

**REGISTERED CHARITY NUMBER: 259464**

**Report of the Trustees and  
Unaudited Financial Statements for the Year Ended  
31 March 2017  
for  
FRAME**

Clayton & Brewill  
Chartered Accountants  
Cawley House  
149-155 Canal Street  
Nottingham  
Nottinghamshire  
NG1 7HR

**FRAME**

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for the year ended 31 March 2017**

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## **FRAME**

### **Report of the Trustees for the year ended 31 March 2017**

The trustees present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of 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).

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

The charitable objectives of FRAME, as stated in the 1969 Trust Deed, are:

To promote the mental and moral improvement of mankind by working to relieve the suffering to animals when being used to assess adverse human reactions in medical, biological, pharmaceutical and other associated researches.

To promote or assist in the provision of research into acceptable new techniques and substitutes for the use of animals in such medical, biological, pharmaceutical and other associated researches and promote the publication and dissemination of the results such research conducted by and in association with the Charity and to highlight and comment on such research conducted by others.

The charity's fundamental aim is to promote the embedding of the 3Rs (Reduction, Refinement and Replacement) in biomedical research and development. FRAME achieves its objectives through laboratory-based and office-based research into non-animal research methods that enable safety testing of chemicals present in cosmetics, foodstuffs, household products and pharmaceuticals. FRAME also is involved in the validation and regulatory acceptance of these methods, that can also be used to study and understand human diseases and their treatment.

The research, based largely in the FRAME Alternatives Laboratory (FAL) based in the University of Nottingham Medical School generates publications in peer-reviewed scientific journals and presentations at scientific meetings. The Charity publishes its own peer-reviewed scientific journal ATLA (Alternatives to Laboratory Animals).

FRAME's websites, press releases and social media are the portals through which FRAME disseminates its activities and provides advice, consultancy and news services to industry, government, academia, and others interested in the field of alternatives to animal testing.

FRAME's training schools offer training to research scientist's expert advice on experimental design and statistical analysis to those undertaking animal procedures, in order to minimise the numbers of animals used and to maximise the value of their studies.

## **FRAME**

### **Report of the Trustees for the year ended 31 March 2017**

#### **OBJECTIVES AND ACTIVITIES**

##### **Significant activities**

##### **Communications and Education**

Communication of the work FRAME undertakes to the scientific community, relevant industry, regulatory bodies, Government, the media as well as the general public is disseminated via appropriate media options.

Scientific progress made by FRAME this year has been communicated to scientists by publication of original research in peer-reviewed scientific journals, and by making presentations to scientific conferences. FRAME's journal *Alternatives to Laboratory Animals* (ATLA - now in its 45th year) along with the online forum *Perspectives in Laboratory Animal Science* (PiLAS) are platforms for dissemination of Scientific progress. FRAME's websites were re-structured in 2014/15 to publicise the charity's work via easy access to information.

Corporate and other supporters are kept up to date by means of a programme of regular communication through opt-in emails, as well as use of the business contacts website LinkedIn.

FRAME continues to influence policy at regulatory and UK governmental level (such as the proposed ban on testing finished household products on animals) through membership of the Home Office Animal Welfare Stakeholder Group and engagement with the All Party Parliamentary Group on Experimental Animals.

Press releases are sent out regularly to promote FRAME's work. Communication with the wider population have been targeted in an effort to increase FRAME's support base. Whilst FRAME has a strong following on social media such as Twitter and Facebook, it is recognised that this needs to be translated into more active support. FRAME's social media share is growing, with some announcements reaching audiences of several thousand. Such communication is also used to drive traffic to FRAME's websites as part of a co-ordinated communications strategy to increase the supported base.

##### **FRAME Training Schools**

FRAME training schools continue to be well subscribed to, by scientists who desire greater insight into experimental design and statistics and the need to reduce animal numbers in experiments and to refine procedures to produce reliable information. They are designed to enhance understanding of design and relevant analyse their experimental programmes so they effectively produce higher quality science, using a minimum number of animals.

The latest Training School was co-organised in Voss in Norway in February 2016 attracting participants from eight countries. The majority were postgraduates and postdoctoral researchers, although some were senior members of staff. Feedback was very positive.

The next Training School is due to be held in June 2017.

##### **Public benefit**

The trustees have complied with the duty (set out in Section 4 of the Charities Act 2006) to have due regard to public benefit guidance published by the Charities Commission. The trustees have considered the public benefit delivered by FRAME through its activities.

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Research**

Research in the FRAME Alternatives Laboratory (FAL) continues to focus on developing novel in vitro cell toxicity models using human cells. This research will provide scientifically valid new non-animal methods, replacing procedures currently used to assess human safety of drugs and chemicals, and to explore human disease.

The FAL is part of the School of Life Sciences, University of Nottingham Medical School, and is staffed by the Director (FRAME Trustee Dr Andrew Bennett) and 15 research staff (post-doctoral fellows, PhD students and technicians).

