17	14,997,619	–	14,997,619	14,611,363	–	14,611,363

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 17 to the financial statements.

Alcohol Research UK

Balance sheet

Company no. 07462605

As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets:					
Tangible assets	12		1,615,518		2,562
Investments	13		13,291,557		14,818,986
Investment property	14		638,000		–
			<u>15,545,075</u>		<u>14,821,548</u>
Current assets:					
Debtors	15	203,637		224,777	
Cash at bank and in hand		213,869		73,569	
			<u>417,506</u>	<u>298,346</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	741,989		389,343	
			<u>(324,483)</u>	<u>(90,997)</u>	
Net current liabilities					
			<u>15,220,592</u>		<u>14,730,551</u>
Total assets less current liabilities					
Creditors: grants payable due after one year	6		222,973		119,188
Total net assets			<u>14,997,619</u>		<u>14,611,363</u>
The funds of the charity:	17				
Restricted income funds			–		–
Unrestricted income funds:					
Fair value reserve		3,579,774		2,157,545	
General funds		11,417,845		12,453,818	
			<u>14,997,619</u>	<u>14,611,363</u>	
Total unrestricted funds					
Total charity funds			<u>14,997,619</u>	<u>14,611,363</u>	

Approved by the board of directors on 10 October 2017 and signed on their behalf by:

Professor Alan Maryon–Davis
Chair

Statement of cash flows

For the year ended 31 March 2017

	Note	2017 £	£	2016 £	£
Cash flows from operating activities	18				
Net cash provided used in operating activities			(884,851)		(884,542)
Cash flows from investing activities:					
Dividends, interest and rents from investments		503,364		339,390	
Interest		450		188,743	
Purchase of fixed assets		(2,006,158)		(1,072)	
Purchase of investment property		(775,438)		–	
Proceeds from sale of investments		3,859,695		3,238,887	
Purchase of investments		(723,309)		(2,718,769)	
Cash released from / (invested into) investment portfolio		166,547		(164,731)	
Net cash provided by investing activities			1,025,151		882,448
Change in cash and cash equivalents in the year			140,300		(2,094)
Cash and cash equivalents at the beginning of the year			73,569		75,663
Cash and cash equivalents at the end of the year			213,869		73,569

1 Accounting policies

a) Statutory information

Alcohol Research UK is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principal place of business is 27 Swinton Street, London, WC1X 9NW

b) 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) (September 2015) 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.

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) 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.

g) 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.

1 Accounting policies (continued)

h) 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.

i) 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 | 21% |
| ● Other research and development projects | 25% |
| ● Research dissemination | 20% |
| ● Cost of raising funds | 16% |
| ● Support and Governance costs | 18% |

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 | 75% |
| ● Other research development projects | 10% |
| ● Research dissemination | 15% |

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.

j) 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 charity'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:

- | | |
|----------------------|----------|
| ● Leasheold property | 50 years |
| ● Office equipment | 3 years |
| ● Office furniture | 3 years |

1 Accounting policies (continued)

k) Operating leases

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

l) Investment income

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

m) 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) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is 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. The valuation method used to determine fair value will be stated in the notes to the accounts.

o) 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.

p) 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.

q) Financial instruments

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.

r) Pensions

Until 1 February 2017 the charity did not have an occupational pension scheme, but contributed a proportion of employees' salaries to private pension schemes. The pension cost charge represented 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.

On 1 February 2017 the charity passed its staging date for autoenrolment, and set up a default occupational scheme that meets the government requirements for such schemes. However all staff chose to opt out of the autoenrolment scheme, retaining the ongoing beneficial arrangements of the private schemes.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 total Total £	2016 Total £
Donations from individuals and trusts	11,300	–	11,300	7,079
Legacies	–	–	–	89,750
	<u>11,300</u>	<u>–</u>	<u>11,300</u>	<u>96,829</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Research and development projects:				
DS Daily	–	12,500	12,500	15,300
Drugs & Alcohol – Findings	1,000	–	1,000	2,100
Other research development projects	–	–	–	11,764
Research dissemination and marketing	–	–	–	7,105
	<u>1,000</u>	<u>12,500</u>	<u>13,500</u>	<u>36,269</u>
Total income from charitable activities				

4 Income from investments

	2017 Total £	2016 Total £
Fixed Interest:		
Corporate bonds and British Government stocks	138,646	152,731
Overseas Bonds	33,568	35,759
Equities – UK franked	332,504	363,344
Irrecoverable tax on Equities	(1,643)	(26,409)
	<u>503,075</u>	<u>525,425</u>
Bank deposit interest	739	2,708
	<u>503,814</u>	<u>528,133</u>

All investment income earned was unrestricted.

