

UNDERSTANDING ANIMAL RESEARCH

AUDITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2015**



Chartered Accountants and
Chartered Tax Advisers
Statutory Auditors

UNDERSTANDING ANIMAL RESEARCH

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UNDERSTANDING ANIMAL RESEARCH

OFFICERS, COUNCIL MEMBERS AND VICE PRESIDENTS FOR THE YEAR ENDED 31 DECEMBER 2015

President

Lord Taverne QC

Chairman

Professor Frances Balkwill OBE FMedSci

Honorary Treasurer

Mr Paul Sanders

Chief Executive

Ms Wendy Jarrett

Members of Council

Mr Ken Applebee

Professor Derek Bell

Ms Karen Gardner

Mr Andrew Gay

Professor Max Headley

Professor Robin Lovell-Badge

Professor Jeremy Pearson

Professor Angela Roberts

Dr Patrick Sinnott-Smith

Ms Audrey Yvernault

Honorary Vice Presidents

Sir Colin Berry DSc FRCPATH FRCP FFPM FMedSci

Sir Colin Blakemore FMedSci FRCP(Hon) FRS

Sir Walter Bodmer FRCPATH FRS FMedSci

Sir Arnold Burgen FRCP FRS FMedSci

Sir Roy Calne FRCS FRS

Sir Tam Dalyell

Sir Colin Dollery FRCP

Professor Leslie Iversen FRS

Baroness Knight of Collingtree DBE

The Lord Mayhew

Sir Stanley Peart FRCP FRS FMedSci

Dr Peter Read CBE

Professor Nancy Rothwell DBE FRS

Sir Richard Sykes DSc FRS FMedSci

Lord Turnberg of Cheadle FRCP FMedSci

Lord Walton of Detchant FRCP FMedSci (deceased 21 April 2016)

Baroness Warnock of Weeke DBE

Sir David Weatherall FRCP FRCPATH FRS FMedSci

Lord Winston of Hammersmith DSc FRCP FRCOG FMedSci

UNDERSTANDING ANIMAL RESEARCH

COUNCIL'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Council presents its report and the financial statements for the year ended 31 December 2015.

COUNCIL

The Council Officers, Members and Vice Presidents who served during the year are shown on page 1.

VISION AND MISSION

Understanding Animal Research (UAR) wants everyone to understand and acknowledge the essential role that humane animal research plays in advancing basic and applied science, including the development of treatments for people and animals and a better understanding of the world we live in.

UAR fosters public understanding of the humane use of animals in bio-scientific research in the UK. It achieves this by engaging with and providing information for the public and by encouraging the bioscience sector to be open in explaining to the public why and how animals are used in research. UAR also works towards a favourable policy, regulatory and operating environment for the humane use of animals in research in the UK.

The UAR approved strategy for 2015 - 2018 has top level goals as follows:

A. Conversation with the public: To improve public understanding and thereby acceptance of animal research, UAR will monitor and influence public opinion on the key issues that present challenges for animal research.

B. Supportive operating environment: To ensure that the highest quality animal research can continue in the UK, UAR will engage both with policy and decision-makers within key legislative bodies and with the commercial organisations that provide essential services.

ACTIVITIES

The major activities of the organisation are to communicate to the public, to influence policy development and to run a schools education programme.

During 2015, the work of UAR, alongside other organisations within the bioscience sector, continued to contribute to a favourable public debate and policy climate for animal research.

MAJOR ACHIEVEMENTS IN 2015

During the year, Understanding Animal Research:

- Increased the number of Concordat on Openness on Animal Research in the UK signatory organisations to 98
- Published the first Annual Report on the progress of the Concordat
- Held the first annual Concordat Signatories' workshop
- Spoke at more than 50 conferences and meetings about the development of the Concordat and the importance of openness on animal research
- Held the second Understanding Animal Research Openness Awards and Paget Lecture
- Continued to host and support the European Animal Research Association as a separate, stand-alone organisation with its own Board and funding
- Held a series of eight training days for members in various aspects of public engagement
- Held a series of talks at UK Veterinary Schools to help veterinary students understand the role of animals in human and veterinary research
- Expanded the 'Open Labs' programme whereby groups of school children visit animal facilities
- Provided support for its members in the media and in relation to Freedom of Information requests