## **FRAME**

### **Report of the Trustees for the year ended 31 March 2017**

#### **ACHIEVEMENT AND PERFORMANCE**

The FAL has recruited 2 new PhD students over the past year. Both of the PhD studentships is funded by the Biotechnology and Biological Sciences Research Council (BBSRC). Both students are working on projects to develop the use of human liver stem/progenitor cells as replacement models for animals in studies of liver toxicity and liver disease modelling. In the past year, 4 PhD students have successfully graduated from the FAL and have gone on to new positions at Cyprotex Ltd, Nottingham Trent University, Qatar University and Jeddah Medical University. One of the major aims of the FAL is to train and educate young scientists in experimental design and techniques that replace animals in scientific procedures and to encourage our graduates to spread FRAME's message to the wider scientific community.

Current projects include development of improved in vitro models that can be used to study the human liver. Incidence of liver disease, in particular, Non-Alcoholic Fatty Liver Disease in the human population has increased markedly in recent years and it is now one of the leading causes of ill health in the UK and the developed world. However, the currently available methods for liver cell isolation and culture have many limitations and provide only a poor representation of many of the cellular interactions and functions that occur in human liver in vivo. Improved methods are therefore needed, which can improve our understanding of how human liver diseases arise and how they can be treated. Liver progenitor cells (isolated from human tissues obtained through surgery, with appropriate ethical permission) are being used to produce mini livers in the lab. In the past year we have identified 2 pools of cells that may be able to allow the liver to regenerate and we are developing methods to proliferate and culture these cells in the lab. It is intended that this project will allow production of organoids for toxicity testing, drug discovery and disease modelling, on a scale that will replace a significant number of animals in scientific research with a more human-relevant model.

Another project focuses on the role of dietary fructose in metabolism in the human liver. It has been proposed that fructose plays a key role in the increased prevalence of obesity and non-insulin dependent diabetes in recent years. Much of the work carried out examining the effects of dietary sugars upon liver metabolism is currently being done using rodent models which FRAME believes do not accurately model the situation in humans. By using human derived hepatocyte models we believe we will not only reduce the numbers of animals used in nutritional research, but also the data will be much more relevant to human subjects.

The FAL has also entered into a collaboration with colleagues in the School of Pharmacy at the University of Nottingham to develop £-D printed models of human tissues and organs. The project is in its early stages, but we have just published our first paper entitled "Bioprinting using mechanically robust core-shell cell-laden hydrogel strands" in the Journal *Macromolecular Bioscience*.

A full thickness model of human skin that can aid the evaluation of new active cosmetic ingredients is also being developed in the lab. Since it is now not allowed to test cosmetics on animals in the UK and Europe, this work is required to enable development of cosmetics which will contain active ingredients that are aimed towards reducing skin irritation and inflammation.

We have also developed a model of primary human skeletal muscle in the laboratory which uses electrical stimulation to mimic muscle contraction. We have been able to demonstrate that this culture system more closely resembles adult human muscle and we are using this model system to study insulin signalling and glucose metabolism in normal and obese/diabetic conditions. The first manuscript using this model system has been submitted to the Journal *"Ageing Cell"*.

The FAL has also been working in collaboration with breast cancer researchers at the University of Nottingham and Lincoln NHS Trust. The project is investigating the genetic differences between women who respond well to breast cancer therapy and those who do not to try and stratify the treatment given to patients. We have identified 2 key genes which we believe may help to inform treatment options and are currently testing a larger number of patient samples to confirm our initial findings.

We have also completed 2 further projects in the past year; a study on the effects of glucose supplementation in patients undergoing major surgery, which has been submitted to the Journal *"Annals of Surgery"* and a study examining the effects of very low calorie diets upon very obese patients undergoing gastric bypass surgery, which has been submitted to the journal *"Diabetes, Obesity and Metabolism"*.

Work from the FAL has been presented at the following Scientific Conferences:

East Midlands Universities Conference, Loughborough, UK September 2016  
UK Congress on Obesity, Nottingham, UK, September 2016

## **FRAME**

### **Report of the Trustees for the year ended 31 March 2017**

#### **ACHIEVEMENT AND PERFORMANCE**

'EMBO|EMBL Symposium: Organoids: Modelling organ development and disease in 3D culture' Heidelberg, Germany, October 2016

British Pharmacological Society Winter Meeting, London, UK, December 2016

The annual Mercia Stem Cell Alliance (MSCA) Young Investigators' Workshop and Annual Scientific Meeting" Manchester UK, December 2016.

The FAL has submitted an application to the NC3R's CRACK-IT initiative as a partner on a bid entitled "Osteochip" which aims to recreate the human knee joint in vitro as a model for studying osteoarthritis.

The FAL director has become a member of the ILSI Europe Taskforce on 'Alternatives to Animal Testing in Food Safety, Nutrition and Efficacy Studies'.

The FAL Director gave a public understanding of science lecture entitled "Beyond animal use in human biomedical research" at an event organised by the British Science Association.

The FAL has established industrial collaborations with Unilever Plc, , CN Bioinnovations Ltd and Evotec Ltd.

#### **FRAME Office**

Home Office figures were reviewed and commented upon this year by Dr Michelle Hudson-Shore.

This was a period of office reorganisation and restructuring due to staff leaving, hence there was no FRAME Lecture or Debate.