5 Analysis of expenditure

	Charitable activities				Investment management costs £	Support and governance costs £	Property impairment and merger costs	2017 Total £	2016 Total £
	Cost of raising funds £	Research and development grants £	Other research and development £	Research dissemination £					
Staff costs (Note 8)	22,796	69,778	67,128	37,639	-	70,260	-	267,601	229,378
Other staff costs	2,015	2,645	3,149	2,519	-	2,267	-	12,595	12,820
Building costs	10,936	14,354	17,088	13,671	-	12,304	-	68,353	64,064
Insurance	261	342	407	326	-	293	-	1,629	-
IT costs	4,801	6,301	7,502	6,001	-	5,401	-	30,006	14,091
Printing, postage and stationery	348	457	544	435	-	392	-	2,176	2,341
Subscriptions	264	346	412	330	-	297	-	1,649	1,685
Fundraising expenses	2,211	-	-	-	-	-	-	2,211	756
Chief executive's expenses	1,604	2,105	2,507	2,005	-	1,805	-	10,026	9,400
Chairman's expenses	-	-	-	-	-	-	-	-	190
Meetings of full board	-	-	-	-	-	5,437	-	5,437	1,736
Other meetings and staff expenses	1,876	2,462	2,931	2,345	-	2,110	-	11,724	6,733
Investment management fee	-	-	-	-	62,857	-	-	62,857	66,889
Legal fees & professional fee	-	-	-	-	-	8,366	-	8,366	8,004
Auditors remuneration for audit services	-	-	-	-	-	12,480	-	12,480	10,020
Other research and development projects	-	-	3,017	-	-	-	-	3,017	-
Research dissemination and marketing	-	-	-	63,876	-	-	-	63,876	11,936
Conference	-	-	-	-	-	-	-	-	25,073
Bank charges	-	-	-	-	-	73	-	73	46
Depreciation	222	291	347	277	-	249	-	1,386	1,403
Peer review costs	-	650	-	-	-	-	-	650	550
Grants payable (Note 6)	-	774,720	-	-	-	-	-	774,720	294,232
Grant de-commitments	-	(3,130)	-	-	-	-	-	(3,130)	(25,945)
Consultancy	-	-	-	-	-	-	-	-	93,626
Other costs relating to proposed merger	-	-	-	-	-	-	50,347	50,347	-
Property impairment	-	-	-	-	-	-	391,816	391,816	-
Sundry expenses	89	117	140	112	-	101	-	559	155
	47,423	871,438	105,172	129,536	62,857	121,835	442,163	1,780,424	829,183
Support and governance costs	-	91,376	12,184	18,275	-	(121,835)	-	-	-
Total expenditure 2017	47,423	962,814	117,356	147,811	62,857	-	442,163	1,780,424	829,183
Total expenditure 2016	62,136	417,691	155,026	127,441	66,889	-	-	829,183	-

Of the total expenditure, £1,767,923 was unrestricted (2016: £813,883) and £12,500 was restricted (2016: £15,300).

Notes to the financial statements

For the year ended 31 March 2017

6 Grant making

	Small grants £	Research and development £	Studentship grants £	2017 £	2016 £
At the start of the year	68,594	155,794	153,170	377,558	528,572
Awarded in year	81,805	576,915	116,000	774,720	294,232
Paid in the year	(71,605)	(229,565)	(67,170)	(368,340)	(419,302)
Grants cancelled	(1,225)	(1,907)	–	(3,132)	(25,945)
At the end of the year	77,569	501,237	202,000	780,806	377,557
Falling due within one year	77,569	380,264	100,000	557,833	258,369
Falling due after more than one year	–	120,973	102,000	222,973	119,188

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):

	2017 £	2016 £
Depreciation	1,386	1,403
Operating lease rentals:		
Property	–	63,016

Expenditure for the year includes governance costs as follows

Auditors' remuneration (excluding VAT):		
Audit	8,900	7,700
Other services	1,500	650
Meetings of full board	5,437	1,736

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

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	232,959	199,627
Social security costs	21,622	18,875
Employer's contribution to defined contribution pension schemes	13,020	10,876
	267,601	229,378

Notes to the financial statements

For the year ended 31 March 2017

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

	2017 No.	2016 No.
£60,000 – £69,999	1	1

The total pension payments for higher paid staff were £8,445 (2016: £8,277).

