

Charity Registration No. 1146896

Company Registration No. 08015625 (England and Wales)

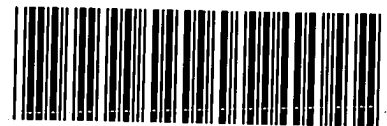
ANIMAL FREE RESEARCH UK

**(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED BY GUARANTEE AND
NOT HAVING SHARE CAPITAL)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

TUESDAY



A8KIHJUU

A14

17/12/2019

#20

COMPANIES HOUSE

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C Byatt (Resigned as Chairman on 29 September 2018) C Cuniffe (Appointed Chairman on 29 September 2018) N Barbosa A Ellison L Sheridan B Banks D Cameron J Jones	(Appointed 15 March 2019) (Appointed 9 March 2019) (Appointed 1 March 2019)
Secretary	Temple Secretarial Limited	
Charity number	1146896	
Company number	08015625	
Principal address	Phoenix Yard 65 King's Cross Road London WC1X 9LW	
Registered office	Phoenix Yard 65 King's Cross Road London WC1X 9LW	
Auditors	UHY Hacker Young (East) Limited PO Box 501 The Nexus Building Broadway Letchworth Garden City Herts SG6 9BL	
Bankers	Ecology Building Society 7 Belton Road Silsden Keighley West Yorkshire BD20 0EE Yorkshire Bank 2-4 George Street Luton Beds LU1 2AN	

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
LEGAL AND ADMINISTRATIVE INFORMATION**

HSBC Bank PLC
1 Market Place
Hitchin
Herts
SG5 1DR

Julian Hodge Bank Limited
29 Windsor Place
Cardiff
CF10 3BZ

Manchester Building Society
125 Portland Street
Manchester
M1 4QD

Virgin Money Plc
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Cambridge & Counties Bank Limited
Charnwood Court
5b New Walk
Leicester
LE1 6TE

Solicitors

Withers LLP
16 Old Bailey
City of London
Greater London
EC4M 7EG

Anthony Collins Solicitors
76 King Street
Manchester
M2 4NH

Investment consultant

Ethical Investors
3rd Floor, Formal House
60 St George's Place
Cheltenham
GL50 3PN

Legacy consultant

Brian James
Kettering

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
LEGAL AND ADMINISTRATIVE INFORMATION

Employment advisors

Your People Ltd
Arune House
2 Kings Road
Haslemere
Surrey
GU27 2QA

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
CONTENTS**

	Page
Trustees' report	1 - 15
Statement of trustees' responsibilities	16
Independent auditor's report	17 - 18
Statement of financial activities	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22 - 39

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2019**

The trustees present their report and accounts for the year ended 31 March 2019.

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

Objectives and activities

The charity's objects are to promote research into the provision of acceptable new techniques and substitutes for the use of animals in medical research and associated fields of research and to publish the results of all such researches.

The charity has two enduring goals:

- to play a leading role in funding non-animal replacement research; and
- to advance and develop widespread support for this endeavour

To do this, Animal Free Research UK supports scientists to develop and implement human-relevant research techniques which replace animal experiments and accelerate the delivery of treatments for human diseases.

After the end of the reporting period but prior to approval of this report, the charity's objects and powers were updated on 22 July 2019 to:

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

Our main activity is to award grants to scientists in universities, hospitals and research organisations following a rigorous external (peer-reviewed) selection process. Our funding policy is that only those projects with the highest scientific calibre and the best potential for the replacement of animals are awarded grants. Where possible we work in partnership with other charities to achieve our goals.

Since 1971, Animal Free Research UK has been funded solely by charitable donations from individuals, schools, Trusts and Foundations and corporations. Grants have been awarded to over 200 research projects in diverse areas of medical research including cancer, Alzheimer's, asthma, kidney, heart and liver disease and diabetes. Animal Free Research UK continues to be the largest UK funder of grants solely dedicated to completely replacing the use of animals in biomedical research, and our work has saved the lives of countless animals whilst advancing human medical research.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

About Animal Free Research UK

Vision

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

Mission

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

Values

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

Our Strategic Aims

The strategy employed to achieve the charity's objectives is focused on growth, impact and influence:

1. Fund a growing programme of high-quality research that has significant impact in replacing the use of animals in biomedical research.
2. Support and encourage the development, communication and adoption of techniques to replace animals used in biomedical research.
3. Develop collaborative partnerships with organisations which are aligned to embedding animal replacement technologies in contemporary biomedical research.
4. Increase the profile and awareness of Animal Free Research UK and the issues that surround the use of animals in biomedical research in order to increase our impact, leverage and support.
5. Become a leading source of non-animal replacement information to the scientific and animal protection communities.
6. Engage with decision-makers to promote and advise on non-animal research, and the replacement of all animal experiments.
7. Invest in fundraising in order to increase our income and enable us to implement our strategy.

After the end of the reporting period but prior to approval of this report, the charity developed a new strategy with a bold vision that will be formally launched in early 2020 to mark the 50th anniversary of the organisation's formation.

The charity undertakes three main areas of activity to enable us to put the strategy into action:

- Awarding a diverse range of grants to research scientists
- Education and advocacy
- Raising income to fund the above activities

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2019**

Fundraising

Animal Free Research UK is grateful to the thousands of people who have generously supported the charity's work this year by leaving a gift in their will, making donations and taking part in fundraising activities. It is only because of the kindness of our supporters that the charity is able to continue its vital work.

The Trustees are committed to ensuring that the charity's fundraising activities are cost-effective. Having opened our second retail shop in Hove in February 2017, in Q3 2017-18 the Trustees commissioned an independent review to ensure that the shops were still helping to meet our objectives. Due to factors including the difficult charity retail climate, this and a supporting financial analysis concluded that the shops were no longer sustainable and were not projected to increase income or awareness to the extent initially forecasted. The Trustees are committed to spending charitable donations in the areas where the charity can have the most impact, and the decision was taken to close the retail shops in both Hitchin and Hove. Following the closure of the shop in Hove in March 2018, the Hitchin shop subsequently ceased trading in June 2018.