#### **Alternatives to Laboratory Animals (ATLA)**

Six issues of FRAME's scientific journal ATLA have been published this year and sent out to subscribers around the world. As part of FRAME's mission, hard copies are distributed free of charge to resource centres and libraries in many countries where the implementation of the Three Rs and animal alternatives is less advanced than in the UK. In the past ATLA was incorporated in the FRAME website, making online access extremely cumbersome. It is now available through its own website: [www.atla.org.uk](http://www.atla.org.uk). Access to abstracts, and any articles more than 12 months old, is free.

For the fourth year, the Lush Prize award winners were featured in ATLA. This included reviews on the key adverse outcome pathway for skin sensitisation, written by many of the researchers involved in its elucidation over the past decade. Other highlights included a paper on a novel ex vivo porcine retina culture model, a look at how the Three Rs are applied to vision research and therapy, and a historical overview of 70 years of pyrogen detection.

In 2016, the Dorothy Hegarty Award for the best paper in the previous year's volume was presented to Felix Spöler, Oya Kray, Stefan Kray, Claudia Panfil and Norbert F. Schrage (from the Institute of Semiconductor Electronics, RWTH Aachen University and Aachen Centre for Technology Transfer in Ophthalmology, both in Aachen, Germany). Their paper was on The Ex Vivo Eye Irritation Test as an Alternative Test Method for Serious Eye Damage/Eye Irritation.

Published authors came from a diverse range of countries, including Brazil, Canada, the USA, Poland, Germany, Italy, France, Korea and India. Publication in ATLA increases awareness of the current status of Three Rs implementation in these various countries and can help to initiate collaborations between scientists worldwide.

#### **For non-scientists**

FRAME also produces publications aimed at non-scientists, using layman's language to discuss scientific and ethical questions.

FRAME News is issued to supporters and other interested parties.

FRAME's websites were overhauled last year and given a new look. This has been welcomed, as they are now accessible to mobile devices as well as desk-top computers. The FRAME website is updated regularly with timely content on topical issues, avoiding scientific jargon.

It is clear that FRAME has a vital independent role to play in developing and promoting new, valid and effective biomedical alternatives to animal-based research. FRAME will continue to spearhead and promote new methods exploiting in vitro and human tissue-based studies to facilitate and educate others on how non-animal science can address specific human biomedical needs.

## **FRAME**

### **Report of the Trustees for the year ended 31 March 2017**

#### **ACHIEVEMENT AND PERFORMANCE**

The Trust's achievements during this period have only been possible through the generosity of our donors, funders, volunteers, supporters and the dedication and commitment of FRAME's staff and the Trustees. Thank you very much to everyone who supported us this year.

#### **FINANCIAL REVIEW**

Financially, FRAME has had a good year. During the year to 31 March 2017, total incoming resources were £618,293, whilst total resources expended were £477,761. These figures represent a 44% increase in incoming resources and 24% decrease in resources expended over 2015/16. Other recognised gains and losses amounted to a net gain of £152,138, compared to a net loss of £41,039 in 2015/16. Overall FRAME produced a net surplus at 31 March 2017 of £292,670, compared with a net deficit of £41,039 in 2015/16.

This year has been an exceptional year in that legacies received were particularly high, resulting in the increased incoming resources. In addition, there has been a reduction in resources expended, largely due to reduced staff costs during the year.

FRAME generally operates at a deficit on its activities, with occasional large legacies tending to account for years where there are net surpluses.

#### **Income**

##### **Legacies**

Legacy income was £448,171 an increase on the figure for 2015/16.

##### **Corporate Donations**

Total corporate support for FRAME continued to decline, dropping to £27,391 from £55,010 in 2015/16. Some commercial sponsors have merged, ceased to trade or are consolidating their investment in-house and their support has been lost. Corporate support for research received this year, was again at £20,000, as in 2015/16. This has made it necessary again to hold the annual grant to University of Nottingham FRAME Alternatives Laboratory to £175,000 as for the last 8 years, the restricted funding being supplemented from the general funding to FRAME.

Any costs of the Office, FAL or the publications not met from the restricted and non-restricted funding require supplementation from the reserves.

##### **Private Donations**

Private support from individuals and charitable trusts for FRAME's work promoting alternatives to animal testing fell by 53% to £44,180, compared to £94,699 in 2015/16.

##### **Publication Fees, Subscriptions & Royalties**

ATLA subscriptions income increased at £28,444, compared to £25,127 in 2015/16. Royalties reduced from £1,901 in 2015/16 to £1,156 this year.

##### **Ordinary Expenditure**

Costs were kept tight in most areas and overall expenditure decreased by £147,735 or 24% to £477,761. The main decrease was in respect of staff costs, with an average of 3 fewer employees from 2015/16 to 2016/17 and a reduction in costs of £149,383 to £148,141 from £297,524 in 2015/16. As no training school was run during the year, there were reductions associated with this, such as Venue and catering hire, which saw no expenditure this year, but £14,978 in 2015/16. Partly offsetting these reductions, there was increased expenditure on legal and professional fees, up £34,651 to £48,163 from £13,512 in 2015/16.