The total employee benefits including pension contributions and national insurance of the key management personnel were £81,170 (2016: £80,944).

The directors were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No directors received payment for professional or other services supplied to the charity (2016: £nil).

Included in the cost of meetings in Note 5 there is a total of £2,559 (2016: £1,943) 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 6. (2016: 5)

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:

ADFAM
R 17/05

Dr James Nicholl, Director of Research & Policy Development at Alcohol Research UK, is a trustee of ADFAM

Cardiff University
R 17/02, SG 16/17 236

Dr Jeremy Sergrott, of Cardiff University is a GAP Associate

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 to August 2017, is a Trustee of UK SMART Recovery

University of Sheffield
R 17/04, R16/01, R16/02, 14/03, R13/08, SG 16/17 242, SG 16/17 233, SG 15/16 227
Dr John Holmes of the University of Sheffield, is a GAP Associate

Teesside University
R 16/04, SG 16/17 234

Professor Dorothy Newbury-Birch of Teesside University is a GAP Associate.

Edge Hill University
RS 14/03 and SG 14/15 203 and RS 14/03

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

Manchester Metropolitan University
RS 16/01 and R15/01

Professor Sarah Galvani is a Trustee of Alcohol Research UK.

King's College London
R14/01, SG 13/14 192, SG 16/16 238, SG 16/17 230

Professor Alan Maryon-Davis of King's College London, is Chair of Alcohol Research

Notes to the financial statements

For the year ended 31 March 2017

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

	Freehold property £	Leasehold property £	Furniture & fixtures £	Office equipment £	Total £
Cost or valuation					
At the start of the year	–	–	–	20,836	20,836
Additions in year	100,000	1,869,316	27,546	9,296	2,006,158
Disposals in year	–	–	–	(17,409)	(17,409)
Impairments	(60,500)	(331,316)			(391,816)
At the end of the year	39,500	1,538,000	27,546	12,723	1,617,769
Depreciation					
At the start of the year	–	–	–	18,274	18,274
Charge for the year	–	–	–	1,386	1,386
Disposals in year	–	–	–	(17,409)	(17,409)
At the end of the year	–	–	–	2,251	2,251
Net book value					
At the end of the year	39,500	1,538,000	27,546	10,472	1,615,518
At the start of the year	–	–	–	2,562	2,562

Land with a value of £39,500 (2016: nil) is included within freehold property and not depreciated. Leasehold property was not depreciated during the year as it was not yet bought into use until 1 April 2017, however it was reviewed for impairment.

All of the above assets are used for charitable purposes.

13 Listed investments

	2017 £	2016 £
Investments are included at their market value.		
Fair value at the start of the year	14,577,519	15,625,574
Additions at cost	723,309	2,718,769
Disposal proceeds	(3,859,695)	(3,238,887)
Net gain / (loss) on change in fair value	1,775,504	(527,937)
	13,216,637	14,577,519
Cash held by investment manager pending reinvestment	74,920	241,467
Fair value at the end of the year	13,291,557	14,818,986
Historic cost at the end of the year	9,711,783	12,661,441
Investments comprise:		
	2017 £	2016 £
Fixed Interest:		
Corporate bonds and British Government stocks	2,037,386	2,256,944
Equities	8,413,739	7,668,277
Property	1,287,922	1,294,298
Alternative assets	1,452,589	1,458,000
Cash	99,921	2,141,467
	13,291,557	14,818,986

No investment individually represents over 5% by value of the portfolio.

Notes to the financial statements

For the year ended 31 March 2017

14 Investment property

	2017 £	2016 £
Fair value at the start of the year	–	–
Additions	775,438	–
Revaluation during the year	(137,438)	–
Fair value at the end of the year	638,000	–

The investment property is part of the charity's head office at Swinton Street. The purchase price was attributed between tangible fixed assets and investment property in proportion with the fair value at the year end. The property was last valued on 3 July 2017 by Carter Jonas LLP

15 Debtors

	2017 £	2016 £
Equity dividends declared but not yet received	58,989	55,284
Legacy debtor	73,250	89,750
Prepayments and accrued income	71,398	79,743
	203,637	224,777

16 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	104,434	31,969
Taxation and social security	6,441	6,570
Other creditors	832	623
Accruals	72,449	91,812
Grants payable (see Note 6)	557,833	258,369
	741,989	389,343

17a Movements in funds (current year)