UNDERSTANDING ANIMAL RESEARCH

COUNCIL'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

MAJOR ACHIEVEMENTS IN 2015, CONTINUED

- Expanded UAR's social media following to counter misleading claims about animal research online and in social media
- Maintained and developed new content for its three websites:
www.understandinganimalresearch.org.uk, www.AnimalRightsExtremism.info and www.AnimalResearch.info
- Continued its dialogue with transport companies and other sectors of the supply chain
- Attended conferences and science fairs to promote public engagement on animal research
- Created new videos and infographics for the UAR website and other social media channels
- Organised for MPs and journalists to visit animal research facilities
- Worked with the main political parties to ensure their General Election manifestos did not denigrate animal research
- Contacted all the parliamentary party candidates who supported pledges set out by abolitionist groups
- Supported members and stakeholders in communicating about their animal research, particularly in the context of planning applications
- Gained high-profile proactive and reactive media coverage of animal research
- Alongside the UK Bioscience Sector Coalition, worked with the Home Office, other Government departments and politicians to ensure a continued emphasis on good science and animal welfare
- Countered the campaigning of the animal rights movement
- Achieved on average 100 school talks per term, reaching approximately 10,000 children in 2015, and trained new volunteers in industry and academia for the school speaker programme

GOVERNANCE ISSUES

Staff and Council Changes

Dr Elisabeth Harley (Communications and Policy officer) left UAR in July 2015.

Hannah Hobson joined as Communications and Policy officer in August 2015.

Stuart Rogers (Schools Liaison officer) left UAR in September 2015.

Jessica Strangward joined as part-time Schools Liaison officer in September 2015.

Miriam Rozenbaum (Science Writer) left the staff of UAR in November 2015 to return to France. She currently works two days a week for UAR on a freelance basis.

At the 2015 Annual General Meeting Ken Applebee, Andrew Gay, Professor Max Headley and Professor Angela Roberts were re-elected for a second three year term. Professor Fran Balkwill was re-elected as Chair for one year.

FUNDING OF UAR

The principal funding source of the organisation in 2015 was subscriptions from member organisations. UAR has more than 100 institutional members, most of whom pay an annual subscription. These organisations are listed on the website. Project funding was also received from organisations wishing to support UAR projects.

During 2015 UAR continued the process of rebalancing its income in order to ensure that the University sector provides an appropriate proportion of the budget. Meetings and consultation with University members resulted in a new formula for academic funding of UAR which was initiated during 2015 and will continue in 2016 and beyond.

The funding of UAR will remain an issue in 2016 but we are confident that the combination of the increased funding from Universities, diversification of income, and prudent control on outgoings will enable UAR to balance its budget again in 2016 and continue to re-build its reserves in the medium to long term.

UNDERSTANDING ANIMAL RESEARCH

COUNCIL'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

DISCLOSURE OF INFORMATION TO AUDITORS

The Council at the time when this Council's report is approved has confirmed that:

- so far as it is aware, there is no relevant audit information of which the company's auditors are unaware, and
- it has taken all the steps that ought to have been taken as a Council in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In preparing this report, the Council has taken advantage of the small companies exemptions provided by applicable law and regulations.

This report was approved by the Council on 18 May 2016 and signed on its behalf.



Professor Frances Balkwill OBE FMedSci
Chair

UNDERSTANDING ANIMAL RESEARCH

COUNCIL'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Council is responsible for preparing the Council's report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the society and the surplus or deficit of the society for that period. In preparing these financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UNDERSTANDING ANIMAL RESEARCH

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNDERSTANDING ANIMAL RESEARCH

We have audited the financial statements of Understanding Animal Research for the year ended 31 December 2015, set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF COUNCIL AND AUDITORS

As explained more fully in the Council's responsibilities statement, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014

OPINION ON OTHER MATTER PRESCRIBED BY THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

In our opinion the information given in the Council's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UNDERSTANDING ANIMAL RESEARCH

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNDERSTANDING ANIMAL RESEARCH

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- proper books of account have not been kept by the society in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the society in accordance with the requirements of the legislation;
- the revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the society; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.