#### **Activity Fund Management**

FRAME has five primary areas of activity that are made up of unrestricted and restricted funds:

1. Alternatives Research restricted and non-restricted funds returned a total deficit of £187,348, compared to a deficit of £216,729 in 2015/16, with this additional costs being met by non-restricted general funding.
2. Fundraising & PR, including legacies and corporate donations not allocated to Research or Publications, was £448,171 compared to £171,916 in 2015/16, an increase of 161%.
3. Publications were supported from non-restricted funding and the reserves. The ATLA and PILAS restricted funds retained balances at the year end of £4,764 and £29,168 respectively.



## **FRAME**

### **Report of the Trustees for the year ended 31 March 2017**

#### **FINANCIAL REVIEW**

4. Technical Services saw very little activity during the year, compared to the £5,047 cost it incurred in 2015/16, which was funded by non-restricted income and the reserves.

5. Training and Education saw almost no activity during the year. Both funds have their own designated and restricted reserves and retain balances at the year end of £29,221 and £1,145 respectively.

#### **Endowment Funds**

As there was no annual lecture this year, the Lecture Fund spent nothing in 2016/17, compared to £3,000 in 2015/16. This fund is maintained at a constant balance of £50,000 as an endowment from non-restricted funding and reserves. The FRAME Endowment comprises an investment portfolio and the office property in Nottingham, and currently stands at £1,025,061.

#### **Balance Sheet**

##### **Current Assets**

The overall value of FRAME's investments grew by 7.46% to £1,033,487 at 31 March 2017 from £961,779 in 2015/16. This increase includes income generated, and cash held by our investment managers HSBC.

##### **Fixed Assets**

There were some additions in the year, notably the purchase of the car park at FRAME's offices and some computer equipment.

##### **Net Current Assets**

£525,189 is retained as cash or near-to-cash assets, up by 59% on the £330,382 held in 2015/16. With this increase in cash and bank balances, current assets outweigh current liabilities by 7:1.

##### **Net Worth**

FRAME's overall net worth increased by £292,670 or 20% to £1,760,881, with the unrestricted funds balance increasing by £93,909 or 17% from £535,720 to £629,629.

##### **Cash Flow**

Continued Increased legacy income has seen an increase and improvement in FRAME's cash flow. This means the charity is able to continue undertaking a key phase of development in its history; however, without a continuous flow of legacy income, as the charity runs on an operational deficit, this healthy financial position can easily be reversed in future years and funding from the Endowment fund will be required to retain liquidity.

FRAME remains relatively stable financially. However the charity continues to run underlying operating deficits of approximately £200K pa. The full impact of these deficits has been offset by occasional large legacies and the depletion of existing unrestricted reserves; however these sources of funding cannot be relied upon.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

FRAME is a registered charity, number 259464, and is constituted under a trust deed dated 1 September 1969.

##### **Recruitment and appointment of new trustees**

The management of the charity is the responsibility of the trustees who are elected under the terms of the trust deed. Trustees are elected on the recommendation of fellow trustees and there must be at least four trustees at any one time, but no more than six.

##### **Organisational structure**

The charity is governed by its trust deed. The Trustees exercise ultimate control over FRAME's work and activities ensuring its financial and legal responsibilities are properly fulfilled. All Trustees give their time voluntarily and receive no direct financial or other benefits from the Charity.

##### **Induction and training of new trustees**

The induction and training of trustees is viewed as an ongoing process and relevant training opportunities are brought to the attention of the board as required. Newly recruited trustees are offered an induction and training designed around their existing knowledge of FRAME and their role.



## FRAME

### Report of the Trustees for the year ended 31 March 2017

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Risk management

The trustees have reviewed the risks to which the charity is exposed and have ensured that appropriate controls / procedures have been established to provide reasonable assurance against fraud and error.

#### REFERENCE AND ADMINISTRATIVE DETAILS

##### Registered Charity number

259464

##### Principal address

Russell & Burch House  
96-98 North Sherwood Street  
Nottingham  
NG1 4EE

##### Trustees

A Cadogan  
R Clothier - resigned 6.5.2017  
D Kendall  
A Bennett  
G Thomson

##### Independent examiner

Clayton & Brewill  
Chartered Accountants  
Cawley House  
149-155 Canal Street  
Nottingham  
Nottinghamshire  
NG1 7HR

##### Solicitors

Edwards Hands & Lewis  
3 Rectory Place  
Loughborough  
Leicestershire  
LE11 1UW

##### Bankers

Barclays Bank plc  
Nottingham High Street Branch  
Nottingham Group  
PO Box 18  
Nottingham  
NG1 6FF

Approved by order of the board of trustees on ..... 30 JAN 2018 ..... and signed on its behalf by:

  
.....  
A Cadogan - Trustee

**Independent Examiner's Report to the Trustees of  
FRAME**

**Independent examiner's report to the trustees of FRAME**

I report to the charity trustees on my examination of the accounts of the FRAME (the Trust) for the year ended 31 March 2017.

**Responsibilities and basis of report**

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

**Independent examiner's statement**

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of ACA which is one of the listed bodies

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.