	At 1 April 2016 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2017 £
Restricted funds:					
DS Daily	–	12,500	(12,500)	–	–
Total restricted funds	–	12,500	(12,500)	–	–
Fair value reserve	2,157,545	1,775,504	–	(353,275)	3,579,774
General funds	12,453,818	516,114	(1,905,362)	353,275	11,417,845
Total unrestricted funds	14,611,363	2,291,618	(1,905,362)	–	14,997,619
Total funds	14,611,363	2,304,118	(1,917,862)	–	14,997,619

Notes to the financial statements

For the year ended 31 March 2017

17b Movements in funds (prior year)

	At 1 April 2015 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2016 £
Restricted funds:					
DS Daily	–	15,300	(15,300)	–	–
Total restricted funds	–	15,300	(15,300)	–	–
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	15,307,252	645,931	(1,341,820)	–	14,611,363
Total funds	15,307,252	661,231	(1,357,120)	–	14,611,363
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 2016/17 are shown below:

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

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

	2017 £	2016 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	386,256	(695,889)
Depreciation and impairment on fixed assets	393,202	1,403
(Gains) / losses on investments	(1,775,504)	527,937
Losses on investment property	137,438	–
Dividends, interest and rent from investments	(503,814)	(528,133)
Decrease / (increase) in debtors	21,140	(56,991)
Increase in creditors	456,431	(132,869)
Net cash used in operating activities	(884,851)	(884,542)

19 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 2017 £	2016 £
Less than one year	–	8,066
	–	8,066

20 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.

21 Post balance sheet events

On 1 April 2017 Alcohol Research UK acquired all the assets and liabilities of Alcohol Concern, a registered charity (registration number 291705) and company registered in England and Wales (registration number 1908221). The acquisition included all assets, including cash, debtors, intangible assets (trading names, logos etc) and commitments with respect to ongoing externally funded contracts and grant work. Specifically excluded was the legal personality of Alcohol Concern, and the trustees of Alcohol Concern have since applied to have its registrations struck off as a dormant entity.

The adjusted balance sheet of recognised assets and liabilities is set out below, and will be added to the opening balance sheet of Alcohol Research UK in its forthcoming financial statements for the year ending 31 March 2018.

	31 March 2017 £
Class of Asset / Liability	
Cash	72,970
Debtors	24,834
	<hr/>
Total measurable assets	97,804
Creditors	27,985
Deferred income	15,795
	<hr/>
Total creditors	43,749
	<hr/>
Total net assets	54,055
	<hr/>
Represented by:	
Restricted fund balances	50,429
Unrestricted funds	3,626
	<hr/>
Total net assets	54,055
	<hr/>
Restricted fund balances are made up as follows:	
	2017 £
Maudsley charity grant (information and advice)	24,765
Welsh core grant (WGA)	18,681
Trust for London (Justice)	2,541
Postcode Lottery grant	2,214
Big Lottery (Pembrokeshire)	2,228
	<hr/>
Total restricted fund balances	50,429
	<hr/>

These amounts are not included in the balance sheet as at 31 March 2017.

Six staff were transferred from employment with Alcohol Concern under TUPE regulations to Alcohol Research UK. Of these, two staff have since resigned. Two of the former trustees of Alcohol Concern joined the Board of Alcohol Research UK on the date of transfer.

Intangible assets acquired include:

- 'Alcohol Concern' goodwill, brand and logos
- 'Dry January' goodwill, brand and logos
- 'Blue Light' goodwill, brand and logos

Appendix 1: Grant commitments

Research and Development Grants

Grant Recipient	Grant Ref	At 31 March 2016 £	Awarded in year £	De- committed in the year £	Payment made £	At 31 March 2017 £
Glasgow Caledonian University – Gilchrist	R 2011/08	6,155	–	–	(6,155)	–
National Foundation for Educational Research	CR 13 02					
The Alcohol Academy	NFER DA	5,249	–	–	–	5,249
Middlesex University	DP 2013/03	5,000	–	–	–	5,000
University of Sheffield	R 2013/06	11,017	–	–	(6,984)	4,034
King's College London	R 2013/08	1,404	–	(1,404)	–	–
Leeds & York Partnership NHS Foundation Trust	R 2014/01	7,950	–	–	(2,330)	5,620
University of Sheffield	R 2014/02	17,233	–	–	–	17,233
University of Bath	R 2014/03	9,221	–	–	(3,221)	6,000
Manchester Metropolitan University	R 2014/04	6,087	–	–	–	6,087
UK Health Forum	R 2015/01 A	18,000	–	(503)	(17,497)	–
DS Daily Findings	R 2015/02	1,650	–	–	(1,650)	–
University of Sheffield (Angus)	DP 2015/03	–	12,500	–	(12,500)	–
University of Sheffield (Gillespie)	R2015/04	66,828	–	–	(32,440)	34,388
University of Manchester	R 2016/01	–	59,269	–	(39,952)	19,317
Teeside University	R 2016/02	–	59,402	–	(26,702)	32,700
Sheffield Hallam University	R 2016/03	–	58,907	–	(15,116)	43,791
The Alcohol Academy CIC – Alcohol Policy Blog	R 2016/04	–	59,977	–	(23,133)	36,844
Middlesex University (Herring)	R 2016/05	–	51,849	–	(34,386)	17,463
Cardiff University – Jayne	R 2016/06	–	30,000	–	(7,500)	22,500
University of Edinburgh – Rhynas	R 2017/01	–	56,612	–	–	56,612
SCHARR, Sheffield University – Buykx	R 2017/02	–	59,797	–	–	59,797
ADFAM	R 2017/03	–	57,511	–	–	57,511
	R 2017/04	–	56,091	–	–	56,091
	R 2017/05	–	15,000	–	–	15,000
		155,793	576,915	(1,907)	(229,565)	501,237