In light of this, following the implementation of a new cloud-based CRM, the charity undertook a strategic review of fundraising activity this year which identified opportunities to maximise return on investment, grow the charity's supporter base and diversify income. As a result, Animal Free Research UK invested in a multi-channel fundraising campaign utilising digital and telemarketing to encourage new supporters to make a regular gift. The charity will continue to test this method of raising support into the next financial year.

The charity carried out its annual winter direct mail and digital fundraising appeal highlighting the pioneering diabetes research we are supporting at the University of Exeter, again encouraging supporters to make a regular gift. We also asked supporters to help fund brain tumour research at the University of Portsmouth, animal free cancer research at the Animal Replacement Centre of Excellence (the ARC) at Queen Mary University London, and research into chronic pain at Queen's University Belfast, as well as our unique summer student programme for undergraduates.

The Trustees have committed to continue investing in fundraising, marketing and communications, and plan to expand the team in 2019-20 to support the charity's growth and financial sustainability.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Grant-making

Our aim is to replace the use of animals in medical research by funding innovative world-class research that advances scientific and medical knowledge. Through our grants, we encourage understanding and advancement of non-animal research techniques amongst scientists. Scientific excellence, human relevance and animal replacement are the key principles which guide the charity's research.

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

Research that involves any use of animals, even though the ultimate aim may be to replace their use, is not supported. We do not fund the purchase or maintenance of animals for any reason. Animal Free Research UK only undertakes the funding of research that has been rigorously reviewed by a panel of scientific advisors.

Grants awarded in 2018-19

As an incubator for pioneering human-relevant research, the charity funds fundamental biomedical research to improve our understanding of human disease without the use of animals. This year we supported eight research projects and continued to fund our summer students programme for early careers researchers. In total we spent £583,117 on replacing animals in medical research. Our current and former grant holders published five papers disseminating their ongoing research.

Animal Replacement Centre of Excellence

Now in its third year, the Animal Replacement Centre of Excellence (The ARC) at the Blizard Institute, Queen Mary University of London, is funded by the charity via a five-year strategic grant of £1,000,000. Using cutting-edge scientific research, Professor Mike Philpott and Dr Adrian Biddle, together with two post-doctoral scientists, are creating a unique centre of excellence dedicated to the fight against skin and oral cancer.

The ARC is working to accelerate the development of human models for human disease and reduce the number of animals used in cancer research. By developing robust research methods that are directly applicable to humans and which address the limitations of the use of animals, we believe we can accelerate the development of treatments for human cancers.

Brain tumour research at University of Portsmouth

Brain tumours and other neurological diseases are particularly difficult to treat as the presence of the blood-brain barrier within the brain renders many drugs inaccessible to the brain. Now in its second year, our ground-breaking postdoctoral research project into the blood-brain barrier at the University of Portsmouth is using a pioneering human-relevant blood-brain barrier model to evaluate how small 'nano' systems can be used to deliver effective drugs into the brain to treat neurological diseases.

An agreement was made with another grant-making charity to share the research costs for this project. However, changes in the way some brain tumour research is funded in the UK put the project at risk. Due to the importance of this research, the Trustees agreed to fund 100% of the costs.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Systematic review of brain tumour research at University of Portsmouth

Also in its second year, Animal Free Research UK's grant of £71,074 has funded post-doctoral research at the University of Portsmouth into whether current human in vitro methods can be used to replace animal experiments in brain tumour research. The results of this work will provide the basis to evidence whether these methods can be used to replace animal research in other disease areas.

Diabetes research at University of Exeter

2018/19 saw the final year of our grant of £76,333 for a PhD project, supervised by Professor Lorna Harries, investigating the molecular mechanisms behind the development of type 2 diabetes. This ground-breaking research discovered that some cells in the pancreas that produce insulin aren't dying as originally thought but are changing into other types of cells. In addition, the researchers found that it is possible this process can be reversed, leading to the potential of treatments that could cure the condition. These discoveries would never have been made via conventional experiments on mice as they are so different from humans.

Animal Free Research UK is now investing another £174,860 into a further 3-year Postdoctoral position to continue this ground-breaking project and further characterise and identify targets that can be used to reverse diabetes.

Chronic pain at Queens University Belfast

In its second year, this £77,700 PhD project is enabling the study of chronic pain development using discarded wisdom teeth. Every year, 8% of the population will be diagnosed with chronic pain and one-third will not recover. Conventional pain research inflicts considerable pain and suffering on animals. By collecting human nerve stem cells from discarded human teeth, this project is increasing our understanding of how inflammation affects the nerve cells in the face and how this can lead to chronic pain, whilst replacing the use of animals.

Thiel embalmed cadavers for medical device testing at University of Dundee

This pioneering work, now in its third year, is helping to teach doctors potentially life-saving surgical interventions such as advanced abdominal aortic stent graft repair without attempting to practice these methods on animals such as pigs. Heart, stroke, kidney and liver patients are among those who will benefit directly from the training that clinicians are undergoing.

Breast cancer research at University of Aberdeen

Starting this year, this £90,000 3-year PhD project with Professor Val Speirs, Professor of experimental pathology and oncology at the University of Aberdeen, is aiming to identify an effective strategy for preventing breast cancer. This project is jointly funded by Animal Free Research UK and Breast Cancer UK.