Simon Spevack FCA (Senior statutory auditor)

for and on behalf of
Wellden Turnbull Ltd

Chartered Accountants
Statutory Auditors

180 Piccadilly
London

W1J 9HF

Date: 23rd May 2016

UNDERSTANDING ANIMAL RESEARCH

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
INCOME		684,144	643,977
Administrative expenses		(647,958)	(679,864)
Exceptional administrative expenses	8	22,950	-
EXPENDITURE		<u>(625,008)</u>	<u>(679,864)</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		59,136	(35,887)
Tax on surplus/(deficit) on ordinary activities	4	<u>(45)</u>	<u>(45)</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		59,091	(35,932)
SURPLUS BROUGHT FORWARD		<u>308,889</u>	<u>344,821</u>
RETAINED SURPLUS CARRIED FORWARD		<u><u>367,980</u></u>	<u><u>308,889</u></u>

The notes on pages 11 to 16 form part of these financial statements.

**UNDERSTANDING ANIMAL RESEARCH
REGISTERED NUMBER: MS28954R**

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	2015		2014	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		-		-
CURRENT ASSETS					
Debtors	6	36,784		27,616	
Cash at bank and in hand		458,759		430,958	
		<u>495,543</u>		<u>458,574</u>	
CREDITORS: amounts falling due within one year	7	<u>(83,710)</u>		<u>(67,224)</u>	
NET CURRENT ASSETS			<u>411,833</u>		<u>391,350</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>411,833</u>		<u>391,350</u>
CREDITORS: amounts falling due after more than one year	8		<u>(42,856)</u>		<u>(81,464)</u>
NET ASSETS			<u><u>368,977</u></u>		<u><u>309,886</u></u>
CAPITAL AND RESERVES					
Called up share capital	9		5		5
Capital reserve	10		992		992
Income and expenditure account	10		367,980		308,889
NET FUNDS	11		<u><u>368,977</u></u>		<u><u>309,886</u></u>

UNDERSTANDING ANIMAL RESEARCH

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2015**

The financial statements were approved and authorised by the Council and were signed on its behalf

on

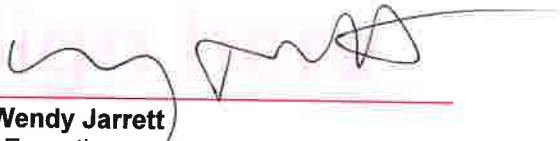
18 May 2016



Professor Frances Balkwill OBE FMedSci
Chair



Mr Paul Sanders
Honorary Treasurer



Mrs Wendy Jarrett
Chief Executive

The notes on pages 11 to 16 form part of these financial statements.

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.3 Subscriptions income

Subscriptions and donations are credited to the income and expenditure account in the year to which they relate but credit is not taken in the income and expenditure account for amounts received in advance.

Income relating to projects is taken to income as it is earned by the organisation.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	-	25% to 50% on cost
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1.5 Operating leases

Rentals under operating leases are charged to the Income and expenditure account on a straight line basis over the lease term.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Income and expenditure account.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SURPLUS/(DEFICIT)

The surplus/(deficit) is stated after charging:

	2015 £	2014 £
Auditors' remuneration	5,200	5,000
Pension costs	29,913	28,625
	<u> </u>	<u> </u>

During the year, no council members received any emoluments (2014 - £NIL).

Included within staff and council expenses are other costs in respect of Council members travel and accommodation totalling £279 (2014 - £1,485).

3. STAFF COSTS

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	403,598	402,678
Social security costs	42,518	41,801
Other pension costs	29,913	28,625
	<u> </u>	<u> </u>
	<u>476,029</u>	<u>473,104</u>

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

	2015 No.	2014 No.
Management and administration	10	10
	<u> </u>	<u> </u>

UNDERSTANDING ANIMAL RESEARCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. TAXATION

	2015 £	2014 £
UK corporation tax charge on surplus/deficit for the year	<u>45</u>	<u>45</u>

The organisation is treated for corporation tax purposes as being mutually trading and is not liable to UK corporation tax on its operating surplus. The charge for taxation is based on investment income for the year.

5. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 January 2015 and 31 December 2015	<u>7,073</u>
Depreciation	
At 1 January 2015 and 31 December 2015	<u>7,073</u>
Net book value	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>-</u>

6. DEBTORS

	2015 £	2014 £
Trade debtors	20,207	11,981
Other debtors	16,577	15,635
	<u>36,784</u>	<u>27,616</u>

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

**7. CREDITORS:
Amounts falling due within one year**

	2015	2014
	£	£
Trade creditors	2,225	12,369
Corporation tax	45	44
Other taxation and social security	42,155	17,559
Other creditors	39,285	37,252
	83,710	67,224

**8. CREDITORS:
Amounts falling due after more than one year**

	2015	2014
	£	£
Accruals and deferred income	42,856	81,464
	42,856	81,464

In 2009 Understanding Animal Research was advised by the Scheme Trustees that there may be a future liability to provide funds to make up a possible shortfall of £122,573 on an historic pension scheme relating to 12 former employees dependent on the interpretation of the pension scheme rules.

The total estimated additional liability was fully provided for in 2012. The total provision at 31 December 2015 was £58,177 (2014 - £96,785)

The latest actuarial valuation at 31 March 2015 shows reduced pension liabilities of £54,622. The excess of the pension provision of £22,950 made in previous years has been released back as an exceptional item to the Income and Expenditure account.

The annual payment for 2016 is £15,658 and this amount is included in current liabilities. The balance is payable in equal annual instalments of £9,651 from 2017 onwards and it is expected that the last pension payment to the scheme will be made in March 2020.

9. SHARE CAPITAL

	2015	2014
	£	£
Allotted, called up and fully paid		
5 Ordinary shares of £1 each	5	5
	5	5

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

10. RESERVES

	Capital reserve £	Income and expenditure account £
At 1 January 2015	992	308,889
Surplus for the financial year		59,091
	992	367,980
At 31 December 2015	992	367,980

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	309,886	345,818
Surplus/(deficit) for the financial year	59,091	(35,932)
	368,977	309,886
Closing shareholders' funds	368,977	309,886

12. PENSION COMMITMENTS

The company operates a defined contributions money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,913 (2014 - £28,625). No contributions in respect of this scheme were payable to the fund at the balance sheet date (2014 - None).

13. OPERATING LEASE COMMITMENTS

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015 £	2014 £
Expiry date:		
Between 2 and 5 years	27,000	27,000
	27,000	27,000

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. RELATED PARTY TRANSACTIONS

European Animal Research Association (EARA), a company in which Chief Executive Mrs Wendy Jarrett is a director, were charged management fees of £15,000 (2014 - £15,000) in the year. No balance was outstanding at the year end.

15. CONTROLLING PARTY

The society is controlled by the council on behalf of its members.

UNDERSTANDING ANIMAL RESEARCH

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Page	2015 £	2014 £
TURNOVER	18	684,144	643,977
LESS: OVERHEADS			
Administration expenses	18	(625,008)	(679,864)
SURPLUS/(DEFICIT) FOR THE YEAR		<u>59,136</u>	<u>(35,887)</u>

UNDERSTANDING ANIMAL RESEARCH

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
TURNOVER		
Subscriptions and donations	543,587	444,427
Grants and donations	105,837	144,391
Interest received	168	223
Project income	19,552	39,936
EARA management charge	15,000	15,000
	<u>684,144</u>	<u>643,977</u>

	2015 £	2014 £
ADMINISTRATION EXPENSES		
Project costs	6,992	10,164
Staff salaries	403,598	402,678
Staff national insurance	42,518	41,801
Staff pension costs	29,913	28,625
Staff training	1,121	4,821
Staff and Council expenses	19,927	20,035
Consultancy	350	1,112
Stationery, postage and telephone	6,996	2,620
Communications	33,188	21,591
Information technology costs	30,033	59,114
General office expenses	1,268	1,449
Grants and subscriptions	3,006	5,985
Charity donations	35	-
Auditors' remuneration	5,200	5,000
Accountancy, bookkeeping and payroll fees	14,400	14,400
Legal and professional	255	735
Bank charges and interest	328	381
Rent and service charges	37,901	35,603
Premises expenses	7,289	7,145
Repairs and maintenance	6	293
Difference on foreign exchange	(78)	61
Education costs	452	1,218
Policy costs and scientific reports	3,260	15,033
Pension provision credit release	(22,950)	-
	<u>625,008</u>	<u>679,864</u>