Studentship Grants

	At 31 March 2016 £	Awarded in year £	De- committed in the year £	Payment made £	At 31 March 2017 £
Total studentship grants	153,170	116,000	–	(67,170)	202,000

During the year 8 grants were awarded. At 31 March 2016 there were 11 outstanding grants. There had been 5 grants outstanding at the start of the year.

Small Grants

Grant Recipient	Grant Ref	At 31 March 2016 £	Awarded in year £	De- committed in the year £	Payment made £	At 31 March 2017 £
IOP, KCL	SG 13/14 192	1,967	-	-	-	1,967
London South Bank University	SG 14/15 199	1,000	-	-	(1,000)	-
University of Edinburgh	SG 14/15 202	2,581	-	(1,225)	(1,356)	-
UK SMART Recovery	SG 15/16 219	3,000	-	-	(3,000)	-
SMMGP (Substance Misuse Management Good Practice)	SG 15/16 220	7,100	-	-	(6,100)	1,000
Royal Surrey County Hospital	SG 15/16 221	5,500	-	-	(2,250)	3,250
The University of Bristol	SG 15/16 222	7,478	-	-	-	7,478
The University of Bedfordshire	SG 15/16 223	14,983	-	-	(11,230)	3,753
Liverpool John Moores University	SG 15/16 224	6,685	-	-	(6,685)	-
Safe Sociable London Partnership	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)	-
NDSAG (2016)	SG 16/17 228	-	3,000	-	(3,000)	-
University of Exeter	SG 16/17 229	-	3,000	-	-	3,000
IOP, KCL (Boniface)	SG 16/17 230	-	934	-	(934)	-
Joanna Milward	SG 16/17 231	-	300	-	(300)	-
Dr Dev Katarey	SG 16/17 232	-	300	-	(300)	-
University of Sheffield/V&A	SG 16/17 233	-	1,400	-	(1,400)	-
Teeside University	SG 16/17 234	-	7,153	-	-	7,153
University of Bristol	SG 16/17 235	-	7,439	-	-	7,439
Cardiff University	SG 16/17 236	-	7,381	-	-	7,381
University of Bolton	SG 16/17 237	-	7,021	-	-	7,021
King's College London	SG 16/17 238	-	5,125	-	-	5,125
Women and Girls Network	SG 16/17 239	-	6,048	-	-	6,048
Swanswell	SG 16/17 240	-	7,500	-	(6,500)	1,000
Studio House	SG 16/17 241	-	7,500	-	(1,875)	5,625
University of Sheffield (Norman)	SG 16/17 242	-	7,414	-	-	7,414
Medical Council on Alcohol (Nov 16 Symposium)	SG 16/17 243	-	1,500	-	(1,500)	-
Dr Katie Haighton, Northumbria University	SG 16/17 244	-	300	-	(300)	-
AFINet (University of Bath)	SG 16/17 245	-	3,000	-	(3,000)	-
Addiction Theory Network (Edgehill University)	SG 16/17 246	-	2,000	-	(2,000)	-
Professor Joanne Smith	SG 16/17 247	-	275	-	(275)	-
Yvonne Moriarty	SG 16/17 248	-	300	-	(300)	-
Manchester Metropolitan University	SG 16/17 249	-	2,915	-	-	2,915
		68,594	81,805	(1,225)	(71,605)	77,569
Total Grants		377,557	774,720	(3,132)	(368,340)	780,806