Summer student programme

Our unique summer student programme has continued to provide undergraduate science students with practical animal replacement research experience. This year we funded the following projects:

- £1,940 to Abertay University - reviewed hypertrophic cardiomyopathy (thickening of the heart muscle) research to show that human organoid cultures are more relevant than experiments on beagles.
- £1,940 to Durham University - used artificial cell mimics to replace the use of egg yolk in understanding how cell membranes move.
- £1,940 to the University of Hertfordshire - developed a human in vitro model to help replace rats and mice in pulmonary (lung) fibrosis research.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

- £1,840 to the University of Hertfordshire - developed computer models to predict psychoactivity in new drugs rather than testing in mice.
- £1,932 to the University of Hull - developed fully humanised and animal free models to study the role of blood vessel cells in chronic diseases.
- £1,940 to Imperial College London - built a test system that mimics a real human eye, to automatically take full diagnostic maps of the retina, to help replace experiments on cats and monkeys.
- £1,874 to Leeds Beckett University - researched the replacement of antibodies with non-animal synthetics (nucleotide aptamers) for use in Alzheimer's disease and cancer research, to help replace experiments on mice.
- £1,440 to Loughborough University - developed microfluidic neuronal cell circuits from computer-aided design through to 3D printing to help replace tests on mice and monkeys.
- £1,665 to Newcastle University - developed a pea-protein lubricant to help replace foetal calf serum for the wear testing of artificial joints.
- £1,440 to the University of Northampton - used computer modelling to help replace sheep and pig experiments in the clinical study of artificial hearts.
- £1,940 to Plymouth University - used a human cell culture model to study cells from brain tumour patients and test drugs, allowing a faster 'bench to bedside' transition into clinical trials without animal tests.
- £1,940 to the University of Portsmouth - unlocked the role of pericytes (cells that line blood vessels) in an all-human blood-brain barrier model, to help replace rats and mice in brain tumour research.
- £1,940 to Queen Mary, University of London - identified a novel cancer stem cell sub-population in melanoma (skin cancer) samples using a new protocol, to help replace the use of mice.
- £1,940 to Sheffield Hallam University - used a novel gut tissue model to investigate the influence of bacteria in gastrointestinal diseases (such as Crohn's disease), to replace experiments on rats.
- £1,940 to the University of Sheffield - developed tissue-engineered models to study the development of oral cancer, to help replace experiments on mice and hamsters.

Impact of our 2018 summer student programme:

"My Summer Student experience was phenomenal. I was able to pursue my scientific interests while improving my skillset in my chosen field of chemistry. As an undergraduate student, this project was excellent extra support to gain experience and independence within research. I am now more knowledgeable on how to conduct research with a more ethical mindset, and I want to encourage every young scientist to appreciate the animal-free options that are available to them." – Student at University of Hertfordshire

"I was able to experience scientific research and [learnt] the fact that I liked it a lot. I made the first step towards being self-sustainable whilst working on a project, whilst doing all of that on behalf of an ethical organisation. The support given was great, the summer school gave me a range of up-to date transferrable skills for my profession and for enhancing my career. And I had the chance to join a welcoming, ethical and highly ambitious community." – Student at Durham University

Education and advocacy

The charity supports and encourages the development, communication and adoption of animal replacement techniques via engagement with the scientific community, policy makers and the public.

In 2018-19, we expanded our summer student programme to incorporate a three-day summer school at Queen Mary University, which included workshops on communication and networking skills to kick-start the students' animal free research careers. We gave scientific presentations at a range of conferences and lectures, engaged with inspectors at the Home Office's Animals in Science Regulation Unit and continued our role in the Alliance of Human Relevant Science.

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the Trustees to present a strategic report.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Chair of Trustees Statement

Inevitably, and in light of the upcoming 50th anniversary of the organisation's formation in 2020, this year has been a time of new beginnings and of reflection. The charity has reviewed its strategic priorities and business model, evaluated our theory of change and reassessed how we work to create positive impact for animals in laboratories, animal free researchers, and people living with diseases.

The task of replacing the use of animals in medical research with pioneering human relevant research methods is hugely complex, and there is no one solution. But by engaging with our stakeholders, researchers, and supporters I believe that this year we have taken another step towards achieving our goal. Informed by their insights, we are piecing together an ambitious new strategy to launch in our 50th year that will transform how we realise our vision.

Investing in our future

We have added two exciting new research projects to our grants portfolio this year – a joint partnership with Breast Cancer UK to fund research into the prevention of breast cancer at the University of Aberdeen, and follow-on funding to the team at the University of Exeter to continue their ground-breaking diabetes research which is bringing us ever-closer to a cure. In addition, we have continued to invest in young scientists through our summer students programme and, for the first time, held a summer school to upskill them as they embark on an animal free research career.

Having previously invested in a new cloud-based CRM to modernise our data management, we have now begun exploring new fundraising initiatives to increase our return on investment, ever-mindful of ensuring the charity maximises its precious resources. With this in mind and following the Trustees' decision last year to close our two retail shops in the wake of an independent review which found they were not projected to increase income or awareness to the extent initially forecasted, our shop in Hitchin closed in June 2018. With countless animals used in medical research every year, the Trustees are committed to spending charitable donations in the areas where the charity can have the most impact. A new fundraising strategy informed by the insights of our new initiatives will be developed in the next financial year.

Like all UK charities, we find ourselves navigating increasingly complex times. With Brexit looming large, an uncertain economic climate and an overhaul of data protection requirements, I am hugely grateful to my fellow trustees and staff team for steering us through.

My sincere thanks also to our researchers, donors, volunteers, partners and stakeholders for your generous support. Your kindness is helping to realise our vision of a world where human diseases are cured faster without animal suffering. It really is a win-win message of hope that we can all get behind.

With grateful thanks

Laura-Jane Sheridan

(Acting) Chair of Trustees

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Financial review

Total incoming resources for the year amounted to £1,173,843 (2018: £1,443,983), of which £1,153,672 (2018: £1,346,421) was generated from donations and legacies and £9,075 (2018: £87,314) from trading activities. Donations represented 42% of income while legacies accounted for 57% of income.

Total resources expended for the year amounted to £1,319,381 (2018: £1,116,016), a rise of 18% on the previous year which was in part driven by an increase in grant-making activity and associated staff costs, and the investment in a new cloud-based CRM.

The charity incurred an overall decrease in funds in the year of £145,538 (2018: increase of £327,967) and total funds carried forward at 31 March 2019 were £2,589,335 (2018: £2,734,873).

As part of the new strategy, the Trustees have agreed to draw down on free reserves in 2019/20 to fund an increase in charitable activities by awarding a new round of grant funding to research projects, and to invest in developing sustainable and enduring income streams. Consequently, the Trustees expect to deliver an affordable deficit in the year ahead.