D Perry  
ACA  
Clayton & Brewill  
Chartered Accountants  
Cawley House  
149-155 Canal Street  
Nottingham  
Nottinghamshire  
NG1 7HR

Date: 31st Jan 2018

# FRAME

## Statement of Financial Activities for the year ended 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total funds £	2016 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and legacies	3	510,328	29,834	-	540,162	323,440
<b>Charitable activities</b>	6					
Charitable Activities		561	-	-	561	31,606
Other trading activities	4	44,868	-	-	44,868	38,346
Investment income	5	396	-	32,306	32,702	35,861
<b>Total</b>		<u>556,153</u>	<u>29,834</u>	<u>32,306</u>	<u>618,293</u>	<u>429,253</u>
<b>EXPENDITURE ON</b>						
Raising funds	7	13,551	-	-	13,551	59,339
<b>Charitable activities</b>	8					
Alternatives Research		207,349	-	-	207,349	240,117
Publications		102,427	449	-	102,876	105,598
Technical Services		-	-	-	-	5,049
Training School		67	-	-	67	28,199
Management and Admin		116,405	-	10,242	126,647	145,607
Establishment and Depreciation		22,445	-	4,826	27,271	41,587
<b>Total</b>		<u>462,244</u>	<u>449</u>	<u>15,068</u>	<u>477,761</u>	<u>625,496</u>
Net gains/(losses) on investments		-	-	152,138	152,138	(41,039)
<b>NET INCOME/(EXPENDITURE)</b>		<u>93,909</u>	<u>29,385</u>	<u>169,376</u>	<u>292,670</u>	<u>(237,282)</u>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		<u>535,720</u>	<u>26,806</u>	<u>905,685</u>	<u>1,468,211</u>	<u>1,705,493</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>629,629</u></u>	<u><u>56,191</u></u>	<u><u>1,075,061</u></u>	<u><u>1,760,881</u></u>	<u><u>1,468,211</u></u>

### CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

# FRAME

## Balance Sheet At 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total funds £	2016 Total funds £
<b>FIXED ASSETS</b>						
Tangible assets	12	9,016	-	231,677	240,693	248,211
Investments	13	133,912	56,191	843,384	1,033,487	961,779
		<u>142,928</u>	<u>56,191</u>	<u>1,075,061</u>	<u>1,274,180</u>	<u>1,209,990</u>
<b>CURRENT ASSETS</b>						
Debtors	14	41,918	-	-	41,918	26,141
Cash at bank and in hand		525,189	-	-	525,189	330,382
		<u>567,107</u>	<u>-</u>	<u>-</u>	<u>567,107</u>	<u>356,523</u>
<b>CREDITORS</b>						
Amounts falling due within one year	15	(80,406)	-	-	(80,406)	(98,302)
<b>NET CURRENT ASSETS</b>		<u>486,701</u>	<u>-</u>	<u>-</u>	<u>486,701</u>	<u>258,221</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>629,629</u>	<u>56,191</u>	<u>1,075,061</u>	<u>1,760,881</u>	<u>1,468,211</u>
<b>NET ASSETS</b>		<u>629,629</u>	<u>56,191</u>	<u>1,075,061</u>	<u>1,760,881</u>	<u>1,468,211</u>
<b>FUNDS</b>	16					
Unrestricted funds					629,629	535,720
Restricted funds					56,191	26,806
Endowment funds					1,075,061	905,685
<b>TOTAL FUNDS</b>					<u>1,760,881</u>	<u>1,468,211</u>

The financial statements were approved by the Board of Trustees on 30 JANUARY and were signed on its behalf by: 2018

  
A Cadogan - Trustee

# FRAME

## Cash Flow Statement for the year ended 31 March 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	98,946	(139,802)
<b>Net cash provided by (used in) operating activities</b>		<u>98,946</u>	<u>(139,802)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(2,203)	(3,470)
Purchase of fixed asset investments		(323,458)	(263,899)
Sale of fixed asset investments		403,888	222,867
Interest received		396	1,175
<b>Net cash provided by (used in) investing activities</b>		<u>78,623</u>	<u>(43,327)</u>
<b>Cash flows from financing activities:</b>			
Income attributable to endowment		32,306	34,550
Expenditure attributable to endowment		(15,068)	(19,629)
<b>Net cash provided by (used in) financing activities</b>		<u>17,238</u>	<u>14,921</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>194,807</u>	<u>(168,208)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>330,382</u>	<u>498,590</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>525,189</u>	<u>330,382</u>

The notes form part of these financial statements

# **FRAME**

## **Notes to the Cash Flow Statement for the year ended 31 March 2017**

### **1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	292,670	(237,282)
<b>Adjustments for:</b>		
Depreciation charges	9,721	9,734
(Gain)/losses on investments	(152,138)	41,039
Interest received	(396)	(1,175)
Income attributable to endowment	(32,306)	(34,550)
Expenditure attributable to endowment	15,068	19,629
(Increase)/decrease in debtors	(15,777)	50,234
(Decrease)/increase in creditors	(17,896)	12,569
<b>Net cash provided by (used in) operating activities</b>	<u>98,946</u>	<u>(139,802)</u>

## FRAME

### Notes to the Financial Statements for the year ended 31 March 2017

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% of cost or valuation
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 33% on cost

##### **Taxation**

The charity is exempt from tax on its charitable activities.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the year end exchange rate.