Investment Policy

The charity seeks to avoid investing its funds with institutions which are either directly involved or affiliated with practices that are in conflict with its deeply held views about the ethical treatment of animals. The respective positions of these institutions is kept under regular review. The Trustees have absolute discretion to invest and confirm that Animal Free Research UK's assets are available and adequate to fulfil all the obligations of the charity. All decisions are taken by the Board of Trustees at its quarterly meetings.

Reserves policy and going concern

The Balance Sheet shows General Funds held at the end of March 2019 of £1,182,404 (2018: £1,143,281), and free reserves of £1,178,677 (2018: £1,142,388). It is the policy of the charity that these free general reserves (which have not been designated for a specific use) should be maintained at a level equivalent to three months' expenditure. This level of reserves has been maintained throughout the year. The Trustees consider that reserves at this level (£165,000) will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. The Reserves Policy is reviewed on an annual basis.

The charity held funds of £2,589,335 (2018: £2,734,873) at year end of which £185,214 (2018: £167,803) were restricted and £1,221,717 (2018: £1,423,789) were designated for committed grant research payments.

The Trustees take a prudent view of legacies due and commit general reserves to grants as soon as appropriate. The Trustees are confident that the charity remains a going concern.

Public Benefit

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

Our Fundraising Practices

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

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2019**

Fundraising Standards

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

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

Working with Third Party Fundraisers

As we look to grow our charity, we have this year for the first time engaged an external agency to contact our supporters by telephone on our behalf. The agency selected carries out its activities in a respectful manner and in accordance with our standards and sector regulation such as the Fundraising Code of Practice. The ability to manage and monitor the performance of the agency is at the heart of our relationship with them. Quality assurance includes briefing the team on the charity's vision, mission, values and work, regular reviews of complaints and other feedback, and audits of telephone calls made by agency fundraisers. Our fundraising, marketing and communications sub-committee has responsibility for all aspects of quality assurance and compliance relating to fundraising and associated activities.

Protecting vulnerable people

We are aware that any charity which operates in the public domain may come into contact with people who may be in vulnerable circumstances. Our vulnerable persons policy sets out the high standards we commit to meet and we work regularly with third party agencies and fundraisers to review their policies, procedures and performance.

Over the course of 2018-19 we received one complaint related to our fundraising activities. While this figure is clearly below sector average, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our team is committed to looking into each and every case that may arise and doing all we can to resolve complaints and ensure supporters are happy with our work.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Meeting our 2018-19 objectives

Between April 2018 and March 2019, we continued to focus on our three core strategic areas of activity – investing in research and education, growth and our future. We welcomed a new Chief Executive and a new Science Director to the charity, developed a new organisational strategy with a bold vision which will launch in 2019-20, and consolidated on the progress made in the previous year.

Investing in research and education

- **Deliver a summer school to early careers scientists as part of our existing summer student programme**

Achieved: Our inaugural summer school for early career scientists was held at Queen Mary University London, a three-day residential jam-packed with career-boosting and inspirational workshops to provide students with the additional skills to help them develop their future animal free research careers.

- **Redesign our grant application process to reach more researchers**

Achieved: A new procedure in line with research council proposals has been developed to standardise and simplify the grants application process, with accompanying guidance for applicants and peer-review.

- **Review our processes for grant holder reporting to ensure maximum value for the charity**

Achieved: A simplified reporting process has been implemented allowing the charity to efficiently and effectively monitor the progress of ongoing research projects and reducing the administrative burden on grant holders to enable them to spend more time conducting our ground-breaking research.

- **Create a new scientific advisory group formed of expert researchers to guide our strategy and identify opportunities and challenges**

Achieved: A new Scientific Advisory Panel consisting of expert researchers has been formed to provide guidance on our strategy and grant-giving opportunities.

- **Create engaging new content in partnership with existing grant holders to raise the profile of our work with a range of scientific, regulatory and supporter audiences**

Achieved: A range of web pages detailing our research projects has been created on the Animal Free Research UK website including videos of our researchers discussing the importance of their work.

- **Develop a new call for grants**

Achieved: Work has been completed in readiness for a new call for grants due to be launched in quarter one of the next financial year.

- **Scope out the establishment of a network for animal free researchers**

Partly achieved: Initial scoping work has been undertaken to set out the aims of a new network of animal free researchers.

Investing in growth

- **Successfully deliver our new CRM project to completion and harness its functionality to inform fundraising and marketing planning and implementation.**

Achieved: Our new CRM has been implemented and is being utilised to inform our fundraising and marketing activity.

- **Launch, test and optimise new community fundraising products to inspire fundraising and loyalty amongst our supporter base**

In progress: A number of new community fundraising products have been tested.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

- **Build on our strong new brand by developing tone of voice guidelines to ensure a consistent experience across our diverse audiences**

Achieved: All staff members have received training on our tone of voice guidelines to help ensure we have a strong and consistent voice across our diverse communications channels.

- **Scope out new supporter audiences who are most likely to be receptive to our message to grow our reach and develop new content and propositions tailored to them**

Achieved: New audiences most likely to be supportive of our cause have been identified and work has begun to develop content and campaigns tailored to them.

- **Continue to develop digital fundraising and marketing to maximise on opportunity with this channel**

Achieved: A new digital campaign has been developed and rolled out to increase support from existing and new supporter audiences

- **Increase our income from trusts and foundations by devising tailored applications with a range of propositions**

Achieved: Income from trusts and foundations has increased this year as a result of investment in the development of new bespoke applications in support of our breast cancer and diabetes research.

Investing in our future

- **Develop a bold new organisational strategy to achieve an ambitious vision during the next 50 years**

Achieved: The Trustees have approved a new organisational strategy with an ambitious vision for the future and expect to launch this publicly in 2020.

- **Create an implementation plan with SMART goals and KPIs which becomes a working document at the heart of the charity**

In progress: The drafting of an implementation plan is in progress and expected to be finalised before the public launch of the new strategy in 2020.

- **Embed a culture of innovation and success in the staff team through training, collaboration and stretch targets**

In progress: The charity is investing in staff training to upskill our team and in communications systems to enhance collaborative working. Further efforts to embed a culture of success will be made in the next financial year.

- **Ensure our team has the tools they need for success by upgrading our IT server to a cloud-based system**

Achieved: The charity's IT systems have been upgraded to cloud-based services

- **Develop a new staff handbook which sets out the conditions to reward success with increased flexible working**

In progress: Work has begun to develop a new staff handbook which will be launched later in 2019.

- **Invest in the well-being of our staff through the introduction of an Employee Assistance Programme**

Achieved: An Employee Assistance Programme has been implemented to support the well-being of our staff team.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Future of the charity

As our 50th anniversary approaches in 2020, over the next 12 months we will launch a bold new strategy and review the current and future needs of the charity to deliver an ambitious new plan. In particular, we will again focus on three core areas of work - investing in research and education, growth and our future.

1. Investing in research and education

- Launch a major new call for grants and work with our Scientific Advisory Panel to select high impact research projects for funding which further develop human models for human diseases
- Develop and launch a new pilot study funding stream to enable scientists to test new animal free methods and obtain proof of concept to access larger grants
- Work in partnership with a leading university to develop an innovative new programme supporting the development of a new generation of animal free researchers
- Build on the success of our inaugural summer school to deliver even more value to early careers scientists as part of our existing summer student programme
- Carry out a landmark project to review the impact of the charity's funding over the last 50 years

2. Investing in growth

- Develop a fundraising, marketing and communications strategy to underpin and achieve the growth required to deliver the organisational strategy
- Create a new team to deliver fundraising, marketing and communications in order to grow support for the charity
- Build on our initial investment in growing our supporter base by utilising a multi-channel approach to fundraising and marketing
- Build awareness of Animal Free Research UK via a targeted PR campaign

3. Investing in our future

- Seek to amend our charitable objects and articles to enable us to deliver an ambitious new strategy
- Launch a bold new organisational strategy to achieve an ambitious vision during the next 50 years
- Create an implementation plan with SMART goals and KPIs which becomes a working document at the heart of the charity
- Embed a culture of success in the staff team through coaching, training, stretch targets and a new Reward strategy
- Finalise a new staff handbook which sets out the conditions to reward success with increased flexible working
- Relocate our head office to better position the charity in the medical research space and widen the talent pool to attract potential new recruits

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Structure, governance and management

The charity is a company limited by guarantee.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

C Byatt (Resigned as Chairman on 29
September 2018)

C Cuniffe (Appointed Chairman on 29
September 2018)

N Barbosa

A Ellison

F Clark

(Resigned 29 September 2018)

L Sheridan

B Banks

(Appointed 15 March 2019)

D Cameron

(Appointed 9 March 2019)

J Jones

(Appointed 1 March 2019)

Our team also included the following key senior management personnel:

Chief Executive: Carla Owen

(Appointed April 2018)

Finance Director: Janet Wheatley

(Resigned July 2019)

Finance Director: Nicola Reeves

(Appointed September 2019)

Science Director: Dr Hazel Jackson

(Appointed July 2018, Resigned August 2019)

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2019

Governing document

Animal Free Research UK is a company limited by guarantee and the governing document is its Articles of Association. On 12 April 2019, the charity changed its name from the Dr Hadwen Trust to Animal Free Research UK. The charity is registered in England and Wales (1146896) and Scotland (SC045327). The charity has two linked charities, The Alan and Kathie Stross Research fellowships charity (1146896-1) and the Dr Hadwen Trust for Humane Research (1146896-2). The Dr Hadwen Trust was dormant until 30 September 2013, at which time a transfer agreement was signed by the Trustees of Dr Hadwen Trust for Humane Research and the Dr Hadwen Trust, the intended effect of which was to transfer all assets, liabilities and activities, to the Dr Hadwen Trust, now renamed as Animal Free Research UK.

Appointment of Trustees

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

Trustee induction and training

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

The charity is run by the board of directors, who are the charity's Trustees. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 10 to the accounts. The board, which can have up to twelve members, administers the charity. The Trustee board meets a minimum of four times a year and takes all important strategic, policy and financial decisions which are formally tabled for approval at the Trustees' quarterly meetings. There is a remuneration sub-committee that meets as required and in March, following staff appraisals and remuneration recommendation. In 2019 the Remuneration sub-committee was subsumed into a new HR sub-committee and new Finance, Fundraising and Science sub-committees were formed to give expert recommendations to the main Board.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2019**

Organisation

Animal Free Research UK operates on a day-to-day basis with a team of 10 full and part-time personnel who work under the direction of the Chief Executive who reports directly to the Trustees and has delegated responsibility from the Trustees for the day-to-day management of the charity.

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

Related parties and co-operation with other organisations

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

Pay policy for senior staff

The pay of senior staff is reviewed annually by the HR sub-committee which takes into account retention of staff against affordability and benchmarking against pay levels in other charities of a similar size.

Risk Management

The Trustees have a risk management strategy which comprises:

- an ongoing review of the principal risks and uncertainties that the charity face
- the establishment of policies, systems and procedures to mitigate those risks; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

The Trustees have assessed the major risks to which the charity is exposed and have delegated responsibility to the Chief Executive to put in place robust processes to mitigate exposure to these, and to manage the impact of any risks to which the charity is exposed. We have a comprehensive risk register which is reviewed monthly by the Chief Executive with changes and risks shared with the Trustee board.

This work has identified that financial sustainability, reporting processes and lack of investment in systems are the major financial risks for the charity. The Trustees have recruited a new Chief Executive to provide strong leadership and drive forward the modernisation of the charity's working practices; with the implementation of a new CRM and cloud-based IT system, this work is already well underway.