Transactions during the year are recorded at the rate of exchange ruling at the date of the transaction. Translation differences are taken to the Statement of Financial Activities.

##### **Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

##### **Stocks**

No value is given to stocks of publications, books or other promotional products held at the year end. Costs incurred are fully charged in the year.



## FRAME

### Notes to the Financial Statements - continued for the year ended 31 March 2017

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Although the charity does generate income from trading and investment activities, the majority of its income is from donations and legacies. It is therefore reliant on the continued support of donors. There is no reason to suggest that this would change in the future, but the variable nature of donations will have an impact on the level of future activities that the charity is able to carry out.

#### 3. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	Endowment funds	2017 Total funds	2016 Total funds
	£	£	£	£	£
Donations	55,628	29,834	-	85,462	114,317
Gift aid	6,529	-	-	6,529	37,207
Legacies	448,171	-	-	448,171	171,916
	<u>510,328</u>	<u>29,834</u>	<u>-</u>	<u>540,162</u>	<u>323,440</u>

#### 4. OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	Endowment funds	2017 Total funds	2016 Total funds
	£	£	£	£	£
Fundraising	5,000	-	-	5,000	5,099
Publications	39,868	-	-	39,868	33,247
	<u>44,868</u>	<u>-</u>	<u>-</u>	<u>44,868</u>	<u>38,346</u>

#### 5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Endowment funds	2017 Total funds	2016 Total funds
	£	£	£	£	£
Investment income	-	-	32,306	32,306	34,686
Deposit account interest	396	-	-	396	1,175
	<u>396</u>	<u>-</u>	<u>32,306</u>	<u>32,702</u>	<u>35,861</u>

#### 6. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2017 £	2016 £
Technical and professional services	Charitable Activities	-	31,223
Sundry income	Charitable Activities	561	383
		<u>561</u>	<u>31,606</u>

# FRAME

## Notes to the Financial Statements - continued for the year ended 31 March 2017

### 7. RAISING FUNDS

#### Raising donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total funds £	2016 Total funds £
Staff costs	-	-	-	-	41,089
Telephone	285	-	-	285	370
Stationery	155	-	-	155	190
Travel and subsistence	30	-	-	30	2,759
Computer costs	-	-	-	-	1,456
Advertising	10,164	-	-	10,164	8,137
Events	-	-	-	-	198
Legal fees	-	-	-	-	255
Subscriptions	378	-	-	378	288
Postage	1,036	-	-	1,036	1,517
Printing	1,503	-	-	1,503	2,456
Staff training & development	-	-	-	-	624
	<u>13,551</u>	<u>-</u>	<u>-</u>	<u>13,551</u>	<u>59,339</u>

### 8. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 9) £	Grant funding of activities £	Totals £
Alternatives Research	32,349	175,000	207,349
Publications	102,376	500	102,876
Training School	67	-	67
Management and Admin	126,647	-	126,647
Establishment and Depreciation	27,271	-	27,271
	<u>288,710</u>	<u>175,500</u>	<u>464,210</u>

# FRAME

## Notes to the Financial Statements - continued for the year ended 31 March 2017

### 9. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2017	2016
	£	£
Staff costs	148,141	256,435
Trustees' expenses	291	105
Printing	33,063	31,405
Technical services	5,724	8,130
Training	310	778
Utilities	2,913	5,972
Stationery	1,267	1,204
Advertising	61	1,061
Sundries	161	219
Travel	556	6,121
Subscriptions	424	391
ICT maintenance	6,469	13,914
Legal fees	48,163	13,512
Research & dissemination	398	-
Telephone	1,787	610
Recruitment	1,100	-
Rates	2,097	2,284
Insurance	4,182	3,244
Repairs	3,116	7,122
Events	-	2,123
Foreign exchange gain/loss	1,958	-
VAT	8,024	7,382
Venue and catering hire	-	14,978
Accountancy fees	6,384	-
Independent examination fee	2,400	2,750
Depreciation	9,721	9,734
	<u>288,710</u>	<u>389,474</u>

### 10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

#### Trustees' expenses

During the year, one trustee was reimbursed travel expenses incurred in their duty as a trustee totalling £291 (2016: £105).

### 11. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	131,514	257,278
Social security costs	7,311	23,721
Other pension costs	9,316	16,525
	<u>148,141</u>	<u>297,524</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Charitable activities	<u>5</u>	<u>8</u>

No employees received emoluments in excess of £60,000.