Auditor

The auditor, UHY Hacker Young (East) Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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



L Sheridan

Trustee

Dated: 27/12/19

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2019

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

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

In preparing these accounts, the Trustees are required to:

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

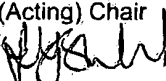
The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with all current companies and charity legislation and best practice. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

L Sheridan (Acting) Chair

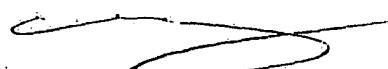
Trustee

Dated:


7/12/19

D Cameron (Treasurer)

Trustee


7/12/19

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF ANIMAL FREE RESEARCH UK**

Opinion

We have audited the financial statements of Animal Free Research UK (the 'charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF ANIMAL FREE RESEARCH UK**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Shona Munday FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young (East) Limited

13th December 2019

**Chartered Accountants
Statutory Auditor**

PO Box 501
The Nexus Building
Broadway
Letchworth Garden City
Herts
SG6 9BL

UHY Hacker Young (East) Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
	Notes					
<u>Income and endowments from:</u>						
Donations	3	463,176	-	24,801	487,977	376,132
Legacies		665,695	-	-	665,695	970,289
Trading income	4	9,075	-	-	9,075	87,314
Investments	5	11,096	-	-	11,096	9,108
Other income	6	-	-	-	-	1,140
Total income		1,149,042	-	24,801	1,173,843	1,443,983
<u>Expenditure on:</u>						
Charitable activities	7	632,131	583,117	-	1,215,248	840,286
Trading activities	13	104,133	-	-	104,133	275,730
Total resources expended		736,264	583,117	-	1,319,381	1,116,016
Net incoming resources before transfers		412,778	(583,117)	24,801	(145,538)	327,967
Gross transfers between funds		(373,655)	381,045	(7,390)	-	-
Net movement in funds		39,123	(202,072)	17,411	(145,538)	327,967
Fund balances at 1 April 2018		1,143,281	1,423,789	167,803	2,734,873	2,406,906
Fund balances at 31 March 2019		1,182,404	1,221,717	185,214	2,589,335	2,734,873

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

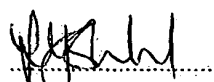
ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
BALANCE SHEET

AS AT 31 MARCH 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	15		3,728		893
Investment properties	16		30,000		30,000
Investments	18		1		1
			<u>33,729</u>		<u>30,894</u>
Current assets					
Debtors	19	561,319		630,213	
Cash at bank and in hand		2,273,736		2,346,077	
		<u>2,835,055</u>		<u>2,976,290</u>	
Creditors: amounts falling due within one year	20	<u>(279,449)</u>		<u>(272,311)</u>	
Net current assets			2,555,606		2,703,979
Total assets less current liabilities			<u>2,589,335</u>		<u>2,734,873</u>
Income funds					
Restricted funds			185,214		167,803
Unrestricted funds - designated			1,221,717		1,423,789
Unrestricted funds - general			1,182,404		1,143,281
			<u>2,589,335</u>		<u>2,734,873</u>

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Trustees on 7/12/19



L Sheridan
Trustee

Company Registration No. 08015625

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018
	Notes	£	£	£
Cash flows from operating activities				
Cash (absorbed by)/generated from operations	26		(78,260)	443,509
Investing activities				
Purchase of tangible fixed assets		(5,177)	(830)	
Proceeds on disposal of tangible fixed assets		-	11,220	
Interest received		11,096	9,108	
Net cash generated from investing activities			5,919	19,498
Net cash used in financing activities			-	-
Net (decrease)/increase in cash and cash equivalents			(72,341)	463,007
Cash and cash equivalents at beginning of year		2,346,077		1,883,070
Cash and cash equivalents at end of year		<u>2,273,736</u>		<u>2,346,077</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Animal Free Research UK is a private company limited by guarantee incorporated in England and Wales. The registered office is Phoenix Yard, 65 King's Cross Road, London, WC1X 9LW.

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are those funds where a restriction on their use has been imposed by their donors.

Designated funds are amounts that have been approved to be granted to institutions and universities. The grants are approved by the trustees' and all grants approved further the charity's objectives.

1.4 Incoming resources

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation, if the relevant paperwork has been obtained.

Legacies receivable are credited to the statement of financial activities only to the extent that the three principles of entitlement, certainty and measurability can be applied.

1.5 Grant expenditure

Expenditure on research is written off as it is incurred. Where there are conditions within grants to be met before expenditure is approved, this is not recognised until such conditions are met.

Although Animal Free Research UK retains the title to any fixed assets purchased under research grants, the net realisable value of such equipment is practically £nil.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are capitalised if they exceed the charity's capitalisation limit of £500. Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33% straight line
Fixtures, fittings & equipment	13% - 15% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income and expenditure account for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Intangible income

Only intangible income which would otherwise need to be met out of available resources is valued in the statement of financial activities. In line with the Statement of Recommended Practice no valuation is made of voluntary person hours.

1.15 Grants

The charity can make grants to other charitable bodies and organisations whose object or objects are similar to the objects of the charity. However, predominately the Trustees award grants for a three year period to individuals developing new techniques for non animal research. Only that tranche of the grant attributable to the accounting period is charged to the statement of financial activity.

1.16 Support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity and its activities. These costs have been allocated to expenditure on charitable activities after removing specific costs relating to raising funds, including associated wages, wages are also further allocated on a time spent basis between grant making and support costs.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

Legacy valuations

Determining the value of legacy debtors requires an estimation of the future cash flows expected to be received from the legacy. The uncertainty exists because the value of a legacy is usually dependant on the the amount of cash realised from the estate in which the legacy relates, and recognition of a debtor as per the SORP usually precedes the cash receipt. The charity uses the expertise of a professional to estimate future amounts based on supported evidence. The carrying value of the legacy debtor is set out in note 19 to these accounts

3 Donations and legacies

	Unrestricted funds general £	Restricted funds £	Total 2019 £	Total 2018 £
Donations and gifts	463,176	24,801	487,977	376,132
Legacies receivable	665,695	-	665,695	970,289
	<u>1,128,871</u>	<u>24,801</u>	<u>1,153,672</u>	<u>1,346,421</u>
For the year ended 31 March 2018	<u>1,275,201</u>	<u>71,220</u>		<u>1,346,421</u>

4 Trading income

	2019 £	2018 £
Shop and website income	<u>9,075</u>	<u>87,314</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

5 Investments

	Unrestricted funds general 2019 £	Total 2018 £
Investment income	173	505
Interest receivable	10,923	8,603
	<u>11,096</u>	<u>9,108</u>

6 Other income

	2019 £	2018 £
Organisation grants	-	1,140
	<u>-</u>	<u>1,140</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

7 Charitable activities

	2019	2018
	£	£
Staff costs	107,326	48,063
Grant funding of activities (see note 8)	583,117	417,524
Share of support costs (see note 9)	392,904	346,773
Share of governance costs (see note 9)	131,901	27,926
	<u>1,215,248</u>	<u>840,286</u>
Analysis by fund		
Unrestricted funds - general	632,131	
Unrestricted funds - designated	583,117	
	<u>1,215,248</u>	
For the year ended 31 March 2018		
Unrestricted funds - general		392,762
Unrestricted funds - designated		417,524
Restricted funds		30,000
		<u>840,286</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Grants payable - allocated to designated funds

	Balance as at 1 April 2018 £	Prior period error adjusted in current year	Awarded £	Expenditure £	Transfers between funds £	Balance as at 31 March 2019 £
Aston University						
MEG imaging scanner	42,000		-	(42,000)	-	-
University of Birmingham						
Development of a 3D model for skin and gum penetration in soft tissue	4,045	-	-	-	-	4,045
University of Glasgow						
Validation of iPSCs as a pre-clinical drug screen for leukaemia	16,820	(12,687)	-	-	-	4,133
Glasgow Caledonian University						
Developing the GCU research tissue bank for diabetes research	-		-	-	-	-
University of Leeds						
Multivalent non-antibody quantum dot probes	30,296	-		(14,811)	-	15,485
The University of Nottingham						
Imaging of intrarenal haemodynamics in chronic kidney disease	16,480	(12,777)	-	-	-	3,703
The University of Nottingham						
Epithelial cell models for drug transport and toxicology studies	14,621		-	-	-	14,621

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

8 Grants payable - allocated to designated funds

(Continued)

	Balance as at 1 April 2018	Prior period error adjusted in current year	Awarded	Expenditure	Transfers between funds	Balance as at 31 March 2019
Plymouth University						
Identification of common therapeutic targets in Schwannomas and Meningiomas	17,740	(17,740)	-	-	-	-
Queen Mary University of London						
Analysis of synthetic wound healing microenvironme nts	3,999		-	-	-	3,999
University of Exeter						
Determinants of beta cell differentiation status in type 2 diabetes	14,244	1,358	-	(9,594)	-	6,008
Queen's University Belfast						
Mas related gene receptors as novel molecules for pain relief	43,823		-	(32,177)	-	11,646
University of Exeter						
Dysregulated alternative splicing in type 2 diabetes	-	-	175,000	(22,981)		152,019
University of Dundee - Strategic						
Theil cadavers in image guided treatment testing and training	225,428	(1,804)	-	(50,040)	-	173,584

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

8 Grants payable - allocated to designated funds

(Continued)

	Balance as at 1 April 2018	Prior period error adjusted in current year	Awarded	Expenditure	Transfers between funds	Balance as at 31 March 2019
Queen Mary University of London						
Animal Replacement Science - Centre of Excellence	852,583	-	-	(280,594)	-	571,989
Summer studentships 2017/18	3,335	-	-	(3,335)	-	-
Karen Pilkington - Bioinformatics	68,064	-	-	(44,814)	-	23,250
Summer studentships 2018/19	25,311		-	(25,311)	-	-
Summer studentships 2019/20	-		24,695	-	-	24,695
Geoff Pilkington - University of Portsmouth	-		180,000	(52,329)	-	127,671
Prof Speirs - Aberdeen (Leeds)	45,000	-	45,000	(5,131)		84,869
	<u>1,423,789</u>	<u>(43,650)</u>	<u>424,695</u>	<u>(583,117)</u>	<u>-</u>	<u>1,221,717</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Analysis of governance and support costs

	Support costs	Governance costs	2019	2018
	£	£	£	£
Staff costs	193,499	64,360	257,859	205,180
Depreciation	2,342	-	2,342	1,098
Loss on disposal of fixed assets	-	-	-	11,221
Print, postage and stationery	16,812	-	16,812	25,665
Light and heat	3,927	-	3,927	2,632
Rent and rates	18,985	-	18,985	29,599
Repairs and maintenance	38,825	-	38,825	2,291
Sundry expenses	10,057	-	10,057	10,540
Telephone	1,677	-	1,677	1,720
Travel expenses	14,089	-	14,089	2,267
Insurance	3,502	-	3,502	2,611
Bank and other charges	4,861	-	4,861	5,125
Computer costs	50,015	-	50,015	20,910
Irrecoverable VAT	15,607	-	15,607	12,188
Advertising and marketing	18,704	-	18,704	13,726
Audit fees	-	8,750	8,750	8,500
Accountancy	-	276	276	2,490
Legal and professional	-	58,515	58,515	16,936
	<u>392,902</u>	<u>131,901</u>	<u>524,803</u>	<u>374,699</u>
Analysed between				
Charitable activities	<u>392,904</u>	<u>131,901</u>	<u>524,805</u>	<u>374,699</u>

10 Trustees

None of the trustees (nor any persons connected with them) received any remuneration during the year. Trustees were reimbursed expenses totalling £2,624 (2018: £5,134) during the year for travel and subsistence in connection with their duties as trustees.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

11 Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	2019	2018
Audit-related assurance services	8,750	8,500
Taxation compliance services	-	750
All other non-audit services	276	1,740
	<u>9,026</u>	<u>10,990</u>

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Science and education	3	2
Operations	2	5
Management and finance	3	4
Shop staff	1	2
CEO	1	-
	<u>10</u>	<u>13</u>

Employment costs

	2019 £	2018 £
Wages and salaries	312,884	264,710
Social security costs	26,242	30,349
Other pension costs	9,871	9,532
Recruitment, training and HR costs	36,965	49,477
	<u>385,962</u>	<u>354,068</u>

Staff are able to claim reimbursement of expenditure incurred by them in the course of undertaking duties on behalf of Animal Free Research UK. Expenses are claimed against a set policy and guidelines, are independently authorised and are not regarded as part of an employee's emoluments.