## FRAME

### Notes to the Financial Statements - continued for the year ended 31 March 2017

#### 12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2016	240,000	67,461	27,048	334,509
Additions	1,303	-	900	2,203
At 31 March 2017	<u>241,303</u>	<u>67,461</u>	<u>27,948</u>	<u>336,712</u>
<b>DEPRECIATION</b>				
At 1 April 2016	4,800	59,438	22,060	86,298
Charge for year	4,826	1,605	3,290	9,721
At 31 March 2017	<u>9,626</u>	<u>61,043</u>	<u>25,350</u>	<u>96,019</u>
<b>NET BOOK VALUE</b>				
At 31 March 2017	<u>231,677</u>	<u>6,418</u>	<u>2,598</u>	<u>240,693</u>
At 31 March 2016	<u>235,200</u>	<u>8,023</u>	<u>4,988</u>	<u>248,211</u>

The freehold property was purchased using the Endowment Fund finances. The property was revalued in 2015 at an open market valuation by N G Chartered Surveyors. The trustees believe that this valuation is still materially accurate.

The historical cost less depreciation of freehold property at 31 March 2017 was £135,858 (2016 - £140,890).

#### 13. FIXED ASSET INVESTMENTS

	Listed investments £
<b>MARKET VALUE</b>	
At 1 April 2016	961,779
Additions	323,458
Disposals	(334,302)
Revaluations	82,552
At 31 March 2017	<u>1,033,487</u>
<b>NET BOOK VALUE</b>	
At 31 March 2017	<u>1,033,487</u>
At 31 March 2016	<u>961,779</u>

There were no investment assets outside the UK.

Fixed asset investments are represented by quoted investments listed on a recognised stock exchange.

Market value at 31 March 2017 was £1,033,487 (2016: £961,779).

Historical cost at 31 March 2017 was £863,076 (2016: £865,542).

At 31 March 2017 the charity's financial investment assets were held and managed by HSBC Premier Discretionary Management (previously HSBC Global Asset Management). The full value of the portfolio managed by HSBC is £1,048,105, which includes a £14,618 cash balance.

**FRAME**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2017**

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	28,132	11,009
Other debtors	13,786	15,132
	<u>41,918</u>	<u>26,141</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade creditors	180	45,622
Taxation and social security	1,919	-
Other creditors	78,307	52,680
	<u>80,406</u>	<u>98,302</u>

**16. MOVEMENT IN FUNDS**

	At 1.4.16 £	Net movement in funds £	At 31.3.17 £
<b>Unrestricted funds</b>			
General fund	506,432	93,976	600,408
Training School fund	29,288	(67)	29,221
	<u>535,720</u>	<u>93,909</u>	<u>629,629</u>
<b>Restricted funds</b>			
Alternatives Research fund	815	-	815
ATLA fund	(1,736)	6,500	4,764
Dogs Project fund	20,299	-	20,299
Education fund	1,145	-	1,145
PiLAS fund	6,283	22,885	29,168
	<u>26,806</u>	<u>29,385</u>	<u>56,191</u>
<b>Endowment funds</b>			
FRAME Bill Annett Annual Lecture fund	50,000	-	50,000
FRAME Endowment fund	855,685	169,376	1,025,061
	<u>905,685</u>	<u>169,376</u>	<u>1,075,061</u>
<b>TOTAL FUNDS</b>	<u>1,468,211</u>	<u>292,670</u>	<u>1,760,881</u>

# FRAME

## Notes to the Financial Statements - continued for the year ended 31 March 2017

### 16. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	556,153	(462,177)	-	93,976
Training School fund	-	(67)	-	(67)
	<u>556,153</u>	<u>(462,244)</u>	<u>-</u>	<u>93,909</u>
<b>Restricted funds</b>				
ATLA fund	6,500	-	-	6,500
PILAS fund	23,334	(449)	-	22,885
	<u>29,834</u>	<u>(449)</u>	<u>-</u>	<u>29,385</u>
<b>Endowment funds</b>				
FRAME Endowment fund	32,306	(15,068)	152,138	169,376
FRAME Bill Annett Annual Lecture fund	-	-	-	-
	<u>32,306</u>	<u>(15,068)</u>	<u>152,138</u>	<u>169,376</u>
<b>TOTAL FUNDS</b>	<u><u>618,293</u></u>	<u><u>(477,761)</u></u>	<u><u>152,138</u></u>	<u><u>292,670</u></u>

## **FRAME**

### **Notes to the Financial Statements - continued for the year ended 31 March 2017**

#### **16. MOVEMENT IN FUNDS - continued**

##### **Unrestricted Funds**

The General fund covers the ordinary day-to-day expenditure of the charity.

The General fund is able to benefit from the transfer of investment income earned by the Endowment fund for any year, so as long as the transfer of such income does not result in the Unrestricted fund either making a surplus, or a larger surplus, in the year in which the transfer is made.

The Training School fund is a Designated fund for the charitable purpose of running training courses in furtherance of FRAME's charitable activities. Any surpluses generated are reinvested in future courses.

##### **Restricted Funds**

The Alternatives Research fund is made up of donations given for the purpose of supporting the scientific research work carried out or commissioned by FRAME.

The ATLA fund is made up of donations given for the purpose of supporting the publication of FRAME's scientific journal Alternatives to Laboratory Animals.

The Dogs Project fund is made up of donations given for the purpose of research into the use of dogs in medical experiments.

The PiLAS fund exists to promote active discussion of different perspectives in the use of laboratory animals in medical experiments.