There were no employees whose annual remuneration was £60,000 or more.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

13 Trading activities

	2019	2018
	£	£
Shop expenses		
Shop staff costs	20,777	100,825
Depreciation on shop assets	-	45,294
Shop running expenses	83,356	129,611
	<u>104,133</u>	<u>275,730</u>

14 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The charity's trading activities are subject to corporation tax. The trading activities of the charity generated a loss this year of £95,058 (2018: £188,416), as such the charity has taxable losses arising of £332,431 (2018: £237,373) available or carry forward against future trading profits.

15 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2018	16,665	53,804	70,469
Additions	5,177	-	5,177
At 31 March 2019	<u>21,842</u>	<u>53,804</u>	<u>75,646</u>
Depreciation and impairment			
At 1 April 2018	15,772	53,804	69,576
Depreciation charged in the year	2,342	-	2,342
At 31 March 2019	<u>18,114</u>	<u>53,804</u>	<u>71,918</u>
Carrying amount			
At 31 March 2019	<u>3,728</u>	<u>-</u>	<u>3,728</u>
At 31 March 2018	<u>893</u>	<u>-</u>	<u>893</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

16 Investment property

	2019
	£
Fair value	
At 1 April 2018 and 31 March 2019	30,000

The investment property represents an interest (9.75%) in a property which is currently occupied by life tenants and therefore cannot be realised. The fair value of the investment property has been arrived at on the basis of its market value when acquired in 2014 and subsequently revalued at the reporting date by Brian James, the company's legacy advisor.

17 Financial instruments	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	547,523	613,779
Carrying amount of financial liabilities		
Measured at amortised cost	72,736	162,907

18 Fixed asset investments

	Other investments
Cost or valuation	
At 1 April 2017 & 31 March 2018	1
Carrying amount	
At 31 March 2019	1
At 31 March 2018	1

		2019	2018
	Notes	£	£
Other investments comprise:			
Investments in subsidiaries	25	1	1

The fixed asset investment is a wholly owned subsidiary, Dr Hadwen Retail Limited. The subsidiary was incorporated on 12 May 2015 and has been dormant since incorporation.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

19 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Gift aid debtor	10,800	12,653
Other debtors	536,723	601,126
Prepayments and accrued income	13,796	16,434
	<u>561,319</u>	<u>630,213</u>

20 Creditors: amounts falling due within one year

	2019	2018
	£	£
	Notes	
Other taxation and social security	8,383	5,533
Grant accruals	21 198,330	103,871
Trade creditors	15,591	130,923
Other creditors	1,032	19,534
Accruals	56,113	12,450
	<u>279,449</u>	<u>272,311</u>

21 Accrued grant commitments

	2019	2018
	£	£
Accrued grant commitments	<u>198,330</u>	<u>103,871</u>

The above represents accrued costs for grants provided to institutions and individuals whereby the conditions of the grant have been met but the institution and/or individual were yet to invoice the charity for relevant eligible costs as at the year end.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

22 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:				
Tangible assets	3,728	-	-	3,728
Investment properties	30,000	-	-	30,000
Investments	1	-	-	1
Current assets/(liabilities)	1,148,676	1,221,716	185,214	2,555,606
	<u>1,182,405</u>	<u>1,221,716</u>	<u>185,214</u>	<u>2,589,335</u>

Unrestricted funds

These funds are to be used to further the charity's objectives at the discretion of the trustees.

Designated funds

These funds comprise amounts that have been approved to be granted to institutions. The grants are approved by the trustees' and all grants approved further the charity's objectives.

Restricted funds

These funds arise where donations and legacies are granted to the charity with conditions imposed that restrict the use of the funding.

The restricted funds can be analysed as follows:

	Restricted funds £
Restricted donations	
Grand challenge - brain research	106,944
Other restricted donations	12,465
Restricted legacies	
Stross legacy	33,546
Barratt legacy	32,259
	<u>185,214</u>

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

23 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	25,658	35,400
Between two and five years	-	17,325
	<u>25,658</u>	<u>52,725</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>153,557</u>	<u>109,813</u>

Other than the reimbursed expenses detailed in note 10, none of the trustees were paid any remuneration or received any other benefits from an employment with the charity.

25 Subsidiaries

These financial statements are separate charity financial statements for Animal Free Research UK.

Separate financial statements are prepared for the subsidiary company, Dr Hadwen Retail Limited. The company has been dormant since its incorporation and consolidated financial statements are not prepared on the basis that the subsidiary company is not material to the group.

Details of the subsidiary at 31 March 2019 is as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dr Hadwen Retail Limited	England and Wales	Dormant	Ordinary	100.00	

The investment in the subsidiary is stated at cost.

ANIMAL FREE RESEARCH UK
(FORMERLY TRADING AS DR HADWEN TRUST, A COMPANY LIMITED
BY GUARANTEE AND NOT HAVING SHARE CAPITAL)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

26 Cash generated from operations	2019	2018
	£	£
(Deficit)/surplus for the year	(145,538)	327,967
Adjustments for:		
Investment income recognised in statement of financial activities	(11,096)	(9,108)
Depreciation and impairment of tangible fixed assets	2,342	46,393
Movements in working capital:		
Decrease/(increase) in debtors	68,894	(49,757)
(Decrease)/increase in creditors	(87,321)	134,168
Increase/(decrease) in deferred income	94,459	(6,154)
Cash (absorbed by)/generated from operations	(78,260)	443,509

27 Control

In the trustees' opinion the charity is controlled by all of the trustees acting in concert.

28 Legal status of the charity

The charity, being Limited by Guarantee, has no share capital. In the event of the company being wound up, the maximum liability of any trustee towards the debts or liabilities of the charity is £1 as laid down in the Memorandum and Articles of Association.