##### **Endowment Funds**

During the year ended 31 March 1989 the charity established the FRAME Endowment Trust. The objective of this fund was to enable the charity to finance long term research expenditure by investment income from the Endowment fund, rather than relying largely on current year income. Part of the fund's capital has previously been used to purchase Russel & Burch House in order to reduce the charity's regular expenditure.

Since its creation, the Endowment fund has benefitted, periodically, from the transfer of surplus unrestricted operations fund income. Such transfers have been made solely at the trustees' discretion who have retained the right to release these funds back to the General fund if required.

The charity has applied for and been granted permission by the Charity Commission to utilise the Endowment fund to assist with the cash flow of the charity when required.

The FRAME Bill Annett Annual lecture Endowment Fund constitutes a non-expendable financial reserve, the interest on which is used to contribute towards the charity's cost of holding the Bill Annett Lecture (formerly the FRAME Annual Lecture) held for the first time in September 1999.

#### **17. CAPITAL COMMITMENTS**

The charity had no capital commitments at 31 March 2017 (2016: none).

#### **18. RELATED PARTY DISCLOSURES**

During the year, the trustees declared that they had potential conflicts of interest or related party transactions, as follows:

Andrew Bennett declared that he is an employee of the University of Nottingham School of Biomedical Sciences and Director of the FRAME Alternatives Laboratory at the University, which is in direct receipt of research funding from FRAME accounting for £175,000 in the year to 31 March 2017 (2016: £175,000).

David Kendall also declared that he is an employee of the University of Nottingham School of Biomedical Sciences which is in direct receipt of research funding described above.



## **FRAME**

### **Notes to the Financial Statements - continued for the year ended 31 March 2017**

#### **19. FUTURE COMMITMENTS**

At 31 March 2017 , the trustees had committed funding to future research activities as follows:

University of Nottingham - School of Biomedical Sciences

The charity committed to fund research for a 3 1/2 year period, from 1 April 2014 to 30 September 2017.

The outstanding commitment at 31 March 2017 was £87,500 (2016: £262,500).

Of the outstanding commitment at 31 March 2016 an amount of £175,000 has been expended during the year.

# FRAME

## Detailed Statement of Financial Activities for the year ended 31 March 2017

	2017 £	2016 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Donations	85,462	114,317
Gift aid	6,529	37,207
Legacies	448,171	171,916
	<u>540,162</u>	<u>323,440</u>
<b>Other trading activities</b>		
Fundraising	5,000	5,099
Publications	39,868	33,247
	<u>44,868</u>	<u>38,346</u>
<b>Investment income</b>		
Investment income	32,306	34,686
Deposit account interest	396	1,175
	<u>32,702</u>	<u>35,861</u>
<b>Charitable activities</b>		
Technical and professional services	-	31,223
Sundry income	561	383
	<u>561</u>	<u>31,606</u>
<b>Total incoming resources</b>	<u>618,293</u>	<u>429,253</u>
<b>EXPENDITURE</b>		
<b>Raising donations and legacies</b>		
Wages	-	41,089
Telephone	285	370
Stationery	155	190
Travel and subsistence	30	2,759
Computer costs	-	1,456
Advertising	10,164	8,137
Events	-	198
Legal fees	-	255
Subscriptions	378	288
Postage	1,036	1,517
Printing	1,503	2,456
Staff training & development	-	624
	<u>13,551</u>	<u>59,339</u>
<b>Charitable activities</b>		
Trustees' expenses	291	105
Wages	131,514	216,189
Social security	7,311	23,721
Pensions	9,316	16,525
Printing	33,063	31,405
Technical services	5,724	8,130
Training	310	778
Carried forward	<u>187,529</u>	<u>296,853</u>

This page does not form part of the statutory financial statements

**FRAME**

**Detailed Statement of Financial Activities  
for the year ended 31 March 2017**

	2017 £	2016 £
<b>Charitable activities</b>		
Brought forward	187,529	296,853
Utilities	2,913	5,972
Stationery	1,267	1,204
Advertising	61	1,061
Sundries	161	219
Travel	556	6,121
Subscriptions	424	391
ICT maintenance	6,469	13,914
Legal fees	48,163	13,512
Research & dissemination	398	-
Telephone	1,787	610
Recruitment	1,100	-
Rates	2,097	2,284
Insurance	4,182	3,244
Repairs	3,116	7,122
Events	-	2,123
Foreign exchange gain/loss	1,958	-
VAT	8,024	7,382
Venue and catering hire	-	14,978
Accountancy fees	6,384	-
Independent examination fee	2,400	2,750
Freehold property	4,826	4,800
Fixtures and fittings	1,605	2,007
Computer equipment	3,290	2,927
Grants to institutions	175,000	175,000
Grants to individuals	500	1,683
	<hr/> 464,210	<hr/> 566,157
<b>Total resources expended</b>	477,761	625,496
	<hr/>	<hr/>
<b>Net income/(expenditure) before gains and losses</b>	140,532	(196,243)
<b>Realised recognised gains and losses</b>		
Realised gains/(losses) on fixed asset investments	152,138	(41,039)
	<hr/>	<hr/>
<b>Net income/(expenditure)</b>	<u>292,670</u>	<u>(237,282)</u>